



CENTRAL HEALTH

STAYS IN FILE

Our Vision

Central Texas is a model healthy community.

Our Mission

By caring for those who need it most, Central Health improves the health of our community.

Our Values

Central Health will achieve excellence through:

Stewardship - We maintain public trust through fiscal discipline and open and transparent communication.

Innovation - We create solutions to improve healthcare access.

Respect - We honor our relationship with those we serve and those with whom we work.

Collaboration - We partner with others to improve the health of our community.

BUDGET AND FINANCE COMMITTEE

**Wednesday, February 19, 2020, 5:30 p.m.
or following Strategic Planning Committee Meeting**

**Central Health Administrative Offices
1111 E. Cesar Chavez St.
Austin, Texas 78702
Board Room**

AGENDA*

***Agenda item numbers are assigned for ease of reference only and do not necessarily reflect the order of their consideration by the Committee.**

1. Approve the minutes of the January 22, 2020 meeting of the Central Health Budget and Finance Committee. (*Action Item*)
2. Take appropriate action on a report of the January 2020 financial statements for Central Health. (*Action Item*)
3. Take appropriate action on a report of the January 2020 financial statements for the Community Care Collaborative. (*Action Item*)
4. Receive a report on fiscal year to date health care service expenditures made by Central Health and Community Care Collaborative. (*Informational Item*)
5. Receive and discuss a report of Historically Underutilized Business (HUB) spending performance. (*Informational Item*)
6. Take appropriate action on proposed changes to Central Health's purchasing policies, including the General Procurement Policy numbered PUR-001. (*Action Item*)
7. Confirm the next regular Committee meeting date, time, and location. (*Informational Item*)

A quorum of Central Health's Managers may convene to discuss matters on the agenda, and such quorum may take Board action on items consistent with the Board's bylaws and the limits of any posting on this agenda.

The Budget and Finance Committee may consider any matter posted on the agenda in a closed session if there are issues that require consideration in a closed session and the Committee announces that the item will be considered during a closed session.

Any individual with a disability who plans to attend this meeting and requires auxiliary aids or services should notify Central Health at least two days in advance, so that appropriate arrangements can be made. Notice should be given to the Board Governance Manager by telephone at (512) 978-8049.



Came to hand and posted on a Bulletin Board in the Courthouse,
Austin, Travis County, Texas on this the 14 day of

February 20 20

Dana DeBeauvoir
County Clerk, Travis County, Texas

By *E. Medina* Deputy
E. MEDINA



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OFFICIAL PUBLIC RECORDS**

Dana DeBeauvoir

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**CENTRAL
HEALTH**

BUDGET & FINANCE COMMITTEE MEETING
February 19, 2020

AGENDA ITEM 1

Approve the minutes of the January 22, 2020 meeting of the Central Health Budget and Finance Committee.

MINUTES OF MEETING – JANUARY 22, 2020

CENTRAL HEALTH BUDGET AND FINANCE COMMITTEE

On Wednesday, January 22, 2020, the Central Health Budget and Finance Committee convened at 5:31 p.m. in the Board Room, 1111 East Cesar Chavez, Austin, Texas 78702. Clerk for the meeting was Briana Yanes.

Committee Members present: Chairperson Oliver, Manager Bell, and Manager Zuniga

Board Members present: Manager Jones, Manager Valadez, Manager Zamora, and Manager Greenberg

AGENDA

- 1. Consider and approve the minutes of the November 13, 2019 meeting of the Central Health Budget and Finance Committee.**

Clerk’s Notes: Discussion on this item began at 5:31 p.m.

Manager Bell moved that the Committee approve the minutes of the November 13, 2019 meeting of the Central Health Budget and Finance Committee.

Manager Zuniga seconded the motion.

Chairperson Julie Oliver	For
Manager Charles Bell	For
Manager Julie Zuniga	For
Manager Sherri Greenberg	For
Manager Shannon Jones	For
Manager Cynthia Valadez	For
Manager Guadalupe Zamora	For

- 2. Receive, discuss, and take appropriate action on a presentation of Central Health Fiscal Year 2019 financial audit.**

Clerk’s Notes: Discussion on this item began at 5:32 p.m. Ms. Lisa Owens, Deputy Chief Financial Officer, and representatives from Maxwell, Locke and Ritter presented on this item. The presentation included an overview of the audit’s scope, the independent audit opinion, financial highlights, a governance letter, and internal controls.

Manager Bell moved that the Committee recommend the Board accept the audit as presented by Maxwell, Locke and Ritter.

Manager Greenberg seconded the motion.

Chairperson Julie Oliver	For
Manager Charles Bell	For
Manager Julie Zuniga	For
Manager Sherri Greenberg	For
Manager Shannon Jones	For
Manager Cynthia Valadez	For
Manager Guadalupe Zamora	For

- 3. Receive a report of the December 2019 financial statements for Central Health.**

Clerk's Notes: Discussion on this item began at 5:44 p.m. Ms. Lisa Owens, Deputy Chief Financial Officer, presented the December 2019 financial statements for Central Health. The presentation included a balance sheet as well as a sources and uses report. The presentation also included healthcare delivery intergovernmental transfers and healthcare delivery services, operating costs, primary care and specialty care.

No action was taken on Item 3.

4. Receive a report of the December 2019 financial statements for the Community Care Collaborative.

Clerk's Notes: Discussion on this item began at 6:07 p.m. Ms. Lisa Owens, Deputy Chief Financial Officer, presented the December 2019 financial statements for the Community Care Collaborative. The presentation included a balance sheet, a sources and uses report, and a healthcare delivery costs summary.

No action was taken on Item 4.

5. Discuss and take appropriate action on a presentation on the fiscal impact of a \$15 minimum wage for Central Health Enterprise employees.

Clerk's Notes: Discussion on this item began at 6:12 p.m. Chairperson Oliver conveyed that Central Health staff would need additional time to analyze the impact of a \$15 per hour wage, but that Central Health staff were available to answer Committee questions.

Manager Greenberg moved that the Committee direct staff to further analyze, in collaboration with management of CommUnityCare and Sendero, the impacts of increasing the minimum wage for all employees of Central Health and its related entities to \$15 per hour.

Manager Zuniga seconded the motion.

Chairperson Julie Oliver	For
Manager Charles Bell	For
Manager Julie Zuniga	For
Manager Sherri Greenberg	For
Manager Shannon Jones	For
Manager Cynthia Valadez	For
Manager Guadalupe Zamora	For

6. Discuss and take appropriate action on the 1115 Medicaid Waiver, Delivery System Reform Incentive Payment (DSRIP) projects, the Community Care Collaborative, including health care delivery arrangements, and other community partnerships.

Clerk's Notes: Discussion on this item began at 6:16 p.m.

At 6:17 p.m., Chairperson Oliver announced that the Committee was convening in closed session to discuss agenda item 6 under Texas Government Code Section 551.085, Governing Board of Certain Providers of Health Care Services.

At 7:10 p.m., the Board returned to open session.

No action was taken on Item 6.

7. Confirm the next regular Committee meeting date, time, and location.

Clerk's Notes: Discussion on this item began at 7:10 p.m. Chairperson Oliver announced that the next Central Health Board of Managers Budget and Finance Committee meeting is scheduled for Wednesday, February 19, 2020 at 5:30 p.m. at Central Health Administrative Offices, 1111 E. Cesar Chavez St., Austin, Texas 78702.

Manager Greenberg moved that the Committee adjourn.

Manager Valadez seconded the motion.

Chairperson Julie Oliver	For
Manager Charles Bell	For
Manager Julie Zuniga	For
Manager Sherri Greenberg	For
Manager Shannon Jones	For
Manager Cynthia Valadez	For
Manager Guadalupe Zamora	For

The meeting adjourned at 7:11 p.m.

Julie Oliver, Committee Chairperson
Central Health Budget and Finance Committee

ATTEST:

Cynthia Valadez
Secretary, Central Health Board of Managers



**CENTRAL
HEALTH**

BUDGET & FINANCE COMMITTEE MEETING

February 19, 2020

AGENDA ITEM 2

Take appropriate action on a report of the January 2020 financial statements for Central Health.



Central Health

Financial Statement Presentation

FY 2020 – as of January 31, 2020 (Preliminary)

Central Health Board of Managers

February 19, 2020

Lisa Owens, Deputy CFO

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- Slide 2 Index
- Slide 3 Highlights
- Slide 4 Balance Sheet - Assets
- Slide 5 Balance Sheet - Liabilities & Net Assets
- Slide 6 Sources & Uses
- Slide 7 HCD - Summary
- Slide 8 HCD - Blank Page
- Slide 9 HCD - IGT & HCD Services
- Slide 10 HCD - Operating Cost
- Slide 11 HCD - Primary Care
- Slide 12 HCD - Specialty Care

Note: HCD = Health Care Delivery



- Year-to-date through January, collected net property tax revenue is \$195 million compared to \$178 million as of January 2019.
- Tax collected through January 2020 is 89% of the adjusted tax levy compared to 89% as of January 2019.
- Healthcare Delivery is \$50 million for the four months ending 01/31/2020.
- GAAP reporting Net Assets increased \$73 million year-over-year.
- TCHD LPPF total restricted balance of LPPF as of 01/31/2020 is \$39 million.

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GAAP: Generally Accepted Accounting Principles refer to a common set of accounting principles, standards, and procedures issued by the Financial Accounting Standards Board. GAAP primary focus is to improve clarity, consistency, and comparability of the communication of financial information.



Assets	Preliminary	
	as of 1/31/2020	as of 1/31/2019
Current Assets		
Cash and cash equivalents	306,122	1,612,589
Short-term investments	238,819,580	142,839,755
Ad valorem taxes receivable	39,054,082	46,303,834
Other receivables	5,233,532	8,033,692
Prepaid expenses	568,092	327,058
Total Current Assets	<u>283,981,408</u>	<u>199,116,929</u>
Restricted Cash and Investments or Noncurrent		
Restricted for capital acquisition	8,282,058	6,328,247
Sendero paid-in-capital	71,000,000	71,000,000
Working capital advance to CommUnityCare	4,000,000	4,000,000
Sendero Surplus Debenture	37,083,000	37,083,000
Restricted TCHD LPPF Cash & Investments	38,946,589	-
Total Restricted Cash and Investments or Noncurrent	<u>159,311,647</u>	<u>118,411,247</u>
Capital Assets		
Land	12,546,211	11,770,184
Buildings and improvements	130,395,330	134,354,256
Equipment and furniture	9,589,485	8,818,178
Construction in progress	2,104,862	206,526
Less accumulated depreciation	<u>(44,554,758)</u>	<u>(41,446,826)</u>
Total Capital Assets	<u>110,081,130</u>	<u>113,702,317</u>
Total Assets	<u><u>553,374,186</u></u>	<u><u>431,230,493</u></u>



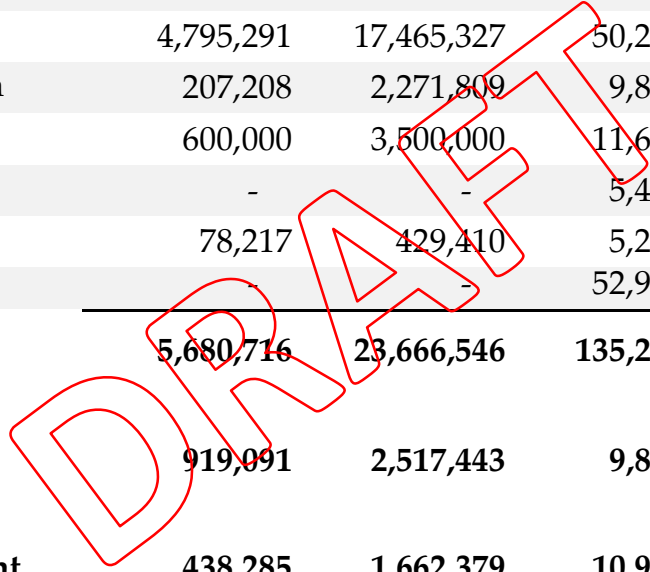
Liabilities	Preliminary	
	as of 1/31/2020	as of 1/31/2019
Current Liabilities		
Accounts payable	10,587,505	2,424,158
Salaries and benefits payable	1,382,683	774,454
Other Payables	84,855	91,120
Debt service payable, short-term	1,201,017	1,179,665
Deferred tax revenue	22,383,551	20,505,355
Other deferred revenue	610,794	853,027
Total Current Liabilities	<u>36,250,406</u>	<u>25,827,778</u>
Restricted or Noncurrent Liabilities		
Funds held for TCHD LPPF	38,946,589	-
Debt service payable, long-term	7,285,000	8,350,000
Deferred Revenue	610,000	-
Total Restricted of Noncurrent Liabilities	<u>46,841,589</u>	<u>8,350,000</u>
Total Liabilities	<u>83,091,995</u>	<u>34,177,778</u>
Net Assets		
Unrestricted	360,201,060	283,350,398
Investment in Capital Assets	110,081,130	113,702,317
Total Net Assets	<u>470,282,190</u>	<u>397,052,715</u>
Liabilities and Net Assets	<u><u>553,374,186</u></u>	<u><u>431,230,493</u></u>



Sources / Uses	Jan 2020	FY20 YTD	FY20 Budget	Percent of Budget Used	FY19 YTD
Sources					
Property Tax Revenue	103,251,768	194,932,930	214,906,371	91%	178,347,875
Lease Revenue	857,841	3,431,364	13,749,848	25%	3,431,364
Other Revenue	224,241	753,350	2,150,000	35%	611,955
Tobacco Settlement Revenue	-	-	3,500,000	0%	-
Contingency Reserve (Carryforward)	-	64,898,396	56,499,497	115%	52,648,775
Total Sources	104,333,850	264,016,040	290,805,716	91%	235,039,969
Uses of Funds					
Healthcare Delivery	17,235,371	50,432,874	278,017,581	18%	92,335,388
Administrative Program					
Salaries and benefits	384,260	1,528,216	5,903,601	26%	1,398,765
Consulting Fees	165,960	239,961	1,187,720	20%	75,167
Legal Fees	82,419	289,637	1,390,820	21%	197,452
Other Purchase Goods and Services	52,005	346,284	2,417,737	14%	312,542
Total Administrative Program	684,644	2,404,098	10,899,878	22%	1,983,926
Tax Collection Expenses	464,782	1,052,673	1,888,258	56%	1,395,179
Total Uses	18,384,797	53,889,645	290,805,716	19%	95,714,493
Excess Sources / (Uses)	85,949,053	210,126,395			139,325,476



Healthcare Delivery Summary	Jan 2020	FY20 YTD	FY20 Budget	Percent of Budget Used	FY19 YTD
Inter-Governmental Transfers (IGTs)	-	8,773,729	61,694,651	14%	52,724,600
Healthcare Services					
Member Payment to CCC	-	-	-	0%	10,000,000
Primary Care - (see detail on Slide 11)	4,795,291	17,465,327	50,270,000	35%	265,848
Specialty Care, incld Dental & Behavioral Health	207,208	2,271,809	9,823,856	23%	-
Pharmacy	600,000	3,500,000	11,600,000	30%	-
Post Acute Care	-	-	5,400,000	0%	-
All Other Healthcare Services	78,217	429,410	5,269,990	8%	205,758
Indigent Care & Hospital Performance Incentive	-	-	52,925,000	0%	-
Subtotal Healthcare Services	5,680,716	23,666,546	135,288,846	17%	10,471,606
ACA Premium Assist, Education, Enrollment	919,091	2,517,443	9,856,120	26%	1,786,883
Healthcare Facilities and Campus Redevelopment	438,285	1,662,379	10,996,170	15%	1,536,088
Healthcare Delivery Operating Costs	813,786	4,347,673	26,044,728	17%	1,856,479
Debt, Reserves and Transfers	9,383,493	9,465,104	34,137,066	28%	23,959,732
Total Healthcare Delivery	17,235,371	50,432,874	278,017,581	18%	92,335,388



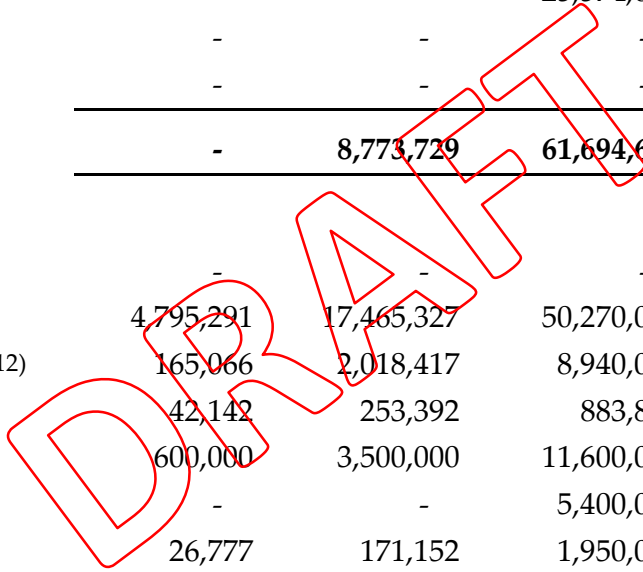


Details for Health Care Delivery on the following slides.

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Healthcare Delivery - Detail	Jan 2020	FY20 YTD	FY20 Budget	Percent of Budget Used	FY19 YTD
Intergovernmental Transfers (IGTs)					
Private - Uncompensated Care	-	-	-	0%	7,650,298
DSMC - Uncompensated Care	-	-	-	0%	2,754,889
DSH - Disproportionate Share	-	8,773,729	36,120,000	24%	13,711,986
DSRIP - CCC	-	-	25,574,651	0%	13,485,266
DSRIP - DSMC, Dell Children's	-	-	-	0%	14,537,581
DSRIP - St. David's	-	-	-	0%	584,580
Subtotal Intergovernmental Transfers (IGTs)	-	8,773,729	61,694,651	14%	52,724,600
Healthcare Services					
Member Payment to CCC	-	-	-	0%	10,000,000
Primary Care - (see detail on Slide 11)	4,795,291	17,465,327	50,270,000	35%	265,848
Specialty Care, incld Dental - (see detail on Slide 12)	165,066	2,018,417	8,940,000	23%	-
Specialty Care, Behavioral Health	42,142	253,392	883,856	29%	-
Pharmacy	600,000	3,500,000	11,600,000	30%	-
Post Acute Care	-	-	5,400,000	0%	-
Reproductive and Sexual Health	26,777	171,152	1,950,000	9%	-
Health care services, Pay for Success	-	-	600,000	0%	-
Medical Administration / ICC payment	51,440	205,758	719,990	29%	205,758
Primary & Specialty Care Reserves	-	52,500	2,000,000	3%	-
Indigent Care	-	-	50,225,000	0%	-
Hospital Performance Incentives	-	-	2,700,000	0%	-
Subtotal Healthcare Services	5,680,716	23,666,546	135,288,846	17%	10,471,606



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Healthcare Delivery Detail (continued)	Jan 2020	FY20 YTD	FY20 Budget	Percent of Budget Used	FY19 YTD
Healthcare Operations and Support					
ACA and Premium Assistance Programs					
High Risk Premium Programs	683,126	1,410,926	7,000,000	20%	252,633
CHAP Program	186,563	641,956	2,251,800	29%	741,201
ACA Enrollment and Education Services	49,402	464,561	604,320	77%	793,049
Subtotal ACA & Premium Assist Program	919,091	2,517,443	9,856,120	26%	1,786,883
Healthcare Facilities and Campus					
Salaries and benefits	30,243	115,495	432,555	27%	97,536
Consulting Services	-	-	5,872,788		314,737
Legal Fees	(22,696)	72,458	234,000	31%	14,246
Other Goods & Svc incl. UT Ground Lease	430,738	1,474,426	4,456,827	33%	1,109,569
Subtotal Healthcare Facilities and Campus	438,285	1,662,379	10,996,170	15%	1,536,088
Healthcare Delivery Operating Costs					
Salaries and benefits	751,005	3,094,655	15,367,495	20%	1,297,530
Consulting Services	8,378	17,155	1,073,000	2%	14,673
Legal Fees	11,641	56,621	184,500	31%	7,702
Other Services and Purchased Goods	42,762	1,179,242	9,419,733	13%	536,574
Subtotal HCD Operating Cost	813,786	4,347,673	26,044,728	17%	1,856,479
Debt Service, Reserves and Transfers					
Debt Service	27,203	108,814	1,373,283	8%	119,732
FY2020 Capital reserve	2,950,000	2,950,000	2,950,000	100%	2,840,000
FY2020 Emergency reserve	6,406,290	6,406,290	6,406,290	100%	1,000,000
FY2020 Sendero Risk Based Capital	-	-	-		20,000,000
FY2020 Contingency reserve appropriation			23,407,493		-
Subtotal Debt, Reserves and Transfers	9,383,493	9,465,104	34,137,066	28%	23,959,732
Total Healthcare Delivery	17,235,371	50,432,874	278,017,581	18%	92,335,388



Healthcare Delivery - Primary Care	Jan 2020	FY20 YTD	FY20 Budget	Percent of Budget Used
Primary Care				
	-			
CommUnity Care	4,188,888	14,051,388	39,000,000	36%
Lone Star Circle of Care	476,745	2,351,745	6,400,000	37%
People's Community Clinic	208,333	833,333	2,500,000	33%
Other Primary Care	(78,675)	228,861	2,370,000	10%
Subtotal Primary Care Services	4,795,291	17,465,327	50,270,000	35%

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Healthcare Delivery - Specialty Care	Jan 2020	FY20 YTD	FY20 Budget	Percent of Budget Used
Specialty Care				
Ancillary Services	(5,065)	19,935	100,000	20%
Cardiology	12,218	49,718	150,000	33%
Consultation Services	(18,750)	0	75,000	0%
Dental Specialty	74,853	324,853	1,000,000	32%
Dermatology	38,318	140,003	550,000	25%
Durable Medical Equipment	2,244	24,744	115,000	22%
Ear, Nose & Throat ENT	(125,728)	111,772	400,000	28%
Endocrinology	17,906	92,906	300,000	31%
Gastroenterology	123,071	373,071	1,650,000	23%
General Surgery	6,597	81,597	300,000	27%
Gynecology IPU	19,217	19,217	100,000	19%
Nephrology	0	0	200,000	0%
Oncology	(28,283)	121,717	700,000	17%
Ophthalmology	69,836	394,836	1,725,000	23%
Orthotics & Prosthetics	(11,266)	38,734	200,000	19%
Podiatry	(16,667)	25,000	250,000	10%
Pulmonology	29,601	123,351	375,000	33%
Rheumatology	13,319	50,819	150,000	34%
Specialty Care	(25,000)	0	450,000	0%
Wound Care	(11,356)	26,144	150,000	17%
Total Specialty Care	165,065	2,018,417	8,940,000	23%

Note: Current Month negative activity due to over accruals in December.



Questions ? Comments ?

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Balance Sheet (Assets) – Slide 4

Current Assets

Cash and Cash Equivalents – \$306K compared to \$1.6M January 2019

Short-term Investments – Short-term investments were \$238.8M at month-end, which is net of restricted investments of \$8M for capital acquisitions.

Ad Valorem Taxes Receivable – \$39M balance is composed of:

Gross Tax Receivables	\$ 42M
Taxable Assessed Valuation Adjustment	(638)K
Est. Allowance for Doubtful collections	(2.4)M
Total Taxes Receivable	\$ 39M

Other Receivables – Other receivables total \$5.2M and consists of intercompany balances:

- CommUnityCare - \$3.6M
- Sendero - \$538K
- Community Care Collaborative - \$794K
- Interest and miscellaneous receivables of \$250K

Prepaid Expenses – \$568K balance composed of:

- Prepaid Insurance - \$13K
- TCAD Tax Collection Fees - \$84K
- TCAD Appraisal Fees - \$157K
- ICC Q1 Dues - \$103
- Software - \$113K
- Prepaid Memberships/Subscriptions - \$92K
- Deposits - \$6K

Total Current Assets – \$284M**Balance Sheet (Assets)** – Slide 4 (continued)**Restricted Cash & Investments or Noncurrent**

Investments Restricted for Capital Acquisition – \$8.3M in short-term securities restricted for capital acquisition.

Sendero Paid-in-Capital – \$71.0M (unchanged)

Working Capital Advance to CommUnityCare – \$4.0M (unchanged)

Sendero Surplus Debenture – \$37.1M (unchanged) (\$20M paid by CH in December 2018)

Restricted TCHD LPPF Cash & Investments - \$38.9M

Capital Assets – \$110M, net of accumulated depreciation

Total Assets – \$553M



Current Liabilities – Slide 5

Accounts Payable – Major components of the \$10.6M balance are:

- \$8.2M estimated IBNR.
- \$1.9M estimated healthcare delivery costs.
- \$543K in month-end vendor invoices.

Salaries and Benefits Payable – \$1.4M balance is comprised of the accrued liability for salary costs unpaid at month-end, the value of accrued personal time off and various fringe benefit amounts withheld and not yet paid.

Other Payables – \$85K capital lease obligation related to medical equipment leased at Southeast Health and Wellness Center.

Debt Service Payable, Short-Term – \$1.2M balance is comprised of \$1.065M in Certificates of Obligation Payable and \$136K Interest Payable.

Deferred Tax Revenue - \$22M

Other Deferred Revenue - \$611K consists of the lease revenue \$610K for Block 164 Yr2 (FY20) from 2033 LLP and \$794 remains from funds received from donation of \$25K for premium programs.

Total Current Liabilities – **\$36M**



Restricted or Noncurrent Liabilities – Slide 5 (continued)

Funds held for TCHD LPPF - \$38.9M receipts from participants in the LPPF.

Debt Service Payable, Long-Term – \$7.3M balance of the \$16M in Series 2011 Certificates of Obligation, reduced by eight payments made to date. This debt was issued for the North Central clinic. Due annually on 3/1.

Deferred Revenue – Long Term - \$610K is the lease revenue for Block 164 Yr3 (FY21) from 2033 LLP.

Total Noncurrent Liabilities – **\$46.8M**

Total Liabilities – **\$83M**

Net Assets

Unrestricted Net Assets – \$360M

Investment in Capital Assets – \$110M

Total Net Assets – **\$470M**

Total Liabilities and Net Assets – **\$553M**

Sources and Uses Report – Slide 6

January financials → four months of the fiscal year, 33% of the fiscal year.

Sources – Total \$104M for the month

Property Tax Revenue – Net property tax revenue for the month was \$103M. Net revenue includes \$103.3M current month's collections, less \$77K in adjustments for prior year delinquent taxes.

Lease Revenue – \$858K recorded for Seton lease payment, UT ground lease.

Other Revenue – \$224K investment income for the month, \$753K YTD, compared to \$612K YTD last year.

Uses of Funds – Total \$18.4M for the month

Total Healthcare Delivery Program – Total healthcare delivery expenses were \$17.2M for the month and \$50M YTD compared to \$92M YTD thru January 2019.

Administration Program – \$684K in expense for the month, which includes:

- Personnel costs – \$384K
- Consulting services – \$166K
- Legal fees – \$82K
- Other general and administrative – \$52K

Tax Collection Expenses – \$465K for the month.

Excess Sources/(Uses) – \$86M in January. Current YTD is \$210M compared to prior year 2019 YTD of \$139M.



Healthcare Delivery Expense – Slide 7

Healthcare Delivery Expense – Total \$17M January; \$50M YTD compared to \$92M January 2019.

Intergovernmental Transfers ("IGT's") – YTD \$8.8M compared to \$52.7M last year.

Healthcare Services – Healthcare delivery providers' expense for January totaled \$5.7M, which includes:

- Primary care – \$4.8M
- Specialty Care (including Dental) – \$165K
- Specialty Care, Behavioral Health - \$42K
- Pharmacy - \$600K
- Reproductive and Sexual Health - \$27K
- Medical Administration / ICC payment - \$51K

ACA Premium Assist, Education, Enrollment – \$919K in expenses for the month.

Healthcare Facilities and Campus Redevelopment - \$438K in expense for the month and \$1.7M YTD.

Healthcare Delivery Operating Cost – \$814K in expenses for the month and includes:

- Personnel costs – \$751K
- Consulting Services – \$8K
- Legal Fees - \$12K
- Other services and purchased goods – \$43K

Debt, Reserves and Transfer – \$9.4M in Debt Service expense for the month

Total Healthcare Delivery - for the month of January was \$17M.



**CENTRAL
HEALTH**

BUDGET & FINANCE COMMITTEE MEETING

February 19, 2020

AGENDA ITEM 3

Take appropriate action on a report of the January 2020 financial statements for the Community Care Collaborative.

Community Care Collaborative

Financial Statement Presentation

FY 2020 – as of January 31, 2020 (Preliminary)

Central Health Board of Managers
Board of Managers Meeting
February 19, 2020

Jeff Knodel, Chief Financial Officer
Lisa Owens, Deputy Chief Financial Officer



Community Care
COLLABORATIVE

a partnership of Central Health and Seton Healthcare Family

General

January 2020



- * Cash is at \$17 million compared to \$61 million last year.
- * Total Liabilities are at \$11 million as of the end of January
- * Net Assets at the end of January are \$7 million. This includes the FY20 emergency reserve carry forward of \$5 million.

DRAFT

Balance Sheet

As of January, 2020



	as of 1/31/2020	as of 1/31/2019
Assets		
Cash and Cash Equivalents	17,207,653	60,928,962
Other Receivables	456,729	41,601
Prepaid and Other	41,713	245,949
Total Assets	17,706,096	61,216,512
Liabilities		
AP and Accrued Liabilities	8,465,368	23,823,228
Deferred Revenue	1,961,042	773,780
Other Liabilities	243,087	267,210
Accrued Payroll	108,670	503,764
Total Liabilities	10,778,166	25,367,983
Net Assets	6,927,930	35,848,529
Liabilities and Net Assets	17,706,096	61,216,512

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Sources and Uses Report, Budget vs Actual

Fiscal Year-to-Date through January, 2020



Sources of Funds	Approved Budget	YTD Actual	YTD % of Budget	Prior YTD Actual
DSRIP Revenue	61,168,472	0	0%	32,253,685
Member Payment - Seton ⁽¹⁾	0	0	0%	15,000,000
Member Payment - Central Health ⁽¹⁾	0	0	0%	10,000,000
Operations Contingency Carryforward	5,362,495	10,731,787	200%	5,088,307
Other Sources	100,000	90,515	91%	108,102
Total Sources of Funds	66,630,967	10,822,302	16%	62,450,094
Uses - Programs				
Healthcare Delivery	19,630,967	5,605,955	29%	28,771,437
UT Services Agreement	35,000,000	0	0%	0
DSRIP Project Costs	12,000,000	3,288,417	27%	2,830,128
Total Uses	66,630,967	8,894,372	13%	31,601,565
Net Sources (Uses)	-	1,927,930		30,848,529
Net Assets		6,927,930		35,848,529

⁽¹⁾ Final contributions will be subject to provisions of the MSA, which requires the parties to collaborate to adequately fund the CCC, but leaves the amount of funding up to each parties' discretion. Each member contribution could be more or less than the budget, depending upon a variety of factors.

Healthcare Delivery Costs - Summary

Fiscal Year-to-Date through January, 2020



	Approved Budget	YTD Actual	YTD % of Budget	Prior YTD Actual
Healthcare Delivery				
Primary Care & Emergency Transport	921,822	74,093	8%	17,006,951
Specialty Care	3,908,000	825,372	21%	2,053,637
Specialty Behavioral Health	8,000,000	2,695,451	34%	3,168,952
Specialty Dental Care	0	(8,710)	0%	225,716
Post-Acute Care	2,675,000	918,430	34%	1,311,553
Pharmacy	0	0	0%	1,951,188
Medical Management	0	0	0%	525,102
Urgent and Convenient Care	475,000	51,836	11%	72,288
Healthcare Delivery - Operations	2,849,742	1,049,483	37%	2,456,050
Operations Contingency Reserve	801,403	0	0%	0
Total Healthcare Delivery	19,630,967	5,605,955	29%	28,771,437

Thank You

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*Preliminary*³³



January 2020 FYTD Financial Statements (unaudited)
Page 1 of 3

Balance Sheet

Current Assets

Cash and Cash Equivalents – \$17.2M

Other Receivables – \$457K

- \$133K – Prior Year PSOP Payment
- \$101K – Prior Year DSRIP Recoupment
- \$139K – Prior Year ATCIC Payment
- \$84K – Atrium Rent Allocation

Prepaid and Other – \$42K

- \$5K – Prepaid insurance
- \$37K – Atrium Security deposit

Total Assets – \$17.7M

Liabilities

Accounts Payable and Accrued Liabilities – \$8.5M, which includes:

- \$7.5M estimated IBNR (Incurred But Not Received) for providers
- \$134K non-provider accruals
- \$794K due to Central Health

Deferred Revenue – \$2M deferred revenue related to DSRIP projects

Other Liabilities – \$243K; includes leasehold improvement allowance liability of \$107K and Deferred Rent of \$136K

BOARD PACKET



January 2020 FYTD Financial Statements (unaudited)
Page 2 of 3

Payroll Liabilities – \$109K; includes PTO liability

Total Liabilities – \$10.8M

Net Assets

Emergency Reserve – \$5.0M

Unrestricted Net Assets – \$1.9M

Total Net Assets – \$6.9M

Total Liabilities and Net Assets – \$17.7M

Sources and Uses Report

January financials → four months, 33% of the fiscal year

Sources of Funds, Year-to-Date

DSRIP Revenue - \$0

Operations Contingency Carryforward - \$10.7M from FY2019 (does not include \$5M in emergency reserves)

Other Sources – \$91K for interest income

BOARD PACKET

Uses of Funds, Year-to-Date

Operating Expenses
(Excluding DSRIP)

	<u>Approved Budget</u>	<u>YTD Actual</u>	<u>YTD % of Budget</u>	<u>Prior YTD Actual</u>
Healthcare Delivery				
Primary Care & Emergency				
Transport	921,822	74,093	8%	17,006,951
Specialty Care	3,908,000	825,372	21%	2,053,637
Specialty Behavioral Health	8,000,000	2,695,451	34%	3,168,952
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Post-Acute Care	2,675,000	918,430	34%	1,311,553
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Urgent and Convenient Care	475,000	51,836	11%	72,288
Healthcare Delivery - Operations	2,849,742	1,049,483	37%	2,456,050
Operations Contingency Reserve	801,403	0	0%	0
Total Healthcare Delivery	19,630,967	5,605,955	29%	28,771,437

DSRIP Project Costs – Year-to-date \$3.3M.

BOARD PACKET



**CENTRAL
HEALTH**

BUDGET & FINANCE COMMITTEE MEETING

February 19, 2020

AGENDA ITEM 4

Receive a report on fiscal year to date health care service expenditures made by Central Health and Community Care Collaborative.

Healthcare Services Supplemental Report-

Central Health & Community Care Collaborative

Healthcare Services - CH & CCC Highlights

	Current Year YTD Actual	FY20 Budget	Percent of Budget Used	Prior Year YTD Actual	YOY % Change
Primary Care	17,591,256	51,666,822	34%	17,345,087	1%
Specialty Care, incld Dental - (see detail on next slide)	2,835,079	12,848,000	22%	2,279,353	24%
Specialty Care, Behavioral Health	2,948,843	8,883,856	33%	3,168,952	-7%
Pharmacy	3,500,000	11,600,000	30%	1,951,188	79%
Post Acute Care	918,430	8,075,000	11%	1,311,553	-30%
	-				
Sum of Services Reported - CH & CCC	27,793,608	93,073,678	30%	26,056,133	7%

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Healthcare Specialty Care - CH & CCC	Current Year YTD Actual	FY20 Budget	Percent of Budget Used	Prior Year YTD Actual	YOY % Change
Ancillary Services	12,503	110,000	11%	80,239	-84%
Cardiology	112,651	250,000	45%	16,704	574%
Consultation Services	5,350	150,000	4%	0	n/a
Dental - Specialty	316,143	1,000,000	32%	225,716	40%
Dermatology	104,281	600,000	17%	29,845	249%
Ear, Nose & Throat ENT	100,794	500,000	20%	81,442	24%
Endocrinology	57,170	300,000	19%	24,151	137%
Gastroenterology	285,329	1,700,000	17%	175,470	63%
General Surgery (New FY19)	81,678	325,000	25%	0	n/a
Gynecology IPU	155,757	675,000	23%	242,616	-36%
Nephrology (New FY20)	8,000	250,000	3%	n/a	n/a
Oncology	121,717	700,000	17%	175,491	-31%
Ophthalmology	447,560	1,825,000	25%	491,072	-9%
Orthotics & Prosthetics	30,809	200,000	15%	41,065	-25%
Musculoskeletal	615,457	1,700,000	36%	551,157	12%
Podiatry (New FY20)	25,000	250,000	10%	n/a	n/a
Pulmonology	84,811	375,000	23%	24,214	250%
Rheumatology	34,163	150,000	23%	(46,812)	-173%
Palliative Care	0	25,000	0%	7,207	-100%
Physical Medicine and Rehabilitation	0	100,000	0%	0	n/a
Urology	83,333	250,000	33%	83,333	0%
Other - Proj Access-DME-Multi & Specialty Care	126,429	1,263,000	10%	76,444	65%
Wound Care (New FY20)	26,144	150,000	17%	n/a	n/a
Total Specialty Care Services Reported CH & CCC	2,835,079	12,848,000	22%	2,279,353	24%



**CENTRAL
HEALTH**

BUDGET & FINANCE COMMITTEE MEETING

January 19, 2020

AGENDA ITEM 5

Receive and discuss a report of Historically Underutilized Business (HUB) spending performance.



MEMORANDUM

To: Central Health Board of Managers
From: Lisa Owens, Deputy Chief Financial Officer
Cc: Jeff Knodel, Chief Financial Officer
Mike Geeslin, President and CEO
Date: February 13, 2020
Re: Central Health Annual Historically Underutilized Business Report – Fiscal Year 2019

Overview:

The Central Health procurement department is providing its annual Historically Underutilized Business (HUB) report to the board for Fiscal Year (FY) 2019.

Synopsis:

In FY2019 Central Health continued its strong efforts to engage and contract with HUB vendors in our community in accordance with our good faith policy. This memo and attached report highlight the quantity and financial impact of type of HUB vendors that worked directly with Central Health.

A few highlights:

- \$10.5M (approx. 6%) of our total operating expenses of \$175.5M are considered eligible expenses for HUB vendor participation,
- In FY19, there was a decrease in the percentage of HUB vendor expenditures versus total eligible expenditures from 13.36% to 5.9%,
- Our eligible expenses grew from \$5.8M in FY18 to \$10.5M in FY19. The increase in eligible expenditures are primarily in the following expense categories:
 - Technology services
 - Central Health Downtown Campus (Campus) operating costs
 - Abatement services on the Campus
 - Purchases of buildings and equipment

These expense categories do not typically have as high of a proportion of HUB vendors as categories that Central Health has typically utilized in previous years,

- Our participation by reported Hispanic owned HUB vendors nearly doubled to 61.5%,
- Our year over year HUB vendor expenditures are slightly less than prior year, however, the number of HUB vendors with eligible expenditures increased from 16 to over 23 in FY19.

Our outreach and engagement with HUBs has continued to be strong with new efforts in the past year that will have a significant future impact:

- Procurement worked closely with Community Engagement teams to provide resources to inform community members about “how to do business with Central Health,”
- Procurement team members attended HUB expos and fairs when offered in our community to raise awareness about our organization,
- Partnerships with minority chambers of commerce developed to both raise awareness about the services we have available and how to do business with Central Health,
- In FY19 approximately 21% of our formal solicitation awards were to HUB vendors.

We continue to increase our volume and value of opportunities for HUB vendor participation and look forward to stronger results in our HUB vendor participation.

Fiscal Impact:

We estimate approximately \$620K in uses of funds were to HUB's for eligible expenses in FY19.

Action Requested:

No action requested.



FY19 Historically Underutilized Business Report

Budget and Finance Committee

February 19, 2020

Lisa Owens, Deputy Chief Financial Officer



Central Health's General Purchasing Policy

The Board of Managers approved Central Health's Purchasing Policy, which states that a “*good faith effort*” must be made to assist certified Historically Underutilized Businesses (HUB) vendors and contractors in its award of contracts and subcontracts.



Eligible and Ineligible Expenses

Expense Categories Include: Heavy Construction, Building Construction, Special Trade, Commodities, Professional Services, and other Services.

Expenditure (Object) Code Categories Not Included: benefits, claims and judgments, interfund transfers, interagency payments, investments, payment of interest, payment of principal, public assistance payments, rental and leases, utilities, salaries, wages, travel grants, scholarships, real estate purchases, right-of way, emergency abatement response, healthcare services, and other expenses as determined by the State of Texas Disparity Study.

FY19 HUB Eligible Expenditures Operating and CIP Expenses

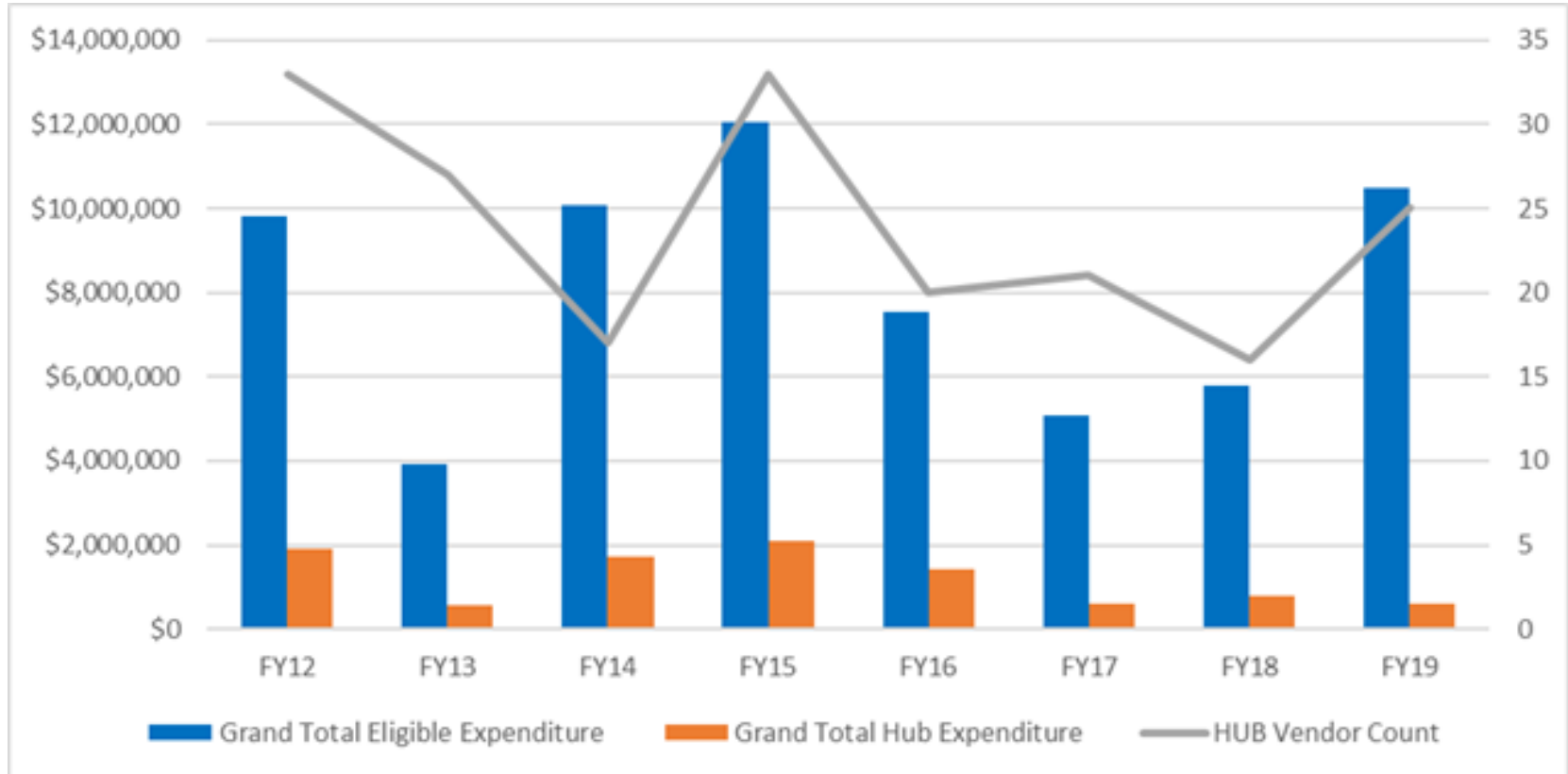
Total Eligible Operating Expense	\$8,151,410
Total HUB Operating Expenditure	\$530,689
Percentage of HUB Operating Expenditure	6.51%

Total Eligible CIP Expense	\$2,345,734
Total HUB CIP Expenditure	\$89,086
Percentage of HUB CIP Expenditure	3.80%

FY19 HUB Eligible Expenditures Totals

Grand Total Eligible Expenditure	\$10,497,144
Grand Total HUB Expenditure	\$619,775
HUB as a Percentage of Total Eligible Expenditure	5.90%

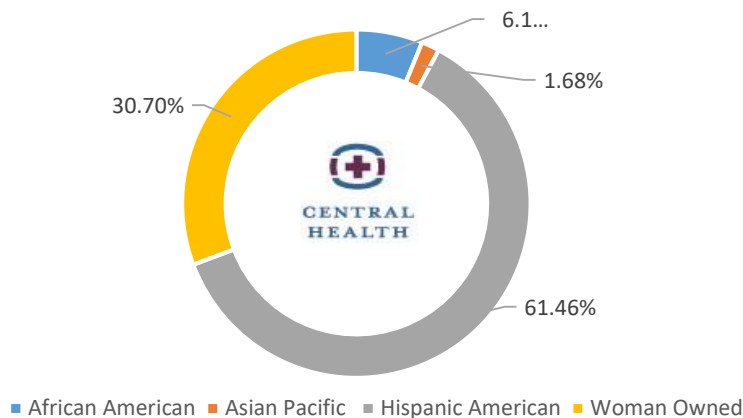
Eligible HUB Expenditures Historical Comparison



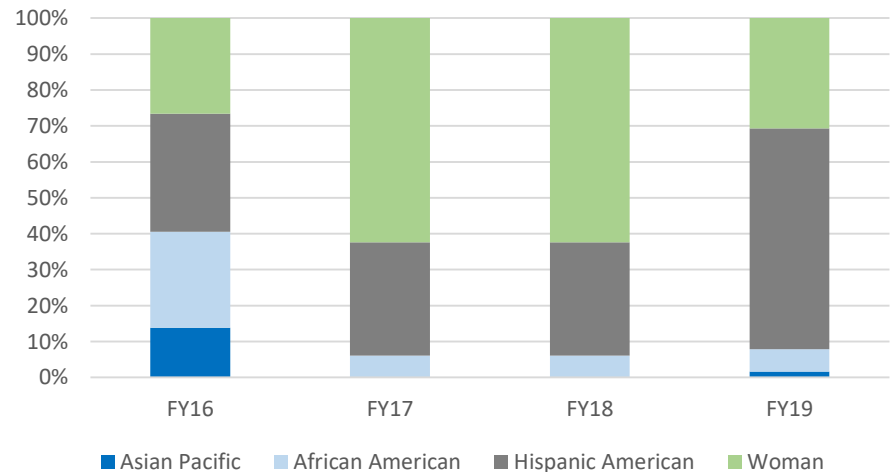
HUB Comparison Report by Entity

	Central Health	State of Texas	Travis County	City of Austin
Total Eligible Expenditure	\$10,497,144	\$21,023,711,787	\$162,570,608	\$1,290,084,416
Total HUB Expenditure	\$619,775	\$2,684,434,187	\$23,543,102	\$79,446,850
HUB Expenditure %	\$5.90%	12.77%	11.57%	6.16%

FY19 Classification Breakdown



Historical Classification Breakdown



2019 Data



CENTRAL HEALTH



Central Health's Continuing Outreach Efforts

Continue to use the following sourcing methods when procuring services and goods.

- BidSync-The largest Government bid notification system in the US.
- Electronic State Business Daily (ESBD) is a website where state (political subdivisions) post bid opportunities valued at \$25,000 or more <http://www.txsmartbuy.com/sp>
- Central Health Website-Travis County Healthcare District d/b/a Central Health ("Central Health") contracts and purchases goods and services that are necessary to provide for the healthcare needs of those we serve.
- Advertised in traditional large distribution outlets and small local outlets including Austin American Statesman, The Villager and Spanish language media outlets such as El Mundo newspaper.
- Direct communication to vendors that have signed up through the Central Health portal to be notified of solicitations.

Continue to participate in HUB fairs through the City of Austin, Texas Comptroller, Travis County, Chamber's and other procurement fairs as offered.

Continue to pursue partnership opportunities with local Chamber's of Commerce

Consider periodic education tailored to assist HUB vendors with business principles and alternative project options that assist small businesses with cash flow

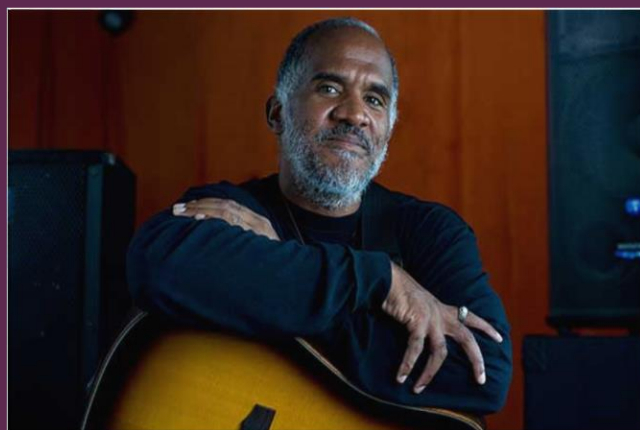




CENTRAL HEALTH

(512) 978-8000

www.centralhealth.net@centralhealthtx



@CentralHealthTX



**CENTRAL
HEALTH**

BUDGET & FINANCE COMMITTEE MEETING

February 19, 2020

AGENDA ITEM 6

Take appropriate action on proposed changes to Central Health's purchasing policies, including the General Procurement Policy numbered PUR-001.



CENTRAL HEALTH

General Procurement Policy Proposed Updates

Budget and Finance Committee
February 19, 2020

Lisa Owens, Deputy Chief Financial Officer



@CentralHealthTX

Central Health's *DRAFT* General Procurement Policy (PUR1-001)

- Last update April 15, 2010
- Creation of separate policy and procedure documents in alignment with recent policy updates.
- Non-substantive editing, clarifying and terminology updates
- Opportunity to create more organizational efficiency aligned with growth
- Alignment with Travis County and State of Texas threshold of \$50,000 for formal solicitations



Central Health's *DRAFT* General Procurement Policy (PUR1-001)

- Format changes
 - Used new templates approved by Board of Managers
 - Removed definitions not referenced in either the policy or procedure documents.
 - Moved procedures and process information to PUR1-001P which is the standard operating procedure for this policy.



Central Health's *DRAFT* General Procurement Policy (PUR1-001)

- Purpose

- Elaborated on the purpose without changing intent

- Scope

- Edited to incorporate enterprise concept and employees assigned to Central Health

- Definitions

- Updated terminology and moved to SOP when appropriate

- Policy - Statement

- Updated terminology and enterprise concept



Central Health's *DRAFT* General Procurement Policy (PUR1-001)

- Policy - Thresholds

- Changed “one-bid” purchase threshold from \$5,000 to \$10,000
 - In FY19, there were approximately 30 purchase orders (10% of total) issued between \$5,000 and \$10,000
- Changed formal solicitation threshold from \$25,000 to \$50,000
 - RFP, RFQ and other formal solicitations - approximately half purchased through cooperative purchasing, which each have their own competitive process



Central Health's *DRAFT* General Procurement Policy (PUR1-001)

- Policy - Exemptions

- “Sole source” exemption made consistent with county and state definitions of term
- Added exemption for purchases that are critical to Central Health operations
- Clarified the types of purchases that qualify as emergency purchases

- Policy - Authorizations

- Referenced exemption section to reduce repetitive language
- Re-organized and combined details in specific bullets

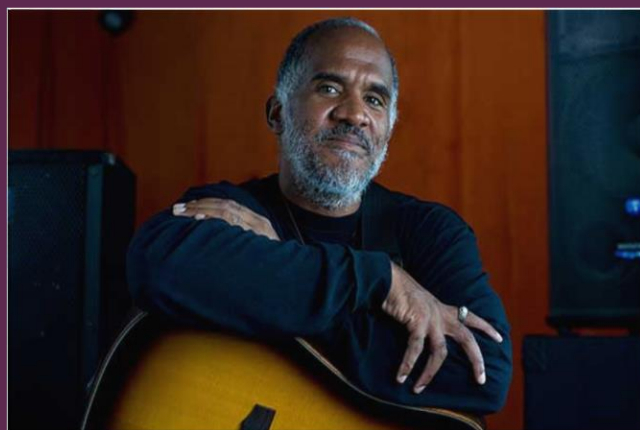




CENTRAL HEALTH

(512) 978-8000

www.centralhealth.net@centralhealthtx



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MEMORANDUM

To: Central Health Board of Managers
From: Lisa Owens, Deputy Chief Financial Officer
Cc: Jeff Knodel, Chief Financial Officer
Mike Geeslin, President and CEO
Date: February 13, 2020
Re: Proposed changes to Central Health Purchasing and Finance Policies

Overview:

Central Health staff recommends that the Board of Managers (BOM) review and approve proposed changes to the Central Health Purchasing Policy (PUR1-001).

Synopsis:

Central Health is proposing changes to our purchasing policy. These updates are being recommended to provide more responsive purchasing and are based on best practices, as well as alignment with other local governments. The policy also has changes to the content that moves procedural documentation out of the policy and into a Standard Operating Procedure (SOP); this is in alignment with recent practice and structures created last year by our Compliance Manger.

PUR1-001 Summary of Changes:

- No substantive changes to the purpose, scope or policy sections of the policy document
- Changes made to the thresholds for informal and formal purchasing methods
 - Aligned with Travis County and State of Texas solicitation thresholds
 - Increase non-competitive (one-bid) purchases from \$5,000 to \$10,000
 - Increase competitive bidding (eg. RFP or RFQ) threshold from \$25,000 to \$50,000
- Changes made to the Exemption from Competitive Bidding process language
 - “Sole source” exemption made consistent with county and state definitions of term
 - Remove specialized consulting exemption
 - Added exemption for purchases that are critical to Central Health operations
 - Clarified the types of purchases that qualify as emergency purchases
- Procedural documentation and corresponding definitions migrated to an accompanying SOP

Fiscal Impact:

The implementation of this policy update will have no immediate fiscal impact, however, will create organizational efficiencies.

Action Requested:

Staff requests that the Budget and Finance Committee recommend that the BOM approve the proposed changes to policy PUR1-001.

PUR1-001 General Procurement Policy

Policy Title: General Procurement Policy
Policy #: PUR1-001
Effective Date:
Revision Dates: May 28, 2009, February 28, 2008, January 25, 2007
Board Last Approval Date: April 15, 2010
Policy Owner: Lisa Owens, Deputy CFO
Executive Sponsor: Jeff Knodel, CFO
Attachments: PUR1-001 General Purchasing Policy Standard Operating Procedures

I. PURPOSE

As a public institution, Central Health is held to a high degree of public scrutiny and accountability for its business practices. This policy establishes a standard approach to Procurement that ensures Central Health funds are used responsibly and in a manner consistent with the organization's mission, applicable laws, and ethical practices.

II. SCOPE

This policy applies to all Central Health employees (including employees assigned to enterprise affiliates) when Central Health funds will be used to purchase goods and services. Detailed procedures for applying this policy and applicable forms are found in the standard operating procedures (SOP #PUR1-001P) for purchasing and are available from the Procurement Authority.

III. DEFINITIONS

Competitive Bidding: A solicitation method that allows available vendors to compete with each other to provide goods or services to Central Health. The responses to a competitive bid are sealed until opened by the organization at the established date and time and as defined by the solicitation method.

Historically Underutilized Business (HUB): A business with at least 51 percent ownership by one or more persons who have been historically underutilized (economically disadvantaged) because of their identification as being African American, Hispanic American, Asian or-Pacific American, Native American, or women who actively participate in the business's control, operation, and management and who have been certified by a governmental program.

Procurement: The full continuum of the purchasing cycle that may begin with informal or formal solicitation of goods and services and result in an authorization for payment or execution of a purchase order or contract with Central Health.

Professional Services: Those services explicitly identified in the Professional Services Procurement Act, including those services within the scope of the practice of accounting,

architecture, land surveying, medicine, optometry, professional engineering, real estate appraising, or professional nursing.

Procurement Authority: The individuals designated by the CEO with the responsibility for purchasing and overseeing the Central Health Procurement processes.

Request for Proposal ("RFP"): A solicitation method that allows the organization to request a proposal or solution to a specific need from vendors, when factors other than price are to be considered and which allows for negotiations after a proposal has been received and before award of any contract.

Request for Qualifications ("RFQ"): A solicitation method that allows the organization to request details about the qualifications of professionals whose services must be obtained in compliance with the Professional Services Procurement Act.

IV. POLICY

It is the policy of Central Health that its Procurement processes maximize the value of public funds and serve the best interests of Central Health, its affiliated organization(s), and their constituents or customers while providing an open and fair process for responsible and qualified vendors.

The following Procurement principles are essential to achieving an open and fair process:

- Integrity and commitment to the highest ethical standards of the purchasing profession when dealing with internal and external customers.
- Free access to Procurement opportunities and information.
- Equal opportunity in contract awards to all businesses, including HUBs. The Central Health Board of Managers seeks to ensure that a good faith effort is made to assist certified HUB vendors and contractors in its solicitation of proposals for contracts and subcontracts.
- Cooperative purchasing through established local, state, and national purchasing cooperatives or interlocal cooperation contracts with other governmental entities provide organizational efficiency if, in the opinion of the Procurement Authority, these cooperative purchasing organizations or contracts provide the best value to the organization.

The following guiding principles will help maximize value to the organization:

- Quality, innovation, and superior service and delivery from vendors.

- Effective partnerships among Central Health and its affiliated organization(s) and alignment with population served, organizational values, and mission. This alignment is the foundation for planning, implementing, and managing the most beneficial contracts to Central Health.
- Agility in developing and providing successful Procurement solutions to meet Central Health's business needs.

Prohibited Procurement Processes:

Procurement processes designed to avoid competitive solicitation, such as component purchases (purchasing in separate pieces rather than purchasing as a whole) and sequential purchases (purchases made over a period of time that would normally have been made as one purchase) are explicitly prohibited.

Procurement Thresholds and Methods

The dollar amount and type of desired purchase will influence the Competitive Bidding method chosen by the Central Health Procurement Authority. In general, Central Health will use the following purchase dollar thresholds as guidelines for determining which Competitive Bidding method to use:

- **Less than \$10,000:** Procurement may be completed without Competitive Bidding with requisite approval and payment methods, for example, through a purchase order or use of a purchasing card.
- **Between \$10,000 and \$49,999:** Procurement must be completed through Competitive Bidding, including informal bidding which requires Central Health staff to request at least three bids or issue an Invitation for Bid. Attempts will be made to include HUB vendors whenever practical. A competitive sealed bid or proposal process (RFP, RFQ, etc.) is optional depending on the specifications and requirements of the goods and services. The Procurement Authority will issue a purchase order or contract as authorized by policy.
- **\$50,000 or More:** Except for construction and Professional Services that specify a different process, Procurement may be accomplished through a competitive sealed proposal process such as an RFP or a cooperative purchasing organization. A reverse auction is also permitted.

Central Health will also extensively use cooperative purchasing through established local, state, and national purchasing cooperatives and will also "piggyback" on existing contracts with other governmental entities when these methods provide savings in staff

time and costs and are determined by the Procurement Authority to provide the best value to the organization.

Exemptions from Competitive Bidding Process

The CEO or Procurement Authority may grant an exemption from the Competitive Bidding processes set forth above in the following situations:

- Purchases in an amount less than \$50,000 when the item to be purchased is:
 - available from only one responsible supplier in the geographic area in which the organization operates; or
 - a film, manuscript, or book; electric power, gas, water, or other utility service; captive replacement parts or components for proprietary products, including equipment.
- Purchases in an amount greater than \$50,000 for captive replacement parts or major components of highly specialized equipment or when competition is precluded because of the existence of patents, copyrights, secret processes, or monopolies that do not permit an equivalent product or service to be supplied.
- Purchases in any amount if the purchases are to be made from a vendor through an interlocal cooperation contract or a purchasing cooperative formed under Texas Government Code Chapter 791.
- Purchases of personal or Professional Services.
- Purchases of services that are critical to Central Health's operations that, if not secured immediately (i.e. subjected to Competitive Bidding or other solicitation method), will have severe impact, impair or completely inhibit such operations.
- Emergency Purchases, which are defined as:
 - an item or service that must be purchased in a case of public disaster (i.e., a disaster that has been declared by the Governor);
 - an item or service that must be purchased to prevent a hazard to the immediate public health, safety, or welfare of the residents of Travis County;
 - an item or service that must be purchased because of unforeseen damage to Central Health property (including leased facilities);
 - an item or service that must be purchased to avoid substantial undue additional cost that cannot be recovered by Central Health; or
 - a situation that suddenly and unexpectedly causes Central Health to need the services of a consultant, but only if there is insufficient time to comply with this policy (e.g., the issuance of a court order or new legislation).

The Central Health Board of Managers delegates the following authority to its President and CEO or in his/her prolonged absence to the Deputy Administrator:

- Approval and administration of exemption orders described by this policy. Exemption orders will be executed in a memorandum to file;
- Authorization to execute contracts regardless of amount, including renewals and amendments, provided that funding has been previously approved by the Board of Managers for the contracted item or service during the annual budget adoption process or the initiative was approved as an agenda item by the Board of Managers and funding is currently available;
- Authorization to execute contract renewals and amendments regardless of the amount if the amendment and renewal are for a correction that does not affect the substantive terms and conditions (e.g. term or length, cost, scope of service), and the amendment and renewal are reported to the Board of Managers.
- Authorization to award contracts and/or contract amendments and modifications for goods or services that have not been preauthorized up to \$100,000;
- Authorization to delegate to the Procurement Authority the identification and application of the appropriate procurement method as outlined by policy and the authorization to reject bids/proposals that do not meet Central Health needs and to re-solicit procurements as needed.

Notwithstanding the authority granted herein, the President and CEO, in his or her discretion, may choose to take any procurement action to the Central Health Board of Managers for approval.

VI. RELEVANT LAWS

- Government Code § 497.024 (Purchase of items from the Institutional Division of the Texas Department of Corrections)
- Government Code Chapter 791 (Interlocal Cooperation Act)
- Government Code § 2155.204 (Comptroller's Local Government Purchasing Program)
- Government Code Chapter 2157 (Catalog Purchase Procedures through the Texas Building and Procurement Commission)
- Government Code Chapter 2251 (Prompt Payment Act)
- Government Code Chapter 2252 (Contracts with Government Entities - Reciprocal penalties for out of state governments that impose penalties on Texas bidders)
- Government Code Chapter 2253 (Public Work Performance and Payment Bonds)
- Government Code Chapter 2254 (Professional Services Procurement Act)
- Government Code Chapter 2258 (Prevailing Wage Rates)
- Government Code Chapter 2269 (Contracting and Delivery Procedures for Construction Projects)
- Health & Safety Code §12.056 (Participation in Department of State Health Services Purchasing Contracts or Group Purchasing Organization)

- Health & Safety Code § 281.049 (Purchasing/Accounting Methods and Procedures)
- Health & Safety Code § 361.426 (Recycled Product Preferences)
- Human Resources Code Chapter 122 (Purchasing from People with Disabilities)
- Local Government Code Chapter 171 (Conflict of Interest Reporting)
- Local Government Code Chapter 176 (Disclosure of Relationships with Local Government Officers)
- Local Government Code Chapter 271 (Purchasing and Contracting Authority of Municipalities, Counties and Certain Other Local Governments)
- Local Government Code Chapter 273 (Acquisition of Property for Public Purposes by Municipalities, Counties, and Certain Other Local Governments)
- 28 Tex. Admin. Code § 110.110 (Workers' Compensation-required language for Construction Contracts)

VII. RELATED ORDERS AND POLICIES

- Financial Order of the Travis County Commissioners Court
- Human Resources Policy (HR2-008): Standards of Conduct
- Compliance Policy (CMP-002): Code of Conducts and Ethics for Employees
- Compliance Policy (CMP-009): Duality of Conflict of Interest Policy and Standard Operating Procedure (CMP-009P)

VIII. PROCEDURES

- PUR-001P General Purchasing Standard Operating Procedures



PUR1-001 General PurchasingProcurement Policy

Policy Title: General <u>PurchasingProcurement</u> Policy
Policy #: PUR1-001
Effective Date:
Revision Dates: May 28, 2009, February 28, 2008, January 25, 2007
Board Last Approval Date: April 15, 2010
Policy Owner: Lisa Owens, Deputy CFO
Executive Sponsor: Jeff Knodel, CFO
Attachments: PUR1-001 General Purchasing Policy Standard Operating Procedures

I. PURPOSE

~~To establish and communicate a standard organization wide approach to procurement activities.~~

As a public institution, Central Health is held to a high degree of public scrutiny and accountability for its business practices. This policy establishes a standard approach to Procurement that ensures Central Health funds are used responsibly and in a manner consistent with the organization's mission, applicable laws, and ethical practices.

II. SCOPE

~~All Central Health employees and funds~~
This policy applies to all Central Health employees (including employees assigned to enterprise affiliates) when Central Health funds will be used to purchase goods and services. Detailed procedures for applying this policy and applicable forms are found in the standard operating procedures (SOP #PUR1-001P) for purchasing and are available from the Procurement Authority.

III. DEFINITIONS

Competitive Bidding: A processsolicitation method that allows available vendors to compete with each other to provide goods or services to Central Health. The responses to a competitive bid are sealed until publicly opened by the organization at the established date and time and as defined by the solicitation method.

~~Competitive Proposal: A process that allows available vendors to compete with each other to provide goods and services to Central Health but permits flexibility and negotiation in soliciting the best value for the organization. To the extent permitted by law, the responses to a competitive proposal are sealed until a contract has been awarded.~~

Historically Underutilized Business (HUB): A business with at least 51 percent ownership by one or more persons who have been historically underutilized (economically disadvantaged) because of their identification as being African American, Hispanic American, Asian-Pacific or Pacific American, Native American, or women who actively participate in the business's control, operation, and management and who have been certified by a governmental program.

~~Item: Any good or service that is to be purchased for use by Central Health.~~

~~Preauthorization: Action taken by the Central Health Board of Managers that authorizes the organization to procure the goods or services approved by the Central Health Board of Managers. Preauthorization may be obtained by direct action on a specific item, or indirectly, when goods or services are approved as part of the budget process.~~

~~Procurement: The full continuum of the purchasing cycle that may begin with informal or formal solicitation of goods and services and result in an authorization for payment or execution of a purchase order or contract with Central Health.~~

~~Professional Services: Services directly related to professional practices as defined by those services explicitly identified in the Professional Services Procurement Act, including those services within the scope of the practice of accounting, architecture, land surveying, medicine, optometry, professional engineering, real estate appraising, or professional nursing. The term "Other Professional Services" refers to those personal or professional services which require technical skill or expertise, skill and expertise which is predominantly mental or intellectual, or a special skill and experience, and are not included in the Professional Services Procurement Act.~~

~~Purchasing Manager(s): An individual(s) Procurement Authority: The individuals designated by the CEO with the responsibility for purchasing and overseeing the Central Health procurement process. Procurement processes.~~

~~Purchase Order: Document expressing the contractual terms and conditions related to a particular procurement prepared by Central Health.~~

~~Request for Information ("RFI"): A general request to contractors for information for a potential future solicitation which is used as a research and information gathering tool for preparation of specifications and requirements.~~

~~Request for Proposal ("RFP"): A document requesting an offersolicitation method that allows the organization to request a proposal or solution to a specific need from vendors, when factors other than price are to be considered and which allows for negotiations after a proposal has been received and before award of theany contract for goods and services procured in compliance with Central Health policies.~~

~~Request for Qualifications ("RFQ"): A documentsolicitation method that requestsallows the organization to request details about the qualifications of~~

professionals whose services must be obtained in compliance with the Professional Services Procurement Act.

~~Request for Services ("RFS"): A document that requests information about qualifications and details of services to be provided and costs for other professional services that are not covered in the Professional Services Procurement Act.~~

~~Requisition: A request from an authorized Central Health employee to place an order for specific materials, supplies, equipment, or services needed to conduct normal Central Health business operations~~

~~Specification: A detailed description of the good or service to be procured by Central Health, including its use.~~

IV. POLICY

It is the policy of Central Health that its ~~procurement~~Procurement processes ~~for goods maximize the value of public funds and services result in~~serve the best ~~value for the~~interests of Central Health, its affiliated organization(s), and their constituents or customers while providing an open and fair process for responsible and qualified vendors.

~~As a public institution, Central Health is held to a high degree of public scrutiny and accountability for its business practices. Central Health funds should be used responsibly and in a manner consistent with the organization's mission, applicable laws, and ethical practices, as well as in a manner that obtains the best value for the organization for each purchase.~~

~~This policy establishes and communicates a standard organization-wide approach to procurement activities and applies to all Central Health employees and funds. Detailed procedures for applying this policy and applicable forms are found in the operating procedures for purchasing and are available from the Purchasing Manager. Exception to or deviation from this policy may be allowed in the best interest of Central Health and its provision of services for the under-insured and un-insured residents of Travis County, provided the intent set out in this policy is observed. Such deviations must be approved by the Central Health President and CEO (CEO).~~

Central Health identifies the The following procurementProcurement principles ~~that~~ are essential to ~~its success~~achieving an open and fair process:

- ~~• Quality customer service based on flexibility, competitiveness, and innovation. Central Health's health service delivery environment requires quick responses and adaptability to changing needs.~~

- Integrity and commitment to the highest ethical standards of the purchasing profession –when dealing with internal and external customers. ~~Central Health is committed to a fair, non-discriminatory purchasing process with open~~
- Free access to ~~procurement~~Procurement opportunities and information.
- ~~Obtaining goods and services that provide the greatest value to the organization based on a variety of factors. Central Health expects quality, innovation, and superior service and delivery from vendors and business partners that will result in the best overall value to the organization over the life of the contract.~~
- ~~Effective partnerships among Central Health, its purchasing staff, and the business community based on a mutual understanding of Central Health's business needs. This understanding is the foundation for planning, implementing, and managing the best contracts.~~
- ~~Innovation and creativity in developing and providing successful procurement solutions to meet Central Health's business needs.~~
- Equal opportunity in contract awards to all businesses, including Historically Underutilized Businesses (HUBs). The Central Health Board of Managers seeks to ensure that a good faith effort is made to assist certified HUB vendors and contractors in its award of solicitation of proposals for contracts and subcontracts.
- Cooperative purchasing through established local, state, and national purchasing cooperatives or interlocal cooperation contracts with other governmental entities provide organizational efficiency if, in the opinion of the Procurement Authority, these cooperative purchasing organizations or contracts provide the best value to the organization.

The following guiding principles will help maximize value to the organization:

- Quality, innovation, and superior service and delivery from vendors.

Effective partnerships among Central Health

- Purchasing and its affiliated organization(s) and alignment with population served, organizational values, and mission. This alignment is the foundation for planning, implementing, and managing the most beneficial contracts to Central Health.
- Agility in developing and providing successful Procurement solutions to meet Central

Health's business needs.

Prohibited Procurement Processes:

Procurement processes designed to avoid competitive solicitation, such as component purchases (purchasing in separate pieces rather than purchasing as a whole) and sequential purchases (purchases made over a period of time that would normally have been made as one purchase) are explicitly prohibited.

Procurement Thresholds and Methods

The dollar amount and type of desired purchase will influence the purchasing Competitive Bidding method chosen by the Central Health Procurement Authority. In general, Central Health will use the following purchase dollar -thresholds -as guidelines for determining which procurementCompetitive Bidding method to use:

- ~~• **Less than \$5,000:** Central Health staff will develop requirements, research potential vendors, and obtain appropriate approvals from Managers in accordance with the operating procedures for purchasing. Staff will note whether the vendor will accept the procurement card.~~
- ~~• **Between \$5,000 and \$24,999:** Central Health staff will develop requirements, research potential vendors, and obtain appropriate approvals from Executive Staff or Facilities Manager in accordance with the operating procedures for purchasing. The Chief Financial Officer/designee will verify funds are available before the procurement process begins. The Purchasing Manager will informally solicit bids/quotes from potential vendors. Attempts will be made to solicit at least three vendors and to include HUBs whenever practical. Pools of pre-qualified vendors may also be used. The Chief Financial Officer or Purchasing Manager will issue a Purchase Order or contract as authorized by policy.~~
- ~~• **\$25,000 or More:** For purchases of \$25,000 or more (excluding professional services that specify a different process), the Central Health Purchasing Manager will use a competitive method such as sealed bid or proposal or reverse auction. Professional services will be solicited when practical as determined by the President and CEO in consultation with the Purchasing Manager. The resulting contract for award will be executed by a? Board of Managers or the President and CEO as authorized by the Central Health Board of Managers. Central Health may choose to exempt or limit competition in certain situations such as: procurements of personal or professional services, procurements when the good or service is sole source or is only available from a limited number of vendors, or in unique situations where expediency is needed because it affects public health or is detrimental to Central Health operations.~~

- ~~**Emergency Purchases:** The following purchases are considered exempted from the competitive procurement process:~~
 - ~~an item or service that must be purchased in a case of public calamity if it is necessary to make the purchase promptly to relieve the necessity of the citizens or to preserve the property of the organization;~~
 - ~~an item or service necessary to preserve or protect the public health or safety of the residents of Travis County; or~~
 - ~~an item or service necessary because of unforeseen damage to Central Health property (including leased facilities).~~
- **Less than \$10,000:** Procurement may be completed without Competitive Bidding with requisite approval and payment methods, for example, through a purchase order or use of a purchasing card.
- **Between \$10,000 and \$49,999:** Procurement must be completed through Competitive Bidding, including informal bidding which requires Central Health staff to request at least three bids or issue an Invitation for Bid. Attempts will be made to include HUB vendors whenever practical. A competitive sealed bid or proposal process (RFP, RFQ, etc.) is optional depending on the specifications and requirements of the goods and services. The Procurement Authority will issue a purchase order or contract as authorized by policy.
- **\$50,000 or More:** Except for construction and Professional Services that specify a different process, Procurement may be accomplished through a competitive sealed proposal process such as an RFP or a cooperative purchasing organization. A reverse auction is also permitted.

Central Health will also extensively use cooperative purchasing through established local, state, and national purchasing cooperatives and will also "piggyback" on existing contracts with other governmental entities when these methods provide savings in staff time and costs and are determined by the ~~Purchasing Manager~~ Procurement Authority to provide the best value to the organization.

Exemptions from Competitive Bidding Process

The CEO or Procurement Authority may grant an exemption from the Competitive Bidding processes set forth above in the following situations:

- Purchases in an amount less than \$50,000 when the item to be purchased is:
 - available from only one responsible supplier in the geographic area in which

- the organization operates; or
 - a film, manuscript, or book; electric power, gas, water, or other utility service; captive replacement parts or components for proprietary products, including equipment.
- Purchases in an amount greater than \$50,000 for captive replacement parts or major components of highly specialized equipment or when competition is precluded because of the existence of patents, copyrights, secret processes, or monopolies that do not permit an equivalent product or service to be supplied.
- Purchases in any amount if the purchases are to be made from a vendor through an interlocal cooperation contract or a purchasing cooperative formed under Texas Government Code Chapter 791.
- Purchases of personal or Professional Services.
- Purchases of services that are critical to Central Health's operations that, if not secured immediately (i.e. subjected to Competitive Bidding or other solicitation method), will have severe impact, impair or completely inhibit such operations.
- Emergency Purchases, which are defined as:
 - an item or service that must be purchased in a case of public disaster (i.e., a disaster that has been declared by the Governor);
 - an item or service that must be purchased to prevent a hazard to the immediate public health, safety, or welfare of the residents of Travis County;
 - an item or service that must be purchased because of unforeseen damage to Central Health property (including leased facilities);
 - an item or service that must be purchased to avoid substantial undue additional cost that cannot be recovered by Central Health; or
 - a situation that suddenly and unexpectedly causes Central Health to need the services of a consultant, but only if there is insufficient time to comply with this policy (e.g., the issuance of a court order or new legislation).

The Central Health Board of Managers delegates the following authority to its President and CEO or in his/her prolonged absence to the ~~Assistant~~Deputy Administrator:

- ~~Identification and application of the appropriate procurement method as outlined by policy;~~
- ~~Approval and administration of exemption orders based on the following categories: described by this policy. Exemption orders will be executed in~~
- ~~Exemptions for sole source as prescribed by statute;~~
- ~~Situations where a single provider(s) is geographically available or has been designated~~

- ~~for use by another governmental entity; memorandum to file;~~
- ~~Exemptions from the competitive procurement requirements for professional services or specialized consulting services; and~~
- ~~Exemptions for emergency situations affecting public health or Central Health operations.~~
- Authorization to execute contracts regardless of amount, including renewals and amendments, in the following situations:
 - Funding provided that funding has been previously approved by the Board of Managers for the contracted item or service during the annual budget adoption process and/or the initiative was approved as an agenda item by the Board of Managers and funding is currently available;
 - ~~The use of budgeted service expansion funds has been previously approved by the Board of Managers during the annual budget adoption process and the budgeted funds remain within the category and limit of expenditures of the expansion funds;~~
 - ~~Contract is required to implement initiatives and/or projects that have been previously approved as an agenda item by the Board of Managers; or~~
 - ~~Contract is of an emergency nature, affecting public health or inhibiting Central Health operations.~~
- Authorization to execute contract renewals and amendments regardless of the amount if the amendment and renewal are for a correction that does not affect the substantive terms and conditions (e.g. term or length, cost, scope of service), and the amendment and renewal are reported to the Board of Managers at a regular monthly meeting.
- Authorization to award contracts and/or contract amendments and modifications for goods or services that have not been preauthorized up to \$100,000;
- Authorization to delegate to the Procurement Authority the identification and application of the appropriate procurement method as outlined by policy and the authorization to reject bids/proposals that do not meet Central Health needs and to re-solicit procurements as needed.
- Notwithstanding the authority granted herein, the President and CEO, in his or her discretion, may choose to take any procurement action to the Central Health Board of Managers for approval.

VI. RELEVANT STATUTES, REGULATIONS OR GUIDANCE LAWS

Code of Ethics

~~Central Health employees are expected to be impartial to ensure fair and competitive access to governmental procurement by responsible vendors. In accordance with Central Health's policy on Standards of Conduct (HR2-008), Central Health employees shall act to foster public confidence in the integrity of the organization and its procurement process.~~

Central Health employees shall avoid any activity (either business or professional) and avoid incurring any obligation that would cause a conflict with, compromise, or give the perception of compromising the integrity of the organization. Examples of the types of activities to be avoided include: accepting gratuities (gifts, cash, meals, loans) of any kind valued at more than \$50 per year from current or potential vendors; using confidential proprietary information for actual or anticipated personal gain; or disclosing a vendor's confidential proprietary information inappropriately to other vendors during the procurement process.

Restricted Purchasing Strategies

Central Health employees shall refrain from using purchasing strategies designed to avoid formal competitive bidding, such as component purchases (purchasing in pieces rather than purchasing as a whole), separate purchases (purchasing goods in a series of separate purchases that normally would have been combined), and sequential purchases (purchases made over a period of time that would normally have been made as one purchase).

Central Health shall comply with the following standards in its purchasing processes:

- ~~Health & Safety Code § 281.049 (Purchasing/Accounting Methods and Procedures)~~
- Government Code § 497.024 (Purchase of items from the Institutional Division of the Texas Department of Corrections)
- Government Code Chapter 791 (Interlocal Cooperation Act)
- [Government Code § 2155.204 \(Comptroller's Local Government Purchasing Program\)](#)
- Government Code Chapter 2157 (Catalog Purchase Procedures through the Texas Building and Procurement Commission)
- Government Code Chapter 2251 (Prompt Payment Act)
- Government Code Chapter 2252 (Contracts with Government Entities - Reciprocal penalties for out-of state governments that impose penalties on Texas bidders)
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- ~~Government Code Chapter 2253 (Public Work Performance and Payment Bonds)~~
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- Government Code Chapter 2258 (Prevailing Wage Rates)
- [Government Code Chapter 2269 \(Contracting and Delivery Procedures for Construction Projects\)](#)
- [Health & Safety Code §12.056 \(Participation in Department of State Health Services Purchasing Contracts or Group Purchasing Organization\)](#)
- ~~Health & Safety Code § 281.049 (Purchasing/Accounting Methods and Procedures)~~
- [Health & Safety Code § 361.426 \(Recycled Product Preferences\)](#)
- [Human Resources Code Chapter 122 \(Purchasing from People with Disabilities\)](#)
- Local Government Code Chapter 171 (Conflict of Interest Reporting)

- Local Government Code Chapter 176 (Disclosure of Relationships with Local Government Officers)
- ~~Local Government Code Chapter 271 (Purchasing and Contracting Authority of Municipalities, Counties and Certain Other Local Governments)~~
- [Local Government Code Chapter 273 \(Acquisition of Property for Public Purposes by Municipalities, Counties, and Certain Other Local Governments\)](#)
- 28 Tex. Admin. Code § 110.110 (Workers' Compensation-required language for Construction Contracts)
- ~~Health & Safety Code § 361.426 (Recycled Product Preferences)~~

VI.VII. RELATED ORDERS AND POLICIES AND PROCEDURES

- ~~PUR-001P General Purchasing~~ [Financial Order of the Travis County Commissioners Court](#)
- [Human Resources Policy \(HR2-008\): Standards of Conduct](#)
- [Compliance Policy \(CMP-002\): Code of Conducts and Ethics for Employees](#)
- [Compliance Policy \(CMP-009\): Duality of Conflict of Interest Policy and Standard Operating Procedures Procedure \(CMP-009P\)](#)

VII. PROCESS

VIII. See PROCEDURES

- ~~PUR-001P General Purchasing~~ Standard Operating Procedures



**CENTRAL
HEALTH**

BUDGET & FINANCE COMMITTEE MEETING

February 19, 2020

AGENDA ITEM 7

Confirm the next regular Committee meeting date, time, and location.