

Item 14



Travis County Commissioners Court Agenda Request

Meeting Date: 7/16/2013

Prepared By/Phone Number: Larry Wallace, Central Health Interim President and CEO/978-8100

Elected/Appointed Official/Dept. Head:

Commissioners Court Sponsor: Judge Biscoe

AGENDA LANGUAGE:

RECEIVE AND DISCUSS THE TRAVIS COUNTY HEALTHCARE DISTRICT D/B/A CENTRAL HEALTH PRELIMINARY DRAFT BUDGET OVERVIEW FOR FISCAL YEAR 2014.

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

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



Central Health 2014 Draft Budget

July 16, 2013
Travis County Commissioners Court

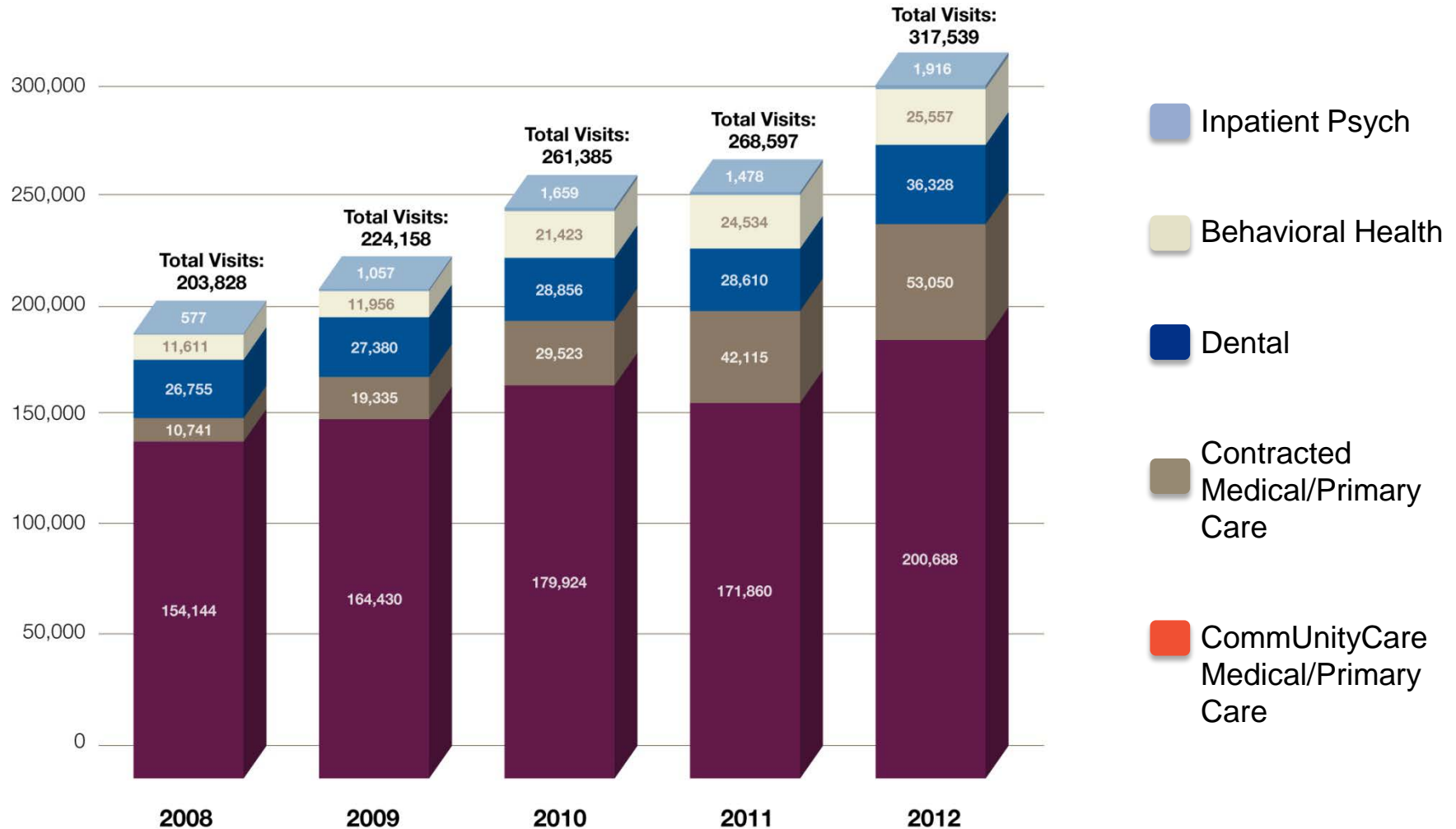


Presentation Overview

- Accomplishments
- Review FY 2013 Budget
- FY 2014 Draft Budget
- Review reserve policies and uses
- Recap changes in 2014 budget
- Next steps



Central Health's major accomplishments to date are increases in funding and provision of healthcare services





Steady Increase in Patient Visits and MAP Enrollment

Outpatient Visits	FY08	FY09	FY10	FY11	FY12
CommUnityCare Primary Care Medical	154,144	164,430	179,924	171,860	200,688
Contracted Primary Care Medical	10,741	19,335	29,523	42,115	53,050
Dental	26,755	27,380	28,856	28,610	36,328
Behavioral Health (CommUnityCare + Contracted)	11,611	11,956	21,423	24,534	25,557
Total	203,251	223,101	259,726	267,119	315,623
Inpatient	FY 08	FY09	FY 10	FY 11	FY12
IP Psych Admissions	577	1,057	1,659	1,478	1,916
MAP Enrollment	FY 08	FY09	FY 10	FY 11	FY12
Avg Monthly Enrollment	9,108	11,851	17,138	21,055	23,437



Solving our Health Care Challenges



Expansion of the healthcare workforce, modern infrastructure, expanded health and behavioral health services and an updated delivery system can help address our health care challenges.



Our Opportunity

- The **Community Care Collaboration** (CCC) is a multi-institutional, multi-provider system of healthcare envisioned to provide a coordinated continuum of services to a defined population.
- The development of the CCC was made possible by the **Section 1115 Medicaid Transformation Waiver**. The CCC will continue to function as the nexus of healthcare for vulnerable Travis County residents regardless of the Waiver status.
- Master Agreement and Ancillary Agreements approved on June 5, 2013



Community Care Collaborative (CCC)

Integrated Safety Net Delivery System with a GOAL to provide high quality, cost effective, patient-centered care that improves health outcomes through expanded:

- care coordination
 - types of care
 - patient management
- Partnership launched by Central Health and Seton. Will eventually manage care for 50,000 safety net patients
 - Will perform 14 community-based projects as a part of the 1115 Waiver



FY 2013 Budget

<u>Sources</u>	Approved	Amended	Estimate
Property tax revenue	\$79.9	\$79.9	\$79.9
Seton lease revenue	30.9	30.9	30.9
Other revenue	2.1	2.1	2.1
Contributions from reserves	<u>4.7</u>	<u>29.7</u>	<u>29.7</u>
Total sources of funds	117.6	142.6	142.6
<u>Uses</u>			
Health delivery	109.2	134.2	119.2
Administration	<u>8.4</u>	<u>8.4</u>	<u>8.4</u>
Total uses of funds	\$117.6	142.6	127.6

Tax Rate = 7.8946 cents per \$100 of assessed value



2014 DRAFT Budget Assumptions

- Pay for Performance – 2%
- Health insurance cost increases – 15%

The 2014 tax rate is not a policy issue. Chapter 281 of the Texas Health and Safety Code requires us to set it at 12.9 cents per \$100 of valuation: *“If a majority of the votes cast in the election favor the proposition, the tax rate for the specified tax year is the rate approved by the voters, . . .”*



2014 DRAFT Budget

<u>Sources</u>	<u>2014</u>
Property tax revenue	\$140.0
Seton lease revenue	32.3
Other revenue	1.7
Contributions from HMO reserves	<u>2.2</u>
Total sources of funds	176.2
 <u>Uses</u>	
Healthcare delivery	167.2
Administration	<u>9.0</u>
Total uses of funds	\$176.2

Tax Rate = 12.9 cents per \$100 of assessed value



Current / Proposed Budget Elements (\$ in millions, amounts are illustrative only)

	<u>2013</u>	<u>2014</u>
Healthcare delivery		
Intergovernmental Transfers	49.0	122.3
Provider contracts	81.1	8.0
Eligibility and medical mgmt.	4.1	4.1
Payment to CCC	-	30.6
Sendero Reserve (HMO)	-	<u>2.2</u>
Total healthcare delivery	134.2	167.2
Administration	8.4	9.0



Detail of Proposed Budget Elements (\$ in millions, amounts are illustrative only)

2014 DRAFT

Healthcare delivery –

Intergovernmental Transfers

Uncompensated Care + DSH 77.9

DSRIP (avg. over 4 years) 44.4

Total IGTs 122.3

Payment to CCC

Healthcare contracts not otherwise funded 16.7

Seton charity care 4.3

Other available resources 9.6

Total payment to CCC 30.6



Current Reserve Policies

- Emergency
 - for use in unusual circumstances
 - set at 120 days or 33% of expenditures
- Contingency
 - for one-time or ad hoc expenditures
 - may be used as part of a plan for structural balance; no prescribed amount
- Capital
 - used for capital projects not funded by debt
- Sendero RBC
 - set aside to fund Sendero's requirements for risk-based capital as determined by the Texas Department of Insurance



Proposed Use of Contingency Reserve

- HHSC and CMS have substantially delayed 2013 IGT transactions
- This has caused IGTs to stack up such that they will cross fiscal year boundaries
- Unlike prior years, all IGTs in 2014 must be appropriated
- Eventually IGTs should even out and go back to a more consistent basis (e.g. quarterly for UC/DSH IGTs, semi-annually for DSRIP)
- Until we reach a more stable and predictable environment, we need to build as much flexibility as we can into our appropriations



Proposed Use of Contingency Reserve

- We are proposing a “contingency appropriation” that would allow us to appropriate the amount in our expected contingency reserve – **only** if needed to make unanticipated IGTs
- We will replenish amounts used in this way to the contingency reserve in future years



Example - Proposed Use of Contingency

Approved 2013 ending contingency reserve	37
Addition from 2012 actual ending balances to contingency	3
2013 contingency appropriation (budget amendment)	(25)
Expected 2013 amended budget savings to contingency	15
Anticipated 2014 replenishment of contingency	<u>10</u>
Subtotal: available contingency reserve	40

If amounts are spent from contingency in 2014 will be replenished in 2015 and/or subsequent years and then available for same use in subsequent years



Potential Change to Emergency Reserve Policy

- Now set at 120 days or 33% of expenditures
- CH's emergency reserve is much larger than the City's (5.4%) or the County's (12%) as percent of expenditures
- As currently written, reserve amount needs to be increased since expenditures have gone up, **but**
 - CH's revenue stream is now much safer, with 80% percent of total revenue from property tax
 - Master Agreement also provides more financial security for Seton lease revenue
- Emergency Reserve now at 21% (\$37.3) – recommend no increase; rather, consider a decrease to perhaps 15%, which would move about \$10.9 million to contingency reserve and providing further flexibility
- Staff is researching this issue further and will discuss further with the Central Health Board of Managers



2014 Proposed Budget Changes

- Tax rate increased from 7.8946 cents to 12.9 cents (12.77 cents operations, .13 cents debt service)
- In prior years, only private UC IGTs appropriated and expended; now, all IGTs must be appropriated/expended
- Virtually all of Central Health's healthcare provider contracts will reside in the CCC, funded by "available resources" in the CCC
- UMCB rent not based on receipt of supplemental funding
- First full year of DSRIP IGT
- Further discussion on use of reserves



Next Steps

- July 16 - present draft budget to Commissioners Court
- August 21 – present preliminary budget to Board
- August 27 – present preliminary budget to Commissioners Court
- August 29 – first public hearing
- September 4 – second public hearing
- September 11 – Board adoption of 2014 budget
- September 17 or 24 – Court approve 2014 budget