



**El Paso County Hospital District  
d/b/a University Medical Center of El Paso**

**2024 Audit Presentation**

# Forvis Mazars' Responsibility & Opinion

- **Auditor's Responsibility**

- ✓ Draft report is presented for board consideration
- ✓ Audit procedures are complete and we are prepared to issue unmodified opinions for:
  - ✓ District
  - ✓ El Paso Health
  - ✓ El Paso Children's Hospital
  - ✓ UMC Foundation and Children's Hospital Foundation

- **Grant Compliance Audit**

- ✓ Testing should be completed in early calendar year 2025

- **Qualitative Components of the Audit:**

- ✓ Significant accounting policies were reviewed and compared to industry practice
- ✓ Accounting treatments were reviewed for variations from GAAP
- ✓ Financial statement disclosures were reviewed for completeness and accuracy
- ✓ Methodologies for developing accounting estimates were challenged and recorded estimates were reviewed for reasonableness and evidence of management bias

# Audit Risk Areas & Key Disclosures

- Significant Judgments & Accounting Estimates
  - ✓ Allowances for contractual adjustments and uncollectible accounts
  - ✓ Supplemental Medicaid funding settlements
  - ✓ Net pension liability
  - ✓ Health Plan's estimated incurred but not reported, medical claims (IBNR)
- Financial Disclosures
  - ✓ Patient service revenue recognition
  - ✓ Medicaid supplemental funding programs
  - ✓ Defined benefit pension plan

# Financial Statement Adjustments

- Audit Adjustments – Recorded
  - Medicaid Supplemental Program Revenue receivable - \$1.6M
  - Lease assets and lease liabilities – (\$300K)
  - Subscription assets and subscription liabilities – (\$400K)
  - Deferred revenue – (\$2.6M)
  - Reclassification of elimination of Children’s Hospital recovery - \$12.8M
- Audit Adjustments - Proposed and Not Recorded
  - Attached is a summary of unrecorded misstatements we aggregated during the current engagement and pertaining to the latest period presented that were determined by management to be immaterial, both individually and in the aggregate, but more than trivial to the consolidated financial statements as a whole

# Industry Comparisons

	Total Assets	Total Debt	NPSR + Supplemental	Total Discharges
<b>UMCEP w/ EPCH</b>	<b>\$934 million</b>	<b>\$357 million</b>	<b>\$874 million</b>	<b>22,425</b>
Parkland	\$4.2 billion	\$564 million	\$2.0 billion	47,829
Harris Health	\$3.7 billion	\$305 million	\$1.6 billion	30,715
JPS Health Network	\$3.0 billion	\$460 million	\$1.2 billion	25,373
UHS – San Antonio	\$5.5 billion	\$1.24 billion	\$1.9 billion	29,797
UMC – Lubbock	\$1.3 billion	\$0	\$862 million	21,804
Ector County	\$381 million	\$33 million	\$323 million	13,020
Midland County	\$582 million	\$146 million	\$354 million	11,681

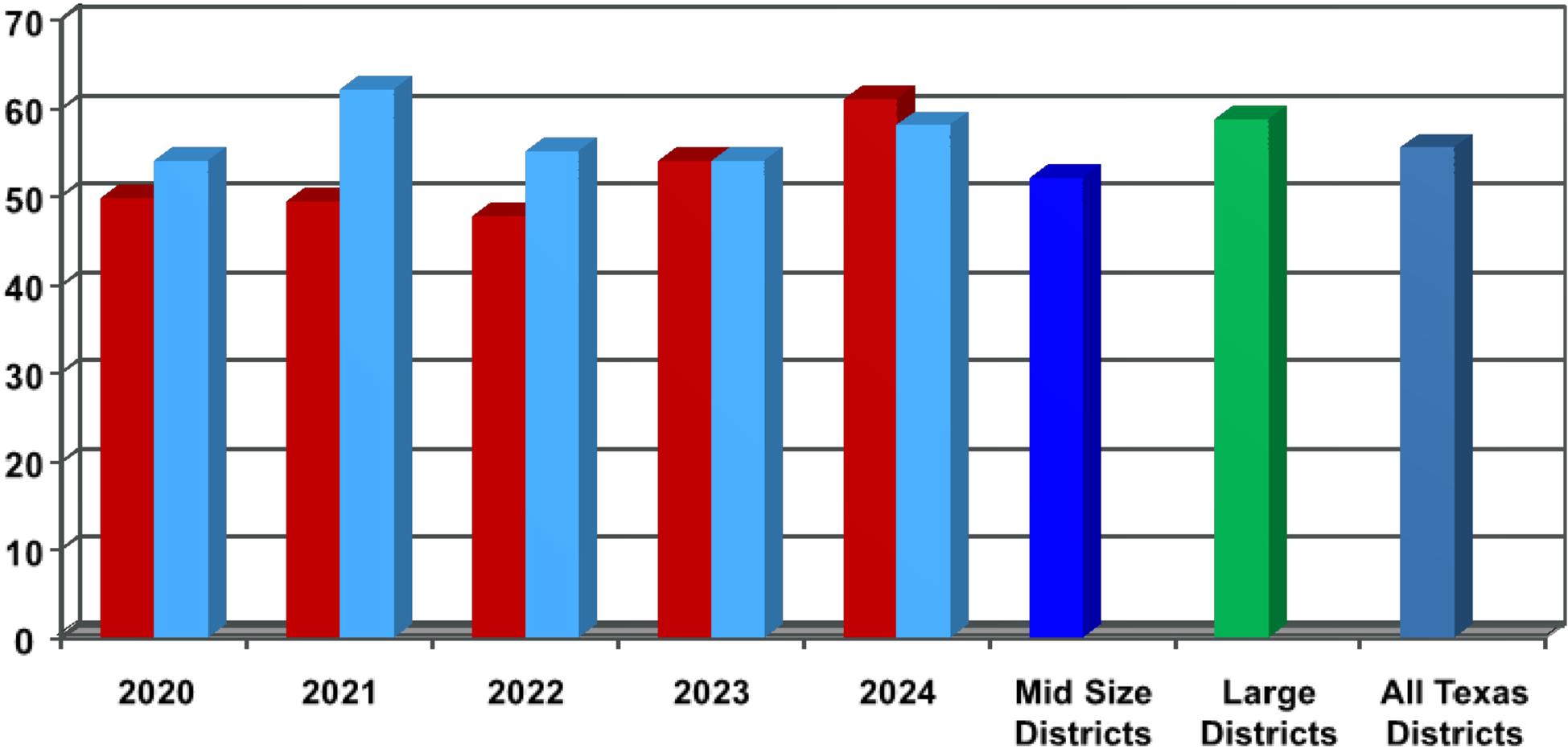
# Balance Sheets

	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
Current Assets					
Cash and short-term investments	\$ 181,628	\$ 175,634	\$ 188,024	\$ 192,107	\$ 140,525
Patient accounts receivable, net	54,627	71,694	77,800	92,425	118,729
Medicaid supplemental funding	4,491	33,623	79,859	64,258	18,433
Other current assets	37,185	54,042	48,528	85,226	94,173
	<u>277,931</u>	<u>334,993</u>	<u>394,211</u>	<u>434,016</u>	<u>371,860</u>
Noncurrent Cash and Investments	19,871	18,221	11,125	18,135	10,657
Capital Assets, Net	434,188	427,646	408,781	450,311	455,423
Lease & SBITA Assets, Net	-	9,620	42,129	41,624	46,942
Net Pension Asset	-	-	11,783	-	-
Other Assets	1,549	1,140	1,077	4,925	13,529
Deferred Outflows of Resources	30,378	57,722	50,372	57,561	35,952
Total assets and deferred outflows of resources	<u>\$ 763,917</u>	<u>\$ 849,342</u>	<u>\$ 919,478</u>	<u>\$ 1,006,572</u>	<u>\$ 934,363</u>

# Balance Sheets

	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
Current Liabilities	\$ 209,840	\$ 232,718	\$ 277,845	\$ 300,378	\$ 270,430
Long-term Debt	353,953	339,038	328,937	372,200	343,964
Lease & SBITA Liabilities	-	7,505	29,788	28,003	31,670
Net Pension Liability	38,134	61,278	-	66,301	46,654
Other Liabilities	26,097	3,650	4,022	7,631	13,759
Deferred Inflows of Resources	10,755	16,155	69,872	686	14,910
Net Position	125,138	188,998	209,014	231,373	212,976
Total liabilities, deferred inflows of resources and net position	<u>\$ 763,917</u>	<u>\$ 849,342</u>	<u>\$ 919,478</u>	<u>\$ 1,006,572</u>	<u>\$ 934,363</u>

# Days Revenue in Receivables – UMC & EPCH

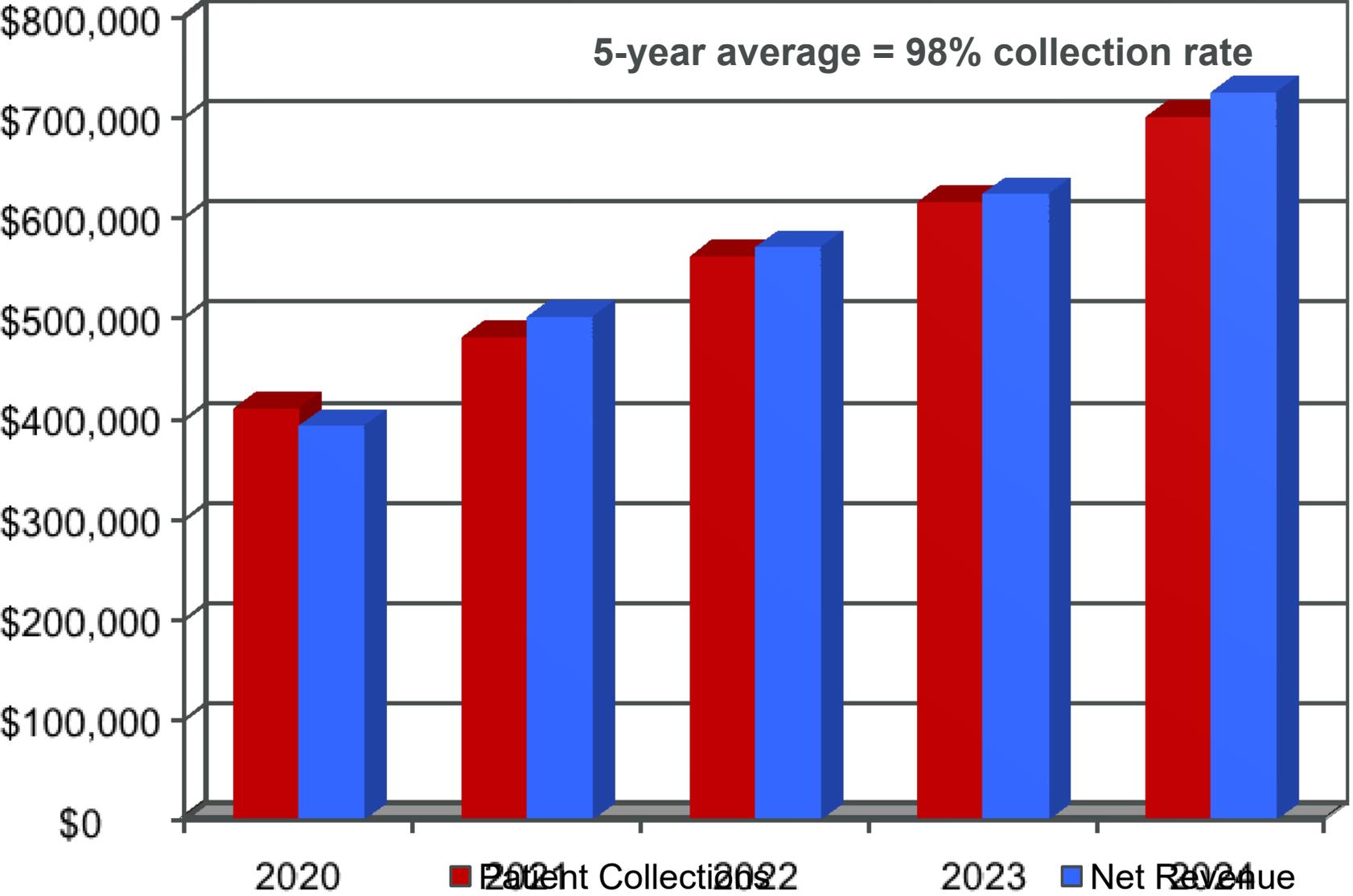


■ UMC ■ EPCH

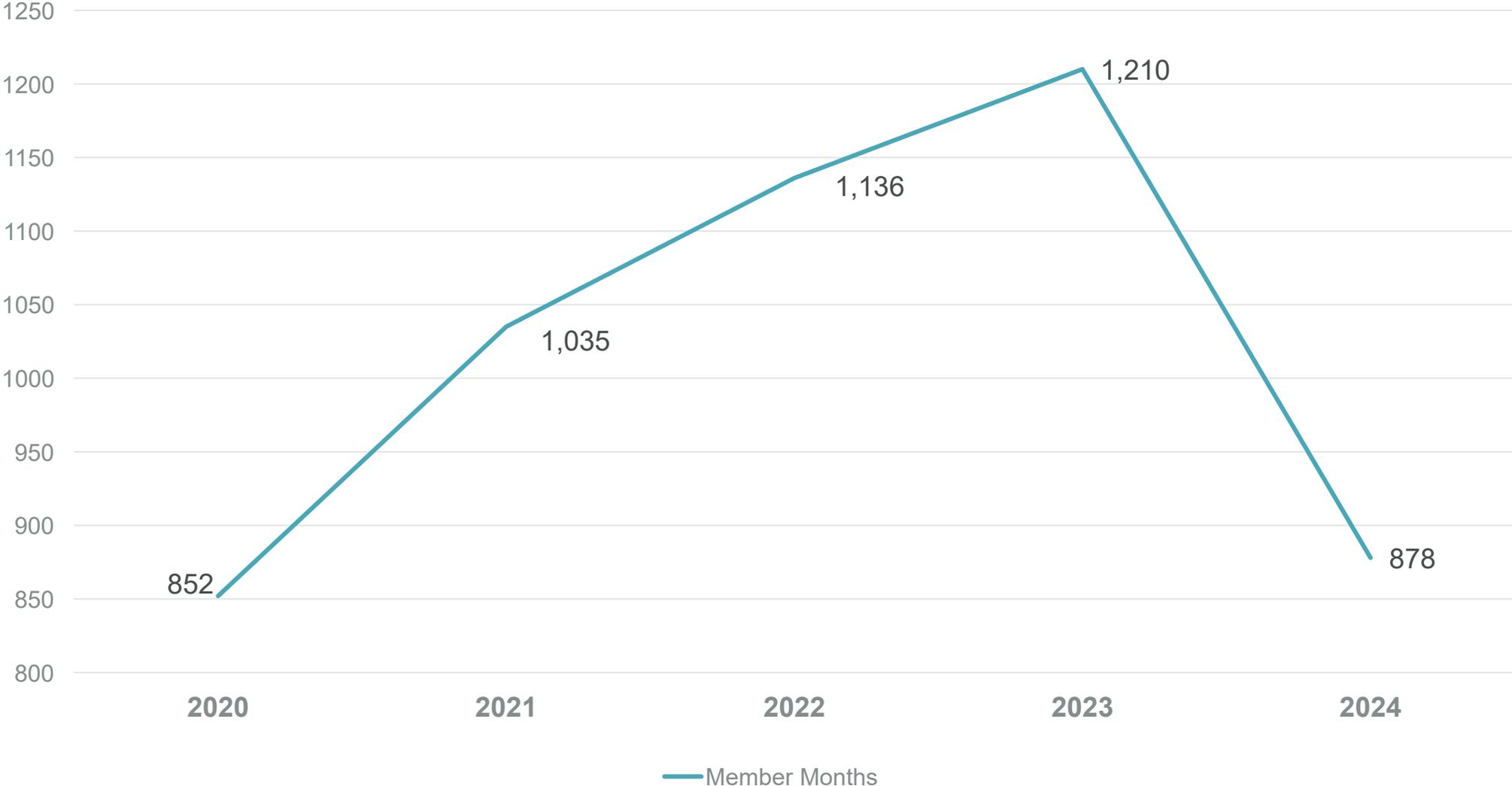
# Statements of Revenues and Expenses

	2020	2021	2022	2023	2024
Net Patient Service Revenue	\$ 392,551	\$ 501,360	\$ 570,657	\$ 623,839	\$ 724,913
Premium Revenue	199,333	236,353	337,559	375,653	333,453
Medicaid Supp. Program Revenue	125,802	124,600	140,257	124,776	148,993
Other Revenue	<u>51,791</u>	<u>55,914</u>	<u>54,537</u>	<u>92,456</u>	<u>50,682</u>
	<u>769,477</u>	<u>918,227</u>	<u>1,103,010</u>	<u>1,216,724</u>	<u>1,258,041</u>
Expenses					
Salaries and employee benefits	289,418	322,172	365,753	439,795	490,862
Medical claims	162,760	195,534	294,673	322,815	296,948
Supplies and other	366,515	481,601	503,983	542,408	579,269
Depreciation	<u>33,722</u>	<u>38,656</u>	<u>50,403</u>	<u>52,082</u>	<u>56,417</u>
	<u>852,415</u>	<u>1,037,963</u>	<u>1,214,812</u>	<u>1,357,100</u>	<u>1,423,496</u>
Operating Loss	(82,938)	(119,736)	(111,802)	(140,376)	(165,455)
Nonoperating Revenues, Net	<u>113,827</u>	<u>183,596</u>	<u>131,818</u>	<u>162,735</u>	<u>147,058</u>
Change in Net Position	<u>\$ 30,889</u>	<u>\$ 63,860</u>	<u>\$ 20,016</u>	<u>\$ 22,359</u>	<u>\$ (18,397)</u>

# Cash Collections and Net Revenue

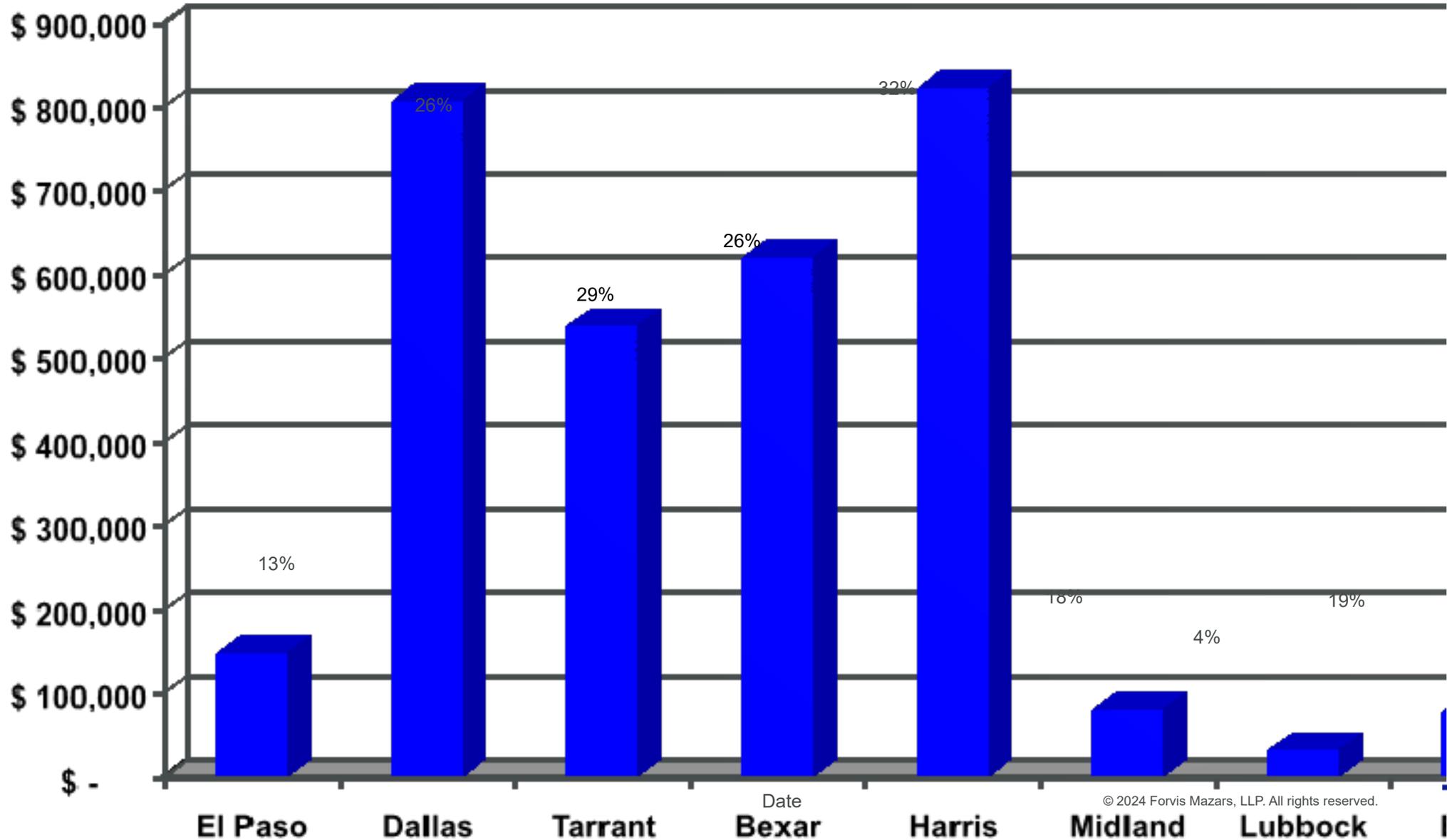


# El Paso Health – Member Months



# Property Tax Revenue

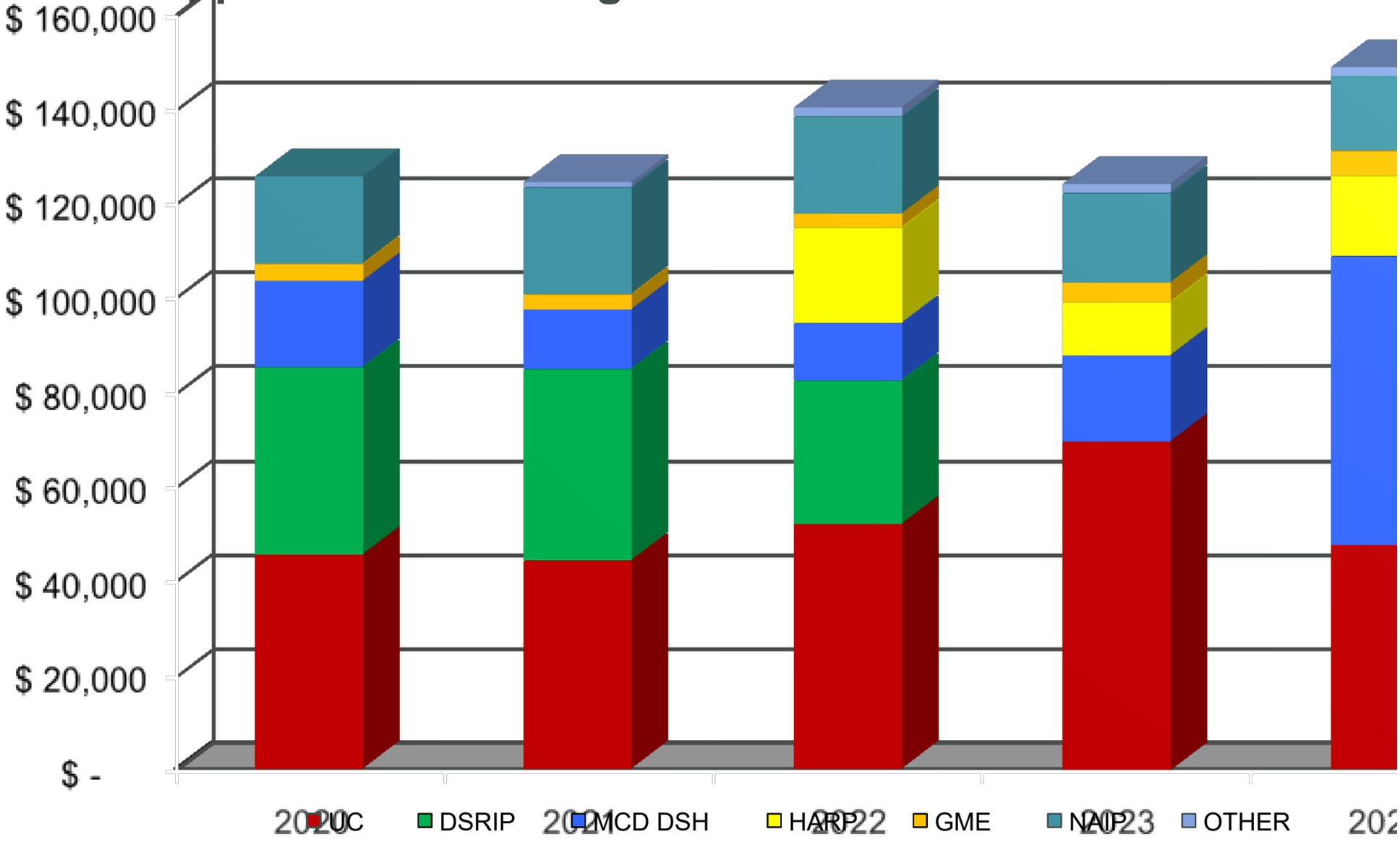
## Total Collections and % of Total Revenue – UMCEP & EPCH only



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# Medicaid Supplemental Funding - District



# Industry Highlights

- Alternative Participating Hospital Reimbursement for Improving Quality Award (APHRIQA)
- Opioid Settlement
- DSH and UC Pool Allocation
- Continued OIG scrutiny over the LPPF funding model
- Cyber-security and data breaches
- Upcoming accounting standard change - GASB Statement No 101- *Compensated Absences*
  - Defines compensated absences and requires liabilities be estimated for leave that is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means
  - Reported retroactively to all periods presented
  - Effective for the year ending September 30, 2025



# Thank you!

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