



Travis County Commissioners Court Agenda Request

Meeting Date: 7/8/2014

Prepared By/Phone Number: Patricia A. Young Brown, Central Health
President and CEO/ (512) 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 2015.

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

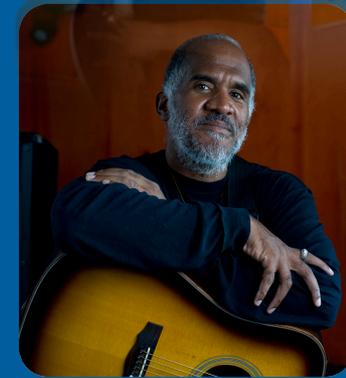
David Salazar, Executive Assistant



Central Health Fiscal Year 2015 Preliminary Budget Assumptions

Jeff Knodel
Chief Financial Officer
Central Health

July 8, 2014
Travis County Commissioners Court





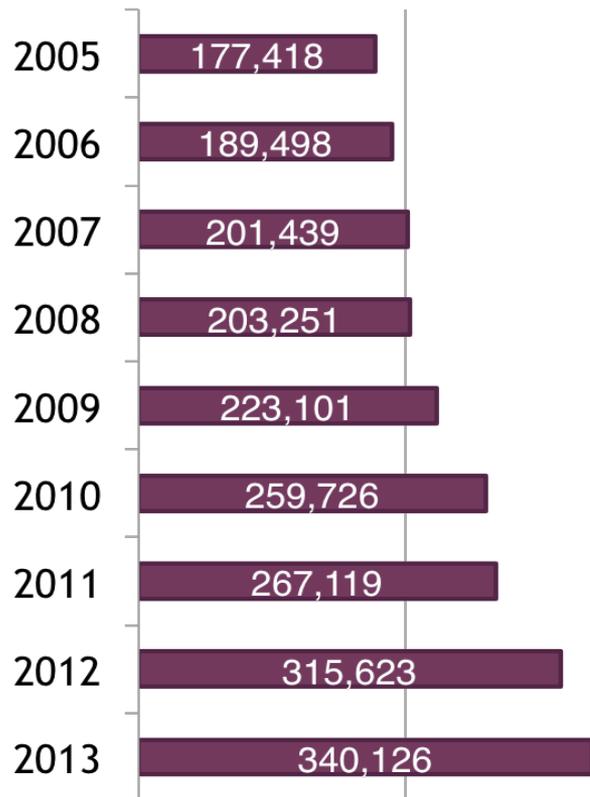
Presentation Overview

- Central Health's mission and performance
- Changes since 2011 in state and local health care delivery and resulting outcomes
 - State mandates Medicaid managed care
 - State negotiates 1115 Medicaid Waiver with Centers for Medicare/Medicaid studies
- Look ahead to FY 2015 and beyond
- Tax rate and other considerations
- Next steps



Central Health's Mission: To create access to health care for those who need it most

Annual Primary Care Visits



In 2013, Central Health provided access to care for under and uninsured residents of Travis County including:

| | Increase over FY12 |
|--|--------------------|
| 340,126 Primary Care Visits | 8% ↑ |
| • 271,239 medical visits | 6% ↑ |
| • 25,482 integrated behavioral health visits | < 1% ↑ |
| • 43,405 dental visits | 19% ↑ |



What a difference four years makes

2011

- Senate Bill 7 mandates statewide implementation of Medicaid managed care
- Texas Health and Human Services Commission negotiates 1115 Medicaid waiver with Centers for Medicare/Medicaid Studies
 - Preserves hospital uncompensated care funding of \$2.8B annually
 - Mandatory participation in both uncompensated care and Delivery System Reform Incentive Payment (DSRIP) programs
- Senator Watson proposes “10 in 10” initiatives



What a difference four years makes

2012

- Central Health and Seton begin discussion of joint management of an integrated delivery system and funding of a new teaching hospital
- Central Health evaluates 1115 waiver DSRIP program in conjunction with the “10 in 10” initiatives
- Board approves tax ratification election; electorate approves five-cent tax increase



What a difference four years makes

2013

- Master Agreement with Seton approved
- Community Care Collaborative (CCC) established to manage integrated delivery system and carry out DSRIP projects
- CCC provides the legal and administrative framework that allows the public-private partnership to work



What a difference four years makes

2014

- Received 100% of CCC demonstration year 2 DSRIP funding - \$53.6M
- Negotiation of agreements related to the Master Agreement and the “10 in 10” initiatives
- Planning for the reuse of the Central Health Downtown Campus begins.



Recap and Outcomes

There have been many small corrections we have had to make over the last four years, but . . .

- Our course has remained true and we have delivered what we set out to do
- We have realized the first three “10 in 10” initiatives:
 - Medical School
 - Teaching Hospital
 - Integrated Delivery System
- There is still a lot to do and there are risks we will face:
 - DSRIP performance -Waiver renewal
 - CCC Implementation -Downtown campus reuse



1115 Waiver Transformation Projects

Under the 1115 Medicaid Transformation Waiver, Central Health serves as the Intergovernmental Transfer (IGT) entity for 33 transformation projects (“DSRIP projects) by four performing providers in Travis County

| Value to the Community | Performing Provider | Number of Projects |
|------------------------|--|--------------------|
| \$239.9 M | Community Care Collaborative | 15 |
| \$33.1 M | Dell Children’s Medical Center | 2 |
| \$168 M | University Medical Center Brackenridge | 15 |
| \$4.1 M | St. David’s Medical Center | 1 |
| \$445.1M | - | 33 |

Projects fall into four general categories:

- Behavioral Health
- Chronic Care
- Prevention
- Primary/Specialty/ Dental expansion



Preliminary FY 2015 Considerations

Tax rate No change recommended – 12.9 cents

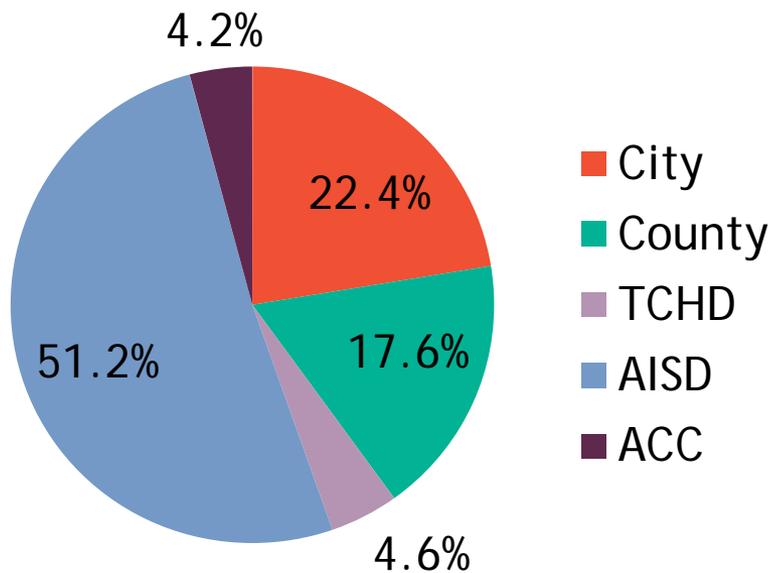
Timing of IGTs Maintain practice of appropriating contingency reserve

SEHWC Increase transfer to capital for funding to complete the South East Health & Wellness Center



Allocation of Property Taxes

Tax Bill on \$200,000 Home



| Tax Bill on \$200,000 Home 2014 Tax Rates | | | |
|--|---------------|----------------|---------------|
| Jurisdiction | Rate | Amount | % Amount |
| City | 0.5027 | \$1,005 | 22.4% |
| County | 0.4946 | \$791 | 17.6% |
| TCHD | 0.129 | \$206 | 4.6% |
| AISD | 1.242 | \$2,298 | 51.2% |
| ACC | 0.0949 | \$188 | 4.2% |
| Total | 2.4632 | \$4,489 | 100.0% |

Homestead Exemptions

| | Austin ISD | Travis County | Travis County Healthcare District | City of Austin | ACC |
|--------------|------------|---------------|-----------------------------------|----------------|-----------|
| Homestead | \$15,000 | 20% | 20% | --- | 1% |
| OV65 ** | \$35,000 | \$70,000 | \$70,000 | \$70,000 | \$115,000 |
| DP | \$25,000 | \$70,000 | \$70,000 | \$70,000 | \$115,000 |
| DVHS | 100% | 100% | 100% | 100% | 100% |
| DV1 - 10-29% | \$5,000 | \$5,000 | \$5,000 | \$5,000 | \$5,000 |
| DV2 - 30-49% | \$7,500 | \$7,500 | \$7,500 | \$7,500 | \$7,500 |
| DV3 - 50-69% | \$10,000 | \$10,000 | \$10,000 | \$10,000 | \$10,000 |
| DV4 - 70-99% | \$12,000 | \$12,000 | \$12,000 | \$12,000 | \$12,000 |



Future Considerations

Replacing UMCB revenue loss

| | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> |
|-----------------|-------------|-------------|-------------|--------------|
| Expected rent | 32M | 32M | 20M | 9M |
| Reduction | - | - | (12M) | (11M) |
| Total reduction | - | - | - | <u>(23M)</u> |

- Our fiscal year 2014 budget is structurally balanced and any revenue losses must be made up by equal cuts in spending or by additional revenue – very difficult to do in one or two years



Future Considerations

Planning for loss of current/future waiver funding

- We are still at risk for not achieving our DSRIP revenue goals
- Although Health & Human Services Commission has said the waiver may be renewed, we need to anticipate that it might not be – or that it might be different from the current waiver
- We also need to anticipate whether there are “spinoff” costs from the waiver



Future Considerations

Planning for reuse of Central Health Downtown Campus

- We are in the early stages of planning for the reuse of our downtown campus
- We do not now have estimates for costs we may incur in this project but need to anticipate there may be some



Future Considerations

- Replacing UMCB revenue loss
- Planning for loss of current/future waiver funding
- Planning for reuse of Central Health Downtown Campus

Given these future uncertainties, Central Health staff recommend the Board of Managers consider establishing a reserve that can help stabilize our budget through the next several years of transition.

The reserve would be funded by excess revenue or unspent appropriations and would be distinct from the contingency reserve.



Next Steps

| | |
|--------------|--|
| August 20 | Board approves draft budget |
| August 26 | Draft budget to Commissioners Court |
| August 28 | First public hearing on proposed budget |
| September 3 | Second public hearing on proposed budget |
| September 17 | Board adopts proposed budget |
| September 23 | Commissioners Court approves budget |



CENTRAL HEALTH

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