



CENTRAL HEALTH

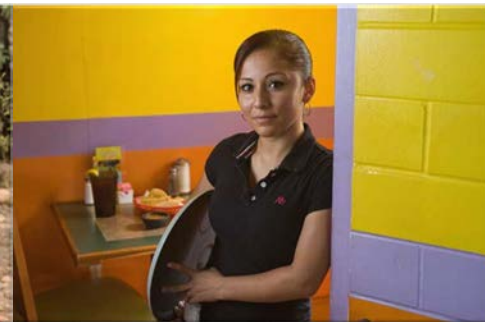
Fiscal Year 2019 Proposed Budget and Property Tax Rate

Central Health Budget and Finance Committee

Aug. 8, 2017

Mike Geeslin, President and CEO

Jeff Knodel, VP of Finance



FY 2019 Proposed Budget

Support of the Strategic Work Plan

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

Objective 2: Implement patient focused and coordinated health care system

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



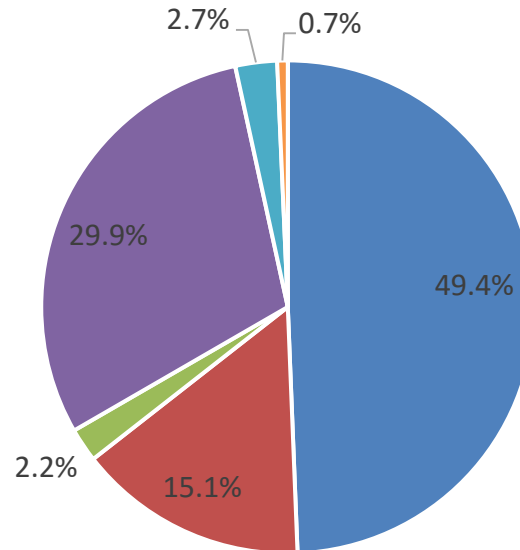
Strategy: Potential Funding Uses

Strategy	Possible examples of funding
1.1 Service Locations	2 mobile clinics and 3 permanent expansion sites
1.2 Population	Pay for Success
1.3 Communication:	Phase 2 Education
2.1 Patient Wait Times.	Develop and publish patient wait times dashboards; Expand GI and Rheumatology specialties
2.2 Patient Reported Outcomes and Experiences	Track DMS IPU and LARC outcome measures
2.3 Women's Reproductive Health.	Expand access to contraception through mobile app consults
2.4 Technology and Data	Complete data infrastructure
3.4 Determine optimal use or disposition of Brackenridge Campus sections.	Remediation; Demolition
3.5 Contracting and Payment	DSRIP contracts; DMS IPU contracts; LARC contracts



TCAD Property Tax Types

Sources of Assessed Taxable Value

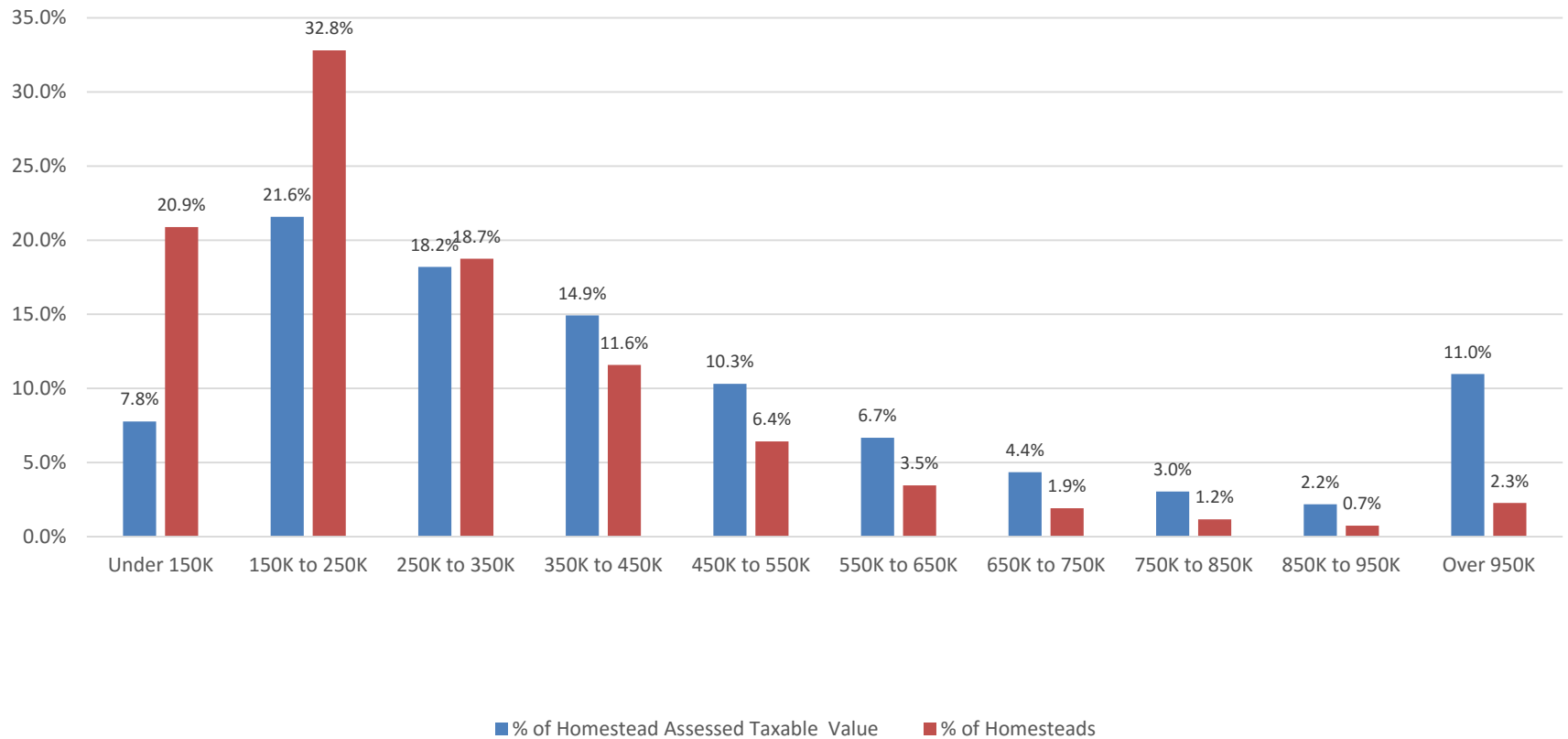


- SINGLE FAMILY RESIDENCE
- MULTIFAMILY RESIDENCE
- LAND/OPEN SPACES/IMPROVEMENTS ON OPEN SPACES
- COMMERCIAL PROPERTY/COMMERCIAL PERSONAL PROPERTY
- INDUSTRIAL/UTILITIES
- OTHER

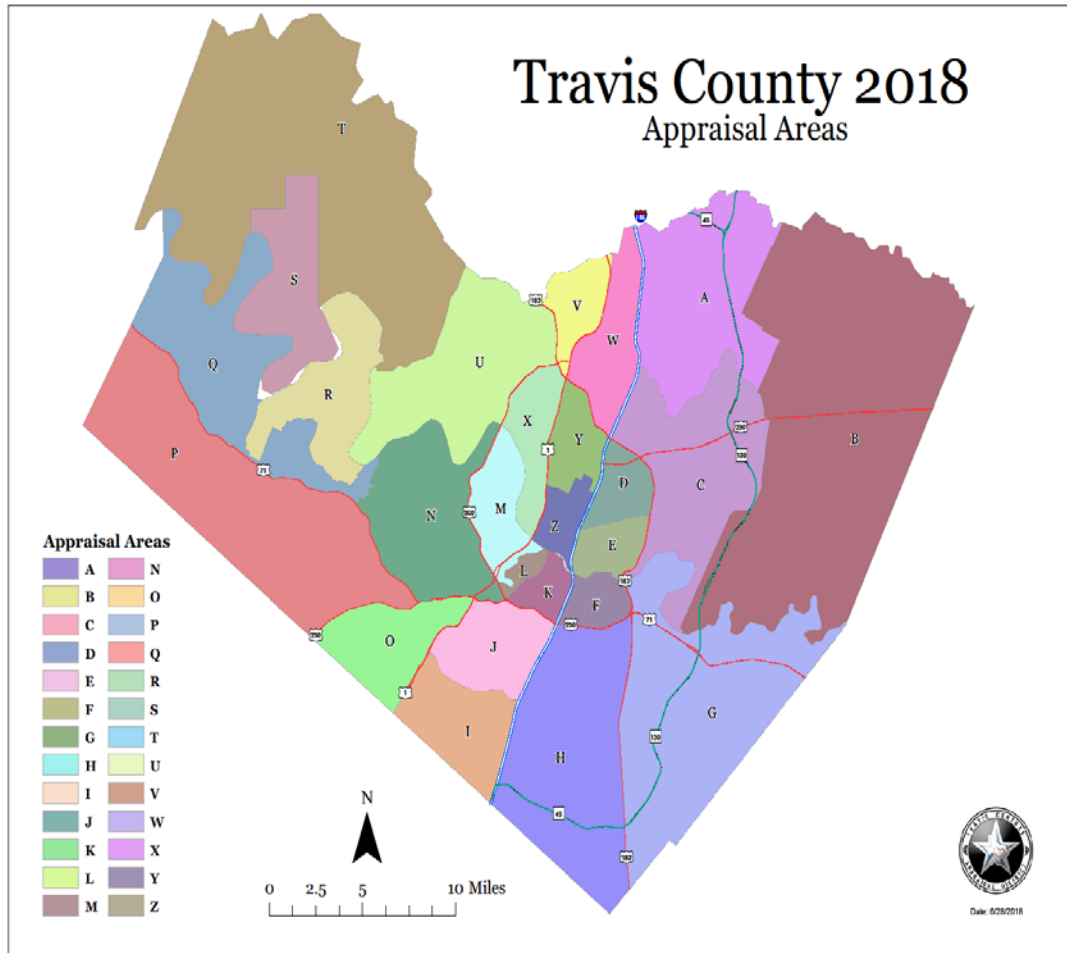


TCAD Homestead Taxable Assessed Value

% of Assessed Taxable Value for homesteads and number of homesteads as a % of total homesteads

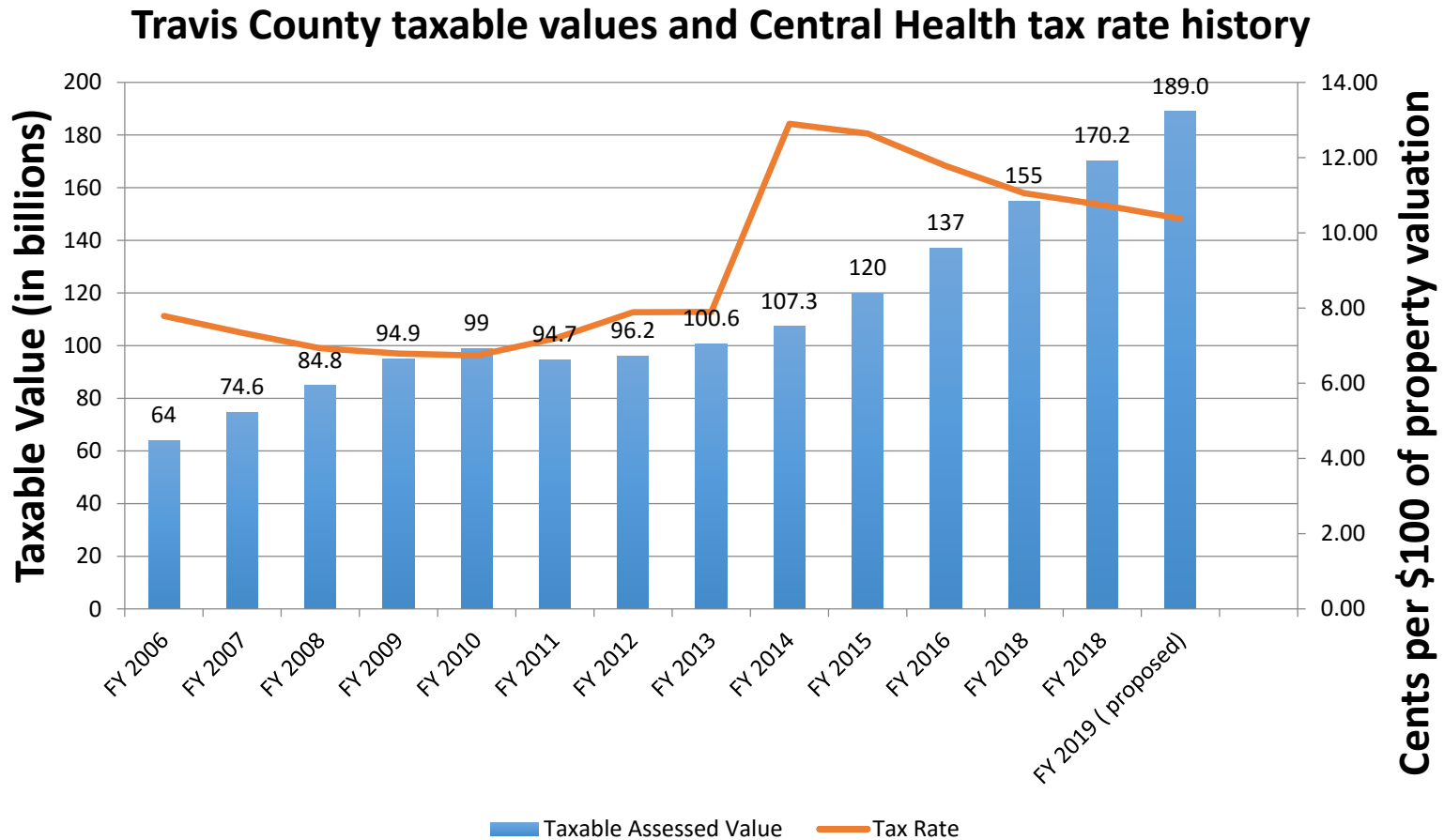


TCAD Homestead Taxable Assessed Value by Geographic Region



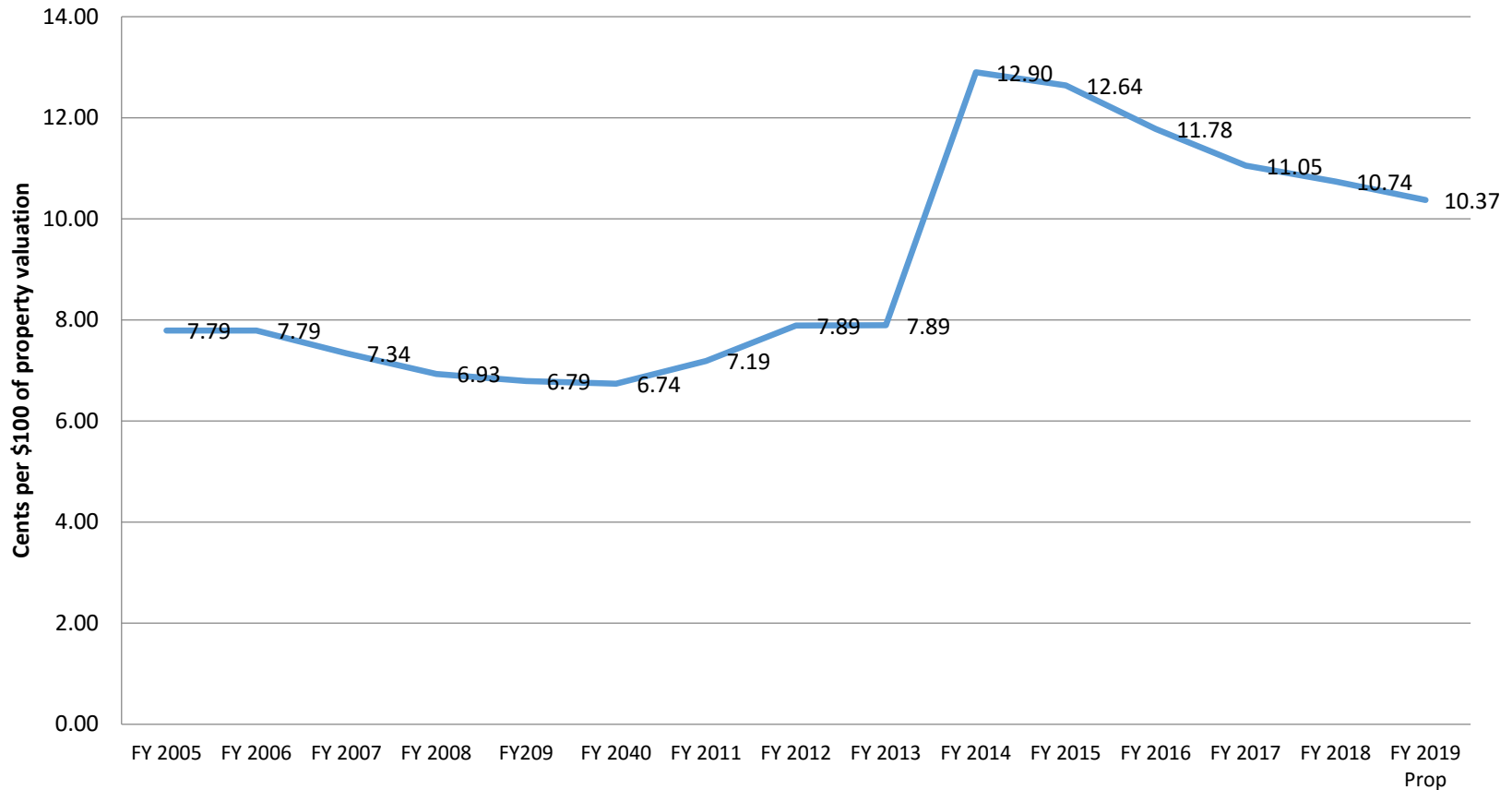
Alpha	Total HS Taxable	Avg HS Taxable
A	\$ 4,440,165,830	\$ 192,841
B	\$ 949,293,578	\$ 135,169
C	\$ 1,284,430,155	\$ 166,183
D	\$ 2,018,576,594	\$ 265,323
E	\$ 1,466,222,610	\$ 247,506
F	\$ 456,749,304	\$ 168,542
G	\$ 255,030,906	\$ 111,173
H	\$ 1,340,967,630	\$ 160,020
I	\$ 2,426,902,340	\$ 257,660
J	\$ 3,664,281,636	\$ 218,841
K	\$ 1,906,852,074	\$ 410,429
L	\$ 1,364,229,819	\$ 491,969
M	\$ 4,694,025,116	\$ 938,993
N	\$ 5,144,777,601	\$ 625,809
O	\$ 3,685,989,510	\$ 343,842
P	\$ 1,947,997,298	\$ 382,035
Q	\$ 766,774,239	\$ 346,330
R	\$ 4,501,762,978	\$ 409,735
S	\$ 899,103,515	\$ 245,255
T	\$ 2,329,753,546	\$ 327,857
U	\$ 7,359,175,494	\$ 435,300
V	\$ 1,253,126,914	\$ 258,537
W	\$ 2,132,529,253	\$ 191,999
X	\$ 6,441,615,066	\$ 590,162
Y	\$ 3,457,407,365	\$ 344,947
Z	\$ 3,335,318,244	\$ 592,103

Taxable Values by Tax Year (in billions) and Central Health Tax Rate History



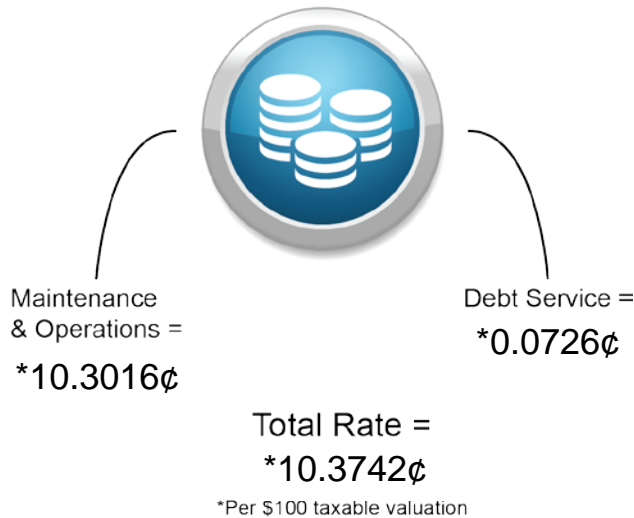
Central Health Tax Rate History

Central Health Historical Tax Rates



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

Central Health Property Tax Rate



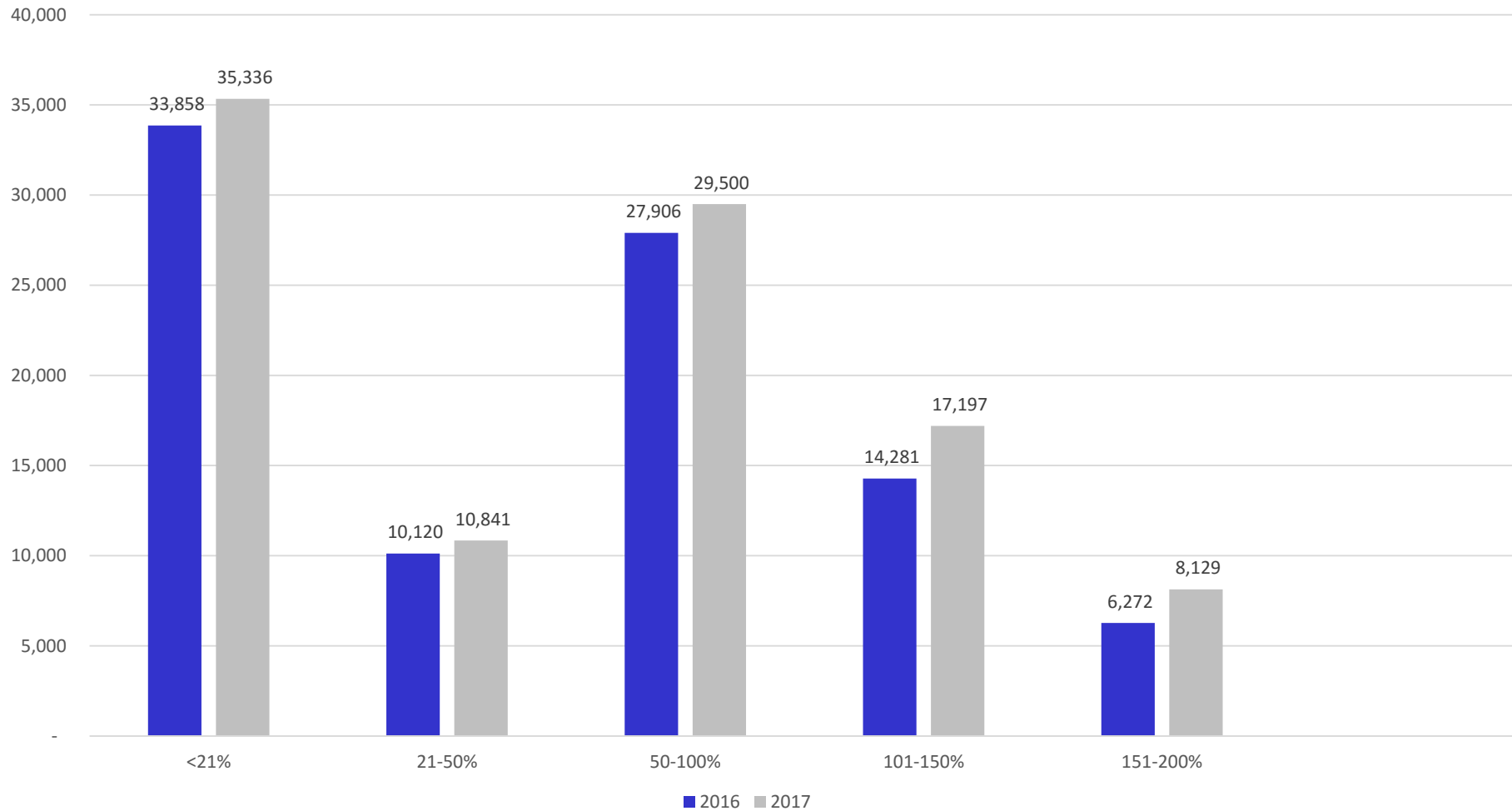
	FY18	FY19 (Proposed)
Average Taxable Homestead Value	\$305,719	\$326,895
Tax Rate	10.7385¢	10.3742¢
Tax Bill	\$328.30	\$339.12
Annual Increase = \$10.82 (3.2%)		

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



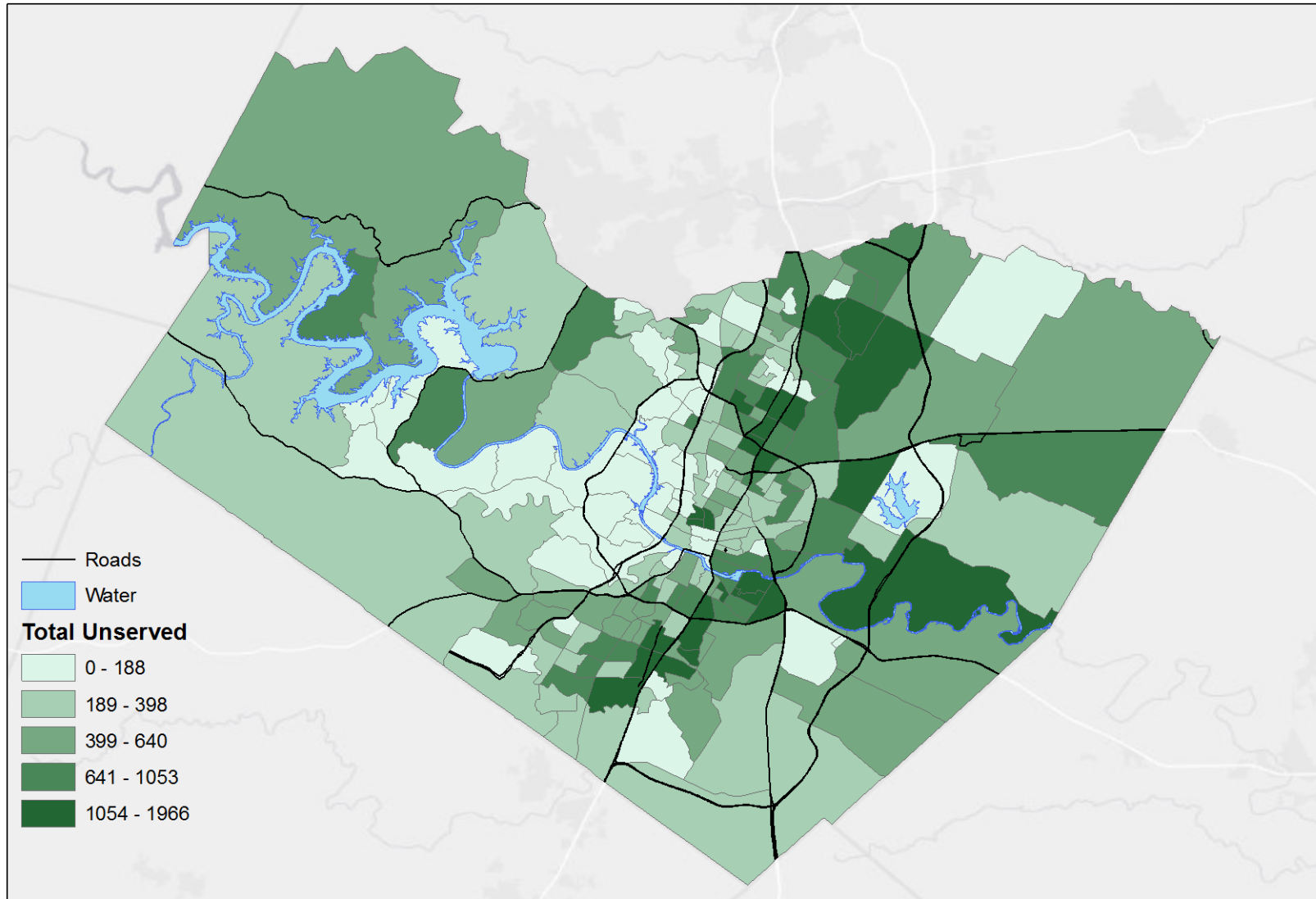
Patient Income Demographics

CCC -MAP and Sliding Fee Scale Patients Federal Poverty Level



Uninsured and Unserved Population

Uninsured Population who did not access CCC Primary Care Network



Central Health FY 2019

Proposed Budget (in millions) 4.5% over effective

DESCRIPTION	FY 2018 APPROVED BUDGET	FY 2018 YEAR END ESTIMATE	FY 2019 Budget Presented on 7/25/18	FY 2019 PROPOSED BUDGET	
Sources					
Property Taxes	\$181.8	\$181.8	\$194.1	\$194.1	
Lease Revenue	10.3	10.3	13.1	18.0	\$2.9 M Lease prepay \$2.0 M CEC Utilities
Other Revenue	2.2	5.1	2.4	2.4	
Subtotal Revenue	194.3	197.2	209.6	214.5	
Contingency Reserve	43.5	51.6	28.8	28.8	
Total Sources	237.8	248.8	238.4	243.3	
Uses					
Healthcare Delivery (IGT, Healthcare services and Initiatives)	181.3	156.3	179.1	179.1	
Healthcare Operations, Health Promotions*, and Downtown Campus* <i>*Prior year was in initiatives</i>	15.2	14.9	15.9*	23.6*	\$6.4 M Downtown Campus Projects \$618K Mobile Outreach \$600K TAN interest
Contingency Reserve (appropriated)	23.7	-	4.6	5.3	
Other Reserves and transfers	5.4	37.4	26.4	22.9	(\$6M reduction in Capital Transfer for Downtown Campus \$2.4 M CEC Utilities
Debt Service	1.4	1.4	1.4	1.4	
Total Healthcare Delivery	227.0	210.0	227.3	232.3	
Administration	9.1	8.3	9.3	9.3	
Tax Collection	1.7	1.7	1.7	1.7	
Total Uses	237.8	220.0	238.4	243.3	
Reserves (estimated ending balance)					
Capital		-			
Contingency Reserve		28.8			
Emergency Reserve		31.3			



FY 2019 Proposed Capital Parameters

PROJECT	FY 2019						FY 2020	FY 2021
	Project Cost	SOURCES						
		Operating		Debt				
Operating Budget								
		Tower Demo						
		Other Demo						
Downtown Campus Redevelopment	6,400,000	Hazard Rem	Operating	6,400,000				
Capital Budget								
Downtown Campus Redevelopment	10,942,000	CEC Alt Util	Lease	2,440,000	Red River	8,502,000		
Clinical Services Expansion	24,412,000	Walk-in Clinic	Grant	737,000	ETC Expansion	23,632,000	12,496,517	5,034,168
			Operating	43,000				
Facilities and Information Technology	1,000,000	Bldgs & IT	Operating	1,000,000			1,000,000	1,000,000
Total Capital Budget	36,354,000			4,220,000		32,134,000	13,496,517	63,041,680

- Estimated Debt request for FY2019 is \$32.1 million
- Purposes include Red River Street realignment and Clinical Services Expansion in Eastern Travis County
- Impact to Average Travis County taxpayer approximately \$6.68 annually (using 10 year term)



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

Description	FY18 Approved Budget	FY 2019 Budget Presented on 7/25/18	FY19 Proposed Budget
Subtotal Intergovernmental Transfers	142,920,000	139,130,000	139,130,000
Healthcare Services:			
Member Payment to CCC	29,245,166	34,000,000	34,000,000
Charity Care - Seton	4,251,733	0	0
Primary Care - Planned Parenthood	731,800	790,344	790,344
Women's Health Services	1,000,000	1,080,000	1,080,000
Integrated Care Collaboration (ICC)	666,657	719,990	719,990
Service Expansion	2,000,000	2,000,000	2,000,000
Subtotal Healthcare Services	37,895,356	38,590,334	38,590,334
Health Care Initiatives:			
UMCB Redevelopment and Operations	4,360,644	0	0
Health Care Initiatives: Community Outreach, Strategic Work Plan	500,000	1,400,000	1,400,000
Subtotal Health Care Initiatives	4,860,644	1,400,000	1,400,000
Operating Expenses:			
Salary and fringe benefits	3,773,584	3,689,436	3,689,436
ACA education and enrollment	2,700,000	2,916,000	2,916,000
Legal	26,200	46,200	46,200
Consulting	289,000	459,590	459,590
Other professional services	401,085	365,000	827,500
Marketing & community relations	307,326	414,868	414,868
Leases, security & maintenance	739,876	599,320	755,320
UT land lease for teaching hospital	903,467	912,502	912,502
Phones, computer equipment & utilities	932,021	1,091,890	1,191,890
Printing, copying, postage & signage	198,694	133,750	133,750
Travel, training and professional development	47,044	40,285	40,285
Health Promotion	358,713	315,455	315,455
Downtown Campus Operations and Redevelopment	0	4,725,542	11,125,542
Other operating expenses	234,892	157,480	807,480
Subtotal Operating Expense	10,911,902	15,867,318	23,635,818
Subtotal Healthcare Delivery IGT, Services, Initiatives and Operations	\$196,587,902	\$194,987,651	\$202,756,151



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

Description	FY 2018 Approved Budget	FY 2019 Budget Presented on 7/25/18	FY 2019 Proposed Budget
Subtotal Health Care Delivery (IGT, Services, Initiatives and Operations)	\$196,587,902	\$194,987,651	\$202,756,151
Reserves, Appropriated Uses and Transfers:			
Transfer to capital reserve	0	6,400,000	2,840,000
Transfer to emergency reserve	1,417,922	0	0
Sendero risk-based capital	4,000,000	20,000,000	20,000,000
Contingency reserve appropriation	23,650,587	4,571,197	5,342,696
Subtotal Reserves, Appropriated Uses and Transfers	29,068,508	30,971,197	28,182,696
Debt service:			
Debt service - principal retirement	1,000,000	1,030,000	1,030,000
Debt service - interest & amortized costs	372,795	342,818	342,818
Subtotal Debt Service	1,372,795	1,372,818	1,372,818
Total Health Care Delivery	\$227,029,205	\$227,331,666	\$232,311,665



SENDERO: Community Benefits

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

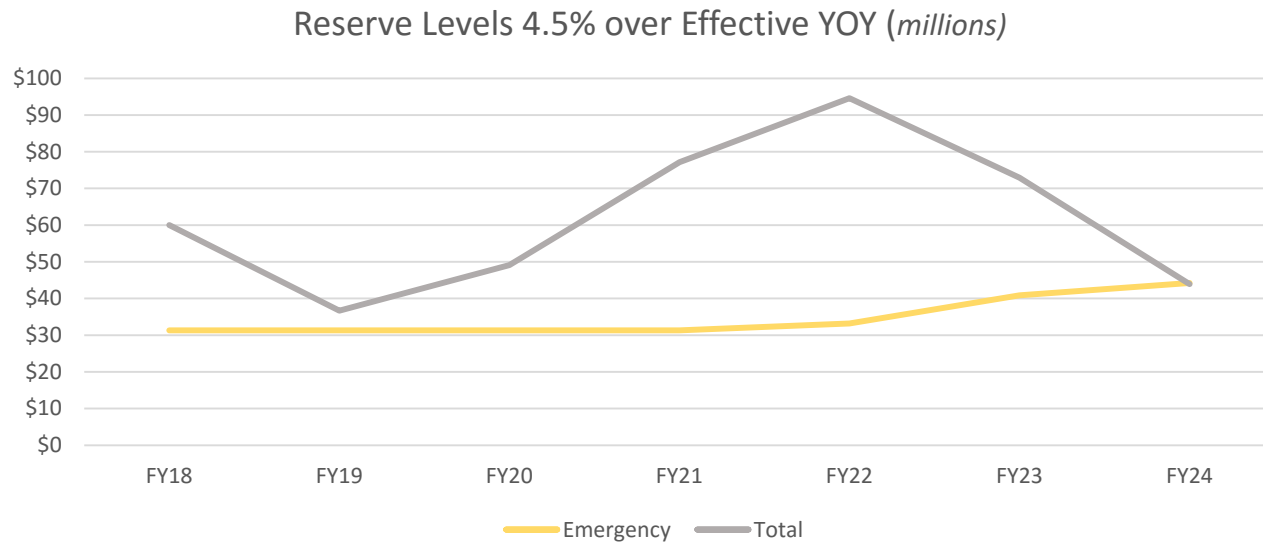
- Improving Community Health
 - Multiple successful Public Health initiatives
 - 30% increase in HPV vaccination preventing future cancers
 - 20% increase in Breast Cancer screenings
 - 20% increase in Flu vaccination among reticent young adults

- Utilizing local funding for healthcare in the community:
 - From 2011 through the end of 2018, Sendero has provided approximately \$470 million in services to 175,000 members, with over 1.5 million encounters
 - Members have saved approximately \$34 million. In 2018, 27,000 members are saving \$105 per month on premiums versus the only competitor with a comparable broad network



Reserve Levels

4.5% over Effective Rate YOY

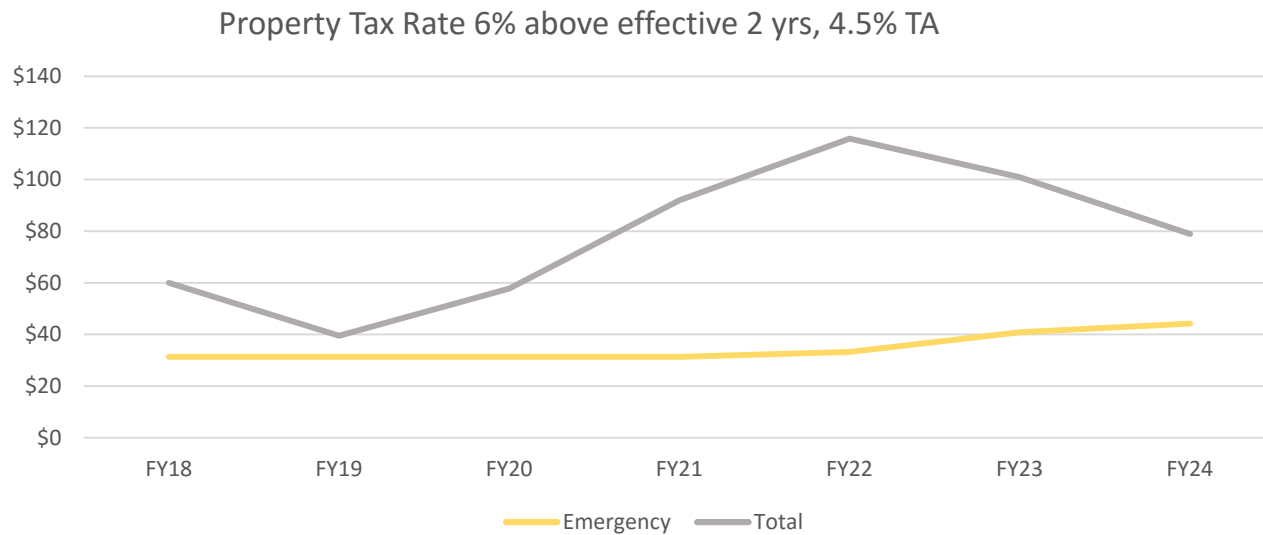


Reserves	FY18	FY19	FY20	FY21	FY22	FY23	FY24
Emergency	31.3	31.3	31.3	31.3	33.2	40.9	44.2
Total	60.0	36.7	49.1	77.2	94.6	72.9	43.9
Contingency	28.7	5.4	17.8	45.9	61.4	32.1	-0.3
Days of Cash	100	56	86	137	150	93	52



Reserve Levels

6% over Effective Rate 2 Yrs, 4.5% thereafter

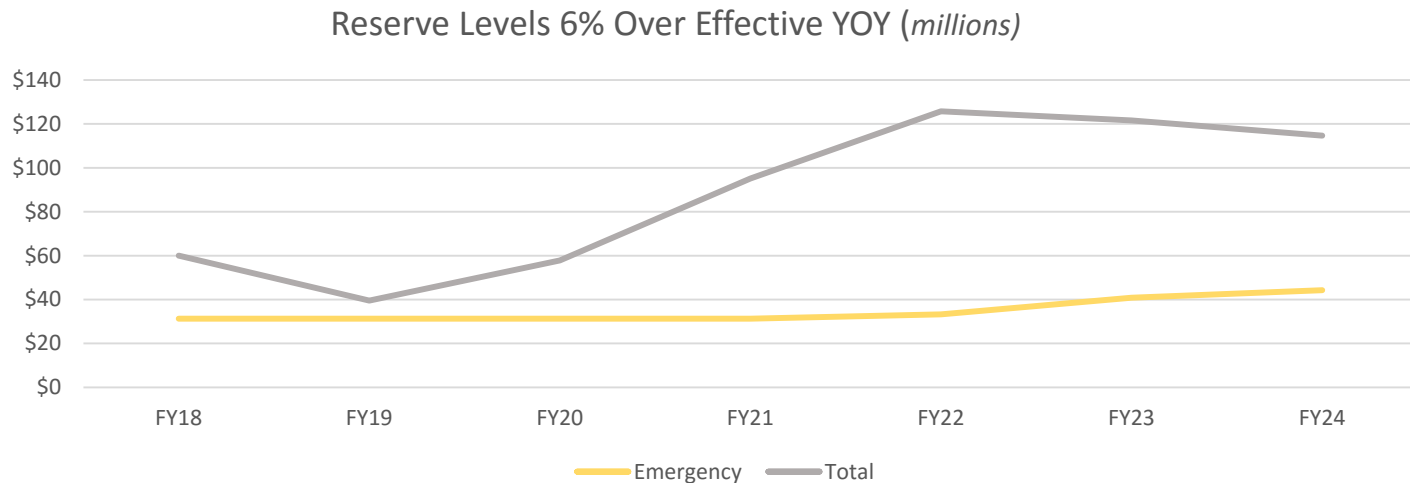


Reserves	FY18	FY19	FY20	FY21	FY22	FY23	FY24
Emergency	31.3	31.3	31.3	31.3	33.2	40.9	44.2
Total	60.0	39.5	57.8	92.0	115.8	100.9	78.9
Contingency	28.7	8.2	26.5	60.7	82.6	60.0	34.7
Days of Cash	100	61	101	164	184	128	94



Reserve Levels

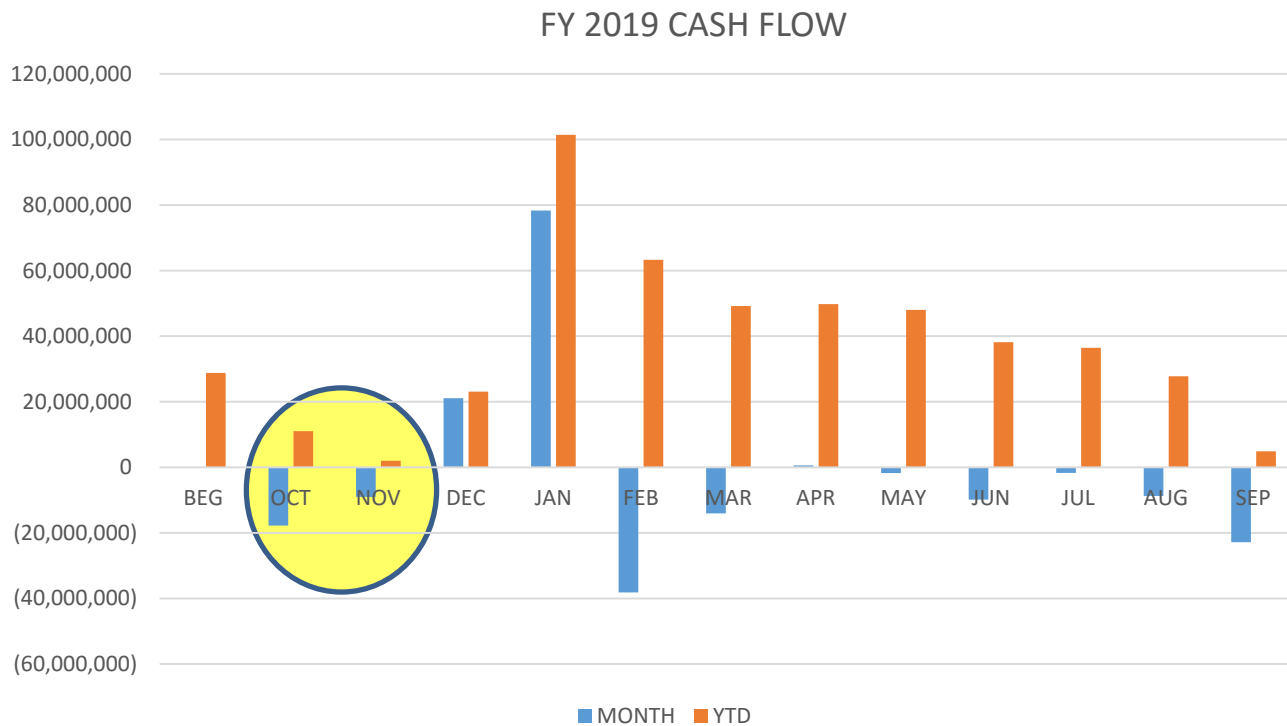
6% over Effective Rate YOY



Reserves	FY18	FY19	FY20	FY21	FY22	FY23	FY24
Emergency	31.3	31.3	31.3	31.3	33.2	40.9	44.2
Total	60.0	39.5	57.8	95.2	125.8	121.6	114.7
Contingency	28.7	8.2	26.5	63.9	92.6	80.7	70.5
Days of Cash	100	61	101	169	200	155	137



Central Health Cash Flow Projection



Next Steps (preliminary dates)

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





CENTRAL HEALTH

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Appendix

- FY 2019 Proposed Budget: Central Health Downtown Campus/Real Estate
- FY2019 Proposed Budget: -Uses/Administration and Tax Collections
- Lease Revenue Breakout
- Central Health Property Tax Impact Statement: Fiscal Years 2018-2019
- FY 2019 Proposed Budget – Uses/Health Care Delivery/IGTs



FY 2019 Proposed Budget: Central Health Downtown Campus/Real Estate

Description	FY 2019 Budget Presented on 7/25/18	FY 2019 Proposed Budget
Building operations and management	\$2,918,192	\$2,918,192
Campus infrastructure and development	1,807,350	8,207,350
Total	\$4,725,542	\$11,125,542

FY 2019 Proposed Budget– Uses/Administration and Tax Collection

DESCRIPTION	FY 2018 APPROVED BUDGET	FY 2019 Budget Presented on 7/25/18	FY 2019 PROPOSED BUDGET
Total Healthcare Delivery	\$227,029,205	\$227,331,666	\$232,311,665
Administration			
Operating Expenses			
Salary and fringe benefits	\$4,413,183	\$4,690,997	\$4,690,997
Legal	926,200	1,198,320	1,198,320
Consulting	1,208,800	1,026,500	1,026,500
Investment Services (Travis County)	105,000	110,000	110,000
Benefits & Payroll administrative services	249,920	165,150	165,150
Other professional services	483,200	495,000	495,000
Marketing & Community Relations	192,400	194,800	194,800
Leases, security & maintenance	273,348	308,096	308,096
Insurance & Risk Management	157,500	150,030	150,030
Phones, computer equipment & utilities	204,930	147,000	147,000
Printing, copying, postage & signage	136,560	117,820	117,820
Travel, training and professional development	259,625	176,495	176,495
Other operating expenses	532,850	541,630	541,630
Total Administration	9,143,516	9,321,838	9,321,838
Tax Collection			
Appraisal District Services	970,200	1,018,710	1,018,710
Tax Collection Expense	682,560	684,500	684,500
Subtotal Tax Collection Expense	1,652,760	1,703,210	1,703,210
Total Uses	237,825,481	\$238,356,714	\$243,336,713



Lease Revenue Breakout

- \$9.4 M – Seton lease
- \$2.9 M – Brackenridge tower demolition funding
- \$2.44 M – Brackenridge lease revenue
- \$1.4 M – Lot 164 and 167 lease revenue
- \$1.3 M – Premium for improvements
- \$0.9 UT lease for the medical school



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

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

* 20 percent homestead exemption



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

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

