



**CENTRAL
HEALTH**

Board of Managers meeting

May 2, 2013

AGENDA Item 2
ADDITIONAL INFORMATION

Receive and discuss a presentation on the history of Central Health, the public private partnership with Seton Healthcare Family and the events leading to the development of an Integrated Delivery System (IDS), resulting in the Community Care Collaborative (CCC).



Health Care for Vulnerable Travis County Residents: A Public Private Partnership

Patricia A. Young Brown, President and CEO
Central Health

May 1, 2013
Board of Managers Meeting

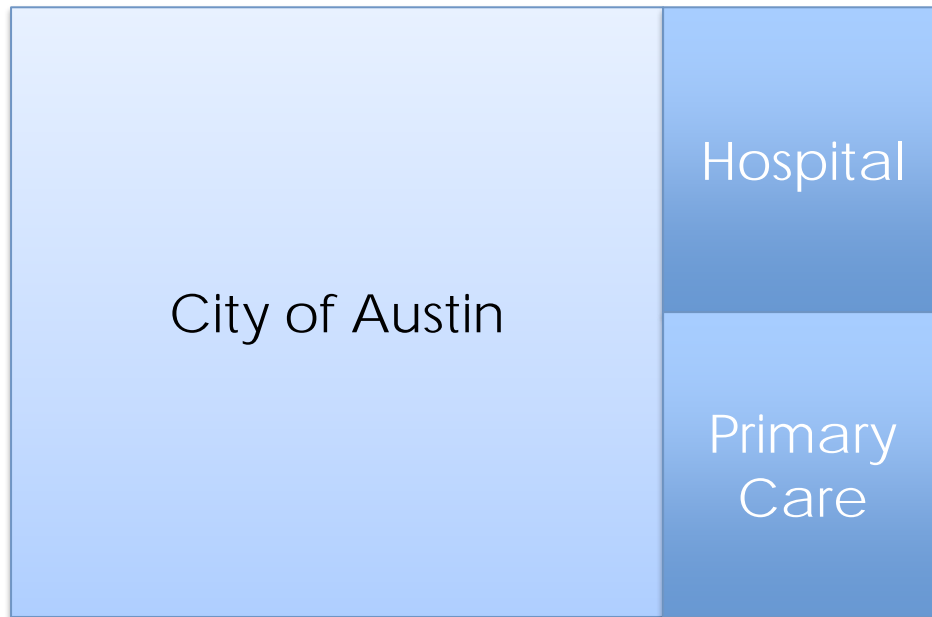


Safety Net Hospital Care In Travis County

- Safety Net health care delivery is unique in Travis County compared to other major metropolitan counties in Texas.
- For the last 18 years, hospital care has been provided through a public private partnership with Seton Healthcare Family.
- The terms of the contract with Seton have been beneficial to the provision of primary care, but have been a burden to the provision of hospital care.



Prior to 1995



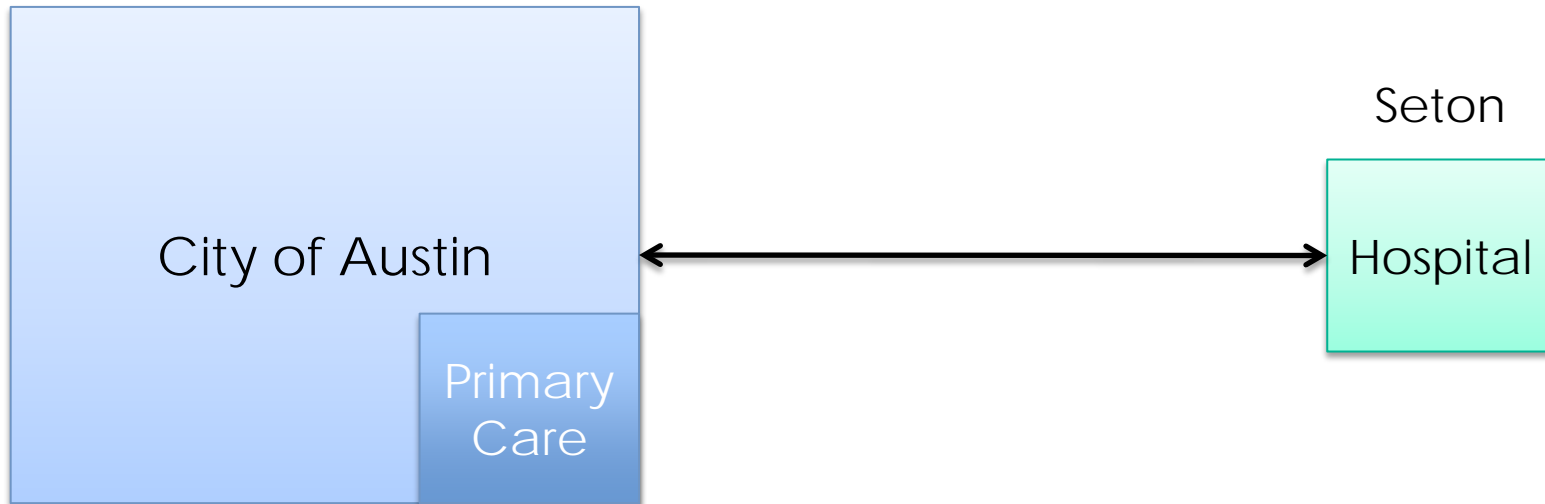
- The City, not the County, funded most healthcare services
- Hospital funding was a major problem – creating a \$35M debt to the general fund of the City



1995 City of Austin Leases the Hospital

Governmental

Non-Profit



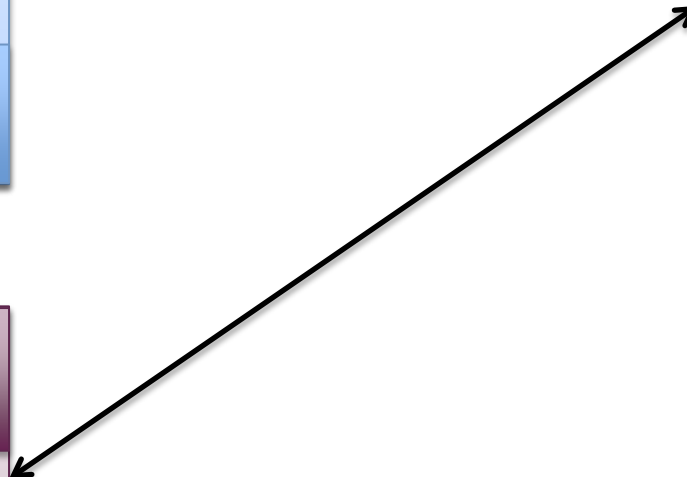
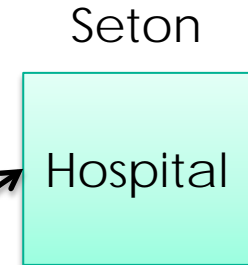
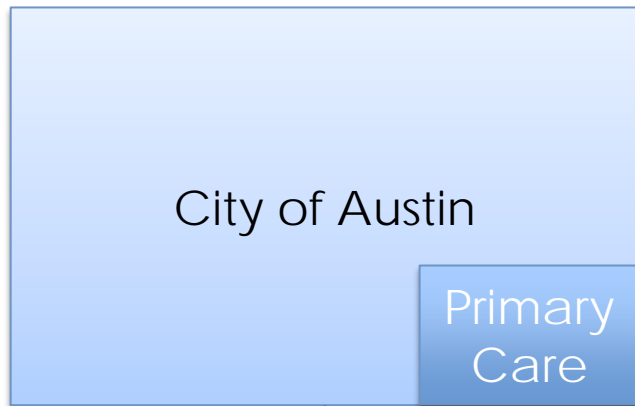
City capped its risk but...
Created a funding problem for the system as a whole



2004 Central Health Created

Governmental

Non- Profit



Central Health continued and expanded its funding of primary care.



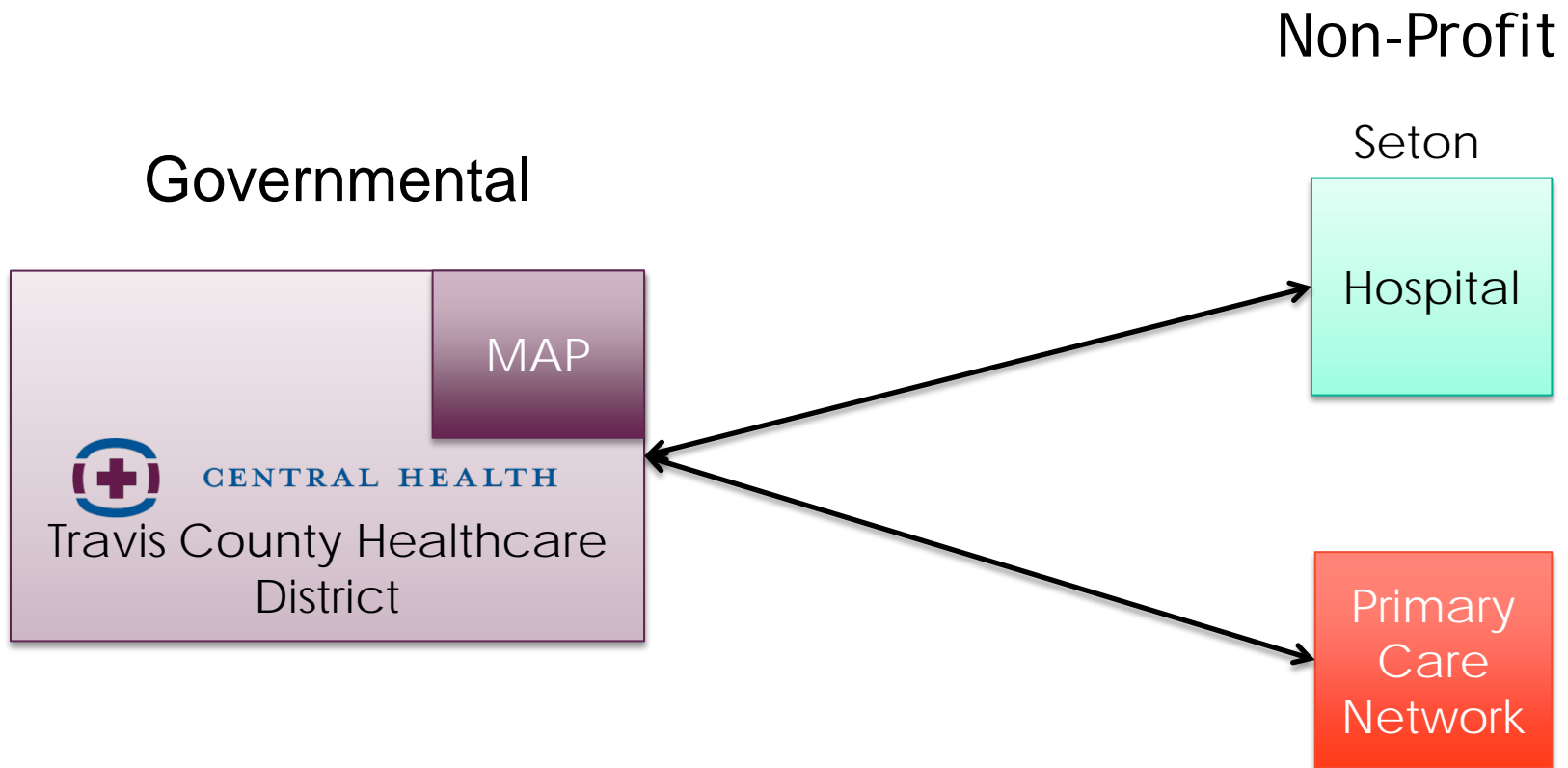
Excess of Additional Rent Revenue over Budgeted Revenue: First Five Years (2005-2009)

| | 2005 | 2006 | 2007 | 2008 | 2009 | Totals |
|---------------------------|------|------|------|------|------|--------|
| Additional Rent-Budgeted | 15.5 | 16.1 | 15.2 | 18.8 | 17.5 | 83.1 |
| Additional Rent-Actual | 28.0 | 36.7 | 28.4 | 28.2 | 25.1 | 146.4 |
| Additional Rent - Surplus | 12.5 | 20.6 | 13.2 | 9.4 | 7.6 | 63.3 |

76% > Budget

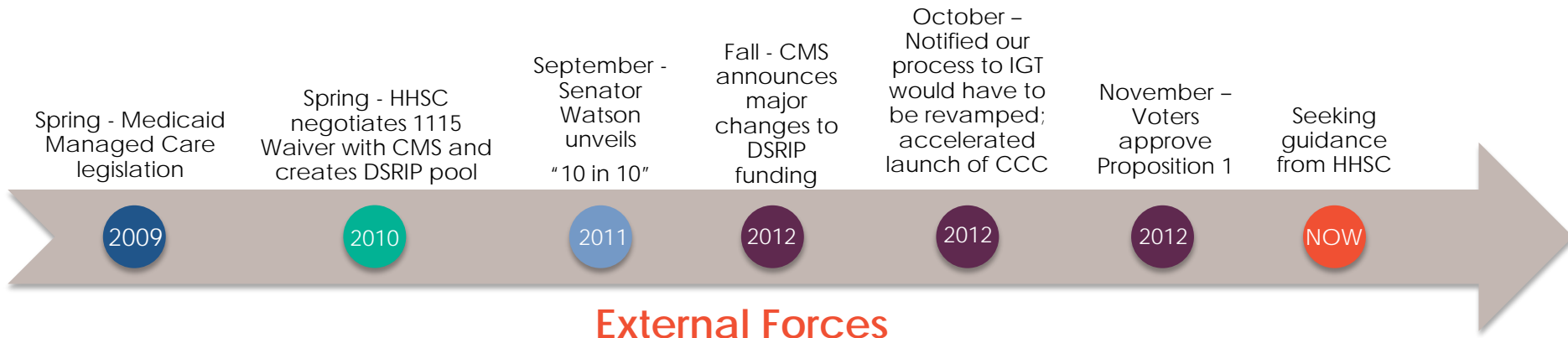


2009 to Present





Changing Healthcare Environment



External Forces





Public Private Partnership

- Since our creation in 2004, Central Health and Seton have worked collaboratively to better serve vulnerable residents of Travis County.
- However, the current funding model for hospital care is unsustainable.
- Seton and Central Health have been working together to redress the public private partnership and find a more sustainable and integrated solution to meet safety net healthcare needs in Travis County.



The Master Agreement between Central Health and Seton

- The proposed Master Agreement between Central Health and Seton moves Central Health from a strictly contractual relationship to a true public private partnership with Seton.
- This next iteration of the public private partnership moves our healthcare model from a collaboration that provided services on a reactive basis, to a well-structured integrated delivery system that will provide health care services on a proactive basis and keep more people out of the hospital.



The Master Agreement between Central Health and Seton

The Master Agreement formalizes the Letter of Intent, which was approved last spring. Through the Master Agreement the parties agree to use funds approved by the voters to maximize federal funds. The public private partnership created by the Master Agreement will have 3 direct benefits to our residents in Travis County and Central Texas:

1. Medical School
2. Teaching Hospital
3. Integrated Delivery System (including enhanced care)

The agreement has been developed and negotiated in observance of regulatory constraints (HHSC and CMS), commitments to the electorate, and the objective of strengthening the 18-year public private partnership for the benefit of the community.



Medical School and Teaching Hospital

- **Medical School:** The new Dell Medical School at UT Austin will be established, the first medical school to be built at a major research university in 35 years.
- **Teaching Hospital:** Seton will build a new teaching hospital and expand its graduate medical education program widening the pipeline by adding more doctors and other health care providers for all residents of Travis County.



Integrated Delivery System

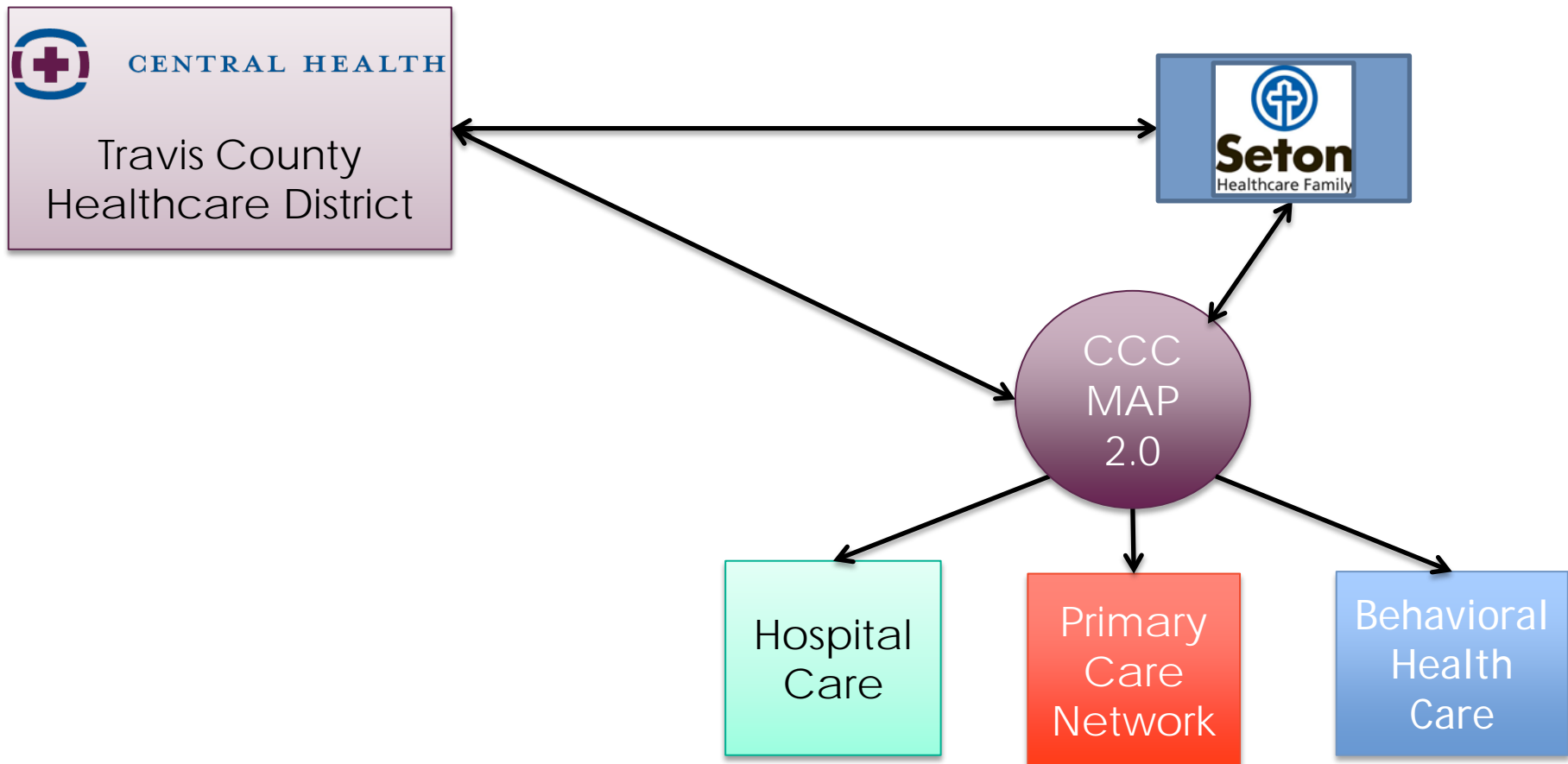
- The creation of the **Community Care Collaborative** “CCC.”
 - The CCC is a Public/Private Partnership organized as a 501c3 between the Seton Healthcare Family and Central Health in which the parties mutually agree to manage the risk for providing safety net healthcare services.
- The CCC will be the main vehicle through which the new **Integrated Health Care Delivery System** will serve vulnerable Travis County residents.



New Model

Governmental

Non-Profit





Maximizing Federal Funds

- Through the CCC, Central Health will leverage local dollars to attract the maximum federal dollars to invest for care right here in Travis County.
- As part of the 1115 Medicaid Waiver, Seton and the CCC will carry out Delivery System Reform Incentive Payment “DSRIP” Projects with a combined value of \$435M.
- These projects are focused on transforming healthcare delivery and benefiting vulnerable Travis County residents through an integrated health care delivery system.



Making Our Vision Happen

Central Health & Seton are finalizing the new foundational agreements which define the new public private partnerships for the delivery of health care to vulnerable residents of Travis County.

These foundational documents include:

- **Master Agreement**
- **Services Agreement**
- **CCC Bylaws**
- **Lease of UMCB**
- **Lease for New Teaching Hospital**



Master Agreement Components

In future open session meetings we will present details on the provisions of the Master Agreement including:

- Governance
- Budget and Funding Process
- Responsibilities of the parties
- Powers reserved to each party
- Material decisions
- Breaches and events of default
- Termination and unwind



Where are we now in the process

We are in the final stages of negotiating the Master Agreement and ancillary agreements that will govern how Central Health and Seton use the CCC to carry out the 1115 Waiver and integrate the delivery system for vulnerable Travis County residents.



Next Steps

- The Master Agreement and ancillary documents will be discussed by the board
- The board will take a vote to approve the agreements and thus the new public private partnership between Central Health and Seton.



CENTRAL HEALTH

Healthy people.
Strong Community.

Thank you

www.CentralHealth.net