



# Central Health

## Financial Statement Presentation

FY 2020 – as of January 31, 2020 (Preliminary)

Central Health Board of Managers

February 19, 2020

Lisa Owens, Deputy CFO



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Note: HCD = Health Care Delivery



- Year-to-date through January, collected net property tax revenue is \$195 million compared to \$178 million as of January 2019.
- Tax collected through January 2020 is 89% of the adjusted tax levy compared to 89% as of January 2019.
- Healthcare Delivery is \$50 million for the four months ending 01/31/2020.
- GAAP reporting Net Assets increased \$73 million year-over-year.
- TCHD LPPF total restricted balance of LPPF as of 01/31/2020 is \$39 million.

GAAP: Generally Accepted Accounting Principles refer to a common set of accounting principles, standards, and procedures issued by the Financial Accounting Standards Board. GAAP primary focus is to improve clarity, consistency, and comparability of the communication of financial information.



| Assets  | Preliminary        |                    |
|---|--------------------|--------------------|
|   | as of<br>1/31/2020 | as of<br>1/31/2019 |
| Current Assets                                      |                    |                    |
| Cash and cash equivalents                           | 306,122            | 1,612,589          |
| Short-term investments                              | 238,819,580        | 142,839,755        |
| Ad valorem taxes receivable                         | 39,054,082         | 46,303,834         |
| Other receivables                                   | 5,233,532          | 8,033,692          |
| Prepaid expenses                                    | 568,092            | 327,058            |
| Total Current Assets                                | 283,981,408        | 199,116,929        |
| Restricted Cash and Investments or Noncurrent       |                    |                    |
| Restricted for capital acquisition                  | 8,282,058          | 6,328,247          |
| Sendero paid-in-capital                             | 71,000,000         | 71,000,000         |
| Working capital advance to CommUnityCare            | 4,000,000          | 4,000,000          |
| Sendero Surplus Debenture                           | 37,083,000         | 37,083,000         |
| Restricted TCHD LPPF Cash & Investments             | 38,946,589         | -                  |
| Total Restricted Cash and Investments or Noncurrent | 159,311,647        | 118,411,247        |
| Capital Assets                                      |                    |                    |
| Land  | 12,546,211         | 11,770,184         |
| Buildings and improvements                          | 130,395,330        | 134,354,256        |
| Equipment and furniture                             | 9,589,485          | 8,818,178          |
| Construction in progress                            | 2,104,862          | 206,526            |
| Less accumulated depreciation                       | (44,554,758)       | (41,446,826)       |
| Total Capital Assets                                | 110,081,130        | 113,702,317        |
| <b>Total Assets</b>                                 | <b>553,374,186</b> | <b>431,230,493</b> |



| <b>Liabilities</b>                         | <b>Preliminary</b>         |                            |
|--|----------------------------|----------------------------|
|  | <b>as of<br/>1/31/2020</b> | <b>as of<br/>1/31/2019</b> |
| Current Liabilities                        |                            |                            |
| Accounts payable                           | 10,587,505                 | 2,424,158                  |
| Salaries and benefits payable              | 1,382,683                  | 774,454                    |
| Other Payables                             | 84,855                     | 91,120                     |
| Debt service payable, short-term           | 1,201,017                  | 1,179,665                  |
| Deferred tax revenue                       | 22,383,551                 | 20,505,355                 |
| Other deferred revenue                     | 610,794                    | 853,027                    |
| Total Current Liabilities                  | <u>36,250,406</u>          | <u>25,827,778</u>          |
| Restricted or Noncurrent Liabilities       |                            |                            |
| Funds held for TCHD LPPF                   | 38,946,589                 | -                          |
| Debt service payable, long-term            | 7,285,000                  | 8,350,000                  |
| Deferred Revenue                           | 610,000                    | -                          |
| Total Restricted of Noncurrent Liabilities | <u>46,841,589</u>          | <u>8,350,000</u>           |
| Total Liabilities                          | <u>83,091,995</u>          | <u>34,177,778</u>          |
| Net Assets                                 |                            |                            |
| Unrestricted                               | 360,201,060                | 283,350,398                |
| Investment in Capital Assets               | 110,081,130                | 113,702,317                |
| Total Net Assets                           | <u>470,282,190</u>         | <u>397,052,715</u>         |
| <b>Liabilities and Net Assets</b>          | <u><u>553,374,186</u></u>  | <u><u>431,230,493</u></u>  |



| Sources / Uses                      | Jan 2020           | FY20 YTD           | FY20 Budget        | Percent of Budget Used | FY19 YTD           |
|-------------------------------------|--------------------|--------------------|--------------------|------------------------|--------------------|
| <b>Sources</b>                      |                    |                    |                    |                        |                    |
| Property Tax Revenue                | 103,251,768        | 194,932,930        | 214,906,371        | 91%                    | 178,347,875        |
| Lease Revenue                       | 857,841            | 3,431,364          | 13,749,848         | 25%                    | 3,431,364          |
| Other Revenue                       | 224,241            | 753,350            | 2,150,000          | 35%                    | 611,955            |
| Tobacco Settlement Revenue          | -                  | -                  | 3,500,000          | 0%                     | -                  |
| Contingency Reserve (Carryforward)  | -                  | 64,898,396         | 56,499,497         | 115%                   | 52,648,775         |
| <b>Total Sources</b>                | <b>104,333,850</b> | <b>264,016,040</b> | <b>290,805,716</b> | <b>91%</b>             | <b>235,039,969</b> |
| <b>Uses of Funds</b>                |                    |                    |                    |                        |                    |
| <b>Healthcare Delivery</b>          | <b>17,235,371</b>  | <b>50,432,874</b>  | <b>278,017,581</b> | <b>18%</b>             | <b>92,335,388</b>  |
| <b>Administrative Program</b>       |                    |                    |                    |                        |                    |
| Salaries and benefits               | 384,260            | 1,528,216          | 5,903,601          | 26%                    | 1,398,765          |
| Consulting Fees                     | 165,960            | 239,961            | 1,187,720          | 20%                    | 75,167             |
| Legal Fees                          | 82,419             | 289,637            | 1,390,820          | 21%                    | 197,452            |
| Other Purchase Goods and Services   | 52,005             | 346,284            | 2,417,737          | 14%                    | 312,542            |
| <b>Total Administrative Program</b> | <b>684,644</b>     | <b>2,404,098</b>   | <b>10,899,878</b>  | <b>22%</b>             | <b>1,983,926</b>   |
| <b>Tax Collection Expenses</b>      | <b>464,782</b>     | <b>1,052,673</b>   | <b>1,888,258</b>   | <b>56%</b>             | <b>1,395,179</b>   |
| <b>Total Uses</b>                   | <b>18,384,797</b>  | <b>53,889,645</b>  | <b>290,805,716</b> | <b>19%</b>             | <b>95,714,493</b>  |
| <b>Excess Sources / (Uses)</b>      | <b>85,949,053</b>  | <b>210,126,395</b> |                    |                        | <b>139,325,476</b> |



| <b>Healthcare Delivery Summary</b>                    | <b>Jan 2020</b>   | <b>FY20 YTD</b>   | <b>FY20 Budget</b> | <b>Percent of Budget Used</b> | <b>FY19 YTD</b>   |
|---|-------------------|-------------------|--------------------|-------------------------------|-------------------|
| <b>Inter-Governmental Transfers (IGTs)</b>            | -                 | 8,773,729         | 61,694,651         | 14%                           | 52,724,600        |
| <b>Healthcare Services</b>                            |                   |                   |                    |                               |                   |
| Member Payment to CCC                                 | -                 | -                 | -                  | 0%                            | 10,000,000        |
| Primary Care - (see detail on Slide 11)               | 4,795,291         | 17,465,327        | 50,270,000         | 35%                           | 265,848           |
| Specialty Care, incld Dental & Behavioral Health      | 207,208           | 2,271,809         | 9,823,856          | 23%                           | -                 |
| Pharmacy  | 600,000           | 3,500,000         | 11,600,000         | 30%                           | -                 |
| Post Acute Care                                       | -                 | -                 | 5,400,000          | 0%                            | -                 |
| All Other Healthcare Services                         | 78,217            | 429,410           | 5,269,990          | 8%                            | 205,758           |
| Indigent Care & Hospital Performance Incentive        | -                 | -                 | 52,925,000         | 0%                            | -                 |
| <b>Subtotal Healthcare Services</b>                   | <b>5,680,716</b>  | <b>23,666,546</b> | <b>135,288,846</b> | <b>17%</b>                    | <b>10,471,606</b> |
| <b>ACA Premium Assist, Education, Enrollment</b>      | <b>919,091</b>    | <b>2,517,443</b>  | <b>9,856,120</b>   | <b>26%</b>                    | <b>1,786,883</b>  |
| <b>Healthcare Facilities and Campus Redevelopment</b> | <b>438,285</b>    | <b>1,662,379</b>  | <b>10,996,170</b>  | <b>15%</b>                    | <b>1,536,088</b>  |
| <b>Healthcare Delivery Operating Costs</b>            | <b>813,786</b>    | <b>4,347,673</b>  | <b>26,044,728</b>  | <b>17%</b>                    | <b>1,856,479</b>  |
| <b>Debt, Reserves and Transfers</b>                   | <b>9,383,493</b>  | <b>9,465,104</b>  | <b>34,137,066</b>  | <b>28%</b>                    | <b>23,959,732</b> |
| <b>Total Healthcare Delivery</b>                      | <b>17,235,371</b> | <b>50,432,874</b> | <b>278,017,581</b> | <b>18%</b>                    | <b>92,335,388</b> |



Details for Health Care Delivery on the following slides.





| Healthcare Delivery - Detail                            | Jan 2020         | FY20 YTD          | FY20 Budget        | Percent of Budget Used | FY19 YTD          |
|---|------------------|-------------------|--------------------|------------------------|-------------------|
| <b>Intergovernmental Transfers (IGTs)</b>               |                  |                   |                    |                        |                   |
| Private - Uncompensated Care                            | -                | -                 | -                  | 0%                     | 7,650,298         |
| DSMC - Uncompensated Care                               | -                | -                 | -                  | 0%                     | 2,754,889         |
| DSH - Disproportionate Share                            | -                | 8,773,729         | 36,120,000         | 24%                    | 13,711,986        |
| DSRIP - CCC   | -                | -                 | 25,574,651         | 0%                     | 13,485,266        |
| DSRIP - DSMC, Dell Children's                           | -                | -                 | -                  | 0%                     | 14,537,581        |
| DSRIP - St. David's                                     | -                | -                 | -                  | 0%                     | 584,580           |
| <b>Subtotal Intergovernmental Transfers (IGTs)</b>      | <b>-</b>         | <b>8,773,729</b>  | <b>61,694,651</b>  | <b>14%</b>             | <b>52,724,600</b> |
| <b>Healthcare Services</b>                              |                  |                   |                    |                        |                   |
| Member Payment to CCC                                   | -                | -                 | -                  | 0%                     | 10,000,000        |
| Primary Care - (see detail on Slide 11)                 | 4,795,291        | 17,465,327        | 50,270,000         | 35%                    | 265,848           |
| Specialty Care, incld Dental - (see detail on Slide 12) | 165,066          | 2,018,417         | 8,940,000          | 23%                    | -                 |
| Specialty Care, Behavioral Health                       | 42,142           | 253,392           | 883,856            | 29%                    | -                 |
| Pharmacy  | 600,000          | 3,500,000         | 11,600,000         | 30%                    | -                 |
| Post Acute Care   | -                | -                 | 5,400,000          | 0%                     | -                 |
| Reproductive and Sexual Health                          | 26,777           | 171,152           | 1,950,000          | 9%                     | -                 |
| Health care services, Pay for Success                   | -                | -                 | 600,000            | 0%                     | -                 |
| Medical Administration / ICC payment                    | 51,440           | 205,758           | 719,990            | 29%                    | 205,758           |
| Primary & Specialty Care Reserves                       | -                | 52,500            | 2,000,000          | 3%                     | -                 |
| Indigent Care   | -                | -                 | 50,225,000         | 0%                     | -                 |
| Hospital Performance Incentives                         | -                | -                 | 2,700,000          | 0%                     | -                 |
| <b>Subtotal Healthcare Services</b>                     | <b>5,680,716</b> | <b>23,666,546</b> | <b>135,288,846</b> | <b>17%</b>             | <b>10,471,606</b> |

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| Healthcare Delivery Detail (continued)           | Jan 2020          | FY20 YTD          | FY20 Budget        | Percent of Budget Used | FY19 YTD          |
|--|-------------------|-------------------|--------------------|------------------------|-------------------|
| <b>Healthcare Operations and Support</b>         |                   |                   |                    |                        |                   |
| <b>ACA and Premium Assistance Programs</b>       |                   |                   |                    |                        |                   |
| High Risk Premium Programs                       | 683,126           | 1,410,926         | 7,000,000          | 20%                    | 252,633           |
| CHAP Program                                     | 186,563           | 641,956           | 2,251,800          | 29%                    | 741,201           |
| ACA Enrollment and Education Services            | 49,402            | 464,561           | 604,320            | 77%                    | 793,049           |
| <b>Subtotal ACA &amp; Premium Assist Program</b> | <b>919,091</b>    | <b>2,517,443</b>  | <b>9,856,120</b>   | <b>26%</b>             | <b>1,786,883</b>  |
| <b>Healthcare Facilities and Campus</b>          |                   |                   |                    |                        |                   |
| Salaries and benefits                            | 30,243            | 115,495           | 432,555            | 27%                    | 97,536            |
| Consulting Services                              | -                 | -                 | 5,872,788          |                        | 314,737           |
| Legal Fees                                       | (22,696)          | 72,458            | 234,000            | 31%                    | 14,246            |
| Other Goods & Svc incl. UT Ground Lease          | 430,738           | 1,474,426         | 4,456,827          | 33%                    | 1,109,569         |
| <b>Subtotal Healthcare Facilities and Campus</b> | <b>438,285</b>    | <b>1,662,379</b>  | <b>10,996,170</b>  | <b>15%</b>             | <b>1,536,088</b>  |
| <b>Healthcare Delivery Operating Costs</b>       |                   |                   |                    |                        |                   |
| Salaries and benefits                            | 751,005           | 3,094,655         | 15,367,495         | 20%                    | 1,297,530         |
| Consulting Services                              | 8,378             | 17,155            | 1,073,000          | 2%                     | 14,673            |
| Legal Fees                                       | 11,641            | 56,621            | 184,500            | 31%                    | 7,702             |
| Other Services and Purchased Goods               | 42,762            | 1,179,242         | 9,419,733          | 13%                    | 536,574           |
| <b>Subtotal HCD Operating Cost</b>               | <b>813,786</b>    | <b>4,347,673</b>  | <b>26,044,728</b>  | <b>17%</b>             | <b>1,856,479</b>  |
| <b>Debt Service, Reserves and Transfers</b>      |                   |                   |                    |                        |                   |
| Debt Service                                     | 27,203            | 108,814           | 1,373,283          | 8%                     | 119,732           |
| FY2020 Capital reserve                           | 2,950,000         | 2,950,000         | 2,950,000          | 100%                   | 2,840,000         |
| FY2020 Emergency reserve                         | 6,406,290         | 6,406,290         | 6,406,290          | 100%                   | 1,000,000         |
| FY2020 Sendero Risk Based Capital                | -                 | -                 | -                  |                        | 20,000,000        |
| FY2020 Contingency reserve appropriation         |                   |                   | 23,407,493         |                        | -                 |
| <b>Subtotal Debt, Reserves and Transfers</b>     | <b>9,383,493</b>  | <b>9,465,104</b>  | <b>34,137,066</b>  | <b>28%</b>             | <b>23,959,732</b> |
| <b>Total Healthcare Delivery</b>                 | <b>17,235,371</b> | <b>50,432,874</b> | <b>278,017,581</b> | <b>18%</b>             | <b>92,335,388</b> |



| <b>Healthcare Delivery - Primary Care</b> | <b>Jan 2020</b>  | <b>FY20 YTD</b>   | <b>FY20 Budget</b> | <b>Percent of Budget Used</b> |
|---|------------------|-------------------|--------------------|-------------------------------|
| <b>Primary Care</b>                       |                  |                   |                    |                               |
|   | -                |                   |                    |                               |
| CommUnity Care                            | 4,188,888        | 14,051,388        | 39,000,000         | 36%                           |
| Lone Star Circle of Care                  | 476,745          | 2,351,745         | 6,400,000          | 37%                           |
| People's Community Clinic                 | 208,333          | 833,333           | 2,500,000          | 33%                           |
| Other Primary Care                        | (78,675)         | 228,861           | 2,370,000          | 10%                           |
| <b>Subtotal Primary Care Services</b>     | <b>4,795,291</b> | <b>17,465,327</b> | <b>50,270,000</b>  | <b>35%</b>                    |

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| Healthcare Delivery - Specialty Care | Jan 2020       | FY20 YTD         | FY20 Budget      | Percent of Budget Used |
|--------------------------------------|----------------|------------------|------------------|------------------------|
| Specialty Care                       |                |                  |                  |                        |
| Ancillary Services                   | (5,065)        | 19,935           | 100,000          | 20%                    |
| Cardiology                           | 12,218         | 49,718           | 150,000          | 33%                    |
| Consultation Services                | (18,750)       | 0                | 75,000           | 0%                     |
| Dental Specialty                     | 74,853         | 324,853          | 1,000,000        | 32%                    |
| Dermatology                          | 38,318         | 140,003          | 550,000          | 25%                    |
| Durable Medical Equipment            | 2,244          | 24,744           | 115,000          | 22%                    |
| Ear, Nose & Throat ENT               | (125,728)      | 111,772          | 400,000          | 28%                    |
| Endocrinology                        | 17,906         | 92,906           | 300,000          | 31%                    |
| Gastroenterology                     | 123,071        | 373,071          | 1,650,000        | 23%                    |
| General Surgery                      | 6,597          | 81,597           | 300,000          | 27%                    |
| Gynecology IPU                       | 19,217         | 19,217           | 100,000          | 19%                    |
| Nephrology                           | 0              | 0                | 200,000          | 0%                     |
| Oncology                             | (28,283)       | 121,717          | 700,000          | 17%                    |
| Ophthalmology                        | 69,836         | 394,836          | 1,725,000        | 23%                    |
| Orthotics & Prosthetics              | (11,266)       | 38,734           | 200,000          | 19%                    |
| Podiatry                             | (16,667)       | 25,000           | 250,000          | 10%                    |
| Pulmonology                          | 29,601         | 123,351          | 375,000          | 33%                    |
| Rheumatology                         | 13,319         | 50,819           | 150,000          | 34%                    |
| Specialty Care                       | (25,000)       | 0                | 450,000          | 0%                     |
| Wound Care                           | (11,356)       | 26,144           | 150,000          | 17%                    |
| <b>Total Specialty Care</b>          | <b>165,065</b> | <b>2,018,417</b> | <b>8,940,000</b> | <b>23%</b>             |

Note: Current Month negative activity due to over accruals in December.



# Questions ? Comments ?

**Balance Sheet (Assets)** – Slide 4

**Current Assets**

Cash and Cash Equivalents – \$306K compared to \$1.6M January 2019

Short-term Investments – Short-term investments were \$238.8M at month-end, which is net of restricted investments of \$8M for capital acquisitions.

Ad Valorem Taxes Receivable – \$39M balance is composed of:

|   |               |
|---|---------------|
| Gross Tax Receivables                   | \$ 42M        |
| Taxable Assessed Valuation Adjustment   | (638)K        |
| Est. Allowance for Doubtful collections | <u>(2.4)M</u> |
| <b>Total Taxes Receivable</b>           | <b>\$ 39M</b> |

Other Receivables – Other receivables total \$5.2M and consists of intercompany balances:

- CommUnityCare - \$3.6M
- Sendero - \$538K
- Community Care Collaborative - \$794K
- Interest and miscellaneous receivables of \$250K

Prepaid Expenses – \$568K balance composed of:

- Prepaid Insurance - \$13K
- TCAD Tax Collection Fees - \$84K
- TCAD Appraisal Fees - \$157K
- ICC Q1 Dues - \$103
- Software - \$113K
- Prepaid Memberships/Subscriptions - \$92K
- Deposits - \$6K



January 2020 Preliminary Monthly Financial Statements (unaudited)

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**Total Current Assets – \$284M**

**Balance Sheet (Assets)** – Slide 4 (continued)

**Restricted Cash & Investments or Noncurrent**

Investments Restricted for Capital Acquisition – \$8.3M in short-term securities restricted for capital acquisition.

Sendero Paid-in-Capital – \$71.0M (unchanged)

Working Capital Advance to CommUnityCare – \$4.0M (unchanged)

Sendero Surplus Debenture – \$37.1M (unchanged) (\$20M paid by CH in December 2018)

Restricted TCHD LPPF Cash & Investments - \$38.9M

Capital Assets – \$110M, net of accumulated depreciation

**Total Assets – \$553M**



**Current Liabilities** – Slide 5

Accounts Payable – Major components of the \$10.6M balance are:

- \$8.2M estimated IBNR.
- \$1.9M estimated healthcare delivery costs.
- \$543K in month-end vendor invoices.

Salaries and Benefits Payable – \$1.4M balance is comprised of the accrued liability for salary costs unpaid at month-end, the value of accrued personal time off and various fringe benefit amounts withheld and not yet paid.

Other Payables – \$85K capital lease obligation related to medical equipment leased at Southeast Health and Wellness Center.

Debt Service Payable, Short-Term – \$1.2M balance is comprised of \$1.065M in Certificates of Obligation Payable and \$136K Interest Payable.

Deferred Tax Revenue - \$22M

Other Deferred Revenue - \$611K consists of the lease revenue \$610K for Block 164 Yr2 (FY20) from 2033 LLP and \$794 remains from funds received from donation of \$25K for premium programs.

**Total Current Liabilities** – **\$36M**





**Restricted or Noncurrent Liabilities** – Slide 5 (continued)

Funds held for TCHD LPPF - \$38.9M receipts from participants in the LPPF.

Debt Service Payable, Long-Term – \$7.3M balance of the \$16M in Series 2011 Certificates of Obligation, reduced by eight payments made to date. This debt was issued for the North Central clinic. Due annually on 3/1.

Deferred Revenue – Long Term - \$610K is the lease revenue for Block 164 Yr3 (FY21) from 2033 LLP.

**Total Noncurrent Liabilities** – **\$46.8M**

**Total Liabilities** – **\$83M**

**Net Assets**

Unrestricted Net Assets – \$360M

Investment in Capital Assets – \$110M

**Total Net Assets** – **\$470M**

**Total Liabilities and Net Assets** – **\$553M**

**Sources and Uses Report** – Slide 6

January financials → four months of the fiscal year, 33% of the fiscal year.

**Sources – Total \$104M for the month**

Property Tax Revenue – Net property tax revenue for the month was \$103M. Net revenue includes \$103.3M current month's collections, less \$77K in adjustments for prior year delinquent taxes.

Lease Revenue – \$858K recorded for Seton lease payment, UT ground lease.

Other Revenue – \$224K investment income for the month, \$753K YTD, compared to \$612K YTD last year.

**Uses of Funds – Total \$18.4M for the month**

Total Healthcare Delivery Program – Total healthcare delivery expenses were \$17.2M for the month and \$50M YTD compared to \$92M YTD thru January 2019.

Administration Program – \$684K in expense for the month, which includes:

- Personnel costs – \$384K
- Consulting services – \$166K
- Legal fees – \$82K
- Other general and administrative – \$52K

**Tax Collection Expenses** – \$465K for the month.

**Excess Sources/(Uses)** – \$86M in January. Current YTD is \$210M compared to prior year 2019 YTD of \$139M.

**Healthcare Delivery Expense** – Slide 7**Healthcare Delivery Expense** – Total \$17M January; \$50M YTD compared to \$92M January 2019.Intergovernmental Transfers (“IGT’s”) – YTD \$8.8M compared to \$52.7M last year.Healthcare Services – Healthcare delivery providers’ expense for January totaled \$5.7M, which includes:

- Primary care – \$4.8M
- Specialty Care (including Dental) – \$165K
- Specialty Care, Behavioral Health - \$42K
- Pharmacy - \$600K
- Reproductive and Sexual Health - \$27K
- Medical Administration / ICC payment - \$51K

ACA Premium Assist, Education, Enrollment – \$919K in expenses for the month.Healthcare Facilities and Campus Redevelopment - \$438K in expense for the month and \$1.7M YTD.Healthcare Delivery Operating Cost – \$814K in expenses for the month and includes:

- Personnel costs – \$751K
- Consulting Services – \$8K
- Legal Fees - \$12K
- Other services and purchased goods – \$43K

Debt, Reserves and Transfer – \$9.4M in Debt Service expense for the month**Total Healthcare Delivery** - for the month of January was \$17M.