



Travis County Commissioners Court Agenda Request

Meeting Date: 9/23/2014

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 THE TRAVIS COUNTY HEALTHCARE DISTRICT D/B/A CENTRAL HEALTH 2014 TAX RATE:

- A. TOTAL MAINTENANCE AND OPERATIONS TAX RATE;
- B. TOTAL DEBT SERVICE TAX RATE; AND
- C. TOTAL AD VALOREM TAX RATE.

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

AGENDA REQUEST DEADLINE: All agenda requests and supporting materials must be submitted as a pdf to Agenda@co.travis.tx.us by **Tuesdays at 5:00 p.m.** for the next week's meeting.



MEMORANDUM

TO: Travis County Judge and Commissioners

FROM: Patricia A. Young Brown, President & CEO

DATE: September 23, 2014

RE: Central Health Fiscal Year 2015 Budget and 2014 Tax Rate

Our fiscal year 2015 budget accomplishes two main objectives, supporting ongoing work to fulfill the voter mandate from November 2012 to strengthen and transform the local health care delivery system which serves our most vulnerable residents while improving affordability by increasing accessibility of these health care services by low income residents.

Fulfilling the Voter Mandate

In November of 2012, voters in Travis County approved a \$.05 per \$100 valuation tax increase for Central Health. These additional funds are being used to strengthen our local safety net and transform the health care delivery system. *See below for ballot language. Specifically these new funds allow Central Health to combine local health care tax dollars with federal matching funds that are brought back to Travis County through the 1115 Medicaid waiver transformation projects. Central Health is also using these leveraged funds to create the voter approved integrated care delivery system which will improve care, enhance health and build a more fiscally sustainable health care delivery system. Pursuant to the voter's mandate, these funds also support the new Dell Medical School at The University of Texas at Austin which will support the mission of Central Health by helping provide care for our vulnerable population and by designing new care delivery models that help reduce health disparities and address the social determinants of health.

Central Health went directly to the voters to seek additional funding and Proposition 1 represents the mandate from the voters of Travis County for Central Health to take these steps towards fixing our broken and fragmented health care system.

Central Health is delivering on that voter mandate—rapidly, however our work towards achieving the voter approved work continues. Central Health is extremely thankful to the voters of Travis County for making this transformation possible through the use of local tax dollars, and we are committed to completing the work we have begun.

Affordability

All of us who live in Travis County are concerned about the affordability of our lives here, and how that affordability is impacted by property taxes. Central Health's tax rate remains lower than the rates of hospital districts in other urban counties even after the voter approved increase because of the unique way that our delivery system is designed and financed. Our public private

partnerships with Seton and St. David's allow us to keep the tax burden low because of their commitment to providing millions of dollars in health care to low income uninsured and underinsured residents of Travis County. This model has allowed Central Health to provide access to hospital and clinical care without large capital expenditures which incur large debt loads as other hospital districts must—when they own and operate their own facilities. By staying out of the actual provision of care we can efficiently and nimbly use our funds to directly purchase health care services from a variety of community providers.

Affordability however is not just a question of the tax rate but also is determined by how the services Central Health provides help individuals and families afford to live in Travis County. The eligible residents of Travis County for whom we provide health care services struggle daily with affordability. They live on less than \$24,000 per year in order to qualify for our health care services. Therefore, Central Health's mission to serve those at lower income levels directly contributes to the goal of affordability for our community's residents. Our provision of services helps those individuals to have a more affordable and healthy life because we can provide them with health care that is focused on primary care and prevention and that is within their financial reach. These services allow our community to support those who have fewer financial resources.

Accompanying this memo you will find the summary of our public hearings held on the proposed budget. In all 18 people spoke to the Board of Managers. All who spoke during this process supported the work of Central Health and the proposed budget.

We appreciate your careful review of our budget, your thoughtful questions and the time you devote to the work of ensuring that our budget and tax rate are appropriate for the important mission we serve - providing health care to those who need it most.

The Proposition 1 November 2012 ballot language is copied below for your reference.

*

CENTRAL HEALTH TAX RATIFICATION ELECTION

PROP. 1: Approving the ad valorem tax rate of \$0.129 per \$100 valuation in Central Health, also known as the Travis County Healthcare District, for the 2013 tax year, a rate that exceeds the district's rollback tax rate. The proposed ad valorem tax rate exceeds the ad valorem tax rate most recently adopted by the district by \$0.05 per \$100 valuation; funds will be used for improved healthcare in Travis County, including support for a new medical school consistent with the mission of Central Health, a site for a new teaching hospital, trauma services, specialty medicine such as cancer care, community-wide health clinics, training for physicians, nurses and other healthcare professionals, primary care, behavioral and mental healthcare, prevention and wellness programs, and/or to obtain federal matching funds for healthcare services. For Against



Fiscal Year 2015 Draft Budget Executive Summary

Who We Are

The Travis County Healthcare District (doing business as “Central Health”) was created by vote of the Travis County electorate in May 2004. Its purpose is the provision of medical and hospital care to indigent residents of Travis County, a responsibility that was previously shared by Travis County and the City of Austin prior to Central Health’s creation. Its enabling legislation is Chapter 281 of the Texas Health and Safety Code, which provides most of the statutory framework within which Texas hospital districts operate.

From its inception in fiscal year 2005, Central Health has worked to fulfill its mission – *to create access to healthcare for those who need it most*. During that time, Central Health has steadily increased the provision of primary care services to its covered population and has worked with a variety of healthcare providers and stakeholders to augment and improve the healthcare safety net here in Travis County. Central Health has the statutory obligation to provide health care to residents who are at or below 21% of the federal poverty level (FPL – currently \$5,008 for a family of four); however, Central Health also provides a Medical Access Program (MAP program) with a full benefit package to a population of eligible residents who are at or below 100% of the FPL.

1115 Medicaid Waiver and 10 in 10 Initiative

Central Health owns the University Medical Center Brackenridge (UMCB) facility, which is operated by the Seton Healthcare Family under a long-term lease arrangement, initially with the City of Austin in 1995 and now with Central Health. UMCB serves as the safety-net hospital in Travis County that provides acute and specialty care to our Medical Access Program and charity care population, as well as trauma services to all residents in an 11-county region. .

Since Central Health began operations in 2004, Seton and Central Health have collaborated to provide a continuum of healthcare services, with Central Health focusing on primary, specialty and behavioral health care. While we have made some progress in our efforts to integrate the healthcare delivery system, there is still much to be done to ensure care is delivered at the right time and the right place.

In July 2011, the Texas Health and Human Services Commission (HHSC) announced the implementation of the Texas Healthcare Transformation and Quality Improvement Program, also called the 1115 Medicaid waiver. The waiver is intended to accomplish two things: one, to preserve the source of federal funding for the Upper Payment Limit program and two, to provide additional federal funds for transformative projects that enhance healthcare delivery through the Delivery System Reform and Incentive Payment (DSRIP) program.

Around the same time, in September 2011, a number of public and private sector entities began work on a “10 in 10” initiative to accomplish ten projects over ten years that will benefit Travis



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County and Central Texas, including: implementing an integrated delivery system to provide enhanced primary care, specialty care, behavioral health services, and women's health services; building a medical school; and, building a modern teaching hospital. To take advantage of the momentum created by this initiative and to maximize the additional federal funding available through the waiver, the Central Health Board of Managers authorized a tax ratification election held on November 6, 2012, to increase Central Health's tax rate by five cents. The voters approved this increase, most of which will be used as a local match for the 1115 waiver, for capitalizing the Community Care Collaborative (CCC), a 501(c)(3) corporation through which Central Health and Seton will jointly manage the safety net system, or for funding other healthcare needs. To that end, Central Health and Seton have entered into a Master Agreement to fund and operate the CCC.

The Master Agreement includes provisions under which Seton will construct and operate a safety-net teaching hospital. Construction of this new facility has begun and Seton currently expects to occupy it in January 2017. In preparation for Seton vacating the UMCB facility, Central Health has begun developing a master plan for reuse or redevelopment of the site, *the Downtown Central Health Campus*.

For more information on Central Health, the 1115 waiver, the Community Care Collaborative, the Master Agreement with Seton, or Central Health's master plan for the Downtown Central Health Campus, please go to the Central Health website at www.centralhealth.net or call (512) 978-8000.

Fiscal Year 2015 Operating Budget

Central Health's current tax rate (fiscal year 2014) is 12.9 cents per \$100 of assessed value, as required under State law pursuant to the tax ratification election discussed above. This 2015 draft budget has been prepared at a lower tax rate of 12.64 cents per \$100 of assessed value. The total rate includes an operating tax rate of 12.53 cents and a debt service rate of .11 cents. The debt service tax rate will provide funds for Certificates of Obligation that funded the purchase and partial renovation of the Southeast Health and Wellness Center and a portion of the construction cost of Central Health's North Central Community Health Center, the remainder of which was funded with Federal grant dollars.

Central Health's operating budget has several sources of funds, with total property tax of \$151.7 million being by far the largest. Although Central Health is lowering its tax rate, increases in assessed value have produced \$12.7 million in additional revenue. The second largest revenue source is Seton lease revenue for UMCB, budgeted this year at \$31.6 million.

Central Health budgets its expenditures in two programs, the larger one being Healthcare Delivery (96% of total appropriations) and a smaller program of Administration (4% of total appropriations). The Travis County Commissioners Court approves Central Health's budget appropriations at the



Fiscal Year 2015 Draft Budget Executive Summary

program level. See the attached budget summary (Attachment A) for a list of sources and of uses by program, as well as expected reserve balances at the end of the 2015 fiscal year.

Following is a more detailed discussion of Central Health's 2015 expenditure budget, shown by program and activity, which can be seen on Attachment B.

Healthcare Delivery Program

This program consists of the following sub-programs or activities:

Intergovernmental Transfers (IGTs)

This activity funds the local match for the following federal supplemental hospital payment programs:

1. Uncompensated Care ("UC") – reimburses public and private hospitals that treat significant numbers of Medicaid or uninsured patients. Central Health makes uncompensated care IGTs for St. David's and Seton private hospitals and for UMCB.
2. Disproportionate Share ("DSH") – similar to Uncompensated Care, this program reimburses public and private hospitals that treat a disproportionate share of Medicaid or uninsured patients. Most of the local match for all Texas hospitals, both public and private, that participate in this program is made by seven hospital districts across the state, including Central Health.
3. Delivery System Reform Incentive Payment ("DSRIP") – provides federal funding for projects that transform the healthcare delivery system by making it more accessible, more integrated, and less costly. This funding is through the 1115 Medicaid waiver, the Texas Health Care Transformation and Quality Improvement Program that began on September 1, 2011. Central Health makes an IGT for the hospital-based DSRIP programs carried out by Seton and also for the remaining delivery system DSRIP programs carried out by the CCC

Appropriations at the program level can be moved from one activity to another administratively, through the authority delegated by the Board of Managers to the Central Health President and CEO. In educating the Travis County voters for the November 2012 tax ratification election, Central Health committed to using its healthcare delivery funds first to make IGTs that will leverage additional federal funds and opportunities to enhance service delivery. To that end, Central Health may use funds in other healthcare delivery activities for IGT if there are additional opportunities to do so.



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Payment to the Community Care Collaborative (CCC)

This Central Health activity partially funds primary, specialty, and other services for the MAP program, primarily through contracts with a number of safety-net providers. These contracts were previously administered by Central Health, but in 2014 most of these were moved to the CCC so that Central Health and Seton could manage them jointly. These contracts are also funded by the CCC's other revenue sources; centralizing them in the CCC provides for an integrated delivery system through which all providers can be better coordinated.

Other Healthcare Delivery Activities

Other activities in the 2015 Healthcare Delivery Program are as follows:

- Payments to Austin Travis County Integral Care, Planned Parenthood, and the Integrated Care Collaboration;
- Seton charity care payment;
- Service expansion for additional needs that may arise during FY 2015;
- Transfer to the capital reserve, primarily for renovations of the Southeast Health and Wellness Center;
- Eligibility staff and operating costs;
- Funding risk-based capital needs for Central Health's Medicaid HMO, Sendero;
- Debt service; and
- New initiatives.

An additional activity in the 2015 Healthcare Delivery Program is an appropriation of Central Health's estimated 2015 contingency reserve of \$76.5 million. This appropriation provides flexibility for Central Health to handle the uncertain timing of IGTs in the 1115 waiver program without a mid-year budget amendment. It is unlikely that this entire amount will be needed and whatever is not spent in 2015 will fall to the contingency reserve ending balance.

Administration Program

This program funds the activities that allow Central Health to function as a governmental entity and a healthcare financing entity, e.g. financial, legal, human resource, facility management, and planning and communications activities. Personnel expense has decreased slightly from 2014 to 2015 due to charging staff who are performing DSRIP project activities directly to the CCC; however, there are two new enterprise positions added in FY 2015 that will provide support to Central Health and its affiliates: an Enterprise VP for Human Resources and an Enterprise Chief Information Officer. Legal fees have been increased by \$200,000 in 2015 due to an increase in complexity in our regulatory environment, and property appraisal fees paid to the Travis Central Appraisal District



CENTRAL HEALTH

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(TCAD) have increased by about \$400,000 to fund activities designed to make the appraisal process more equitable across categories of property.

Reserve Policies

Central Health maintains four separate reserves, with a policy for each: an emergency reserve, a contingency reserve, a capital reserve, and a reserve for HMO risk-based capital.

There is one change to Central Health's reserve policies in this 2015 budget, a change to the contingency reserve to allow for the use of this reserve to correct deficits in partially or wholly-owned affiliated entities when accompanied by a plan to reach structural balance.

Attachment D more fully describes each of the four reserve policies.



Proposed Fiscal Year 2015 Budget & Amended Fiscal Year 2014 Budget Revenue and Expense Summary

| DESCRIPTION | FY 2015 PROPOSED BUDGET | FY 2014 AMENDED BUDGET |
|--|-------------------------------|------------------------------|
| TAX RATE | 0.1264 | 0.129 |
| <u>SOURCES OF FUNDS</u> | | |
| Property tax revenue | 151,728,532 | 139,000,000 |
| Seton lease revenue | 31,637,380 | 32,321,472 |
| Other revenue | 1,900,000 | 1,600,000 |
| Contribution from HMO risk-based capital | 4,883,000 | 10,200,000 |
| Contingency appropriation | 78,800,000 | 44,657,687 |
| TOTAL SOURCES | 268,948,912 | 227,779,159 |
| <u>USES OF FUNDS</u> | | |
| Healthcare delivery program | 259,098,204 | 218,610,705 |
| Administration program | 9,850,708 | 9,168,454 |
| TOTAL USES | 268,948,912 | 227,779,159 |
| <u>FISCAL YEAR END RESERVE BALANCES</u> | | |
| Capital reserve | - | 2,930,811 |
| HMO risk-based capital reserve | - | 4,883,000 |
| Emergency reserve | 25,975,721 | 25,975,721 |
| TOTAL RESERVES | 25,975,721 | 33,789,532 |



Proposed Fiscal Year 2015 Budget & Amended Fiscal Year 2014 Budget Expense Detail

| DESCRIPTION | FY 2015 PROPOSED BUDGET | FY 2014 AMENDED BUDGET |
|-------------|-------------------------------|------------------------------|
|-------------|-------------------------------|------------------------------|

EXPENSE DETAIL

HEALTHCARE DELIVERY

Intergovernmental transfers:

| | | |
|------------------------------------|--------------------|--------------------|
| I G T - private UC | 27,900,000 | 27,900,000 |
| I G T - public UC | 25,000,000 | 30,000,000 |
| I G T - Disproportionate Share | 20,000,000 | 20,000,000 |
| I G T - CCC DSRIP | 23,800,000 | 24,200,000 |
| I G T - Seton DSRIP | 20,200,000 | 20,200,000 |
| I G T - St Davids DSRIP | 500,000 | - |
| Intergovernmental transfers | 117,400,000 | 122,300,000 |

Providers & charity care:

| | | |
|------------------------------|------------|------------|
| Indigent care payment to CCC | 15,200,000 | 16,477,788 |
| Charity care - Seton | 4,251,733 | 4,251,733 |

Medical providers:

| | | |
|-------------------------------------|------------------|------------------|
| ATCIC | 8,045,166 | 7,925,319 |
| Planned Parenthood | 510,000 | 510,000 |
| Integrated Care Collaboration (ICC) | 617,275 | 736,275 |
| Medical providers | 9,172,441 | 9,171,594 |

New initiatives:

| | | |
|------------------------------|------------------|------------------|
| ACA education and enrollment | 1,717,000 | 1,439,748 |
| Health promotion | 150,000 | - |
| New initiatives | 1,867,000 | 1,439,748 |

| | | |
|-------------------------------------|-------------------|-------------------|
| Providers & charity care | 30,491,174 | 31,340,863 |
|-------------------------------------|-------------------|-------------------|

Service expansion:

| | | |
|---------------------------------|------------------|------------------|
| Beginning of year appropriation | 2,000,000 | 5,000,000 |
| Allocations to approved uses | - | (2,827,536) |
| Service expansion | 2,000,000 | 2,172,464 |



Proposed Fiscal Year 2015 Budget & Amended Fiscal Year 2014 Budget Expense Detail

| DESCRIPTION | FY 2015 PROPOSED BUDGET | FY 2014 AMENDED BUDGET |
|---|-------------------------------|------------------------------|
| Personnel & operating expenses: | | |
| Personnel expenses | 2,446,402 | 1,985,585 |
| Operating expenses: | | |
| Legal | 20,000 | 50,000 |
| Consulting | 270,000 | 410,000 |
| Other professional services | 28,900 | 193,660 |
| Marketing & community relations | 10,000 | 50,000 |
| Leases, security & maintenance | 225,000 | - |
| Phones, computer equipment & utilities | 25,540 | 10,540 |
| Printing, copying, postage & signage | 111,075 | 111,075 |
| Meetings, travel & professional development | 18,000 | 23,283 |
| Other operating expenses | 17,906 | 41,634 |
| Operating expenses | 726,421 | 890,192 |
| Personnel & operating expenses | 3,172,823 | 2,875,777 |
| Reserves, appropriated uses & transfers: | | |
| Transfer to capital reserve | 11,300,000 | 4,500,000 |
| Sendero risk-based capital | 16,883,000 | 10,200,000 |
| Contingency appropriation | 76,480,000 | 43,851,652 |
| Reserves, appropriated uses & transfers | 104,663,000 | 58,551,652 |
| Debt service: | | |
| Debt service - principal retirement | 935,000 | 920,000 |
| Debt service - interest & amortized costs | 436,207 | 449,949 |
| Debt service | 1,371,207 | 1,369,949 |
| TOTAL HEALTHCARE DELIVERY | 259,098,204 | 218,610,705 |



Proposed Fiscal Year 2015 Budget & Amended Fiscal Year 2014 Budget Expense Detail

| DESCRIPTION | FY 2015 PROPOSED BUDGET | FY 2014 AMENDED BUDGET |
|---|-------------------------------|------------------------------|
| ADMINISTRATION | | |
| Personnel & operating expenses: | | |
| Personnel expenses | 4,008,281 | 4,010,395 |
| Operating expenses: | | |
| Legal | 896,500 | 611,500 |
| Consulting | 1,283,620 | 1,283,620 |
| Investment services (Travis County) | 108,351 | 108,351 |
| Benefits & payroll administrative services | 190,800 | 190,800 |
| Other professional services | 363,950 | 363,950 |
| Marketing & community relations | 92,250 | 92,250 |
| Leases, security & maintenance | 590,822 | 590,822 |
| Insurance & risk management | 99,526 | 99,526 |
| Phones, computer equipment & utilities | 151,704 | 151,704 |
| Printing, copying, postage & signage | 86,370 | 86,370 |
| Meetings, travel & professional development | 116,062 | 116,062 |
| Other operating expenses | 507,472 | 541,381 |
| Operating expenses | 4,487,427 | 4,236,336 |
| Personnel & operating expenses | 8,495,708 | 8,246,731 |
| Tax collection expenses: | | |
| Property appraisal | 855,000 | 453,723 |
| Property tax collection | 500,000 | 468,000 |
| Tax collection expenses | 1,355,000 | 921,723 |
| TOTAL ADMINISTRATION | 9,850,708 | 9,168,454 |
| TOTAL EXPENSE | 268,948,912 | 227,779,159 |



Attachment D
Fiscal Year 2015 Draft Budget
Reserve Policies

Emergency Reserve Policy

Central Health's emergency reserve will serve as a funding source for dire necessities that arise from unusual circumstances, e.g. natural disasters, pandemics, or severe business disruptions. The emergency reserve will normally be set at 55 days of working capital, equal to approximately 15% of budgeted ongoing expenses. The amount of the emergency reserve will be set annually through adoption of the budget.

Contingency Reserve Policy (as amended for FY 2015 draft budget)

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. Cyclical deficits are caused by temporary decreases in revenue or by one-time, nonrecurring expenses that cannot be funded through current revenue. Structural deficits are caused by an excess of projected annual expense over projected annual revenue over periods of several fiscal years. Contingency reserves may be used as part of a plan for correcting structural deficits; however, the plan should also include structural fixes such as permanent increases to revenue and/or permanent reductions to expense.

The contingency reserve may also serve as a source of supplemental appropriation that can be used for Intergovernmental Transfers, depending on circumstances and amounts available. The Intergovernmental Transfers are unpredictable and are often misaligned with Central Health's fiscal year. The contingency reserve may also be used to correct deficits in partially or wholly-owned affiliated entities when accompanied by a plan to reach structural balance.

Capital Reserve Policy

A capital reserve will be established to fund capital assets or projects that will not be funded through the issuance of debt or through a grant. The capital reserve will be established in October, the first month of the fiscal year, by moving investment balances from current assets to noncurrent assets in the amount needed to fund the capital reserve. Changes may be made to the capital reserve during the year if, for example, other funding is obtained for a portion of the capital budget: in this case, the capital reserve would be decreased by moving the amount of the grant from noncurrent assets (investments) back to current assets.

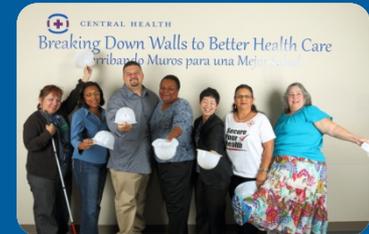
HMO Risk-Based Capital Reserve Policy

Central Health will set up a risk-based capital reserve to be used for paid-in capital payments to Sendero Health Plans, Inc., the Medicaid managed care nonprofit corporation established in 2011. This reserve will be shown in the noncurrent asset section of Central Health's balance sheet and will not be part of working capital or fund balance. This fund will be used to provide risk-based capital to Sendero. Payments will be made based on the level of enrollment and on claims experience, as recommended by the Sendero actuary.



CENTRAL HEALTH

Fiscal Year 2015 Proposed Budget



Travis County Commissioners Court
Tuesday, September 23, 2014

Patricia A. Young Brown, CEO
Jeff Knodel, Chief Financial Officer



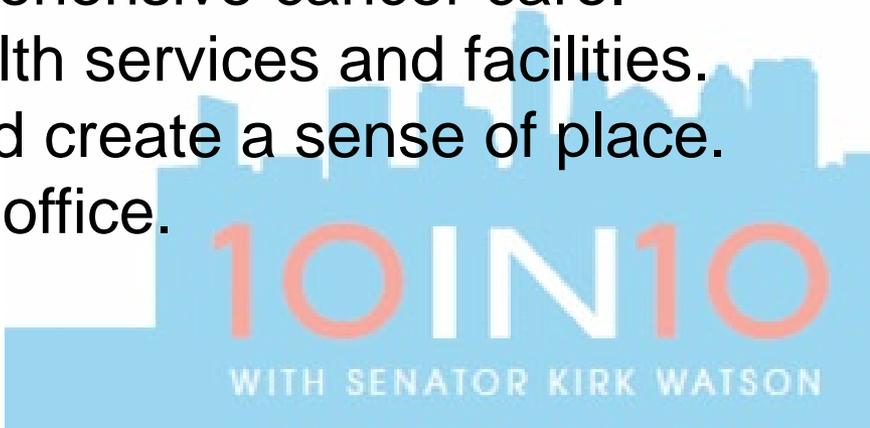
Presentation Overview

- Community goals and outcomes
- Proposed budget considerations, including revenue and tax rate
- Budget summary
- Recap of budget process



We Set Community Goals: Senator Kirk Watson's 10 in 10

1. Build a medical school.
2. Build a modern teaching hospital.
3. Foster modern, uniquely Austin health clinics.
4. Develop a research institute and laboratories for public and private research.
5. Launch a new commercialization incubator.
6. Make Austin a center for comprehensive cancer care.
7. Provide needed behavioral health services and facilities.
8. Improve basic infrastructure and create a sense of place.
9. Bolster the medical examiner's office.
10. Solve the funding puzzle.



10 IN 10

WITH SENATOR KIRK WATSON



Proposition 1

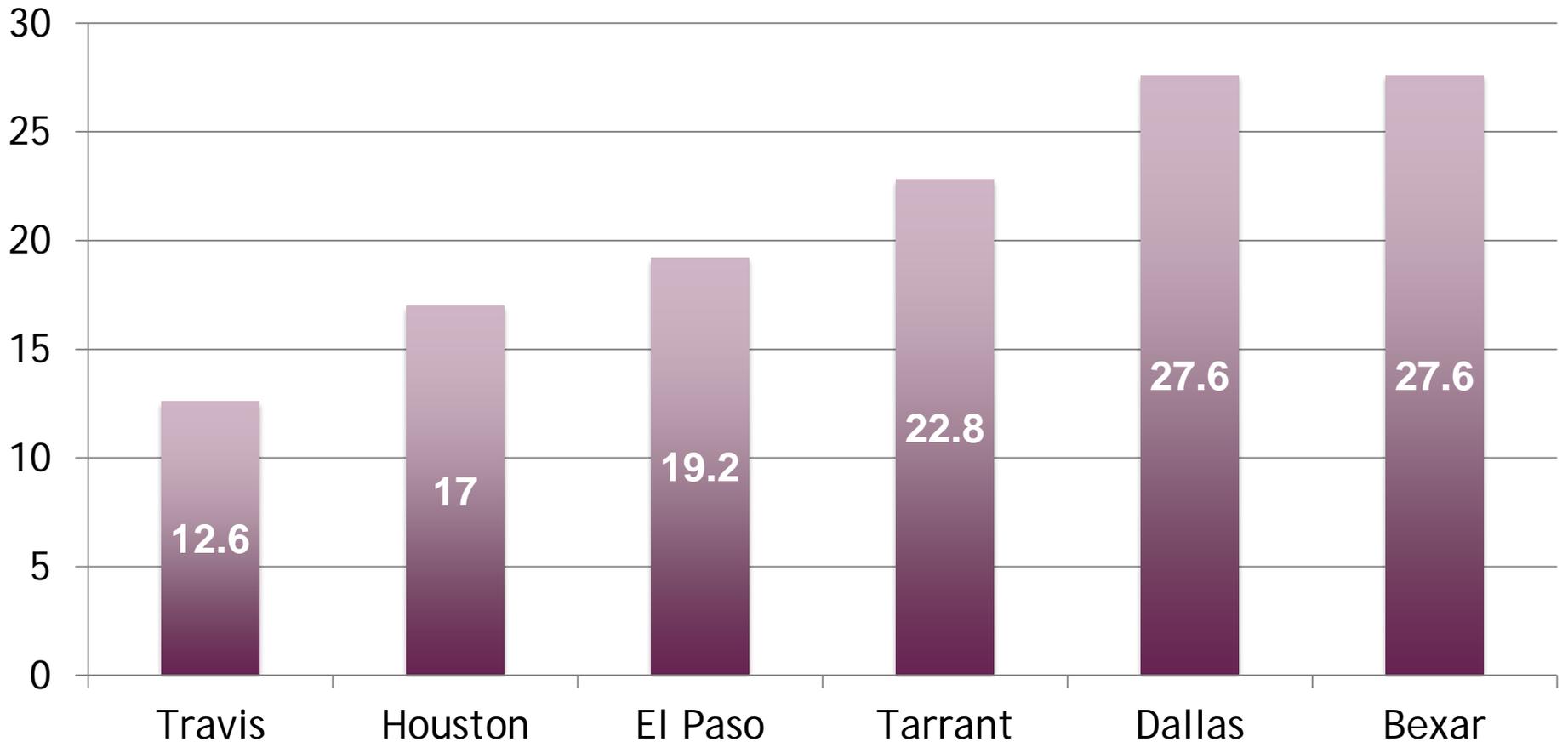
On November 6, 2012, fifty-five percent of Travis County voters approved increasing property taxes collected by Central Health from 7.89 cents to 12.9 cents per \$100 of assessed property value:

“Funds will be used for improved healthcare in Travis County, including support for a new medical school consistent with the mission of Central Health, a site for a new teaching hospital, trauma services, specialty medicine such as cancer care, community-wide health clinics, training for physicians, nurses and other healthcare professionals, primary care, behavioral and mental healthcare, prevention and wellness programs, and/or to obtain federal matching funds for healthcare services.”



Hospital District Tax Rates

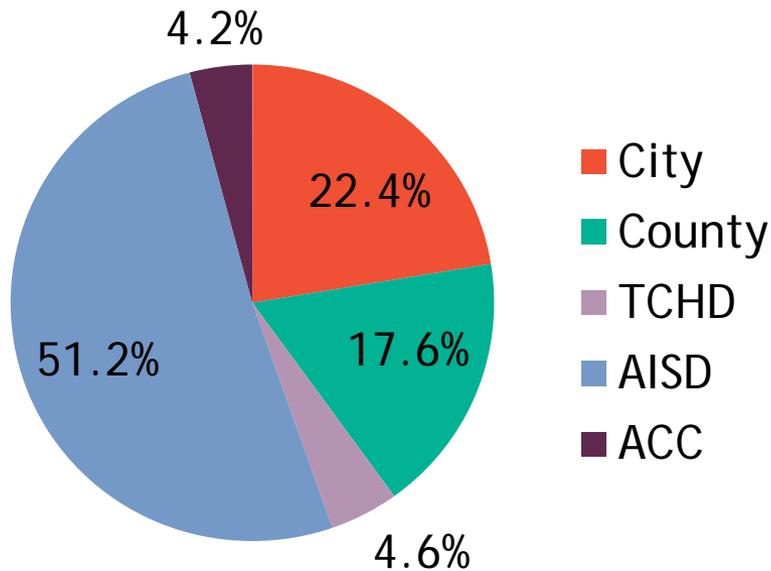
Cents per \$100 of property valuation





Allocation of Property Taxes

Tax Bill on \$200,000 Home



| Jurisdiction | Rate | Amount | % Amount |
|----------------|--------|---------|----------|
| City | 0.5027 | \$1,005 | 22.4% |
| County | 0.4946 | \$791 | 17.6% |
| Central Health | 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% |



FY15 Revenues

- Property Tax Rate
 - Reduce the tax rate from the voter-approved rate of 12.9 cents to 12.64 cents per \$100 valuation
 - At 12.64 rate, annual tax increase on homeowner with median value home (\$180,760) - \$14.64 and for the average home value (\$240,026) - \$16.27

| Budget (millions) | <u>FY 14</u> | <u>FY15</u> |
|------------------------------|---------------------|--------------------|
| Property Tax Revenue | \$139.0 | \$151.7 |



FY 2015 Major Budget Considerations

| | |
|---|---|
| Timing of Intergovernmental Transfers | Maintain practice of appropriating contingency reserve due to the uncertain timing of intergovernmental transfers |
| Sendero Health Plans | Invest \$12 million to continue working toward our strategic objective to expand care management in our developing integrated delivery system model |
| Southeast Health & Wellness Center | Allocate \$9.5 million for funding to complete the Southeast Health & Wellness Center |
| Affordable Care Act | Expand public information and awareness campaign, and enrollment efforts in the Federal Insurance Marketplace |
| Downtown Campus | Continue work on Master Plan, including community engagement |



Budget Summary (FY15 Proposed)

| Sources | <u>FY14</u> | <u>FY15</u> |
|--------------------------------|--------------|--------------|
| Property Taxes | 139.0 | 151.7 |
| Lease Revenue | 32.3 | 31.6 |
| Other | <u>1.6</u> | <u>1.9</u> |
| Subtotal - Revenues | 172.9 | 185.2 |
| Contribution from HMO Reserves | 2.2 | 4.8 |
| Contingency Appropriation | <u>44.7</u> | <u>78.8</u> |
| Total Sources | <u>219.8</u> | <u>268.8</u> |
| Uses | | |
| Healthcare Delivery | 210.6 | 258.9 |
| Administration | <u>9.2</u> | <u>9.9</u> |
| Total Uses | <u>219.8</u> | <u>268.8</u> |



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



FY 15 Budget Intergovernmental Transfer Summary Includes Federal Matching Funds

| | FY15 | | |
|------------------------|----------------|----------------|-----------------|
| | <u>Local</u> | <u>Federal</u> | <u>Total</u> |
| Uncompensated Care | \$ 52.9 | \$ 75.2 | \$ 128.1 |
| Disproportionate Share | \$ 20.0 | \$ 23.2 | \$ 43.2 |
| DSRIP | \$ 44.5 | \$ 63.2 | \$ 107.7 |
| Total | <u>\$117.4</u> | <u>\$161.6</u> | <u>\$ 279.0</u> |

Central Health uses \$117.4 million of local funds to draw an additional \$161.6 million in federal funds, for a total of \$279 million for health care services for vulnerable Travis County residents.



Recap of Budget Process

- Began budget process in May
- Three presentations to full Board
- Several work sessions at Budget and Finance Committee
- Two required public hearings on the budget and the tax rate as prescribed by State law plus one additional public hearing
- Two presentations to Commissioners Court
- Final presentation to Court for approval on September 23

**TRAVIS COUNTY HEALTHCARE DISTRICT D/B/A CENTRAL HEALTH
BOARD OF MANAGERS
RESOLUTION ADOPTING THE *AD VALOREM* TAX RATE FOR YEAR 2014**

STATE OF TEXAS §
 §
COUNTY OF TRAVIS §

It is necessary to levy for the current 2014 Travis County Healthcare District d/b/a Central Health tax year *ad valorem* taxes on each \$100 valuation of all taxable property in the Travis County Healthcare District d/b/a Central Health as follows:

MAINTENANCE AND OPERATIONS:
\$0.1253 Total Maintenance and Operations Tax

DEBT SERVICE:
\$0.0011 Total Debt Service Tax

I. On motion by: Brenda Coleman-Beattie, and
 seconded by: Rebecca Lightsey,

The following was adopted by the Travis County Healthcare District d/b/a Central Health Board of Managers on September 17, 2014:

It is moved that the property tax rate be increased by the adoption of a tax rate of \$0.1253 for maintenance and operations, which is effectively a negative two percent (-2.0%) increase in the tax rate, and there is hereby levied for the current tax year an *ad valorem* tax of \$0.1253 for each \$100 valuation of all taxable property for general operating purposes.

Voting in favor of the motion:

Brenda Coleman-Beattie
Brenda Coleman-Beattie, Chairperson

Katrina Daniel
Katrina Daniel, Vice-Chairperson

Lynne Hudson
Lynne Hudson, Secretary

Rebecca Lightsey
Rebecca Lightsey, Treasurer

Tom Coopwood
Tom Coopwood, Manager

Clarke Heidrick
Clarke Heidrick, Manager

William "Kirk" Kuykendall
William "Kirk" Kuykendall, Manager

Rosie Mendoza
Rosie Mendoza, Manager

Guadalupe Zamora
Guadalupe Zamora, Manager

II. On motion by: Brenda Coleman-Beattie, and

Seconded by: Rebecca Lightsey,

The following was adopted by the Travis County Healthcare District d/b/a Central Health Board of Managers on September 17, 2014:

There is hereby levied for the current tax year an *ad valorem* tax of \$0.0011 for each \$100 valuation of all taxable property for debt service and to provide sinking funds and to pay interest on the outstanding debt issuances which include certificates of obligation.

Voting in favor of the motion:

Brenda Coleman-Beattie

Brenda Coleman-Beattie, Chairperson

Katrina Daniel, Vice-Chairperson

Lynne Hudson

Lynne Hudson, Secretary

Rebecca Lightsey

Rebecca Lightsey, Treasurer

Tom Coopwood

Tom Coopwood, Manager

Clarke Heidrick

Clarke Heidrick, Manager

William "Kirk" Kuykendall

William "Kirk" Kuykendall, Manager

Rosie Mendoza

Rosie Mendoza, Manager

Guadalupe Zamora

Guadalupe Zamora, Manager

III. On motion by: Brenda Coleman-Beattie, and
Seconded by: Rebecca Lightsey.

The following was adopted by the Commissioners Court for the Travis County Healthcare District on September 20, 2014:

The two components of the Travis County Healthcare District d/b/a Central Health for the current year having been approved in this resolution, property taxes are increased by the adoption of a tax rate of \$0.1253 for maintenance and operations; the adoption of a tax rate of \$0.0011 for total debt service; and there is hereby levied for the current tax year a total Travis County Healthcare District d/b/a Central Health ad valorem tax of \$0.1264 for each \$100 valuation of all taxable property.

THIS TAX RATE WILL RAISE MORE TAXES FOR MAINTENANCE AND OPERATIONS THAN LAST YEAR'S TAX RATE.

THE TAX RATE WILL EFFECTIVELY BE RAISED BY -.026 PERCENT AND WILL RAISE TAXES FOR MAINTENANCE AND OPERATIONS ON A \$100,000 HOME BY APPROXIMATELY -\$2.60 (negative TWO DOLLARS AND SIXTY CENTS).

Voting in favor of the motion:

Brenda Coleman-Beattie

Brenda Coleman-Beattie, Chairperson

Katrina Daniel, Vice-Chairperson

Lynne Hudson, Secretary

Rebecca Lightsey, Treasurer

Tom Coopwood, Manager

Clarke Heidrick, Manager

William "Kirk" Kaykendall, Manager

Rosie Mendoza, Manager

Guadalupe Zamora, Manager

AN ORDER OF THE COMMISSIONERS COURT RELATED TO
THE TRAVIS COUNTY HEALTHCARE DISTRICT
MAKING TAX LEVIES FOR THE TAX YEAR BEGINNING JANUARY 1, 2014

DATE: September 23, 2014

STATE OF TEXAS §
 §
COUNTY OF TRAVIS §

It is necessary to levy the following *ad valorem* taxes on each \$100 valuation of all taxable property in Travis County for the Travis County Healthcare District d/b/a Central Health for the tax year beginning January 1, 2014, which will be due no later than January 31, 2015 at the following tax rates:

MAINTENANCE AND OPERATIONS:
\$0.1253 Total Maintenance and Operations Tax

DEBT SERVICE:
\$0.0011 Total Debt Service Tax

I. The following was adopted by the Commissioners Court for the Travis County Healthcare District d/b/a Central Health on September 23, 2014:

On motion by: _____, and

Seconded by: _____,

There is hereby levied for the current tax year an *ad valorem* tax of \$0.1253 for each \$100 valuation of taxable property for general operating purposes.

Voting in favor of the Motion:

Samuel T. Biscoe, County Judge

Ron Davis
Commissioner, Precinct 1

Bruce Todd
Commissioner, Precinct 2

Gerald Daugherty
Commissioner, Precinct 3

Margaret Gómez
Commissioner, Precinct 4

II. The following was adopted by the Commissioners Court for the Travis County Healthcare District d/b/a Central Health on September 23, 2014:

On motion by: _____, and

Seconded by: _____,

There is hereby levied for the current tax year an *ad valorem* tax of \$0.0011 for each \$100 valuation of all taxable property for debt service and to provide sinking funds and to pay interest on the outstanding debt issuances which include certificates of obligation.

Voting in favor of the Motion:

Samuel T. Biscoe, County Judge

Ron Davis
Commissioner, Precinct 1

Bruce Todd
Commissioner, Precinct 2

Gerald Daugherty
Commissioner, Precinct 3

Margaret Gómez
Commissioner, Precinct 4

III. The following was adopted by the Commissioners Court for the Travis County Healthcare District d/b/a Central Health on September 23, 2014:

On motion by: _____, and

Seconded by: _____.

The two components of the Travis County Healthcare District d/b/a Central Health for the current year having been approved in this order, property taxes are increased by the adoption of a tax rate of \$0.1253 for maintenance and operations; the adoption of a tax rate of \$0.0011 for total debt service; and there is hereby levied for the current tax year a total Travis County Healthcare District d/b/a Central Health *ad valorem* tax of \$0.1264 for each \$100 valuation of all taxable property.

THIS TAX RATE WILL RAISE MORE TAXES FOR MAINTENANCE AND OPERATIONS THAN LAST YEAR'S TAX RATE.

THE TAX RATE WILL EFFECTIVELY BE RAISED BY -.026 PERCENT AND WILL RAISE TAXES FOR MAINTENANCE AND OPERATIONS ON A \$100,000 HOME BY APPROXIMATELY -\$2.60 (NEGATIVE TWO DOLLARS AND SIXTY CENTS).

Voting in favor of the motion:

Samuel T. Biscoe, County Judge

Ron Davis
Commissioner, Precinct 1

Bruce Todd
Commissioner, Precinct 2

Gerald Daugherty
Commissioner, Precinct 3

Margaret Gómez
Commissioner, Precinct 4