



CENTRAL HEALTH

Our Vision

Central Texas is a model healthy community.

Our Mission

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

Our Values

Central Health will achieve excellence through:

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

Innovation - We create solutions to improve healthcare access.

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

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

BOARD MEETING

July 25, 2018

REGULAR AGENDA ITEM 1

Receive and discuss a presentation on the Fiscal Year (FY) 2019 budget for Central Health.



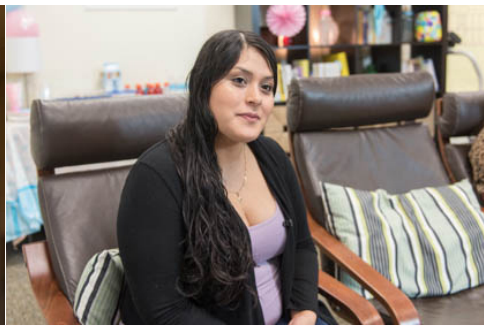
CENTRAL HEALTH

Fiscal Year 2019 Proposed Budget

Central Health Board of Managers

July 25, 2018

Jeff Knodel, VP of Financial Strategies & CFO



FY 2019 Proposed Budget Support of the Strategic Work Plan

Objective 1: Develop and execute health care delivery strategy based on people and place

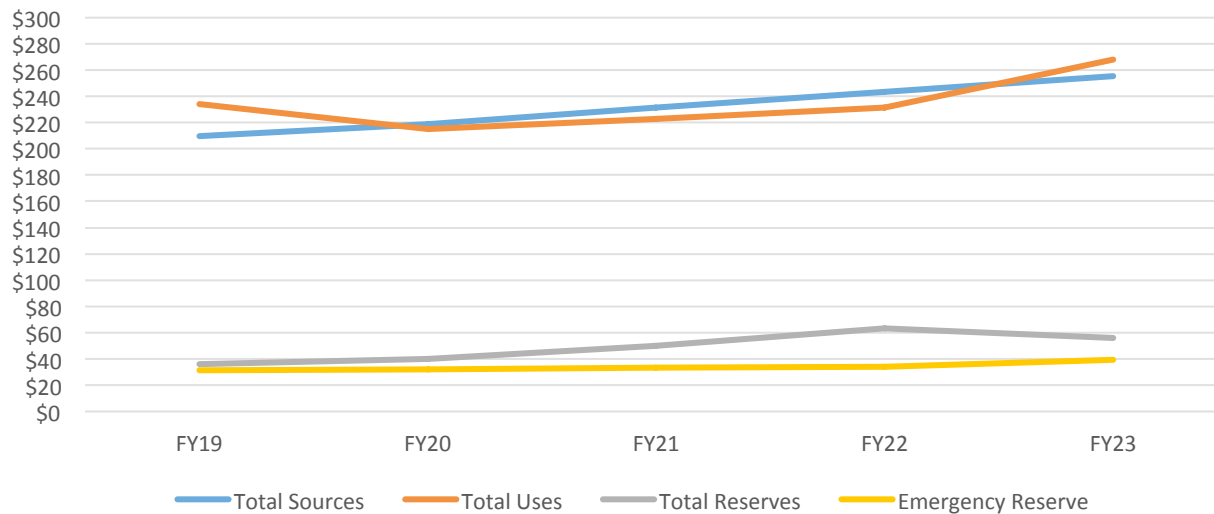
Objective 2: Implement patient focused and coordinated health care system

Objective 3: Implement sustainable financial model for health care delivery and system strategies through 2024



4.5% Over Effective Property Tax Rate (in millions)

4.5% Over Effective Property Tax Rate YOY

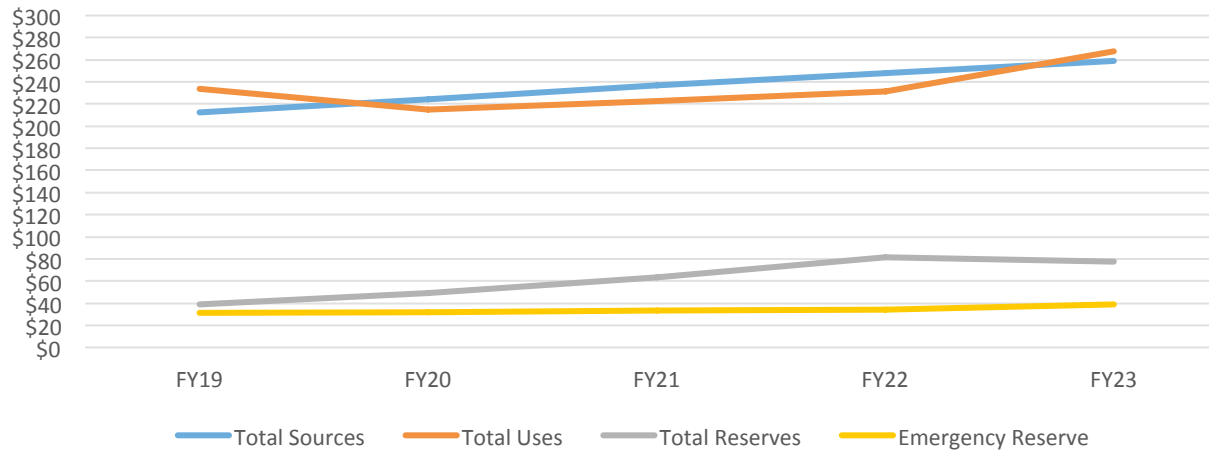


	FY18	FY19	FY20	FY21	FY22	FY23
Total Sources		209.6	218.6	231.6	243.4	255.5
Total Uses		233.8	215.0	223.0	231.2	267.9
Total Reserves	60.10	35.9	40.2	49.9	63.3	55.8
Contingency Reserve	28.80	4.6	8.2	16.9	29.0	16.6



6.0% Over Effective FY19 and FY 20, 4.0% thereafter (in millions)

6.0% Over Effective Property Tax Rate FY19 & FY20, 4 % thereafter

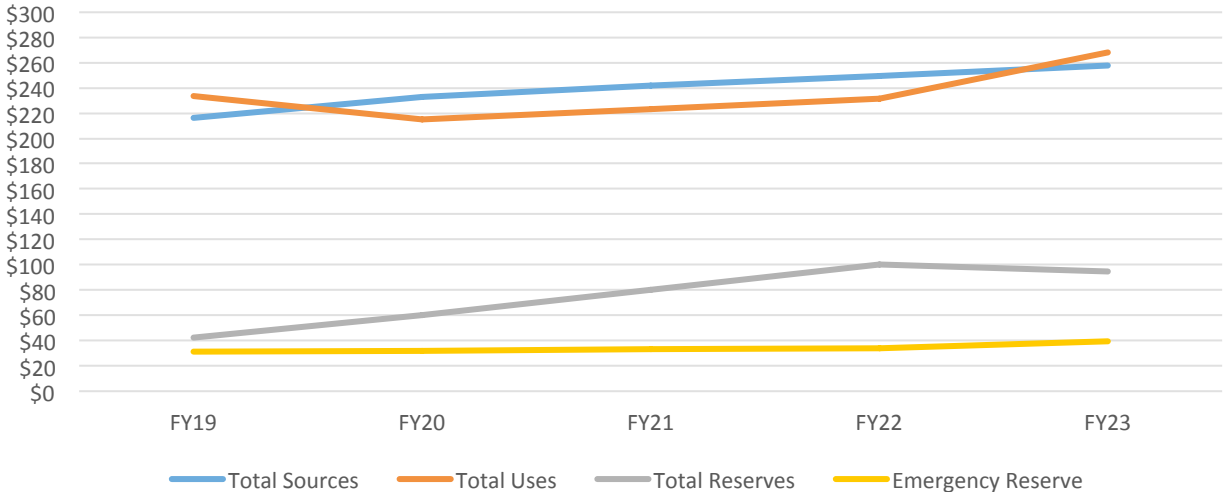


	FY18	FY19	FY20	FY21	FY22	FY23
Total Sources		212.4	224.5	236.8	247.7	258.9
Total Uses		233.8	215.0	223.0	231.2	267.9
Total Reserves	60.1	38.7	48.8	63.7	81.5	77.4
Contingency Reserve	28.8	7.4	16.9	30.7	47.2	38.2



8.0% Over Effective FY19 and FY20, 2.5% thereafter (in millions)

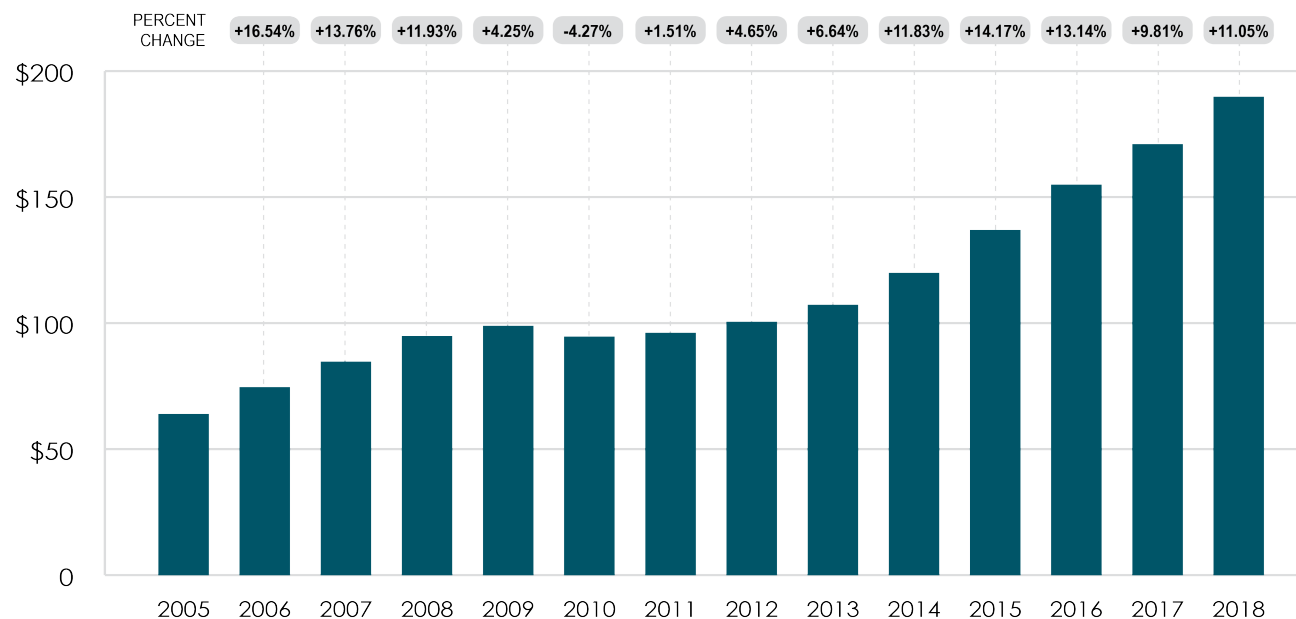
8% Over Effective Property Tax Rate FY19 & FY20, 2.5% thereafter



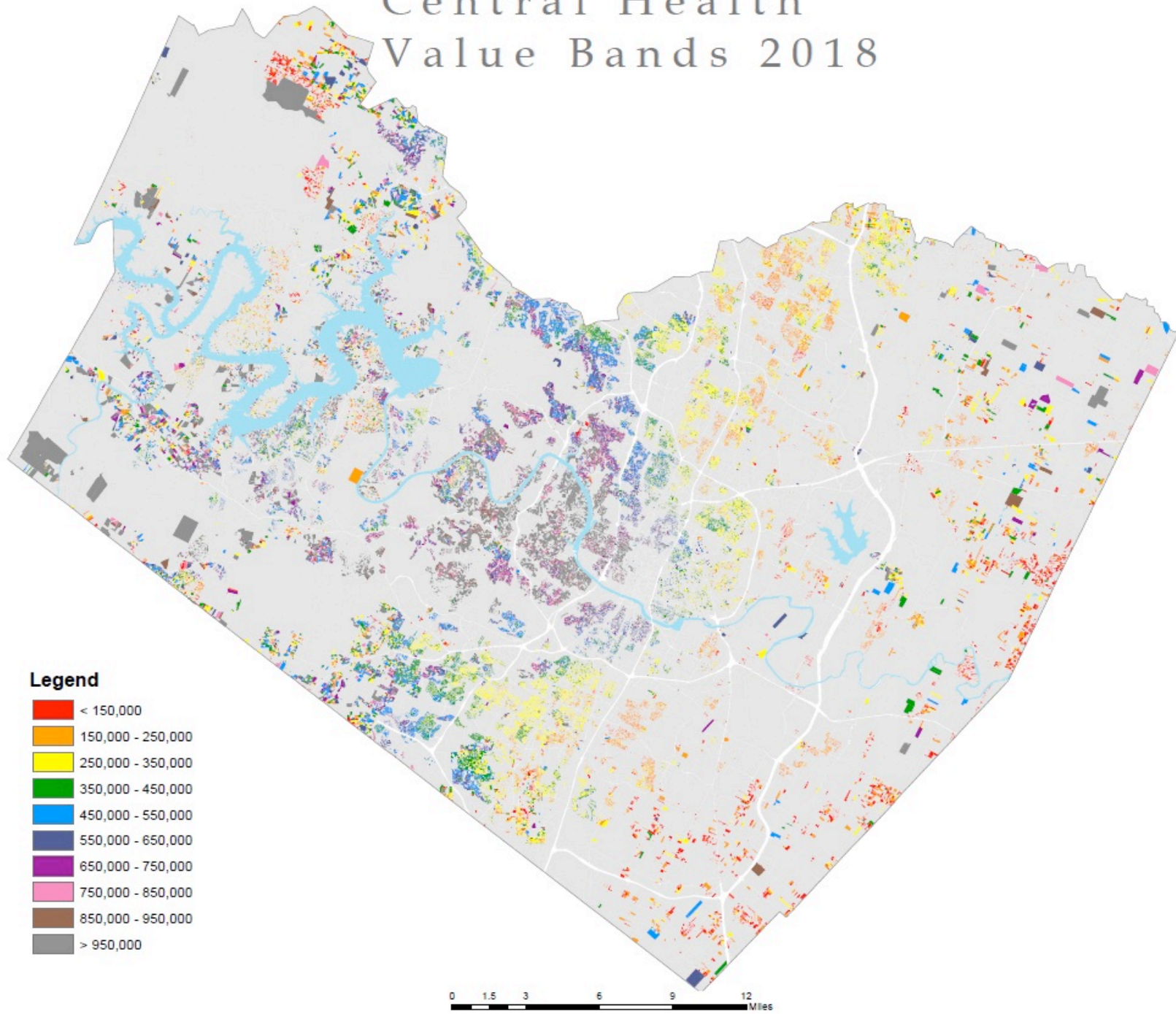
	FY18	FY19	FY20	FY21	FY22	FY23
Total Sources		216.1	232.5	241.9	249.7	257.4
Total Uses		233.8	215.0	223.0	231.2	267.9
Total Reserves	60.10	42.4	60.5	80.5	100.2	94.6
Contingency Reserve	28.80	11.1	28.6	47.5	65.9	55.4



Taxable Values by Tax Year (in billions)

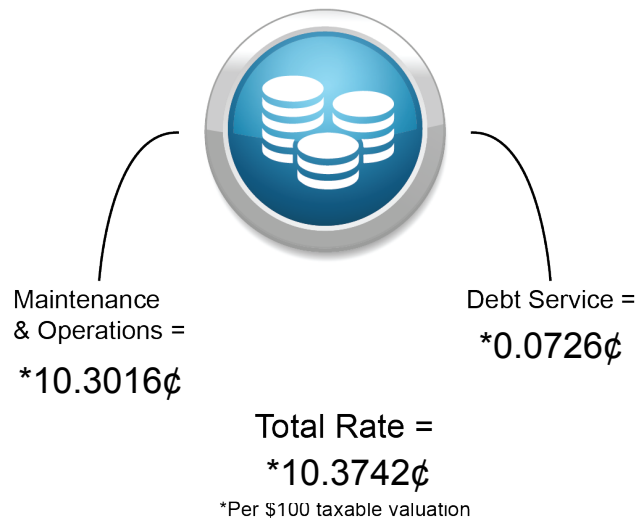


Central Health Value Bands 2018



FY 2019 Proposed Tax Rate (4.5% over Effective Rate)

Central Health Property Tax Rate



	FY18	FY19 (Proposed)
Average Taxable Homestead Value	\$305,719	\$326,895
Tax Rate	10.7385¢	10.3742¢
Tax Bill	\$328.30	\$339.12
Annual Increase = \$10.82 (3.2%)		

Homestead Exemption	Over 65 Homestead Exemption	Disability Homestead Exemption
20% (A) \$5,000 Minimum	\$85,500 (B)	\$85,500 (B)
(A) Maximum allowable by state law (B) Increased from \$80,000		



Central Health Property Tax Impact Statement: Fiscal Years 2018-2019

FY 2018 Home Value	FY2018 Taxable Homestead Value*	FY 2018 Tax Rate	FY 2018 Tax Bill	Average Home Value Appreciation	FY2019 Homestead Value	FY 2019 Taxable Home Value*	FY 2019 Tax Rate (4.5% over effective)	FY 2019 Tax Bill	Annual Increase	Percent Increase
\$200,000	\$160,000	10.7385¢	\$172	9.0%	\$218,000	\$174,400	10.3742¢	\$181	\$9	5%
\$300,000	\$240,000	10.7385¢	\$258	7.0%	\$321,000	\$256,800	10.3742¢	\$266	\$9	3%
\$400,000	\$320,000	10.7385¢	\$344	5.9%	\$423,600	\$338,880	10.3742¢	\$352	\$8	2%
\$500,000	\$400,000	10.7385¢	\$430	5.2%	\$526,000	\$420,800	10.3742¢	\$437	\$7	2%

* 20 percent homestead exemption



Central Health FY 2019

Proposed Budget (in millions) 4.5% over effective

DESCRIPTION	FY 2018	FY 2018	FY 2019
	APPROVED BUDGET	YEAR END ESTIMATE	PROPOSED BUDGET
Sources			
Property Taxes	\$181.8	\$181.8	\$194.1
Lease Revenue	10.3	10.3	13.1
Other Revenue	2.2	5.1	2.4
Subtotal Revenue	194.3	197.2	209.6
Contingency Reserve	43.5	51.6	28.8
Total Sources	237.8	248.8	238.4
Uses			
Healthcare Delivery (IGT, Healthcare services and Initiatives)	181.3	156.3	179.1
Healthcare Operations, Health Promotions*, and Downtown Campus* <i>*Prior year was in initiatives</i>	15.2	14.9	15.9*
Contingency Reserve (appropriated)	23.7	-	4.6
Other Reserves and transfers	5.4	37.4	26.4
Debt Service	1.4	1.4	1.4
Total Healthcare Delivery	227.0	210.0	227.3
Administration	9.1	8.3	9.3
Tax Collection	1.7	1.7	1.7
Total Uses	237.8	220.0	238.4
Reserves (estimated ending balance)			
Capital		-	
Contingency Reserve		28.8	
Emergency Reserve		31.3	



FY 2019 Proposed Budget– Uses/Health Care Delivery/IGTs

Intergovernmental transfers:	FY 2018	FY 2019
	Approved Budget	Proposed Budget
IGT - Private UC	\$24,000,000	\$24,000,000
IGT - Public UC	25,000,000	24,500,000
IGT - Disproportionate Share	35,000,000	35,000,000
IGT - CCC DSRIP	29,300,000	27,500,000
IGT - Seton DSRIP	29,000,000	27,500,000
IGT - St. David's DSRIP	620,000	630,000
Total	\$142,920,000	\$139,130,000



FY 2019 Proposed Budget– Uses/Health Care Delivery/Operations

Description	FY18 Approved Budget	FY19 Proposed Budget
Subtotal Intergovernmental Transfers	142,920,000	139,130,000
Healthcare Services:		
Member Payment to CCC	29,245,166	34,000,000
Charity Care - Seton	4,251,733	0
Primary Care - Planned Parenthood	731,800	790,344
Women's Health Services	1,000,000	1,080,000
Integrated Care Collaboration (ICC)	666,657	719,990
Service Expansion	2,000,000	2,000,000
Subtotal Healthcare Services	37,895,356	38,590,334
Health Care Initiatives:		
UMCB Redevelopment and Operations	4,360,644	0
Health Care Initiatives: Community Outreach, Strategic Work Plan	500,000	1,400,000
Subtotal Health Care Initiatives	4,860,644	1,400,000
Operating Expenses:		
Salary and fringe benefits	3,773,584	3,689,436
ACA education and enrollment	2,700,000	2,916,000
Legal	26,200	46,200
Consulting	289,000	459,590
Other professional services	401,085	365,000
Marketing & community relations	307,326	414,868
Leases, security & maintenance	739,876	599,320
UT land lease for teaching hospital	903,467	912,502
Phones, computer equipment & utilities	932,021	1,091,890
Printing, copying, postage & signage	198,694	133,750
Travel, training and professional development	47,044	40,285
Health Promotion	358,713	315,455
Downtown Campus Operations and Redevelopment	0	4,725,542
Other operating expenses	234,892	157,480
Subtotal Operating Expense	10,911,902	15,867,318
Subtotal Healthcare Delivery IGT, Services, Initiatives and Operations	\$196,587,902	\$194,987,651



FY 2019 Proposed Budget: Central Health Downtown Campus

Description	FY 2019 Proposed Budget
Building operations and management	\$2,918,192
Campus infrastructure and development	1,807,350
Total	\$4,725,542



FY 2019 Proposed Budget–Uses/ Health Care Delivery/Reserves and Debt Service

Description	FY 2018 Approved Budget	FY 2019 Proposed Budget
Subtotal Health Care Delivery (IGT, Services, Initiatives and Operations)	\$196,587,902	\$194,987,651
Reserves, Appropriated Uses and Transfers:		
Transfer to capital reserve	0	6,400,000
Transfer to emergency reserve	417,922	0
Sendero risk-based capital	4,000,000	20,000,000
Contingency reserve appropriation	23,650,587	4,571,197
Subtotal Reserves, Appropriated Uses and Transfers	29,068,508	30,971,197
Debt service:		
Debt service - principal retirement	1,000,000	1,030,000
Debt service - interest & amortized costs	372,795	342,818
Subtotal Debt Service	1,372,795	1,372,818
Total Health Care Delivery	\$227,029,205	\$227,331,666



FY 2019 Proposed Budget– Uses/Administration and Tax Collection

DESCRIPTION	FY 2018 APPROVED BUDGET	FY 2019 PROPOSED BUDGET
Total Healthcare Delivery	\$227,029,205	\$227,331,666
Administration		
Operating Expenses		
Salary and fringe benefits	\$4,413,182	\$4,690,997
Legal	926,200	1,198,320
Consulting	1,208,800	876,500
Investment Services (Travis County)	105,000	110,000
Benefits & Payroll administrative services	249,920	315,150
Other professional services	483,200	495,000
Marketing & Community Relations	192,400	194,800
Leases, security & maintenance	273,348	308,096
Insurance & Risk Management	157,500	150,030
Phones, computer equipment & utilities	204,930	147,000
Printing, copying, postage & signage	136,560	117,820
Travel, training and professional development	259,625	176,495
Other operating expenses	532,850	541,630
Total Administration	9,143,515	9,321,838
Tax Collection		
Appraisal District Services	970,200	1,018,710
Tax Collection Expense	682,560	684,500
Subtotal Tax Collection Expense	1,652,760	1,703,210
Total Uses	237,825,480	\$238,356,714



Next Steps (preliminary dates)

- ✓ April 25 Central Health Board of Managers Meeting
- ✓ May 16 Central Health Budget and Finance Committee (*5-year forecast*)
- ✓ May 23 Central Health Board of Managers (*5-year forecast*)
- ✓ June 13 Central Health Budget and Finance Committee (*FY 2019 Central Health proposed budget and property tax rate*)
- ✓ June 27 Central Health Board of Managers (*FY 2019 CCC proposed budget*)
- July 25 Central Health Board of Managers (*FY2019 Central Health proposed budget and tax rate*)
- Aug 8 Central Health Budget and Finance Committee (*FY2019 Central Health proposed budget and tax rate and CCC FY 2019 proposed budget*)
- Aug. 14 Travis County Commissioners Court (*FY 2019 Central Health proposed budget and tax rate*)
- August 15 Central Health Board of Managers (*FY2019 Central Health proposed budget and tax rate – vote on the maximum tax rate*)
- Aug. 29 First public hearing
- Sept. 5 Second public hearing
- Sept. 12 Central Health Board of Managers (*FY 2019 budget and tax rate adopted*)
- Sept. 18 Travis County Commissioners Court (*FY 2019 Central Health adopted budget and tax rate approved*)



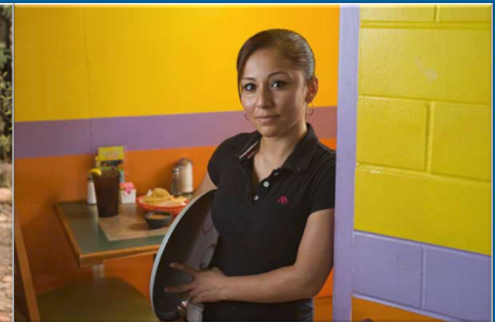


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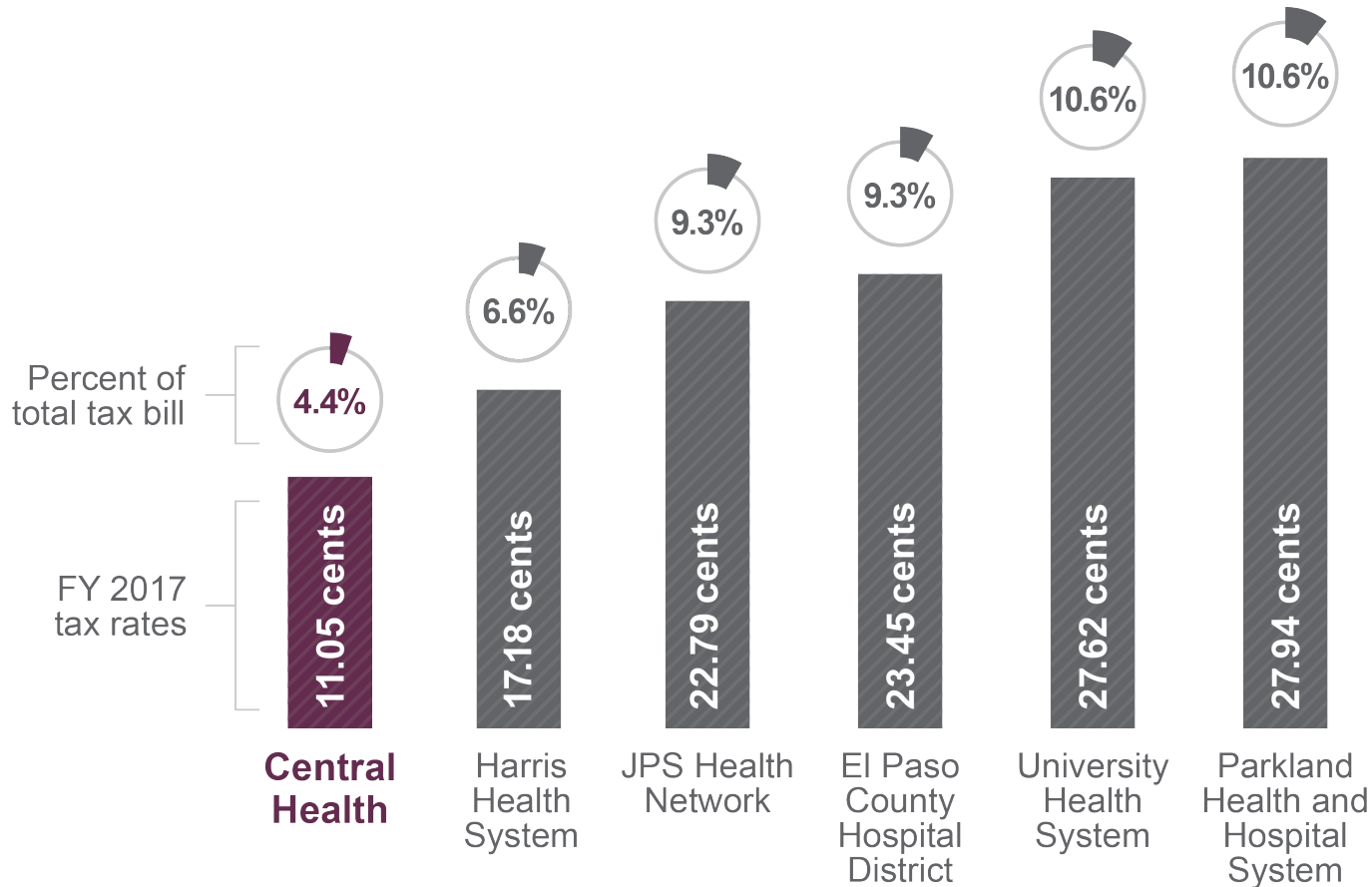
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Appendix

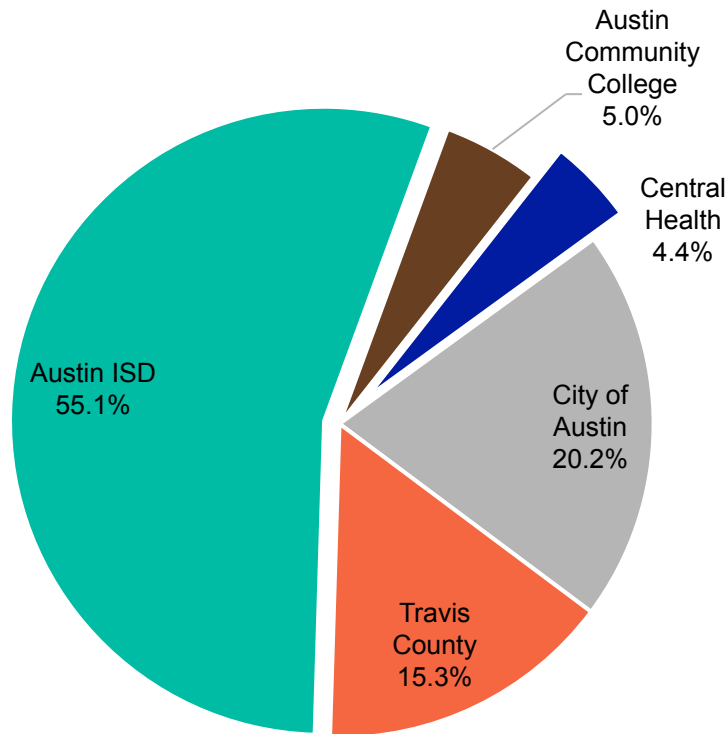


Major Texas Hospital Districts: FY 2017 Tax Burden Comparisons



Share of Local Property Taxes

FY 2017 Travis County Tax Entity Percentages



FY2018 Travis County Tax Entity Percentages

