



Travis County Commissioners Court Agenda Request

Meeting Date: 4/23/2013

Prepared By/Phone Number: Patricia A. Young Brown, Central Health
President and CEO/978-8100

Elected/Appointed Official/Dept. Head:

Commissioners Court Sponsor: Judge Biscoe

AGENDA LANGUAGE:

Consider and take appropriate action on a request by the Travis County Healthcare District d/b/a Central Health to amend the Fiscal Year 2013 budget to leverage federal funds from the 1115 Medicaid Waiver.

BACKGROUND/SUMMARY OF REQUEST AND ATTACHMENTS:

See attached memorandum.

STAFF RECOMMENDATIONS:

See attached memorandum.

ISSUES AND OPPORTUNITIES:

See attached memorandum.

FISCAL IMPACT AND SOURCE OF FUNDING:

N/A

REQUIRED AUTHORIZATIONS:

County Attorney's Office
Planning and Budget Office
Planning and Budget Office
County Judge's Office

John Hille, Assistant County Attorney
Leslie Browder, County Executive
Jessica Rio, Budget Director
David Salazar, Executive Assistant

MEMORANDUM

TO: Travis County Commissioners Court

FROM: Trish Young Brown, President and CEO

DATE: April 18, 2013

RE: Travis County Commissioners Court Meeting, April 23, 2013

The purpose of this memorandum is to provide information to the Travis County Commissioners Court regarding a proposed budget amendment to the Central Health FY 2013 budget. The budget amendment requests authorization to increase the operating budget of Central Health in the amount of \$25 million to be funded from the Contingency Reserve Fund of Central Health. This item was recently approved by the Central Health Board of Managers on April 17, 2013.

During the FY 2013 budget approval process for Central Health, the Medicaid 1115 Transformation Waiver had been approved by the Centers of Medicare and Medicaid Services (CMS), but its effect on Central Health's budget was still unknown. Although CMS had approved the 1115 Waiver, the State Health and Human Services Commission (HHSC) had not completed the regulations to govern its operational protocols and processes, including the timing and allocation of waiver funds. Therefore, the FY 2013 budget was developed on a "status quo" basis, i.e., on essentially the same basis as the FY 2012 budget. At the same time, Central Health management anticipated and discussed with the Commissioners Court on August 7, 2012 that future revisions to the FY 2013 budget might be necessary to reflect the changes required by the 1115 Waiver.

The 1115 Waiver has progressed enough for staff to assess the effect to the FY 2013 budget and to propose a budget amendment to accommodate the following items:

- Delays in the final Regional Healthcare Partnership (RHP) regulations that govern the Delivery System Reform Incentive Program (DSRIP) project plan submission. During this time, the RHP Plan submission date was changed from August 31, 2012 to December 31, 2012.
- In October 2012, HHSC revised the flow of Intergovernmental Transfers (IGT, or the local match for federal funds) from Central Health for public Uncompensated Care (UC) and Disproportionate Share (DSH) payments. Prior to the change, the IGT and the federal match were remitted to Central Health, but this process was subsequently changed and HHSC now remits them to University Medical Center at Brackenridge instead.
- Development and federal and state approval of the Community Care Collaborative (CCC) is taking longer than anticipated. The CCC, a partnership between Central Health and Seton, is a key element in the flow of funds to accommodate the 1115 Waiver.

Rosa Mendez, C.P.A.
Controller

Brenda Coleman Beatty, M.A.
Vice President

Katrina Daniel, B.S.
Director

Rebecca Lightsey
Nurse

Thomas B. Cogswold, M.D.

Clark Heidrick, J.D.

Eyene Hudson, B.S., C.M.P.H.

Chantalippe Zambra, M.D.

Trish Young Brown, CEO
President & CEO

As you know, Central Health committed in its November tax ratification election to leverage local funding to maximize the federal match amounts to fund healthcare services for its covered population. In order to meet this commitment and accommodate the unanticipated items listed above, it is necessary to request a budget amendment from the Contingency Reserve of Central Health in the amount of \$25 million. Based on what we now know, we believe that this request is sufficient to take full advantage of the 1115 waiver in FY 2013 and will provide funding for future healthcare costs in the CCC. If there are any changes to our perspective for the remainder of this year, we will let the Court know of them as soon as possible.

The financial policies of Central Health specify that the Contingency Reserve will serve as a funding source for one-time expenditures or for ongoing expenditures when needed for cyclical or temporary structural deficits. Currently, the Central Health Contingency Reserve has a balance of \$38.3 million. In addition, Central Health has an Emergency Reserve balance of \$37.3 million, a HMO reserve of \$15.1 million, and a Capital Reserve of \$7 million, for a total of \$97.7 million in reserves. See Attachment A. Upon approval, the remaining balance of all reserve funds will total \$72.7 million.



**Approved Budget for Fiscal Year 2013
Revenue and Expense Summary**

| DESCRIPTION | FY 2013 APPROVED BUDGET | FY 2013 BUDGET AMENDMENT | FY 2013 AMENDED BUDGET |
|---|-------------------------|--------------------------|------------------------|
| TAX RATE | 0.078946 | | 0.078946 |
| SOURCES OF FUNDS | | | |
| Property Tax Revenue | 79,944,069 | | 79,944,069 |
| Seton Lease-Base Revenue | 30,926,640 | | 30,926,640 |
| Seton Lease-Additional Revenue | - | | - |
| Interest Revenue | 200,000 | | 200,000 |
| Tobacco Litigation Settlement Revenue | 1,900,000 | | 1,900,000 |
| Contributions from Reserves | 4,695,551 | 25,000,000 | 29,695,551 |
| TOTAL SOURCES | 117,666,260 | | 142,666,260 |
| USES OF FUNDS | | | |
| Healthcare Delivery Expense | 109,204,886 | 25,000,000 | 134,204,886 |
| Administration Expense | 7,535,087 | | 7,535,087 |
| Tax Collection Expense | 926,287 | | 926,287 |
| TOTAL USES | 117,666,260 | | 142,666,260 |
| RESERVES | | | |
| Capital | - | | |
| HMO - Risk-Based Capital | 15,083,000 | | 15,083,000 |
| Contingency Reserve (formerly Allocated Reserve) | 38,344,255 | (25,000,000) | 13,344,255 |
| Emergency Reserve (formerly Unallocated Reserve) | 37,289,153 | | 37,289,153 |
| TOTAL RESERVES | 90,716,408 | | 65,716,408 |
| CAPITAL BUDGET | | | |
| Land | - | | |
| Building | - | | |
| Facility Improvements | - | | |
| Equipment & Information Systems | - | | |
| TOTAL CAPITAL | - | | |