

2

0



CENTRAL HEALTH

# FISCAL YEAR 2020 PROPOSED BUDGET

2

0

Revised August 28, 2019

## Letter from the CEO

Fifteen years ago, the residents of Travis County voted to create a healthcare district—Central Health—to ensure the most vulnerable residents in the community would have access to the best possible care. In the years since Central Health's creation, we've met the challenges of increasing need in an increasingly complex health care environment. Looking forward, Central Health's staff and Board of Managers will continue with the strategy of developing an impactful budget that improves care and meets the needs of the community for generations to come. Equally important, we will continue to maintain reserves and build a system that is sustainable. With this in mind, it is my privilege to present the latest iteration of Central Health's financial planning—the Fiscal Year 2020 Proposed Budget.

We believe this document is a means of having a conversation with the community, and it serves as a resource in understanding how Central Health leverages resources to improve the health and future of all Travis County residents. Last year, Central Health funded health care services for more than 183,000 people—more than one out of every seven Travis County residents. And we have no plans of slowing down as we expand service levels and bring care to underserved suburban communities, rural areas, and all cities within the county.

Central Health's strategic work plan is based on three key objectives:

- Develop and execute health care delivery based on people and place
- Implement patient-focused and coordinated health care
- Implement sustainable health care financial models

These objectives are interconnected. Our strategies for the upcoming years will include work in improving access to care by deploying new health care technology and identifying areas to develop community wellness centers; improving our eligibility and enrollment programs so that more residents can access the health care services they need; and working with our provider partners to develop payment models to incentivize better care outcomes.

The development of Central Health's 2020 budget is far from complete. For interested residents, there remain many opportunities to listen, learn and speak with Central Health staff and our volunteer board members. A full meetings and events schedule can be found on Page 22. If you can't visit us, our website, [www.centralhealth.net](http://www.centralhealth.net), is a valuable resource for learning more about how Central Health is building a healthier Travis County community.

Respectfully submitted,



Mike Geeslin

Central Health President and CEO



# CENTRAL HEALTH

## *Vision*

**Central Texas is a model healthy community.**

## *Mission*

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

## *Values*

**Central Health will achieve excellence through:**

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

**Innovation:** We create solutions to improve health care 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.

## *Goals*

**Access:** Increase access to health care for residents of Travis County.

**Technology:** Maximize the use of technology community wide to inform health care decisions and delivery.

**Quality:** Strategically invest in practice designed to improve health care outcomes.

**Leadership:** Assume a leadership role in convening and planning for the health care needs of our community.

# Central Health *Organizational Chart*



# [Table of Contents]

FISCAL YEAR 2020-2021 STRATEGIC WORK PLAN .....	6
ROLE OF THE HEALTHCARE DISTRICT .....	7
PARTNERSHIPS FOR HEALTH .....	8
HEALTH CARE ENVIRONMENTAL OVERVIEW AND BUDGET CONSIDERATIONS .....	10
LOCAL ENVIRONMENTAL OVERVIEW AND BUDGET CONSIDERATIONS .....	18
THE BUDGET PROCESS FOR CENTRAL HEALTH .....	22
FY2020 BUDGET CALENDAR .....	23
FISCAL YEAR 2020 OPERATING BUDGET .....	24
GETTING INVOLVED IN CENTRAL HEALTH .....	32
ATTACHMENT A .....	33
ATTACHMENT B .....	34
ATTACHMENT C .....	35
ATTACHMENT D .....	38
ATTACHMENT E .....	39
ATTACHMENT F .....	40
ATTACHMENT G .....	41
ATTACHMENT H .....	47
GLOSSARY .....	47
FOR MORE INFORMATION, VISIT ANY OF CENTRAL HEALTH'S WEBSITES: .....	48

# [ FISCAL YEAR 2020-2021 *Strategic Work Plan* ]

In 2018, Central Health worked closely with community members to identify and refine the healthcare district's strategic objectives for the years ahead. In preparing the Fiscal Year 2020 budget, the financial priorities were linked directly to these selected strategic objectives. The full document can be found at: [www.centralhealth.net/library/strategic\\_workplan\\_summary/](http://www.centralhealth.net/library/strategic_workplan_summary/)

## OBJECTIVE

# 1

Develop and execute health care delivery strategy based on people and place

- 1.1 SERVICE LOCATIONS AND CARE DELIVERY:** By data analysis, provider input, and community-based advisory groups, determine funding of business plans for future service delivery sites, and/or mobile services, and/or technology solutions for delivering care to the served population.
- 1.2 POPULATION HEALTH:** Provide funding or reimbursement to provider partners for resources to establish population health goals and work with governmental and other organizations to address social determinants affecting the population served.
- 1.3 COMMUNICATION:** Improve communication with consumers and the community about Central Health's pivotal role ensuring the delivery of care to people with low incomes.

## OBJECTIVE

# 2

Implement patient-focused and coordinated health care system

- 2.1 PATIENT WAIT TIMES:** Establish measures and fund projects to improve patient wait times and network adequacy for access to primary and specialty care services.
- 2.2 PATIENT REPORTED OUTCOMES AND EXPERIENCES:** Establish measures, including measures that address inequity, and improve patient reported health outcomes and experiences; develop quality-of-life and patient experience dashboards.
- 2.3 WOMEN'S REPRODUCTIVE HEALTH:** Expand and improve women's reproductive health system through Dell Medical School and provider partners.
- 2.4 TECHNOLOGY AND DATA:** Improve continuity of care through integrated technology, data, planning and information exchange.

## OBJECTIVE

# 3

Implement sustainable financial model for health care delivery and system strategies through 2024

- 3.4 DETERMINE OPTIMAL USE OR DISPOSITION OF BRACKENRIDGE CAMPUS SECTIONS**
- 3.5 CONTRACTING AND PAYMENT:** Implement value-based provider reimbursement models and reporting standards related to patient-reported outcomes, population or health condition outcomes, and positive patient experience measures.

# ROLE OF THE *Healthcare District*

The Travis County Healthcare District (doing business as “Central Health”) was created by a 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 shared by Travis County and the City of Austin prior to Central Health’s creation. Its enabling statute is Chapter 281 of the Texas Health and Safety Code, which provides most of the statutory framework within which Texas hospital districts operate.

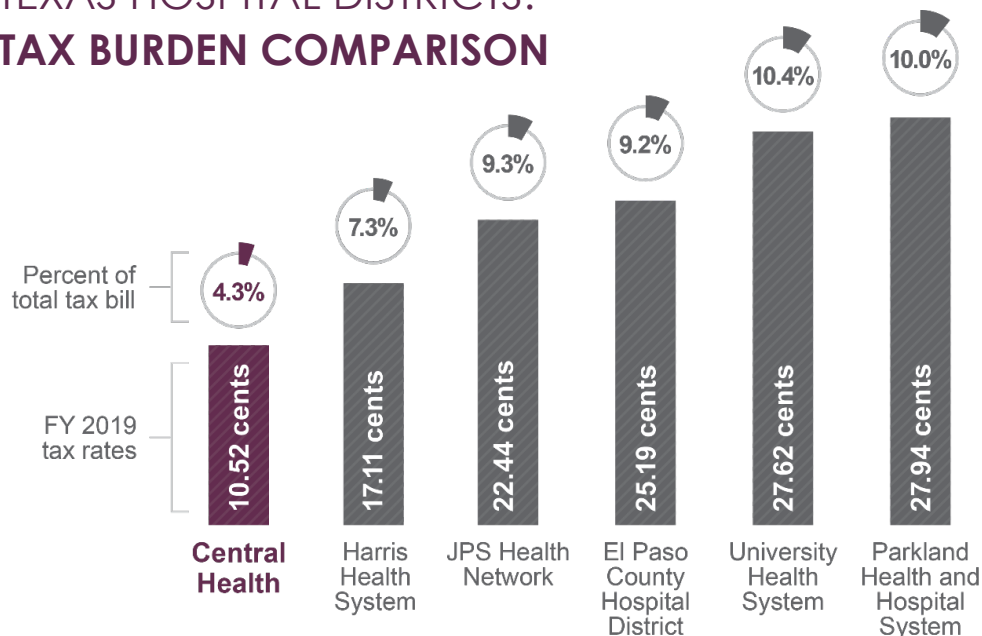
Central Health has the statutory obligation to provide health care to residents who are at or below 21 percent of the federal poverty level (FPL)—currently \$5,408 annual household income for a family of four. Central Health also provides the Medical Access Program (MAP)—a local indigent coverage program to eligible residents who are at or below 100 percent of the FPL\*. In addition, Travis County residents earning up to 200 percent of the FPL may receive subsidized health care through Central Health partners on a sliding fee scale or through our MAP Basic coverage program.

The Travis County Commissioners Court approves Central Health’s tax rate and budget appropriations at the program level. Central Health also utilizes the Travis County Attorney’s Office and Treasury Investment Office for legal and investing services. The Travis County Healthcare District’s investment policy guidelines are approved annually by the Central Health Board of Managers. The Central Health Investment Policies are included in Attachment F.

Central Health is unique in that we do not own a hospital, but we deliver care to our residents through strong partnerships with key health care providers in the community. As a result of these partnerships, we are able to keep a low tax rate compared to other hospital districts in the state.

*\*In Fiscal Year 2019, Central health subsidized insurance premiums for some of our sickest low-income patients through our CHAP program. This program will continue in Fiscal Year 2020.*

## MAJOR TEXAS HOSPITAL DISTRICTS: FY 2019 TAX BURDEN COMPARISON



# [ PARTNERSHIPS FOR *Health* ]



A Central Health and Seton partnership

## BUILDING A BETTER, MORE INTEGRATED HEALTH CARE SYSTEM

**MISSION:** To optimize the health of our population while using our resources efficiently and effectively.

The Community Care Collaborative (CCC) is a nonprofit partnership formed in 2013 between Central Health and Seton Healthcare Family to better manage the care of the shared patient population. The partnership is further enhanced through an affiliation with the Dell Medical School at The University of Texas at Austin, and collaboration with Austin Travis County Integral Care, the region's largest provider of behavioral health services.



## BUILDING BETTER ACCESS TO HEALTH CARE

**MISSION:** To strengthen the health and well-being of the communities we serve.

CommUnityCare is Central Health's affiliated Federally Qualified Health Center (FQHC) system. At over 24 locations and 7 partner locations in Travis County, CommUnityCare provides integrated primary care services with pediatrics, women's services, HIV care, behavioral health, dental, nutrition counseling, and clinical pharmacy services.

These services are available to Travis County residents who qualify based on income and others who are in need of access to care. CommUnityCare continues to expand its volume of patients and visits, with an 84 percent increase in patients served from 2006 to 2016. As the largest community health center system in Travis County and one of the largest FQHC systems in the nation, CommUnityCare continues to be an essential component of Central Health.





## BUILDING BETTER LOCAL HEALTH COVERAGE

**MISSION:** Sendero is dedicated to improving the health of the community by providing affordable, quality healthcare coverage.

Created by Central Health in 2011, Sendero Health Plans serves as Central Texas' local community-based health plan. Through Sendero, Central Health coordinates and manages health care services and enhances the provider network in local communities. As a Qualified Health Plan under the Affordable Care Act, Sendero provides its IdealCare individual health insurance plan through the Health Insurance Marketplace.

---

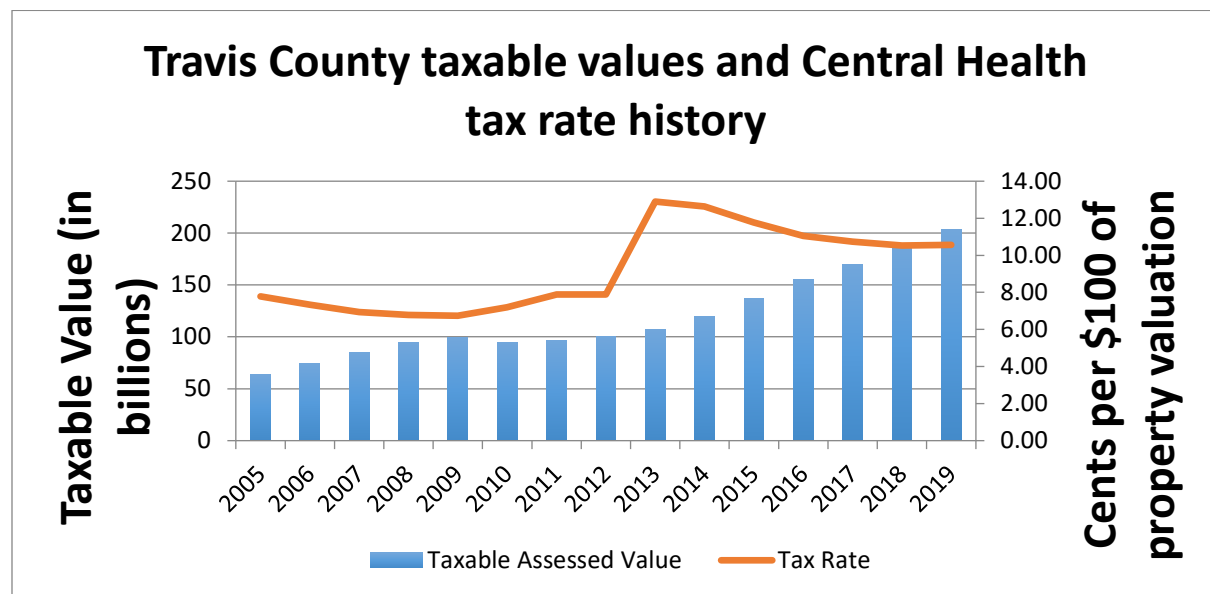
# HEALTH CARE ENVIRONMENTAL OVERVIEW AND BUDGET CONSIDERATIONS

## ECONOMIC OUTLOOK<sup>1</sup>

With robust job growth and some of the lowest unemployment in the nation, Travis County and Texas continue to attract individuals and businesses. Over the past decade, the population of Travis County has grown by approximately 30 percent to 1,304,311 (Ryan Robinson, City Demographer, City of Austin). As new businesses enter the market and the population grows, so does the tax base, which grew for the eighth consecutive year in 2019. Travis County's broad and diversifying economy supports strong growth and positions it to withstand most economic challenges. Unemployment in the region continues to remain low and GDP growth has been among the fastest growing in the country. The overall tax base has grown 12% per year over the last five years and 7% over the last ten years. In coming years, overall growth is expected to begin to slow down, or normalize closer to the ten-year average. New construction for tax year 2019, however, was \$5.1 billion, breaking last year's record of \$4.7 billion.

## ENVIRONMENTAL OVERVIEW

From its inception in 2004, Central Health has worked to increase access to health care for the uninsured. 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 health care providers and stakeholders to augment and improve the health care safety net in Travis County.



<sup>1</sup> Travis County "FY20 Budget Guidelines" (2/26/2019) pp. 2-4

# HEALTH CARE ENVIRONMENTAL OVERVIEW AND BUDGET CONSIDERATIONS (CONTINUED)

## OTHER CONVENING AND COMMUNITY ENGAGEMENT ACTIVITIES

Central Health acts as a convener of community discussions related to health and health care both community-wide and in specific geographic areas. Central Health also participates in community activities convened by other organizations such as the CHA/CHIP which is conducted by Austin Public Health and the Central Texas Addressing Cancer Together Coalition convened by Dell Medical School. Central Health also hosts “Community Conversations” with residents on a variety of topics.

- Central Health Equity Policy Council – a coalition of over 60 community partners that provides recommendations for local chronic disease policies and works to achieve health equity.
- Community Health Champions – a collection of diverse community members from across Travis County who come together to learn about, discuss, and collaborate on our work to improve the health of Central Texas.
- Eastern Travis County - Central Health established Community Advisory Committees in Southeast Travis County (Del Valle area), Northeast Travis County (Colony Park) and Austin’s Colony/Hornsby Bend (Del Valle area) which meet regularly to discuss community health needs in those areas. The advisory committees include residents, partners and providers.
- Psychiatric Services Stakeholder Committee – a forum for key mental health stakeholders to come together to strengthen the mental health crisis system, with a focus on the unfunded populations.

### Community Conversations in FY2019

- Sendero Health Plans
- The Downtown Campus
- The Central Health Budget (April 29, 2019)
- The Proposed Fiscal Year 2020 Budget (August 26, 2019)

## CHANGES TO FEDERAL AND LOCAL HEALTH POLICY

Policies and programs impacting health care funding continue to rapidly change on the federal, state, and local level, so these changes may impact the Central Health budget.

### FEDERAL

Changes to Uncompensated Care regulations have required Central Health to modify our payment methodology in the upcoming budget.

### Budget Bill

In early August, Congress passed and sent to the President a two-year spending bill.

- The budget bill eliminates scheduled cuts to Medicaid DSH funding for fiscal years 2020 and 2021 and reduces the DSH cut in Fiscal Year 2022 from \$8 billion to \$4 billion, avoiding a total of \$16 billion in reductions.
- The budget bill also continues discretionary funding for community health centers which comprises 30% of the overall federal grants provided to Health Center Program grantees, such as Central Health/CommUnity Care Health Centers, People’s Community Clinic, and Lone Star Circle of Care.

# HEALTH CARE ENVIRONMENTAL OVERVIEW AND BUDGET CONSIDERATIONS (CONTINUED)

## Other Legislation

Community health centers will be adversely impacted if Congress does not pass H.R. 2328, the Reauthorizing and Extending America's Community Health (REACH) Act, before the end of the fiscal year, September 30, 2019. The legislation extends funding for the Community Health Center Fund, which comprises 70% of federal funding for community health centers.

- Without this discretionary federal funding, Central Health/CommUnityCare funding would be reduced by \$4.263 million and care to over 4,000 uninsured patients would be compromised.

The Affordable Care Act (ACA) continues to face uncertainty:

- As part of its tax cut bill in December 2017, Congress removed the individual-mandate tax penalty for failure to maintain health insurance coverage.
- In December 2018, a Texas District Judge ruled that removing the individual-mandate tax penalty rendered the ACA unconstitutional. That ruling is being appealed in the 5<sup>th</sup> Circuit Court of Appeals and could possibly go before the U.S. Supreme Court.
- In another legal challenge, a federal judge ruling allowed to short-term health insurance policies that don't meet the standards of the Affordable Care Act. This ruling is also being appealed and may reach the U.S. Supreme Court.
- Last year, the federal government reduced navigator funding and reduced the number of days in the enrollment period. We expect to see a similar trend in this year's ACA open enrollment period.

While there are no major changes at this time, the factors above may impact the long-term effectiveness of the Affordable Care Act, and Central Health may see an increase in covering those who can no longer access health insurance in the ACA, but may meet eligibility requirements for MAP Basic.

## STATE

During the 86<sup>th</sup> Legislature, a number of important pieces of legislation were passed that will impact Central Health's budget.

Senate Bill (SB) 1350 allows Central Health and hospital partners to create a local provider participation fund (LPPF) in Travis County to provide the local match for certain federal hospital supplemental funding programs, such as the Uncompensated Care (UC) payment program and Uniform Hospital Rate Increase Program (UHRIP).

Today, Central Health does not provide direct medical care, but instead funds care, paid for by local property taxes, by partnering with a network of clinics and hospitals. Historically, Central Health employed physicians in executive or managerial positions, but the doctors, other than those at CommUnityCare were not permitted to directly care for patients due to state laws and regulations overseeing the practice of medicine in Texas. Senate Bill 1142 provides Central Health the power to appoint, contract for or employ physicians. Central Health physicians will now be able to make medical decisions about appropriate care for patients. They will also be able to provide direction to nursing staff, such as during home visits, or refer patients to another doctor or specialist.

SB 2 will restrict property tax revenue for certain local government entities beginning with Fiscal Year 2021. Senate Bill 2 requires cities, counties and other taxing units to receive voter approval before levying 3.5% or more in property tax revenue than the previous year. Hospital districts and community colleges were exempt from Senate Bill 2. Fiscal Year 2020 budgets will not be affected

## HEALTH CARE ENVIRONMENTAL OVERVIEW AND BUDGET CONSIDERATIONS (CONTINUED)

SB 22 prohibits a governmental entity from entering into a taxpayer resource transaction with an abortion provider or affiliate of an abortion provider. While Central Health does not pay for abortions, this law reduces the number of providers in the community that we can contract with to provide comprehensive health care services to Travis County residents with low income.

While legislation did not pass addressing the next Medicaid Waiver, Central Health continues to plan and engage with partners about funding arrangements in the post DSRIP era. DSRIP funding will begin to decrease in DSRIP Year 2020 (October 1, 2020).

# HEALTH CARE ENVIRONMENTAL OVERVIEW AND BUDGET CONSIDERATIONS (CONTINUED)

## LOCAL

Collaboration with the City of Austin, Travis County and other local governments will continue as we jointly plan for near-future capital projects.

## HEALTH CARE ENVIRONMENT

To improve the health of our community and increase access, Central Health must also keep up with the rapidly changing health care industry. While preparing the Fiscal Year 2020 budget, several key health care issues were considered.

### ACCESS TO HEALTH CARE

Since 2004, Central Health has consistently increased access to health care for low-income and uninsured Travis County residents. Throughout that time, Central Health steadily increased the provision of primary care services to its patient population and worked with a variety of health care providers to augment the health care safety net in Travis County.

Beginning in Fiscal Year 2020, there will be changes to health care funding, including state and federal regulations and potentially how hospital services are paid for. Regulations are changing as to how one of the Medicaid 1115 Waiver programs, Uncompensated Care (UC), pays hospitals for the unreimbursed costs of providing charity care services. Historically, Central Health provided the local share of funds, or Intergovernmental Transfers (IGTs), to draw down federal funding and reimburse local hospitals for their uncompensated charity care. Beginning October 1, 2019, local funds will be pooled and distributed to support UC payments to all eligible hospitals across an eight-county Medicaid Service Delivery Area, which includes Travis County.

In FY2019, Central Health successfully supported legislation, along with other Texas hospital districts, to gain authority to establish a Local Provider Participation Fund, or LPPF. The local LPPF will levy an assessment on hospitals to provide the local share of funds for UC. The LPPF structure is approved as an appropriate funding structure by the Centers for Medicaid and Medicare Services. In addition, the LPPF will provide IGT for a hospital reimbursement program titled the Uniform Hospital Rate Increase Program (UHRIP), which provides additional supplements to Medicaid reimbursement rates. In the past, Central Health lacked the financial capacity to participate in the UHRIP program. Overall, the LPPF will be capable of bringing more funding into the local health care system and will prevent potential dilution of local tax dollars.

## INTERNAL PLANNING AND BUDGET CONSIDERATIONS

While preparing the FY2020 budget, several key health care issues were considered within the context of Central Health's three overall FY19 – FY24 Strategic Plan objectives.

# HEALTH CARE ENVIRONMENTAL OVERVIEW AND BUDGET CONSIDERATIONS (CONTINUED)

## DEVELOP AND EXECUTE HEALTH CARE DELIVERY BASED ON PEOPLE AND PLACE

In FY2020, Central Health will continue to focus on improving access in strategic locations and through new delivery models, with a focus on southeastern Travis County and other priority areas. Although the majority of people experiencing low income in Travis County still reside within close proximity of the I-35 corridor, the rising cost of housing is pushing more and more of Central Health's target population to rural and suburban areas of the county. In FY2020, Central Health may develop as many as three clinic locations in priority areas including Hornsby Bend, Del Valle and Colony Park. More information is included on page 23.

## IMPLEMENT PATIENT-FOCUSED AND COORDINATED HEALTH CARE

In FY2020, Central Health will improve access through technology enhancements. One enhancement includes improving specialty care through an e-consult and specialty referral platform that allows primary care doctors to consult with specialists when appropriate. This technology will speed up interventions versus the traditional referral model, and prioritize face-to-face specialist visits for patients who require a higher level of care. Central Health is also improving its eligibility and enrollment services with the expansion of MAP Basic (sliding fee scale); contracts with additional rheumatology, podiatry, nephrology, wound care and general surgery providers; and improvements in medical management.

## SUSTAINABLE HEALTH CARE FINANCIAL MODELS

Central Health works throughout the year to manage financial risk and maintain sufficient reserves to ensure work continues to increase access to care, improve health outcomes and reduce health disparities among its patient population. For FY2020, Central Health is negotiating with its hospital partner Acension Seton to change its payment structure to a claims-based, direct payment model. This model offers advantages over the current indirect payment model, including greater transparency of what hospital services are being paid for; the transition of specialty services to more appropriate clinical settings; and the ability to utilize performance metrics and incentives to improve service and population health outcomes.

## HEALTH CARE ENVIRONMENTAL OVERVIEW AND BUDGET CONSIDERATIONS (CONTINUED)

### SHORT-TERM FACTORS AND HOW THEY INFLUENCE DECISIONS BEING MADE IN THE DEVELOPMENT OF THE BUDGET

Historically, Central Health has purchased hospital services through an indirect funding model that is governed by contractual arrangements with Ascension Seton, formerly the Seton Healthcare Family. Under these structures, Ascension Seton is obligated to provide a certain level of hospital and specialty care services, and Central Health is required to compensate Ascension Seton up to a defined amount for these services. Central Health has historically met this obligation to pay for services indirectly through the receipt of Uncompensated Care (UC) and Disproportionate Share (DSH) funds by Ascension Seton. New state and federal rules provide an opportunity to change this model in the coming year. Beginning in October of 2019, uncompensated care rules have changed the payment methodology from directed payments to specified hospitals to a model that distributes payment across the Medicaid service delivery area. Also a Department Appeals Board decision in August of 2018 signaled a new federal and state regulatory approach to affiliations between public entities and private hospitals that also provides an incentive to move towards a new model of purchasing care.

Central Health and Ascension Seton are currently in discussions regarding this new model, and we should have more information in the coming months.

In addition, the creation of a Local Provider Participation Fund (LPPF) in Travis County eliminates Central Health's role in providing matching funds to secure federal dollars for unreimbursed costs of hospital care. Central Health will no longer be funding the matching dollars (UC) for hospitals through the UC Program. Hospitals will provide these funds as part of a mandatory payment assessment to the LPPF. Central Health will act as an administrator of these funds, but these funds will not be budgeted by Central Health.



# HEALTH CARE ENVIRONMENTAL OVERVIEW AND BUDGET CONSIDERATIONS (CONTINUED)

## BUDGET PRIORITIES AND HOW THEY DIFFER FROM LAST YEAR

Our budget priorities for Fiscal Year 2020 are based on our strategic work plan and are driven by our overarching focus of improving access to care. These objectives and key strategies about improving access include:

Develop and execute health care delivery based on people and place

- Improve health care access and efficiencies via technology enhancements
- Identify strategic locations and expand delivery model in Eastern Travis County and other priority areas

Implement patient-focused and coordinated health care

- Improve eligibility and enrollment
- Coordinate and leverage primary and specialty care resources

Sustainable health care financial models

- Change funding models
- Optimize financial returns through continued development of the Central Health Downtown Property
- Manage financial risk and maintain sufficient reserves

In Fiscal Year 2020, the budget includes continued expansion of access to care and an investment in administration infrastructure to support operations. Similar to Fiscal Year 2019, a significant focus will be on the Eastern Travis County service area and efforts to improve access for residents in this area. As discussed above, in Fiscal Year 2020, Central Health will be implementing a new funding model that reflects changes to uncompensated care and related changes in funding.

# LOCAL ENVIRONMENTAL OVERVIEW AND BUDGET CONSIDERATIONS

## EVOLVING TRAVIS COUNTY DEMOGRAPHICS

Central Health provides a broad menu of health care services to eligible low-income and uninsured Travis County residents. Although the majority of local residents living with low-income reside within a few miles of the I-35 corridor, Travis County is also experiencing an increased migration of low-income populations to suburban and rural areas, particularly in eastern Travis County. This movement is due in large part to an increasingly high cost of living in Austin. To better understand and plan for movements within its patient population, Central Health regularly conducts analysis of demographic and population trends using federal, state and local data sources; patient-level data collected through local medical providers; and proprietary projections of future population trends.

To better plan for these changes, Central Health convenes a group of local stakeholders to discuss and plan health care delivery strategies. The Eastern Travis County Health & Wellness Collaboration includes leaders from Austin Public Health, Travis County, and numerous health care and social services providers. Guided by Central Health's Enterprise Strategic Planning group, these stakeholders are working together to leverage common resources and create opportunities to better meet the needs of underserved communities in Austin and Travis County.

Below are examples of the risks and vulnerabilities in two of these communities<sup>2</sup>.

### Colony Park (zip code 78724)

- One in three families are living at or below poverty threshold, or \$25,750 in 2019 for a family of four.
- The percentage of uninsured residents in Colony Park is twice as high as the percentage of Travis County.
- Residents in the 78724 zip code are dying of diabetes at twice the rate of Travis County residents overall.
- Households in Colony Park are four times more likely to rely on food stamps than Travis County residents overall.

### Hornsby Bend (census tract 22.07)

- The percentage of uninsured residents in the Hornsby Bend area is twice as high as the overall percentage in Travis County.
- The percentage of families living in poverty is almost twice as high as the overall percentage in Travis County.
- The percentage of households on food stamps is 50% higher than Travis County.
- Almost two in three residents are "house poor"; spending over a third of their income on rent alone.

See map below that highlights patient concentrations in Eastern Travis County.

See [centralhealth.net/easterntravco/](http://centralhealth.net/easterntravco/) for more details.

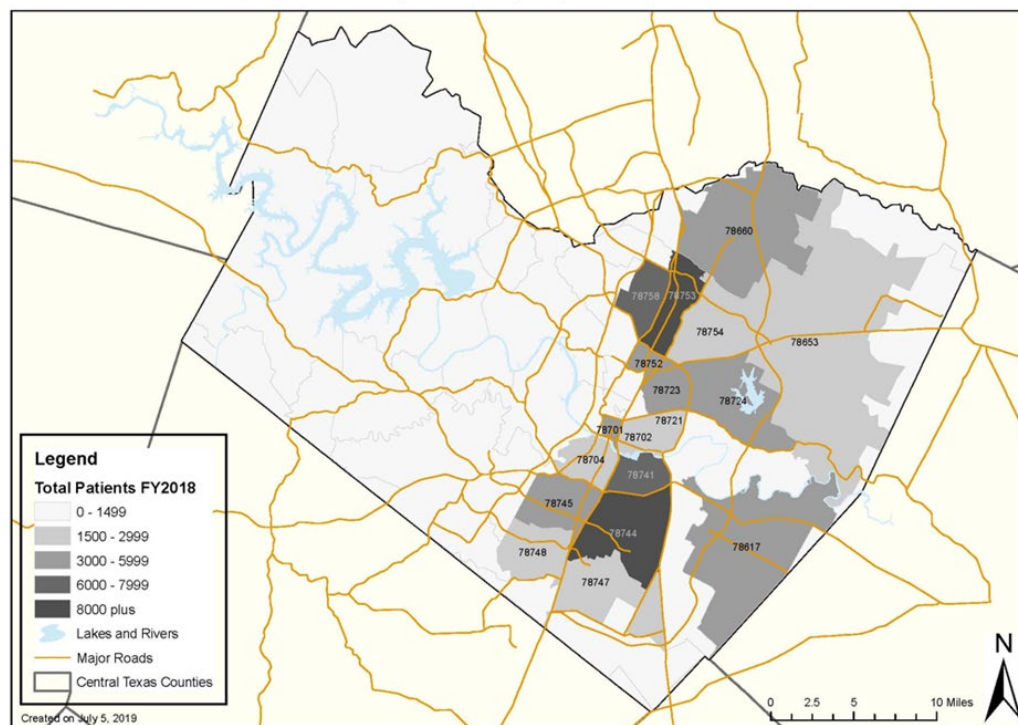
---

<sup>2</sup> "American Community Survey 2016", the five-year estimate, Tables DP02:DP05.

# LOCAL ENVIRONMENTAL OVERVIEW AND BUDGET CONSIDERATIONS (CONTINUED)



## Community Care Collaborative Patient Population by Zip Code - FY2018



In Fiscal Year 2019, Central Health worked to increase services provided in four eastern Travis County communities—Colony Park, Hornsby Bend, Creedmoor and the Kellam Road area of Del Valle. Central Health purchased a mobile care vehicle, and in June, CommUnityCare began using the mobile clinic to provide primary care, preventive care, vaccines, lab services and chronic disease management in Colony Park three times a week and Creedmoor twice a week.

Central Health is also collaborating with Travis County to place a modular health clinic adjacent to the Emergency Services District 4 fire station in Hornsby Bend. Central Health recently purchased a 1,200-square-foot modular building, which is now being manufactured. CommUnityCare will provide primary care, preventative medicine, vaccines, on-site lab, chronic disease management, and limited pharmacy services at the facility, with a projected Fall opening. CommUnityCare also initiated a house call program in early 2019, providing home-based basic primary care services three days a week for Hornsby Bend residents prior to the opening of the modular clinic. Central Health has purchased land in the Hornsby Bend area for future clinical services.

## LOCAL ENVIRONMENTAL OVERVIEW AND BUDGET CONSIDERATIONS (CONTINUED)

Central Health continues to work with community partners on other care expansion projects. Work to develop a new health center continues in the Kellam Road area of Del Valle. Central Health is an active participant in the city of Austin's master plan development for Colony Park, where planning for a large permanent clinic site is being considered. Central Health is partnering with Mobile Loaves & Fishes on the expansion of the Community First! village near Decker Lake, a 51-acre master planned community providing permanent supportive housing to chronically homeless individuals. The goal is to collaborate with a range of primary care, behavioral health and social service providers to better serve the unique and vulnerable population in this one-of-a-kind community. This coordinated effort will illustrate the effectiveness of a continuum of health care when applied to underserved populations in Travis County. This clinic will also be available to serve the nearby residents of nearby Colony Park, with development anticipated to begin in 2020.

### 1115 MEDICAID TRANSFORMATION WAIVER

In 2011, Texas Health and Human Services Commission (HSSC) received approval from the Centers for Medicare and Medicaid (CMS) for an 1115 Waiver demonstration project (1115 Waiver). The 1115 Waiver has resulted in significant transformations of health care in Central Texas.

The 1115 Waiver authorizes funding for an Uncompensated Care (UC) pool to off-set costs incurred by safety-net hospitals and a Delivery System Reform Incentive Payment (DSRIP) pool. The DSRIP pool provides funds to incentivize hospitals, local health departments and community mental health centers to transform health care delivery.

Central Health participates in the 1115 Waiver as an intergovernmental transfer entity ("IGT" entity) that funds the non-federal share of DSRIP payments to the Community Care Collaborative. In addition, Central Health serves as the regional anchor entity for the DSRIP programs which begin a new cycle of funding in FY2020. The timing of the intergovernmental transfers is determined by the State of Texas. Central Health is not able to influence the required timing of these payments. At times, Central Health has managed timing differences by holding these funds in its contingency reserve account until they are required to be submitted.

Based on current guidelines for the DSRIP program, funding earned is expected to decrease 6% in Fiscal Year 2021, an additional 14% in Fiscal Year 2022 and end in Fiscal Year 2023. Payments lag behind the period in which the funds are earned. Planning is well underway for changes to future anticipated funding through this program.

# LOCAL ENVIRONMENTAL OVERVIEW AND BUDGET CONSIDERATIONS (CONTINUED)

**TABLE 1. Incentives Earned by Central Health Funded Providers - Demonstration Years 2 to 7**  
(1/16/19)

Provider	Metric Values	Incentives Earned*	Achievement Rate
Community Care Collaborative	\$ 349,818,451	\$ 318,761,601	91%
Dell Children's Medical Center	\$ 67,321,447	\$ 62,745,974	93%
Dell Seton Medical Center	\$ 249,019,133	\$ 229,316,945	92%
St. David's Healthcare Partnership	\$ 6,499,984	\$ 5,762,342	89%
Total	\$ 686,198,881	\$ 630,126,726	92%

\*Providers who have not yet met Demonstration Year 7 metrics may be eligible to earn them in Demonstration Year 8.

In December 2017, CMS granted a five-year extension of the 1115 Waiver. The extended program required two major changes:

- Calculations to determine UC no longer include Medicaid shortfalls and bad debt. UC funding is now based solely on a hospital's charity care costs. The UC program was extended through 9/30/22.
- The DSRIP program shifted from rewarding project-based work to incentivizing providers to achieve improved health outcomes at a health-system level. Funding decreases in DY9 and 10 and the program ends on 9/30/21.

More information can be found at [centralhealth.net/initiatives/1115-waiver](http://centralhealth.net/initiatives/1115-waiver)

## [ THE BUDGET PROCESS FOR *Central Health* ]

In developing Central Health's annual budget, the Central Health Board considers community input, reports from its health care partners, the success of current health care initiatives, and the value of proposed initiatives and activities. The budget ensures that Central Health remains focused on its mission and fulfills its legislative purpose.

Throughout the year and specifically in the strategic planning operations of the organization, Central Health integrates community feedback into our operations through community engagement events, feedback gathering tools, collaborative health planning efforts and Enterprise operations planning. This information is the starting point for developing the budget: health strategy priorities for the upcoming year and how will they be funded through our budget.

Central Health's primary source of revenue is property tax revenue. Therefore, a key step in our planning is estimating the tax revenue in future years to ensure that programs are funded and the appropriate level of reserves are maintained. The Board of Managers uses a multi-year forecasting process each spring to estimate the long-term impact of possible tax rates and align the revenue forecast with the priorities of the organization. The multi-year forecast has proven to be an effective tool to support the Board of Managers to direct staff to prepare a draft budget with a specific tax rate.

The proposed budget is prepared by staff and presented to the Board of Managers and public in early summer. This proposed budget is discussed in detail at both Budget and Finance and Board of Managers meetings until the budget is finalized. At the same time, Central Health follows all required deadlines and timelines to ensure that the tax rate set with the appropriate public hearings, ratification by local Truth In Taxation Department and ultimately approved by the Travis County Commissioners Court.

Central Health adopts its final budget no later than September 30 each year and begins its new fiscal year October 1.

# [FY2020 *Budget Calendar*]

<b>April 29</b>	Community Conversation – The Central Health Budget
<b>June 12</b>	Central Health Budget & Finance Committee ( <i>Fiscal Year 2020 Budget Update</i> )
<b>June 19</b>	Central Health Board of Managers ( <i>Fiscal Year 2020 Budget Overview</i> )
<b>July 24</b>	Central Health Budget & Finance Committee ( <i>Fiscal Year 2020 Central Health Proposed Budget and Property Tax Rate</i> )
<b>July 31</b>	Central Health Board of Managers ( <i>Fiscal Year 2020 Central Health Proposed Budget and Property Tax Rate</i> )
<b>Aug 21</b>	Central Health Board of Managers ( <i>Fiscal Year 2020 Central Health Proposed Budget and Property Tax Rate</i> )
<b>Aug 26</b>	Community Conversation – The Proposed Fiscal Year 2020 Budget
<b>Aug 27</b>	Travis County Commissioner's Court ( <i>Fiscal Year 2020 Central Health Proposed Budget and Property Tax Rate</i> )
<b>Aug 28</b>	Central Health Board of Managers ( <i>Set maximum tax rate</i> )
<b>Sept 11</b>	Central Health Board of Managers/First Public Hearing ( <i>FY2020 Central Health and Tax Rate</i> )
<b>Sept 18</b>	Central Health Board of Managers/Second Public Hearing ( <i>FY2020 Central Health and CCC Proposed Budget adoption</i> )
<b>Sept 24</b>	Travis County Commissioners Court ( <i>Fiscal Year 2020 Central Health Adopted Budget approved</i> )
<b>Sept 25</b>	Central Health Board of Managers ( <i>Fiscal Year 2020 Central Health Proposed Property Tax Rate Adopted</i> )
<b>Oct 1</b>	Travis County Commissioners Court ( <i>Fiscal Year 2020 Central Health Adopted Property Tax Rate approved</i> )

# FISCAL YEAR 2020 OPERATING BUDGET

The Fiscal Year 2020 Operating Budget is organized by sources and uses of funds. We have two programs in our uses of funds, Health Care Delivery and Administration.

Central Health estimates to end its current Fiscal Year 2019 with sources greater than uses of funds of approximately \$56.5 million. This contingency reserve is carried forward as a source of funds for Fiscal Year 2020, and is appropriated for health care delivery throughout the uses of funds with contingency reserve available of \$23.4 million.

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 2020 fiscal year.

Following is a more detailed discussion of Central Health's 2020 expenditure budget, shown by program and activity, which can be seen on Attachment B.

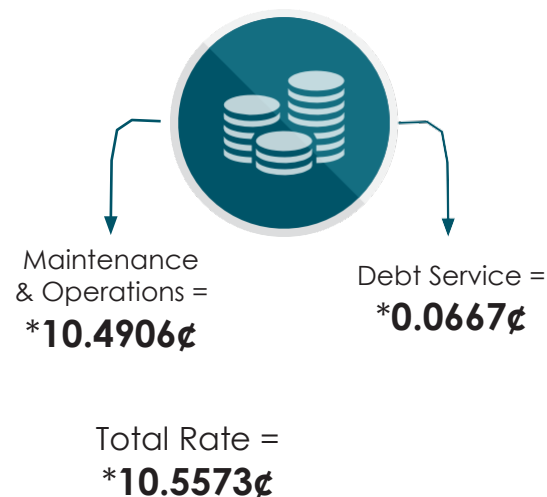
## SOURCES OF FUNDS

Central Health's operating budget has several sources of funds, with total property tax revenue accounting for the majority at \$214.9 million. Increases in assessed value and new construction and an increase in the tax rate (.0052 cents) have produced \$18.0 million in additional revenue. The other sources of revenue include lease revenue for buildings located on the Central Health Downtown Property, budgeted this year at \$13.7 million and other revenue of \$5.7 million.

## TAX RATE AND TAX REVENUE

Central Health's current tax rate (Fiscal Year 2019) is 10.5221 cents per \$100 of assessed value. The Fiscal Year 2020 budget has been prepared at a slightly higher tax rate of 10.5573 cents per \$100 of assessed value. This rate is 6.9% above the effective tax rate from the previous year. The total rate includes an operating tax rate of 10.4906 cents and a debt service rate of 0.0667 cents. The debt service tax rate will provide funds to satisfy certificates of obligation that funded the purchase and partial renovation of the Central Health Southeast Health & Wellness Center and a portion of the construction cost of CommUnityCare's North Central Community Health Center, the remainder of which was funded with federal grant dollars.

## CENTRAL HEALTH PROPERTY TAX RATE



\*Per \$100 taxable valuation

	FY19	FY20 (Proposed)
Average Taxable Homestead Value	\$326,895	\$347,955
Tax Rate	10.5221¢	10.5573¢
Tax Bill	\$343.97	\$367.03
Annual Increase = \$23.07 (6.7%)		

Homestead Exemption	Over 65 Homestead Exemption	Disability Homestead Exemption
20% (A) \$5,000 Minimum	\$85,500	\$85,500

(A) Maximum allowable by state law



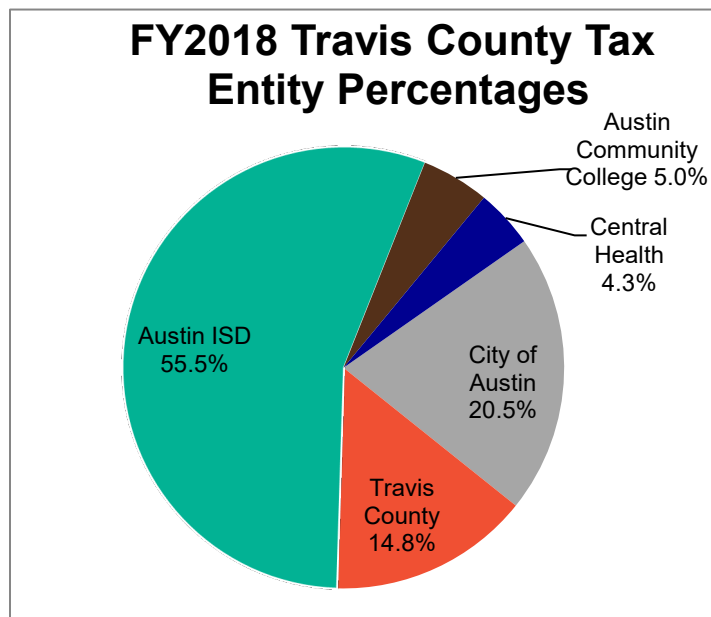
# FISCAL YEAR 2020 OPERATING BUDGET (CONTINUED)

Central Health uses a financial forecast model to draft and develop its budget. This method has been utilized to incorporate known events with broad assumptions to estimate the tax revenue required to provide and maintain the necessary level of services for our community. At the August 21, 2019 Central Health Board of Managers meeting, the board supported the staff recommendation to prepare the 2020 budget using a 6.9 percent over the no new revenue tax rate.

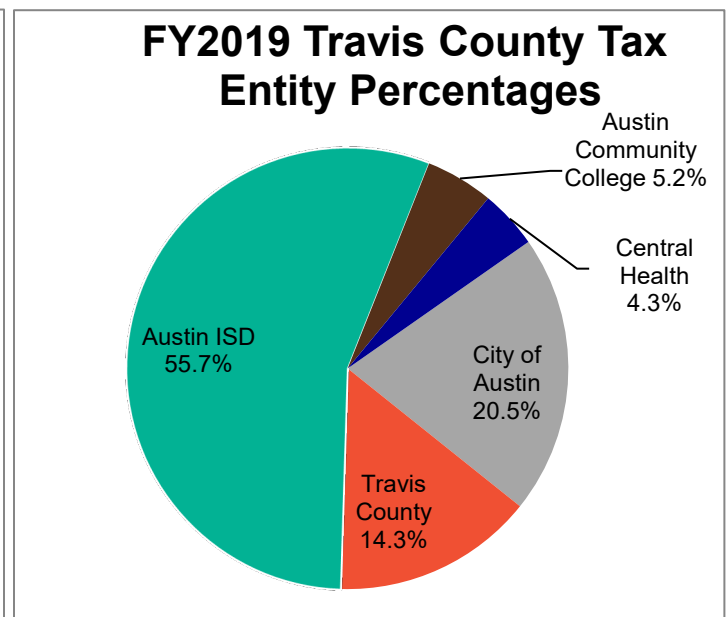
Travis County has seen considerable growth in taxable assessed values and new construction growth over the past five years. In Fiscal Year 2020, we continue to see growth in taxable assessed values but anticipate a slight decrease in year-over-year growth, or a slowing in the pace of growth.

Central Health is a small part of the total property taxes for an average Travis County resident who lives in the jurisdictions outlined below. This shows that year-over-year, we maintain the smallest portion of the total tax bill. In Fiscal Year 2019, this was approximately 4.3 percent of the total tax paid. Central Health anticipates it will continue to maintain the smallest portion of tax bills in Fiscal Year 2020 at 4.3 percent.

**FY 2018 Travis County  
Tax Entity Percentages**



**FY 2019 Travis County  
Tax Entity Percentages**



In preparing the budget for Fiscal Year 2020, Central Health also considers how the tax rate will impact our residents.

Travis County Healthcare District offers a 20 percent homestead exemption, the maximum allowed by law. The average Travis County Healthcare District taxable homestead value increased 6.35 percent from \$326,895 last year to \$347,655 this year. The proposed tax rate of 10.5573 cents per \$100 of taxable value results in a \$23.07 increase in the Travis County Healthcare District property taxes for the average taxable homestead, for Fiscal Year 2020 compared to the Fiscal Year 2019 property tax bill. The estimated FY 2020

# FISCAL YEAR 2020 OPERATING BUDGET (CONTINUED)

Travis County Healthcare District property taxes for other valued homesteads shown below as examples are based on assessed values appreciating an average 6.35 percent from the previous year. The actual impact for Fiscal Year 2020 for each property will vary depending on the taxable value, types of exemptions and appreciation.

## TAXPAYER IMPACT STATEMENT

FY 2019 Home Value	FY2019 Taxable Homestead Value*	FY 2019 Tax Rate	FY 2019 Tax Bill	Average Home Value Appreciation	FY2020 Homestead Value	FY 2020 Taxable Home Value*	FY 2020 Tax Rate (6.3% over effective)	FY 2020 Tax Bill	Annual Increase	Percent Increase
150,000	\$120,000	10.5521¢	\$127	7.0%	\$160,500	\$128,400	10.5573¢	\$136	\$9	7%
250,000	\$200,000	10.5521¢	\$210	6.1%	\$265,250	\$212,200	10.5573¢	\$224	\$14	6%
350,000	\$280,000	10.5521¢	\$295	5.7%	\$369,950	\$295,960	10.5573¢	\$312	\$17	6%
450,000	\$360,000	10.5521¢	\$380	5.4%	\$474,300	\$379,440	10.5573¢	\$401	\$21	5%
550,000	\$440,000	10.5521¢	\$464	5.4%	\$579,700	\$463,760	10.5573¢	\$490	\$25	5%

\*Includes 20% homestead exemption

## LEASE AND OTHER REVENUE

The other sources of revenue in the Central Health Fiscal Year 2020 budget include lease revenue, interest revenue and revenue received from the tobacco litigation settlement.

Since Ascension Seton relocated to Dell Seton Medical Center at UT, the new hospital facility, in 2017, Central Health's lease revenue for the Campus has declined. Lease revenues in Fiscal Year 2020 are estimated to total \$13.7M, down from Fiscal Year 2019 due to one-time lease premiums received in Fiscal Year 2019. Ascension Seton currently leases the Clinical Education Center and a parking garage on the campus for continued health care delivery, which generate lease revenue. The 2033 Higher Education Development Foundation leases Lots 164 and 167.

Significant work has continued to redevelop the campus in an effort to maximize revenue for future health care delivery. In Fiscal Year 2019, hazardous materials were abated and demolition has begun on several structures. Utilities are being relocated from the central plant so that the central plant can be decommissioned, significantly reducing utility costs. These changes also allow the Board of Managers flexibility in planning the next phases of the Central Health Downtown Property redevelopment.

Central Health qualifies to participate in the Tobacco Settlement Distribution Program established by the 76th Texas Legislature. In Fiscal Year 2020, it is anticipated that Central Health will collect approximately \$3.5 million in revenue. Interest revenue is estimated to be \$2.2 million.

## USES OF FUNDS

Central Health budgets expenditures for Health Care Delivery (95.6 percent of total appropriations) and a smaller program of Administration (3.7 percent of total appropriations). The remaining 0.7 percent is tax collection expense.

### HEALTH CARE DELIVERY PROGRAM

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

#### INTERGOVERNMENTAL TRANSFERS (IGTs)

Central Health provides for the health care of persons up to 200 percent of the federal poverty level. A portion of the tax revenue collected by the District is used to draw down matching federal funds through intergovernmental transfers. These funds are used for unreimbursed care provided through the Disproportionate Share program and the funding of the Delivery System Reform Incentive Payment Program to improve access to care and transform how health care is delivered to the community.

Hospital charity care, as defined by each hospital's charity policy, includes the unreimbursed cost of care for services provided to patients who meet eligibility requirements under that hospital's charity care policy. Other payment programs help defray the cost of health care provided to underinsured residents. In Fiscal Year 2020, local matching funds for the Uniform Hospital Rate Increase Program (UHRIP) and Uncompensated Care (UC) will be provided by local hospitals through the LPPF.

In the Fiscal Year 2020 Budget, this activity anticipates funding the local match for the following federal supplemental hospital payment programs:

1. **Disproportionate Share (DSH)** – this program reimburses public and private hospitals that treat a disproportionate share of Medicaid or uninsured patients. Six hospital districts—including Central Health—comprise the local match for all Texas hospitals, both public and private, that qualify for this program across the state.
2. **Delivery System Reform Incentive Payment (DSRIP)** – provides federal funding for projects that transform the health care delivery system by making it more accessible, more integrated and less costly. The second phase of DSRIP began Jan. 1, 2018. The changes from the initial phase include more focus on outcome measures. This funding is provided through the 1115 Medicaid Waiver, which began September 1, 2011. In Fiscal Year 2020, Central Health will provide IGT payment for the DSRIP programs performed by the CCC only. **See the 1115 Waiver Program section on page 19 for a full summary of this program and its history.**

## USES OF FUNDS (CONTINUED)

Central Health is committed to using its health care delivery funds to leverage additional federal funds and to enhance service delivery. Central Health may elect to utilize contingency funding, if available, for additional IGT requirements or other health care delivery. Overall, we estimate that our IGT activity will be \$61.7 million in Fiscal Year 2020.

Intergovernmental Transfers	FY 2020 Proposed Budget
IGT - Disproportionate Share (DSH)	\$36,120,000
IGT - CCC DSRIP	\$25,574,651
Total	\$61,694,651

Central Health also looks at other major hospital districts throughout Texas to benchmark certain financial metrics. Historically, Central Health paid for hospital services indirectly, primarily through a partnership with the Seton Healthcare Family. The partnership required Seton to maintain operational responsibility for both inpatient hospital services and limited specialty care services, rather than Central Health. In Fiscal Year 2020, Central Health is actively negotiating with Ascension Seton to change the model of how we pay to a claims based direct payment model. This change will improve transparency of hospital services provided and ease the transition of specialty services to more appropriate clinical settings.

### HEALTH CARE SERVICES

Central Health funds primary, specialty and other services for the MAP, MAP Basic, and sliding fee scale programs.

#### **Primary Care**

A significant portion of the Healthcare Services budget is dedicated to primary care. Our main primary care providers are Travis County's Federally Qualified Health Centers: CommUnityCare, People's Community Clinic, and Lone Star Circle of Care. These providers offer primary care medical and behavioral health services to MAP and MAP Basic patients; we contract with Lone Star and CommUnityCare to provide dental services. Our primary care providers offer detailed health information about our patients tracking: chronic disease prevalence, important annual screening rates, and clinical outcome measures. Providers have, with our support, added additional clinical services and visit types for patients, including nutritionist visits, group education, medical social work, pharmacist appointments, and telephone calls with nurses. In the first six months of Fiscal Year 2019, the CCC supported over 168,000 of all types medical visits across all providers.

## USES OF FUNDS (CONTINUED)

### ***Specialty Care***

Specialty care services are provided through a number of clinical partners. Fiscal Year 2019 has seen exciting additions in the following areas: a General Surgery pilot with Austin Surgeons to more quickly assist patients with problems like hernias, gallbladder issues, and lipomas; additional clinical hours for Ear, Nose and Throat services, provided through Austin Regional Clinic; Dermatology, including a “camera clinic” that will connect specialists to primary care through sending images of dermatological problems. We continue to pursue an electronic solution to manage specialty care referrals for the safety net, and support consultations between primary care providers and their specialty care counterparts.

### ***Pharmacy***

A robust pharmacy program supports the clinical needs of our patients. We support patients’ pharmaceutical needs by:

- Subsidizing patient prescription costs;
- Supporting the administration of a Prescription Assistance Program, which connects patients to pharmaceutical companies that offer their drugs at low or no cost to patients with low income;
- Expanding in house pharmacy services at the CUC North Central clinic.

In Fiscal Year 2019, nearly 850 CCC Supported Clinical Pharmacist visits per month are occurring. For the CUC Prescription Assistance Program (PAP), the Fiscal Year 2018 340B cost avoidance was approximately \$9 million for 6,500 fills.

### ***Patient Care Management***

Our thirteen-member Medical Management team provides case management services to the patients who need it most: persons experiencing homelessness, patients transitioning from inpatient care into less-acute care settings, and patients who visit the Emergency Department for non-emergent needs. These services ensure that patients are getting the support they need accessing MAP services, and also help guide patients into coverage programs for which they are eligible. For example, in Fiscal Year 2018, 29 patients were enrolled in Medicaid on account of a disability and 21 patients were enrolled in insurance coverage due to end stage renal disease.

### ***Indigent Health Care***

In Fiscal Year 2020, Central Health estimates funding a payment for indigent health care (\$50.2 million) and related Hospital Performance Incentives (\$2.7 million). Central Health has maintained its Sexual and Reproductive Health program contracts and has a long-standing history of supporting primary and preventive care through its partnerships. Funding is also included for a permanent supportive housing/pay for success program (\$0.6 million).

## HEALTH CARE OPERATIONS AND SUPPORT

This section of the health care delivery program funds the day to day operations that support overall health care delivery. It includes funding for ACA premiums, education and enrollment, eligibility services, community engagement, the operation of the Southeast Health & Wellness Center, and the overall operations management for health care planning and technology support. In addition, funding is included for the real estate function and costs associated with our downtown property. In Fiscal Year 2020, this area includes costs for patient care management; claims payments and provider network relations; quality assessment and performance; and health strategy, communications and population health. The Proposed Budget for this section is \$46.9 million.

# USES OF FUNDS

## (CONTINUED)

### CAPITAL PROJECTS AND RESERVES

In the Fiscal Year 2020 Proposed Budget, there is \$2.95 million budgeted as a transfer to the capital reserve. These funds will be used for capitalized project costs or costs not covered by debt financing.

Several key projects in Eastern Travis County are anticipated to result in capital expenditures for facilities built to support expanded health care services from key partners such as CommUnityCare, the University of Texas School of Nursing, and the City of Austin. We anticipate there will be capital expenditures to prepare for the redevelopment of the downtown property or investments for operations and management to facilitate redevelopment. (for example, Red River realignment and the completion of the utilities project.) Technology improvements are also anticipated like implementation of a new electronic records system for CUC and an econsult and patient referral system.

In order to fund these capital projects, Central Health anticipates issuing debt at a future date. More detailed information on long term planning for capital projects can be found in Attachment C.

Emergency Reserves are proposed to increase by \$6.4 million to reflect the increase in operating expenses described above. See Attachment C for Reserves Policies.

### Definition of capital expenditures

Central Health capitalizes outlays for new facilities and equipment and outlays that substantially increase the useful life of existing capital assets which have an initial, individual cost of \$5,000 or more. Ordinary maintenance and repairs are charged to expense when incurred.

Depreciation is recorded on the straight-line method over the estimated useful lives of the assets. Estimated useful lives for buildings and improvements are 20 to 50 years and for equipment and furniture are 3 to 20 years.

### Discussion of impact of significant capital budget items on current and future operating budgets

Significant capital items may require a transfer from the operating budget to the capital reserve or the payment of interest and debt service, depending on whether the item debt financed. Increases in operating expenses will result from opening new clinics and providing additional services. More detail on the long term operating cost impact by project can be found in Attachment C.

### DEBT

#### Current debt levels

Central Health issued \$16 million in Certificates of Obligation on September 20, 2011. In the Fiscal Year 2020 Proposed Budget, Central Health will have outstanding debt of \$8,715,000. A principal payment of \$1,065,000 will be made during the fiscal year.

#### Current funding required

In the Fiscal Year 2020 Proposed Budget, funding has been included for a principal payment of \$1,065,000 and interest payments of \$308,283.

## USES OF FUNDS (CONTINUED)

### SENDERO HEALTH PLANS

Sendero Health Plans provides coverage in the federal marketplace under the Affordable Care Act (ACA). In Fiscal Year 2019, Central Health included \$6.0 million in the Approved Budget to fund premiums for high-risk MAP clients to enroll in a Sendero plan.

In Fiscal Year 2020, \$7 million in ACA High Risk Premium subsidies are included in the Proposed Budget. Central Health did not budget for funds to provide Sendero capital funding, which is determined by regulatory guidance from the Texas Department of Insurance. From 2011 through the end of 2019, Sendero will have provided approximately \$550 million in services to 175,000 members, with over 2.5 million encounters. The services provided by Sendero offer affordable coverage to members mostly below 200% FPL, and include hospital, specialty, and primary care services.

### ADMINISTRATION PROGRAM

This program funds the activities that allow Central Health to function as a governmental entity and a health care financing entity, e.g.; financial, legal, human resources, facilities management, and planning and communications activities. The Administrative Program is 3.7% of the Central Health budget. Overall, administrative costs have increased in Fiscal Year 2020 to \$10.8 million from \$9.3 million in Fiscal Year 2019. Key drivers in this increase include anticipated increased legal and consulting expenses and additional staff to support increased demand and complexity in contract management.

### TAX COLLECTION

Central Health incurs expenses payable to the Travis Central Appraisal District and the Travis County Tax office annually. In Fiscal Year 2020, we estimate these expenses to be \$1.9 million.

### INVESTING IN THE WORKFORCE

Central Health invests in the local workforce through employment of 148 full-time equivalents in our Fiscal Year 2020 budget. We offer a robust benefits package, including health care coverage, retirement plan matching, life insurance and short- and long-term disability insurance. Furthermore, our health plan offers wellness benefits and employees have access to legal services and backup caretaker services. Included in our Fiscal Year 2020 budget is a 3 percent performance-based merit increase in wages and estimates for market adjustments. Our estimate for benefits costs is 30% of salaries to accommodate anticipated employee health insurance increases. In Fiscal Year 2020, Central Health is making a significant investment in health care delivery staff.

Program	FY2018 FTEs	FY2019 FTEs	FY2019 CYE FTEs	FY2020 FTEs
Administration	31.00	32.00	35.25	41.00
Health Care Delivery	44.00	46.00	47.75	107.00
<b>Total</b>	<b>75.00</b>	<b>78.00</b>	<b>83.00</b>	<b>148.00</b>

## [ GETTING INVOLVED IN *Central Health* ]

We encourage Travis County residents to keep up with our budget development process, ongoing financial updates and Board of Managers and Budget and Finance Committee meetings (held monthly and webcast and televised live). Ways to get involved:

**1. Visit our website.**

Central Health budget and finance information including monthly financial statements, annual financial audit reports, and current and previous fiscal year budgets are available at: [centralhealth.net/finance](http://centralhealth.net/finance).

**2. Attend or watch our meetings.**

Central Health's Board of Managers meetings and the Board's Budget and Finance Committee meetings are both available by livestream and archived. Links to the meetings with agenda items, supporting materials, and presentations are available at: [centralhealth.net/meetings](http://centralhealth.net/meetings).

**3. Sign up for our newsletter.**

Central Health does a variety of community engagement activities including soliciting feedback from patients, community members, and concerned citizens. To connect with us please visit [centralhealth.net](http://centralhealth.net) and sign up for our email list.



# ATTACHMENT A

## Fiscal Year 2019 and Fiscal Year 2020 Approved Budget Sources and Summary



CENTRAL HEALTH

ATTACHMENT A

### FY 2019 Approved Budget and FY 2020 Proposed Budget Sources and Uses Summary

DESCRIPTION	FY 2019 APPROVED BUDGET	FY 2020 PROPOSED BUDGET
<b>TAX RATE</b>	<b>0.105221</b>	<b>0.105573</b>
<b>SOURCES</b>		
Property Taxes	196,861,527	214,906,371
Lease Revenue	18,067,937	13,749,848
Interest	400,000	2,150,000
Tobacco Litigation Settlement	2,000,000	3,500,000
Subtotal Revenue	<b>217,329,464</b>	<b>234,306,218</b>
Contingency Reserve	41,039,184	56,499,497
<b>Total Sources</b>	<b>258,368,648</b>	<b>290,805,715</b>
<b>USES</b>		
Healthcare Delivery	247,343,600	278,017,579
Administration	9,321,838	10,899,878
Tax Collection	1,703,210	1,888,258
<b>Total Uses</b>	<b>258,368,648</b>	<b>290,805,715</b>
<b>RESERVES (ending balance)</b>		
Capital		
HMO Risk-based Capital Reserve		
Contingency Reserve		
Emergency Reserve	32,313,546	38,719,836
<b>Total Reserves</b>	<b>32,313,546</b>	<b>38,719,836</b>

## Fiscal Year 2020 Approved Budget Uses Detail



**FY 2019 Approved Budget and FY 2020 Proposed Budget Sources and Uses Summary**

DESCRIPTION	FY 2019 APPROVED BUDGET	FY 2020 PROPOSED BUDGET
<b>HEALTH CARE DELIVERY</b>		
<b>Intergovernmental transfers:</b>		
IGT - Private UC	24,000,000	-
IGT - Public UC	24,500,000	-
IGT - Disproportionate Share	35,000,000	36,120,000
IGT - CCC DSRIP	27,500,000	25,574,651
IGT - Seton DSRIP	27,500,000	-
IGT - St. David's DSRIP	630,000	-
<b>Total Intergovernmental Transfers</b>	<b>139,130,000</b>	<b>61,694,651</b>
<b>Healthcare Services</b>		
Member Payment	34,000,000	-
Primary Care: Medical, Dental, Behavioral Health	-	50,270,000
Specialty Care, including Specialty Dental	-	8,940,000
Specialty Care: Behavioral Health	-	883,856
Post Acute Care	-	5,400,000
Pharmacy	-	11,600,000
Indigent Care Payment		50,225,000
Hospital Performance Incentive		2,700,000
Reproductive and Sexual Health	1,870,344	1,950,000
Healthcare Services - PSH/PFS Payment	-	600,000
Integrated Care Collaboration (ICC)	719,990	719,990
Primary Care - Mobile Health Clinic	768,500	-
Primary & Specialty Care Reserves	2,000,000	2,000,000
<b>Total Healthcare Services</b>	<b>39,358,834</b>	<b>135,288,846</b>
<b>Healthcare Operations &amp; Support</b>		
New Healthcare Initiatives and Strategic Work Plan Strategies	1,400,000	-
ACA Healthcare Premium Assistance Programs	8,085,000	9,251,800
ACA Education and Enrollment	831,000	604,320
Healthcare Facilities and Financing (Campus/Development)	11,125,542	10,074,543
UT land lease for teaching hospital	912,502	921,627
Salary and Benefits	3,689,436	15,367,494
Legal	46,200	184,500
Consulting	459,590	1,073,000
Other professional services	365,000	4,493,819
Marketing & Community Relations	414,868	446,166
Community Engagement	350,000	350,000
Leases, security & maintenance	599,320	803,220



**FY 2019 Approved Budget and FY 2020 Proposed Budget Sources and Uses Summary**

DESCRIPTION	FY 2019 APPROVED BUDGET	FY 2020 PROPOSED BUDGET
Phones, computer equipment & utilities	1,091,890	2,532,760
Printing, copying, postage & signage	133,750	300,633
Travel, training and professional development	40,285	237,140
Other operating expenses	407,480	255,995
Health Promotions	315,455	
<b>Total Healthcare Operations</b>	<b>30,267,318</b>	<b>46,897,017</b>
<b>Reserves, appropriated uses &amp; transfers:</b>		
Transfer to capital reserve	2,840,000	2,950,000
Transfer to emergency reserve	1,000,000	6,406,290
Sendero risk-based capital	20,000,000	-
Contingency reserve appropriation	13,374,631	23,407,493
<b>Total Reserves, appropriated uses &amp; transfers</b>	<b>37,214,631</b>	<b>32,763,783</b>
<b>Debt service:</b>		
Debt service - principal retirement	1,030,000	1,065,000
Debt service - interest	342,818	308,283
<b>Total Debt Service</b>	<b>1,372,818</b>	<b>1,373,283</b>
<b>Total Healthcare Delivery</b>	<b>247,343,600</b>	<b>278,017,579</b>
<b>ADMINISTRATION</b>		
Salary and Benefits	4,690,997	5,903,601
Legal	1,198,320	1,390,820
Consulting	1,026,500	1,187,720
Investment Services (Travis County)	110,000	115,500
Benefits & Payroll administrative services	165,150	174,550
Other professional services	495,000	482,950
Marketing & Community Relations	194,800	212,700
Leases, security & maintenance	308,096	335,200
Insurance & Risk Management	150,030	150,030
Phones, computer equipment & utilities	147,000	135,900
Printing, copying, postage & signage	117,820	103,775
Travel, training and professional development	176,495	211,960
Other operating expenses	541,630	495,172
<b>Total Administration</b>	<b>9,321,838</b>	<b>10,899,878</b>
<b>TAX COLLECTION</b>		
Appraisal District Svcs	1,018,710	1,069,646
Tax Collection Expense	684,500	818,612
<b>Total Tax Collection</b>	<b>1,703,210</b>	<b>1,888,258</b>
<b>TOTAL USES</b>	<b>258,368,648</b>	<b>290,805,715</b>

# ATTACHMENT C

## FISCAL YEAR 2020 Capital Budget

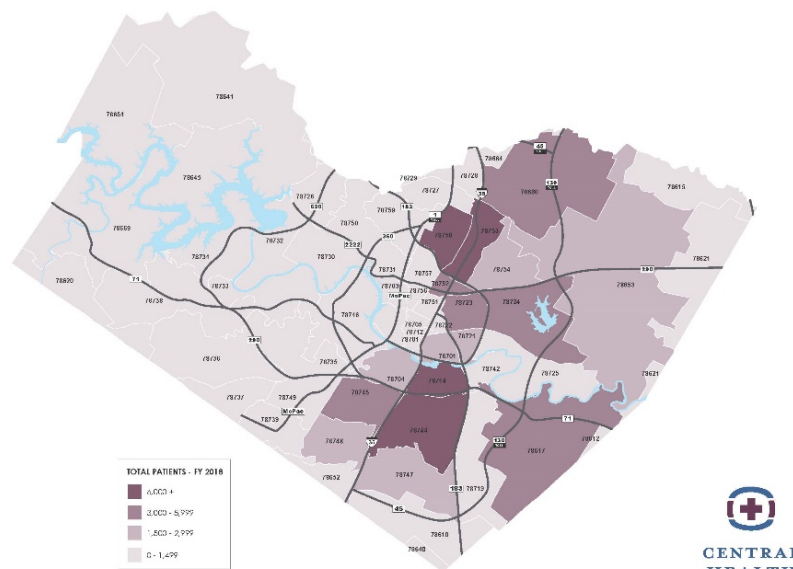
### Capital Reserves (in Millions)

Description	Estimated Opening Balance FY20	Estimated FY20 Capital Expenses	Additional Reserves	Possible Debt Financing	Estimated Ending Balance FY20
Clinical Services/ETC	-	\$7.7	-	\$7.7	-
Campus Redevelopment	1.1	5.1	-	5.1	1.1
Technology and Equipment	0.6	9.6	0.9	8.7	0.6
Facilities Improvements	2.0	2.6	2.1	-	1.5
<b>Estimated Capital Reserves</b>	<b>\$3.7</b>	<b>\$25.0</b>	<b>\$3.0</b>	<b>\$21.4</b>	<b>\$3.2</b>

### Potential Project:

- Eastern Travis County: two-three potential clinic locations
- Campus redevelopment: Red River realignment
- Technology and equipment: Clinical software and services
- Facilities: Building improvements, new and existing clinic locations

Shown below is a map of Travis County that reflects the high patient need in Eastern Travis County.



The Fiscal Year 2020 budget anticipates \$25M in capital costs. The sources of these funds may be from existing or new reserves, or the issuance of debt.

Information on approved projects to-date is included below.

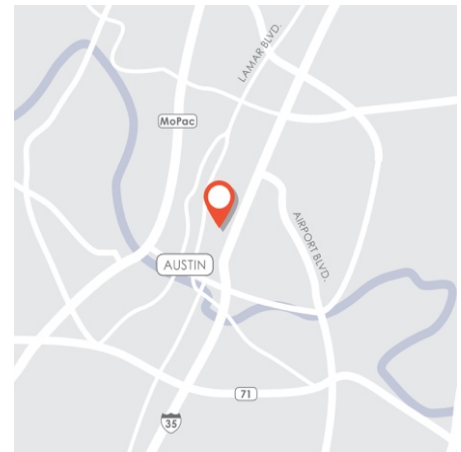
## Two to Three Clinic Developments

Central Health plans two to three clinic developments including plans to expand services in Hornsby Bend. Central Health recently purchased a five-acre site. Site development timeline is to be determined.

Estimated Project Start Date	Capital Expenses and Startup	Source of Capital	Estimated Square Footage	Estimated Service Delivery Start Date	Estimated Annual Operating Expense (to Provider/Operator)
Winter 2019	\$7.7M	Debt	5,000 plus	Early 2021	TBD

## Central Health Downtown Property: Red River Realignment

Central Health is working with the City of Austin and 2033 Higher Education Foundation (ground lessor of Block 164 of the Property) to realign Red River Street from 15<sup>th</sup> to 12<sup>th</sup> Street. Red River's realignment will better support future development of, and is tied to rezoning of Central Health's Downtown Property. Central Health and the City of Austin are negotiating an Interlocal Agreement for this effort.



Estimated Project Start Date	Capital Expenses and Startup	Source of Capital	Estimated Square Footage	Estimated Completion	Estimated Annual Operating Expense (to Provider/Operator)
Spring 2020	\$5.1M	Debt	N/A	Summer 2021	N/A

## Technology and Equipment

Central Health will invest in an electronic health records system to be used by CommUnity Care. Modules and providers will be phased in. The contract for this project is still under negotiation and the capital cost represents our best estimate at this time. There will be operating costs associated with this system, however, it will allow CommUnity Care to discontinue other systems that provide some of the functionality of the new system. It is anticipated that the return on investment over ten years could approach a net \$0 for operating costs.

Central Health anticipates investing in a digital solution to streamline referral management between contracted primary and specialty care providers while facilitating eConsultation and providing key data analytics to assess wait-times and to identify areas of improvements in access to care and health outcomes. Providers will be phased in.

<b>Estimated Project Start Date</b>	<b>Capital Expenses and Startup</b>	<b>Source of Capital</b>	<b>Estimated Square Footage</b>	<b>Estimated Service Delivery Start Date</b>	<b>Estimated Annual Operating Expense (to Provider/Operator)</b>
10/1/2019	\$9.6M	Debt and Reserves		12/1/2019 – Spring 2022	TBD

## [ ATTACHMENT D ]

Additional Detail on the Community Care Collaborative  
can be found at [ccc-ids.org](http://ccc-ids.org).



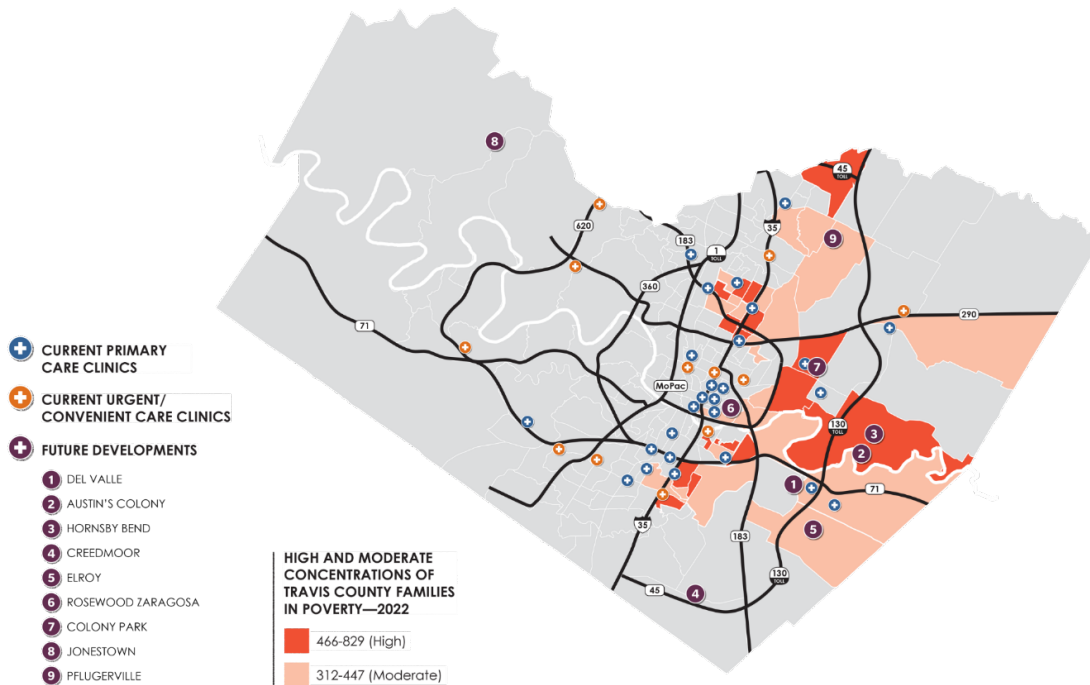
## ATTACHMENT E

Audited Financials for Central Health can be found at [centralhealth.net/wp-content/uploads/2019/01/Travis-County-Healthcare-District-dba-Central-Health-Financial-Statements\\_9-30-2018.pdf](http://centralhealth.net/wp-content/uploads/2019/01/Travis-County-Healthcare-District-dba-Central-Health-Financial-Statements_9-30-2018.pdf)

## ATTACHMENT F

Financial Policies can be found at [centralhealth.net/finance/](http://centralhealth.net/finance/) under “Download Budget Documents”.

## 2018 ACCOMPLISHMENTS: Service and Facility Expansion



As Austin becomes less affordable, more people are relocating to rural and suburban areas of Travis County. Over the next five years, areas east of I-35 are projected to have some of Travis County's highest concentration of families living in poverty. To address these challenges, Central Health is leading a group called the Eastern Travis County Health & Wellness Collaboration, consisting of more than 20 community partners, to expand health care and social services to underserved areas of Travis County. Learn more: [CentralHealth.net/EasternTravCo](http://CentralHealth.net/EasternTravCo).

- In 2018, Central Health identified four priority areas in East Travis County to focus increases and improvements for care delivery in 2019. These include Creedmoor, Kellam Road and Austin's Colony Hornsby Bend in Del Valle and Colony Park;
- Central Health, CommUnityCare, Austin ISD, Travis County Health & Human Services and Austin Public Health partnered to open the Northeast Health Resource in April 2018 to provide Colony Park residents with health care, enrollment and screening services;
- In collaboration with CommUnityCare and Travis County, the Dell Valle Health Center opened in November 2017;
- Site plans were finalized to develop a 20,000-square-foot health care facility at the Community First! Village, which will offer new access for the hundreds of formerly homeless residents living in the village.

## 2018 ACCOMPLISHMENTS: Population Health



According to the U.S. Department of Health & Human Services, only 20 percent of an individual's health is determined at the doctor's office. As much as 50 percent is determined by non-clinical factors sometimes described as *social determinants of health*, such as a person's access to safe housing, affordable and healthy food, transportation and jobs. Central Health is collecting data to determine our role in addressing these social factors while offering and testing innovative programs.

- In 2018, the Central Health Equity Policy Council—comprised of 70 local health advocates—worked with local school districts to implement recess policies that encourage physical activity;
- The Community Care Collaborative (CCC) – Central Health's nonprofit partnership with Ascension Seton – provided free rides to Medical Access Program (MAP) for clinic appointments, pharmacies, and physical therapy, through a partnership with RideAustin;
- Sendero Health Plans—Central Health's nonprofit insurance plan—distributed 4,330 free meals to children and their families through its summer lunch program.





## 2018 ACCOMPLISHMENTS: Primary & Specialty Care



Through Central Health's network of providers, patients can access medical, dental, behavioral health and prescription services. Our network includes 41 primary care locations, 40 specialty care clinics, 24 urgent/convenient care locations, 7 hospitals and dozens of additional care providers.

- In 2018, 183,985 Travis County residents received health care services as a direct result of Central Health funding – that's more than 1 in 7 residents;
- CommUnityCare alone provided more than 297,000 alternative care visits with nurses, clinical pharmacists, nutritionists and other non-physicians, allowing patients quicker access to care when a doctor visit isn't necessary;
- CommUnityCare launched a shuttle pilot program to provide patients and clients free rides to and from the Central Health Southeast Health & Wellness Center;
- The CCC made significant progress in improving specialty care by eliminating ophthalmology wait lists for MAP patients, doubling ear, nose and throat clinic availability; and increasing access to rheumatology and urology specialists.

## 2018 ACCOMPLISHMENTS: Patient Experience

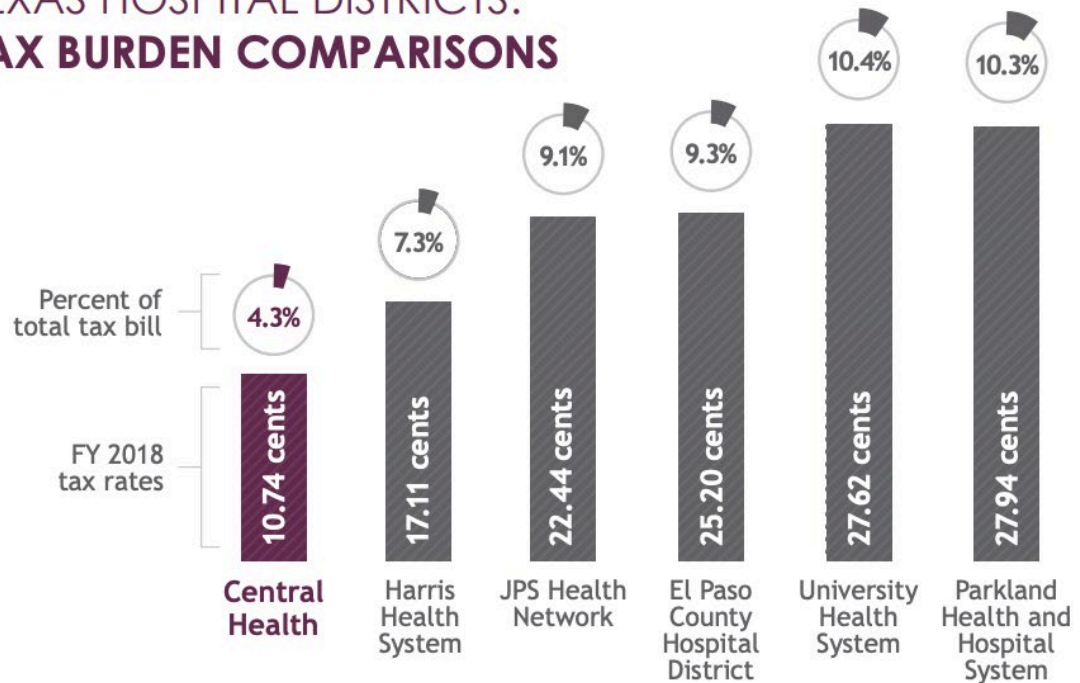


Central Health recently prioritized funding projects that improve the patient experience and health outcomes, and result in increased savings to the health system. This includes funding medical and case management programs, such as wrap-around services, which support collaboration among health care, behavioral health and social service providers to improve the lives of patients. It also includes funding for patient navigators – people assigned to assist patients move more effectively through the health care system.

- In 2018, the CCC began offering comprehensive system navigation and support for MAP patients through its Medical Management program, with a special focus on transitions from the hospital or emergency department;
- Central Health and the CCC continued gathering information and outcome measures directly from patients through surveys and in-person conversations to improve their experience with the health system;
- The CCC continued providing post-acute care at skilled nursing facilities and recuperative care for homeless patients.



## MAJOR TEXAS HOSPITAL DISTRICTS: FY 2018 TAX BURDEN COMPARISONS



As a steward of public funds, Central Health must balance fiscal responsibility with the growing need for health care services. Central Health demonstrates its commitment to stewardship by collaborating with the City of Austin, Travis County and other local public agencies to plan for capital projects – such as facility and service expansion.

- In 2018, Central Health maintained the lowest tax rate of any major urban Texas hospital district while managing revenue to ensure sufficient reserves;
- Central Health provided homeowners a 20 percent homestead exemption, with a \$5,000 minimum—the maximum allowed by state law;
- Central Health continued to plan for the redevelopment of its downtown property, including identifying new partnerships and various leasing components. So far, the redevelopment has generated almost \$2.8 million for health care.



# ATTACHMENT H

## Glossary

<b>1115 Waiver</b>	A federal funding program for uncompensated care and Deliver System Reform Payments (DSRIP)
<b>ACA</b>	Affordable Care Act
<b>BMI</b>	Body Mass Index
<b>CCC</b>	Community Care Collaborative
<b>CDM Program</b>	Continuous Diagnostics and Mitigation
<b>CEO</b>	Chief Executive Officer
<b>CHIP</b>	Children's Health Insurance Program
<b>CMS</b>	Centers for Medicare & Medicaid Services
<b>DSH</b>	Disproportionate Share
<b>DSRIP</b>	Delivery System Reform Incentive Payment
<b>DY</b>	DSRIP funding year
<b>ED</b>	Emergency Department
<b>EMS</b>	Emergency Medical Services
<b>FTE</b>	Full-time Equivalent
<b>FPL</b>	Federal Poverty Level
<b>FQHC</b>	Federally Qualified Health Center
<b>GI</b>	Gastrointestinal
<b>HIV</b>	Human Immunodeficiency Virus
<b>HHSC</b>	Texas Health and Human Services Commission
<b>HMO</b>	Health Maintenance Organization
<b>IGT</b>	Intergovernmental Transfers
<b>ISD</b>	Independent School District
<b>IMF</b>	International Monetary Fund
<b>LPPF</b>	Local Provider Participation Fund
<b>MAP</b>	Medical Access Program, a full benefits package for eligible residents who are at or below 100 percent of the Federal Poverty Level (FPL)
<b>MLIU</b>	Medicaid Low-Income or Uninsured
<b>MSA</b>	Metropolitan Statistical Area
<b>PCMH</b>	Patient Centered Medical Homes
<b>STAR</b>	State of Texas Access Reform – Medicaid program through which most people in Texas get their Medicaid coverage
<b>STI</b>	Sexually Transmitted Infection
<b>TPA</b>	Third Party Administrator
<b>UC</b>	Uncompensated Care
<b>UMBC</b>	University Medical Center Brackenridge

## FOR MORE INFORMATION, VISIT ANY OF CENTRAL HEALTH'S WEBSITES:

### [CentralHealth.net](http://CentralHealth.net)

Central Health's primary web site. Find information about our history, our Board of Managers and Executive Leadership team, upcoming meeting schedules, budget and financial documents, links to health care resources, health care planning updates and data, news and press releases, job openings, and more.

### [CCC-IDS.org](http://CCC-IDS.org)

The home for information about the Community Care Collaborative—the Central Health and Seton Healthcare Family non-profit partnership—including meetings, financing, current projects and careers.

### [CommUnityCareTX.org](http://CommUnityCareTX.org)

The site is a resource for locations, services and contact information to any of CommUnity- Care's 20-plus health centers. Visitors may also access links to a patient portal, eligibility and career resources.

### [SenderoHealth.com](http://SenderoHealth.com)

Sendero Health Plans is an Austin-based nonprofit organization providing a locally based health maintenance organization (HMO) tailored to the needs of Central Texas communities.

Visit the site to learn more about Sendero's health coverage options.

### [MedicalAccessProgram.net](http://MedicalAccessProgram.net)

This site provides information about the Medical Access Program (MAP), Central Health's own health coverage program for Travis County residents at or below 100 percent of federal poverty level. Learn about the benefits, where to seek care, and more.

### [CHEligibility.net](http://CHEligibility.net)

Find out if you might qualify for MAP, or any of the other health plans offered by the State of Texas, including Medicaid and CHIP. You can also learn about the process for enrolling and details about information necessary to begin.

### [TexasRHP7.org](http://TexasRHP7.org)

The home for 1115 Medicaid Waiver-related information, specific to Region 7, the region anchored by Central Health. The latest news and updates for participants, as well as essential information, forms and data is all available here.



CENTRAL HEALTH



@CentralHealthTX



[www.facebook.com/CentralHealthTX](http://www.facebook.com/CentralHealthTX)