



Collaborations: Strengthening the Community Healthcare Network

DISTRICT VISION:

Central Texas is a model healthy community.

DISTRICT MISSION:

Promote the health and wellness of the residents of our community, especially the uninsured and under-insured, by working together to ensure access to a full range of coordinated healthcare services.

travis county HEALTHCARE
DISTRICT

annual report 2007

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Board Chairperson Carl Richie accepts the *Austin Business Journal's* "Health Care Heroes" special award in August, 2007.

Executive Message

Travis County Residents:

Our third complete fiscal year was a time of growth and hard work for the Travis County Healthcare District (District or TCHD) as well as the community we serve, eligible residents of Travis County who lack access to necessary healthcare services.

The District continued to make progress during FY07 on improving access to mental health care for eligible residents by increasing funding for services and working with service providers to improve the way services are coordinated and delivered. There is much work still to be done but we are proud of the progress made to date on this very important matter.

We also made substantial investments to improve facilities and access to care at our area's Level II Regional Trauma Center, University Medical Center at Brackenridge (UMCB). All members of our community benefit from the results of these investments through greater capacity at the most acute healthcare access point in Travis County.

An additional collaboration with UMCB resulted in the establishment of an urgent care center for eligible residents adjacent to UMCB's emergency room (ER) to help take the pressure off the ER for non-urgent care needs. We further worked to increase

service capacity by funding after-hours and walk-in access at certain of the Austin/ Travis County Community Health Centers (CHCs). These initiatives are even more important and fiscally responsible when the result is our ability to give our community's residents access to more affordable and appropriate care.

Like many communities across the nation, we struggle to meet the healthcare needs of our residents. Healthcare costs continue to rise and greater numbers of residents are unable to secure health insurance either because it isn't available to them or it is too expensive. Any effort which supports our vision of Central Texas as a model healthy community is an effort we can all applaud.

Speaking of applause, we would be remiss for not patting ourselves on the back for the "Health Care Heroes" award the District's Board of Managers received in July 2007 from the *Austin Business Journal*.

In closing, we want to share the story of a friend's grandmother who said, "You haven't lost anything until you've lost your good health." Please friends, let's all do our part to keep ourselves, our family, our friends, and our neighbors in good health. We're here to ensure access to care for our community. Let's all stay healthy in the process.

To good health for all,



Patricia A. Young Brown, CPA
President & CEO



Carl S. Richie, Jr.
Chairperson, Board of Managers

District Resources & Capabilities

The District is a limited-purpose taxing district created by Travis County voters in a May 2004 election. The District was formed to ensure the provision of healthcare services to eligible residents living within Travis County, Texas. It is an efficient organization charged with innovation and stewardship of taxpayer funds. Led by President and CEO Patricia A. Young Brown, TCHD is governed by a nine-member Board of Managers, four of whom are appointed by the City of Austin, four of whom are appointed by Travis County, and one who is jointly appointed by both governmental bodies. All members serve staggered four-year terms in a volunteer capacity.

During FY07, the District focused on making progress through increased funding for inpatient mental health beds, additional access to primary and specialty care, and for improvements at the region's

Level II trauma center, which serves the community at large. During this period, the District's actual healthcare expenditures increased from a total of \$63.6 million in FY06 to \$65.9 million in FY07. Based on an understanding that the community's healthcare needs require committed collaboration, the District worked to strengthen the community healthcare network by working to pursue additional partnerships while attracting investments that would complement and increase the impact of taxpayer funding.

During the District's initial two years of operation, resources and capabilities were centered on strategically delivering healthcare service access while preparing for the future. The resulting Strategic Plan laid the foundation for the incremental progress realized by the District in FY07.



Clarke Heidrick, outgoing chairperson, is honored with an award from District President and CEO Trish Young Brown for his service to the District and to the residents of Travis County.

Travis County Healthcare District Leadership



Patricia A. Young Brown, CPA
President & Ceo



Carl S. Richie, Jr.
Chairperson, Board of Managers



Thomas B. Coopwood, M.D.
Vice-Chairperson
Board of Managers



Rose Lancaster
Secretary
Board of Managers



Rosie Mendoza, CPA
Treasurer
Board of Managers



Bobbie Barker
Board of Managers



Clarke Heidrick
Board of Managers



Donald Patrick, M.D., J.D.
Board of Managers



Frank Rodriguez
Board of Managers



Eduardo Sanchez
Board of Managers

Trauma & Urgent Care

During FY07 the District continued its focus on investing and improving the community's access to critical care and urgent care services by increasing the system's capacity and improving facilities through capital investments.

In its role as community steward with responsibility for limited healthcare resources, the District evaluates and endeavors to determine the best opportunities for filling the gaps in the continuum of care. The District identified the following areas of note in critical care services:

- Use of emergency room (ER) for non-critical care
- Increased medical admissions

University Medical Center at Brackenridge (UMCB) experienced a 17% increase in emergency department use and a 14% increase in trauma cases over the previous five years. To increase service capacity, the District made a capital investment in trauma and other hospital service facilities at UMCB during FY07. The District's \$1 million investment complemented a \$5.74 million investment in the project by the Seton Family of Hospitals.

As a direct result of the District's and Seton's investment, UMCB increased its ability to better meet the healthcare needs of all Travis County residents.

University Medical Center at Brackenridge is a community asset owned by the District and leased to the Seton Family of Hospitals, the facility operator. The District

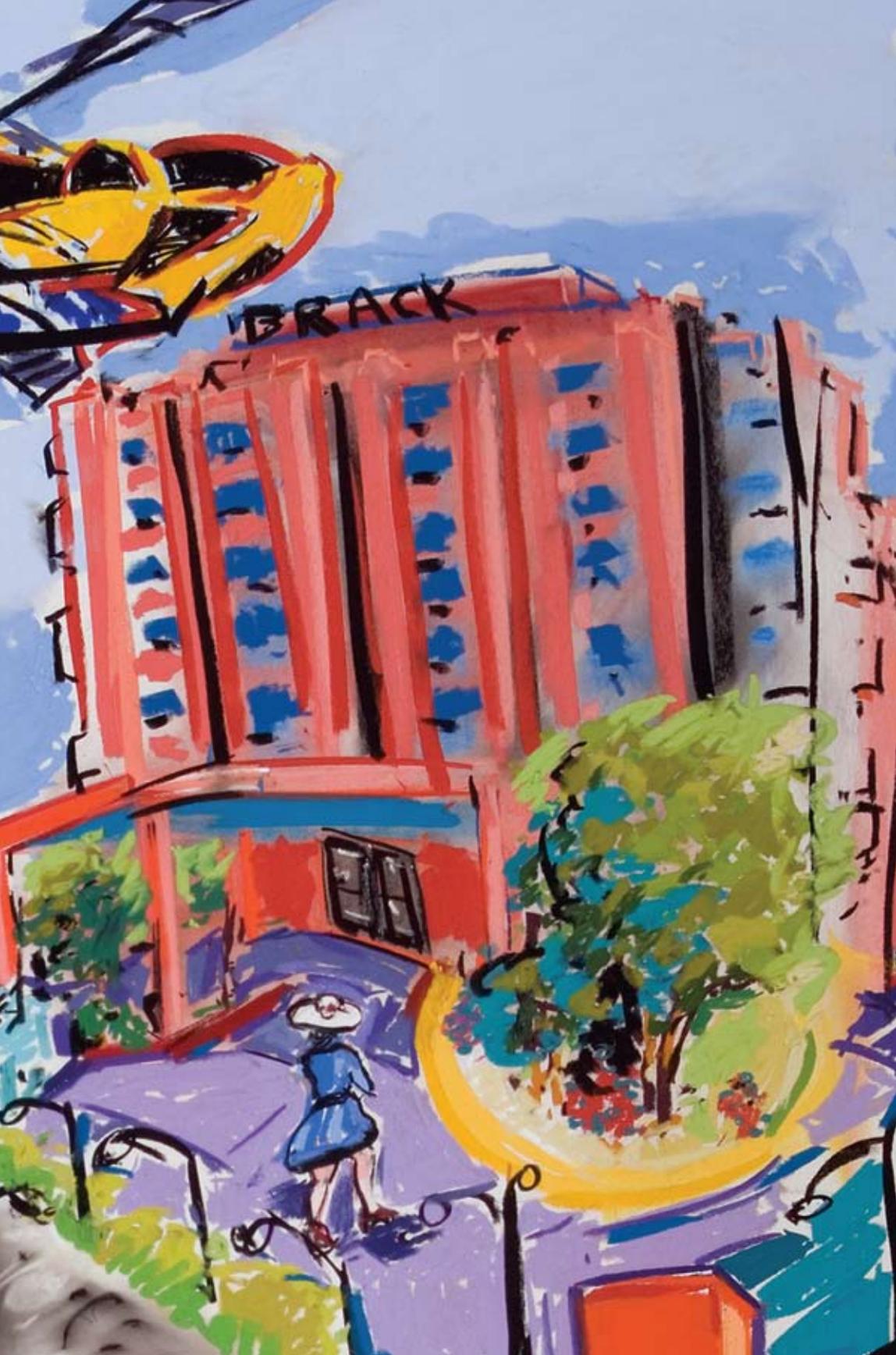
supports the operation of UMCB through an annual lump sum payment for charity care services to UMCB as well as through direct payment for services rendered to enrollees of the District's local health plan. The District's charity care payment assists with the cost of providing hospital care to those unable to pay for services or who qualify for financial assistance. As a Level II regional trauma center, the District's support of UMCB benefits all members of our community.

To address the use of UMCB's emergency room for non-critical care purposes, the District provided financial support to a collaboration between the Austin/Travis County Community Health Centers (CHCs) and UMCB, in their effort to open an urgent care center adjacent to UMCB. The urgent care center provided an alternative to emergency room care for Travis County residents enrolled in the District's local health plan as well as patients of the CHCs. Additionally, the District funded increased access to non-emergency healthcare services provided by the CHCs through the expansion of walk-in and after-hours capacity at several locations.

Through these efforts, the District exhibited wise use of taxpayer funds by redirecting care out of the more expensive ER environment, when possible and appropriate. The expansion of walk-in and after-hours service availability helped the District and CHCs promote community wellness and patient-centric healthcare access.



New trauma rooms supported by District funds were unveiled at a May, 2007 dedication ceremony.



Primary & Specialty Care

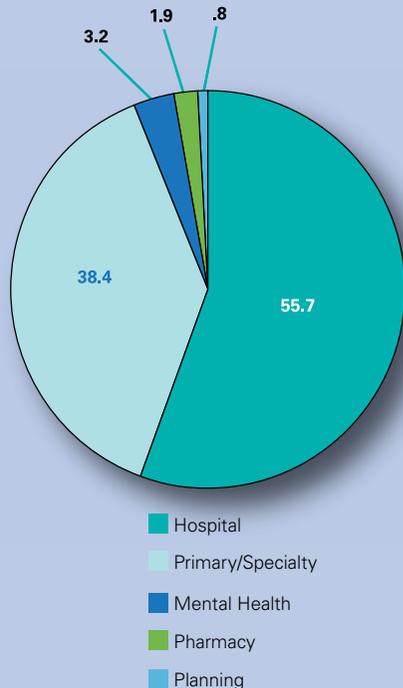
In FY07, the District continued to increase its funding of primary care services provided by the Austin/Travis County Community Health Centers (CHCs), People's Community Clinic and Project Access. Overall, patient visits supported by District funding increased by 30% from 2005 to 2007 for a total of more than 200,000 total encounters. The CHCs were the primary access points with 82%* of total encounters. The CHCs alone provided care to over 50,000 patients annually.*

Project Access is a coordinated system of volunteer physician care, hospital care, diagnostic services, and medication

assistance administered by the Travis County Medical Society. Since the District's inception in 2004, Project Access has been a provider of both primary and specialty care services to eligible residents. Since Project Access' inception in 2003, it has enrolled more than 1,900 patients. It has provided more than 8,000 patient encounters, resulting in the donation of over \$6.1 million in free healthcare provided by 870 area physicians. By supporting the work of Project Access, an important part of the community's network of care, the District further increased access to healthcare for eligible residents of Travis County.

**Note: Does not include mental health encounters*

FY07 Actual Healthcare Expenditures by Service Category





CHC

PEOPLE'S

Mental Healthcare

The integration of physical and behavioral health is an important issue where the District's partnership with other healthcare entities produced significant results in 2007.

Without a doubt, FY07 was a benchmark year for improving the state of mental health crisis services for Travis county residents. Since its creation, the District has worked in close partnership with involved local agencies and providers to improve these essential yet often overlooked and underfunded services. Through District leadership and collaboration in the form of the Mental Health Stakeholders Group, significant, tangible strides have been made in improving access to mental health crisis services in the past fiscal year.

A total of \$1 million was initially approved by the Board of Managers during FY07 for inpatient mental health services at Seton Shoal Creek Hospital; funding sufficient to serve an estimated 300 patients. In April 2007, the District Board of Managers approved an additional \$900,000 to increase inpatient mental health services and service capacity at Seton Shoal Creek Hospital. The initiative supported payment for direct care delivery for 82 additional patients through 2007 and also created the availability of 16 new beds. To support effective patient

care and the better coordination of service delivery Travis County Probate Court Judge Guy Herman agreed to begin holding commitment court hearings directly at Seton Shoal Creek to avoid the need to transport patients away from their care setting while providing due process of their rights.

Initiatives in which the District was also active include the support of:

- Integrated mental health services available at all locations of the Austin/Travis County Community Health Centers (CHCs)
- Enhanced access to medications for shared patients of the local Mental Health Authority and the CHCs

The above initiatives improved the ability of various healthcare agencies to efficiently and effectively provide essential treatment and medications to those in need.

The District continues to lead efforts with the Mental Health Stakeholders Group founded in 2005 to help develop and report data on mental healthcare services as well as improving service availability community wide.

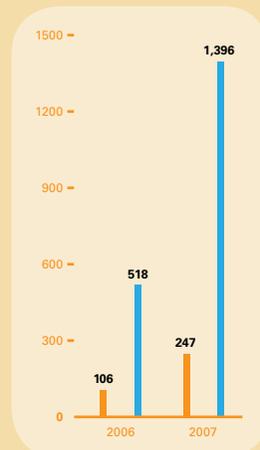
"If I hadn't received treatment, I might not be here today,"

Brandi Forth, recipient of TCHD funded services

"Mental health services expanding," *Austin American-Statesman*, January 9, 2008.

Inpatient Mental Health Admissions

■ Inpatient Admissions
■ Bed Days





Efficiency & Integration of Service Delivery

Through its leadership, the District led expansions in Travis County's network of care, which improved the community's access to healthcare in an effective and efficient manner. With limited funding sources always in mind, the District collaborated with other public health entities, provider networks, and interested community members on healthcare access issues affecting the region.

Community-based initiatives require committed collaborative partners. Affordable, accessible and efficient healthcare service delivery is an area of concern for all residents regardless of economic or social conditions. For those without adequate access to affordable healthcare services, a functional and efficient network of services must be available and supported by forward-thinking community partners.

A strong example of committed collaborations is the Integrated Care Collaboration (ICC), a nonprofit organization comprised of 18 partnering organizations in Central Texas who work together to improve the efficiency and quality of

healthcare services available for residents of Williamson, Travis, and Hays County. The District renewed its financial support of the ICC to continue work toward improvement and connectivity of the overall network of care. ICC utilized District support to improve access to and utilization of information technology across its membership. Additionally, through the District's support the ICC was able to offer a coordinated Patient Assistance Program for member organizations that has provided 44,575 prescriptions to 4,527 unduplicated patients since inception. The District's support of the program generated \$6.7 million in free pharmaceuticals for community residents.

Together with partners like these, the District ensures access to a full range of coordinated healthcare services for the eligible residents of Travis County. Ongoing development of collaborations toward strengthening the community healthcare network will help the District realize the development of Central Texas as a model healthy community.



Members of the Mental Health Stakeholders Group, convened by the District, announced an Interim Crisis Services Plan to address the gaps in crisis mental health services in Travis County.



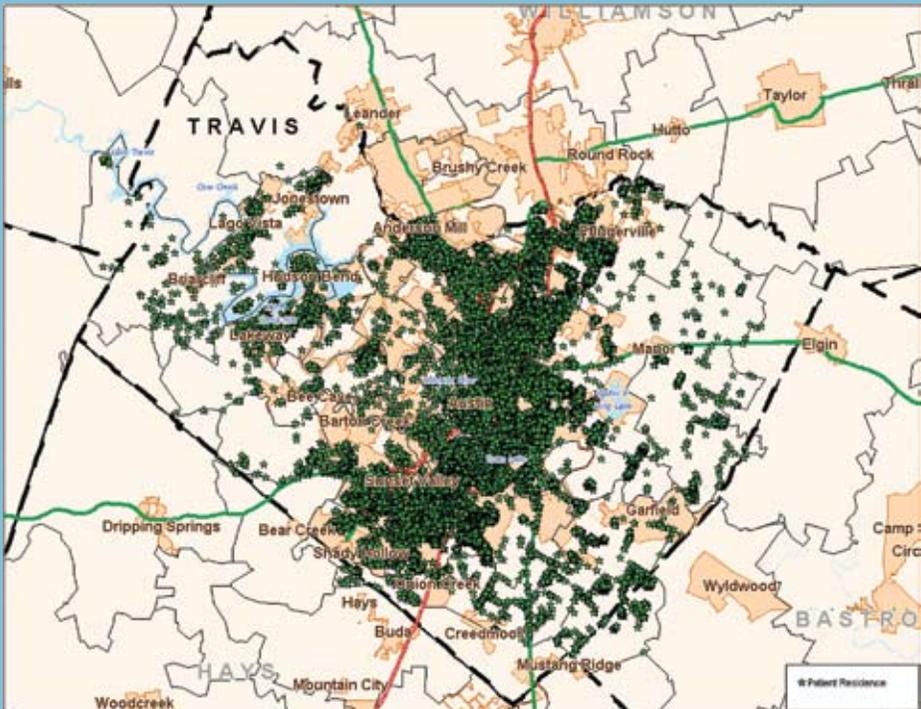
Regional Collaboration

A close look at data proves that healthcare services are delivered on a regional basis according to the needs of the population, regardless of county lines. On multiple issues, the Central Texas community has recognized the need to plan regionally. The District actively sought opportunities to work collaboratively with neighboring counties, healthcare service providers, public agencies, business communities and residents to improve the delivery and financing of the regional healthcare system.

One effort in which the District participated is a regional collaborative to

develop affordable insurance options for small businesses in order to reduce the number of uninsured residents in Travis County and the surrounding region.

Efforts such as these that involve the business community highlight the collaborative strength of the Central Texas community and provides confidence with the knowledge that the Central Texas region has the ability to promote—one and all—the health, wellness, and productivity of its citizens.



Each star represents one patient who has a Travis County zip code, and who had a medical encounter at one of the Indigent Care Collaboration's member locations from May 1, 2005–April 30, 2006.



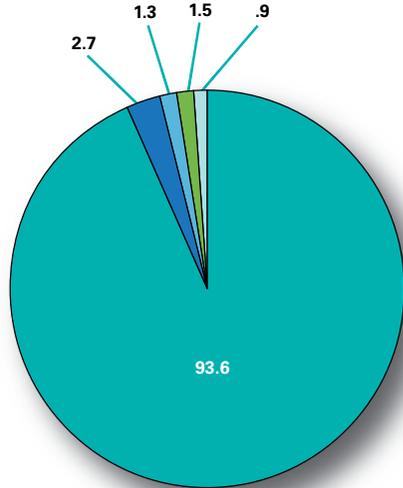
Audited Financial Statements

Excerpts from the audited financial statements are exhibited on the following pages. Below are graphic representations of the breakdown of various sources of

revenue for the District in FY07 as well as the expenses which utilized those revenues, among other funds.

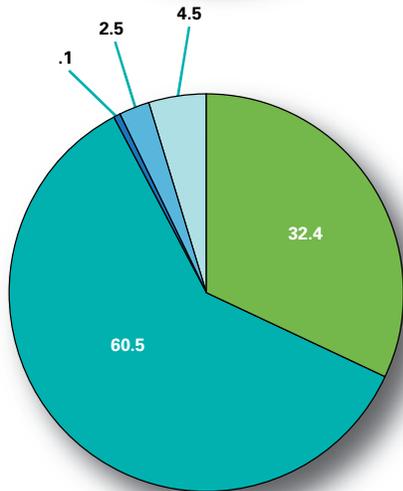
FY07 Total Expenses

- Healthcare Delivery
- Depreciation
- Personnel Expenses
- Operating Expenses
- Tax Collection



FY07 Revenue Summary

- Property Taxes
- Seton Lease
- Interest
- Tobacco Settlement
- UTMB Lease



**TRAVIS COUNTY HEALTHCARE DISTRICT,
A COMPONENT UNIT OF TRAVIS COUNTY, TEXAS**

**STATEMENTS OF NET ASSETS
SEPTEMBER 30, 2007 AND 2006**

	2007	2006
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 34,681	\$ 30,593
Restricted cash and cash equivalents	9,056,544	-
Short-term investments	86,056,633	54,599,411
Ad valorem taxes receivable, net of allowance for uncollectible taxes of \$95,458 and \$83,368	259,128	207,657
Due from other governments	2,327,558	10,467,562
Other receivables	52,892	1,023,488
Prepaid expenses	66,511	63,989
Total current assets	97,853,947	66,392,700
Capital assets:		
Land	8,497,335	8,497,335
Buildings and improvements	90,002,665	90,002,665
Equipment and furniture	416,697	402,497
Less accumulated depreciation	(5,674,409)	(3,784,990)
Total capital assets, net	93,242,288	95,117,507
Total assets	191,096,235	161,510,207
LIABILITIES		
Current liabilities:		
Accounts payable	4,464,150	4,680,457
Private UPL payable	9,056,544	-
Salaries and benefits payable	173,142	71,635
Due to other governments	68,543	63,498
Total current liabilities	13,762,379	4,815,590
NET ASSETS		
Invested in capital assets	93,242,288	95,117,507
Unrestricted	84,091,568	61,577,110
Total net assets	\$ 177,333,856	\$ 156,694,617

The notes to the financial statements are an integral part of these statements.

**TRAVIS COUNTY HEALTHCARE DISTRICT,
A COMPONENT UNIT OF TRAVIS COUNTY, TEXAS**

**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
YEARS ENDED SEPTEMBER 30, 2007 AND 2006**

	<u>2007</u>	<u>2006</u>
Operating revenues:		
DSH/UII. program	\$ 28,434,895	\$ 36,670,256
Operating lease revenue	1,155,396	1,155,396
Total operating revenues	<u>29,590,291</u>	<u>37,825,652</u>
Operating expenses:		
Health care delivery	65,957,969	63,669,603
Salaries and benefits	1,028,780	568,980
Other purchased goods and services	904,166	818,084
Depreciation	1,889,419	1,892,495
Total operating expenses	<u>69,780,334</u>	<u>66,949,162</u>
Operating loss	<u>(40,190,043)</u>	<u>(29,123,510)</u>
Nonoperating revenues (expenses):		
Ad valorem tax revenue	55,085,553	50,107,980
Tax assessment and collection expense	(624,337)	(574,818)
Tobacco settlement revenue	4,449,080	4,199,541
Tobacco settlement expense	(2,168,482)	(1,709,821)
Investment income	4,087,153	2,803,272
Other revenue	315	820
Total nonoperating revenues, net	<u>60,829,282</u>	<u>54,826,974</u>
Change in net assets	<u>20,639,239</u>	<u>25,703,464</u>
Total net assets - beginning of year	<u>156,694,617</u>	<u>130,991,153</u>
Total net assets - end of year	<u>\$ 177,333,856</u>	<u>\$ 156,694,617</u>

The notes to the financial statements are an integral part of these statements.

**TRAVIS COUNTY HEALTHCARE DISTRICT,
A COMPONENT UNIT OF TRAVIS COUNTY, TEXAS**

**STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2007 AND 2006**

	2007	2006
Cash flows from operating activities:		
Cash received from DSH/UPL program	\$ 99,940,274	\$ 77,655,270
Cash payments for DSH/UPL program	(63,237,809)	(55,234,803)
Cash payments for private UPL program	(16,172,293)	-
Cash received from operating leases	1,155,396	1,155,396
Cash payments for goods and services	(41,016,597)	(65,627,984)
Cash payments to employees	(927,273)	(520,877)
Net cash used in operating activities	(20,258,302)	(42,572,998)
Cash flows from noncapital financing activities:		
Ad valorem taxes received	55,034,082	50,063,731
Payments for tax assessment and collection	(624,337)	(574,818)
Tobacco settlement received	4,449,080	4,199,541
Tobacco settlement paid	(2,168,482)	(1,709,821)
Other nonoperating revenue received	315	820
Net cash provided by noncapital financing activities	56,690,658	51,979,453
Cash flows from investing activities:		
Receipts of interest income	3,259,382	2,561,876
Net sales (purchases) of investment pools	(19,480,667)	7,638,122
Purchase of investment securities	(43,136,239)	(22,614,192)
Proceeds from maturities of investment securities	32,000,000	3,000,000
Purchase of equipment	(14,200)	-
Net cash used in investing activities	(27,371,724)	(9,414,194)
Net increase (decrease) in cash and cash equivalents	9,060,632	(7,739)
Cash and cash equivalents - beginning of year	30,593	38,332
Cash and cash equivalents - end of year	\$ 9,091,225	\$ 30,593
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (40,190,043)	\$ (29,123,510)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation expense	1,889,419	1,892,495
Changes in operating assets and liabilities that provided (used) cash:		
Due from other governments	8,140,004	(7,590,891)
Other receivables	958,051	(783,763)
Prepaid expenses	(2,522)	(62,504)
Accounts payable	(216,307)	(6,987,238)
Private UPL payable	9,056,544	-
Salaries and benefits payable	101,507	48,103
Due to other governments	5,045	34,310
Net cash used in operating activities	\$ (20,258,302)	\$ (42,572,998)

The notes to the financial statements are an integral part of this statement.



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For further information, visit the District website at www.traviscountyhd.org