



CENTRAL HEALTH

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www.centralhealth.net



CENTRAL HEALTH

A Healthy Return on Investment

2012 Annual Report

2012 Central Health Board of Managers



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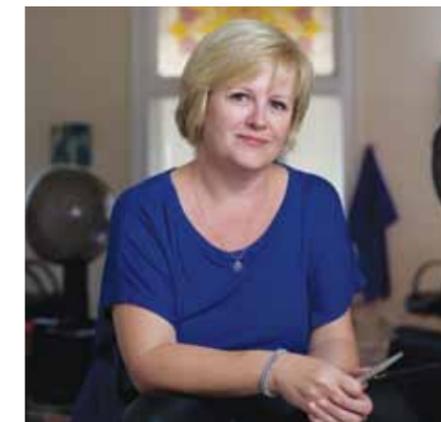
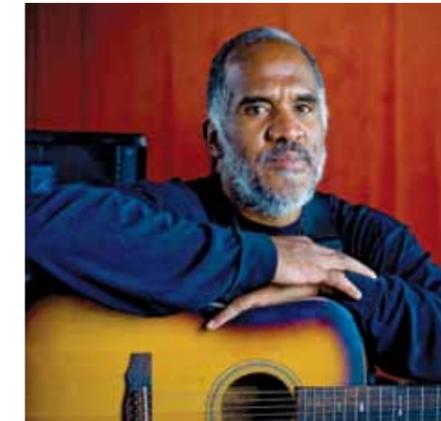
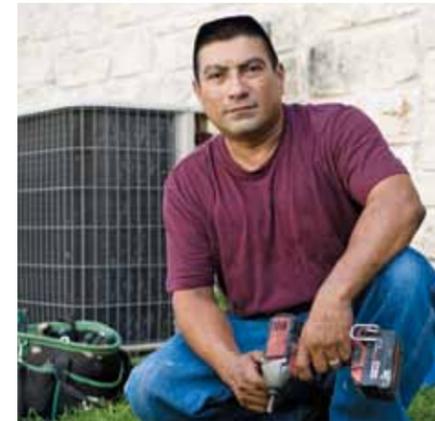
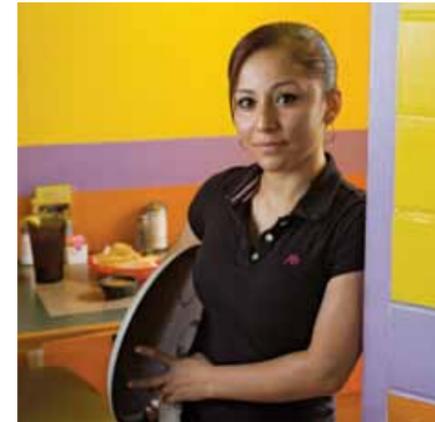
Katrina Daniel, R.N.



Rebecca Lightsey



Patricia A. Young Brown,
C.P.A., President & CEO



OUR SHARED VISION

Central Texas is a model healthy community.

OUR MISSION

Central Health creates access to health care for those who need it most.

OUR GOALS

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

Technology: Maximize the use of technology community-wide to inform healthcare decisions and delivery

Quality: Strategically invest in practices designed to improve healthcare outcomes

Leadership: Assume a leadership role in convening and planning for the healthcare needs of our community

See how investing in a healthy Central Texas is paying off:

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Central Health is preparing to undertake what is possibly the most important endeavor for the health of Travis County that has ever been envisioned, much less implemented. The year 2013 will mark an entirely new way of providing care for the most vulnerable among us, from the quality of that care to its cost. Every resident of Travis County will benefit. But we'll get to that.

The purpose of this annual report is to recap the previous year's accomplishments. Since our first published annual report in 2005, every year we have brought you concrete examples of our work and hard data that demonstrate how we continue to strive to meet the expectations of the residents of Travis County, and to meet our own vision of Central Texas being a model healthy community. The past fiscal year is no different.

89%
of Central Health's expenses go to healthcare delivery

In 2012, Central Health provided access to care for record numbers of individuals in every measurable category, including primary care, specialty care, and behavioral health. It's with a great deal of conviction that I can say that by providing more access, expanding our network and relieving the burden on an overstressed system, we are meeting the expectations of those who voted Central Health into existence in 2004.

And now we are working to reimagine and rebuild that system. Since our first year of operation in 2005, we've worked to fill the gaps in our local healthcare delivery system. Now we have the opportunity to construct a better version of that system thanks to the federal Section 1115 Medicaid Transformation and Quality Improvement Waiver and our new Community Care Collaborative, both of which are described in more detail inside. The work we are now undertaking is a fundamental reorganization of our business model, although our aspirations remain unchanged. Central Health is sailing into uncharted waters as we work with our partners to substantially reform the way health care is delivered in Travis County. I have no doubt this will be apparent when we bring you our fiscal year 2013 Annual Report.

As an organization invested in the people of Travis County and our collective future, we appreciate your continuing support. Our success is attributable to the community-wide belief in our mission, and active support from a large and growing number of individuals and organizations. We thank you.

Sincerely,



Patricia A. Young Brown
President & CEO
Central Health

Care by the Numbers

Our top priority is the people who rely on us for their access to quality health care. The figures below represent real people in our community who we have helped. Are we providing greater access for Travis County residents? Our numbers speak for themselves.

315,623 Total primary care visits* in fiscal year 2012
**including medical, dental, and behavioral health*

Increase in state application assistance in fiscal year 2012
40%

111,808
 Number of calls handled by the Central Health call center in 2012—a 17% increase compared to fiscal year 2011

New individuals enrolled in Medicaid and CHIP through application assistance
1,842

78% Increase in annual primary care visits since 2005



176% Increase in average monthly MAP enrollment since 2005

Number of square feet of the new North Central Health Clinic, with 57 exam rooms and 18 operatories that will serve as a primary care and multi-specialty hub for the northern part of Central Health's service area

50,000

253,738

Total medical visits in fiscal year 2012

Behavioral health visits—a 4% increase in behavioral health visits compared to fiscal year 2011

25,557

Average monthly MAP enrollment—an 11% increase compared to fiscal year 2011

23,437



36,328

Visits to the dentist—a 27% increase in dental visits compared to fiscal year 2011

17%

Increase in CommUnityCare visits compared to fiscal year 2011

Improving Outcomes

Every day, our goals are to increase access to health care, maximize the use of technology, invest in practices that improve healthcare outcomes, and work to lead our community to better health. Below are the numerous ways we achieved those goals in 2012.

WOMEN'S HEALTH SERVICES

The provision of women's health services is a perennial challenge in Texas, and 2012 was an especially difficult year. Central Health made it a priority to bolster these services for women in Travis County.

- Created a new contract with Planned Parenthood for family planning services in November, 2011.
- Relocated services previously provided at Austin Women's Hospital at UMCB to St. David's in January.
- Expanded contracts with People's Community Clinic, El Buen Samaritano Episcopal Mission and Lone Star Circle of Care to provide additional health care for eligible residents of Travis County in May.

ELIGIBILITY SERVICES

Enhancing the ways and means of obtaining access to essential healthcare services is a cornerstone of Central Health's Eligibility Services. In 2012, Central Health Eligibility Services made great strides.

- Initiated programs using postcards to remind enrollees to renew enrollment and calling new enrollees to ensure they understood benefits and how to access them.
- Developed and produced a new Medical Access Program enrollee handbook. The new bilingual handbook is easier to read and understand, and helps enrollees better understand MAP benefits.
- Expanded virtual MAP enrollment (allowing certain partner agencies to electronically complete the initial application process), with 1,798 individuals enrolled.

TECHNOLOGY AND RESOURCES

Staying abreast of new technology and making the best use of available resources to improve all aspects of health care, from treatment to billing, is essential to improving outcomes for patients. In 2012, we continued down the trail we began blazing years ago, including:

- Expanded functionality of ICare 2, the community's Health Information Exchange (HIE) system, to include lab and pharmacy.
- Developed the capability to access eligibility data directly, streamlining the reporting process and requirements.
- Launched three new Web sites in 2012: Eligibility Services, MAP, and RHP 7, all of which enhance the public's ability to get help and information at any time.

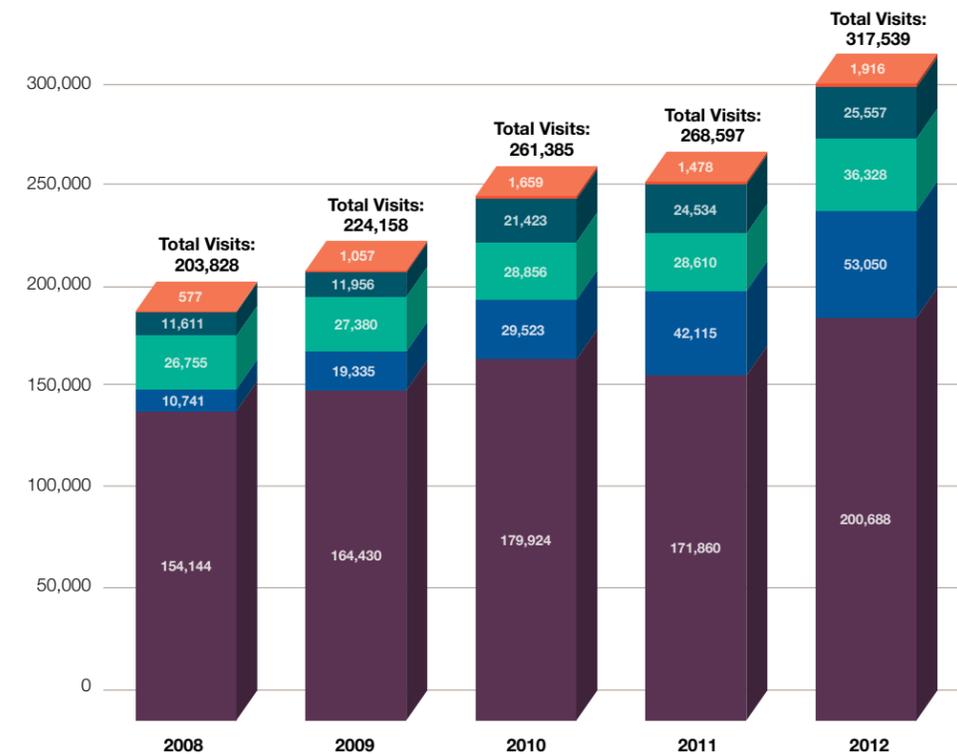
New Web Sites

- CHEligibility.net
- MedicalAccessProgram.net
- TexasRegion7RHP.net



Women's Health

Bolstering women's health services was a key area of expansion in 2012.



Central Health Programs' Service Visits by Year

■ CommUnityCare Medical/Primary Care ■ Contracted Medical/Primary Care ■ Dental ■ Behavioral Health ■ Inpatient IP Psych

SPECIALTY CARE SERVICES

Providing access to specialty care services before health problems grow into full-blown emergencies is a critical area that we continue to expand.

- Expanded specialty care access at CommUnityCare sites for endocrinology, dermatology, gastroenterology, and cardiology through a partnership with University of Texas Southwestern (UTSW) Medical Center.
- Sponsored the Seton Cancer Screening Mobile Mammography Initiative, also known as The Big Pink Bus. The bus travels to locations where women would typically have limited access to such screening services.

Learn More

- 10 Goals in 10 Years Initiative:** kirkwatson.com/austins-health/10-goals-in-10-years
- Healthy ATX:** healthyatx.org
- Health and Healthcare Trends & Innovations in Central Texas:** centralhealth.net/white_paper.html

Leading the Way in 2012

With your help, Central Health is leading the way to better health for all Central Texans.

- ✦ Placed Proposition One on the November ballot with considerable community support.
- ✦ Began serving as anchor entity for Regional Health Partnership 7 under the Section 1115 Medicaid Transformation Waiver.
- ✦ Supported Senator Kirk Watson's *10 Goals in 10 Years Initiative* and participated on the coordinating committee.
- ✦ In collaboration with Austin Area Research Organization (AARO), hosted an *Interactive Summit on Health and Health Care in Central Texas*, and concurrently released a white paper entitled *Health and Healthcare Trends & Innovations in Central Texas*, which provides a snapshot of where Central Texas stands on health and health care.
- ✦ Entered into a letter of intent with Seton Healthcare Family to create a new integrated care delivery system in Travis County, called the Community Care Collaborative (CCC), focused on improving health outcomes, patient experience and lowering costs.
- ✦ Served on the Steering Committee and Core Coordinating Committee for the Community Health Assessment (CHA) and Community Health Improvement Plan (CHIP).
- ✦ Served on the Healthy ATX steering committee.
- ✦ Convened a community planning process around behavioral health services and produced two reports documenting the need for additional services.
- ✦ Recognized as the Austin Business Journal Healthiest Employer in Central Texas for small companies.

Our Community, Our Future

Since our creation, Central Health has been tasked with filling the gaps and plugging the holes in the local healthcare system. In 2013, we're building a completely new boat.

Central Texas' existing service delivery model is outdated and inefficient. Taxpayer dollars pay for services provided through a patchwork, fee-for-service system, without much coordination, public accountability or easily accessible performance data. As healthcare needs and costs have increased, this old model has become economically unsustainable.

50,000
Number of individuals projected to be cared for through the CCC

The Community Care Collaborative (CCC) is a new public-private partnership created in 2012 to maximize funds available to integrate the fragmented and disjointed safety net healthcare system here in Travis County. Made possible by the Section 1115 Medicaid Transformation Waiver, this 501 (c)(4)(a) non-profit, anchored by Central Health, in partnership with Seton Healthcare Family, is an integrated delivery system that will provide care for more patients and result in better patient outcomes.

The overarching goal of the CCC is to provide high quality, cost effective, patient centered care that improves health outcomes through expanded care coordination, available types of care, and patient management. The CCC will manage the care of Travis County residents who are uninsured, living at or below 200 percent of the Federal Poverty Level, and who qualify for services. In total, approximately 50,000 individuals will be cared for through the CCC.

Because of the increased connectivity of the system and better alignment of incentives to prevent hospitalizations and unneeded emergency department care, the reporting information produced by the system will be much more robust and thus better utilized by the partners to coordinate care and manage cost.



More access for more people

Because of the CCC, more Travis County residents will have access to essential healthcare services in the months and years to come.

Transforming the system will mean better health for more people, resulting in a stronger Travis County.

As mentioned, the CCC is made possible by funding from the 1115 Waiver. Currently in its second year, the Waiver is a 5-year program with two main objectives:

1. Continue to provide supplemental federal funding to Texas hospitals for Medicaid patients (Uncompensated Care, or UC).
2. Transform and improve the healthcare delivery system for everyone (Delivery System Reform Incentive Payments, or DSRIP).

Most changes to the healthcare delivery system will occur in the third through the fifth years of the waiver.

Beginning in 2012, Central Health is serving as the anchor for a six-county Regional Health Partnership. Our partnership, also known as RHP 7 (TexasRegion7RHP.net), includes Travis, Bastrop, Caldwell, Fayette, Hays and Lee Counties. There are 20 such RHPs in Texas, with a total of \$17.5 billion in Uncompensated Care (UC) funds and \$11.4 billion in Delivery System Reform Incentive Payments (DSRIP) available.

As anchor entity for RHP 7, Central Health is responsible for submitting the 68 projects created by the nine performing providers within the region, including the CCC. The total value of all of the projects is approximately \$637 million. Travis County participants submitted a total of 46 projects, with 14 of those coming from the CCC. These include infrastructure projects, which enhance connection and standardization among safety net providers, and care delivery projects, which expand access to primary, specialty and dental services as well as access to appropriate care and treatment for chronic conditions. These projects will positively impact every aspect of the local delivery system and improve care for all Central Texans.

In the months to come, we will begin to see a higher profile for both the CCC and the 1115 Waiver projects. These two endeavors represent a tidal shift in the way care will be delivered in Travis County and Central Texas. With Central Health taking the lead, we are all on the path to better health.



Transforming care for all Central Texans

Central Health's role in the 1115 Waiver will ensure improved healthcare services and outcomes for all those who live and work in Travis County.

6 Counties | **9** Performing providers | **68** Projects submitted

14 Projects submitted in Travis County

\$637 million

Total value of 68 projects submitted

Statement of Net Assets

	Primary Government Governmental Activities	Component Unit CommUnityCare	Component Unit Sendero
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 101,724	8,273,964	16,020,255
Restricted cash and cash equivalents	12,106	-	500,000
Short-term investments	81,740,510	-	-
Ad valorem taxes receivable, net of allowance for uncollectible taxes of \$1,196,865	621,349	-	-
Accounts receivable, net of allowance for doubtful amounts of \$8,525,939	-	3,956,699	-
Accounts receivable	-	-	147,630
Premiums receivable	-	-	90,930
Reinsurance recoverables	-	-	543,857
Grants receivable	-	1,880,195	-
Other receivables	9,130,318	-	-
Inventory	-	242,993	-
Funds held by others	-	-	60,725
Prepaid expenses and other assets	264,223	349,260	115,727
Total Current Assets	\$ 91,870,230	\$ 14,703,111	\$ 17,479,124
Noncurrent Assets			
Deferred issuance costs	216,915	-	-
Investments restricted for capital acquisition	7,472,726	-	-
Investments restricted for Sendero	15,083,000	-	-
Long-term receivables	4,000,000	-	-
Investment in Sendero	14,000,000	-	-
Capital assets:	-	-	-
Land	10,357,928	-	-
Buildings and improvements	95,032,869	651,256	5,393
Equipment and furniture	3,814,973	1,017,788	-
Construction in progress	25,680,828	202,756	-
Less accumulated depreciation	(17,117,385)	(358,728)	(1,349)
Total Capital Assets Net	117,769,213	1,513,072	4,044
Total Non-Current Assets	158,541,854	1,513,072	4,044
TOTAL ASSETS	\$ 250,412,084	\$ 16,216,183	\$ 17,483,168
LIABILITIES			
Current Liabilities			
Accounts payable	6,617,870	1,328,241	91,100
Unpaid losses and loss adjustment expenses	-	-	6,038,136
Claims payable	-	-	52,084
Salaries and benefits payable	471,472	2,977,621	-
Accrued interest	38,673	-	-
Due to other governments	436,253	-	-
Deferred revenue	-	123,341	-
Other accrued liabilities	-	643,274	362,652
Certificates of obligation	910,000	-	-
Capital Lease Obligation	-	115,232	-
Due to Travis County Healthcare District	-	1,836,961	330,912
Total Current Liabilities	\$ 8,474,268	\$ 7,024,670	\$ 6,874,884
Noncurrent Liabilities			
Certificates of obligation	14,160,000	-	-
Capital Lease Obligation, Net of Current Portion	-	388,041	-
Due to Travis County Healthcare District	-	4,000,000	-
Total Noncurrent Liabilities	14,160,000	4,388,041	\$ 0
TOTAL LIABILITIES	\$ 22,634,268	\$ 11,412,711	\$ 6,874,884
NET ASSETS			
Investment in capital assets net of related debt	102,916,128	-	-
Restricted for capital acquisition	7,472,726	-	-
Restricted for Sendero	15,083,000	-	-
Restricted for HMO	-	-	14,000,000
Unrestricted	102,305,962	4,803,472	(3,391,716)
TOTAL NET ASSETS	\$ 227,777,816	\$ 4,803,472	\$ 10,608,284

The notes to the financial statements are an integral part of these statements and can be found online at http://centralhealth.net/finances_and_funding.html

Statement of Revenues, Expenses, and Changes in Net Assets

	Primary Government Governmental Activities	Component Unit CommUnityCare	Component Unit Sendero	Combined Totals
Operating Revenues				
Lease revenue—additional rent	25,655,575	-	-	25,655,575
Lease revenue—base rent	1,116,236	-	-	1,116,236
Patient service revenue	-	20,337,882	-	20,337,882
Premium revenue, net	-	-	14,036,424	14,036,424
ASO revenue	-	-	2,682,300	2,682,300
Grant revenue	1,301,275	6,984,866	-	8,286,141
Revenue received from Travis County Healthcare District	-	37,193,926	12,300,000	49,493,926
Total Operating Revenues	\$ 28,073,086	\$ 64,516,674	\$ 29,018,724	\$ 121,608,484
Operating Expenses				
Healthcare delivery	99,935,930	18,494,399	14,003,604	132,433,933
Salaries and benefits	4,276,352	40,147,365	3,003,676	47,427,393
Other purchased goods and services	3,887,279	2,699,607	3,127,770	9,714,656
Depreciation and amortization	2,692,289	263,381	1,349	2,957,019
Total Operating Expenses	110,791,850	61,604,752	20,136,399	192,533,001
OPERATING INCOME (LOSS)	\$ (82,718,764)	\$ 2,911,922	\$ 8,882,325	\$ (70,924,517)
Nonoperating Revenues (Expenses)				
Ad valorem tax revenue	76,268,211	-	-	76,268,211
Tax assessment and collection expense	(713,118)	-	-	(713,118)
Tobacco settlement revenue, net	1,902,732	-	-	1,902,732
Investment income	410,070	-	25,959	436,029
Interest expense	(453,294)	-	-	(453,294)
Other revenue	11,015	3,778	-	14,793
Total Nonoperating Revenues (Expenses)	77,425,616	3,778	25,959	77,455,353
Changes in net assets	(5,293,148)	2,915,700	8,908,284	6,530,836
Total net assets—beginning of year	233,070,964	1,887,772	1,700,000	236,658,736
TOTAL NET ASSETS—END OF YEAR	\$ 227,777,816	\$ 4,803,472	\$ 10,608,284	\$ 243,189,572

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