

To: Sarah Eckhardt, Judge, Travis County
From: Mike Geeslin, President & CEO, Central Health
CC: Lisa Owens, Interim Deputy CFO, Central Health,
Katrina Daniel, Chair, Central Health Board of Managers
Date: September 18, 2017
Re. Travis County Healthcare District Financial Policies for Fiscal Year 2018

Overview

This memorandum is respectfully submitted in response to the Travis County Commissioners Court (“Court”) request for information related to the order to amend the Travis County Healthcare District’s Financial Policies (the “Order Amending the Travis County Healthcare District Financial Policies for FY17” or “Order”). The information is presented in the following order: Amendments deliberated to date, additional amendments, and future actions that will be undertaken by Central Health or brought to the Central Health’s Board of Managers for possible action.

As part of our process for developing this memorandum, Central Health and Travis County staff co-convened a public workshop with the Travis County Auditor at Travis County offices on September 14, 2017. We truly appreciate the Court hosting this workshop and the members of the court who were in attendance. Consideration was given to all input received in the workshop. The Central Health staff would like to thank the invited speakers, its attending Board members, and County officials and staff for their attendance.

Amendments to Date

The Travis County Healthcare District d/b/a Central Health agreed to an additional amendment at the Court’s voting session on August 29, 2017. This amendment allows for the submission of the Sendero annual financial audit to the County Auditor by July 31 each year.

Additional Amendments

The following amendments are presented for the Court’s consideration. Central Health is already performing many of the functions proposed in the amendments to some degree, which we note in the following discussion. Further, where the proposed amendments create potential conflicts with our ability to serve the low income and uninsured in Travis County or comply with state and federal laws, we note as much so that the Court and public are informed. If a conflict actually arises, Central Health will need to determine the prudent course of action.

(Paragraph numbers correspond with the section numbers in the Order, except where noted as “Proposed Section.”)

3. Include Texas Health and Safety Code Chapter 281 and a reference to applicable sections of Chapter 61, in part, in the list of applicable law. Insert requirement that both Texas Constitutional and Chapter 281 and 61 citations be included as performance requisites in contracts and/or agreements with vendors, healthcare providers, and the affiliated Central Health business entities: Community Care, Sendero, Community Care Collaborative, and Capital City Innovation.

Discussion: Central Health, as a matter of law, is required to comply with all applicable statutes and constitutional requirements including Texas Constitution Article III, Sections 52(a) and the Texas Health & Safety Code Chapter 281, ensuring among other requirements that funds are used for a public purpose and not a donation. Central Health adheres to these requirements in our contracts with vendors as do our affiliated units and affiliated nonprofits when applicable. Central Health contracts require that a vendor, contractor, or service provider maintain service records and permit Central Health to audit or inspect these records at any time and for up to four years hence (Note: additional discussion is provided under a proposed new section, “Proposed Section – Records Retention,” below.) What is not clear, however, is the assertion that Central Health is required to meet every obligation of Chapter 61 Texas Health and Safety Code in its entirety. There are certain provisions that apply to eligibility and provision of care at twenty-one percent of the Federal Poverty Level, e.g., Section 61.006; however, there are provisions related to specific services from which Central Health is exempt due to a limited application to hospital districts providing services prior to January 1, 1999 (See Section 61.028, made applicable to districts under Section 61.055).

Discussion: CMS regularly audits both Seton and St. David’s regarding the monies they receive through Central Health’s Intergovernmental Transfers for the uncompensated care they provide at their facilities. We will ensure that our Board and the public receives more information about the State of Texas’ determination of how much care is provided by the hospital providers to draw down funds supported by Central Health’s Intergovernmental Transfer.

Proposed Section – Records Retention. Central Health shall demonstrate to the County, as part of the annual budget adoption before the Travis County Commissioner’s Court or upon request by a delegated agent or employee of the County, all means of maintaining patient records, service delivery, and other pertinent data either directly or through its contracts or affiliations.

Discussion: There has been some question about the health care records for the people that are covered under Central Health programs, including at the aforementioned public workshop held on September 14. For purposes of this discussion, it is important to distinguish between patient service records, medical records, and data. Central Health

does not deliver direct health care services. Health care providers are legally required to maintain patient service and medical records pursuant to state and federal laws that mandate how these records must be protected. Central Health in proposing this amendment is not waiving any legal obligations or rights, including those of patients and providers. Central Health does, however, have an undeniable obligation and necessity to receive *data* on patient care, including the broad categories of data discussed at the workshop. For instance, Central Health, through our affiliated nonprofit Community Care Collaborative, has records of all ambulatory and primary health care services furnished by our provider network including care that has occurred through pilot programs at the Dell Medical School. In addition, we started receiving hospital data from Seton in 2015. To augment our data collection, the Community Care Collaborative has implemented a Third Party Administrator contract and is working towards collecting more data—much in the same way private health insurance plans collect data—from all providers, including Seton, starting in late 2017.

Central Health assumed co-applicant status with CommUnityCare—now a Federally Qualified Health Center—in 2009. CommUnityCare maintains all of these patient records and works with the Community Care Collaborative data analysts to ensure that these records are integrated with the care offered by other providers. Community Care Collaborative, in developing an integrated delivery system, has made considerable investment in the collection, maintenance, and security of our patient records. As much of this information is sensitive and protected by the Health Information Portability Accountability Act, it is highly guarded and access to these records is governed by and must adhere to certain protocols.

There is another category of information, patient eligibility. Eligibility data refers to the information about persons applying for the Medical Access Program and sliding fee-scale programs funded by Central Health. This information includes protected personal information including zip code, income, and documented status.

Regardless of the use or type of information, knowing what is collected, by whom, and reviewing the relevant data to verify services and improving planning is a basic management function. As such, a general requirement to demonstrate records and information practices is easily included in any policy document that seeks to improve transparency and accountability.

Proposed Section – Allocation of Funds on Collaborative Projects. Central Health shall demonstrate to the County, as part of the annual budget adoption before the Travis County Commissioner’s Court or upon request by a delegated agent or employee of the County, the process by which it ensures review of business practices and the means by which Central Health funds are allocated in a proportionate manner to pay for or benefit the population served by Central Health.

Discussion: Central Health serves a broad population, one whose attributes, location, and size changes over time. Further, what constitutes health care is changing in scope, as more attention is focused on prevention and keeping people healthy. Consider the following:

- Definitions of health and health care delivery continue to broaden as more research develops around the importance of the social determinants of health. By addressing these determinants, it is likely that the overall health of larger portions of the population might be affected, for the better, but the ability to distinguish between program eligible persons and those who are not would become ineffective and less proportionate to the large benefit to the eligible population. Even within a single household, you might have both eligible and non-eligible persons.
- As another hypothetical: for population health, a case could be made for providing free, voluntary flu inoculations for the entire population of Travis County. This strategy would provide better odds for the population served by Central Health for not contracting the flu as immunity is gained when the entire community is inoculated.
- Limiting healthcare to only conventional Western or clinic-based approaches may ignore other evidence-based techniques that may be more culturally appropriate and cost-effective. In community discussions, the issue of meditation has been raised as a more culturally appropriate form of coping with mental health issues. The use of mid-wives in birthing has been raised in community meetings. To have a strict set of controls that only enables conventional western or clinical-based and traditionally “billable” medicine is forcing the District to pay for therapies that are less culturally appropriate and more expensive.

The Central Health Board of Managers has broad discretion to determine what health care services to provide and allocate available funds to include wellness services including exercise classes, nutrition counseling, and housing security. Central Health also primarily serves Travis County residents up to 200% of the Federal Poverty Limit, but pursuant to federal law, cannot deny the treatment for anyone who enters into one of CommUnityCare’s Federally Qualified Health Centers. Inappropriate interpretation or application of the Texas Health and Safety Code could severely damage the health of the community and cause Central Health to be out of compliance with federal law. Nonetheless, Central Health will make certain that all collaborative projects include clear definitions and procedures to ensure that only appropriate expenditures and proportionate share of costs are borne by Central Health for needed or beneficial services.

Future Actions

10. For further consideration by the Court, I am making the following commitments as matters of operations or future goals, which at the Court's discretion may be included in the Order as policy or by notation of attachment of this memorandum:

- An independent third party performance review or audit, will be performed periodically, no less than every five years. This review will include Central Health affiliated entities and nonprofit organizations where Central Health is a majority member. These reviews will be a matter public record and include substantial public input as part of the review process. The reviews or audits will evaluate and provide recommendations on compliance procedures, efficacy and relevancy of partnerships and affiliations, and management or contracting practices needing improvement. Additionally, the five-year reviews or audits will not preclude other targeted reviews and audits.
- In addition, Central Health and the Dell Medical School are actively engaged in meetings to discuss the next iteration of the affiliation as the medical school continues to evolve. By adhering to sound business principles, we will collectively work to ensure funds are spent in a manner consistent with the mission of Central Health. Taking a business-oriented approach varies by organization. For purposes of general understanding, I have attached an excerpt from the President/CEO report to the Central Health Board of Managers for the Court's review.
- The scope of the current performance review underway as of the date of this memo will be expanded to include Sendero. Additionally, I will bring back before the Board of Managers, on or before the October 2017 regularly scheduled meeting, a discussion of the current scope of the review, how the review will consider the past actions related to the formation of the Seton and Dell Medical School affiliations, and how best to address the issues raised in the workshop regarding overall governance procedures and processes as they relate to contracting, forming partnerships, and seeking legal counsel. Through this discussion, the Board or myself can certainly expand review scopes or initiate additional audits.
- Continued work toward the Government Finance Officers Association distinguished budget designation. While staff at Central Health are advised that this process might take up to three to five years, Central Health will continue with diligent efforts toward this designation and provide progress updates to the County.
- Presentation of a plan to the Central Health Board of Managers to televise Board meetings starting in Fiscal Year 2018. Further, Central Health will continue to webcast and archive meetings as has been its practice in recent years.

Discussion: These issues fall under transitional activity on my part as a new President and CEO, and involves a more comprehensive review of certain business practices,

policies, and procedures of Central Health. Such work has been identified as an essential function and reported to the Board of Managers. For these reasons, I recommend additional time to complete the portion of the work related to strategic partnerships and for the Board to have a full and complete understanding of the scope of the current review. The current performance review also presents a great opportunity to evaluate Central Health and all its operations and affiliations. Once the scope of the current review is commonly understood, the Board of Managers or I can further direct additional reviews or audits. Additionally, any legal issues can and will be addressed in the Board's procurement of legal opinions.

Conclusion

Central Health recognizes the important oversight role that the Travis County Commissioners Court plays in approving our budget and tax rate. We appreciate your consideration of these proposed changes to the Order and future actions to be undertaken by Central Health.