Our Vision
Central Texas is a model healthy community.

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

Our Values
Central Health will achieve excellence through:
Stewardship - We maintain public trust through fiscal discipline and open and transparent communication.
Innovation - We create solutions to improve healthcare access.
Right by All - By being open, anti-racist, equity-minded, and respectful in discourse, we honor those around us and do right by all people.
Collaboration - We partner with others to improve the health of our community.

BUDGET AND FINANCE COMMITTEE MEETING
Wednesday, August 26, 2026 4:00 p.m.

Videoconference meeting[1]

A quorum of the Committee and the presiding officer will be present at:

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

Link to livestream video is available at the URL below (copy and paste into your web browser):
https://www.youtube.com/@tchealthdistrict/streams

The Committee may meet via videoconference with a quorum present in person and will allow public participation via videoconference and telephone as allowed under the Open Meetings Act. Although a quorum of the Central Health Board will be physically present at the location posted in the meeting notice, all members of the public are free to observe the meeting through the YouTube link provided above and to participate in public comment, if desired, according to the instructions below.

A member of the public who wishes to make comments virtually during the Public Communication portion of the meeting must properly register with Central Health **no later than 2:30 p.m. on August 26, 2026**. Registration can be completed in one of three ways:

- Complete the virtual sign-in form at https://www.centralhealth.net/meeting-sign-up/;
- Call 512-978-9190 and leave a voice message with your full name, your request to comment via telephone, videoconference, or in-person at the meeting; or
- Sign-in at the front desk on the day of the meeting, prior to the start of the meeting.

Individuals who register to speak on the website or by telephone will receive a confirmation email and/or phone call by staff with instructions on how to join the meeting and participate in public communication.

PUBLIC COMMUNICATION

Public Communication rules for Central Health Board and Committee meetings include setting a fixed amount of time per person to speak and limiting Board and Committee responses to public inquiries, if any, to statements of specific factual information or existing policy. The Public Communication portion of the meeting is expected to begin at approximately 5:30 p.m., unless a member of the public wishes to comment on a specific item on this agenda.

COMMITTEE AGENDA[2]

1. Approve the minutes of the July 29, 2026 Budget and Finance Committee meetings. (*Action Item*)

2. Receive the July 2026 financial statements for Central Health. (*Informational Item*)

3. Receive the July 2026 financial statements for CommUnityCare Health Centers. (*Informational Item*)

4. Discuss and take appropriate action on the Fiscal Year (FY) 2027 Central Health Foundation budget. (*Possible Action Item*)

5. Discuss and take appropriate action on a Central Health System Artificial Intelligence Oversight and Governance Policy. (*Action Item*)

6. Receive and discuss a presentation on the proposed Fiscal Year (FY) 2027 tax rate and budget for Central Health. (*Informational Item – See Exhibit 1*)

7. Receive and discuss a presentation on the proposed FY 2027 budget for CommUnityCare Health Centers.[3,4] (*Informational Item*)

8. Receive and discuss financial and operational updates from Sendero Health Plans.[4] (*Informational Item*)

9. Confirm the next Budget and Finance Committee meeting date, time, and location. (*Informational Item*)

Notes:

[1] This meeting may include one or more members of the Budget and Finance Committee participating by videoconference. It is the intent of the presiding officer to be physically present and preside over the meeting at Central Health Headquarters, 1111 Cesar Chavez, Austin, Texas 78702. This meeting location will be open to the public during the open portions of the meeting, and any member participating by videoconference shall be visible and audible to the public members in attendance whenever the member is speaking.

[2] The Budget and Finance Committee may take items in an order that differs from the posted order and may consider any item posted on the agenda in a closed session if the item involves issues that require consideration in a closed session and the Committee announces that the item will be considered during a closed session. A quorum of Central Health's Board of Managers may convene or participate via videoconference to discuss matters on the Committee agenda, and any Committee actions will be in conformance with the Central Health Bylaws.

[3] Possible closed session discussion under Texas Government Code §551.071 (Consultation with

Attorney).

4 Possible closed session discussion under Texas Government Code §551.085 (Governing Board of Certain Providers of Health Care Services).

Any individual with a disability who plans to attend or view this meeting and requires auxiliary aids or services should notify Central Health as far in advance of the meeting day as possible, but no less than two days in advance, so that appropriate arrangements can be made. Notice should be given to the Board Governance Manager by telephone at (512) 978-8049.

Cualquier persona con una discapacidad que planee asistir o ver esta reunión y requiera ayudas o servicios auxiliares debe notificar a Central Health con la mayor anticipación posible de la reunión, pero no menos de dos días de anticipación, para que se puedan hacer los arreglos apropiados. Se debe notificar al Gerente de Gobierno de la Junta por teléfono al (512) 978-8049.

EXHIBIT 1
Travis County Healthcare District, dba Central Health
Taxpayer Impact Statement

(Required under Texas Government Code §551.043(c))

This notice informs taxpayers of the potential impact of the proposed budget for Fiscal Year 2026–27, comparing what would be paid under a balanced budget funded at the no-new-revenue tax rate versus the proposed budget and accompanying tax rate.

1. Median Taxable Homestead Value

Prior Year (FY2025-26)	$390,086
Current Year (FY2026-27)	$372,638

2. Tax Rates

No-New-Revenue Tax Rate (FY2026-27)	.118633 per $100 valuation
Proposed Tax Rate (FY2026-27)	.135195 per $100 valuation

3. Estimated Annual Tax Bill Comparison

Scenario	Tax Rate	Estimated Tax Bill	Difference from No-New-Revenue
Prior Year (FY2025-26)	.118023	$460.39	
No-New-Revenue Tax Rate (FY2026-27)	.118633	$442.07	
Proposed Tax Rate (FY2026-27)	.135195	$503.79	$61.72

Calculations:

- Prior Year Tax Bill = ($390,086 ÷ 100) × .118023 = $460.39
- No-New-Revenue Tax Bill = ($372,638 ÷ 100) × .118633 = $442.07
- Proposed Tax Bill = ($372,638 ÷ 100) × .135195 = $503.79

Summary

If Central Health adopts the proposed tax rate of $0.135195 per $100 valuation, the median homestead owner would pay approximately $61.72 more annually compared to the no-new revenue tax rate.

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Came to hand and posted on a Bulletin Board in the County Recording Office, Austin, Travis County, Texas on this the 20 day of August 2026

Dyana Limon-Mercado
County Clerk, Travis County, Texas
By Kayla Lopez Deputy
Kayla Lopez

FILED AND RECORDED
OFFICIAL PUBLIC RECORDS
Dyana Limon-Mercado
Dyana Limon-Mercado, County Clerk
Travis County, Texas

202681237 Aug 20, 2026 10:43 AM
Fee: $0.00 LOPEZK4

BUDGET & FINANCE COMMITTEE MEETING

August 26, 2026

AGENDA ITEM 1

Approve the minutes of the July 29, 2026 Budget and Finance Committee meetings. (*Action Item*)

MINUTES OF MEETING – JULY 29, 2026
CENTRAL HEALTH
BUDGET AND FINANCE COMMITTEE

On Wednesday, July 29, 2026, a meeting of the Central Health Budget and Finance Committee convened in open session at 4:06 p.m. in person at the Central Health Administrative Offices and remotely by toll-free videoconference. Clerk for the meeting was Valerie Guerra.

Committee members present in person: Chair Museitif, Manager Rodriguez, Manager Brinson, Manager Jefferson, Manager Kitchen, Manager Martin, Manager May, and Manager Valadez

Absent: Manager Motwani

PUBLIC COMMUNICATION

Clerk's Notes: Public Communication began at 4:09 p.m. Sarah Hayes introduced 3 speaker(s) for Public Communication.

Members of the Committee heard from:

- Shannon Jones
- Ryan Poppe
- Isela Guerra

COMMITTEE AGENDA

1. Approve the minutes of the June 24, 2026 Budget and Finance Committee meeting.

Clerk's Notes: Discussion on this item began at 4:20 p.m.

Chairperson Museitif moved that the Committee approve the minutes of the June 24, 2026 Budget and Finance Committee meeting.

Manager Brinson seconded the motion.

Chairperson Maram Museitif	For
Vice Chairperson Eliza May	For
Secretary Manuel Martin	For
Manager Cynthia Brinson	For
Manager Sedora Jefferson	For
Manager Ann Kitchen	For
Manager Amit Motwani	Absent
Manager Geronimo Rodriguez	For
Manager Cynthia Valadez	For

1. Receive and discuss a presentation on the proposed Fiscal Year (FY) 2027 budget for CommUnityCare Health Centers.

Clerk's Notes: Discussion on this item began at 4:21 p.m. Dr. Nick Yagoda, CommUnityCare CEO, and Ms. Joy Sloan, CommUnityCare CFO, presented the Fiscal Year 2027 Preliminary Budget, outlining a strategic investment plan to expand access, improve outcomes, strengthen stewardship, and support long-term sustainability.

2. Receive and discuss a presentation on the proposed Fiscal Year (FY) 2027 tax rate and budget for Central Health.

Clerk's Notes: Discussion on this item began at 5:06 p.m. Dr. Pat Lee, Central Health CEO; Mr. Jeff Knodel, Central Health CFO; and Ms. Nicki Riley, Central Health Deputy CFO, presented a draft of the preliminary Fisal Year 2027 Budget and Tax Rate, summarizing the key elements of the preliminary budget and highlighting major operational and financial considerations for the Board.

3. Confirm the next Budget and Finance Committee meeting date, time, and location.

Manager Museitif moved that the Committee adjourn.

Manager Brinson seconded the motion.

Chairperson Maram Museitif	For
Vice Chairperson Eliza May	For
Secretary Manuel Martin	For
Manager Cynthia Brinson	For
Manager Sedora Jefferson	For
Manager Ann Kitchen	For
Manager Amit Motwani	Absent
Manager Geronimo Rodriguez	For
Manager Cynthia Valadez	For

The meeting was adjourned at 6:20 p.m.

ATTESTED TO BY:

Maram Museitif, Chairperson
Central Health Budget and Finance Committee

Manuel Martin, Secretary
Central Health Board of Managers

BUDGET & FINANCE COMMITTEE MEETING

August 26, 2026

AGENDA ITEM 2

Receive the July 2026 financial statements for Central Health. (*Informational Item*)

AGENDA ITEM SUBMISSION FORM

This form is to provide a general overview of the agenda item in advance of posting for the Board meeting. Proposed motion language is a recommendation only and not final until the meeting and may be changed by the Board Manager making the motion. All information in this form is subject to the Public Information Act.

Agenda Item Meeting Date	August 26, 2026
Who will present the agenda item? (Name, Title)	Nicki Riley, Deputy CFO
General Item Description	Receive the July 2026 financial statements for Central Health.
Is this an informational or action item?	Informational Item
Fiscal Impact	
Recommended Motion (if needed – action item)	N/A

Key takeaways about agenda item, and/or feedback sought from the Board of Managers:

1) Staff will present CH July 2026 financials.
2)

What backup will be provided, or will this be a verbal update? (Backup is due one week before the meeting.)	Presentation
Estimated time needed for presentation & questions?	5 minutes
Is closed session recommended? (Consult with attorneys.)	No
Form Prepared By/Date Submitted:	Briana Harris/Aug 19, 2026

CENTRAL HEALTH
TRAVIS COUNTY HOSPITAL DISTRICT

Central Health

Financial Statement Presentation
YTD July 2026
Unaudited

Central Health Board of Managers
Budget and Finance Committee

Jeff Knodel, CFO
Nicki Riley, Deputy CFO

Highlights

1. **UT Affiliation Agreement expense for $35M for the current period, payment will go out in August.**
2. **Allocated $6.6M in indirect operating costs to CommunityCare for October through July.**
3. **Sendero High Risk Claims Advance for the current period is $7M, bringing the total balance to $25.8M with interest.**
4. **Fiscal year-to-date collected net property tax revenue is $373.1M, which is 97.4% of the levy versus 97.5% this time last year.**
5. **Direct Services is $45.8M year-to-date, representing 56% of the annual budget.**

   Podiatry - Additional providers onboarded in Q4

   Rheumatology - Additional providers onboarding Q4

   Psychiatry - Credit this month for provider billed to CUC for 50% of October through July for salaries/benefits.

   Behavioral Health - Additional counselors onboarded Q4

   Endocrinology - Currently recruiting additional provider

   Gastroenterology - Additional providers onboarding Q4

   Physical Medicine & Rehab - Additional provider onboarding Q4

   Multidisciplinary - Recruiting ENT provider, Occupational Therapist onboarded in Q4

   Transitions of Care - Additional providers onboarded in Q3 & onboarding in Q4.

6. **Opioid Abatement expenses were $4.9K this month, $1.2M year-to-date, and $673K remaining.**
7. **Grant expenses were $145.8K this month, $683.9K year-to-date, and $9.8K remaining.**

CENTRAL HEALTH
TRAVIS COUNTY HOSPITAL DISTRICT

BALANCE SHEET

ASSETS	7/31/2026	7/31/2025
CURRENT ASSETS		
CASH AND CASH EQUIVALENTS	$ 8,179,631	$ 8,005,776
SHORT-TERM INVESTMENTS	640,610,735	617,527,687
ACCOUNTS RECEIVABLE TAX	6,668,530	5,898,652
LEASE RECEIVABLE SHORT-TERM	16,602,703	12,499,342
OTHER RECEIVABLES	41,891,043	48,101,849
TOTAL UNRESTRICTED CURRENT ASSETS	713,952,642	692,033,306
RESTRICTED CASH & INVESTMENTS		
TCHD LPPF CASH & INVESTMENTS	68,754,818	32,131,424
OPIOID FUNDS	1,997,559	3,503,580
GRANTS	982,800	-
CAPITAL PROJECTS	357,494,365	201,944,223
TOTAL RESTRICTED CASH & INVESTMENTS	429,229,542	237,579,227
TOTAL CURRENT ASSETS	1,143,182,184	929,612,533
LONG TERM ASSETS		
SENDERO PAID-IN CAPITAL	91,000,000	83,000,000
SENDERO SURPLUS DEBENTURE	37,083,000	37,083,000
ADVANCE RECEIVABLE	4,000,000	4,000,000
LEASE RECEIVABLE LONG-TERM*	310,315,614	237,565,929
TOTAL LONG TERM ASSETS	442,398,614	361,648,929
TOTAL CAPITAL ASSETS, NET OF DEPRECIATION	318,583,077	221,861,093
TOTAL ASSETS	**1,904,163,875**	**1,513,122,555**

BALANCE SHEET, CONT.

LIABILITIES	7/31/2026	7/31/2025
CURRENT LIABILITIES		
ACCOUNTS PAYABLE	$ 63,407,402	$ 62,107,486
SALARIES & BENEFITS PAYABLE	14,538,463	13,329,756
SHORT-TERM LEASE & SUBSCRIPTION LIABILITIES*	3,962,239	6,032,561
SHORT-TERM DEBT SERVICE PAYABLE	19,033,077	10,938,559
SHORT-TERM DEFERRED REVENUE	1,605,317	-
SHORT-TERM DEFERRED TAX REVENUE	5,580,020	4,631,479
TOTAL CURRENT LIABILITIES	108,126,518	97,039,841
RESTRICTED OR NONCURRENT LIABILITIES		
FUNDS HELD FOR TCHD LPPF	68,754,818	32,131,424
LONG-TERM DEBT SERVICE PAYABLE	407,725,798	151,774,790
LONG-TERM LEASE & SUBSCRIPTION LIABILITIES*	50,110,340	50,140,670
LONG-TERM DEFERRED REVENUE*	293,632,954	225,062,826
TOTAL RESTRICTED OR NONCURRENT LIABILITES	820,223,910	459,109,710
TOTAL LIABILITIES	**928,350,428**	**556,149,551**
NET ASSETS		
RESTRICTED FOR CAPITAL ASSETS	211,023,214	303,488,562
RESTRICTED FOR OPIOID SETTLEMENT	1,997,559	3,503,580
RESTRICTED FOR EMERGENCY RESERVE	70,165,232	60,120,090
RESTRICTED FOR GRANTS	982,800	-
RESTRICTED FOR HEALTH CENTER	12,000,000	-
UNRESTRICTED	679,644,642	589,860,772
TOTAL NET ASSETS	**975,813,447**	**956,973,004**
LIABILITIES AND NET ASSETS	**$ 1,904,163,875**	**$ 1,513,122,555**

* GASB87 & GASB96 reporting requirement for leases and Subscription-Based Information Technology Arrangements.

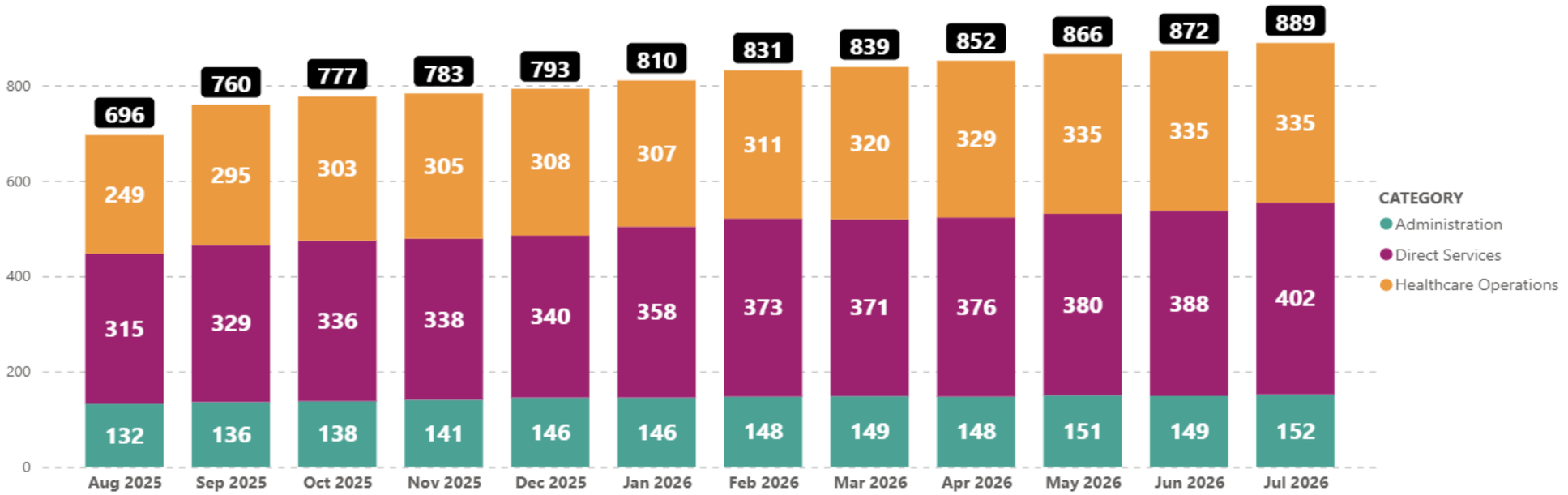
SOURCES AND USES	Actuals Jul 2026	Actuals FY 2026 YTD	Budget FY 2026	Percent of Budget Used	Actuals FY 2025 YTD
UNRESTRICTED SOURCES					
PROPERTY TAX REVENUE	$ 263,765	$ 373,554,078	$ 378,061,940	99%	$ 341,930,253
LEASE REVENUE	839,172	8,081,093	10,424,005	78%	12,807,905
OTHER REVENUE	3,869,653	37,852,408	25,900,000	146%	59,073,031
NET TOBACCO SETTLEMENT REVENUE	-	7,681,630	5,000,000	154%	6,817,278
PATIENT REVENUE	38,825	332,724	1,000,000	33%	294,236
TOTAL UNRESTRICTED SOURCES	**5,011,415**	**427,501,934**	**420,385,945**	**102%**	**420,922,704**
RESTRICTED SOURCES					
GRANT REVENUE	145,818	683,867	1,666,667	41%	-
OPIOID SETTLEMENT REVENUE	-	864,743	1,873,501	46%	1,108,668
TOTAL RESTRICTED SOURCES	**145,818**	**1,548,610**	**3,540,167**	**44%**	**1,108,668**
TOTAL SOURCES	**5,157,233**	**429,050,544**	**423,926,112**	**101%**	**422,031,372**
USES OF FUNDS					
HEALTHCARE DELIVERY PROGRAM	29,091,786	304,524,972	433,984,684	70%	224,259,932
ADMINISTRATIVE PROGRAM	2,365,838	29,537,186	46,369,507	64%	27,022,403
UT AFFILIATION AGREEMENT	35,000,000	35,000,000	35,000,000	100%	35,000,000
OTHER FINANCING USES	-	22,045,142	37,045,142	60%	61,381,015
TOTAL USES	**66,457,624**	**391,107,300**	**552,399,333**	**71%**	**347,663,350**
RESTRICTED USES					
GRANT EXPENSES	145,818	683,867	1,666,667	41%	-
OPIOID ABATEMENT EXPENSE	4,918	1,200,788	1,873,501	64%	2,188,787
TOTAL RESTRICTED USES	**150,736**	**1,884,656**	**3,540,167**	**53%**	**2,188,787**
TOTAL USES	**66,608,360**	**392,991,955**	**555,939,500**	**71%**	**349,852,137**
EXCESS SOURCES / (USES)	**$ (61,300,392)**	**$ 37,943,244**	**$ (128,473,221)**		**$ 74,368,022**

HEALTHCARE DELIVERY	Actuals Jul 2026	Actuals FY 2026 YTD	Budget FY 2026	Percent of Budget Used	Actuals FY 2025 YTD
PURCHASED HEALTHCARE SERVICES					
PRIMARY CARE	$ 8,405,995	$ 84,764,495	$ 103,446,258	82%	$ 64,244,583
SPECIALTY CARE	2,592,050	23,964,236	37,348,000	64%	22,028,035
SPECIALTY BEHAVIORAL HEALTH AND SUBSTANCE USE	4,123,284	26,242,210	40,274,000	65%	19,740,695
PHARMACY	1,527,166	13,300,361	19,500,000	68%	13,260,507
POST ACUTE CARE	918,282	6,527,028	9,350,000	70%	5,776,216
COMMUNITY HEALTHCARE INITIATIVES FUND	103,428	613,504	1,000,000	61%	149,125
PURCHASED HEALTHCARE SERVICES	17,670,204	155,411,834	210,918,258	74%	125,199,162
DIRECT SERVICES	4,948,303	45,839,841	81,599,137	56%	31,939,751
SUBTOTAL HEALTHCARE SERVICES	22,618,507	201,251,676	292,517,395	69%	157,138,913
HEALTHCARE OPERATIONS & SUPPORT					
HEALTHCARE SERVICES MANAGEMENT	1,609,839	14,092,237	22,937,604	61%	14,556,173
ELIGIBILTY & ENROLLMENT	(537,449)	8,487,297	14,382,578	59%	5,347,708
AFFORDABLE CARE ACT SUBSIDY	1,457,179	13,877,801	19,671,820	71%	9,229,887
TECH SUPPORT	784,207	28,590,538	35,053,003	82%	21,916,630
FACILITIES SUPPORT	1,600,888	15,542,601	26,959,958	58%	10,716,937
SENDERO RISK-BASED CAPITAL TRANSFER	-	8,000,000	8,000,000	100%	-
DEBT SERVICE	1,558,615	14,682,821	14,462,326	102%	5,353,684
HEALTHCARE OPERATIONS & SUPPORT	6,473,280	103,273,296	141,467,289	73%	67,121,019
TOTAL HEALTHCARE DELIVERY	**$ 29,091,786**	**$ 304,524,972**	**$ 433,984,684**	**70%**	**$ 224,259,932**

DIRECT SERVICES	Actuals Jul 2026	Actuals FY 2026 YTD	Budget FY 2026	Percent of Budget Used	Actuals FY 2025 YTD
Multidisciplinary, Diagnostics and Other	$ 593,465	$ 4,942,342	$ 8,545,939	58%	$ 2,461,411
Clinical Support	1,034,990	9,998,166	17,898,272	56%	8,210,574
Endocrinology	54,695	499,216	883,764	56%	41,923
Rheumatology	70,644	643,614	2,041,389	32%	125,454
Cardiology	167,814	1,567,133	2,442,156	64%	1,242,133
Gastroenterology	322,803	2,229,641	4,266,275	52%	1,601,053
Nephrology	75,024	729,272	1,449,087	50%	552,400
Neurology	-	5,000	354,559	1%	7,701
Podiatry	173,930	1,008,810	2,364,183	43%	1,879,420
Pulmonology	104,084	967,613	1,915,923	51%	757,431
Palliative Care	61,798	623,687	1,027,374	61%	597,016
Pharmacy	116,460	1,161,190	2,980,011	39%	713,595
Behavorial Health	163,103	1,471,701	2,115,947	70%	721,286
Patient Navigation Center	714,897	5,929,242	7,563,164	78%	5,410,198
Physical Medication & Rehab	47,312	518,075	270,771	191%	-
Psychiatry	4,078	906,096	3,221,828	28%	361,741
Medical Respite	392,798	3,972,905	7,424,291	54%	1,436,404
Bridge Program	182,295	2,076,649	3,235,245	64%	1,054,328
Transition of Care	668,111	6,589,490	11,598,960	57%	4,765,684
Total Direct Services	**$ 4,948,303**	**$ 45,839,841**	**$ 81,599,137**	**56%**	**$ 31,939,751**

SPECIALTY CARE	Actuals Jul 2026	Actuals FY 2026 YTD	Budget FY 2026	Percent of Budget Used	Actuals FY 2025 YTD
Ancillary Services	$ 312,545	$ 2,801,125	$ 4,633,000	60%	$ 1,160,062
Cardiology	106,447	668,959	800,000	84%	948,380
Dental	320,835	2,907,353	4,000,000	73%	3,068,109
Dermatology	88,743	851,350	1,100,000	77%	798,916
Durable Medical Equipment	59,952	724,084	1,410,000	51%	635,924
Endocrinology	85,541	725,506	800,000	91%	700,781
Ear, Nose & Throat	24,166	634,427	1,525,000	42%	1,122,041
Gastroenterology	199,176	2,713,944	2,950,000	92%	2,130,924
General Surgery	7,458	98,676	250,000	39%	214,692
Gynecology	154,421	1,496,510	2,200,000	68%	1,807,474
Musculoskeletal	327,837	2,472,481	2,525,000	98%	1,957,409
Neurology	8,333	83,332	100,000	83%	43,179
Nephrology/Dialysis	52,131	915,889	1,850,000	50%	790,942
Oncology	287,716	1,691,345	2,850,000	59%	1,492,683
Ophthalmology	203,857	1,776,791	5,370,000	33%	1,847,935
Physical Medication & Rehab	17,771	151,117	150,000	101%	109,943
Podiatry	70,833	708,332	850,000	83%	1,203,378
Pulmonology	72,455	719,194	1,050,000	68%	566,068
Econsults	17,957	185,738	275,000	68%	28,640
Rheumatology	33,333	333,332	400,000	83%	225,643
Sexual & Reproductive Service	140,544	1,304,751	2,260,000	58%	1,174,914
Total Specialty Care	**$ 2,592,050**	**$ 23,964,236**	**$ 37,348,000**	**64%**	**$ 22,028,035**

Total Assigned FTE for a 12 Month Period



Administration		Direct Services		Healthcare Operations	
Office of CEO	Communications	All Service Lines	Electronic Health Records	Clinical Executive Team	Tech Support
Executives - BOM	Government Affairs	Navigation		Provider Reimbursement & Network Services	Facility Support
Finance/Procurement	Compliance	Clinical Management		Quality Assess & Performance (QAP)	Eligibility
People Department	Legal	Revenue Cycle		Community Engagement	
Strategy		Clinical Education and Trainees		Healthcare Planning	

BUDGET & FINANCE COMMITTEE MEETING

August 26, 2026

AGENDA ITEM 3

Receive the July 2026 financial statements for CommUnityCare Health Centers. (*Informational Item*)

AGENDA ITEM SUBMISSION FORM

This form is to provide a general overview of the agenda item in advance of posting for the Board meeting. Proposed motion language is a recommendation only and not final until the meeting and may be changed by the Board Manager making the motion. All information in this form is subject to the Public Information Act.

Agenda Item Meeting Date	August 26, 2026
Who will present the agenda item? (Name, Title)	Joy Sloan, Chief Financial Officer
General Item Description	Receive the July 2026 financial statements for CommUnityCare Health Centers.
Is this an informational or action item?	Informational Item
Fiscal Impact	
Recommended Motion (if needed – action item)	N/A

Key takeaways about agenda item, and/or feedback sought from the Board of Managers:

1) Staff will present CUC July 2026 financials.
2)

What backup will be provided, or will this be a verbal update? (Backup is due one week before the meeting.)	Presentation
Estimated time needed for presentation & questions?	5 minutes
Is closed session recommended? (Consult with attorneys.)	No
Form Prepared By/Date Submitted:	Briana Harris/June 17, 2026

BUDGET & FINANCE COMMITTEE MEETING

August 26, 2026

AGENDA ITEM 4

Discuss and take appropriate action on the Fiscal Year (FY) 2027 Central Health Foundation budget. (*Possible Action Item*)

AGENDA ITEM SUBMISSION FORM

This form is to provide a general overview of the agenda item in advance of posting for the Board meeting. Proposed motion language is a recommendation only and not final until the meeting and may be changed by the Board Manager making the motion. All information in this form is subject to the Public Information Act.

Agenda Item Meeting Date	8.26.2026
Who will present the agenda item? (Name, Title)	Virginia Potter, Development Director; Michael Wiggins, Advisor to the CEO
Notetaker (Name, Title)	Kim Gabbitas, Grants Manager
General Item Description	Receive and discuss the FY27 Central Health Foundation budget and take action if appropriate
Is this an informational or action item?	Possible action item
Fiscal Impact	
Recommended Motion (if needed – action item)	TBD

Key takeaways about agenda item, and/or feedback sought from the Board of Managers:

1) Review and discuss the FY27 Central Health Foundation budget
2) Clear understanding of next steps

What backup will be provided, or will this be a verbal update? (Backup is due one week before the meeting.)	Yes
Estimated time needed for presentation & questions?	20 minutes
Is closed session recommended? (Consult with attorneys.)	No
Form Prepared By/Date Submitted:	Virginia Potter, prepared on 8.18.2026

CENTRAL HEALTH
TRAVIS COUNTY HOSPITAL DISTRICT

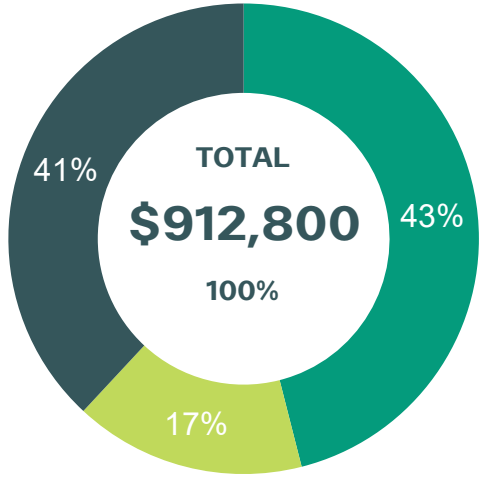
Foundation Budget Update

Virginia Potter, Development Director
Michael Wiggins, Advisor to the CEO

August 26, 2026

Net-new start-up costs

Salaries & Benefits	3 new hires: Major Gifts Officer, Annual Campaign/Donor Stewardship Manager, and part-time administrative support	**$388,300** 43%
Fundraising Activities	Launch + signature events, donor engagement, and contingency	**$154,500** 17%
Infrastructure & Professional Services	Communications, Customer Relationship Management (CRM), donor research, insurance, legal, audit, banking, supplies, board costs, and marketing	**$370,000** 41%



- Salaries & Benefits
- Fundraising Activities
- Infrastructure & Professional Services

TOTAL FY27 NET-NEW COSTS **$912,800**

Foundation Startup Investment Reimbursement Approach

Plan and Considerations

Repayment should be responsible, transparent, and paced to the Foundation's fundraising capacity.

1 Collect cost data

Capture FY27 direct start-up costs and existing Central Health leadership/staff support.

2 Weigh resources raised

Assess unrestricted and flexible funds without negatively affecting donor confidence.

3 Partner with Finance

Develop timing, amount, and mechanism options to reimburse the district as resources allow.

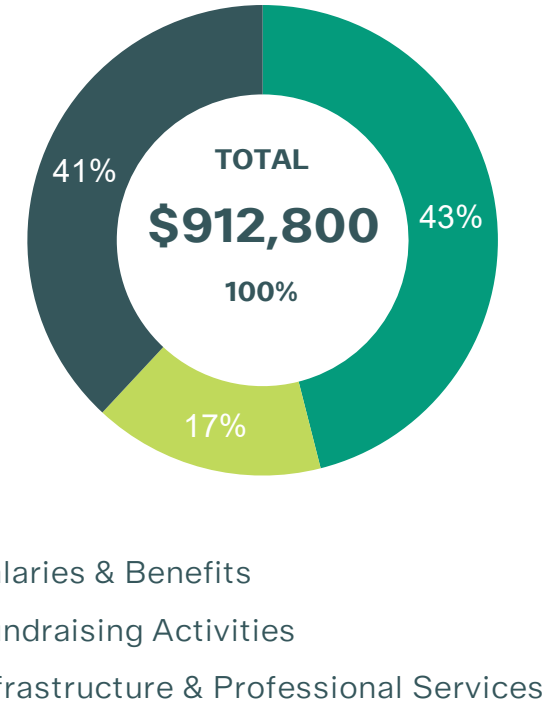
4 Seek Board direction

Implement an approach that balances responsible stewardship of taxpayer resources with donor trust.

FY27 Foundation Budget Action Item

Approve the incremental start-up budget required to launch and operate the Foundation in FY27

	3 new hires: Major Gifts Officer, Annual Campaign/Donor Stewardship Manager, and part-time administrative support	**$388,300** 43%
Fundraising Activities	Launch + signature events, donor engagement, and contingency	**$154,500** 17%
Infrastructure & Professional Services	Communications, Customer Relationship Management (CRM), donor research, insurance, legal, audit, banking, supplies, board costs, and marketing	**$370,000** 41%



TOTAL FY27 NET-NEW COSTS **$912,800**

BUDGET & FINANCE COMMITTEE MEETING

August 26, 2026

AGENDA ITEM 5

Discuss and take appropriate action on a Central Health System Artificial Intelligence Oversight and Governance Policy. (*Action Item*)

CENTRAL HEALTH BOARD OF MANAGERS

Artificial Intelligence Oversight and Governance Policy

August 26, 2026

Agenda

01 AI in Healthcare

02 Advancing Our Mission Through Responsible AI

03 Federal, Public-Entity & Healthcare Mandates

04 Evaluation & Monitoring

05 Examples of AI Use Cases

06 Policy Overview

AI Oversight and Governance Policy Overview

POLICY PURPOSE

A system-wide approach and framework for responsible AI — protecting patients, staff, providers & public funds.

KEY POLICY PROVISIONS

System Roles and Responsibility

System AI Council, AI Risk Officer, and Business Owners share defined accountability.

Risk-Tiered Approval

Formal evaluation framework sets risk-based approval tiers and escalation thresholds.

Data, Access Controls & Vendor Oversight

Least-privilege access, zero-trust security, vendor management and PHI/PII safeguards across the AI Ecosystem.

Human Oversight

Qualified staff review, validate, and retain final responsibility over AI-generated outputs.

Prohibited Uses

No autonomous clinical decisions, coverage denials, shadow AI or PHI/PII in public AI tools.

Heightened Scrutiny

AI that autonomously drives consequential decisions requires a written risk assessment before use.

What Is Artificial Intelligence?

At its core, AI refers to computer systems that perform tasks which normally require human intelligence — recognizing patterns, interpreting language, making predictions, and supporting decisions.

1

Learns from data

Rather than following fixed rules, most modern AI improves its performance as it is exposed to more examples.

2

Finds patterns

AI excels at spotting relationships in large, complex datasets that would take humans far longer to identify.

3

Supports, not replaces

In healthcare today, AI is most commonly deployed to support clinicians and staff.

Types of AI, by Functionalities

The building blocks behind the tools described as “AI-powered.”

Automation AI

Uses predefined rules to automate repetitive, manual tasks with little or no decision-making.

Predictive AI

Analyzes historical and real-time data to predict future outcomes, risks, or events.

Generative AI

Creates new content such as text, images, audio, code, summaries, and recommendations based on patterns learned from data

Agentic AI

Plans, reasons, and executes multiple tasks across systems to achieve a defined objective while operating within established guardrails.

Autonomous AI

Independently makes decisions and executes actions with minimal or no human intervention.

The AI Healthcare Landscape

Clinical

Diagnostic Imaging
Ambient Documentation
Clinical Decision Support
Drug Interaction & Dosing Checks

Operational

Revenue Cycle & Coding
Scheduling & Staffing
Patient-Facing Chatbots
Remote Monitoring
Compliance

Autonomous Clinical

Imaging Triage
Clinical Monitoring and Early Warning Systems
Treatment Recommendations
Care Pathway Management

Finance

Finance Planning and Analysis
Procurement and Purchasing

HR and Workforce

Talent Acquisition and Recruiting
Employee Helpdesk
Learning Management

Administrative

Documentation
Scheduling
Workflow Support
Contact Centers
Information Retrieval
Information Technology

Advancing Our Mission Through Responsible AI

01 CURRENT STATE

AI is embedded in the applications, medical devices, provider systems, and administrative tools we use today.

02 OUR RESPONSIBILITY

Protect public trust through responsible oversight and a system-wide approach to AI security.

03 MISSION VALUE

Responsible AI creates opportunities to support strategic priorities across patient access, strengthen care coordination, and increase operational effectiveness.

The Federal Compliance Floor

Federal regulations establish minimum compliance requirements that apply regardless of state law. Five key agencies govern healthcare AI across the Central Health System:

FDA

Regulates clinical AI/ML medical devices and Software as Medical Device (SaMD), with 1,250+ authorized AI-enabled devices

CMS

Oversees Medicare/Medicaid AI applications, prior authorization requirements, and coverage determination processes

ONC

Health IT certification requirements, including EHR-integrated AI transparency mandates effective January 1, 2025

OCR

Enforces Section 1557 nondiscrimination requirements and HIPAA privacy/security rules for AI systems

FTC

Consumer protection authority targeting deceptive AI accuracy claims and unauthorized health data sharing

Public-Entity and Healthcare Mandates

Central Health – as a governmental entity and healthcare provider – is subject to both public-entity and healthcare-specific regulatory obligations.

Governmental / Public-Entity Status

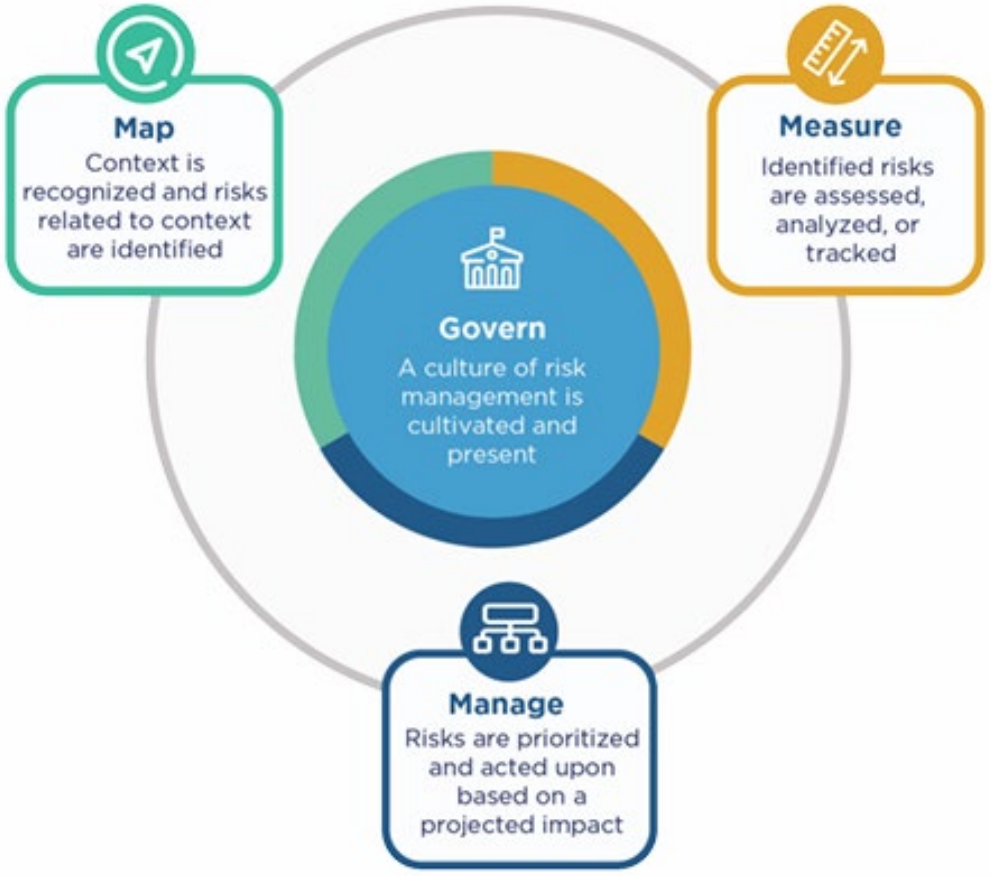
- Texas Public Information Act — open records & transparency
- Texas Government Code, Ch. 2054 — state technology & AI oversight
- 1 TAC 219 — DIR AI Code of Ethics & minimum standards
- Travis County Commissioners Court — budget, tax rate, & board appointment oversight

Healthcare-Specific Regulation

- HIPAA — patient privacy & data security
- FDA Software as a Medical Device (SaMD) Guidance
- 45 CFR § 92.210 — nondiscrimination in health programs
- Texas Health & Safety Code § 183.005 - State requirements for using AI in diagnosis and treatment planning
- Texas Business & Commerce Code, Ch. 551–552 – Consumer and Patient Disclosure

National Institute of Standards and Technology (NIST) AI Risk Management Framework

Our AI Policy is anchored to the NIST AI Risk Management Framework (AI RMF 1.0, Jan. 2023) and the NIST Trustworthy & Responsible AI Resource Center (AIRC) — the standard the System uses to identify, evaluate, and manage AI risk.



WHY THIS MATTERS

Industry Standard: Widely adopted framework across healthcare and technology sectors.

Vendor Alignment: Sets shared expectations with the AI vendors and partners we work with.

Patients & Stewardship: Protects patients and care teams while safeguarding responsible use of public funds.

Vetting and Monitoring Sustain Trustworthy AI

AI tools must continually demonstrate efficacy, fairness, safety, and responsible use.

01 ASSESS BEFORE ADOPTION

Vet the tool, vendor, and intended use before adoption.

- Define use, affected populations, KPIs, and risk tier.
- Validate data sources, privacy, security, and regulatory fit.
- Test performance by population; set approval thresholds.

02 ENABLE CONTROLLED USE

Launch with clear accountability and human authority.

- Assign owners, approvals, audit trails, and escalation triggers.
- Pilot in a controlled environment before phased deployment.
- Train users and preserve human review of consequential outputs.

03 MONITOR AND ACT

Measure outcomes continuously to ensure ongoing efficacy.

- Track efficacy, safety, drift, and disparities across populations.
- Investigate performance gaps and signs of harmful bias.
- Reconfigure, retrain, suspend, or retire when thresholds are missed.

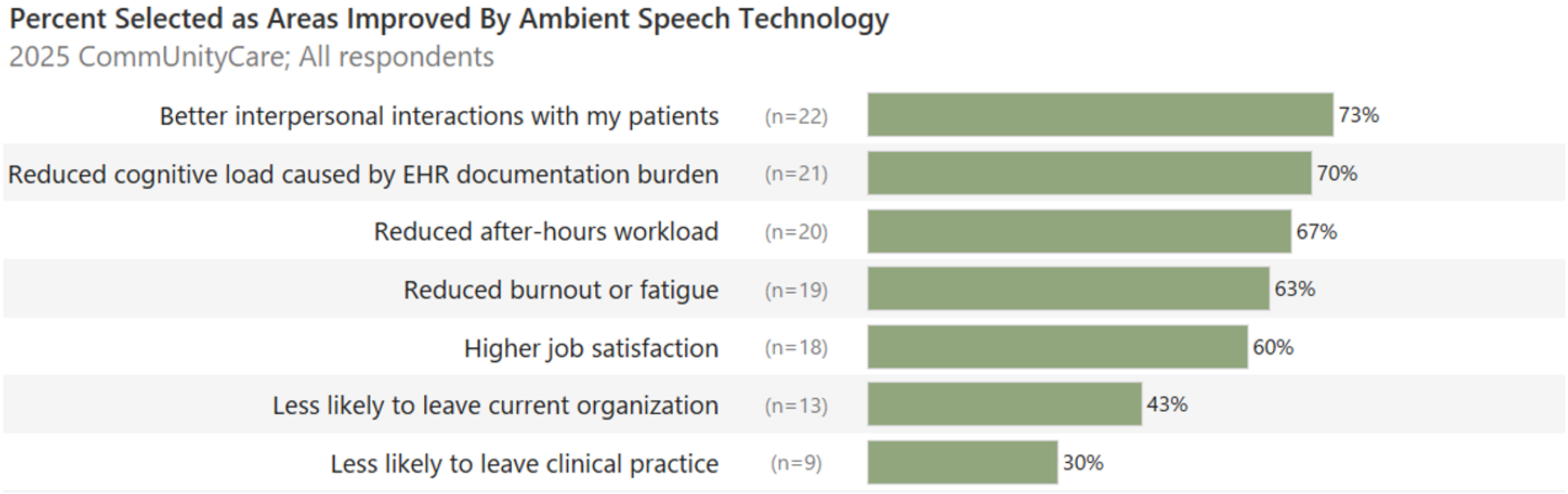
CUC AI in Epic: Provider Efficiency & Wellness

- "Physician burnout rate drops below 50% for first time in 4 years" -AMA 2024

- "HIT-related stress is measurable, common (about 70% among respondents), specialty-related, and independently predictive of burnout symptoms." -JAMIA 2019

- "Physicians in outpatient settings spend half to two thirds of their professional time on activities other than direct patient care." – Pediatrics 2022

2025 CommUnityCare EHR Experience Outcomes



"Dax Copilot was frequently mentioned among improvements in the last 12 months. Additionally, Ambient Speech users have the highest NEES compared to all documentation methods.... Those who haven't or cannot adopt Ambient Speech are interested"

KLAS RESEARCH | Arch Collaborative

Potential Additional AI Use Cases

LLM

Use LLM tools to reduce admin work and streamline workflows.

Interpretation

Improve access and experience while reducing delays and variations in service quality.

User Support

Increase self-service, automate ticket routing, and lower support costs.

Epic (EMR)

Reduce care team documentation burden, increasing time for patient care.

Eligibility Agent

Automate review of eligibility documentation to improve turn-around time and reduce manual processing.

ED / Hospital Readmissions

Predictive analytics to support early clinical intervention.

Patient/Member Navigation Center

Answer FAQs, automate call routing, reducing call center wait times and offer patient self-scheduling options.

Plenful

Automate 340B audits to reduce manual work and compliance risk.

Prior Authorization

Automate routing of determination letters to reduce manual processing and improve response times.

AI Oversight and Governance Policy Overview

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Least-privilege access, zero-trust security, vendor management and PHI/PII safeguards across the AI Ecosystem.

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No autonomous clinical decisions, coverage denials, shadow AI or PHI/PII in public AI tools.

Heightened Scrutiny

AI that autonomously drives consequential decisions requires a written risk assessment before use.

Appendix

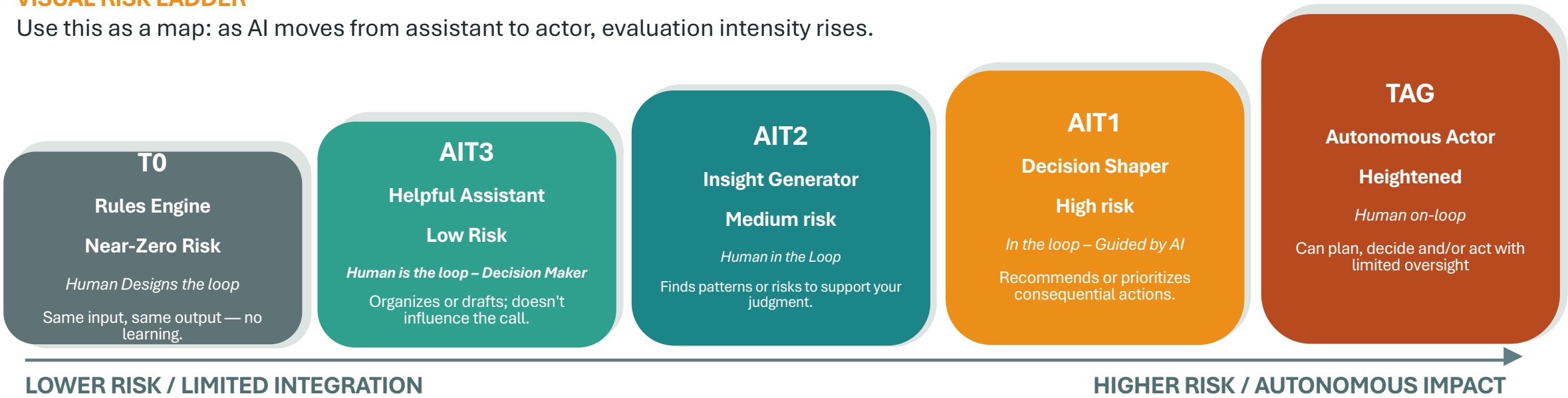
AI Evaluation & Risk Framework

Five-layer evaluation process for safe, scalable AI adoption

The more AI shapes a decision, the more evaluation and monitoring support it needs.

VISUAL RISK LADDER

Use this as a map: as AI moves from assistant to actor, evaluation intensity rises.



Why this matters

- AI use varies by autonomy.
- Controls match risk.
- Human oversight scales.

Executive implications

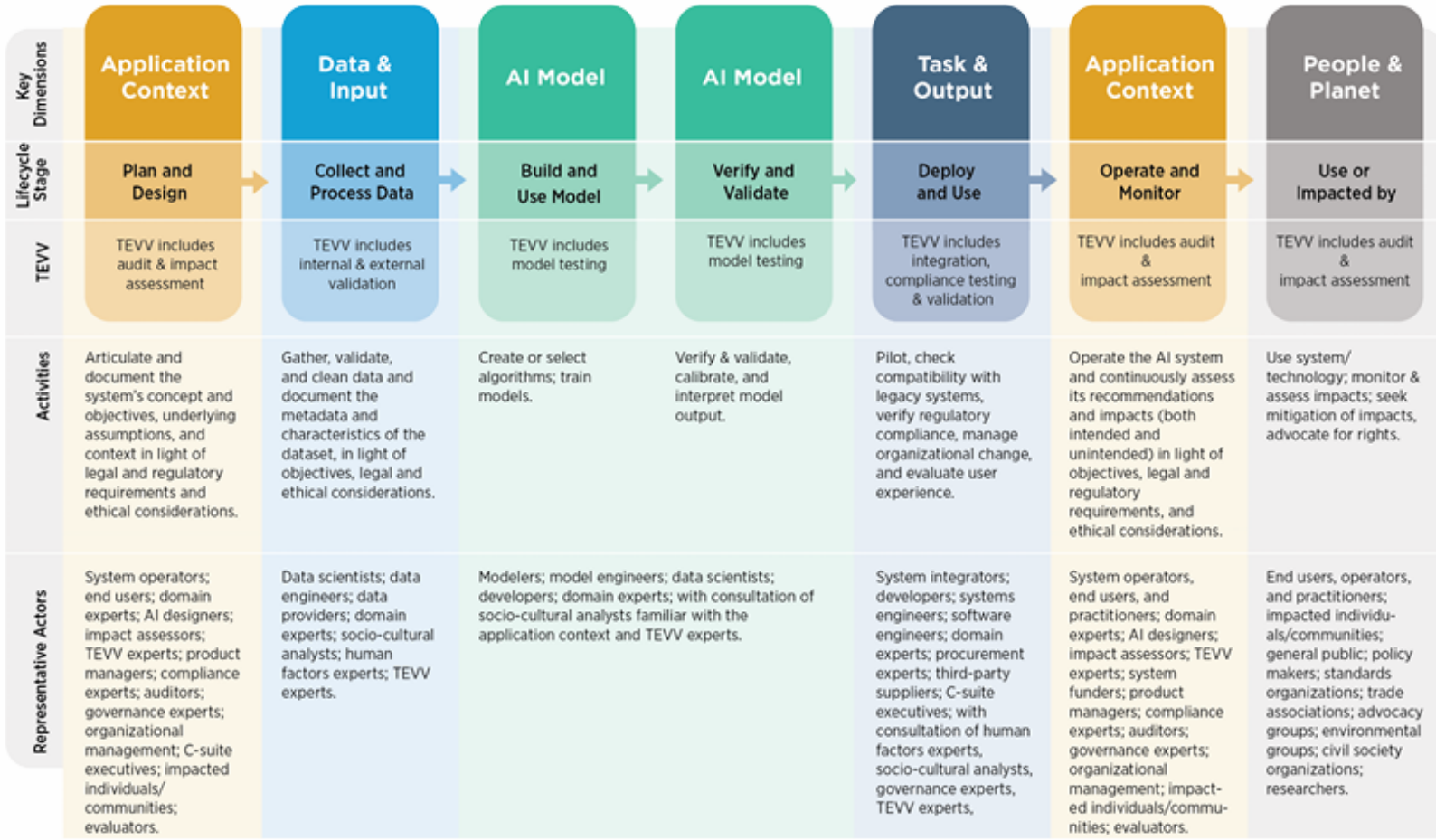
- Approve use stage.
- Govern before purchase.
- Equip guardrails.

Owner escalation triggers

- No human QA.
- Sensitive context.
- Critical external impact.
- Material model change.

Faster where safe. Deeper where risk warrants. Right people, right rhythm, right oversight.

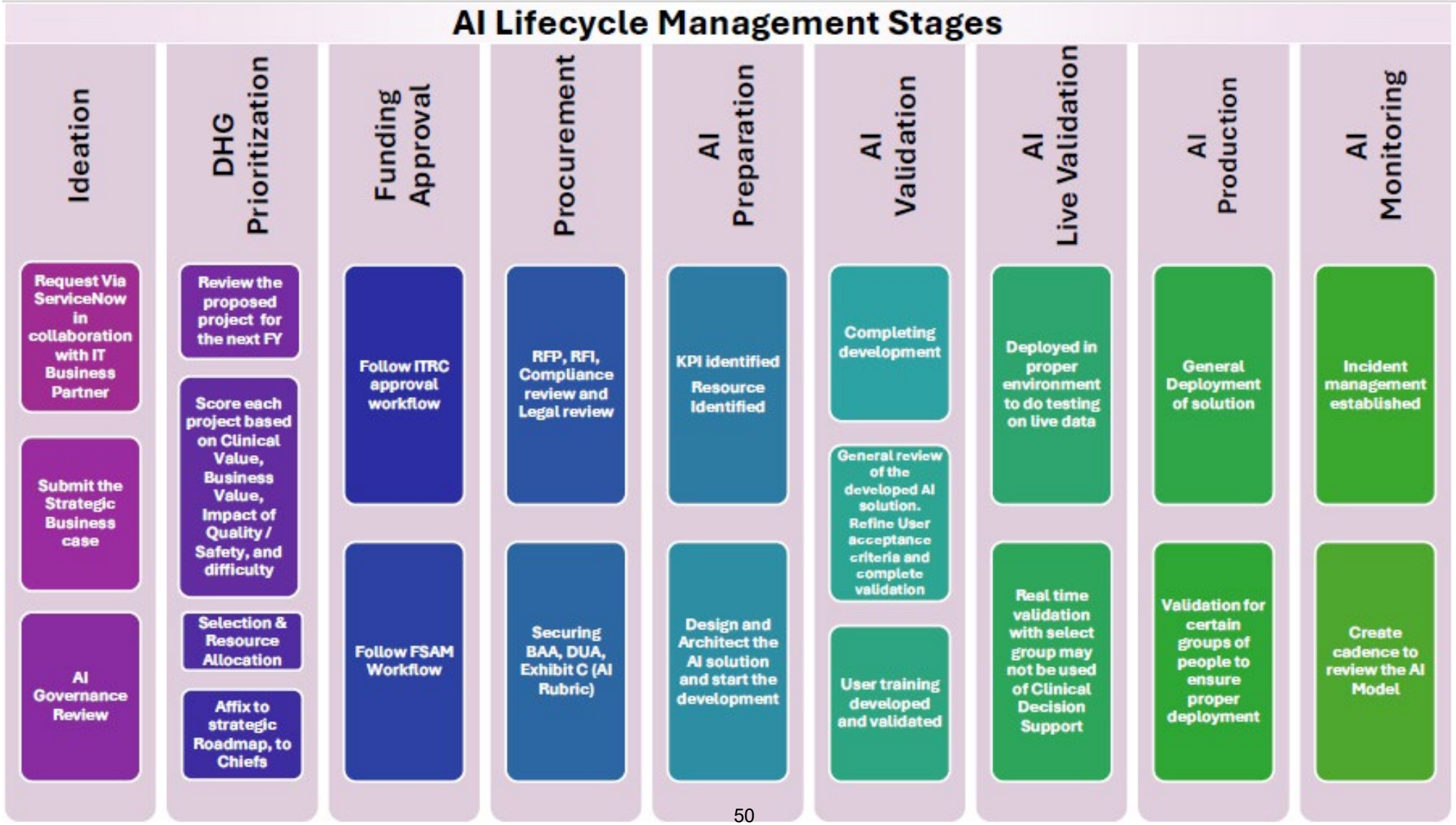
NIST Framework RMF 1.0



Key Dimensions	Application Context	Data & Input	AI Model	AI Model	Task & Output	Application Context	People & Planet
Lifecycle Stage	Plan and Design	Collect and Process Data	Build and Use Model	Verify and Validate	Deploy and Use	Operate and Monitor	Use or Impacted by
TEVV	TEVV includes audit & impact assessment	TEVV includes internal & external validation	TEVV includes model testing	TEVV includes model testing	TEVV includes integration, compliance testing & validation	TEVV includes audit & impact assessment	TEVV includes audit & impact assessment
Activities	Articulate and document the system's concept and objectives, underlying assumptions, and context in light of legal and regulatory requirements and ethical considerations.	Gather, validate, and clean data and document the metadata and characteristics of the dataset, in light of objectives, legal and ethical considerations.	Create or select algorithms; train models.	Verify & validate, calibrate, and interpret model output.	Pilot, check compatibility with legacy systems, verify regulatory compliance, manage organizational change, and evaluate user experience.	Operate the AI system and continuously assess its recommendations and impacts (both intended and unintended) in light of objectives, legal and regulatory requirements, and ethical considerations.	Use system/ technology; monitor & assess impacts; seek mitigation of impacts, advocate for rights.
Representative Actors	System operators; end users; domain experts; AI designers; impact assessors; TEVV experts; product managers; compliance experts; auditors; governance experts; organizational management; C-suite executives; impacted individuals/ communities; evaluators.	Data scientists; data engineers; data providers; domain experts; socio-cultural analysts; human factors experts; TEVV experts.	Modelers; model engineers; data scientists; developers; domain experts; with consultation of socio-cultural analysts familiar with the application context and TEVV experts.		System integrators; developers; systems engineers; software engineers; domain experts; procurement experts; third-party suppliers; C-suite executives; with consultation of human factors experts, socio-cultural analysts, governance experts, TEVV experts,	System operators, end users, and practitioners; domain experts; AI designers; impact assessors; TEVV experts; system funders; product managers; compliance experts; auditors; governance experts; organizational management; impact-ed individuals/commu-nities; evaluators.	End users, operators, and practitioners; impacted individu-als/communities; general public; policy makers; standards organizations; trade associations; advocacy groups; environmental groups; civil society organizations; researchers.

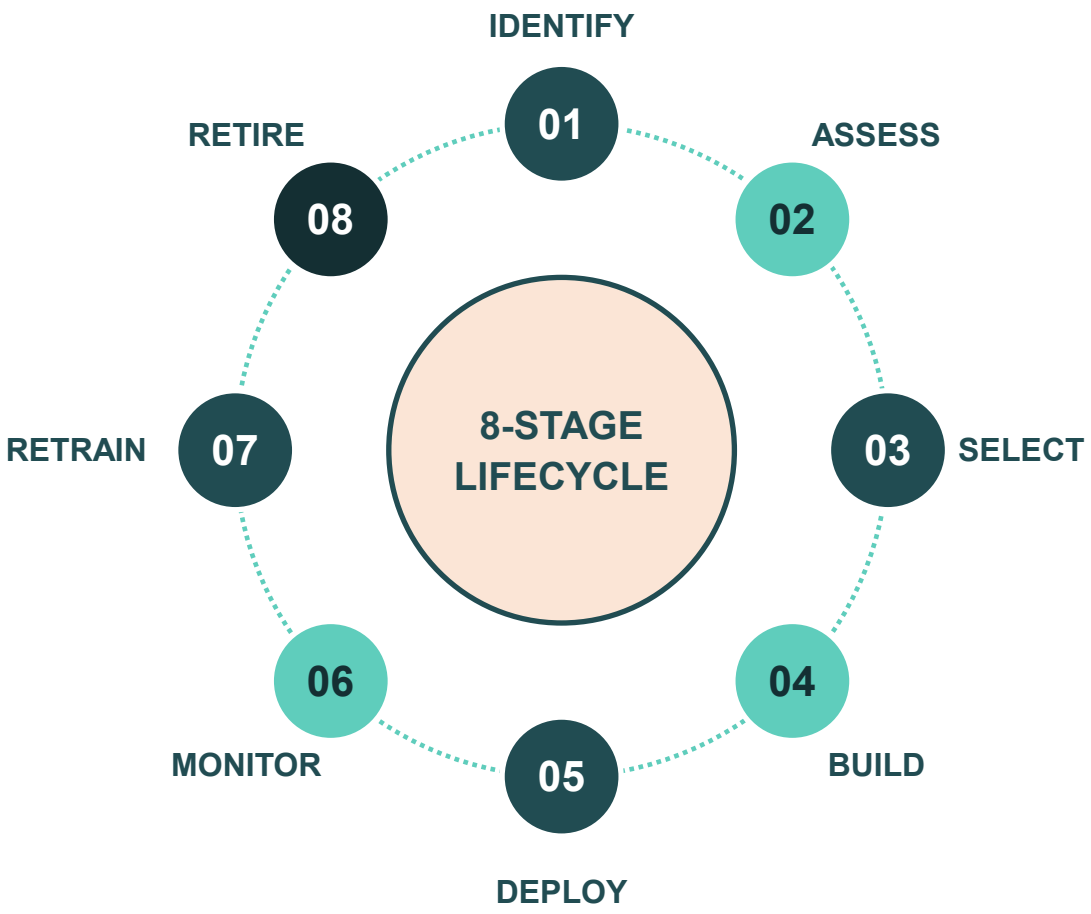
Fig. 3. AI actors across AI lifecycle stages. See Appendix A for detailed descriptions of AI actor tasks, including details about testing, evaluation, verification, and validation tasks. Note that AI actors in the AI Model dimension (Figure 2) are separated as a best practice, with those building and using the models separated from those verifying and validating the models.

Parkland Health District – Example



AI Use Case Lifecycle

An 8-stage journey from initial idea through decommission



01 IDENTIFY

Surface AI opportunities from clinical, operational, or strategic needs. Define the problem and ROI/KPIs.

KEY: Operational Value (KPIs)

02 ASSESS

Evaluate feasibility, data privacy risk, regulatory requirements, and organizational readiness.

KEY: Risk Tier

03 SELECT

Choose the tool or vendor. Prefer proven solutions; Risk Tier may require approval before build.

KEY: Contract

04 BUILD

Configure, integrate with workflows, validate in sandbox, and train staff before go-live.

KEY: Use Case Lifecycle Ownership

05 DEPLOY

Phased rollout to end users. Establish feedback loops, escalation paths, and user support.

KEY: Staff Training

06 MONITOR

Track performance, safety, equity, and clinical outcomes. Owned by the business/Executive Sponsor.

KEY: Value & Performance

07 RETRAIN

Optimize models or configurations from monitoring findings. Loop back to Assess if changes are significant.

KEY: Update AI Models as Needed

08 RETIRE

Formally retire the tool. Remove access, archive data, document lessons learned.

KEY: Continuous Feasibility Analysis

Policy Title: Artificial Intelligence Oversight and Governance Policy		
Policy No.:		
Effective Date: DRAFT		
Last Review Date:		
Policy Owner:		
Executive Sponsor:		
Attachments:		
☒ **Central Health**	☒ **CommUnityCare**	☒ **Sendero Health Plans**

I. PURPOSE

Central Health (CH), CommUnityCare (CUC), and Sendero Health Plans (collectively, the "System") recognizes Artificial Intelligence (AI) as a strategic enabler of operational excellence, workflow productivity, improved access to care, and cost efficiency. This AI Policy ("Policy") establishes a comprehensive framework for the responsible development, procurement, deployment, and use of AI technologies. The Policy is necessary to ensure the safety of our patients, as well as our health plan members and healthcare coverage enrollees (collectively, "members"), protect privacy, mitigate bias, maintain regulatory compliance, and align AI use with the System's mission to serve underserved populations while responsibly leveraging emerging technologies to improve efficiency, accuracy, and experience for team members, members, and patients in clinical and administrative operations.

II. SCOPE

This Policy governs AI use across the System: Central Health, CommUnityCare, and Sendero Health Plans and applies to all System employees, learners, volunteers and contractors.

III. DEFINITIONS

- **Agentic AI:** A category of AI Systems capable of autonomously setting goals, planning, and executing multi-step decision making actions, often by combining reasoning, tool use, and workflow orchestration. Examples include interconnected multi agents across AI ecosystem. The System considers Agentic AI to be a Heightened Scrutiny AI System.
- **AI Bias:** When AI Systems produce skewed or unfair results due to bias embedded in their training data, algorithms, or human input, resulting in distorted outputs that disproportionately affect certain groups, perpetuating discrimination, or systemic inequalities.
- **AI Ecosystem:** An end-to-end platform of interconnected technologies, data, tools, people, processes, and governance structures collaboratively enabling the development, deployment, and scaling of AI solutions within the System.

- **AI Impact Assessment:** Systematic evaluation of potential risks, benefits, and ethical implications of an AI System before deployment.
- **AI-related Incident**: An event where the AI System produces materially incorrect information or harmful outputs; is used in violation of this Policy; results in a security or privacy breach (including unauthorized access); demonstrates bias or unfairness requiring intervention; patient, member, and team members safety is compromised; or the vendor experiences an incident affecting our systems.
- **AI Model:** A component of an information system that implements AI technology and uses computational, statistical, neural networks, deep learning or machine-learning techniques to produce outputs from a given set of inputs.
- **AI System:** Any machine-based system that, for any explicit or implicit objective, infers from the inputs the system receives how to generate outputs, including content, decisions, predictions, or recommendations, that can influence physical or virtual environments.
- **Artificial Intelligence (AI):** Engineered or machine-based systems that generate outputs such as predictions, recommendations, decisions influencing real or virtual environments designed to operate with varying levels of autonomy.
- **Fairness:** Whether the AI System yields equitable outcomes across Protected Groups. Fairness seeks to ensure Protected Groups achieve similar levels of performance as the broader population.
- **Generative AI:** A category of AI Systems capable of creating new content (e.g., text, images, code) based on learned patterns. Examples include GPT, Gemini, and similar technologies.
- **Heightened Scrutiny AI System:** An AI System specifically intended to autonomously make, or be a controlling factor in making, a consequential decision. The term does not include an artificial intelligence system intended to: (i) perform a narrow procedural task; (ii) improve the result of a previously completed human activity; (iii) perform a preparatory task to an assessment relevant to a consequential decision; or (iv) detect decision-making patterns or deviations from previous decision-making patterns.
- **Model Drift**: Degradation of AI Model performance over time as real-world data distributions change.
- **Predictive AI:** A category of AI Systems that uses historical data to identify patterns and forecast future outcomes, behaviors, or risks. Examples include disease progression modeling and Patient Risk Prediction.
- **Protected Groups:** Populations who are at risk of disproportionate harm or marginalization due to characteristics such as race, ethnicity, national origin, gender identity, sexual orientation, age, disability, income, education, or access to healthcare. This includes those who have historically faced barriers to equity and access, as well as those whose representation in data used for AI training is limited, biased, or misrepresented, leading to potential outcome disparities
- **Shadow AI:** The use of AI tools or capabilities by team members, contractors, or third parties for organizational work without approval through established AI governance,

security, and data protection process. Examples include Public AI chatbots, generative AI tools, or AI features embedded within approved software when used outside sanctioned configurations.

IV. POLICY

It is the policy of the System that AI may only be developed, procured, deployed, or used in accordance with this Policy, applicable laws and regulations, and approved oversight processes. AI Systems shall not replace human judgment in clinical decision-making, must include appropriate human oversight, and must be implemented in a manner that protect patients, team members and members' safety, privacy, equity and organizational integrity.

To the extent applicable to each entity, the System adopts the AI Code of Ethics and shall follow the related ethical principles as established by the Department of Information Resources (DIR) under Chapter 219 of Title 1 of the Texas Administrative Code (1 TAC 2019). Similarly, the System adopts the applicable minimum standards established by the DIR under 1 TAC 219 Subchapter B, including AI Risk Management, AI Risk Assessment for Heightened Scrutiny AI Systems, AI Impact Assessments, and Guidelines for Frameworks, Policies and Trainings.

The implementation of this Policy and the AI lifecycle shall follow the internal processes of each entity.

V. RELEVANT STATUTES, REGULATIONS OR GUIDANCE

- FDA Software as a Medical Device (SaMD) Guidance
- 45 CFR § 92.210
- Health Insurance Portability and Accountability Act (HIPAA)
- National Institute of Standards and Technology (NIST) AI Risk Management Framework (AI RMF 1.0, January 2023)
- NIST Trustworthy and Responsible AI Resource Center (AIRC) (Guidance)
- Texas Business & Commerce Code, Chapters 551 and 552
- Texas Government Code, Chapter 2054
- Texas Health & Safety Code § 183.005
- 1 TAC 219
- Texas Public Information Act
- Commissioner's Bulletin # B-0003-26 (Texas Department of Insurance, June 12, 2026)

VI. RELATED POLICIES AND PROCEDURES

A. AI Lifecycle and Risk Management Standard Operating Procedures (SOP)

VII. PROCESS

A. GENERAL PRINCIPLES

AI is a strategic enabler and should support the core mission of the System. The System recognizes that AI can advance administrative efficiency, workforce productivity, well-being, care access, cost containment, and improved clinical outcomes. Business enablement and value realization must be achieved in conjunction with regulatory compliance and risk management. The development, procurement, and deployment of AI Systems must follow the DIR's AI Code of Ethics, uphold the highest ethical standards and align with organizational values. AI Systems must be evaluated not only for technical performance but also for their impact on health equity and accessibility. AI deployment must not create barriers to the care or services provided to our patients and members. All AI implementations will be evaluated for alignment with the following principles, as appropriate to the use case and corresponding risk tiers:

1. **Clinical and Patient-centered care and safety:** AI Systems must enhance, not replace, the therapeutic relationship between team members and patients. The deployment and use of AI Systems must not endanger patient safety, compromise quality of care, or create barriers to accessing services.
2. **Non-Clinical and Administrative support services**: AI System must enhance operational efficiency and workforce productivity while maintaining human oversight and accountability.
3. **Fairness, equity, and bias mitigation:** AI Systems must be evaluated for potential bias that could perpetuate or exacerbate health disparities. This includes bias monitoring and mitigation, and evaluation of the AI Systems to detect disparities through review of performance metrics.
4. **Impact and Efficiency:** Impact and efficiency are key to ensuring that the AI Ecosystem delivers measurable benefits. AI Systems within the AI Ecosystem should achieve their intended goals efficiently, considering factors such as resource use, maintainability, and scalability. The System encourages the innovative use of AI within regulatory and ethical frameworks. It is imperative that the use of AI Systems is managed effectively, that the desired outcomes are met, and that the costs of the AI tools do not exceed the benefit.
5. **Transparency:** Patients will be informed of AI use through general consent to treat, and through direct communication when responding to patient questions regarding AI. Additional disclosures will be provided as required by law or clinical context when AI is used directly in diagnosis, treatment, or patient/member/consumer/public interaction.
6. **Privacy and Data Protection:** Implementation of privacy-by-design principles ensuring that protected health information (PHI) and personally identifiable information (PII) are protected throughout the AI lifecycle.

Team members must ensure that only minimum data necessary for the intended purpose is used when using any AI System.

7. **Accountability and Human Oversight:** Qualified team members must review, validate, and retain ultimate decision-making authority over AI-generated outputs for clinical or operational decisions.
8. **Explainability, Validity, Reliability, and Continuous Monitoring:** AI Systems must demonstrate acceptable levels of accuracy, precision, and reliability for their intended use. We commit to:
    a. Ensuring that AI Systems are validated before deployment where necessary using appropriate test datasets.
    b. Continuously monitoring AI performance in production at defined intervals.
    c. Detecting and responding to Model Drift or performance degradation.
    d. Ensuring that AI Ecosystem are periodically revalidated, and AI Systems are updated as needed.
9. **Security and Resilience:** AI Systems, whether developed internally or procured, must comply with the System's Joint Technology infrastructure standards, information security policies, cyber security requirements, and acceptable use guidelines. Adequate security controls must be implemented to protect both the AI Models themselves and the data they process. Disaster recovery and business continuity plans must account for AI System dependencies.

B. ROLES & RESPONSIBILITIES

1. **System AI Council:** The System AI Council is responsible for the System leadership oversight of AI initiatives to support strategic decision-making, Policy development and prioritization of initiatives that gain efficiency, improve patient, member, and team member experience while advancing organizational goals, maintaining compliance, avoiding duplication of resources, and monitoring for appropriate use of AI Systems. The System AI Council may create committees and work groups tasked with carrying out specific directives, monitoring compliance, and supporting the Council's strategic priorities. As needed, the System AI Council will report to one or more System executive leadership teams to ensure alignment and sharing of information.

   To promote efficiency and scalability, and to support the rapid testing and adoption of appropriate AI solutions, the System AI Council shall establish a formal delegation framework defining: Risk-based approval tiers; Decision-making authority by role or committee; Clear thresholds for escalation to the Council; and Standard turnaround expectations.
2. **AI Risk Officer:** The AI Risk Officer is responsible for promoting ethical procurement, development, deployment, and use of AI Systems in accordance with the AI Code of Ethics, the NIST AI RMF, and other applicable laws and regulations. If the System deploys a Heightened Scrutiny AI System, the AI Risk

Officer must ensure that a risk assessment is completed, review the assessment, and ensure that the Heightened Scrutiny AI System deployment aligns with the required minimum standards established by 1 TAC 219 and this Policy.

3. **Executive Sponsor and AI Business Owner:** Each approved AI initiative shall designate an Executive Sponsor and an AI Business Owner, who are accountable for value realization, adoption, and tracking performance against defined ROI metrics. The Executive Sponsor and AI Business Owner, in coordination with the Contract Owner are responsible for recommending the decommissioning or modification of an AI System when it fails to deliver sufficient value relative to its cost, risk, or operational burden. The Executive Sponsor and AI Business Owner must ensure business outcome accountability complements clinical accountability and ensure that the AI System remains aligned with strategic and operational objectives. Executive Sponsors and AI Business Owners are responsible for following business case development and submission processes for annual budget cycles or off-cycle proposals.

C. AI USAGE

1. **Purposes:** The System, subject to appropriate governance and oversight, may utilize AI for various purposes including clinical, non-clinical and administrative services and operations. All use cases must have a designated Executive Sponsor and AI Business Owner and must follow the established risk-based approval process, including verification that the AI tool meets applicable regulatory, information security, and compliance requirements. To promote rapid adoption of appropriate AI solutions, reduce approval bottlenecks and align oversight with various risk levels, the System AI Council may delegate approval authority for AI use cases meeting certain criteria to one or more committees or individuals.
2. **Regulatory Requirements and Compliance**. AI Systems must be implemented and used in compliance with all applicable internal policies and procedures, federal and state laws, regulations, and regulatory guidance addressing privacy, data and system security, patient/consumer disclosure and notification, antidiscrimination, bias mitigation, documentation, human oversight, etc. As the healthcare AI legal and regulatory landscape is continuously developing and rapidly evolving, the System will continue to monitor emerging regulations and best practices and ensure alignment.
3. **Prohibited AI Uses**
    a. **Autonomous Clinical Judgement**: Using AI to perform autonomous clinical decision-making without human or the appropriate healthcare provider review or oversight, including diagnoses, treatment recommendations, medication prescribing, or clinical assessments, or to replace required human interaction for counseling, informed consent, or other situations that require direct human judgment, empathy, or patient communication.

b. **Autonomous Coverage Denials:** Autonomous coverage or prior authorization denials without human oversight or review.

c. **Generating False or Misleading Information**: Creating fabricated, inaccurate, misleading or incomplete patient records, test results, clinical documentation or other medical or administrative information.

d. **Use of Public or Free AI Tools (Shadow AI) with PHI/PII:** Uploading, inputting, processing, or otherwise exposing patient information or other PHI to public or free AI tools (e.g., ChatGPT, public Claude, Gemini, or similar tools) that are not covered by an executed Business Associate Agreement (BAA).

e. **Bias Amplification and Discrimination**: Using AI in a manner that introduces, reinforces or amplifies bias, or results in discrimination against individuals or Protected Groups.

f. **Circumventing Security or Privacy Controls:** Using AI to bypass established security or privacy safeguards, or to extract, infer, or reconstruct, or re-identify protected or sensitive data.

4. **AI Risk Management** - The System adopts an AI solution risk-tiering framework that is domain-agnostic and applicable across all areas of the healthcare enterprise, including clinical, administrative, financial, human resources, revenue cycle, compliance, population health, and IT/digital operations.

   a. **AI Risk Assessment for Heightened Scrutiny AI Systems:** AI uses cases classified as Heightened Scrutiny must comply with the requirements outlined in this section, including a written AI risk assessment which must be conducted to consider the probability and severity of harm that could occur as the result of implementation before the System develops, procures, deploys, or uses a Heightened Scrutiny AI System and at the time that a material change is made to the system. The risk assessment shall consider and document:

      i. The Heightened Scrutiny AI System's known security risks and mitigation steps available to limit those risks;

      ii. The performance metrics relating to accuracy and operational efficiency; and

      iii. The Heightened Scrutiny AI System's transparency, including information about the AI System’s algorithms and how the AI System makes decisions, the data used to train the AI Model, and the availability of inputs and outputs to monitor the AI System’s decision-making over time.

      The Business Owner and Executive Sponsor, in consultation with the AI Risk Officer, shall ensure the completion of a written risk assessment prepared for all Heightened Scrutiny AI Systems prior to deployment. Any disagreement shall be addressed through the risk tier escalation pathway.

Each entity shall maintain a record of all completed written risk assessments and all relevant documents as provided in each entity's retention schedule.

b. **Risk Mitigation for AI Ecosystem:**
   i. **Unauthorized Use or Disclosure of Sensitive or confidential information:** Only approved AI tools may be used with organizational data. Users must not enter PHI, PII, or confidential information into unapproved tools.
   ii. **Legal and Intellectual Property risks:** Users are prohibited from uploading proprietary, copyrighted, or third-party confidential information without explicit written authorization. All AI generated content must be reviewed for accuracy, compliance, and appropriateness before use.
   iii. **Third-Party & Vendor Risks:** All AI vendors and services must undergo security, privacy, legal, and procurement review and approval prior to adoption.

c. **Adversarial Manipulation and Unsafe or Unintended Model Behavior:** AI System may be vulnerable to adversarial manipulation, including prompt injection, jailbreaking, and other unsafe or unintended behaviors. Accordingly:
   i. All Predictive AI and Generative AI Systems will be operated under a zero-trust security approach.
   ii. All inputs, outputs, AI Model states, tool invocations, and intermediate actions must be treated as untrusted by default and subjected to defined validation, verification, and monitoring controls prior to use or execution.
   iii. Technical and administrative controls must be implemented and enforced across the AI Ecosystem to detect, prevent, and respond to adversarial or unsafe behavior. Required controls include, at a minimum:
      a. Least-privilege and least-capability access controls for all users, AI Models, tools, service accounts, and data sources, with monitoring across inputs, actions, and outputs.
      b. Human-in-the-loop authorization for high-risk actions, including access to sensitive data or deviations from approved system intent.
      c. Input validation and output filtering to mitigate adversarial manipulation and prevent disclosure of sensitive information.
      d. Abuse prevention and assurance mechanisms, including rate limiting, anomaly detection, and regular security and adversarial testing.
   iv. The following hallucination prevention controls must be implemented to address the risk of AI System susceptibility of producing plausible sounding but factually incorrect information:
      a. All outputs generated by AI must be verified against authoritative and reliable sources.

b. Clinical or patient-related information generated by AI must be reviewed and validated by qualified healthcare professionals prior to use or reliance. Where appropriate, verified source information should be incorporated into prompts or workflow to ground AI outputs in validated data.

c. Confidence scores, uncertainty indicators, or similar reliability signals must be used or disclosed when such functionality is available.

d. **Data Privacy:** The use of AI must comply with all applicable state and federal privacy laws, as well as the System's Privacy Policies, Data Loss Prevention (DLP) controls and data use standards.

e. **Model Versioning and Reproducibility:** To ensure accountability, traceability, and auditability, the version of each AI System or AI Model in use must be documented and maintained. New or updated versions must be tested and evaluated prior to deployment, and AI-generated outputs must be traceable to the specific model version that produced them for audit, investigation, or review purposes. Where feasible, the ability to reproduce historical AI outputs must be preserved.

f. **Vendor Requirements for AI:** Vendors providing AI systems must comply with all applicable regulatory, security, and privacy requirements, including execution of BAAs where required, and implement appropriate safeguards such as encryption and access controls. Vendors are required to provide transparency into AI Systems, including model design, intended use, data sources, limitations, and performance characteristics and to support organizational oversight through audit rights, incident reporting, explainability, and ongoing performance monitoring. Use of organizational data for model training, fine tuning or enhancement requires prior written authorization. Ownership and all intellectual property rights in custom-developed AI solutions must be assigned to the System, and vendors must return or securely delete System's data upon termination. Vendors are required to promptly report security incidents or material model failures.

5. Enforcement And Accountability

a. **Policy Violations:** Violations of this AI Policy may result in disciplinary action in accordance with each entity's policies and procedures, as applicable to the violator. Violations include, but are not limited to:

i. Using unauthorized or unapproved AI tools or AI Systems.

ii. Uploading, inputting, or exposing PHI or PII to unapproved external AI System or services.

iii. Deploying or using AI Systems without required review or approval.

iv. Failing to report known or suspected AI-related Incidents, risks, or misuse.

v. Circumventing established AI governance, security, or privacy controls.

vi. Misrepresenting the capabilities, limitations, or outputs of AI Systems.

b. **Audit Rights:** Each entity reserves the right to do the following within its own organization:

i. Periodically audit AI Ecosystem and related processes for compliance with this Policy.

ii. Review AI System documentation, monitoring results, and performance data.

iii. Conduct vendor audits in accordance with contractual audit rights and applicable agreements.

BUDGET & FINANCE COMMITTEE MEETING

August 26, 2026

AGENDA ITEM 6

Receive and discuss a presentation on the proposed Fiscal Year (FY) 2027 tax rate and budget for Central Health. (*Informational Item – See Exhibit 1*)

AGENDA ITEM SUBMISSION FORM

This form is to provide a general overview of the agenda item in advance of posting for the Board meeting. Proposed motion language is a recommendation only and not final until the meeting and may be changed by the Board Manager making the motion. All information in this form is subject to the Public Information Act.

Agenda Item Meeting Date	August 27, 2025
Who will present the agenda item? (Name, Title)	Jeff Knodel, Chief Financial Officer; Nicki Riley, Deputy Chief Financial Officer; Jon Morgan, Chief Operating Officer; Monica Crowley, Chief Strategic Officer and Senior Counsel
General Item Description	Receive and discuss a presentation on the proposed FY27 tax rate and budget for Central Health.
Is this an informational or action item?	Action Item
Fiscal Impact	
Recommended Motion (if needed – action item)	Approve the FY27 Proposed Ad Valorem Tax Rate for Public Notice and approve the public hearing time and location.

Key takeaways about agenda item, and/or feedback sought from the Board of Managers:

1) Staff will present the proposed FY27 tax rate and budget for Central Health and address remaining questions submitted by the Board.
2) Following this Budget and Finance Committee presentation, in the Board of Managers meeting, action will be requested to approve the FY2027 Proposed Ad Valorem Tax Rate for Public Notice and approve the public hearing time and location.
3)

What backup will be provided, or will this be a verbal update? (Backup is due one week before the meeting.)	PowerPoint presentation
Estimated time needed for presentation & questions?	45 minutes
Is closed session recommended? (Consult with attorneys.)	No
Form Prepared By/Date Submitted:	Jeff Knodel, 8/19/2026

CENTRAL HEALTH
TRAVIS COUNTY HOSPITAL DISTRICT

FY 2027 Proposed Budget & Tax Rate

Budget and Finance Committee Meeting

August 26, 2026

Presenters:

Jeff Knodel - Chief Financial Officer

Nicki Riley – Deputy Chief Financial Officer

Jon Morgan – Chief Operating Officer

Monica Crowley – Chief Strategy Officer and Sr. Counsel

Agenda

- Propose Tax Rate for Public Notice
- Approve the Public Hearing Time and Location

Engaging our Community, Strengthening Trust

Community Conversations

4 events
with Travis County Commissioners, including Aug. 31 with Judge

152
in-Person Attendees

Public Access
Recordings Available on Central Health Website & YouTube Channel

Leadership Connections

2
CEO Roundtables
Approximately 40 Participants

19
Briefings with Local Elected Officials (8 Budget-Related)

6
Travis County Commissioners Court Work Sessions (5 Budget-Related)

Community Presentations & Events

2 Events
Focused on Service Expansion
291 Attendees

Ongoing
Community Group Presentations and Outreach

Community Health Champions

Fall 2025
1 Cohort · 5 Workshops
40 Graduates

Spring 2026
3 Cohorts · 5 Workshops
35 Graduates

Digital Engagement

26.1M
Impressions

223,118
Engagements

Multi-Channel
Social Media, Email Marketing, and Paid Media

Taxpayer Impact to the Median Homestead Under Each Scenario

	FY26	FY27 – Proposed Budget		
	Approved	NNR	6%	8%
M&O Rate	0.113569	11.6607	12.3603	12.5935
Debt Service Rate	0.004454	0.9260	0.9260	0.9260
Total Rate	0.118023	12.5867	13.2863	13.5195
Median Value	$390,086	$372,638	$372,638	$372,638
M&O Amount	$443	$435	$461	$469
Debt Service Amount	$17	$35	$35	$35
Total Tax Amount	$460	$470	$496	$504
Annual Increase to the Median Homestead Taxpayer		$10	$36	$44

Overview

Three Budget/Tax Rate Scenarios

- Increased Property Tax Revenue
  - 8% - $49.3M
  - 6% - $42M
  - NNR – $19.8M

Overall Impact

- **No New Revenue (NNR):** Required by Travis County Commissioners' Court Financial Order; will result in reductions of approximately $12M of funding for strategic priorities and $23M in operational reductions; forego employee salary/merit-based increases; and reserves falling significantly below targeted levels and potentially impedes future services

- **6% Over NNR:** Advances commitment to strategic priorities in the Health Equity Plan of $27.3M; at the low end of targeted reserve levels, limits financial flexibility

- **8% Over NNR:** Advances commitment to strategic priorities in the Health Equity Plan of $27.3M; provides financial flexibility to respond to future/unexpected needs through sufficient reserves

DESCRIPTION	FY 2026 APPROVED BUDGET	FY 2027 BUDGET 8%	FY 2027 BUDGET 6%	FY 2027 BUDGET NNR
TAX RATE	**0.118023**	**0.135195**	**0.132863**	**0.125867**
Beginning Balance (Contingency Reserve)	451,192,875	437,446,142	437,446,142	437,446,142
UNRESTRICTED REVENUE				
Property Taxes	378,061,940	427,392,411	420,020,251	397,903,773
Lease Revenue	10,424,005	10,999,906	10,999,906	10,999,906
Tobacco Litigation Settlement	5,000,000	7,000,000	7,000,000	7,000,000
Patient Revenue	1,000,000	3,000,000	3,000,000	3,000,000
Other	25,900,000	26,640,000	26,640,000	26,640,000
Other Financing Sources		91,000,000	91,000,000	91,000,000
TOTAL UNRESTRICTED REVENUE	**420,385,945**	**566,032,317**	**558,660,157**	**536,543,679**
RESTRICTED REVENUE				
Available Restricted Revenue	3,540,167	734,581	734,581	734,581
AVAILABLE RESOURCES	**875,118,987**	**1,004,213,040**	**996,840,880**	**974,724,402**
UNRESTRICTED EXPENSE				
Healthcare Delivery	433,984,684	513,187,419	513,187,419	477,916,884
Administration	46,369,507	45,904,060	45,904,060	41,337,783
UT Affiliation Agreement	35,000,000	35,000,000	35,000,000	35,000,000
Other Financing Uses	37,045,142	13,902,218	13,902,218	7,549,578
TOTAL UNRESTRICTED EXPENSES	**552,399,333**	**607,993,697**	**607,993,697**	**561,804,245**
RESTRICTED EXPENSE				
All Restricted Expenses	3,540,167	734,581	734,581	734,581
TOTAL ALL EXPENSES	**555,939,500**	**608,728,278**	**608,728,278**	**562,538,826**
Appropriated Contingency Reserve Budget	319,179,487	395,484,762	388,112,602	412,185,576
TOTAL USES WITH ENDING BALANCE	**875,118,987**	**1,004,213,040**	**996,840,880**	**974,724,402**
RESERVE Balances				
Public Health Center Reserve	12,000,000	12,000,000	12,000,000	12,000,000
Emergency Reserve	68,165,232	81,154,650	81,154,650	74,801,810
Contingency Reserve	319,179,487	395,484,762	388,112,602	412,185,576

Attachment B

Network and Direct Health Care Services

FY 2027 Network Health Care Services Overview

- CommUnityCare - $117.5M
- Other FQHCs in Primary Care: Lone Star Circle of Care (LSCC), People's Community Clinic (PCC) - $21.4M
- Integral Care - $31.3M
- Sobering Center - $600K
- LSCC, PCC, Aeschbach, African American Youth Harvest Foundation and other contracted services - $10.7M
- Post Acute – Additional bed capacity to support patient need

FY 2027 Direct Health Care Services Overview

- Hancock Phase 2 opening in January 2027
- Additional complex primary care team at the Travis County jail
- Increasing utilization of medical respite beds at CEC
- Expanding addiction care teams and service infrastructure

DESCRIPTION	FY 2026 APPROVED BUDGET	FY 2027 PROPOSED BUDGET 8/26/2026
HEALTH CARE DELIVERY		
Network Health Care Services		
Primary Care: Medical, Dental, & Behavioral Health	103,446,258	125,128,410
Specialty Care: including Specialty Dental	37,348,000	36,857,000
Behavioral Health	40,274,000	42,671,750
Post Acute Care	9,350,000	12,485,000
Pharmacy	19,500,000	21,268,000
Community Health Care Initiatives Fund	1,000,000	1,000,000
Purchased Health Care Services	**210,918,258**	**239,410,160**
Direct Health Care Services		
Therapy and Counseling	2,115,947	2,479,527
Psychiatry & Addiction Care	3,221,828	4,112,166
Cardiology	2,442,156	3,158,187
Endocrinology	883,764	1,228,845
Gastroenterology	4,266,275	5,245,100
Nephrology	1,449,087	1,917,511
Neurology	354,559	1,235,174
Podiatry	2,364,183	3,296,207
Pulmonology	1,915,923	1,123,647
Rheumatology	2,041,389	1,451,215
Palliative Care	1,027,374	899,732
Pharmacy	2,980,011	1,783,337
Physical Medicine & Rehab	270,771	1,375,320
Transitions of Care	11,598,960	15,155,152
Medical Respite	10,659,536	13,397,921
Diagnostics and Other services	8,545,939	13,621,843
Patient Navigation	7,563,164	9,006,055
Clinical Support	17,898,272	15,624,926
Direct Health Care Services Total	**81,599,137**	**96,111,864**
Total Health Care Services	**292,517,395**	**335,522,024**

Attachment B

Health Care Operations & Support and Administration

Budgets for AI projects

- $900K in consulting for Artificial Intelligence (AI) Development
- $216K for an Artificial Intelligence (AI) recruiting and benefits software.

DESCRIPTION	FY 2026 APPROVED BUDGET	FY 2027 PROPOSED BUDGET 8/26/2026
Health Care Operations & Support		
Salary & Benefits	52,476,460	47,986,591
ACA Healthcare Premium Assistance Programs	19,671,820	19,452,516
Consulting	970,000	941,000
AI Development Consulting		900,000
Purchased Services	10,305,800	6,536,328
Outreach & Education	5,348,420	4,614,992
Health & Wellness Services		713,000
Information Technology & Services	13,764,300	18,918,250
Leases, Utilities, Security &Maintenance	14,181,693	15,815,131
Travel, training and professional development	1,422,100	1,096,204
Other operating expenses	864,370	970,829
Debt service - principal retirement	8,320,000	11,240,000
Debt service - interest	6,142,326	18,480,556
Transfer to Sendero Risk-Based Capital	8,000,000	30,000,000
Total Health Care Operations & Support	**141,467,289**	**177,665,395**
Total Health Care Delivery	**433,984,684**	**513,187,419**
ADMINISTRATION		
Salary and Benefits	28,252,193	27,283,249
Legal	5,505,000	5,026,500
Consulting	3,246,250	3,817,285
Purchased Services	1,532,666	982,324
Outreach and Education	539,580	200,815
Information Technology & Services	2,009,155	2,019,413
AI Recruiting and Benefits Software		215,500
Leases, Utilities, Security and Maintenance	195,000	390,531
Travel, training and professional development	1,370,085	1,546,438
Other operating expenses	663,875	1,018,838
Appraisal District Svcs	1,841,217	2,130,984
Tax Collection Expense	1,214,486	1,272,185
Total Administration	**46,369,507**	**45,904,060**

Attachment B

Other Uses

Other Uses Overview

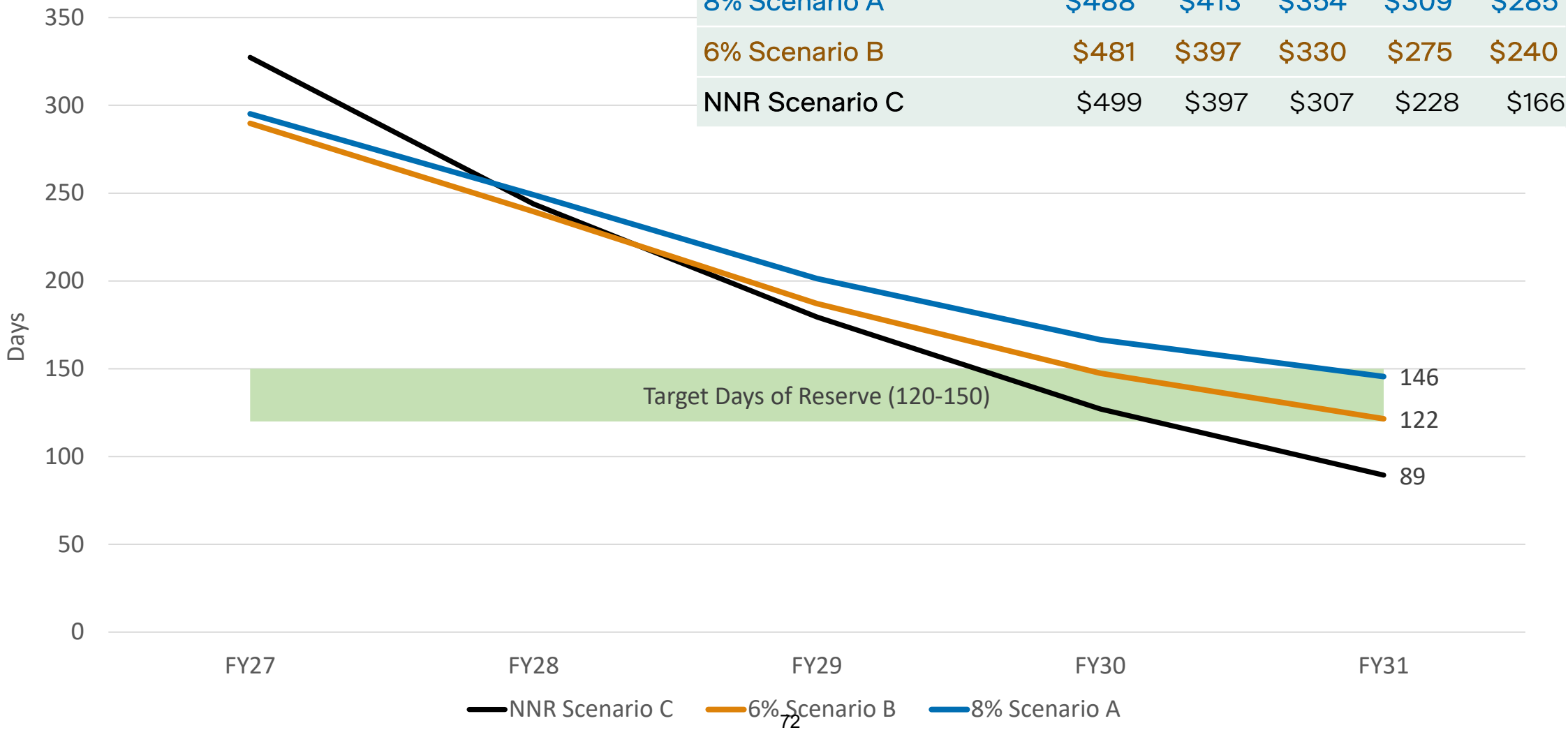
- Other Financing Uses decreased ($23.1M)
  - FY26 budget had a one-time transfer to create the Public Health Reserve and $15M transfer to the capital fund for capital projects.
  - FY27 budget includes slight increase to Emergency Reserve and start up funding for Central Health BOM approved Foundation.

DESCRIPTION	FY 2026 APPROVED BUDGET	FY 2027 PROPOSED BUDGET 8/26/2026
UT Affiliation Agreement	35,000,000	35,000,000
OTHER FINANCING USES		
Transfer to capital projects	15,000,000	-
Transfer to Public Health Center Reserve	12,000,000	-
Transfer to Emergency Reserve	10,045,142	12,989,418
Transfer to Central Health Foundation		912,800
TOTAL UNRESTRICTED EXPENSES	**552,399,332**	**607,993,697**
RESTRICTED USES		
All Restricted Expenses	3,540,167	734,581
TOTAL ALL EXPENSES	**555,939,500**	**608,728,278**
RESERVES		
Contingency Reserves	319,179,487	395,484,762
TOTAL USES WITH ENDING BALANCE	**875,118,987**	**1,004,213,040**

Tax Rate Scenarios

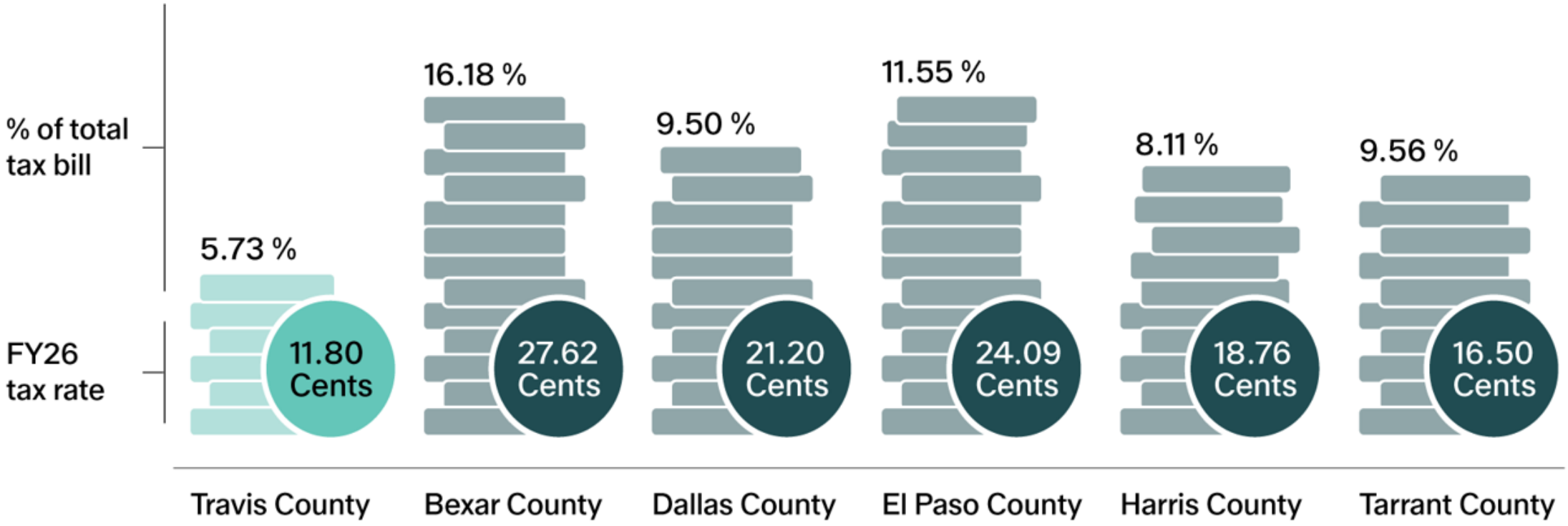
(Impact on Days of Reserves Available)
FY28-31 (8% Year-Over-Year)

Total Reserve Balances (in millions)	FY27	FY28	FY29	FY30	FY31
8% Scenario A	$488	$413	$354	$309	$285
6% Scenario B	$481	$397	$330	$275	$240
NNR Scenario C	$499	$397	$307	$228	$166



Hospital District Tax Impact Comparisons

(FY 2026 Adopted Tax Rates by District)



Responses to Board Budget Questions

- Staff appreciates the Board's questions and continued support throughout the budget process.

- Staff is developing responses to the remaining questions, and additional information will be provided at the Board meeting.

Requested Action

Actions on the agenda items will be taken at the Board of Managers Meeting

- Approve the FY 2027 Proposed Ad Valorem Tax Rate for Public Notice
- Approve the Public Hearing Time and Location

Thank You

BUDGET & FINANCE COMMITTEE MEETING

August 26, 2026

AGENDA ITEM 7

Receive and discuss a presentation on the proposed FY 2027 budget for CommUnityCare Health Centers.[3] (*Informational Item*)

AGENDA ITEM SUBMISSION FORM

This form is to provide a general overview of the agenda item in advance of posting for the Board meeting. Proposed motion language is a recommendation only and not final until the meeting and may be changed by the Board Manager making the motion. All information in this form is subject to the Public Information Act.

Agenda Item Meeting Date	August 26, 2026
Who will present the agenda item? (Name, Title)	No presentation, staff available for questions
Notetaker (Name, Title)	
General Item Description	FY27 Preliminary CommUnityCare Budget
Is this an informational or action item?	Informational
Fiscal Impact	N/A
Recommended Motion (if needed – action item)	

Key takeaways about agenda item, and/or feedback sought from the Board of Managers:

1) FY27 Budget Presentation
2)
3)

What backup will be provided, or will this be a verbal update? (Backup is due one week before the meeting.)	Presentation
Estimated time needed for presentation & questions?	N/A- Staff available for questions
Is closed session recommended? (Consult with attorneys.)	No
Form Prepared By/Date Submitted:	Jeff Knodel / July 22, 2026

COMMUNITYCARE™ HEALTH CENTERS

Fiscal Year 2027 Proposed Budget

Revenue/Expense Category	FY26 Budget	FY26 Projected	FY27 Proposed Budget	% Variance Proj/Budget
Pharmacy Revenue	$83,581,903	$66,493,536	$71,540,000	7.05%
Third Party Patient Revenue	$71,895,668	$71,267,326	$89,462,033	20.34%
Central Health Contract Rev	$98,800,000	$98,691,584	$117,500,000	16.01%
Grant/Other Revenue	$16,386,915	$16,701,959	$16,500,000	-1.22%
Total Revenue	**$270,664,486**	**$253,154,404**	**$295,002,033**	**14.19%**
Employee Salaries	$123,300,000	$126,408,991	$143,081,781	11.65%
Employee Benefits	$35,140,500	$32,192,886	$36,681,357	12.24%
Contract Labor	$9,078,426	$7,147,633	$9,525,086	24.96%
Pharmacy Supplies/Drugs	$62,186,427	$48,630,242	$54,352,800	10.53%
Direct Care Expenses	$16,450,000	$17,700,594	$23,638,156	25.12%
Indirect Expenses	$14,069,050	$15,747,941	$17,450,330	9.76%
Occupancy Expenses/Depreciation	$10,656,727	$9,970,089	$10,532,577	5.34%
Total Expenses	**$270,881,130**	**$257,798,377**	**$295,262,088**	**12.69%**
Net Surplus/Loss	**($216,644)**	**($4,643,973)**	**($260,055)**	**-1685.77%**
Other Revenue/Expense	$300,000	$996,286	$300,000	-232.10%
Net Surplus/Loss	**$83,356**	**($3,647,687)**	**$39,945**	**9231.71%**

Encounters by Program	FY2026 Projected	FY2026 Budget	FY2027 Budget	Increase from FY26 Proj	Increase from FY26 Proj2
Medical	421,122	462,508	456,829	8.5%	35,707
Dental	83,803	81,005	117,388	40.1%	33,585
Behavioral Health	35,585	44,532	41,456	16.5%	5,871
Therapies (OT,SP,PT)	8,582	12,072	8,838	3.0%	256
	549,093	600,117	624,511	13.7%	75,418

Description	FY26 May	FY26 Budget	FY27 Budget
PAYER MIX (% of Total encounters)			
Medicare	4.6%	4.4%	4.0%
Medicaid	24.5%	25.0%	25.0%
CHIP	3.4%	4.1%	3.4%
Gov/Grants	4.1%	3.3%	3.0%
MAP/Basic	43.7%	43.1%	46.0%
Sliding Fee Scale	7.8%	7.8%	7.0%
Commercial	8.8%	9.2%	8.6%
Self Pay	3.1%	3.1%	3.0%

BUDGET & FINANCE COMMITTEE MEETING

August 26, 2026

AGENDA ITEM 8

Receive and discuss financial and operational updates from Sendero Health Plans.[3] (*Informational Item*)

AGENDA ITEM SUBMISSION FORM

This form is to provide a general overview of the agenda item in advance of posting for the Board meeting. Proposed motion language is a recommendation only and not final until the meeting and may be changed by the Board Manager making the motion. All information in this form is subject to the Public Information Act.

Agenda Item Meeting Date	08/26/26
Who will present the agenda item? (Name, Title)	Sharon Alvis/Elizabeth Barreneche
Notetaker (Name, Title)	
General Item Description	Sendero Update
Is this an informational or action item?	Yes
Fiscal Impact	No fiscal impact for FY26
Recommended Motion (if needed – action item)	

Key takeaways about agenda item, and/or feedback sought from the Board of Managers:

1) Financial information for the Board of Managers and future financial request for FY2027 CH Budget.
2)

What backup will be provided, or will this be a verbal update? (Backup is due one week before the meeting.)	Verbal
Estimated time needed for presentation & questions?	20 minutes
Is closed session recommended? (Consult with attorneys.)	Yes
Form Prepared By/Date Submitted:	Elizabeth Barreneche/Sharon Alvis – 8/12/2026

BUDGET & FINANCE COMMITTEE MEETING

August 26, 2026

AGENDA ITEM 9

Confirm the next Budget and Finance Committee meeting date, time, and location. (*Informational Item*)