



CENTRAL HEALTH

FISCAL YEAR 2023 APPROVED BUDGET

AUSTIN, TX

2023



LETTER FROM THE CEO



As the hospital district for Travis County, Central Health uses local property tax revenue to create access to health care for more than 147,000 people – about one in nine county residents.

Through our Medical Access Program (MAP) and MAP Basic, we can provide care to low-income residents by connecting them to a broad network of providers for their physical, mental and dental health needs.

This past year, thanks to the investment from local taxpayers, we added 16 provider locations, making our current total 204, and funded more than 500,000 primary care visits.

In the last fiscal year (FY), we've shared many exciting announcements as we continue to expand our coverage throughout Travis County, such as breaking ground on new health centers in Hornsby Bend and Del Valle and partnering with local health services to provide addiction treatment services to patients who need it.

Perhaps our greatest accomplishment was the launching of the Healthcare Equity Plan in February, which has become our North Star in guiding what we will do going forward. This will allow us to provide greater care to traditionally underserved populations and communities of color in Travis County and fill any gaps in their health care needs. The plan was informed by months of research, data analysis, and most importantly community input, and will drive our work for years to come.

Thanks to community conversations with MAP members and our strategic partners, our FY 2023 budget reflects that input and truly address the needs of Travis County residents with low incomes. The budget described on these pages provides details on revenue, use of funds, new investments in care, our stewardship of reserves, and improved care management. More than 92% of these dollars fund healthcare delivery.

As we continue to learn lessons from the global pandemic and adjust to life in the fastest-growing region in the country, we will continue to build on what is already a highly functional healthcare system. We want to build on our success to do more for more people and meet the challenges of the upcoming year and beyond.

Respectfully and in health,

Mike Geeslin
Central Health President and 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 healthcare access.

Right By All: By being open, antiracist, equity-minded, and respectful in discourse, we honor those around us and do right by all people.

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

GOALS

Access: Increase access to healthcare for residents of Travis County.

Technology: Maximize the use of technology community wide to influence healthcare decisions and delivery.

Quality: Strategically invest in practice designed to improve healthcare outcomes.

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

CENTRAL HEALTH ORGANIZATIONAL CHART

(BOARD OF MANAGERS)

(PRESIDENT & CHIEF EXECUTIVE OFFICER)

(HEALTH CARE DELIVERY)

(ADMINISTRATION)

- Direct & Purchased Healthcare Services
- Healthcare Operations & Support
- Health Insurance Program Investments
- Health & Wellness Programs
- Downtown Property Redevelopment
- Community Engagement
- Health Information Technology

- Administration
- Tax collection



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**Travis County Healthcare District
Texas**

For the Fiscal Year Beginning

October 01, 2021

Christopher P. Morill

Executive Director

Travis County Healthcare District has earned the Distinguished Budget Presentation Award for FY 2020, FY 2021 and FY 2022.

Learn more at <https://www.centralhealth.net/fy2022-gfoa-award/>

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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. As the healthcare district serving Travis County, Texas, Central Health creates access to care, and coordinates health care services, so residents with low income have the opportunity to get well and stay healthy. Central Health’s mission is to improve the health of the community by caring for those who need it most. We are empowering communities with care by building a better healthcare system.

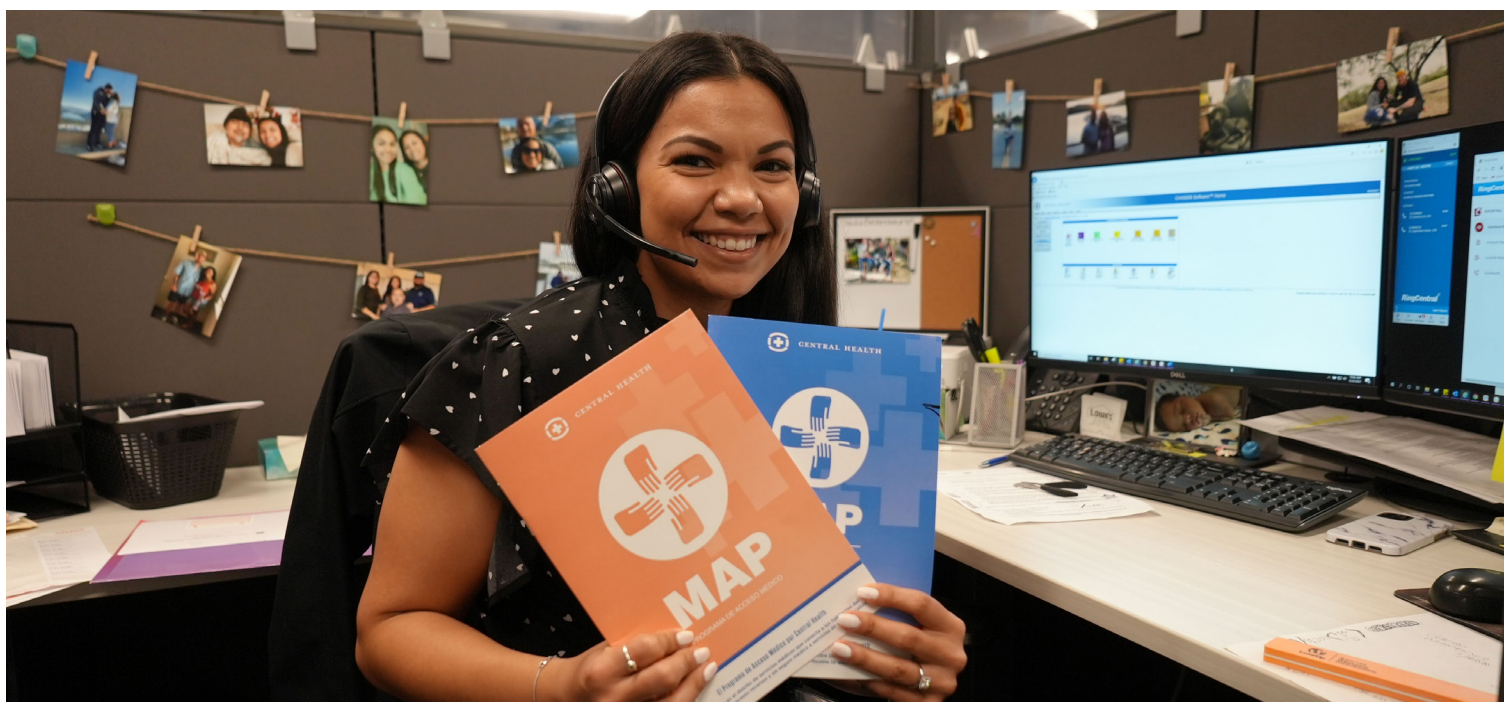
Central Health has the statutory obligation to provide health care to residents who are at or below 21% of the federal poverty level (FPL)—currently \$5,828 annual household income for a family of four. Central Health also provides the Medical Access Program (MAP)—a local indigent coverage program to eligible residents who are at or below 100% of the FPL. In addition, Travis County residents earning up to 200% of the FPL may receive subsidized health care through Central Health partners on a sliding fee scale or through our MAP Basic coverage program. The taxpayers of Travis County fund the majority of Central Health’s budget.

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

In early 2022, Central Health adopted its Equity-Focused Service Delivery Strategic Plan (Healthcare Equity Plan) which will guide the immediate and long-term work of the hospital district to improve health and reduce inequities for Travis County’s low-income population. The plan identifies four strategic imperatives: **Access & Capacity, Care Coordination, Member Engagement, and System of Care.**

MEDICAL ACCESS PROGRAM (MAP) & MAP BASIC

Central Health’s Medical Access Program (MAP) is a health coverage program for uninsured Travis County residents with low income. With MAP, you and your eligible family members can see a doctor, a dentist, get medicine, access urgent care and skilled nursing services. If you are not eligible for MAP you may be eligible for MAP Basic, which provides access to a doctor, dentist and medicines, but has a more limited level of services.



CENTRAL HEALTH ADMINISTERS THE TRAVIS COUNTY LPPF

In FY 2019, Central Health successfully supported legislation, along with other Texas hospital districts, to gain authority to establish a Local Provider Participation Fund (LPPF). The LPPF levies an assessment on hospitals to provide the local share of funds for Uncompensated Care (UC) and Medicaid directed payment programs. Medicaid directed payment programs supplement payment rates for Medicaid patients. In FY 2023, local matching funds for the Comprehensive Hospital Increase Reimbursement Program (CHIRP) and UC will be provided by local hospitals through the LPPF. Overall, the LPPF can bring more funding into the local healthcare system and prevents potential dilution of local tax dollars.

PUBLIC SAFETY-NET HEALTHCARE SYSTEM RELATED ENTITIES



Building Better Access To Healthcare

Mission: to strengthen the health and well-being of the communities we serve.

CommUnityCare (CUC) is Central Health's co-applicant Federally Qualified Health Center (FQHC) system. Today, CUC provides services at 27 locations and three partner locations throughout Travis County. In calendar year 2020, CUC health centers provided more than 432,000 medical and dental patient appointments, which represents more than 123,000 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 services for children, including dental, pediatrics, mental health, speech therapy, physical therapy, and occupational therapy.

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.



A Central Health and Seton partnership

Building Better Local Health Coverage

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

Central Health's wholly owned community-based health plan, Sendero Health Plans serves Central Texas. As a Qualified Health Plan under the Affordable Care Act, Sendero provides its IdealCare individual health insurance plan through the Health Insurance Marketplace. Sendero coordinates and manages health care services through a comprehensive provider network throughout Central Texas.



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 Ascension Seton 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.

STRATEGIC OBJECTIVES

In preparing the FY 2023 Budget, the financial priorities were linked to both the Board's strategic objectives, outlined below, and the strategic imperatives outlined in the Healthcare Equity Plan, summarized in the "Health Equity Planning" section that follows. <https://www.centralhealth.net/wp-content/uploads/2022/03/Central-Health-Equity-Focused-Service-Delivery-Strategic-Plan.pdf>.

In 2018, following our external performance review, Central Health worked closely with community members to identify and refine the healthcare district's strategic objectives for the years ahead. The full details of this report can be found here: <https://www.centralhealth.net/knowledge-base/strategic-work-plan-2019-2024/>.

The FY 2019-2024 Strategic Workplan resulted in the following board-defined objectives:

OBJECTIVE 1

DEVELOP AND EXECUTE HEALTHCARE DELIVERY STRATEGY BASED ON PEOPLE AND PLACE.

OBJECTIVE 2

IMPLEMENT PATIENT-FOCUSED AND COORDINATED HEALTHCARE SYSTEM

OBJECTIVE 3

IMPLEMENT SUSTAINABLE FINANCIAL MODEL FOR HEALTHCARE DELIVERY AND SYSTEM STRATEGIES THROUGH 2024

HEALTH EQUITY PLANNING

Central Health's mission is to improve the health of the community by caring for those who need it most. To better fulfill this mission, in 2020 the Central Health Board of Managers adopted a strategic priority to improve access to care by building an equity-focused, comprehensive, high-functioning and affordable system of care.

The Episcopal Health Foundation provided Central Health \$600,000 in June 2021 to support Phase I of this work. This funding allowed Central Health to hire a consultant, Guidehouse, Inc., to help develop an Equity-focused Service Delivery Strategic Plan (the Healthcare Equity Plan). The Healthcare Equity Plan is based upon three assessments: A community health needs assessment (CHNA) focusing on the needs of the Travis County population with annual household incomes less than 200% FPL (\$27,180 for an individual or \$55,500 for a family of four); an extensive Voice of the Community in-person and virtual engagement involving patients, patient-serving advocacy groups and Central Health partners; and an analysis of the safety-net healthcare system's capacity and gaps. The Plan was initially presented to the Central Health Board of Managers Feb. 9, 2022, and formally adopted Feb. 23, 2022.

The value of this work to improve the Travis County safety-net healthcare system cannot be overemphasized. Prior to this engagement, a health needs assessment focused specifically on Travis County's low-income populations had never been conducted. Building on Central Health's prior biennial demographic reports and gathering and analyzing a multitude of public and proprietary datasets, Central Health now has a better understanding of the disparities faced by its patient population including barriers to accessing care and managing chronic health conditions.

A diverse group of community members actively participated in the development of the Plan, providing valuable insight into the challenges of navigating the safety-net healthcare system and opportunities for long-term improvements. This public engagement has strengthened the partnership between Central Health and the community members it serves and builds public buy-in as Central Health works to implement the Plan's strategies in the coming years.

Central Health was able to utilize the experience and expertise of its consultancy team to create system benchmarks to assess how the organization compares to the other large urban hospital districts in Texas. The knowledge gained in this benchmarking exercise—in addition to a clinical gap analysis of eight key service categories, which identified areas of moderate to significant gaps such as provider shortages—was critical to developing the plan as well as implementing and measuring the success of Central Health’s efforts.

Central Health’s Healthcare Equity Plan is founded upon a goal and four strategic imperatives:

- **Access and capacity** – increasing the number of providers and care teams.
- **Care coordination** – optimizing how patients transition between care settings (e.g., hospital to home).
- **Member engagement** – enhancing engagement for Central Health Medical Access Program (MAP) enrollees and expanding enrollment in high-need regions; and
- **System of care** – joint service-delivery planning and timely sharing of healthcare data.

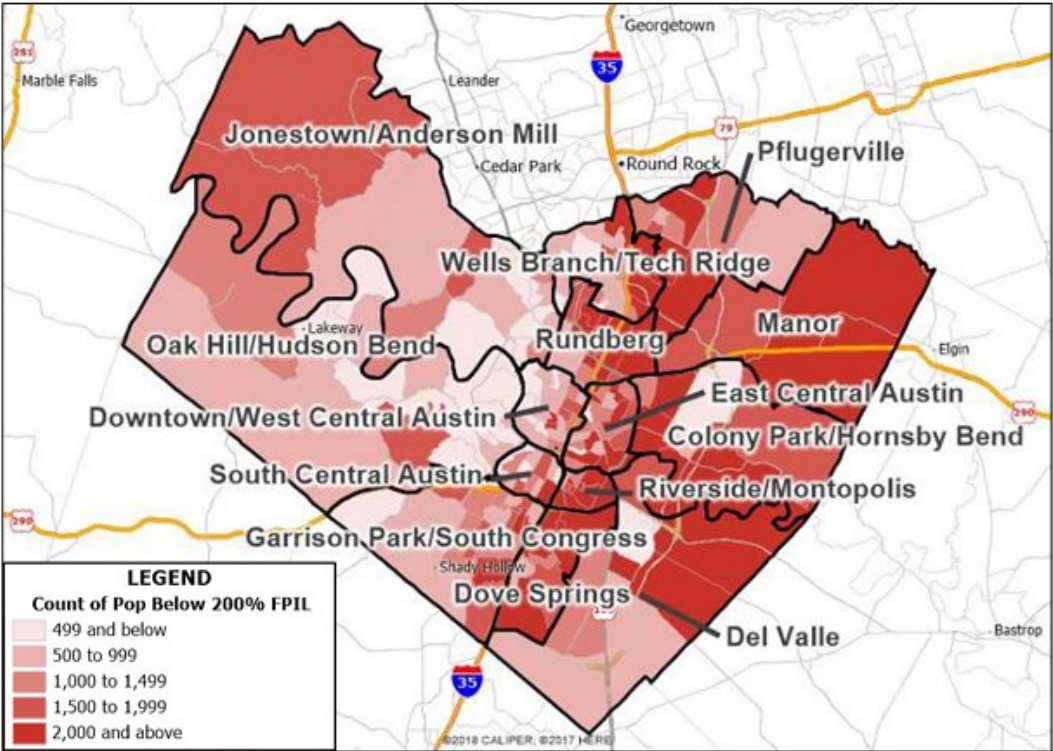
By addressing these imperatives, Central Health will achieve its service delivery strategic goal: To develop an equitable system of care that is comprehensive and accountable, while maximizing the collective use of capabilities and resources to serve Travis County’s safety-net population. Each imperative has enabling and supporting goals and objectives to measure progress and support accountability. Further, these goals and objectives will serve as the means by which the organization measures its success over the next five to seven years in achieving its mission.

Next steps for Central Health included informing community members and stakeholders of the results of the Plan and launching a subsequent operational implementation and financial sustainability planning process with additional support from the Episcopal Healthcare Foundation. It is anticipated this second phase of the Healthcare Equity Plan will be completed during FY 2023 and will inform future budget cycles based on the outcomes of the operational and sustainability plan.

Travis County Demographics from the CHNA

As mentioned above, the CHNA focused specifically on understanding the healthcare needs of low-income Travis County residents. Figure 1 shows the distribution of the population within Travis County that have incomes below 200% FPL.

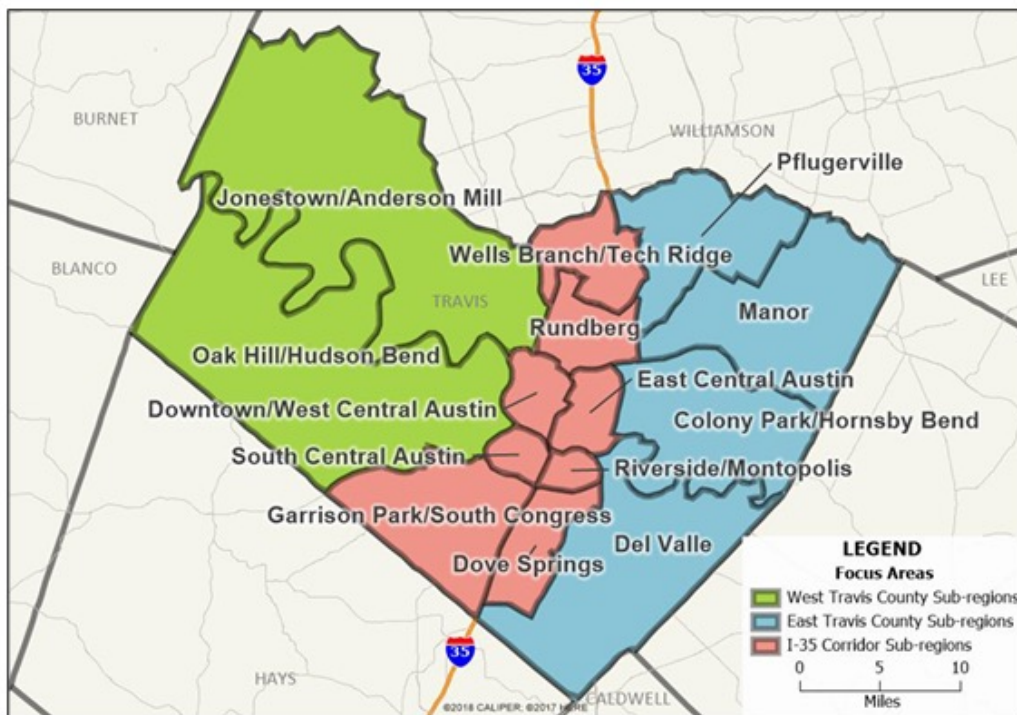
Figure 1: Absolute population below 200% of FPL



Source: American Community Survey (ASC) 2015-2019

Based on demographic patterns, the assessment separated Travis County into three focus areas used to understand health care needs of the safety-net population at regional and local levels throughout the county.

Figure 2: Travis County focus areas



Source: US Census Bureau

By focusing on the population that Central Health serves and how they are distributed throughout the county, we were able to develop strategies that expand access to care for Travis County's safety-net community, it must ensure the geographic distribution and health care needs of its patient population are aligned with sufficient access points to meet demand for services. The CHNA combined with the Voice of the Community and an analysis of the safety-net healthcare system's capacity and gaps gave rise to the strategic priorities that serve as the basis for our FY 2023 budget.



FY 2023 STRATEGIC PRIORITIES

Central Health's budget priorities for FY 2023 build upon the priorities of FY 2022 and are focused on healthcare service delivery. In FY 2023, the budget includes continued service delivery expansions in eastern Travis County, new investments in the direct practice of medicine and the continuation of the long-term equity focused system of care planning that increases funding to primary and specialty care initiatives.

The budgetary trends over the past several years have been consistently focused on expanding services to new locations, such as eastern Travis County, as well as service lines to add additional access to care for uninsured or underinsured residents. As discussed above, we continue working to improve health equity by addressing identified health disparities and prioritizing gaps to build a high-functioning system of care across Travis County.

Figure 3: FY 2023 Strategic Priorities



Access & Capacity

Priority: Continue eastern Travis County site expansion in Hornsby Bend, Del Valle and Colony Park
Priority: Development of multispecialty clinic at Rosewood-Zaragosa



Care Coordination

Priority: Implementation of Epic electronic health record.



Member Enrollment and Engagement

Priority: Implementation of MyChart patient portal.



System of Care Infrastructure

Priority: Development of financial and operational implementation plans.
Priority: Focus on affiliations with health care and community partners.
Priority: Continue development of direct clinical practices infrastructure.
Priority: Identify and support critical on-demand operational and administrative capacities

HEALTHCARE REGULATORY & INDUSTRY CONSIDERATIONS

Federal policies and regulations impact the amount and sources of federal funds that have been historically utilized to fund healthcare services in Travis County. Central Health monitors closely for changes in policy and healthcare finance programs affecting our budget. At times, the changes have been rapid and significant, requiring Central Health to develop new funding strategies related to the 1115 Waiver, Disproportionate Share (DSH) Program, and Affordable Care Act. Further, the COVID-19 pandemic created additional funding sources along with required regulations to utilize new federal funds.

In January 2023 the Texas Legislature convenes for its 88th Legislative Session. Central Health is in the process of developing its legislative guiding principles for this session. In the past these have included areas such as:

- COVID-19 Response
- Healthcare Innovations
- Reimbursement Rates
- Healthcare Financing
- Health Information Technology
- Prevention and Wellness
- Health Equity
- Integrated Healthcare
- Women's Health and Family
- Behavioral and Mental Health
- Local Control
- Planning Programs
- Coverage Gap
- Managed Care
- Workforce Expansion

Medicaid expansion, or expanded coverage, is a major issue Central Health and other partners serving the safety net population follow. Ultimately, the Texas Legislature has declined to expand Medicaid coverage during past legislative sessions, leaving most uninsured adults with incomes below 138% of the FPL not eligible for Medicaid coverage.

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 on continued community response to new and ongoing critical health issues, such as COVID-19 and mpox.

Healthcare Industry Changes – Impact of Regulatory Changes on the Local System

Historically, Central Health has purchased hospital services through an indirect funding model 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 (UC) and Disproportionate Share (DSH) program amounts received. Central Health historically provided IGT for UC and DSH funds for Ascension Seton. The creation of the LPPF 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. Central Health and Ascension Seton are in continuing negotiations regarding these arrangements.

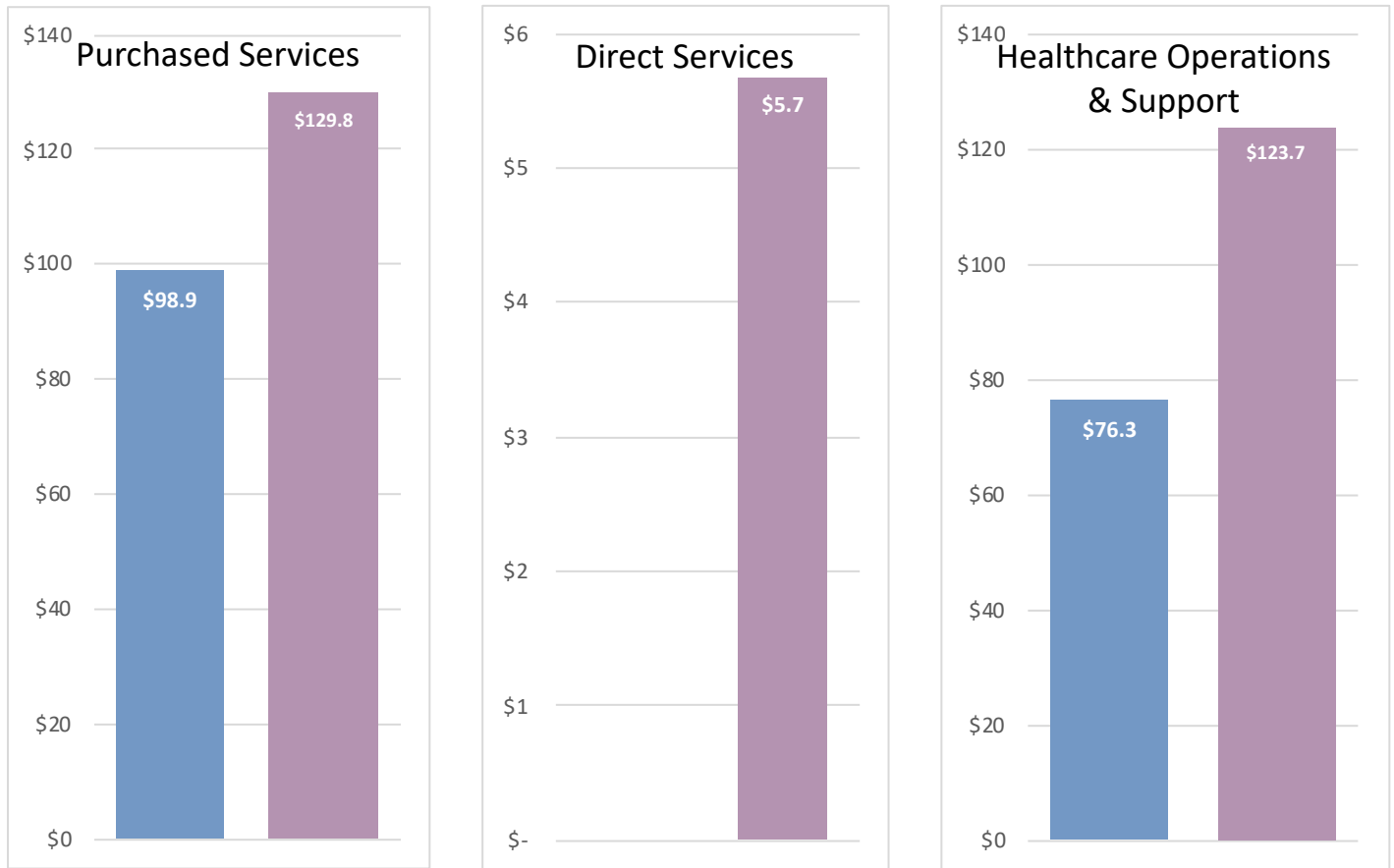


BUDGET OVERVIEW

The FY 2023 Budget achieves the strategic priorities by investing in key Healthcare Delivery and Administrative Program investments outlined in detail in Attachment A and Attachment B and fully defined in our outline of the Sources and Uses of Funds sections.

The FY 2023 Budget will see a \$21M increase in property taxes that will be used to fund increased expenditures in Healthcare Delivery and Administration. Healthcare Delivery accounts for the largest increase in our budgeted uses of funds, with more than \$90M in additional funding. Most of that increase is in the following areas in the budget:

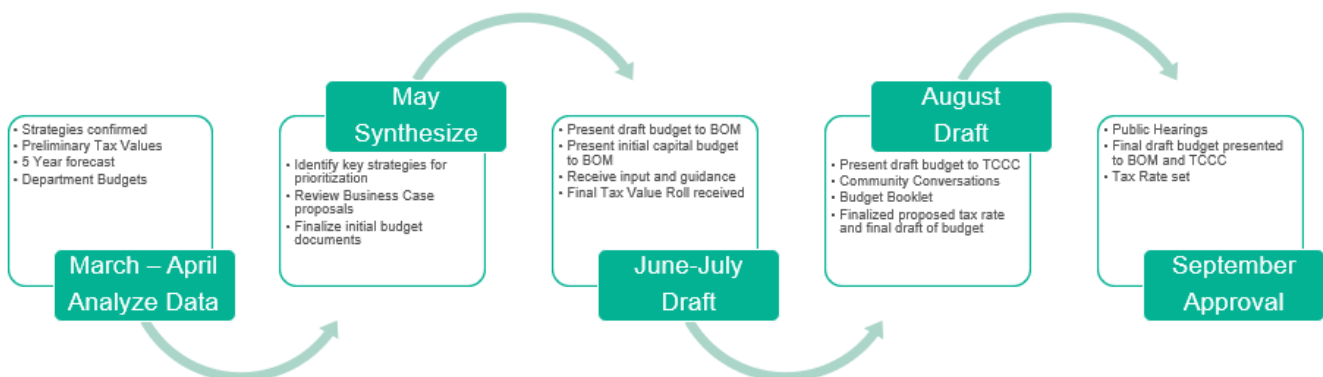
Figure 4: Changes in Healthcare Delivery Uses



The growth in spending in these areas is described more in detail in the Uses of Funds section later in this report.

THE BUDGET PROCESS

Figure 5: Budget Development Steps



In developing Central Health’s annual budget, the Central Health Board of Managers 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 Community Engagement Report in attachment F, which provides details of the engagement efforts that informed the FY 2023 budget development process.

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.

Staff prepares a proposed budget and presents it to the Board of managers and public in early summer. In the FY 2022 budget development process, management established a robust internal business case planning process to advance new initiatives. For FY 2023, management continued to submit and review new initiatives using this process to incorporate them into the budget. Program leadership also evaluates historical spending on existing initiatives along with changes related to those that may impact the budget. They work closely with Finance staff to develop proposed operating budgets that will get incorporated into the final budget proposal.

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.



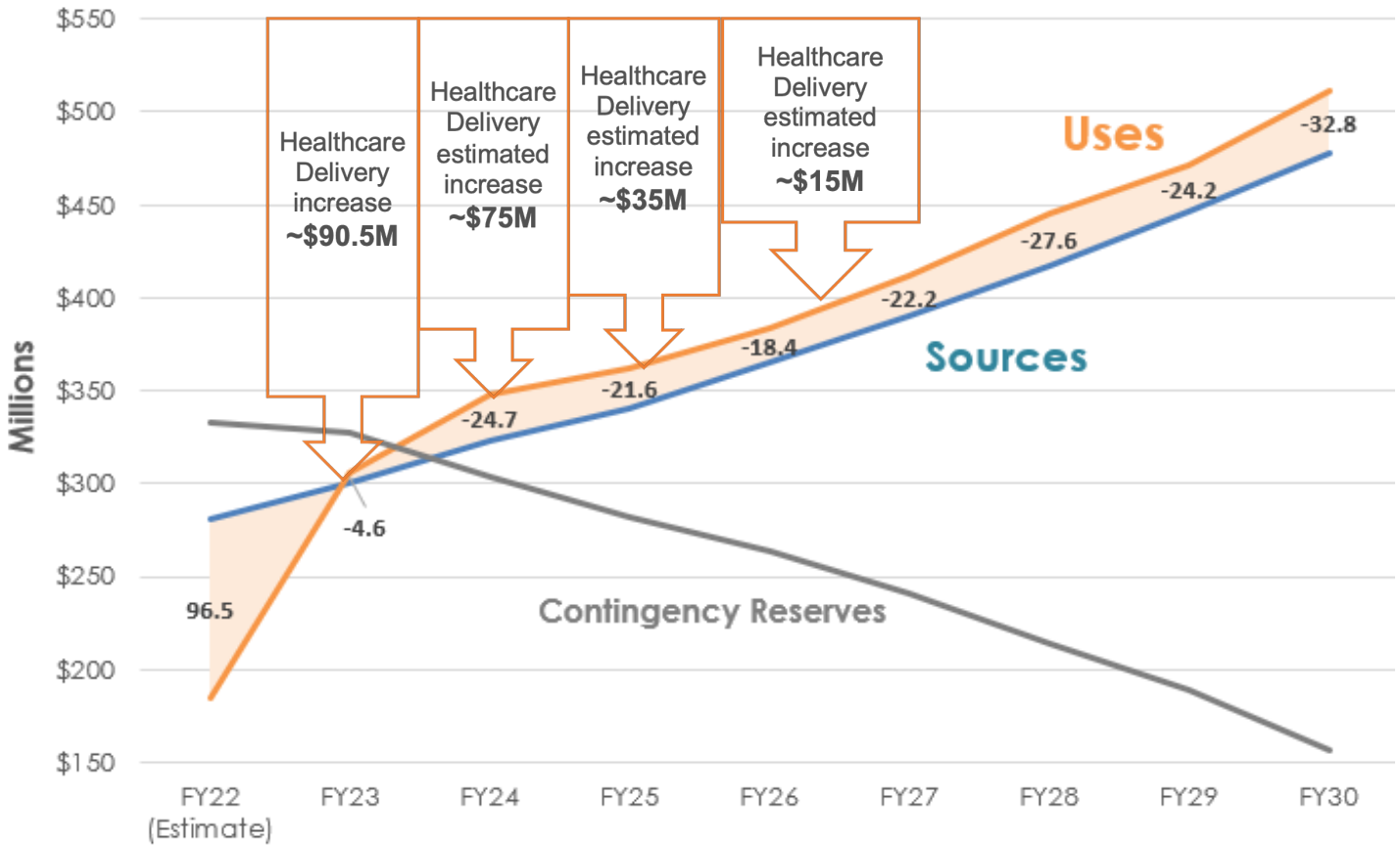
Multi-Year Forecast

Assessing our long-term plans and financial outlook as an organization is an essential early step in establishing the tax rate and in the budget development process. Central Health uses a financial forecast model that incorporates our strategic objectives and planned initiatives along with future economic assumptions to estimate the revenue needed to provide and maintain the necessary level of services for our community.

This year the budget priorities developed out of the Healthcare Equity Plan and CHNA drove spending projections for FY 2023 and beyond. Finance staff worked closely with our healthcare delivery subject matter experts and incorporated new initiatives proposed through the business case planning process to project future spending and staffing needs. Those initiatives include opening a specialty care clinic and building out the infrastructure necessary to begin the direct practice of medicine. The new initiatives are described in more detail in the FY 2023 Strategic Priorities and Healthcare Delivery Program sections.

Because of the need to phase in the direct practice of medicine and site expansions, our finance team considered an eight-year forecast to inform setting this year's tax rate and overall budget development. Staff developed the FY 2023 budget with the 6% over the maintenance and operations no new revenue tax rate year over year during the 8-year period. That tax rate still results in a deficit between sources and uses during the forecast period, as shown in Figure 6. Central Health will draw down the healthcare contingency reserve to cover those deficits to manage the growth sustainably and reduce the need for larger tax increases.

Figure 6: Tax Revenue 6% Increase over No New Revenue, year over year



In FY 2023, the healthcare delivery increase of 90.5 million includes

- expanded primary and specialty care,
- the first partial year of direct health care services with additional FTEs,
- facilities costs, and
- the transition of expenses from the CCC.

The expenses planned in FY 2023 are described in more detail in the Healthcare Delivery Program section later in this report. We anticipate that the first multispecialty clinic and our two new health and wellness centers will open by the end of FY 2023, so the increased spending in FY 2024 will reflect a full year of operations for all three. In addition, the FY 2024 budget will include the full cost of the Affiliation Agreement with the Dell Medical School at the University of Texas at Austin, described more in the Healthcare Delivery Program section.

Other healthcare delivery expenses projected in FY 2024 and beyond include

- expanding hospital, respite, and ambulatory specialty services,
- increased facilities costs,
- opening a primary care clinic and health and wellness center, and
- opening another multispecialty clinic.

Travis County has seen considerable growth in taxable assessed values and new construction growth over the past five years. In FY 2023, we continue to see growth in taxable assessed values but anticipate a slight decrease in year-over-year growth, or a slowing in the pace of growth.

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

Fiscal Year 2023 Budget Calendar

May 11, 2022

Strategic Planning Committee – Budget Strategic Objectives

May 25, 2022

Board of Managers Meeting – Long Term Forecast

June 8, 2022

Strategic Planning Committee – Budget Strategic Objectives

June 15, 2022

Board of Managers Meeting – Homestead Exemption

July 27, 2022

Board of Managers Meeting – Proposed Budget

August 10, 2022

Strategic Planning Committee – Budget Strategic Objectives

August 10, 2022

Budget & Finance Committee Meeting – Proposed Budget

August 24, 2022

Board of Managers Meeting – Vote on maximum tax rate

August 31, 2022

Public Hearing

September 7, 2022

Board of Managers Meeting – Budget & tax rate vote

September 20, 2022

Travis County Commissioners Court – Budget & tax presentation

September 26, 2022

Board of Managers Special Called Meeting

September 27, 2022

Travis County Commissioners Court – Budget & tax rate vote

Process for Amending the Budget

Central Health has two programs in its approved budget – Healthcare 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 & CEO is authorized to make line-item transfers within the budget categories of healthcare delivery and administration programs.

Basis of Budgeting

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, the ending balance after total uses are deducted from total sources is placed into a contingency reserve and carried forward. The contingency reserve balance is set aside for planned future healthcare delivery operations or maintain fiscally responsible reserve levels.

In previous years, the contingency reserve opening balance was presented as a source of funds and closing balance as a healthcare delivery use and shown as a balanced budget where the sources of funds equaled the uses. For FY 2023, we have presented the contingency reserve separately below the sources over uses line. The FY 2023 budgeted contingency reserve accounts for the total budgeted uses in FY 2023 which exceed budgeted sources, and is reduced by the difference, thus updating the contingency reserve estimated final balance. This new format provides the reader a more traditional view of the program activities and reserves that are similar to a fund balance that many larger and more complex governmental organizations are required to prepare in accordance with Governmental Accounting Standards Board (GASB) requirements. As a single purpose enterprise fund we believe this change will promote additional transparency and understanding of the long term reserve requirements necessary to fund healthcare expansion efforts over the long term.

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 CCC is included as a discretely presented component unit as there is some financial accountability by CCC to Central Health. See “Public Safety-net Healthcare System Related Entities” on page 9 for an overview of our affiliated partners.

Financial Policies

Central Health has a comprehensive set of financial and purchasing policies under which it operates that are established by either the Central Health 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 D. The reserve policies govern the allocation of funds set aside and restricted for capital projects, emergencies, one-time contingency expenses, and the process for changes if necessary. The investment policy outlines the roles and responsibilities of those within the organization who have authority over investment, risk management policies, ethical standards, and review and oversight requirements. The Central Health Board of Managers approves the Investment Policy on an annual basis.

FISCAL YEAR 2023 OPERATING BUDGET

The FY 2023 Operating Budget is composed of sources and uses of funds. The uses of funds consist of two programs, Healthcare Delivery and Administration. In addition, Central Health maintains an emergency reserve that is approximately 15% of eligible planned expenses and carries forward the remaining balance of available reserves from the previous year as a healthcare delivery contingency reserve.

Central Health estimates sources exceeded uses by \$96.5 million by the end of FY 2022. Those funds have been added to the contingency reserve for an estimated balance of \$327.8 million. In FY 2023 no additional emergency reserves were required. This year, the uses of funds will exceed sources by about \$4.6 million in the operating budget. As Central Health begins implementing the Healthcare Equity Plan and continues to expand direct practice services, we anticipate uses will exceed sources each year for the near future. We will draw from the healthcare delivery contingency fund to meet those future needs and ensure Central Health maintains adequate cash on hand. The sources and uses in FY 2023 are described in more detail below and a summary of Central Health's sources and uses can be found in attachment A.

SOURCES OF FUNDS

Central Health's operating budget for FY 2023 is projected to be \$300.8 million from several sources. Property tax revenue accounts for the majority of those funds, \$281.6 million. Increases in assessed property value and new construction resulted in a 0.013 cent decrease in the tax rate from FY 2022 yet will produce \$20.7 million in additional revenue. This is due to the rising taxable assessed values of the properties in Travis County. The other sources of revenue include lease revenue for buildings located on the Central Health Downtown Property, budgeted this year at \$13.1 million and other revenue of \$6.0 million.

Figure 7: FY 2023 Summary of Sources and Uses

DESCRIPTION	FY 2022 APPROVED BUDGET	FY 2023 FINAL APPROVED BUDGET
TAX RATE	0.111814	0.098684
SOURCES		
Property Taxes	260,933,097	281,605,053
Lease Revenue	13,422,399	13,145,328
Tobacco Litigation Settlement	3,000,000	4,500,000
Other	3,000,000	1,500,000
Total Sources	280,355,496	300,750,381
USES		
Healthcare Delivery	192,705,261	283,208,877
Administration & Tax Collection	15,391,099	22,149,360
Total Uses	208,096,360	305,358,237
RESERVES		
Healthcare Delivery Contingency Reserve ⁽¹⁾⁽²⁾	226,521,399	327,783,722
Emergency Reserve	38,719,836	38,719,836

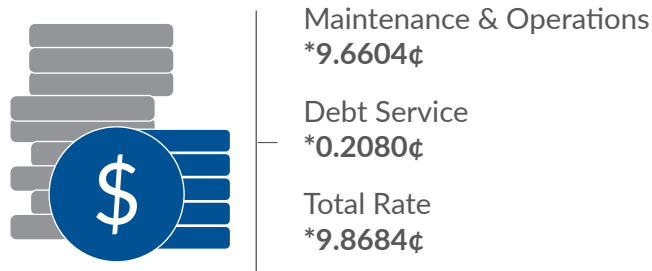
(1) previously reported as an appropriated use of funds in Healthcare Delivery

(2) Healthcare Delivery Contingency Reserves to be appropriated for FY2023

Property Tax Revenue

Central Health’s FY 2022 tax rate was 11.1814 cents per \$100 of assessed value. The FY 2023 budget has been prepared at a lower tax rate of 9.8684 cents per \$100 of assessed value. This rate is 6.0% 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 9.6604 cents and a debt service rate of 0.2080 cents. The debt service tax rate will provide funds to satisfy certificates of obligation, originally issued in 2011, 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. Central Health also issued certificates of obligation in August 2021 for \$76.4M to fund three new clinical projects and a headquarters consolidation. Each of these projects is underway and more details can be found in the Capital Projects in Progress section on “Capital Projects in Progress” on page 35.

Figure 8: Central Health Property Tax Rate



*Per \$100 taxable valuation

In preparing the budget for FY 2023, Central Health considers how the tax rate will impact residents. 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 Central Health maintains the smallest portion of the total tax bill. In FY 2022, this was approximately 4.6% of the total tax paid.

Figure 9: Travis County taxable values and Central Health property tax rate

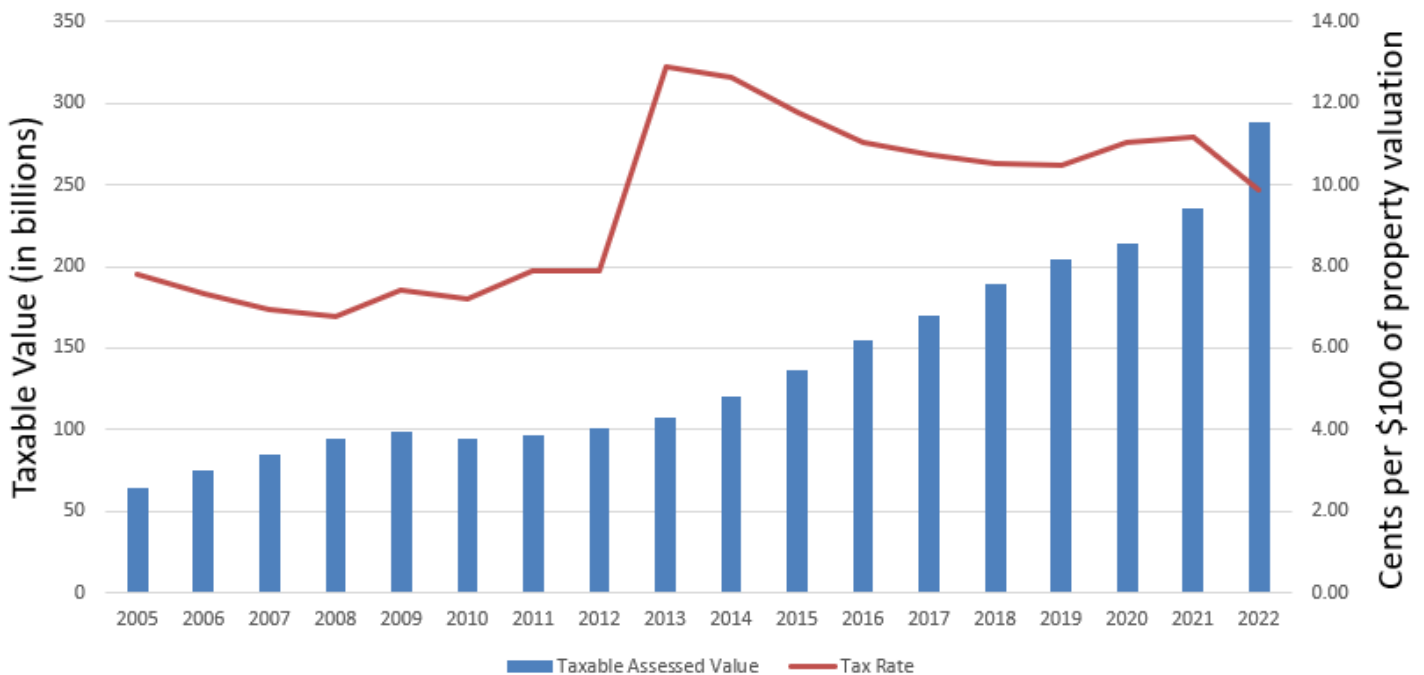
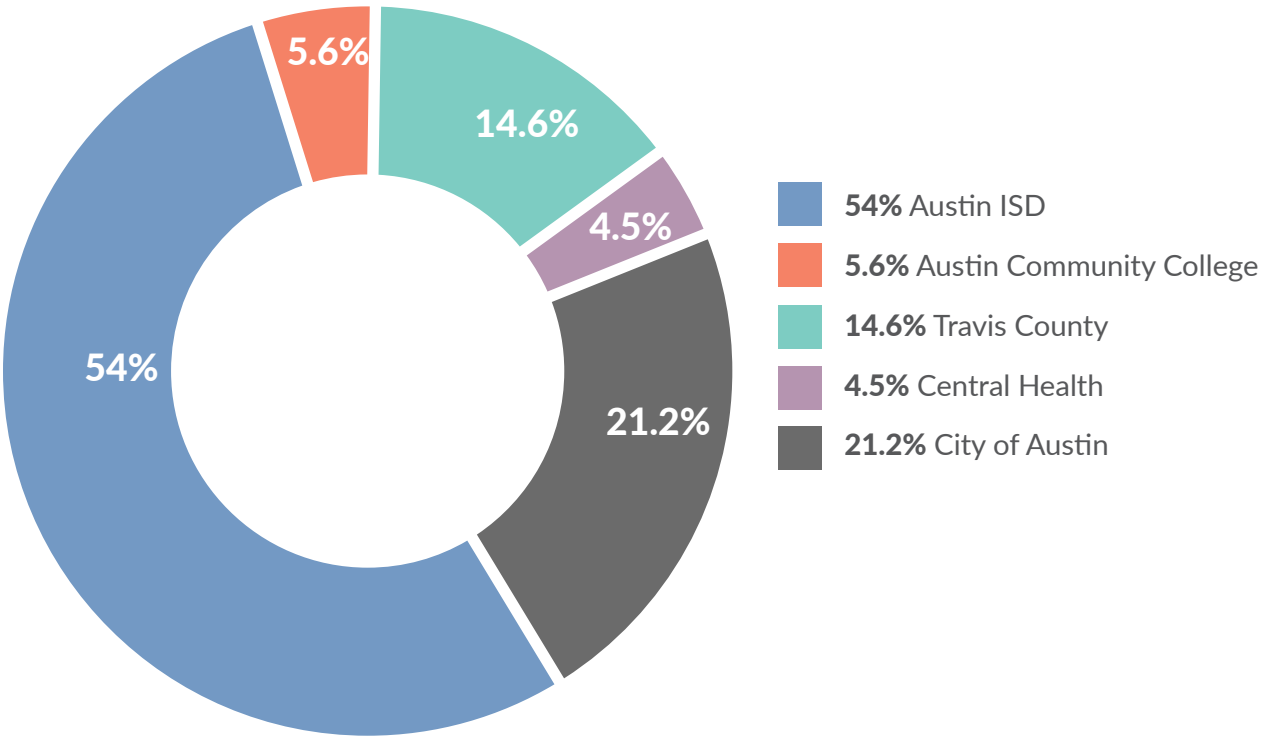


Figure 10: FY 2023 Travis County Tax Entity Percentages



Travis County Healthcare District offers a 20% homestead exemption, the maximum allowed by state law. The average Travis County Healthcare District taxable homestead value increased 12.24% from \$381,238 last year to \$427,918 this year. The tax rate of 9.8684 cents per \$100 of taxable value results in a \$3.99 decrease in the Travis County Healthcare District property tax amount for the average taxable homestead, for FY 2023 compared to the FY 2022 property tax bill. The estimated FY 2023 tax bill for the average homestead is \$422.29. Travis County Healthcare District property taxes for other valued homesteads shown below as examples are based on assessed values appreciating an average 2.33% from the previous year. The actual impact for FY 2022 for each property will vary depending on the taxable value, types of exemptions and appreciation.

Table 1: Tax rate impact on average homestead

	FY22 APPROVED	FY23 APPROVED
Average Taxable Homestead Value	\$381,238	\$427,918
Average Taxable Homestead Appreciation	8.7%	12.2%
Tax Rate	11.1814	9.8684
M&O	10.9204	9.6604
Debt Service	0.2610	0.2080
Tax Bill	\$426.28	\$422.29
M&O	\$416.33	\$413.39
Debt Service	\$9.95	\$8.90

Average Taxable Homestead Property Tax is anticipated to decrease by (\$3.99)

Table 2: Central Health property tax exemptions

HOMESTEAD EXEMPTION	OVER 65	DISABILITY
20% (maximum allowable by state law)	\$110,000	\$110,000

Table 3: Taxpayer Impact Statement

FY2022 HOMESTEAD VALUE	FY2022 TAXABLE HOMESTEAD VALUE*	FY2022 TAX BILL**	FY2023 AVERAGE HOMESTEAD VALUE APPRECIATION	FY2023 HOMESTEAD VALUE	FY2023 TAXABLE HOMESTEAD VALUE *	FY2023 TAX BILL (6.0% OVER EFFECTIVE)***	ANNUAL CHANGE	PERCENT CHANGE
150,000	\$120,000	\$134	9.0%	\$163,532	\$130,826	\$129	(\$5)	-3.8%
250,000	\$200,000	\$224	10.3%	\$275,822	\$220,658	\$218	(\$6)	-2.6%
350,000	\$280,000	\$313	11.6%	\$390,701	\$312,561	\$308	(\$5)	-1.5%
450,000	\$360,000	\$403	12.0%	\$504,051	\$403,241	\$398	(\$5)	-1.1%
550,000	\$440,000	\$492	12.3%	\$617,556	\$494,045	\$488	(\$4)	-0.9%
650,000	\$520,000	\$581	12.9%	\$733,774	\$587,019	\$579	(\$2)	-0.4%
750,000	\$600,000	\$671	13.5%	\$851,611	\$681,289	\$672	\$1	-0.2%
850,000	\$680,000	\$760	14.4%	\$972,641	\$778,113	\$768	\$8	1.0%

*Includes 20% homestead exemption

**FY2022 Tax Rate: 11.1814¢ per \$100/valuation

***FY2023 Tax Rate: 9.8684¢ per \$100/valuation (M&O=9.6604¢, Debt Service=0.208¢)

USES OF FUNDS

The following is a more detailed discussion of Central Health’s 2023 expenditure budget, shown by program and activity, which can be seen on Attachment B.

Central Health budgets expenditures for Healthcare Delivery (92.7 percent of total expenditures) and a smaller program of Administration and tax collection expense (7.3 percent of total expenditures).

Figure 11: Total budget by program

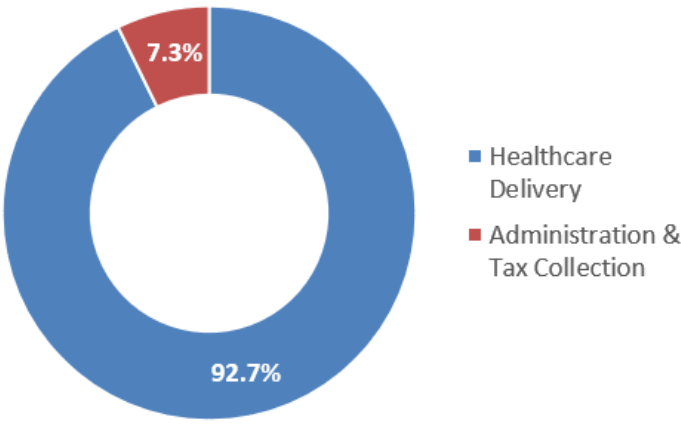


Table 4: FTEs by Program

PROGRAM	FY2021 FTEs	FY2022 FTEs	FY2022 CYE FTEs	FY2023 FTEs
Administration	39	50	50	57
Healthcare Delivery	131	151	152	277
Total	170	201	202	334

HEALTHCARE DELIVERY PROGRAM

In FY 2023, the Healthcare Delivery Program is primarily composed of three broad program activities:

- Purchased Healthcare Services
- Direct Healthcare Services, and
- Healthcare Operations and Support

In prior years, the Healthcare Delivery budget included intergovernmental transfers (IGTs), healthcare services purchased by Central Health and provided by partner organizations, and Healthcare Operations and Support.

The IGT program funded the local share of the state and federal Delivery System Reform Incentive Payment (DSRIP) program and included projects overseen by local hospitals and the CCC, the non-profit partnership between Central Health and Ascension Seton. The DSRIP program ended in FY 2022, and Central Health made its final IGT transfer in the summer of 2022. The FY 2023 budget no longer includes funds for IGTs.

In the past, the CCC covered the full cost of the \$35 million affiliation agreement with the Dell Medical School at The University of Texas at Austin which resulted from a 2012 election where Austin voters approved Central Health providing support for the development of a new medical school consistent with the mission of Central Health. Now that DSRIP funding has ended, Central Health will begin to make this annual payment. Because some funds remain in the CCC from the final DSRIP payment, Central Health budgeted \$22 million in FY 2023 for the remaining portion of the affiliation agreement. Beginning in FY 2024, Central Health will budget for the full cost of the affiliation agreement.

To increase access and capacity of healthcare to help Central Health achieve its goal of developing an equitable system of care that is comprehensive and accountable, the FY 2023 budget includes new funds to directly provide specialty care services to Travis County’s safety-net population.

The budget activities within the Healthcare Delivery program are described in more detail in the following sections.

Purchased Health Care Services

Central Health purchases primary care, dental services, specialty care, behavioral health, and other services for the MAP and MAP Basic enrollees. As described on page 7, low-income Travis County residents below 100% of FPL may be eligible for MAP, and those earning up to 200% of FPL and eligible for MAP Basic, which has a more limited level of services. To receive care, enrollees must receive treatment from a current MAP provider, who Central Health has contracted with to provide care.

The FY 2023 budget includes funding for new, critical programs and service expansions.

Figure 12: Increased Health Care Services

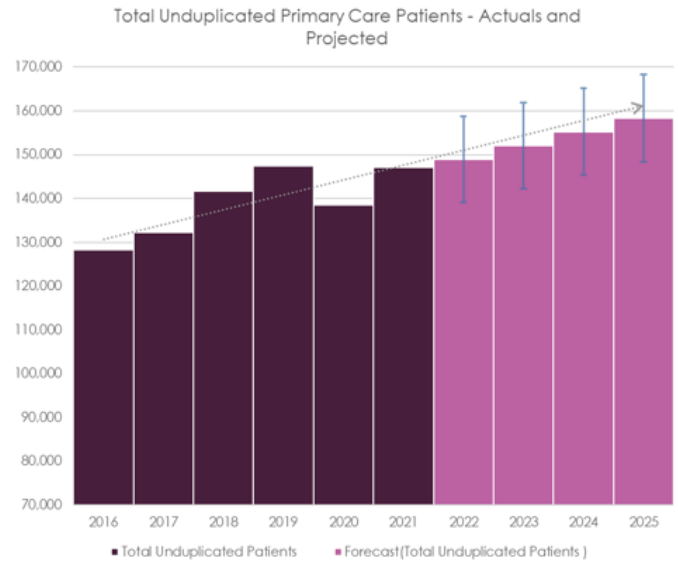
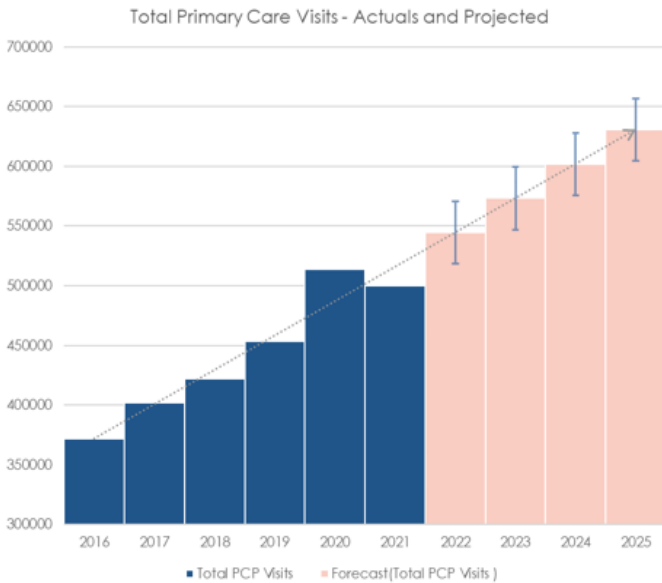


Primary Care

A significant portion of the Purchased 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 comprehensive primary care medical, dental and behavioral health services to MAP and MAP Basic enrollees each year; 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 individual and group nutritionist visits, medical social worker services, clinical pharmacy appointments, community health worker services, and nurse visits.

Total primary care visits and the number of unique primary care patients has been increasing each year except for 2020-2021, which were impacted by the COVID-19 pandemic. This year, utilization is anticipated to recover, and we expect continued growth into the future, as shown in the tables below.

Figures 13 & 14: Primary care visits and unique patients



Thin vertical lines above forecasted bars represent confidence intervals, the possible range of values for patient or visit counts that year

In FY 2023 Central Health will be working to prioritize primary care services, including expanding services to two new eastern Travis County clinics set to open in 2023.

Specialty Care

Specialty care services are provided through more than 30 clinical contracted provider locations and in FY 2022 Central Health provided its first direct specialty care services in Podiatry. In FY 2023, Central Health will continue efforts for specialty care expansion in the areas of pulmonology, cardiology, gastroenterology, podiatry, neurology, and nephrology, through the hiring of direct service clinicians and the opening of a new specialty care clinic. Those services are described in more detail in the Direct Health Care Services section below.

Central Health will continue purchasing services for specialty care from our clinical partners in FY 2023. This year's budget includes funds to increase access for MAP Basic enrollees to multiple specialty care service lines as well as to increase services overall for all enrollees. In FY 2022, Central Health worked with partners to provide the first treatments through a transitional dialysis pilot program for patients to receive outpatient and home-based dialysis services. The FY 2023 budget includes funds to grow and continue to evaluate this pilot program.

Several specialty areas also have additional funds for expanded services in the FY 2023 budget including:

- Oncology,
- Cardiology,
- Ophthalmology,
- Gynecology, and
- Sexual and Reproductive Health.

Substance use disorder treatments will also be prioritized in FY 2023, including a pilot methadone expansion program and additional investments in the medication assistance therapy (MAT) program for treatment of opioid use disorders.

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; and
- Expanding in-house pharmacy services available through new primary care service locations.

In FY 2023 Central Health is working to expand the pharmacy services available to MAP BASIC enrollees while also ensuring the availability of devices for the monitoring and control of chronic conditions.

Post-Acute Care

In FY 2023, Central Health will increase access to post-acute care through expanded purchased services and the investment in additional respite services. The transitions of care initiatives continue to be a priority and include congestive heart failure transitions, infectious disease treatment expansion, remote patient monitoring, direct care skilled nursing facilities, care at home, and outpatient dialysis transitions. Medical respite capacity expansion and on site medical services will be areas of focus within the Patient Care Management program.

Direct Health Care Services

For the first time, Central Health will budget to provide multiple programs in Direct Health Care Services to the safety-net population in FY 2023. We plan to provide services in six specialty areas and in the ancillary support services such as diagnostics to operate the new specialty care clinic in the Rosewood-Zaragosa neighborhood. The initial budget is \$5.7 million to support services that should begin in the last quarter of FY 2023. The first full year of direct specialty care services will be budgeted in FY 2024 and is expected to be more than double the FY 2023 budget. Table 4 shows the projected number of patient encounters expected during the first full year of the specialty clinic operations.

Table 5: Expected encounters by specialty

FY2024	CLINIC ENCOUNTERS (PER FTE)*	EXPANDED CLINICAL FTE	TOTAL ESTIMATED CLINICAL ENCOUNTERS
Pulmonology	2,700-3,500	1.0	2,700-3,500
Cardiology	2,400-3,700	2.0	4,800-7,400
Gastroenterology	1,350-3,700	2.0	4,800-7,400
Podiatry	2,050-3,500	2.0	4,100-7,000
Neurology	2,750-3,700	2.0	5,500-7,400
Nephrology	2,750-3,500	2.0	5,500-7,000

*Encounter volumes do not include referral, eConsult, admin, diagnostic and surgical volumes

By dedicating the Rosewood-Zaragosa multispecialty clinic to the safety-net population and moving diagnostic services in house, patients can expect:

- Waitlist reductions,
- Improved access to specialty care services, and
- An enhanced patient experience.

In addition, the FY 2023 Direct Health Care Services budget includes additional staff to help expand the medical respite and transitions of care services to MAP Patients. Central Health is planning for future growth in these services along with specialty care services. Future plans include opening a Health and Wellness Center in Colony Park, and a second specialty care clinic.

Prior to 2019, Central Health was unable to directly care for patients due to state laws and regulations overseeing the practice of medicine in Texas. The Texas Legislature passed Senate Bill 1142, which provided Central Health the power to appoint, contract for or employ physicians. Once this legislation was passed, Central Health began the work necessary to provide direct care for our patient population and in FY 2023 we anticipate significant increase in the provision of care provided by Central Health employed practitioners. The proposed budget includes 63.5 FTEs by the end of the fiscal year in direct patient care roles supporting the delivery of specialty care.

Healthcare Operations and Support

This section of the healthcare delivery program budget funds the necessary daily operations that support overall healthcare delivery. It includes funding for Affordable Care Act (ACA) premium assistance programs, education and enrollment, eligibility services, community engagement, the operation of the health and wellness centers, and the overall operations management for healthcare planning and technology support. In addition, funding is included for Central Health’s real estate functions and costs associated with developing and operating the downtown property which is a opportunity for additional sources of funds to Central Health.

In FY 2023, Healthcare Operations and Support includes costs for clinical services and medical management, patient care management, claims payments and provider network relations, quality assessment and performance, eligibility and enrollment, health strategy, outreach and education, and population health. The Central Health budget also contains funds that will be used to pay for debt that was issued to build three new clinical facilities and the consolidated headquarters. In addition, the transfer to the capital reserves of \$49 million is included in this section of the budget (See “Capital Projects & Debt” on page 33 for more details) to use cash reserves to fund planned and potential projects. The budget for operations and support functions is \$123.7 million and includes 56.8 new staff positions to support the expansion of services and growing healthcare delivery program.

Table 6: Healthcare Delivery Programs

	ELIGIBILITY & ENROLLMENT	JOINT TECHNOLOGY	CLINICAL SERVICES & MEDICAL MANAGEMENT	PROVIDER REIMBURSEMENT & NETWORK SERVICES	HEALTH & WELLNESS OPERATIONS	QUALITY ASSESS & PERFORMANCE	COMMUNITY ENGAGEMENT & OUTREACH	SERVICE DELIVERY OPERATIONS & PMO	RHP7, 1115 WAIVER, & POPULATION HEALTH STRATEGY	TOTAL HEALTHCARE OPERATIONS & SUPPORT	DIRECT HEALTHCARE SERVICES	TOTAL HEALTHCARE DELIVERY
Total FY23	6,629,764	12,024,012	8,777,359	3,508,727	6,965,406	2,463,530	2,158,330	4,425,786	1,876,848	48,829,763	5,673,261	54,503,024
Total FY22	6,202,331	6,346,703	6,851,349	3,495,027	6,662,620	2,108,657	1,788,776	2,299,896	1,146,563	36,901,922	-	-
Total FY23 FTEs	45.5	26.8	36.6	6.0	21.9	12.0	7.0	46.0	6.1	207.9	63.5	271.4
Total FY22 FTEs	42.0	15.7	34.6	6.0	13.5	11.0	7.0	16.0	5.4	151.1	1.0	152.1

Administration Program

Administration is composed of all the activities that allow Central Health to function as a governmental entity and a public healthcare financing entity. Those activities include finance, legal, compliance, human resources, governance, planning and communications activities, which will also help us build the organizational capacity to grow the direct practice of medicine. The Administrative Program is 7.3% of the Central Health budget.

In FY 2023, administrative costs increased from \$13.2 million to \$18 million, and added 7 new FTEs. This year's budget increases human resources and organizational support staff, to help us bring on providers and additional staff needed to open the multispecialty care clinic at the Rosewood-Zaragoza Health Center and begin operating health and wellness centers in eastern Travis County.

Central Health transitioned from a fully insured health insurance plan to a self-insured plan in FY 2022. Though the change is anticipated to result in long-term savings to the organization, it is necessary to set aside funds initially to ensure we can cover employee claims. The FY 2023 budget includes \$2 million set aside for the self-insurance benefits.

Every five years, Central Health engages an external contractor to conduct an independent performance review. Our last performance review was completed in 2018. The administration budget includes additional funds to hire an independent organization to conduct our next performance review this fiscal year.

Property Tax revenue is the primary source of funds for Central Health's budget. As a result, Central Health incurs expenses annually payable to the Travis Central Appraisal District and the Travis County Tax office related to the costs of assessing and collecting those property taxes. In FY 2023, the budget includes approximately \$2.1 million for those expenses.

Table 7: Administration Programs

	FINANCE & PROCUREMENT OPERATIONS	OFFICE OF THE CEO & GOVERNMENT AFFAIRS	ADMINISTRATION	STRATEGY	HUMAN RESOURCES	COMMUNICATIONS	COMPLIANCE	TOTAL
Total FY23	4,873,694	5,490,447	2,189,427	1,652,496	1,924,764	1,131,708	739,173	18,001,710
Total FY22	3,995,028	3,163,864	1,981,564	1,521,384	1,207,811	994,051	356,545	13,220,246
Total FY23 FTEs	21.9	7.4	8.0	2.0	7.9	6.0	4.0	57.1
Total FY22 FTEs	20.7	5.4	8.0	3.0	5.7	5.5	2.0	50.2

NOTE: Hiring for newly approved positions will align with when services or programs are anticipated to begin throughout the fiscal year

PROGRAM OVERVIEW & PERFORMANCE

Healthcare Delivery

Central Health's healthcare delivery program centers around the services we provide to our patient population and performance reports are shared yearly in our Annual Report. All reports are posted to the Central Health website. With the new Healthcare Equity Plan, Central Health will continue the work to expand access to specialty care by providing direct specialty services to patients during the FY 2023 budget year. We will add new metrics for evaluating the performance of direct practice program once services begin closer to the end of FY 2023.

Currently, our metrics focus on the care provided to the safety-net population through healthcare services paid for by Central Health through contracts with local providers. Our contracted providers and partners have given us the opportunity to increase the number of patients we serve each year. Along with the increased patients served, Central Health continues to add more providers to the network at a variety of locations throughout Travis County.

Central Health supports three programs called MAP (Medical Access Program), MAP Basic and CHAP (Central Health Assistance Program) that help Travis County residents receive health care services. The two newest programs being CHAP that started in 2014 and MAP Basic which started in 2019. These programs continue to grow in number of patients served and health care services provided. Patients participating in these programs have the benefit to connect with a primary care provider through one of our contracted providers or through their health plan network. The number of primary care visits are on an upward trajectory with the estimates to exceed visits in previous years.

Table 8: Healthcare Delivery Performance

PERFORMANCE METRICS	FY2023 ESTIMATES	FY2022*	FY2021	FY2020	FY2019
Patients Served	152,080	148,926	147,186	138,448	147,504
Primary Care Visits	573,282	544,510	499,861	368,055	394,425

*Projected, pending finalization based on final claims data

Administration

Governance

Responsible for certain required governance functions of a hospital district, including compliance with the Public Information Act and Open Meetings Act, and serves as a liaison to the Board of Managers.

Accomplishments

- Posted for 36 Board and Committee meetings
- Completed 39 public information requests
- Transitioned board of manager meeting location from Austin ISD Headquarters back to Central Health Administrative Offices
- Responded to over 60 board requests for additional information

Initiatives

- Create a more seamless process for tracking board requests and set deadlines for staff responding to requests
- Continue improvements to our agenda development and meeting processes

Government Affairs

The Government Affairs department is responsible for partnerships with local, state and federal officials to achieve the mission of Central Health, including engagement with Travis County Commissioners on the adoption of the annual budget.

Accomplishments

- Assisted with adoption of the FY 2023 Central Health budget and associated tax rate by Travis County Commissioners Court.
- Developed 5 Spotlight Reports focused on key initiatives of interest to Elected Officials
- Inaugural Government Relations Summer Intern hired
- Regular monthly communication with elected officials

Initiatives

- Hired new Government Relations Manager
- Set legislative priorities for the 88th Legislative Session

The Finance and Procurement Operations

This program is responsible for providing financial analysis, general ledger accounting, processing payments, contract support, and budget development. The department’s stakeholders include Travis County Residents, Board of Managers, and other departments.

Accomplishments

- Completed first Disparity Study
- Onboarded 7 new staff members
- Completed a successful independent audit
- Budget and tax rate approved
- Solicited (formally and informally) and negotiated over 25 contracts and over 300 purchase orders

Initiatives

- Implementation of a new financial software
- Formalize our Historically Underutilized Business program

Table 9: Finance and Procurement Performance

DEPARTMENT	PERFORMANCE METRICS	FY2023 ESTIMATES	FY2022	FY2021	FY2020	FY2019
Procurement	# HUB Vendors	50	Information unavailable at the time of this report	39	30	25
Procurement	Total Percentage of HUB Expenditure	Anticipate exceeding 14% baseline	Information unavailable at the time of this report	16.81%	18.75%	5.9%
Finance	GFOA Certificate Awarded	Submitted, Pending Review	Awarded	Awarded	Awarded	
Finance	Percentage of dollars budgeted for health care services	93%	93%*	95%*	95%*	95%*

*Restated after budgets aligned to structure used in FY 2023 Budget.

Strategy

The Strategy department is responsible for coordinating, developing, and implementing strategies that satisfy the vision and goals for the Enterprise.

Accomplishments

- Developed the Healthcare Equity Plan, approved by the board in February 2022
- Central Health Equity Policy Council
- Enhanced Business Case development tool

Initiatives

- Streamline the Business Case process

Human Resources

The Human Resources department is responsible for recruiting a talented and diverse workforce, compensation/classification, employee leave benefits, administer self-insured medical, dental and vision benefits.

Accomplishments

- Formed the Diversity & Inclusion Council
- Successfully held a 3-Part Diversity & Inclusion Training
- Hired a New Enterprise Chief Human Resources Officer

Initiatives

- Redesign the HR structure & service delivery model to better support the Enterprise organizations
- Expand human resources department to support growing organization and new practice of medicine
- Evaluate technologies and procedures to enhance management of Human Resources talent acquisition, talent management, and workforce development activities and records

Communications and Community Engagement

The Communication, Community Engagement, and Outreach Team Team increases awareness of Central Health, its programs and services, and the value the organization brings to the community

Accomplishments

- Conducted 260 grassroots outreach activities, reaching 15,517 people and generating 1,478 leads.
- Through Facebook, Instagram and Twitter, reached 2,106,385 people resulting in 86,400 engagements.
- Earned media (media coverage) resulted in 690 mentions and approximately 1 billion impressions.

Initiatives

- Developing MAP member education campaign to help MAP/MAP Basic members maximize their benefits.
- Continue to build Central Health's community outreach partnerships program, training organizations to submit MAP/MAP Basic referrals (or leads) or assisting clients complete the online application for MAP/MAP Basic.
- Plan media and grassroots outreach campaigns to promote the opening of new clinics (i.e. Del Valle and Hornsby Bend Health & Wellness Centers, and the Rosewood-Zaragosa multispecialty clinic)

Compliance

The Compliance Department is responsible for ensuring organizational business processes comply with government regulations.

Accomplishments

- Policies and Standard Operating Procedure Management tools developed
- Compliance Ethics & Week 2022

Initiatives

- New Policy Management Platform

Capital Projects & Debt

Central Health's capital program includes large and small projects that are significant in value and benefit the organization over several years. Most of these projects are planned in order that resources (funding, contractors, staff, etc.) are made available in future years and completion of projects can occur over multiple years. Therefore, in the annual budgeting process, Central Health looks at the needs of the organization in the upcoming year as well as a long-term forecast.

There are four current categories of projects in the capital program to primarily support the healthcare delivery program:

1. Clinical Services Expansion
2. Downtown Campus Redevelopment
3. Technology and Equipment
4. Facilities and Operations (clinical and non-clinical)

Major capital projects are those that are approved by the Board of Managers and included in the quarterly capital program reporting. Projects of this nature involve clinical service expansion and development opportunities that can impact the future revenue generation for Central Health or create future operational efficiencies.

Operational capital projects are generally smaller in nature and used to maintain operations at existing facilities or replace aging equipment (e.g. Roof replacement). These are generally planned in a shorter time frame and can be unexpected due to equipment breakdown or external factors such as weather.

Sources of funds for Capital Projects

- Debt Proceeds: At times Central Health has issued certificates of obligation to fund healthcare facilities and major operational priorities. The decision to issue debt is approved by the Board of Managers and ultimately the Travis County Commissioners.
- Capital Reserves: Based on the capital reserves policy (below) approved by the Board of Managers, Central Health manages an ongoing balance in reserves to support current and future projects to be paid from operating funds in the year incurred. Each year in the annual budget process funds are allocated to the capital reserves as needed by category for known or anticipated needs.
- Current Year Operations: At times there may be current year operating funds that are used to fund capital projects.

In FY 2023, \$49 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. Capital expenditures include costs for an asset with an initial, individual cost of at least \$5,000 and a useful life of one year or more.

Table 10: Central Health FY 2023 Capital Funds Planning

	CAPITAL FUNDS ESTIMATED END OF YEAR BALANCE FY22 (ALL SOURCES)	ADDITIONAL CAPITAL FUNDS REQUIRED IN FY23	ANTICIPATED CAPITAL EXPENDITURES IN FY23	CAPITAL FUNDS ESTIMATED END OF YEAR BALANCE FY23 (ALL SURCES)
Clinical Services Expansion				
Hornsby Bend Health & Wellness Center	\$1,781	\$3,982	\$5,763	\$0.000
Del Valle Health & Wellness Center	\$4,868	\$5,050	\$9,918	\$0.000
Rosewood-Zaragosa Specialty Clinic	\$1,143	\$7,869	\$9,012	\$0.000
Colony Park Health & Wellness Center	\$15,410	\$0.000	\$4,159	\$11,252
Clinical Services & Headquarters Consolidation	\$43,508	\$0.000	\$23,431	\$20,076
Future Clinical Services Funds*	\$3,217	\$26,000	\$15,500	\$13,717
Downtown Campus Redevelopment	\$1,243	\$1,000	\$1,000	\$1,243
Technology & Equipment	\$2,030	\$1,500	\$1,500	\$2,030
Facilities Maintenance & Operations	\$6,228	\$3,599	\$4,000	\$5,827
Total Reserves Required to Fund Capital Projects	\$79,427	\$49,000	\$74,282	\$54,144

*Specific projects not yet identified, all major projects will be approved by the Board of Managers

Capital projects are identified in conjunction with Central Health’s strategic planning process and incorporate feedback from extensive community outreach and advisory groups. The Central Health Board of Managers approves capital projects and supports planning efforts.

Current capital projects include construction on health and wellness centers in eastern Travis County built to support expanded health care services from key primary care partners. The board has convened a subcommittee to support execution of these projects. Our Health & Wellness Operations Team included operating budgets and staffing associated with the planned opening of two of these facilities in this fiscal year. Those costs are budgeted under Healthcare Operations and Support (Attachment B). The Colony Park project is still in the development phase and does not have operating costs at this time.

In addition, Central Health will continue renovation of an existing property with capital funds to open a new multispecialty clinic and begin the direct practice of medicine. This project resulted from a community health needs assessment that identified gaps in access to specialty care in the population we serve. The Rosewood-Zaragosa multispecialty clinic capital project is expected to cost \$9 million and includes the renovation and purchase of medical equipment. The operating costs for Rosewood-Zaragosa include the staffing costs for medical providers and support staff, included in the Direct Health Care Services budget and other staff and expenses for clinical infrastructure included in the Healthcare Operations & Support budget.

Other capital projects include technology improvements such as the upgrade of network equipment and other enterprise investments.

In order to fund these capital projects, Central Health may use capital reserves or issue debt at a future date.

Capital Projects in Progress
Hornsby Bend Health & Wellness Center



The Hornsby Bend Health & Wellness Center will bring expanded clinical services to Hornsby Bend and its surrounding communities. The center will foster mental and physical wellbeing while building community among Eastern Travis County residents.

Proposed services

- Primary care
- Integrated behavioral health and oral health assessment
- Select specialty care services via Telehealth
- Accessible community gathering space (indoor community room and green space)

Project Notes: Groundbreaking in April 2022. Expected opening fall 2023.

Project Budget in Millions

ESTIMATED USES OF FUNDS	APPROVED BUDGET	ESTIMATED EXPENSES THRU FY22	ESTIMATED EXPENSES FY23
Due Diligence, Land Acquisition & Regulatory	\$0.843	\$0.828	-
Professional Services	\$0.409	\$0.382	\$0.027
Construction	\$5.463	\$2.056	\$3.991
Furniture, Fixtures & Equipment	\$0.544	\$0.105	\$0.246
Other	\$1.794	-	\$1.418
Total Estimated Project Cost	\$9.054	\$3.372	\$5.682
ESTIMATED SOURCES OF FUNDS			
Cetificates of Obligation Series 2021 Funds	\$5.072	\$3.372	\$1.700
Capital Reserves	\$3.982	-	\$3.982
Total Estimated Project Funding	\$9.054	\$3.372	\$5.682

Del Valle Health & Wellness Center



The Del Valle Health & Wellness Center will bring expanded clinical services to Del Valle and its surrounding communities. The center will foster mental and physical well-being among Southeast Travis County residents.

Proposed services

- Primary care
- Dental Care
- Integrated mental health
- Retail pharmacy

Project Notes: Groundbreaking in April 2022. Expected opening fall 2023.

Project Budget in Millions

ESTIMATED USES OF FUNDS	APPROVED BUDGET	ESTIMATED EXPENSES THRU FY22	ESTIMATED EXPENSES FY23
Due Diligence, Land Acquisition & Regulatory	\$0.823	\$0.827	-
Professional Services	\$0.560	\$0.485	\$0.074
Construction	\$8.750	\$3.579	\$5.171
Furniture, Fixtures & Equipment	\$1.335	\$0.400	\$0.934
Other	\$3.666	-	\$3.661
Total Estimated Project Cost	\$15.133	\$5.292	\$9.841
ESTIMATED SOURCES OF FUNDS			
Cetificates of Obligation Series 2021 Funds	\$10.083	\$5.292	\$4.791
Capital Reserves	\$5.050	-	\$5.050
Total Estimated Project Funding	\$15.133	\$5.292	\$9.841

Rosewood-Zaragosa Multispecialty Clinic



The Rosewood-Zaragosa multispecialty clinic will bring expanded specialty care services for MAP patients. The new clinic and additional specialty physicians are expected to provide 25,000 to 40,000 visits annually once operational. Renovation is underway to build out the space to provide six different specialties and in house diagnostic services.

Proposed services

- Cardiology
- Gastroenterology
- Nephrology
- Neurology
- Podiatry
- Pulmonology
- Diagnostics/Imaging

Project Notes: Expected opening in fall 2023.

Project Budget in Millions

ESTIMATED USES OF FUNDS	APPROVED BUDGET	ESTIMATED EXPENSES THRU FY22	ESTIMATED EXPENSES FY23
Professional Services	\$0.818	\$0.250	\$0.568
Construction	\$6.371	-	\$6.371
Furniture, Fixtures & Equipment	\$1.537	-	\$1.537
Other	\$0.285	-	\$0.285
Total Estimated Project Cost	\$9.012	\$0.250	\$8.762
ESTIMATED SOURCES OF FUNDS			
Certificates of Obligation Series 2021 Funds	-	-	-
Capital Reserves	\$9.012	\$0.250	\$8.762
Total Estimated Project Funding	\$9.012	\$0.250	\$8.762

Clinical Services & Headquarters Consolidation- Hancock Renovation

Central Health purchased a property in the Hancock Center that will be renovated to house a second multi-specialty clinic and consolidate administrative headquarters for Central Health enterprise employees.

Proposed services

- Primary care
- Specialty care
- Dental services
- Imaging services
- Administrative offices

Project Notes: Expected opening in winter 2025.

Project Budget in Millions

ESTIMATED USES OF FUNDS	APPROVED BUDGET	ESTIMATED EXPENSES THRU FY22	ESTIMATED EXPENSES FY23	ESTIMATED EXPENSES FY24	ESTIMATED EXPENSES FY25
Due Diligence, Land Acquisition & Regulatory					
Construction & Professional Services	\$62.590	\$20.104	\$9.104	\$30.347	\$3.035
Furniture, Fixtures & Equipment					
Other					
Total Estimated Project Cost	\$62.590	\$20.104	\$9.104	\$30.347	\$3.035
ESTIMATED SOURCES OF FUNDS					
Cetificates of Obligation Series 2021 Funds	\$62.590	\$20.104	\$9.104	\$30.347	\$3.035
Capital Reserves					
Total Estimated Project Funding	\$62.590	\$20.104	\$9.104	\$30.347	\$3.035

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. Central Health issued \$77.7 million of Certificates of Obligation in 2021 to fund two clinic facilities, along with a consolidated headquarters facility (see table below). Central Health received an Aa2 stable credit rating from Moody's Investors Service in June 2021. In the FY 2023 budget, Central Health will have outstanding debt of \$95.1 million. An estimated principal payment of \$4.3 million will be made during the fiscal year and the remaining balance of principal will be due in future periods. Estimated interest paid on the debt in FY 2023 is \$1.7 million. The table below shows the remaining principal and interest due for the current certificates of obligation.

Table 11: Central Health debt overview

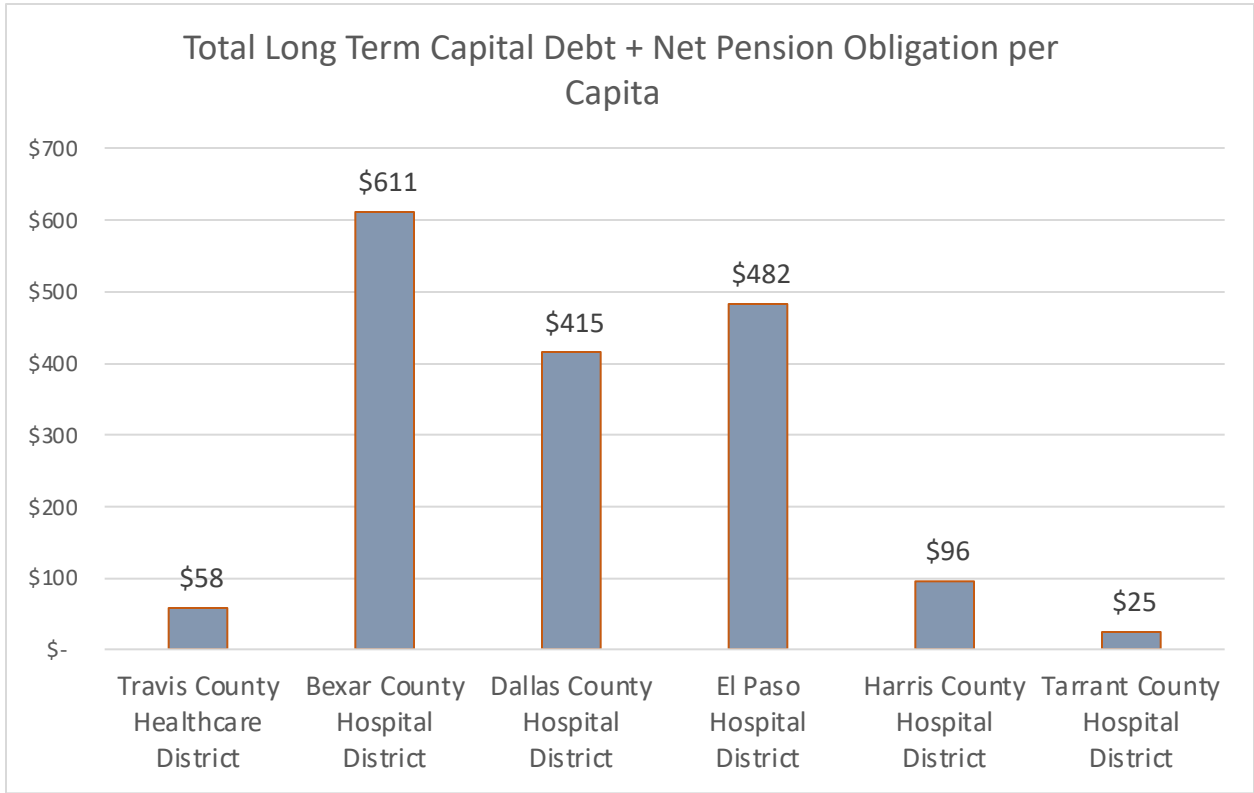
SERIES	ESTIMATED PRINCIPAL*	ESTIMATED INTEREST*	PURPOSE	SECURITY
Certificates of Obligation Series 2021 (Limited Tax)	\$13,170,000	\$4,034,884.55	The acquisition, construction, improvement, renovation and equipping of buildings and land to be used as medical clinics located in Del Valle and Hornsby Bend	Limited ad valorem tax pledge
Certificates of Obligation, Taxable Series 2021 (Limited Tax)	\$60,055,000	\$12,772,285	The acquisition, construction, improvement, renovation and equipping of buildings and land to be used as a site for management and administration of District services and the delivery and provision of clinical and medical services.	Limited ad valorem tax pledge
Certificates of Obligation, Taxable Series 2020	\$4,915,000	\$124,771.50	The acquisition, construction, improvement, renovation and equipping of buildings (North Central and Southeast Health and Wellness Center)	Limited ad valorem tax pledge

*for FY 2023 and future periods

Central Health also holds a line of credit for short term debt financing of technology and equipment projects, however, no draws have been made on this debt. The FY 2023 budget includes estimates for debt payments that may be made on the line of credit when draws are made in the future.

Central Health still maintains a very low rate of debt per capita in FY 2023 compared to other major hospital districts in Texas.

Figure 15: Major Texas Hospital Districts: FY 2021 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 .2080 cents per \$100 of property valuation in FY 2023. 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 2023 budget, funding has been included for a principal payment of \$4.3 million and interest payments of \$1.7 million.

GETTING INVOLVED IN 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:

1. 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: <https://www.centralhealth.net/about/finance/>.

2. 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: <https://www.centralhealth.net/about/board-of-managers/meetings/>.

3. 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 [centralhealth.net/](https://www.centralhealth.net/) and sign up for our email list.

ATTACHMENT A-SOURCES & USES OF FUNDS SUMMARY/BUDGET RESOLUTION

FY 2021 Actual, FY 2022 Budget & Year End Estimate with FY 2023 Approved Budget

DESCRIPTION	FY 2021 ACTUAL	FY 2022 APPROVED BUDGET	FY 2022 YEAR END ESTIMATE	FY 2023 APPROVED BUDGET
TAX RATE	0.110306	0.111814	0.111814	0.098684
SOURCES				
Property Taxes	238,919,148	260,933,097	260,933,097	281,605,053
Lease Revenue	12,656,703	13,422,399	12,300,000	13,145,328
Tobacco Litigation Settlement	3,872,274	3,000,000	4,676,730	4,500,000
Other	(1,796,175)	3,000,000	3,323,270	1,500,000
Total Sources	253,651,950	280,355,496	281,233,097	300,750,381
USES				
Healthcare Delivery	115,859,007	192,705,261	172,063,536	283,208,877
Administration & Tax Collection	10,653,859	15,391,099	12,662,269	22,149,360
Total Uses	126,512,866	208,096,360	184,725,805	305,358,237
RESERVES				
Healthcare Delivery Contingency Reserve ⁽¹⁾⁽²⁾		226,521,399	332,391,578	327,783,722
Emergency Reserve	38,719,836	38,719,836	38,719,836	38,719,836

(1) previously reported as an appropriated use of funds in Healthcare Delivery

(2) Healthcare Delivery Contingency Reserves to be appropriated for FY2023

**TRAVIS COUNTY HEALTHCARE DISTRICT D/B/A
CENTRAL HEALTH BOARD OF MANAGERS RESOLUTION
ADOPTING THE FISCAL YEAR 2023 BUDGET APPROVED**

The Travis County Healthcare District (the “District”), d/b/a Central Health, Board of Managers (the “Board”) hereby adopts the Central Health Fiscal Year 2023 Budget, which:

- A. consists of the Central Health Fiscal Year 2023 Budget Sources and Uses Summary (attached as Attachment A) and the Central Health Fiscal Year 2023 Budget Uses Detail (attached as Attachment B), both of which are incorporated herein by reference as if set out in full;
- B. directs the President and CEO to advance the following Strategic Priorities of the District, as previously established in the Healthcare Equity Plan (also known as the Equity-focused Service Delivery Strategic Plan), to develop an equitable system of care that is comprehensive and accountable, while optimizing the collective use of capabilities and resources to serve the safety-net population, and the related work with periodic reports due to the Board of Managers as follows:
 - a. Increase Access and Capacity
 - i. Continue site expansions with new health centers in Hornsby Bend, Del Valle and Colony Park areas
 - ii. Expansion of Specialty Care services, both contracted and direct, including
 - 1. Develop multispecialty clinic at Rosewood-Zaragosa site
 - 2. Enhance Behavioral Health & Substance Use Treatment with methadone services
 - 3. Continue implementation of Direct Practice of Medicine
 - 4. Increase healthcare services purchased through contracted services as appropriate
 - b. Enhance care coordination with a focus on transitions of care and enabling meaningful information sharing
 - i. Implement Epic electronic health record for Central Health
 - ii. Expand transitions of care program within Central Health’s practice of medicine
 - c. Enhance member enrollment and engagement

- i. Implement MyChart patient portal
 - ii. Focus enhanced engagement in high-need planning and assessment regions and improve effectuation of care in the primary care setting
 - iii. Within the CommUnityCare agreement for services, allocate \$290,000 for personnel costs to conduct outreach and patient engagement among men of color, and any concurrent opportunities for at-risk persons of affinity or proximity, who are low-income or residing in assessment regions with the highest social vulnerability scores as outlined in the Healthcare Equity Plan. Further, the funding of personnel costs will be concurrent with agreements between CommUnityCare and the Black Mens' Clinic as detailed in a prospective engagement plan presented to the Central Health Board of Managers by CommUnityCare by the end of the First Quarter of Fiscal Year 2023, if not sooner.
- d. Continue to develop system of care infrastructure
- i. Complete development and adoption of service delivery operational implementation and financial sustainability plans, alignment, and accountability
 - ii. Continue to develop and implement a hospital care and services funding model that is transparent and structured such that any funding commitments and assumptions of risk ensure optimum use of local tax dollars and other public funds to improve health of population to be served.
 - iii. Continue development of direct clinical practice infrastructure
 - iv. Include cancer screening, diagnosis, and treatment services as service lines are developed for staging of priorities within the Healthcare Equity Plan, and further provide a descriptive summary of the landscape for cancer prevention and care in Travis County.
 - v. Central Health staff will present to the Central Health Board of Managers a defined reporting matrix, in collaboration with UT-Austin and the Dell Medical School and consistent with all terms of the Affiliation Agreement, that will include details on the clear reporting of the expenditures from the Permitted Investment Payment (\$35,000,000 per year) related to each of the six categories of Permitted Investments and other obligations within the Affiliation Agreement.
 - 1. The reporting matrix shall include, but is not limited to, the information requested by the Central Health Board of Managers in

advance of the July 27, 2022 Board Meeting, and to the extent possible any subsequent requests.

2. This matrix shall be developed by December 1, 2022 and presented at the following Board of Managers meeting.
3. The reporting information shall be provided to the Central Health Board of Managers on a schedule beginning January 31, 2023 and continuing through January 31, 2024, with specific reporting elements and intervals in accordance with the agendas for the Board of Managers' meetings.
4. Concurrently, the Board and CEO, and other staff as designated, shall continue to optimize all the provisions, including the enforcement remedies, in the affiliation agreement for the benefit of the patients served by or eligible for the Medical Access Program.

C. Acknowledge that the Central Health Fiscal Year 2023 Budget will require focused improvements in support operations:

- a. Increase support for active and future facilities construction and maintenance
- b. Expand human resources department to support growing organization and new practice of medicine
- c. Evaluate and implement CLAS (Culturally and linguistically appropriate services) standards
- d. Centralize and develop a visible and robust risk management program
- e. Enhance records management program
- f. Expand resources to support new eastern Travis County Health and Wellness operations
- g. Expand joint technology to support additional technology and security systems
- h. Utilize enterprise resources to leverage healthcare infrastructure
- i. Develop HUB policy recommendations and finalize planning to implement program

Staff will procure services necessary to conduct the five-year performance review. Further, as part of the performance review, staff will present information on the major past events, conditions, and circumstances that have influenced the strategic

direction of the Travis County Health Care District. This information will also be shared for the benefit of developing the Healthcare Equity - Operational and Financial Sustainability Plan pursuant to Section B.

Pursuant to Chapter 281 of the Texas Health & Safety Code, the Central Health Fiscal Year 2023 Budget Sources and Uses Summary and ad valorem rate must be approved by the Travis County Commissioners Court before the budget becomes effective. Moreover, any expenditures incurred or paid pursuant to this Central Health Fiscal Year 2023 Budget shall adhere to Travis County Healthcare District Financial Policies, and any other policies adopted by the Board related to reserve levels or the expenditure of funds that explicitly require the Central Health Board of Managers' approval. The acquisitions and services funded by Central Health will be predicated on fulfilling the mission of Central Health to provide access to healthcare services for residents in Travis County that are low income and uninsured.

ADOPTED at an open meeting of the Central Health Board of Managers held on the 7th day of September 2022.

ATTACHMENT B-USES OF FUNDS DETAILS

Fiscal Year 2023 Approved Budget Uses Detail.

DESCRIPTION	FY 2022 APPROVED BUDGET	FY 2023 APPROVED BUDGET
HEALTHCARE DELIVERY		
Intergovernmental transfers:		
IGT - CCC DSRIP	15,509,298	-
Total Intergovernmental Transfers	15,509,298	-
Purchased Healthcare Services		
Primary Care: Medical, Dental, & Behavioral Health	63,090,000	66,236,822
Specialty Care: including Specialty Dental	17,175,000	27,163,000
Specialty Care: Behavioral Health	1,383,856	12,040,000
Post Acute Care	2,125,000	5,650,000
Pharmacy	14,250,000	17,000,000
Community Health Care Initiatives Fund	875,000	1,750,000
Purchased Healthcare Services	98,898,856	129,839,822
Direct Healthcare Services		
Podiatry		751,726
Cardiology		837,410
Neurology		362,511
Gastroenterology		465,026
Nephrology		196,081
Pulmonology		228,359
Diagnostics and Clinical Expenses		2,832,148
Direct Healthcare Services Total	-	5,673,261
MAP Eligibility - Increase in eligibility period	2,000,000	2,000,000
Total Healthcare Services	100,898,856	137,513,083

DESCRIPTION	FY 2022 APPROVED BUDGET	FY 2023 APPROVED BUDGET
HEALTHCARE DELIVERY		
Healthcare Operations & Support		
ACA Healthcare Premium Assistance Programs	13,319,929	14,648,261
ACA Education and Enrollment	583,000	588,000
Real Estate and Campus Redevelopment	5,303,564	3,693,750
UT land lease for teaching hospital	981,231	1,027,277
Salary and Benefits	18,866,066	25,545,451
Legal	339,000	433,000
Consulting	840,000	1,740,000
Other professional goods & services	9,244,346	8,138,035
Outreach and Education	942,274	1,428,000
Leased Facilities, Security and Maintenance	1,947,000	2,348,500
Insurance and Risk Management	142,000	250,000
Phones, Computer Equipment and Utilities	3,293,473	6,762,025
Printing, Copying, Postage and Signage	384,056	620,305
Travel, training and professional development	280,966	802,002
Other operating expenses	39,741	174,445
Health Care Capital Line of Credit	1,091,773	500,000
Debt service - principal retirement	4,060,000	4,345,000
Debt service - interest	2,092,676	1,651,744
Transfer to capital reserve	12,546,013	49,000,000
Total Healthcare Operations	76,297,107	123,695,794
UT Affiliation Agreement	-	22,000,000
Total Healthcare Delivery	192,705,261	283,208,877

DESCRIPTION	FY 2022 APPROVED BUDGET	FY 2023 APPROVED BUDGET
ADMINISTRATION		
Salary and Benefits	7,134,758	9,131,752
Legal	1,456,636	2,756,636
Consulting	1,341,120	1,626,520
Investment Services (Travis County)	115,000	115,000
Benefits and Payroll Administration Services	168,243	356,266
Other professional goods & services	819,787	1,156,850
Marketing and Communications	209,958	184,098
Leases, Security and Maintenance	274,250	929,200
Insurance and Risk Management	375,000	455,000
Phones, Computer Equipment and Utilities	401,716	629,573
Printing, Copying, Postage and Signage	60,745	54,725
Travel, training and professional development	370,789	449,605
Other operating expenses	492,244	156,485
Appraisal District Svcs	1,179,284	1,155,350
Tax Collection Expense	991,569	992,300
Cash held for self insured employee health benefits	-	2,000,000
Total Administration & Tax Collection	15,391,099	22,149,360
TOTAL USES	208,096,360	305,358,237

ATTACHMENT C-AUDITED FINANCIALS

Audited Financials for Central Health can be found at:

<https://www.centralhealth.net/about/finance/financial-reporting/>

The FY 2023 Budget and prior GFOA Distinguished Budget Award can be found at:

<https://www.centralhealth.net/about/finance/>

ATTACHMENT D-FINANCIAL POLICIES

Central Health maintains four separate reserves, with a policy for each: an emergency reserve, a contingency reserve, a capital reserve, and a reserve for HMO risk-based capital.

Central Health's Investment Policy is updated annually by the Board of Managers.

Central Health also maintains a robust set of finance and procurement policies that are updated by the Board of Manager on an as needed basis.

<https://www.centralhealth.net/wp-content/uploads/2022/12/Central-Health-Financial-Policies-FY2023.pdf>

ATTACHMENT E-ACCOMPLISHMENTS

Central Health's 2021 Annual Report can be found at:

<https://www.centralhealth.net/about/newsroom/fy21-annual-report/>

Below are our milestones and highlights:

2021 MILESTONES & HIGHLIGHTS

In 2018, Central Health worked closely with community members to identify and refine the healthcare district's strategic objectives for the years ahead.

These objectives are defined as follows:

OBJECTIVE 1
DEVELOP AND EXECUTE HEALTH CARE DELIVERY BASED ON PEOPLE AND SPACE.

OBJECTIVE 2
IMPLEMENT A PATIENT-FOCUSED AND COORDINATED HEALTH CARE SYSTEM.

OBJECTIVE 3
IMPLEMENT A SUSTAINABLE FINANCIAL MODEL FOR HEALTH CARE DELIVERY & SYSTEM STRATEGIES THROUGH 2024.

OBJECTIVE 1 DEVELOP AND EXECUTE HEALTH CARE DELIVERY BASED ON PEOPLE AND SPACE.

Service Improvements

- Despite the ongoing challenges of the COVID-19 pandemic, Central Health's primary care clinics and providers continued to adapt and make gains in measures of preventive screenings and disease control for MAP and MAP Basic patients including foot exams, diabetes control and alcohol use counseling.
- CommUnityCare implemented the EPIC electronic health record reporting system to facilitate multidimensional improvements in patient care and communication.

Communication & Community Engagement

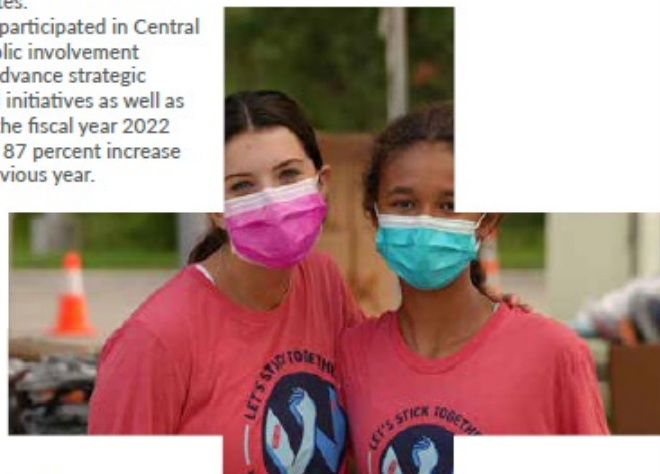
- Two paid media initiatives resulted in approximately 18.3 million impressions - connecting people to care and providing life-saving information about COVID-19 protection and testing.
- Through grassroots outreach, staff reached 5,381 people and teamed up with 1,349 businesses to distribute information regarding COVID-19 testing and vaccines.
- Central Health mailed approximately 130,376 COVID-19 testing and vaccine fact cards to MAP member households in ZIP codes with high COVID-19 positivity rates.
- 884 people participated in Central Health's public involvement process to advance strategic projects and initiatives as well as help shape the fiscal year 2022 budget - an 87 percent increase over the previous year.

Population Health

- In 2021, the Central Health Equity Policy (CHEP) Council continued the work of its Pandemic Equity Committee, resulting in recommended policy changes pertaining to disaster preparedness, planning, and recovery. Once community input was incorporated, the committee presented the findings to Austin City Council and Travis County Commissioner Court.
- Sendero Health Plans was the only health plan to work extensively with Austin Public Health in contributing data and research to develop vaccination strategies. Specifically, this included multiple vaccination clinics including the Boo the Flu and the Fiesta del Pavo/Turkey Fest events.

Capital Improvements

- Plans for the Hornsby Bend Health & Wellness Center, Del Valle Health & Wellness Center, and Colony Park Health & Wellness Center were unanimously approved by the Central Health board.
- Central Health supported efforts to relocate and launch services at the Colony Park Resource Center in coordination with Austin ISD.



OBJECTIVE 2

IMPLEMENT A PATIENT-FOCUSED & COORDINATED HEALTH CARE SYSTEM.

Health Coverage

- Sendero Health Plans achieved a 4-star National Committee Quality Assurance rating, the highest score of clinical performance and customer experience among Texas Marketplace health plans.
- Central Health's Eligibility Team was able to complete 2,787 in-person eligibility and enrollment appointments despite pandemic restrictions.
- 23,196 first-time MAP Basic enrollees were signed up for coverage.

Primary Care

- Central Health added MAP Basic coverage to all of its primary care contracts.
- Primary care providers continued to offer telehealth encounters in response to COVID-19.
- Planning began for a nutrition services initiative for patients diagnosed with chronic kidney disease.

Dental Care

- Central Health funded 39,167 dental encounters, an increase of more than 15,000 from the previous year.

Specialty Care

- Central Health added new providers and expanded specialty services in dentures, oral surgery, oncology, endocrinology (hormone treatment) and podiatry (feet and leg care).
- Central Health operationalized a "fast track" referral pathway for MAP patients to be referred directly to appropriate surgeries following an emergency department visit, reducing the need for additional doctor visits.

Post-acute Care

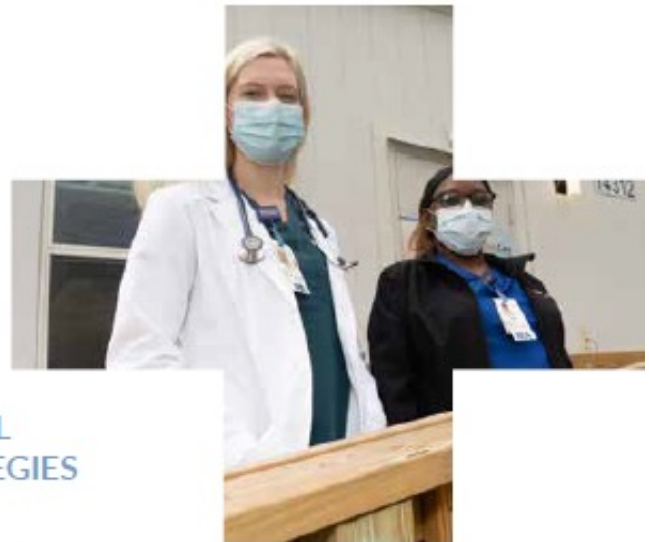
- Central Health increased the number of recuperative care beds available for MAP patients, with the ability to add more as needed.
- In response to increased demand, Central Health contracted for additional beds at a skilled nursing facility for MAP patients requiring extended hospital recovery.

Pharmacy

- Central Health expanded its pharmacy network to include People's Community Clinic and Integral Care, resulting in more options for patients and decreased costs for Central Health.
- The planning for MAP Basic pharmacy coverage expansion continued.

Transportation Assistance

- Central Health signed new agreements with transportation providers to assist patients who are wheelchair bound or on stretchers.
- Central Health's Medical Management team expanded its rideshare program to include high-need CommUnityCare patients.



OBJECTIVE 3

IMPLEMENT A SUSTAINABLE FINANCIAL MODEL FOR HEALTH CARE DELIVERY & SYSTEM STRATEGIES THROUGH 2024.

Stewardship

- Central Health continued to maintain the lowest tax rate among the six major urban Texas hospital districts.
- The Central Health finance team was awarded the GFOA Distinguished Budget Presentation Award, the highest form of recognition in government budgeting.
- Central Health's net position increased \$70 million; an 18 percent increase compared to the previous year in order to support long-term financial goals.
- Sendero Health Plans earned over \$30 million in subsidies for enrolling 2,081 high-risk, formerly uninsured individuals in an innovative insurance coverage program.

Investing in Eastern Travis County

- The Central Health Board of Managers approved project budgets for health centers in three target areas in eastern Travis County: Hornsby Bend, Del Valle and Colony Park and work continued to develop clinical services on these properties.

Brackenridge Campus

- Demolition activities on the Brackenridge campus continued throughout the year in anticipation of further development.

ATTACHMENT F-COMMUNITY ENGAGEMENT REPORT

Throughout the year, Central Health staff collected public and consumer feedback through advisory committee meetings, Community Conversations, an online survey and one-one-one interviews (by phone). The goal is to involve residents in the planning, implementation and evaluation of Central Health projects and provide input for the development of this budget.

Learn more about the results at:

<https://www.centralhealth.net/wp-content/uploads/2022/12/FY22-Community-Engagement-Report.pdf>

ATTACHMENT G-HEALTH EQUITY-FOCUSED SERVICE DELIVERY PLAN

On February 23, 2022, the Central Health Board of Managers adopted the Equity-focused Service Delivery Strategic Plan (Healthcare Equity Plan) to improve access to care by building an equity-focused, comprehensive, high-functioning and affordable system of care.

More information about the Healthcare Equity Plan and its adoption is available here:

<https://www.centralhealth.net/knowledge-base/healthcare-equity-plan/>

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.

Accrual | An expenditure that is recognized for a fiscal year or period but not received or disbursed until a subsequent fiscal year or period.

Ad Valorem Tax | A tax of real estate or personal property based on the taxable value of the property and is assessed at a rate per \$100 of taxable value.

Approved Budget | The financial plan for Central Health approved by the Travis County Commissioners Court for use in the fiscal year of October 1 to September 30.

Assessed Valuation | The valuation set for Travis County properties by the Travis Central Appraisal District as a basis for levying property taxes.

Average Homestead Taxable Value | The mean property value of Travis County homesteads after a 20% homestead exemption and other required adjustments are applied, as appraised and certified by the Travis Central Appraisal District.

Average Homestead Value | The mean property value of Travis County homesteads, as appraised and certified by the Travis Central Appraisal District.

Basis of Budgeting | Central Health's basis of budgeting is the accrual basis in accordance with generally accepted accounting principles (GAAP), with the exception of depreciation.

Balanced Budget | A financial plan in which projected total sources funds are equal to total planned uses of funds plus established reserves.

Budget | An organization's comprehensive financial plan for the coming fiscal year.

Budget Amendment | A change in the level of funding that increases or decreases the total budget of an individual program (Healthcare Delivery or Administration/Tax Collection) which requires approval by the Central Health Board of Manager and the Travis County Commissioners Court.

Budget Calendar | The schedule of dates that Central Health follows in the preparation and adoption of the budget.

Capital Expenditure | Defined as use of funds on an asset with an initial, individual cost of at least \$5,000, and an estimated useful life of one year or more.

CCC Community Care Collaborative | Central Health's partnership with Ascension Seton to provide health care.

CEO | Chief Executive Officer

Certificates of Obligation | Debt that is authorized by the Travis County Commissioners Court and does not require prior voter approval. Intent to issue certificates of obligation must be published in the local newspaper in advance of issuing the debt.

CHAP | Central Health Assistance Program: a program through Central Health that provides premium assistance to eligible members.

CHNA | Community health needs assessment: an assessment of the needs of the Travis County population with annual household incomes less than 200% FPL

CHIP | Children's Health Insurance Program: a program to provide health care coverage to children in families that do not qualify for Medicaid.

CHIRP | Comprehensive Hospital Increase Reimbursement Program: a directed payment program for hospitals providing health care services to adults and children enrolled in STAR and STAR+PLUS Medicaid programs.

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.

Credit Rating | An opinion given by a credit rating agency that indicates the ability and willingness of a bond issuer to meet its financial obligations in full and on time. A credit rating also indicates the credit quality of an individual debt issue.

Debt Service Rate | The component of the total tax rate the taxing unit needs to pay its debt service in the coming year.

Depreciation | A decrease in the value of a capital asset due to wear and tear, deterioration, end of useful service life, or the passage of time.

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.

Equity-Focused Service Delivery Strategic Plan (Healthcare Equity Plan) | Central Health's plan to guide our immediate and long-term work to improve health and reduce inequities for Travis County's low-income population.

Expenditures | Uses of funds which are recognized when the liability is incurred and expected to be liquidated with current financial resources.

Fiscal Year | A twelve-month period, extending from October 1st through the following September 30th, which is designated as the operating year for accounting and budget purposes.

FPL | Federal Poverty Level: an economic measure created from census data that is used to determine qualifications for federal programs.

Fund Balance | In governmental funds, when there are funds leftover at the end of a fiscal year from either underspending the budget or taking in revenue in excess of the amount budgeted.

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.

Governmental Accounting Standards Board (GASB) | An organization whose main purpose is to improve and create accounting and reporting standards and generally accepted accounting principles (GAAP).

Governmental Fund | A type of fund that accounts for government entities activities including General Funds. Central Health does not have a governmental fund, rather is a single proprietary fund, known as an enterprise fund (see definition of Proprietary Fund below).

HHSC | Texas Health and Human Services Commission: a state agency that manages programs that assist families with food, health care, safety and disaster needs.

Historically Underutilized Businesses (HUB) | A corporation, sole proprietorship, partnership, or a joint venture formed for the purpose of making a profit in which at least 51 percent ownership of the business is by a woman, minority and/or service-disabled veteran.

IGT | Intergovernmental Transfers: the transfer of funds between governmental entities.

Interlocal Agreement | An agreement between governmental agencies often resulting in one governmental agency receiving funds from another agency.

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)

Net Position | Difference between assets, or Central Health's investment in resources, and liabilities, or Central Health's obligation to its creditors.

No-new-revenue Maintenance & Operations (M&O) Tax Rate | A tax rate that is a component of the total tax rate that provides the taxing unit with approximately the same amount of revenue it received in the previous year for day-to-day operations (Maintenance and Operations).

No-new-revenue Tax Rate | A calculated rate that provides a taxing unit with approximately the same amount of revenue it received in the previous year on properties taxed in both years. If property values rise, the effective tax rate will go down, and vice versa. The effective tax rate calculation is established by state law.

Proposed Budget | The financial plan presented to the Central Health board of managers for consideration and then recommended to the Travis County Commissioners Court to adopt for use October 1 to September 30.

Proprietary Fund | The type of fund used to account for Central Health's ongoing operations and activities that are like businesses found in the private sector. Central Health operates as a single proprietary fund known as an enterprise fund.

Reserve | A line item used to set aside sources of funds that may not be required for expenditure in the current budget year.

Residential Homestead Exemption | A reduction in taxable value on a primary residence. Central Health offers a 20% exemption on a principal residence primarily owned and occupied by an individual.

Revenue | Sources of funds that finance the operations of government.

Structural Balance | In governmental budgeting, a budget achieves structural balance if it supports financial sustainability for multiple years into the future through the matching of ongoing uses of funds to ongoing sources of funds and the maintenance of an appropriate reserve balance.

Tax Rate | The amount of tax stated in terms of a unit of the tax base; in Texas, the tax rate is stated in terms of every \$100 of value.

TPA | Third Party Administrator: an organization that processes claims for another entity.

Travis Central Appraisal District | A special unit of government with the primary responsibility to develop an annual appraisal roll for use by taxing units in imposing ad valorem taxes on property in the district.

UC | Uncompensated Care: hospital care that receives no reimbursement.

UMCB | University Medical Center Brackenridge

Voter-approval Tax Rate | The tax rate that provides the taxing unit with approximately the same amount of revenue it spent in the previous year for day-to-day operations (Maintenance and Operations), plus an extra 8.0%.

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.

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.



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