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CENTRAL HEALTH

FISCAL YEAR 2021 APPROVED BUDGET

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LETTER FROM THE CEO

As the healthcare district for Travis County, Central Health uses local property tax revenue to make better health possible for one in eight county residents – more than 140,000 people. We fund the Medical Access Program (MAP) and manage a network of more than 170 provider locations to care for low income residents who reside in Travis County and are uninsured or underinsured.

In the sixteen years since Central Health's creation, we've met the challenge of funding care for increasing numbers of patients in communities across Travis County. Our work, however, is not simple. Year-over-year, the amount of care delivered to the community has increased steadily and will result in a better, more equitable healthcare system for those that need it the most.

The Fiscal Year 2021 Budget takes us to the next level. The budget detailed in this book illustrates how we will invest public taxpayer dollars to build and maintain a comprehensive system of care. Moreover, the funds used for the administration of Central Health will support workforce development, diversity, and community connections that make us better public servants. People living in poverty or in communities lacking adequate services deserve the best possible health and healthcare – and a better quality of life. To make this happen, we want to reflect and represent the communities we serve throughout our organization.

The Fiscal Year 2021 Budget was prepared in the shadow of an historic pandemic. Many of the lessons learned will guide our activities and initiatives for years to come. The pandemic accentuated long-standing disparities that have existed in the past. By addressing the underlying health issues of those most in need, we can reverse historic trends and disparities on a large scale across Travis County. Hence, this budget expresses in dollars the words that execute the mission of Central Health: By caring for those who need it most, Central Health improves the health of the community.

Respectfully Submitted,

Mike Geeslin

Mike Geeslin

Central Health President & CEO





CENTRAL HEALTH

VISION

Central Texas is a model healthy community.

MISSION

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

VALUES

Central Health will achieve excellence through:

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

Innovation: We create solutions to improve health care access.

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

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



CENTRAL HEALTH

www.centralhealth.net

@CentralHealthTX

CENTRAL HEALTH ORGANIZATIONAL CHART



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FISCAL YEAR 2020-2021

Strategic Work Plan Highlights

In 2018, Central Health worked closely with community members to identify and refine the health-care district's strategic objectives for the years ahead. In preparing the fiscal year 2021 (FY2021) budget, the financial priorities were linked directly to these selected strategic objectives. The full document can be found at: www.centralhealth.net/library/strategic-work-plan-2019-2024

Board Defined Objectives



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



Implement patient-focused and coordinated health care system



Implement sustainable financial model for health care delivery strategies through FY2024

FY2021 Strategic Objectives

- Improving Access to Care [Objectives 1, 2, 3]
- Ongoing COVID-19 Response [Objectives 1 and 2]
- Enhancing clinical programming and supporting transformational operational initiatives [Objectives 1 and 2]
- Implementing the hospital funding model [Objectives 2 and 3]
- Redeveloping the Brackenridge Campus [Objective 3]

ROLE OF THE HEALTHCARE DISTRICT

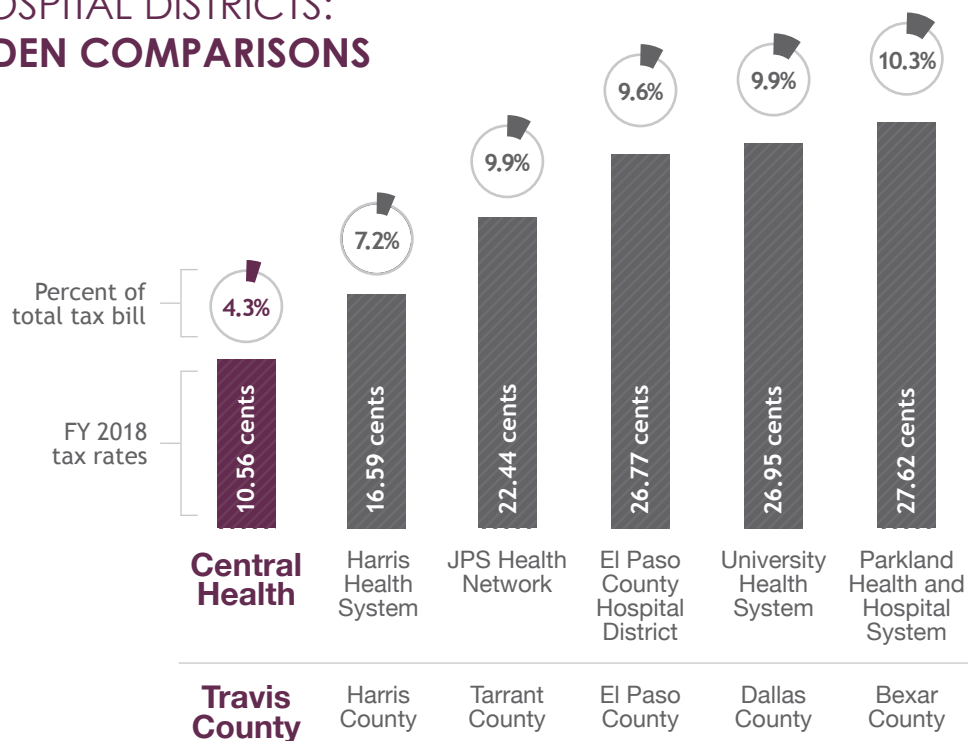
The Travis County Healthcare District (doing business as “Central Health”) was created by a vote of the Travis County electorate in May 2004. Its purpose is the provision of medical and hospital care to indigent residents of Travis County, a responsibility shared by Travis County and the City of Austin prior to Central Health’s creation. Its enabling statute is Chapter 281 of the Texas Health and Safety Code, which provides a majority of the statutory framework within which Texas hospital districts were created.

Central Health has the statutory obligation to provide healthcare to residents who are at or below 21 percent of the federal poverty level (FPL)—currently \$5,502 annual household income for a family of four. Central Health also provides the Medical Access Program (MAP)—a local indigent coverage program to eligible residents who are at or below 100 percent of the FPL. In addition, Travis County residents earning up to 200 percent of the FPL may receive subsidized healthcare through Central Health partners on a sliding fee scale or through our MAP BASIC coverage program.

The Travis County Commissioners Court approves Central Health’s ad valorem tax rate and budget appropriations at the program level. Central Health also utilizes the Travis County Attorney’s Office and Treasury Investment Office for legal and investing services. The Travis County Healthcare District’s investment policy guidelines are approved annually by the Central Health Board of Managers. The Central Health Investment Policies located on our website at <https://www.centralhealth.net/wp-content/uploads/2019/08/Central-Health-Financial-Policies.pdf>

Central Health is unique in that it does not own or operate a hospital, but delivers care to residents through strong partnerships with key healthcare providers in the community. As a result of these partnerships, Central Health is able to maintain a low ad valorem tax rate as compared to other hospital districts in the state.

MAJOR TEXAS HOSPITAL DISTRICTS: FY 2020 TAX BURDEN COMPARISONS



PARTNERSHIPS FOR HEALTH



A Central Health and Seton partnership

BUILDING A BETTER, MORE INTEGRATED HEALTHCARE SYSTEM

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

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



BUILDING BETTER ACCESS TO HEALTHCARE

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

CommUnityCare (CUC) is Central Health's affiliated Federally Qualified Health Center (FQHC) system. Today, CUC provides services at 28 locations and three partner locations throughout Travis County. In calendar year 2019, CUC health centers provided approximately 377,833 medical and dental patient appointments, which represents more than 100,555 individual patients. CUC provides a full array of patient services, including outpatient primary care, dental care, pediatric, specialty care, lab, radiology including mammography, a full service pharmacy, and behavioral health services. With the recent addition of Carousel Pediatrics practices CUC also offers: dental pediatrics and mental health, speech, physical and occupational therapy for children.

These services are provided to all who seek care, including people whose income and lack of private health insurance prevents them from accessing care elsewhere. Two of the CUC locations, Hancock and the Central Health Southeast Health & Wellness Center, provide walk-in services to existing CUC patients.

PARTNERSHIPS FOR HEALTH



BUILDING BETTER LOCAL HEALTH COVERAGE

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

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

HEALTHCARE ENVIRONMENTAL OVERVIEW AND BUDGET CONSIDERATIONS

ENVIRONMENTAL OVERVIEW

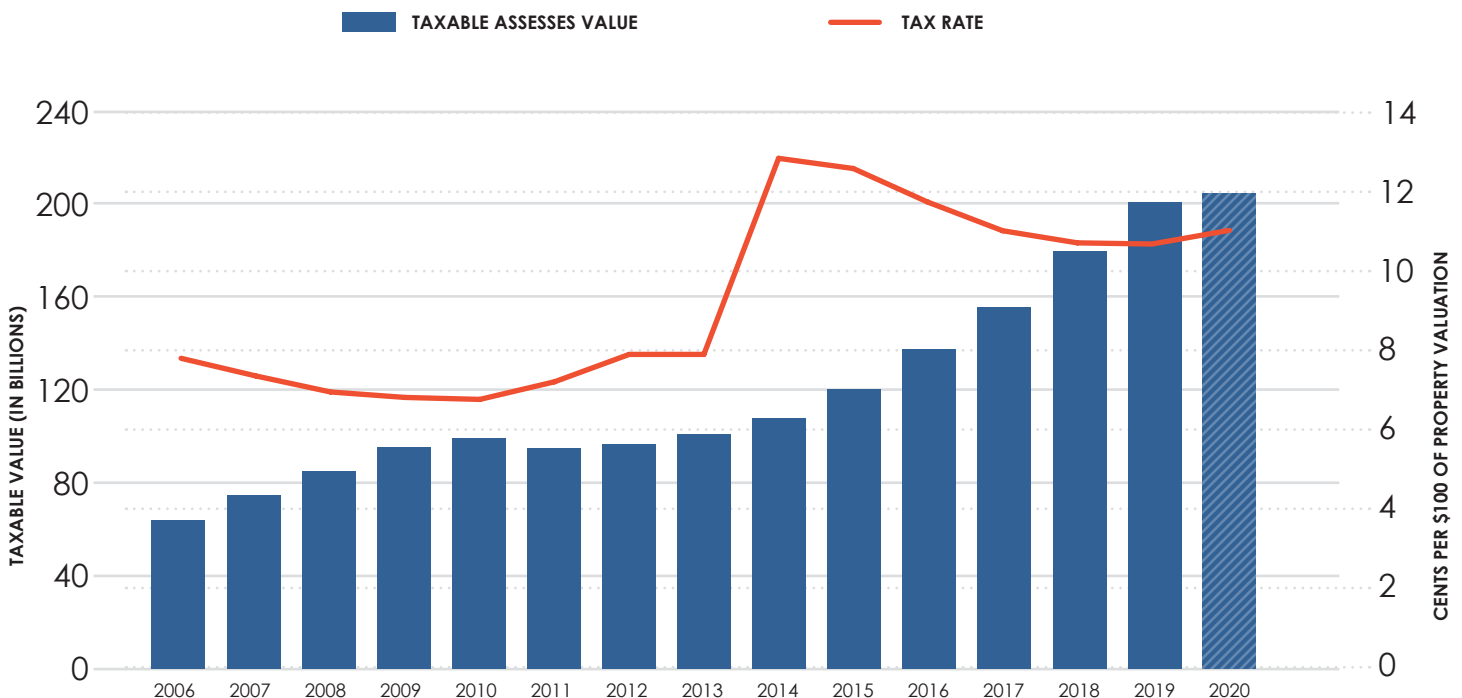
From its inception in 2004, Central Health has strived to increase access to health care services. During that time, Central Health has steadily increased the provision of primary and specialty care services to its covered population and has worked with a variety of health care providers and partners to augment and improve the health care safety net in Travis County.

ECONOMIC OUTLOOK ¹

Currently, Travis County is seeing continued decreases in the unemployment and poverty rates and significant population growth, the economic outlook continues to remain positive for the upcoming budget process. Travis County is prospering in an exceptional economic environment. According to the U.S. Bureau of Labor Statistics, in November 2019, the County's non-seasonally adjusted unemployment rate was at 2.5 percent, outpacing the nation and Texas at 3.5 percent and 3.4 percent, respectively. The overall taxable assessed valuation has grown 12% per year over the last five years and 7% over the last 10 years. In tax year 2020, which is the basis of the FY 2021 ad valorem tax rate, taxable property grew 4.73%. However, in coming years, overall growth is expected to slow down due to the economic and unemployment impacts caused by the COVID-19 pandemic in the region. New construction for tax year 2020, however, was \$5.1 billion, compared to \$5.0 billion the previous year, although it is expected to also decline over the next few years.

¹ Travis County "FY21 Budget Guidelines" (2/11/2020) pp. 2-3

Travis County taxable values and Central Health tax rate history



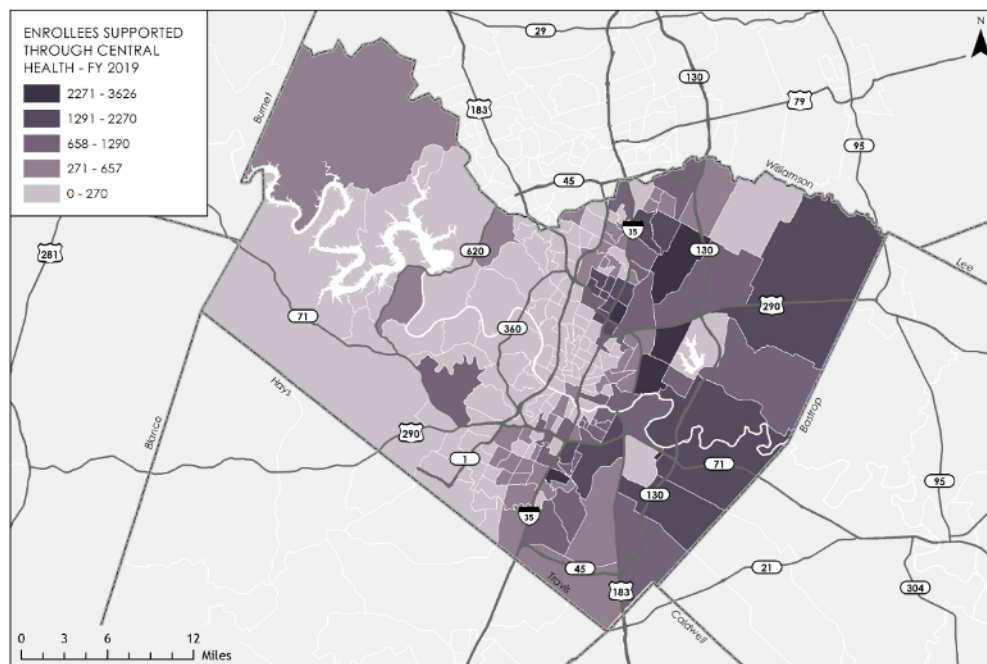
HEALTHCARE ENVIRONMENTAL OVERVIEW AND BUDGET CONSIDERATIONS

EVOLVING TRAVIS COUNTY DEMOGRAPHICS

Central Health provides comprehensive health care services to eligible low-income and uninsured Travis County residents. Over the past few years, the number of families experiencing poverty has grown throughout Travis County. Low-income populations in suburban and rural areas, particularly in eastern Travis County, have been prioritized to address the health care needs of these communities. To better understand the healthcare needs for its patients, Central Health regularly conducts analysis of demographic and population trends to plan for future and current services. The analysis includes federal, state and local data sources; patient-level data collected through local medical providers; and proprietary projections of future population trends. A new Central Health Demographic Report was presented in August 2020 to aid in the healthcare district's planning efforts.

Central Health has three priority areas in eastern Travis County: Colony Park, Hornsby Bend, Southeast Travis County (includes Del Valle and Creedmoor). Through engagement with community advisory committees, Central Health has implemented a robust planning effort with community leaders, other governmental entities, and clinical providers to construct health centers in these areas. Guided by the Central Health Board of Managers' Eastern Crescent Subcommittee, the Strategic Planning Committee, and an interdisciplinary team of Central Health professional staff, are in active planning and implementation in these three priority areas.

Central Health's Enrolled Population by Census Tract - FY2019



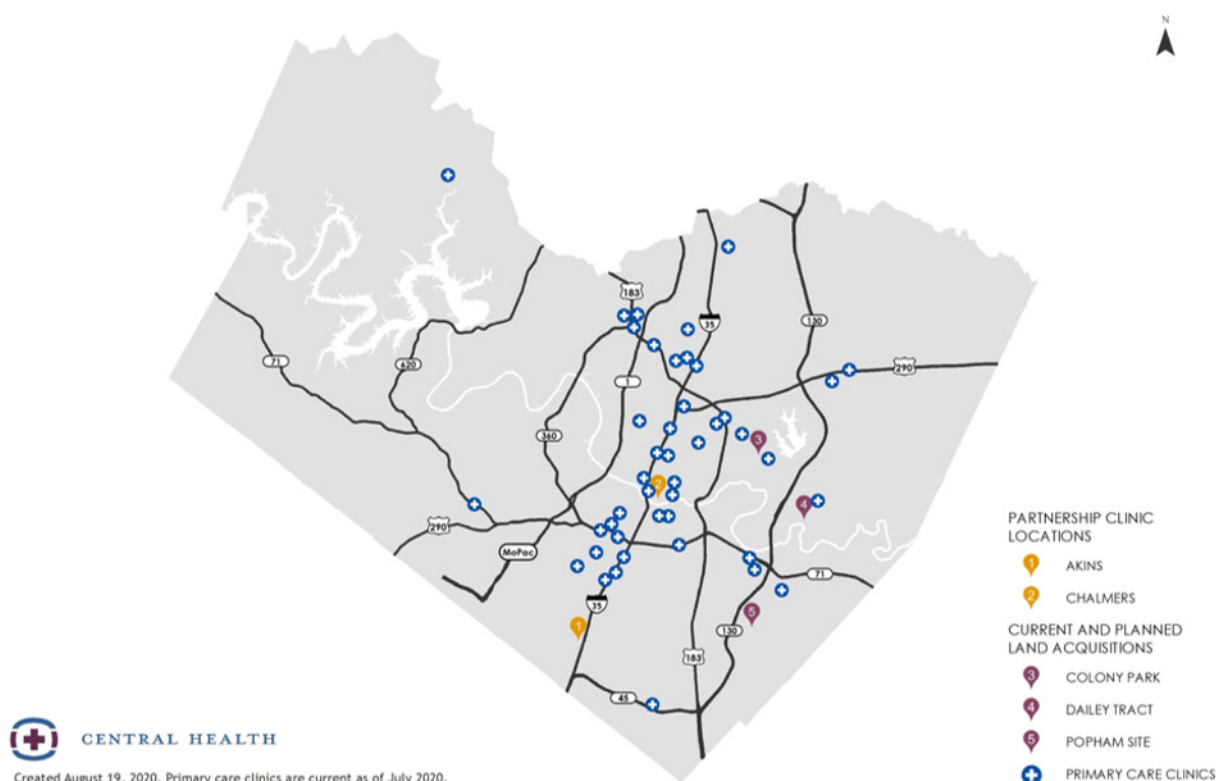
HEALTHCARE ENVIRONMENTAL OVERVIEW AND BUDGET CONSIDERATIONS

In FY 2020, Central Health continued work to increase services provided in eastern Travis County communities. CommUnityCare utilized its mobile clinic to provide primary care, preventive care, vaccines, lab services and chronic disease management in the Colony Park and Creedmoor communities before transitioning temporarily to COVID-19 testing at those sites.

In February 2020, Central Health opened a 1,200-square-foot health clinic adjacent to the Emergency Services District 4 fire station in Hornsby Bend. CommUnityCare provides primary care, preventative medicine, vaccines, on-site lab, chronic disease management, and limited pharmacy services at the facility. Central Health is advancing site work on land in the Hornsby Bend area for future clinical services.

Central Health continues to work with community partners on other care expansion projects and is in active negotiations to purchase two acres of City of Austin property in the Colony Park Master Planned Development for a new health and wellness center. In August 2020, 2.5 acres of land were approved for purchase at 7050 Elroy Road in order to develop a new clinic operated by CommUnityCare and serve the rapidly growing population in the Del Valle area of eastern Travis County. Active planning and construction activities continue in the priority areas during FY2021.

Actual and Planned Service Expansions and Primary Care Locations



HEALTHCARE POLICY AND REGULATORY BUDGET CONSIDERATIONS

FEDERAL POLICY

Federal policies and regulations impact the amount and source of federal funds that have been historically utilized to fund healthcare services in Travis County. The changes have been rapid and significant; requiring Central Health to develop new funding strategies related to the 1115 Waiver, Disproportionate Share Program, and Affordable Care Act. In addition, the COVID-19 pandemic has created additional funding sources along with required regulations to qualify and utilize new federal funds.

CARES Act

On March 27, 2020, the President signed the Coronavirus Aid, Relief and Economic Security Act, or CARES Act, into law. The legislation secured new funding, Medicare reimbursement improvements, and regulatory relief for hospitals and other health care providers on the front lines of the COVID-19 pandemic. The first CARES Act provided \$175 billion in emergency aid to hospitals and other providers to offset costs and lost revenue related to the pandemic.

As part of the legislation the Health Resources and Services Administration (HRSA), awarded more than \$1.3 billion to 1,387 health centers as part of the response to the COVID-19 pandemic. HRSA-funded health centers may use the awards to help communities across the country detect coronavirus; prevent, diagnose, and treat COVID-19; and maintain or increase health capacity and staffing levels to address this public health emergency. Central Health-funded affiliate CommUnityCare Health Centers received the following awards as a result of the legislation:

CommUnityCare COVID Response Awards	Amount
Health Center Coronavirus Aid, Relief, and Economic Security (CARES) Act Funding (H8D)	\$ 3,676,220
FY 2020 Expanding Capacity for Coronavirus Testing (ECT) (H8E)	\$ 1,840,954
FY 2020 Coronavirus Supplemental Funding for Health Centers (H8C)	\$ 240,954
Total	\$ 5,758,128

Since the initial CARES Act, other COVID-related legislation passed providing more public health and economic recovery funding – including an additional \$25 billion in provider relief dollars to hospitals. Healthcare providers, including community health centers, are hopeful that negotiations on the next comprehensive COVID-19 supplemental bill will provide additional financial relief.

In addition, both Central Health and CUC have requested public assistance through the Federal Emergency Management Agency (FEMA). FEMA regulations typically reimburse qualified applicants seventy-five percent (75%) of eligible expenditures. Central Health continues to assess any opportunities for reimbursement.

Federal Spending Bill

On October 1, 2020, the president signed a continuing resolution (CR) to avert a government shutdown and maintain federal funding through Dec. 11. Congress must finish work on its annual spending bills by this date or agree to another short-term CR.

CommUnityCare is funded at significant levels by federal funding programs including the Community Health Center Fund (CHCF) and annual discretionary appropriations. The Community Health Center Fund,

HEALTHCARE POLICY AND REGULATORY BUDGET CONSIDERATIONS

which was established in 2010, is set to expire unless Congress acts soon. Annual discretionary funding for health centers is typically incorporated in the spending bill.

Legislative, Regulatory, and Payment Model Changes Impact on the Budget

At the federal level, the proposed Medicaid Fiscal Accountability Rule, known as MFAR, has been withdrawn in the face of significant stakeholder concerns, CMS has continued to promote improved transparency in state Intergovernmental Transfers (IGT) programs including an HHSC proposal that includes new reporting requirements related to supplemental Medicaid payments and rule changes regarding the non-federal share of Medicaid payments, including IGT and Local Provider Participation Funds (LPPF) arrangements. These changes could put Central Health's local healthcare financing structures at risk, particularly related to hospital payment programs within the 1115 Waiver Program. It will be important to monitor CMS and state agencies as provisions in MFAR may surface in different settings.

Disproportionate Share Funds (DSH)

In August 2019 the President signed a spending bill eliminating scheduled cuts to Medicaid DSH funding for FY 2020 and reduced cuts in 2021 and 2022, avoiding a total of \$16 billion in reductions. Earlier this year, a repeal of the reduction in cuts was thwarted in the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The CARES Act also delayed the start of the FY 2021 funding cuts by two months and added no new cuts in later years, as had been the practice in previous DSH cut delays. In the signed Oct. 1 continuing resolution, priorities include further delaying, to Dec. 12, implementation of a \$4 billion cut to Medicaid DSH funding; and relaxing repayment and recoupment terms for Medicare accelerated and advance payment loans.

Central Health is one of seven hospital districts in Texas that has provided local funds used for IGT to draw federal funding in the DSH program. As a result of regulatory and local changes to the healthcare system, Central Health notified HHSC that it would no longer participate as a provider of IGT for the DSH program beginning in FY 2021 and the budget reflects these changes.

Affordable Care Act (ACA)

The ACA continues to face uncertainty:

- As part of its tax cut bill in December 2017, Congress removed the individual-mandate tax penalty for failure to maintain health insurance coverage.
- In December 2018, a Texas District Judge ruled that removing the individual-mandate tax penalty rendered the ACA unconstitutional. In 2019 the case was considered by the 5th Circuit Court of Appeals, which sent the case back to the trial court for additional analysis. However, the Supreme Court has now agreed to review the case.
- In another legal challenge, a federal judge ruling allowed short-term health insurance policies that do not meet the standards of the ACA. This ruling is also being appealed and may also reach the U.S. Supreme Court.
- The ACA remains in effect while the litigation is pending.

HEALTHCARE POLICY AND REGULATORY BUDGET CONSIDERATIONS

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

Following the November presidential election, the Supreme Court began hearing oral arguments in the case of *California v. Texas*, a case in which the presidential administration and 18 state attorneys general are asking the Court to strike down the entire ACA as unconstitutional. A final decision on the case isn't expected until next spring. Meanwhile, the President-elect has promised to expand the law when he takes office in January 2021.

STATE OF TEXAS POLICY

The 86th Legislature, passed a number of important pieces of legislation that impact Central Health's budget.

Senate Bill (S.B.) 1350

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

Travis County LPPF

The local LPPF levies an assessment on hospitals to provide the local share of funds for UC and UHRIP. UHRIP supplements Medicaid payment rates for hospitals. The LPPF structure is approved as an appropriate funding structure by the Centers for Medicaid and Medicare Services. In the past, Central Health lacked the financial capacity to participate in the UHRIP program. Overall, the LPPF is capable of bringing more funding into the local health care system and prevents potential dilution of local tax dollars.

Other Legislation

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

S.B.2 restricts property tax revenue for certain local government entities. The legislation requires cities, counties and other taxing units to receive voter approval before levying 3.5% or more in property tax revenue, over the previous year. Hospital districts and community colleges are exempt from S.B.2 property tax limit changes.

HEALTHCARE POLICY AND REGULATORY BUDGET CONSIDERATIONS

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

Central Health continues to plan and engage with partners about funding arrangements in the post Delivery System Reform Incentive Payment (DSRIP) period, as DSRIP funding has decreased in DSRIP Year 2020 (beginning Oct. 1, 2020).

1115 Medicaid Transformation Waiver

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

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

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

- Calculations to determine UC no longer include Medicaid shortfalls and bad debt. UC funding is now based solely on a hospital's charity care costs. The UC program, was extended through September 30, 2022.
- The DSRIP program, shifted from rewarding project-based work to incentivizing providers to achieve improved health outcomes at a health-system level. Funding decreases in DY9 and 10 and the program ends on September 30, 2021.

More information can be found at: www.centralhealth.net/about/finance/programs-projects/1115-waiver

Central Health participates in the 1115 Waiver as an intergovernmental transfer entity ("IGT" entity) that funds the non-federal share of DSRIP payments to the Community Care Collaborative. In addition, Central Health serves as the regional anchor entity for the DSRIP, supporting six Central Texas counties including Travis. The timing of the intergovernmental transfers is determined by the State of Texas.

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

At the end of November 2020, HHSC submitted a "Fast Track" waiver extension to CMS that would allow key aspects of our current 1115 waiver, such as Medicaid managed care authority and the Uncompensated Care pool to continue with no major changes. The DSRIP program will still end in 2021 unless the 1-year COVID related extension is approved.

LOCAL ENVIRONMENTAL OVERVIEW AND BUDGET CONSIDERATIONS

LOCAL POLICY

Collaboration with the City of Austin, Travis County and other local governments continues as we jointly plan for near-term capital projects. In addition, this collaboration has also been focused around community response to the COVID-19 pandemic as we plan for FY 2021.

Health Care Industry Changes – Impact of Regulatory Changes on the Local System

Historically, Central Health has purchased hospital services through an indirect funding model that is governed by contractual arrangements with Ascension Seton. Under the Agreement, Ascension Seton is obligated to provide a certain level of hospital and specialty care services, and Central Health is required to compensate Ascension Seton up to a defined amount for these services, which may be reduced by the amount of Uncompensated Care and Disproportionate Share program amounts received. Central Health has historically provided IGT for Uncompensated Care (UC) and Disproportionate Share (DSH) funds for Ascension Seton. The creation of the LPPF has altered the source of IGT for UC, although it has not altered the overall funding manner for payment related to Ascension Seton service obligations. Central Health is required to fund any shortfalls of UC and DSH amounts that do not meet required funding amounts.

Additional new state and federal rules made changes to how local and federal payments are distributed to hospitals in the 1115 Medicaid Waiver. Beginning in October 2019, uncompensated care rules have changed the payment methodology from directed payments to hospitals to a model that distributes payment across the Medicaid service delivery area, which is an eight county region in Central Texas. This change has resulted in a lack of correlation between local funds and the recipients of local funds and the federal funds matched with those local funds. The magnitude of the funding changes has encouraged Central Health and Ascension Seton to contemplate amendments to the current Agreement that may result in a new payment model. Central Health and Ascension Seton are currently in discussions regarding this new model.

ORGANIZATIONAL PLANNING AND BUDGET CONSIDERATIONS

While preparing the FY2021 budget, several key health care issues were considered within the context of Central Health's three FY2019 – FY2024 Strategic Plan objectives. These were used to guide planning with departments.

Develop and Execute Health Care Delivery Strategy Based on People and Place

In FY2021, Central Health plans service site expansion in Colony Park, Hornsby Bend, and Del Valle. It is anticipated that construction of the Hornsby Bend and Del Valle clinics will begin in FY 2021. Central Health will also ensure that its connection to people and place is supported by a culture of equity, inclusivity, and diversity in both its workforce and procurement solicitation processes with Historically Underutilized Businesses. Support for ongoing COVID-19 response efforts for the benefit of Central Health funded patients will continue, including support for clinical partners' operations and outreach and education for communities in high risk areas will remain a priority.

LOCAL ENVIRONMENTAL OVERVIEW AND BUDGET CONSIDERATIONS

Implement Patient-Focused and Coordinated Health Care System

Central Health will develop initial goals, identify care gaps, and identify short- and long-term critical investment targets to improve access to care by building a health care system focused on health equity and meeting the health care needs of eligible members of the low-income population. Improving access to specialty care across prioritized service lines including plans to continue to appropriately utilize telemedicine, virtual care, and e-consults will also be prioritized. Healthcare services are increasing by \$19.8M in FY 2021, with service expansions occurring in dialysis, psychiatry, substance abuse, rheumatology and cardiology. Additionally, Central Health continues to financially and administratively support CommUnityCare's transition to the EPIC electronic health record management system.

New initiatives and FY21 service expansions	
Endocrinology	Additional System Planning Areas:
Podiatry	Diagnostics
Neurology	Advanced Imaging
Cardiology	Telemedicine & e-consult
Rheumatology	Hospital-based and surgical specialties
Primary Care-based Psychiatry and Substance Use	MAP Basic services
Outpatient and Home-based Dialysis	Post-acute care
Neck/Back Pain & Bone Health	Urgent care
Ambulatory Surgery Center Services	Specialty care
Referral management & patient navigation	Pharmacy expansion

Implement Sustainable Health Care Financial Model for Health Care Delivery and System Strategies Through 2024

Throughout the fiscal year, Central Health works to manage financial risk and maintain sufficient reserves, ensure increased access to care, improve health outcomes and reduce health disparities among its patient population. Central Health continues to work to establish and implement a hospital care and services funding model that is transparent and structured such that any funding commitments and assumption of risk ensures optimum use of local tax dollars and other public funds. This work will require Central Health to adopt additional operational responsibilities and maintain a sufficient level of reserves.

Other Convening and Community Engagement Activities

Central Health acts as a convener of community discussions related to health and healthcare both community-wide and in specific geographic areas. Central Health also participates in community activities convened by other organizations such as the Community Health Assessment/Community Health Improvement Plan conducted by Austin Public Health and the Central Texas Addressing Cancer Together Coalition convened by the Dell Medical School at The University of Texas at Austin. Central Health also hosts “community conversations” with residents on a variety of topics.

- Central Health Equity Policy Council – a coalition of more than 60 community partners that provides recommendations for local chronic disease policies and works to achieve health equity.
- Community Health Champions – a collection of diverse community members from across Travis County who come together to learn about, discuss, and collaborate on our work to improve the health of Central Texas.

LOCAL ENVIRONMENTAL OVERVIEW AND BUDGET CONSIDERATIONS

- Eastern Travis County Advisory Committees- Central Health established Community Advisory Committees in Southeast Travis County (Del Valle area), Northeast Travis County (Colony Park) and Austin's Colony/Hornsby Bend (Del Valle area) which meet regularly to discuss community health needs in those areas. The advisory committees include residents, partners and providers.
- Psychiatric Services Stakeholder Committee – a forum for key mental health stakeholders to come together to strengthen the mental health crisis system, with a focus on the unfunded populations.

Budget Community Engagement

To ensure its strategic priorities and budget align with the health care needs of the community, Central Health staff rely heavily on demographic and clinical data. In addition, staff annually prioritize involving residents in a robust community engagement process. See Attachment H for a full report on the current budget year community engagement activities.

BUDGET PRIORITIES AND HOW THEY DIFFER FROM LAST YEAR

Central Health's budget priorities for FY 2021 are based on its strategic work plan and are driven by an overarching focus of improving access to care. In FY 2021, the budget includes continued expansion of access to care and an investment in infrastructure to support operations. Similar to FY 2020, a priority focus is on the Eastern Travis County service area and efforts to improve access for residents in this area. As discussed above, in FY 2021, Central Health will be planning to improve health equity by addressing health disparities and building a high functioning system of care across Travis County. This investment was outlined in detail in the budget development process in the Summer of 2020.

While the priorities are steadfast in supporting our long-term strategic objectives, the impact of the COVID-19 pandemic has resulted in ongoing risk to Central Health and our partners that cannot be overlooked. In response, Central Health is investing in significant planning and coordination efforts to ensure enterprise partners meet their objectives, with minimal impact on patients served.

The following efforts highlight many of the activities that have been undertaken to respond to COVID-19:

- Coordination with local officials as a participant in the emergency response effort;
- Drive-through testing centers and testing in clinical settings through enterprise partners;
- Elimination of co-pays and out of pocket expenses for patients diagnosed with COVID-19;
- Identification of funding for response efforts including Federal Emergency Management Agency (FEMA) and CARES Act funding;
- Outreach activities to populations disproportionately impacted by the COVID-19 pandemic.

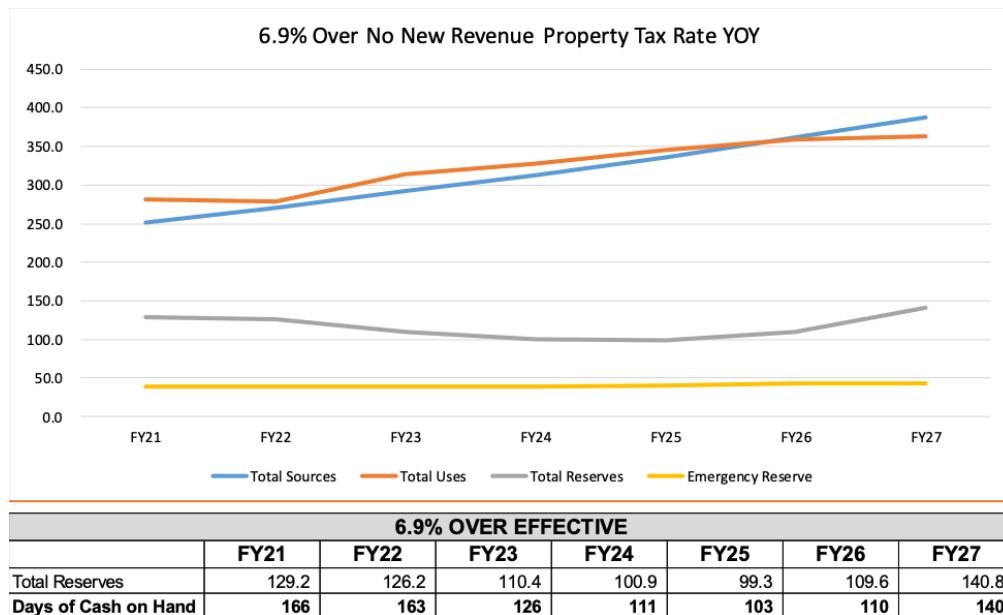
It is anticipated that significant focus, planning and outreach will continue into FY 2021 as the response to the COVID-19 pandemic is anticipated to impact high-risk and vulnerable populations.

THE BUDGET PROCESS FOR CENTRAL HEALTH

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

Throughout the year and specifically in the strategic planning operations of the organization, Central Health integrates community feedback through community engagement events, feedback gathering tools, collaborative health planning efforts and Enterprise operations planning. This information is the starting point for developing the budget and developing health strategy priorities for the upcoming year and how they will be funded. See the FY 2020 Community Engagement Report in attachment H.

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



A proposed budget is prepared by staff and presented to the Board of Managers and public in early summer. In the FY 2021 budget development process, management established a robust internal business case planning process to advance new initiatives which are incorporated into the budget. The proposed budget is discussed in detail at both Budget and Finance Committee and Board of Managers meetings until the budget is finalized. At the same time, Central Health follows all required Truth-in-Taxation requirements to ensure the ad valorem tax rate is set with the appropriate public hearings, certification by local tax office and ultimate approval by the Central Health Board of Managers and Travis County Commissioners Court.

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

THE BUDGET PROCESS FOR CENTRAL HEALTH

BASIS OF BUDGETING/ FUNDS/FUND BALANCES/FUND STRUCTURE

For financial reporting and budgeting purposes, Central Health is budgeted as a single Proprietary Fund known as an enterprise fund. Central Health's financial statements are prepared on an accrual basis in accordance with GAAP, with the exception of depreciation. Central Health recognizes revenues when earned and expenses when incurred. At the end of each fiscal year, a contingency reserve carryforward is calculated as an ending balance to be budgeted in the next fiscal year as a source of funds available to fund healthcare operations or maintain reserve levels. Prior to 2011, Central Health was presented as a component unit of Travis County, however, after the issuance of GASB Statement No. 61, Central Health is no longer presented as a component unit of Travis County.

The annual audited financial statements include not only Central Health (as the primary government), but also three legally separate entities known as component units. CommUnityCare is included as a discretely presented component unit as there is some financial accountability by CommUnityCare to Central Health. Sendero is also presented as a discretely presented component unit, as there is some financial accountability by Sendero to Central Health. Lastly, the Community Care Collaborative is included as a discretely presented component unit as there is some financial accountability by Community Care Collaborative to Central Health.

FINANCIAL POLICIES

Central Health has a comprehensive set of financial and purchasing policies, under which it operates, that are established by either the Board of Managers or Travis County Commissioners Court. The Central Health Board of Managers approves changes to policies and updates as needed. Under state law, the Travis County Commissioners Court approves Central Health's budget and tax rate. Central Health's reserve and investment policies are referenced in this document as Attachment F. The Central Health Board of Managers approves the Investment Policy on an annual basis.

THE BUDGET PROCESS FOR CENTRAL HEALTH

DEFINITION OF A BALANCED BUDGET

Central Health prepares a structurally balanced budget each year to ensure sources are available for the health care delivery and administration programs. As a source of funds, a contingency reserve carryforward is budgeted each year based on the prior year final ending balance. As a use of funds, the health care contingency reserve is appropriated as an available use of funds in the current year. This appropriation provides the structural balance and available resources to the organization to mitigate volatility due to the timing of certain expenditures that may differ from Central Health's fiscal budget cycle or one-time expenditures. The contingency reserve policy is adopted in the Central Health financial policies. This reserve is generally used for one-time expenditures or for ongoing expenditures when needed for cyclical or temporary structural deficits.

Health care spending, by its nature, can be unpredictable and uncertain as to funding requirements. Having a funded reserve budgeted for this purpose allows Central Health to manage this uncertainty and remain balanced in its budgeting.

PROCESS FOR AMENDING THE BUDGET

Central Health has two programs in its approved budget – Health Care Delivery and Administration. Should one of those programs require funds in excess of their approved budget, an amendment would be taken to the Central Health Board of Managers for approval and then to the Travis County Commissioners Court for approval. The Central Health President and CEO is authorized to make line item transfers within the budget categories of health care delivery and administration programs.

FISCAL YEAR 2021 BUDGET CALENDAR

May 13	Central Health Strategic Planning Committee <i>(FY 2021 Central Health Strategic Priorities)</i>
May 18	Community Conversation – The Central Health Budget
May 27	Central Health Board of Managers Meeting <i>(FY 2021 Central Health Forecast)</i>
July 15	Central Health Board of Managers <i>(FY2021 Central Health Proposed Budget)</i>
Aug 19	Central Health Board of Managers Meeting <i>(FY2021 Central Health Proposed Budget and tax rate)</i>
Aug 25	Travis County Commissioners Court <i>(FY2020 Central Health Proposed Budget)</i>
Aug 26	Central Health Board of Mangers Meeting <i>(FY2021 Central Health Proposed Budget and tax rate)</i>
Aug 31	Community Conversation <i>(FY2021 Proposed Budget)</i>
Sept 2	Central Health Public Input Session <i>(FY2021 Central Health Proposed Budget and tax rate)</i>
Sept 9	Central Health Public Hearing <i>(FY2021 Central Health Proposed Budget and tax rate)</i>
Sept 16	Central Health Board of Managers Meeting <i>(FY2021 Central Health Budget and Tax Rate Adopted)</i>
Sept 29	Travis County Commissioners Court <i>(FY2021 Central Health Budget and Tax Rate Adopted)</i>

FISCAL YEAR 2021 OPERATING BUDGET

Sources of Funds

The FY 2021 Operating Budget is organized by sources and uses of funds. We have two programs in our uses of funds, Health Care Delivery and Administration.

Central Health estimated to end its current FY 2020 with sources greater than uses of funds of approximately \$115.9 million. This contingency reserve is carried forward as a source of funds for FY 2021, and is appropriated for health care delivery throughout the uses of funds with contingency reserve of \$87.1 million. A summary of Central Health's sources and uses can be found in attachment A, as well as expected emergency reserve balances at the end of FY 2021.

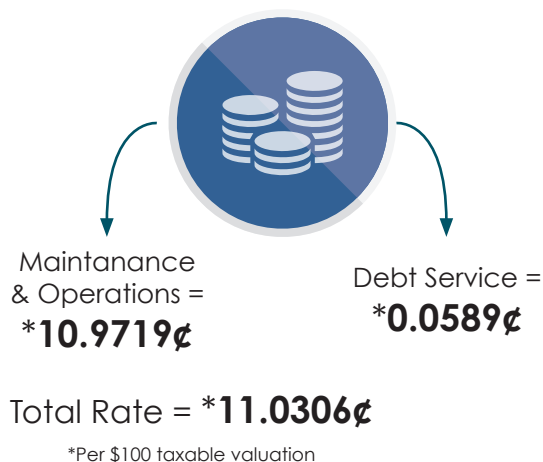
SOURCES OF FUNDS

Central Health's operating budget has several sources of funds, with total property tax revenue accounting for the majority at \$234.1 million. Increases in assessed value and new construction and an increase in the tax rate (.0047 cents) have produced \$19.2 million in additional revenue. The other sources of revenue include lease revenue for buildings located on the Central Health Downtown Property, budgeted this year at \$12.9 million and other revenue of \$4.5 million.

Tax Rate and Tax Revenue

Central Health's FY 2020 tax rate was 10.5573 cents per \$100 of assessed value. The FY 2021 budget has been prepared at a slightly higher tax rate of 11.0306 cents per \$100 of assessed value. This rate is 6.9% above the maintenance and operations no new revenue tax rate from the previous year. The total rate includes a maintenance and operations tax rate of 10.9717 cents and a debt service rate of 0.0589 cents. The debt service tax rate will provide funds to satisfy certificates of obligation that funded the purchase and partial renovation of the Central Health Southeast Health & Wellness Center and a portion of the construction cost of CommUnityCare's North Central Community Health Center, the remainder of which was funded with federal grant dollars. In FY 2020, Central Health executed a refunding of the outstanding 2011 certificates of obligation and significantly reduced its interest costs in future years. The new 2020 taxable bonds are due on the same schedule as the original issue.

CENTRAL HEALTH PROPERTY TAX RATE



	FY20	FY21
Average Taxable Homestead Value	\$347,655	\$355,379
Tax Rate	10.5573¢	11.0306¢
Tax Bill	\$367.03	\$392.00
Annual Increase = \$24.97 (6.8%)		

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

(A) Maximum allowable by state law

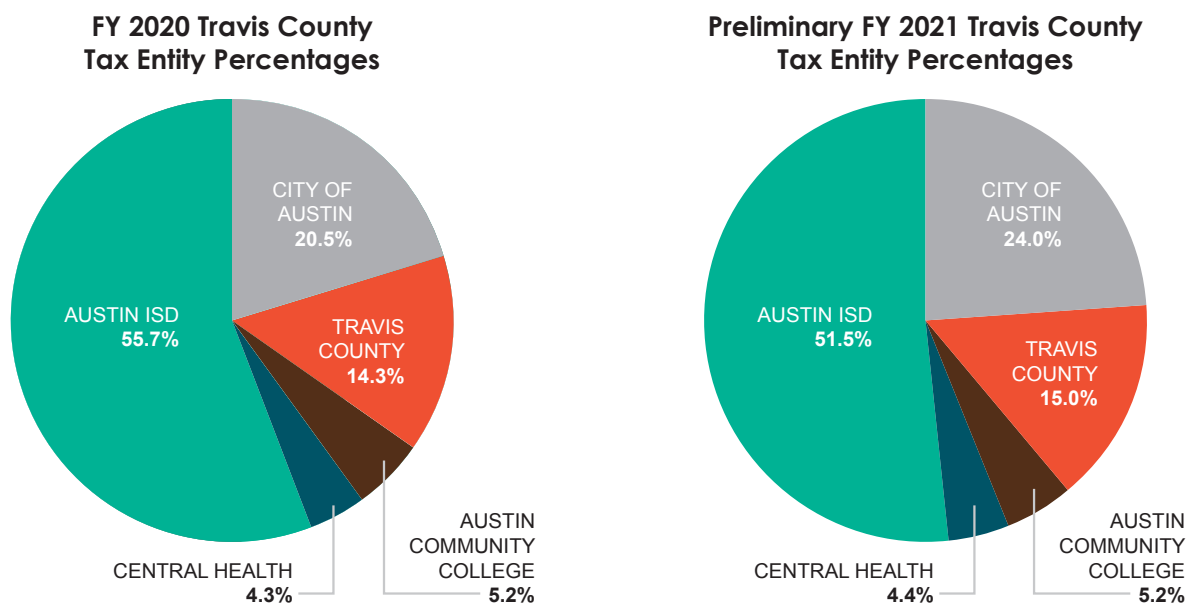
FISCAL YEAR 2021 OPERATING BUDGET

Sources of Funds

Central Health uses a financial forecast model to draft and develop its budget. This method has been utilized to incorporate known events with broad assumptions to estimate the tax revenue required to provide and maintain the necessary level of services for our community. At the August 26, 2020 Central Health Board of Managers meeting, the board supported a proposed FY 2021 budget using a 6.9 percent over the maintenance and operations no new revenue tax rate.

Travis County has seen considerable growth in taxable assessed values and new construction growth over the past five years. In FY 2021, we continue to see growth in taxable assessed values but anticipate a decrease in year-over-year growth, or a slowing in the pace of growth.

Central Health is a small part of the total property taxes for an average Travis County resident who lives in the jurisdictions outlined below. This shows that year-over-year, Central Health maintain the smallest portion of the total tax bill. In FY 2020, this was approximately 4.3 percent of the total tax paid. Central Health will continue to maintain the smallest portion of the tax bill in FY 2021 at 4.4 percent.



Travis County Healthcare District offers a 20 percent homestead exemption, the maximum allowed by state law. The average Travis County Healthcare District taxable homestead value increased 2.22 percent from \$347,655 last year to \$355,379 this year. The proposed tax rate of 11.0306 cents per \$100 of taxable value results in a \$24.97 increase in the Travis County Healthcare District property tax amount for the average taxable homestead, for FY 2021 compared to the FY 2020 property tax bill. The estimated FY 2021 tax bill for the average homestead is \$392.00.

Travis County Healthcare District property taxes for other valued homesteads shown below as examples are based on assessed values appreciating an average 2.33 percent from the previous year. The actual impact for FY 2021 for each property will vary depending on the taxable value, types of exemptions and appreciation.

FISCAL YEAR 2021 OPERATING BUDGET

Sources of Funds

TAXPAYER IMPACT STATEMENT

FY 2020 Home Value	FY2020 Taxable Homestead Value*	FY 2018 Tax Bill**	Average Home Value Appreciation	FY2021 Homestead Value	FY 2021 Taxable Home Value*	FY 2021 Tax Bill (6.9% over effective)***	Annual Increase	Percent Increase
150,000	\$120,000	\$172	3.0%	\$154,500	\$123,600	\$136	\$10	7.6%
250,000	\$200,000	\$211	1.9%	\$254,750	\$203,800	\$225	\$14	6.5%
350,000	\$280,000	\$296	1.4%	\$345,900	\$354,900	\$313	\$18	5.9%
450,000	\$360,000	\$380	1.5%	\$456,750	\$365,400	\$403	\$23	6.1%
500,000	\$440,000	\$465	1.8%	\$559,900	\$447,9200	\$494	\$30	6.4%

*Includes 20% homestead exemption

**FY2020 Tax Rate: 10.5573¢ per \$100/valuation

***FY2021 Tax Rate: 11.0306¢ per \$100/valuation (M&O=10.9717¢, Debt Service=0.0589¢)

LEASE AND OTHER REVENUE

The other sources of revenue in the Central Health FY 2021 budget include lease revenue, interest revenue and revenue received from the tobacco litigation settlement.

Ascension Seton relocated the former Brackenridge Hospital in 2017 to Dell Seton Medical Center at UT, a new hospital facility. As a result, Central Health's lease revenue for the downtown property has declined. Lease revenues in FY 2021 are estimated to total \$12.9 million, down from FY 2020 due to one-time lease premiums received in FY 2020. Ascension Seton currently leases the Clinical Education Center and a parking garage on the downtown property that provides parking capacity for the new hospital. The 2033 Higher Education Development Foundation leases Blocks 164 and 167 on the downtown property.

Significant work has continued to redevelop the downtown property in an effort to maximize revenue for future healthcare delivery. In FY 2020, hazardous materials were abated and demolition continued on several structures. Utilities were relocated from the central plant so that it can be decommissioned, significantly reducing utility costs. These changes also allow the Board of Managers flexibility in planning the future phases of the Central Health downtown property redevelopment. Central Health qualifies to participate in the Tobacco Settlement Distribution Program established by the 76th Texas Legislature. In FY 2021, it is anticipated Central Health will collect approximately \$2.8 million in revenue. Interest revenue is estimated to be \$1.7 million.

FISCAL YEAR 2021 OPERATING BUDGET

Uses of Funds

The following is a more detailed discussion of Central Health's 2021 expenditure budget, shown by program and activity, which can be seen on Attachment B.

USES OF FUNDS

Central Health budgets expenditures for Health Care Delivery (96.3 percent of total appropriations) and a smaller program of Administration and tax collection expense (3.7 percent of total appropriations).

Health Care Delivery Program

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

INTERGOVERNMENTAL TRANSFERS (IGTs)

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

Hospital charity care, includes the unreimbursed cost of care for services provided to patients who meet eligibility requirements under that hospital's charity care policy. Other payment programs help defray the cost of healthcare provided to under insured residents. In FY2021, local matching funds for the Uniform Hospital Rate Increase Program (UHRIP) and Uncompensated Care (UC) will be provided by local hospitals through the LPPF and Central Health will no longer be providing local matching funds for the Disproportionate Share Program (DSH) (previously discussed in the Healthcare Policy and Regulatory Budget Considerations).

In the FY 2021 Budget, this activity anticipates funding the local match for the DSRIP program:

Delivery System Reform Incentive Payment (DSRIP) – provides federal funding for projects that transform the healthcare delivery system by making it more accessible, more integrated and less costly. The second phase of DSRIP began Jan. 1, 2018. The changes from the initial phase include more focus on outcome measures. This funding is provided through the 1115 Medicaid Waiver, which began Sept. 1, 2011. In FY 2021, Central Health will provide the IGT payment for the DSRIP programs performed by the Community Care Collaborative. See the 1115 Waiver Program section on Page 15 for a full summary of this program and its history.

FISCAL YEAR 2021 OPERATING BUDGET

Uses of Funds

Central Health is committed to using its healthcare delivery funds to leverage additional federal funds and to enhance service delivery. Central Health may elect to utilize contingency funding, if available, for additional IGT requirements or other healthcare delivery. Overall, we estimate that our IGT activity will be \$23.5 million in FY 2021.

HEALTH CARE SERVICES

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

Primary Care

A significant portion of the Healthcare Services budget is dedicated to primary care. Our main primary care providers are Travis County's Federally Qualified Health Centers: CommUnityCare, People's Community Clinic, and Lone Star Circle of Care. These providers offer primary care medical and behavioral health services to MAP and MAP BASIC patients; Central Health contracts with Lone Star and CommUnityCare to provide dental services. Central Health's primary care providers monitor detailed health information about patients, tracking: chronic disease prevalence, annual screening rates, and clinical outcome measures. Providers have, with Central Health's support, added additional clinical services and visit types for patients, including nutritionist visits, group education, medical social work, clinical pharmacy appointments, and telephonic visits with nurses. In FY 2020, Central Health focused on improving enrollment and implementing service expansions in eastern Travis County including the communities of Colony Park, Del Valle and Hornsby Bend, while supporting provider partners responding to the COVID-19 pandemic in our community. In response to the pandemic, Central Health and CommUnityCare led numerous outreach and health promotion activities, operated walk-up and drive through COVID testing sites, hosted a COVID triage phone line and activated contact tracing and patient education campaigns.

Specialty Care

Specialty care services are provided through a number of clinical partners. FY 2020 has seen exciting improvements in the following specialty care areas:

- An extensive waitlist for gastroenterology services of more than 1,500 patients was eliminated while improving colorectal cancer screening rates through a partnership with Dell Medical School and CommUnityCare;
- A waitlist for dermatology services of more than 1,300 patients was eliminated after a year-long effort involving increased clinical capacity, e-consultations between specialists and primary care physicians and the implementation of dedicated camera clinics.

Pharmacy

- A robust pharmacy program supports the clinical needs of our patients. We support patients' pharmaceutical needs by:
- Subsidizing patient prescription costs;
- Supporting the administration of a Prescription Assistance Program, which connects patients to pharmaceutical companies that offer drugs at low or no cost to patients with low income;
- Expanding in-house pharmacy services through the addition of a Class-A pharmacy at the CommUnityCare North Central Health Center.

FISCAL YEAR 2021 OPERATING BUDGET

Uses of Funds

In FY 2020, there were nearly 7,560 supported clinical pharmacist visits through June 2020. Separately, through this pharmacy program, an estimated 117 medication assisted treatment (MAT) patients have been served through the first 10 months of FY2020 for substance use disorders.

Patient Care Management

Central Health's 13-member Medical Management team provides case management services to the patients who need it most: persons experiencing homelessness, patients transitioning from inpatient care into less-acute care settings, and patients who visit the Emergency Department for non-emergent needs. Central Health's dedicated teams of nurse case managers, clinical social workers and health management liaisons provide case management for MAP patients who are medically complex, often with additional social needs. These services ensure patients are getting the support they need accessing MAP services, and also help guide patients into coverage programs for which they are eligible. For example, during the first 10 months of FY2020, 1,500 MAP patients were served in the Medical Management department. An estimated 750 patients were met at the Emergency Department by a Medical Management nurse who provided information about primary care and other utilization points, to help connect patients into appropriate settings. Through Central Health's skilled nursing facilities, 66 patients were served after being discharged from the hospital, totaling 1,615 days of SNF services. Additionally, a total of 39 new MAP patients received hospice services through July 2020. Separately, The Medical Management department was able to help transition 50 patients to Medicare or Medicaid (other funding streams) through the course of FY2020. Central Health's FY 2021 budget includes expansion to this team in order continue to support MAP patients.

Other Health Care Services Highlights

In FY 2021, Central Health proposed a budget for hospital and specialty services (\$57million) and related hospital performance incentives (\$2.7 million). Central Health has maintained its Reproductive and Sexual Health program contracts and has a long-standing history of supporting primary and preventive care through its partnerships. Funding is also included for ongoing operational support of data and other healthcare initiatives that are in the planning phases. A new Community Healthcare Initiatives fund was established and the process for allocating the funds will be developed with the board of managers in FY 2021.

HEALTH CARE OPERATIONS AND SUPPORT

This section of the healthcare delivery program funds the day to day operations that support overall health care delivery. It includes funding for ACA premiums, education and enrollment, eligibility services, community engagement, the operation of the Central Health Southeast Health & Wellness Center, and the overall operations management for healthcare planning and technology support. In addition, funding is included for the real estate function and costs associated with developing and operating the downtown campus. In FY 2021, this area includes costs for patient care management; claims payments and provider network relations; quality assessment and performance; and health strategy, communications and population health. The proposed budget for operations and support functions is \$48.8 million.

In FY 2021, \$8.6 million in ACA High Risk Premium subsidies are included in the budget as well as

FISCAL YEAR 2021 OPERATING BUDGET

Uses of Funds

additional funds to increase enrollment in the Central Health Assistance Program for local musicians. Central Health did not budget for funds to provide Sendero capital funding, which is determined by regulatory guidance from the Texas Department of Insurance. From 2011 through the end of 2019, Sendero will have provided approximately \$550 million in services to 175,000 members, with over 2.5 million encounters. The services provided by Sendero offer affordable coverage to members mostly below 200% FPL, and include hospital, specialty, and primary care services.

Sendero Health Plans' Board of Directors voted to waive all costs to its members for treatment of COVID-19 with in-network providers. Sendero was the first area affordable care act health plan to waive cost-sharing for treatment and comes as the company also recently waived co-payments for in-network doctor visits and lab costs to screen for the disease.

CAPITAL PROJECTS AND RESERVES

In the FY 2021 proposed budget, \$34.1 million is budgeted as a transfer to the capital reserve. These funds will be used for capitalized project costs or costs not covered by debt financing.

Several projects in eastern Travis County are anticipated to result in capital expenditures for clinical facilities built to support expanded healthcare services from key primary care partners. The planning for eastern Travis County is supported by a board subcommittee as well as extensive community outreach and advisory groups. There will continue to be significant expenditures to prepare for the redevelopment of the downtown campus including demolition and the proposed Red River Street realignment. Technology improvements are also anticipated, including enterprise investments and the implementation of a new electronic records system for CommUnityCare which Central Health is supporting.

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

Definition of capital expenditures

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

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

Discussion of impact of significant capital budget items on current and future operating budgets
Significant capital items may require a transfer from the operating budget to the capital reserve or the payment of interest and debt service, depending on whether the item is debt financed. Increases in operating expenses will result from opening new clinics and providing additional services. More detail is included in Attachment C, however, long-term operating costs are still being determined and will be addressed when capital assets are put into service.

FISCAL YEAR 2021 OPERATING BUDGET

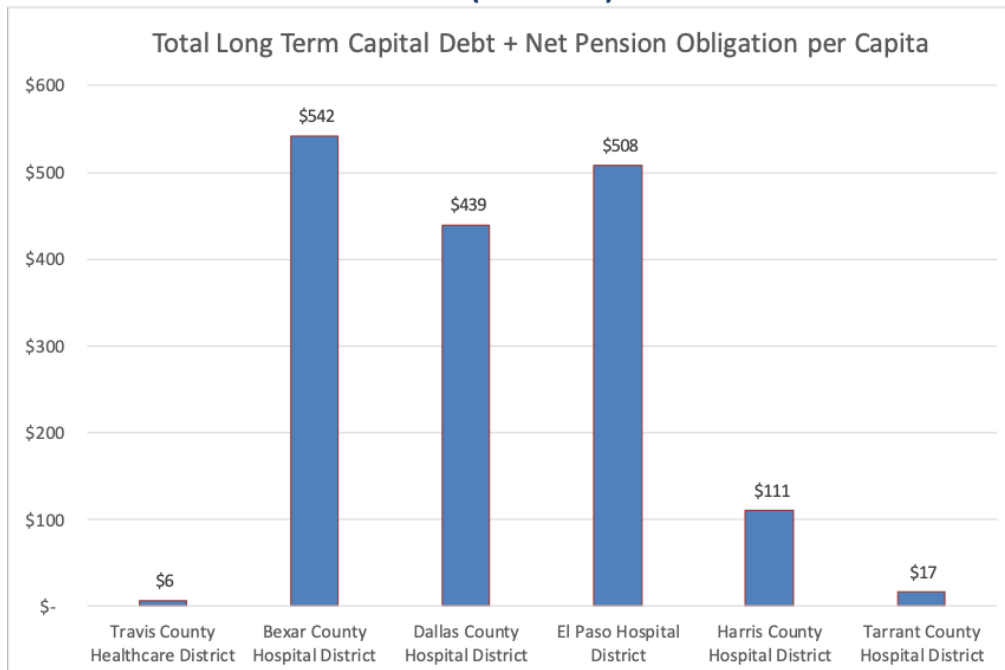
Uses of Funds

DEBT

Current debt levels

Central Health issued \$16 million in Certificates of Obligation on Sept. 20, 2011 and refunded the bonds in 2020, resulting in significant savings in future interest expense. In the FY 2021 proposed budget, Central Health will have outstanding debt of \$6.1 million. A principal payment of \$1.2 million will be made during the fiscal year and the remaining balance of principal will be due in future periods. As the capital projects progress outlined above, Central Health anticipates additional debt could be issued for clinical facilities or projects on the downtown campus. Central Health is also in the process of securing a line of credit for short term debt financing of technology and equipment projects, the FY 2021 budget includes estimates for debt payments that may be made on the line of credit when draws are made in the future.

**MAJOR TEXAS HOSPITAL DISTRICTS:
FY 2019 DEBT BURDEN COMPARISON (in millions)**



Legal limits

Central Health does not have any legal limits on the amount of debt which can be issued. Debt can be issued that is secured by existing assets or the Debt Service Tax rate, which is .000589 cents per \$100 of property valuation in FY2021. Certificates of Obligation must be approved by the Board of Managers and the Travis County Commissioners in order to pledge the Debt Service tax rate. The only legal limit required by Central Health is in its founding legislation, which states the district cannot increase its total tax rate greater than 25 cents per \$100 of property valuation.

Current funding required

In the FY 2021 proposed budget, funding has been included for a principal payment of \$1.2 million and interest payments of \$84,357.

FISCAL YEAR 2021 OPERATING BUDGET

Uses of Funds

ADMINISTRATION PROGRAM

This program funds the activities that allow Central Health to function as a governmental entity and a health care financing entity, e.g.; financial, legal, human resources, facilities management, planning and communications activities. The Administrative Program is 3.1% of the Central Health budget.

Overall, administrative costs remain steady in FY 2021 at \$10.9 million.

TAX COLLECTION

Central Health incurs expenses payable to the Travis Central Appraisal District and the Travis County Tax office annually. In FY 2021, we estimate these expenses to be \$2.1 million.

INVESTING IN THE WORKFORCE

Central Health invests in the local workforce through a budget for employment of 172 full-time equivalents in FY 2021. We offer a robust benefits package, including healthcare coverage, retirement plan matching, life insurance and short- and long-term disability insurance. Furthermore, our health plan offers wellness benefits and employees have access to legal services and backup caretaker services. Included in our FY 2021 budget is a 3 percent performance-based merit increase in wages and estimates for market adjustments. Our estimate for benefits costs is 28 percent of salaries to accommodate anticipated employee health insurance increases.

Program	FY2019 FTEs	FY2020 FTEs	FY2020 CYE FTEs	FY2021 FTEs
Administration	32	41	37	41
Healthcare Delivery	46	107	103	131
Total	78	148	141	172

Several new investments in the Healthcare Delivery department include:

- 12 new staff to support the patient care management team with medical management services for MAP and MAP BASIC patients
- Nine new staff to operate an eligibility call center, a service that was contracted for in the past
- Two new staff to support community outreach to patients, businesses and community group
- One new staff to support diversity and inclusion across the enterprise

GETTING INVOLVED WITH CENTRAL HEALTH

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

Ways to get involved:

Visit our website

Central Health budget and finance information including monthly financial statements, annual financial audit reports, and current and previous fiscal year budgets are available at:

www.centralhealth.net/about/finance

Attend or watch our meetings

Central Health's Board of Managers meetings and the Board's Budget and Finance Committee meetings are both available by livestream and archived. Links to the meetings with agenda items, supporting materials, and presentations are available at:

www.centralhealth.net/about/board-of-managers/meetings

Sign up for our newsletter

Central Health does a variety of community engagement activities including soliciting feedback from patients, community members, and concerned citizens. To connect with us please visit:

www.centralhealth.net/contact

ATTACHMENT A

Fiscal Year 2020 and Fiscal Year 2021 Proposed Budget Sources and Uses Summary

DESCRIPTION	FY 2019 ACTUAL	FY 2020 APPROVED BUDGET	FY 2020 YEAR END ESTIMATE	FY 2021 APPROVED BUDGET
TAX RATE	0.105221	0.105573	0.105573	0.110306
SOURCES				
Property Taxes	197,810,630	214,906,371	214,900,000	234,057,519
Lease Revenue	13,204,829	13,749,848	11,521,881	12,909,866
Interest	2,763,892	2,150,000	2,200,000	1,720,000
Tobacco Litigation Settlement	3,523,773	3,500,000	3,500,000	2,800,000
Subtotal Revenue	217,303,124	234,306,218	232,121,881	251,487,385
Contingency Reserve Carryforward		56,499,497	64,898,000	115,856,728
Total Sources	217,303,124	290,805,715	297,019,881	367,344,113
USES				
Healthcare Delivery	172,374,509	278,017,579	170,084,768	353,858,895
Administration	6,782,548	10,899,878	9,178,385	11,399,403
Tax Collection	1,577,987	1,888,258	1,900,000	2,085,816
Total Uses	180,735,044	290,805,715	181,163,153	367,344,113
EMERGENCY RESERVE				
Emergency Reserve	32,313,546	38,719,836	38,719,836	38,719,836
Total Reserves	32,313,546	38,719,836	38,719,836	38,719,836

ATTACHMENT B

Fiscal Year 2021 Approved Budget Uses Detail

DESCRIPTION	FY 2020 APPROVED BUDGET	FY 2021 APPROVED BUDGET
HEALTH CARE DELIVERY		
Intergovernmental transfers:		
IGT - Disproportionate Share	36,120,000	-
IGT - CCC DSRIP	25,574,651	23,528,575
Total Intergovernmental Transfers	61,694,651	23,528,575
Healthcare Services		
Primary Care: Medical, Dental, & Behavioral Health	50,270,000	56,935,000
Specialty Care: including Specialty Dental	8,940,000	12,565,000
Specialty Care: Behavioral Health	883,856	1,883,856
Post Acute Care	5,400,000	5,400,000
Pharmacy	11,600,000	13,250,000
Hospital & Specialty Services	50,225,000	57,000,000
Hospital Performance Incentive	2,700,000	2,700,000
Reproductive and Sexual Health	1,950,000	1,150,000
Healthcare Services - PSH/PFS Payment	600,000	600,000
Integrated Care Collaboration (ICC)	719,990	719,990
<i>Proposed: Community Health Care Initiatives Fund</i>	-	875,000
Primary & Specialty Care Reserves	2,000,000	2,000,000
Total Healthcare Services	135,288,846	155,078,846
Healthcare Operations & Support		
ACA Healthcare Premium Assistance Programs	9,251,800	11,559,354
ACA Education and Enrollment	604,320	601,320
Healthcare Facilities and Campus Redevelopment	10,074,543	5,156,629
UT land lease for teaching hospital	921,627	940,843
Salary and Benefits	15,367,494	15,021,176
Legal	184,500	332,000
Consulting	1,073,000	1,085,500
Other professional services	4,493,819	7,065,656
Marketing, Community Relations & Engagement	796,166	839,990
Leases, security & maintenance	803,220	1,774,296
Phones, computer equipment & utilities	2,532,760	2,449,460
Printing, copying, postage & signage	300,633	334,522
Travel, training and professional development	237,140	276,607
Other operating expenses	255,995	293,822
Health Care Capital Line of Credit	-	1,091,773
Total Healthcare Operations	46,897,017	48,822,947

ATTACHMENT B

Fiscal Year 2021 Approved Budget Uses Detail

DESCRIPTION	FY 2020 APPROVED BUDGET	FY 2021 APPROVED BUDGET
Reserves, appropriated uses & transfers:		
Transfer to capital reserve	2,950,000	34,100,000
Transfer to emergency reserve	6,406,290	-
Sendero risk-based capital	-	-
Contingency reserve appropriation	23,407,493	87,064,169
<i>Proposed: Hospital Services Reserve</i>	-	4,000,000
Total Reserves, appropriated uses & transfers	32,763,783	125,164,169
Debt service:		
Debt service - principal retirement	1,065,000	1,180,000
Debt service - interest	308,283	84,357
Total Debt Service	1,373,283	1,264,357
Total Healthcare Delivery	278,017,579	353,858,895
ADMINISTRATION		
Salary and Benefits	5,903,601	5,561,651
Legal	1,390,820	1,497,136
Consulting	1,187,720	1,259,570
Investment Services (Travis County)	115,500	115,500
Benefits & Payroll administrative services	174,550	185,337
Other professional services	482,950	1,257,450
Marketing, Community Relations & Engagement	212,700	182,350
Leases, security & maintenance	335,200	244,940
Insurance & Risk Management	150,030	150,000
Phones, computer equipment & utilities	135,900	135,449
Printing, copying, postage & signage	103,775	85,245
Travel, training and professional development	211,960	222,282
Other operating expenses	495,172	502,494
Total Administration	10,899,878	11,399,403
TAX COLLECTION		
Appraisal District Svcs	1,069,646	1,123,128
Tax Collection Expense	818,612	962,688
Total Tax Collection	1,888,258	2,085,816
TOTAL USES	290,805,715	367,344,113

ATTACHMENT C

FISCAL YEAR 2021 Capital Budget

Capital Reserves (in Millions)

FY2021 Proposed Capital Reserves Budget	Estimated Opening Balance FY21	Transfer to Capital Reserves	Possible Debt Financing	Total Sources of Capital Funds	Estimated FY21 Capital Uses	Estimated Ending Balance FY21
Clinical Services/ETC	\$1.2	\$27.6	\$0.0	\$28.8	\$9.5	\$19.3
Campus Redevelopment	\$2.1	\$5.0	\$0.0	\$7.1	\$5.0	\$2.1
Electronic Health Record	\$0.0	\$0.0	\$6.5	\$6.5	\$6.5	\$0.0
Other Capital Projects	\$3.0	\$1.5	\$0.0	\$4.5	\$1.5	\$3.0
Total	\$6.2	\$34.1	\$6.5	\$46.8	\$22.5	\$24.2

**Anticipated that expenses for Capital Projects will continue into FY2022*

Long Term Capital Planning	FY21	FY22	FY23	FY24	FY25
New Clinical Facilities (including ETC)	\$9.5	\$18.5	TBD	TBD	TBD
Campus Redevelopment	\$5.0	TBD	TBD	TBD	TBD
Other Capital Projects	\$8.0	\$1.5	\$1.5	\$1.5	\$1.5
Total	\$22.5	\$20.0	\$1.5	\$1.5	\$1.5

Potential Projects:

- New clinical facilities/eastern Travis County: Estimated for three new clinical locations
- Campus redevelopment: Red River Street realignment
- Other capital projects: Continuation of electronic health record transition and increase by \$1.5million for additional investment; technology and facilities improvements;

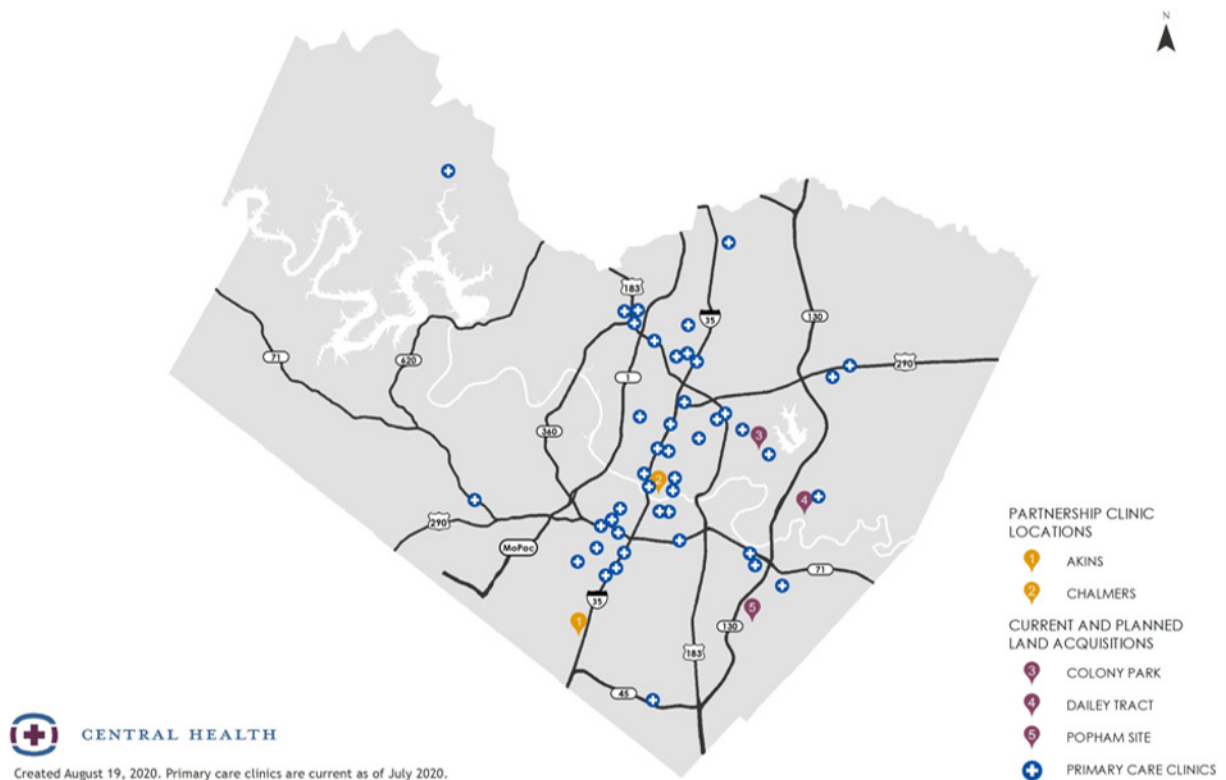
Central Health expects the details of three additional locations to be further developed based on clinical and community needs in eastern Travis County and their discreet budgets and workplans to be completed in fiscal year 2021. The map below outlines target areas for expansion and in some cases locations where land was purchased to develop clinical facilities. This work is outlined and detailed on our website and through the Central Health Board of Manager Eastern Travis County Subcommittee.

To learn more, visit:

www.centralhealth.net/our-work/expansion

ATTACHMENT C

Actual and Planned Service Expansions and Primary Care Locations



ATTACHMENT D

Additional Detail on the Community Care Collaborative can be found at:
www.ccc-ids.org

ATTACHMENT E

FY20 Budget and Audited Financials for Central Health can be found at:
www.centralhealth.net/about/finance/financial-reporting

ATTACHMENT F

Financial Policies and GFOA Award can be found at:
www.centralhealth.net/about/finance



2019 MILESTONES & HIGHLIGHTS

Central Health helped thousands of Travis County residents achieve better and healthier lives in 2019. The healthcare district's work is guided by three strategic objectives, which provide a roadmap toward achieving our vision and supporting our values—*Stewardship, Innovation, Respect and Collaboration.*

OBJECTIVE 1

Develop and execute health care delivery based on people and space

SERVICE EXPANSION

- Central Health Enterprise partner CommUnityCare launched a house call program in the Hornsby Bend community of eastern Travis County, providing residents at-home visits with a family nurse practitioner and a bilingual medical assistant.
- Central Health purchased a 40-foot mobile clinic featuring two exam rooms, a lab and a four-person waiting area. Operated by CommUnityCare, the mobile clinic offers primary care, preventive care, vaccines, labs, disease management and pharmacy services five days per week at set locations in the Colony Park and Creedmoor communities.
- CommUnityCare created convenient care options by adding walk-in primary care at the Central Health Southeast Health & Wellness Center, and incorporating Saturday clinic hours at the Del Valle Health Center.
- Central Health partner Lone Star Circle of Care opened a new convenient care location in Jonestown, providing MAP and MAP BASIC members access to walk-in services seven days a week.

COMMUNICATION AND COMMUNITY ENGAGEMENT

- Central Health's outreach teams reached 4,874 people through face-to-face encounters, a 1,573 increase versus the previous year.
- A public education initiative developed to connect people to care resulted in 39.2 million impressions.

CAPITAL ACQUISITIONS

- Central Health purchased a 10-acre lot in Hornsby Bend to support future health care services for the residents of East Travis County.

HEALTH CENTER REALIGNMENT

- CommUnityCare's William Cannon clinic began offering primary care services to better serve the health needs of the Dove Springs community.
- The Blackstock Family Residency Program—the primary training site for the Dell Medical School's family residency program—moved into the Central Health Southeast Health & Wellness Center, providing an estimated 8,000 additional annual primary care visits.

POPULATION HEALTH

- Central Health partnered with Austin Public Health and Travis County Health and Human Services to create neighborhood profiles of Del Valle, Pflugerville, and Hornsby Bend to guide health care and social service planning in the communities.
- The Central Health Equity Policy Council worked with Travis County safety-net providers to ensure routine HIV screening and implementation of a rapid linkage to care treatment model in partnership with the Fast Track Cities Initiative.
- Central Health launched a transportation initiative in partnership with Lyft and United Way for Greater Austin. The program provided free rides to and from the Central Health Southeast Health & Wellness Center for medical appointments, pharmacy visits and social services.

CENTRAL HEALTH

4

OBJECTIVE 2

Implement a patient-focused and coordinated health care system

HEALTH COVERAGE

- ✦ Sendero Health Plans provided full health care coverage and over \$10 million in care for 224 CHAP members (former high-needs MAP members whose coverage is sponsored by Central Health).
- ✦ Central Health's eligibility team provided 26,792 in-person appointments at six Travis County eligibility office locations.
- ✦ In April, Central Health launched MAP BASIC—a coverage program for low-income residents in need of primary care and prescription services—and enrolled 27,415 new members.

PRIMARY CARE

- ✦ CommUnityCare shifted its model of care to a team-based approach, utilizing collaborative teams of providers, medical assistants, dietitians, clinical pharmacists and behavioral health counselors to advocate for better patient care.

SPECIALTY CARE

- ✦ Central Health increased access to specialty care for MAP members, adding specialists in general surgery, gastroenterology, dermatology and ear, nose and throat (ENT) to its provider network.

WOMEN'S HEALTH

- ✦ CommUnityCare began offering free pregnancy testing at the North Central Health Center, expanding on the success of a program launched in 2018.
- ✦ Central Health introduced \$0 co-pays for MAP members seeking oral contraception.

MENTAL HEALTH SERVICES

- ✦ CommUnityCare provided more than 15,800 behavioral health visits, allowing patients to receive comprehensive services through their primary care provider.

SERVICES FOR HOMELESS PATIENTS

- ✦ Central Health enrolled 11,635 Travis County residents experiencing homelessness in MAP, providing them with no-cost co-pays and prescription coverage.
- ✦ Central Health launched a residential rooming services pilot, providing homeless MAP patients a place to rest and recover from short-term illnesses.

OBJECTIVE 3

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

STEWARDSHIP

- ✦ Central Health continued to maintain the lowest tax rate among the six major urban Texas hospital districts.
- ✦ Central Health's net position increased \$29.1 million, a 10 percent increase compared to the previous year.

OPTIMIZING THE BRACKENRIDGE CAMPUS

- ✦ Central Health increased lease revenue from the Brackenridge Campus by more than \$2.4 million versus the previous year, providing additional funding to support health care in the community.

PLANNING

- ✦ New budget priorities were approved by the Central Health Board of Managers, including priority projects in East Travis County; continued redevelopment of the Brackenridge Campus; women's and mental health initiatives; and community outreach and engagement efforts.

ATTACHMENT H

Community Engagement Report

During FY2020, staff collected public and consumer feedback through advisory committee meetings, Community Conversations, an online survey and one-one-one interviews (by phone).

Learn more about the results at:

www.centralhealth.net/2020budget/2020-budget-engagement-report

ATTACHMENT I

Central Health Statistical Information

Top Ten Taxpayers³

1. Samsung Austin Semiconductor
2. Columbia/St. David's Healthcare System, LP
3. Finley Company
4. Apple, Inc.
5. Oracle America Inc
6. CSHV 401 Congress, LLC
7. GW Block 23 Office, LLC
8. Domain Retail Property Owner, LP
9. ICON IPC TX Property Owner
10. HEB Grocery Company, LP

Race/Ethnicity (2019)⁴

Group	Number	Percentage
Total population	1,273,954	100%
Hispanic or Latino (of any race)	428,571	33.6%
Not Hispanic or Latino	845,383	66.4%
White alone, not Hispanic or Latino	621,577	44.8%
Black or African American alone	98,776	7.8%
American Indian or Alaska Native alone	2,713	0.2%
Asian alone	86,543	6.8%
Native Hawaiian and Other Pacific Islander alone	456	0.0%
Some other race alone	1,715	0.1%
Two or more races	34,011	2.7%

Language Spoken at Home (2019)⁴

Language	Number	Percentage
Total population 5+ years of age	1,197,185	100%
English only	828,834	69.2%
Language other than English	368,351	30.8%
Spanish	268,603	22.4%
Other Indo-European languages	43,472	3.6%
Asian and Pacific Islander languages	44,952	3.8%
Other languages	11,324	0.9%

³ Travis County Appraisal District

⁴ American Community Survey, 2019, one-year estimate

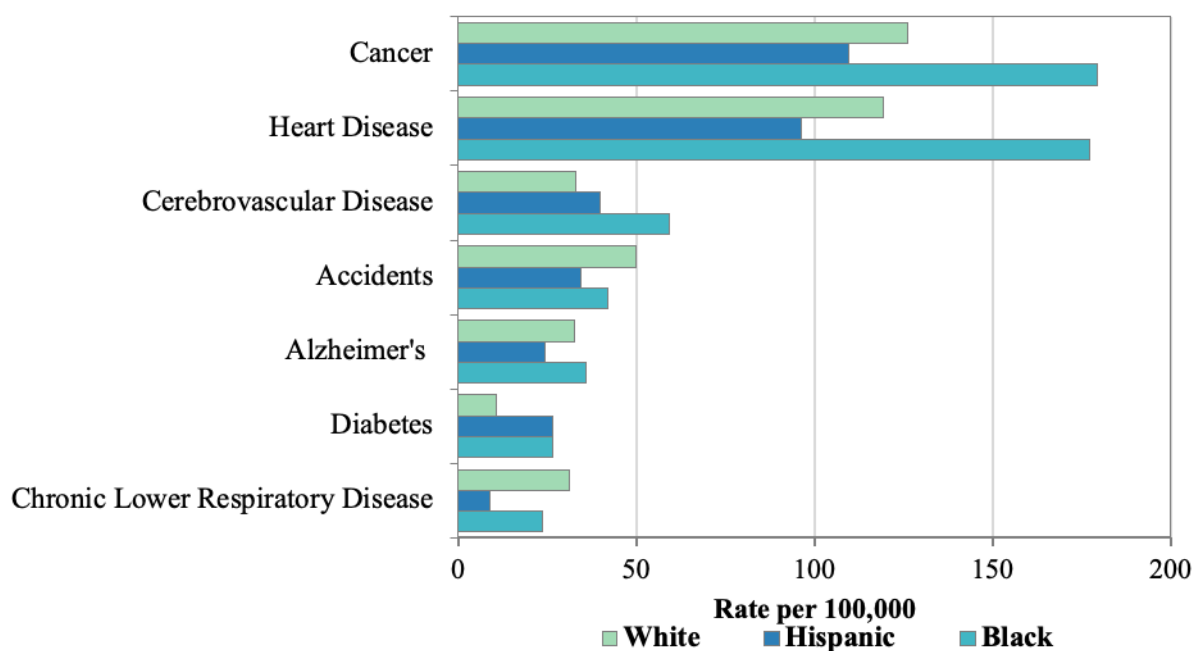
ATTACHMENT I

Poverty Levels (2019)⁵

Group	Total	Number Below Poverty Level	Percent Below Poverty Level
Total population for whom poverty status is determined	1,245,110	136,100	10.9%
White alone, not Hispanic or Latino	608,778	40,934	6.7%
Black or African American alone	98,120	18,916	19.3%
Hispanic or Latino (of any race)	420,562	64,506	15.3%
American Indian or Alaska Native alone	(no data)	(no data)	(no data)
Asian alone	85,814	9,928	11.6%
Native Hawaiian and other Pacific Islander alone	(no data)	(no data)	(no data)
Some other race alone	98,568	11,762	11.9%
Two or more races	50,801	5,545	10.9%

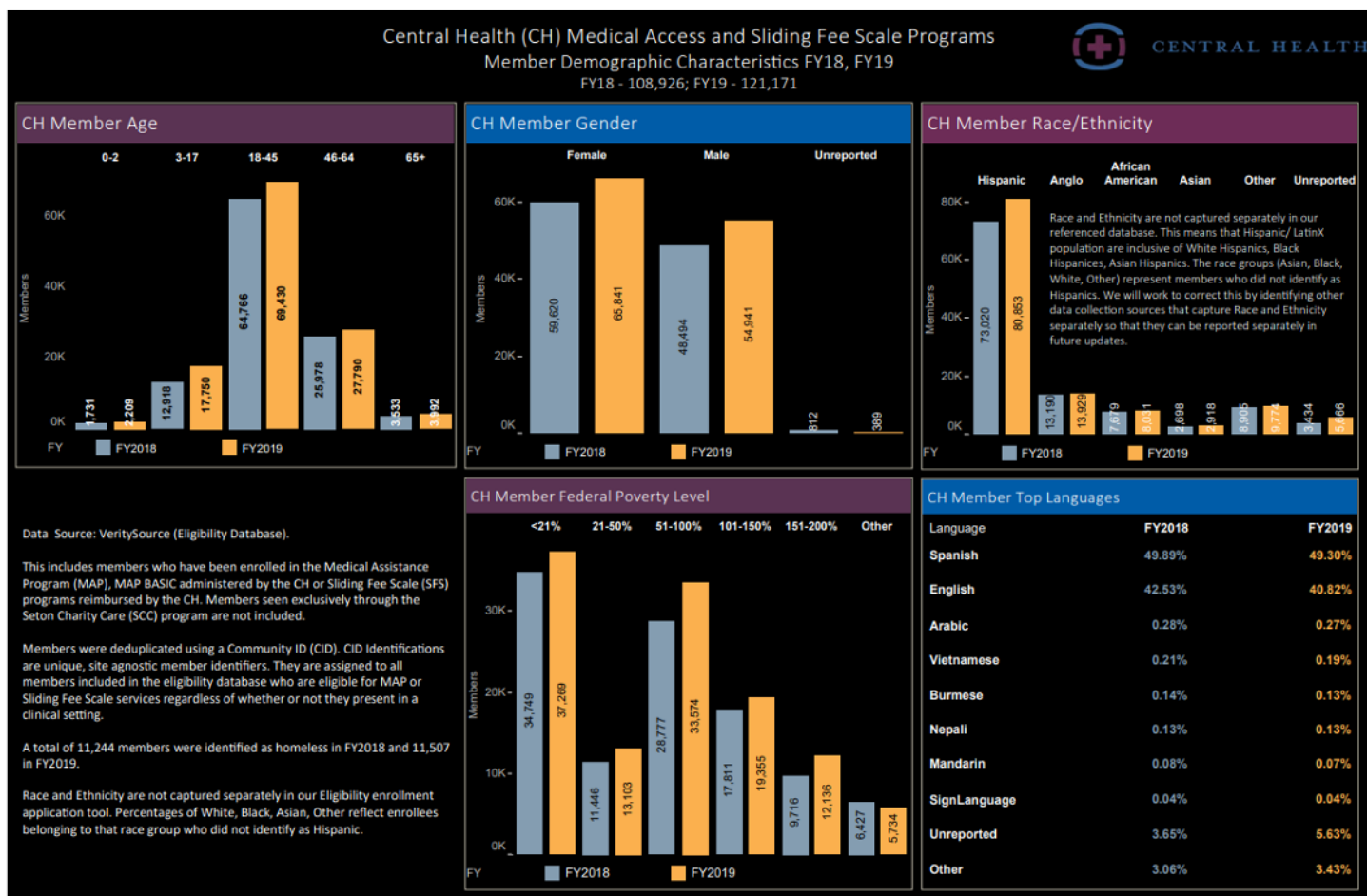
Leading Causes of Death, Travis County (2015-2017)⁶

Note: Age-Adjusted rates use the year 2000 standard population for adjustment



⁵ American Community Survey, 2019, one-year estimate

⁶ City of Austin, Austin Public Health summary of CDC WONDER database



GLOSSARY

1115 Waiver	A federal funding program for uncompensated care and Delivery System Reform Incentive Payments (DSRIP)
ACA	Affordable Care Act: a healthcare reform law that addresses health insurance coverage
CCC	Community Care Collaborative: Central Health's partnership with Ascension Seton to provide healthcare
CEO	Chief Executive Officer
CHAP	Central Health Assistance Program: a program through Central Health that provides premium assistance to eligible members
CHIP	Children's Health Insurance Program: a program to provide health care coverage to children in families that do not qualify for Medicaid
CMS	Centers for Medicare & Medicaid Services: a federal agency in the department of Health and Human Services that administers the healthcare programs Medicare and Medicaid
DSH	Disproportionate Share Hospital (DSH) program funds uncompensated care for hospitals treating indigent patients
DSRIP	Delivery System Reform Incentive Payments: a program that is designed to improve how health care is delivered by incentivizing providers and hospitals.
DY	DSRIP funding year
ED	Emergency Department: the department of the hospital that is responsible for patients requiring immediate care
FPL	Federal Poverty Level: an economic measure created from census data that is used to determine qualifications for federal programs
FTE	Full-time Equivalent: FTE is equivalent to an employee that is scheduled to work 40 hours/week
FQHC	Federally Qualified Health Center: a designation from CMS to provide primary care services in underserved communities.
HIV	Human Immunodeficiency Virus: a virus that attacks the body's immune system
HHSC	Texas Health and Human Services Commission: a state agency that manages programs that assist families with food, health care, safety and disaster needs
IGT	Intergovernmental Transfers: the transfer of funds between governmental entities
LPPF	Local Provider Participation Fund: an account that local governments deposit mandatory hospital payments into for an IGT to HHSC
MAP	Medical Access Program, a full benefits package for eligible residents who are at or below 100 percent of the Federal Poverty Level (FPL)
TPA	Third Party Administrator: an organization that processes claims for another entity
UC	Uncompensated Care: hospital care that receives no reimbursement
UMCB	University Medical Center Brackenridge

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

CentralHealth.net

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

CCC-IDS.org

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

CommUnityCareTX.org

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

SenderoHealth.com

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

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

MedicalAccessProgram.net

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

CHEligibility.net

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

TexasRHP7.org

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



CENTRAL HEALTH



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