

# Fiscal Year 2022 Proposed Budget

Central Health Budget & Finance Committee

June 14, 2021

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# PROPOSED STRATEGIC PRIORITIES: FY 2022

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

### **• Eastern Travis County Site expansions**

- Hornsby Bend
- Del Valle
- Colony Park

## **Objective 3: Sustainable financial model for health care delivery**

- Ensure sustainable hospital service funding model that provides measurable timely access and high-quality care
- Ensure long term efficiency in land use
  - Brackenridge/Downtown Campus
  - Administration consolidation

## **Objective 2: Implement patient-focused and coordinated health care system**

Systems-Based Planning & Health Equity -  
Phase III and IV

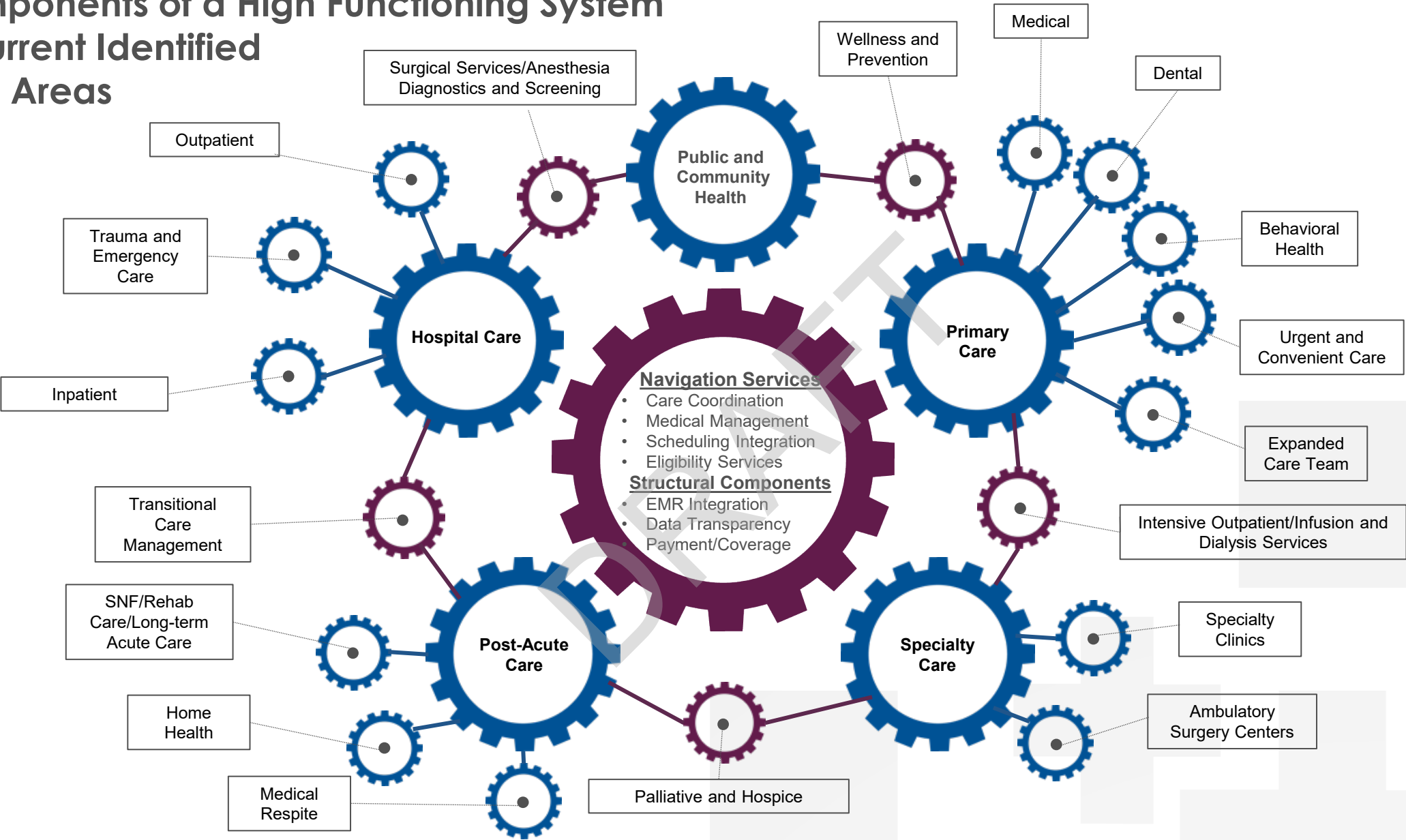
- Strategic services plan
- Operational implementation plan
- Operational financial plan

Systems-Based Planning & Health Equity -  
Immediate Service Delivery Focus Areas

- Specialty care access
- Health care for the homeless
- Behavioral health
- Substance use disorder
- Clinical and patient education
- Transitions of care



# Components of a High Functioning System & Current Identified Gap Areas



# FY2022 Highlights

## Increase in Property Tax Revenue

- Maintenance and Operations at 6% over the No New Revenue rate for strategic priorities and Debt Service rate for new debt issuance for board approved capital projects

## Investment in Healthcare Delivery Program

- Implement strategic priorities in healthcare services to support new initiatives and ongoing programs
- Increased investments in MAP and MAP Basic programs
- Do not anticipate funding a hospital payment model in FY2022
- Phasing out of the DSRIP program

## Investment in Operational Excellence and Staff



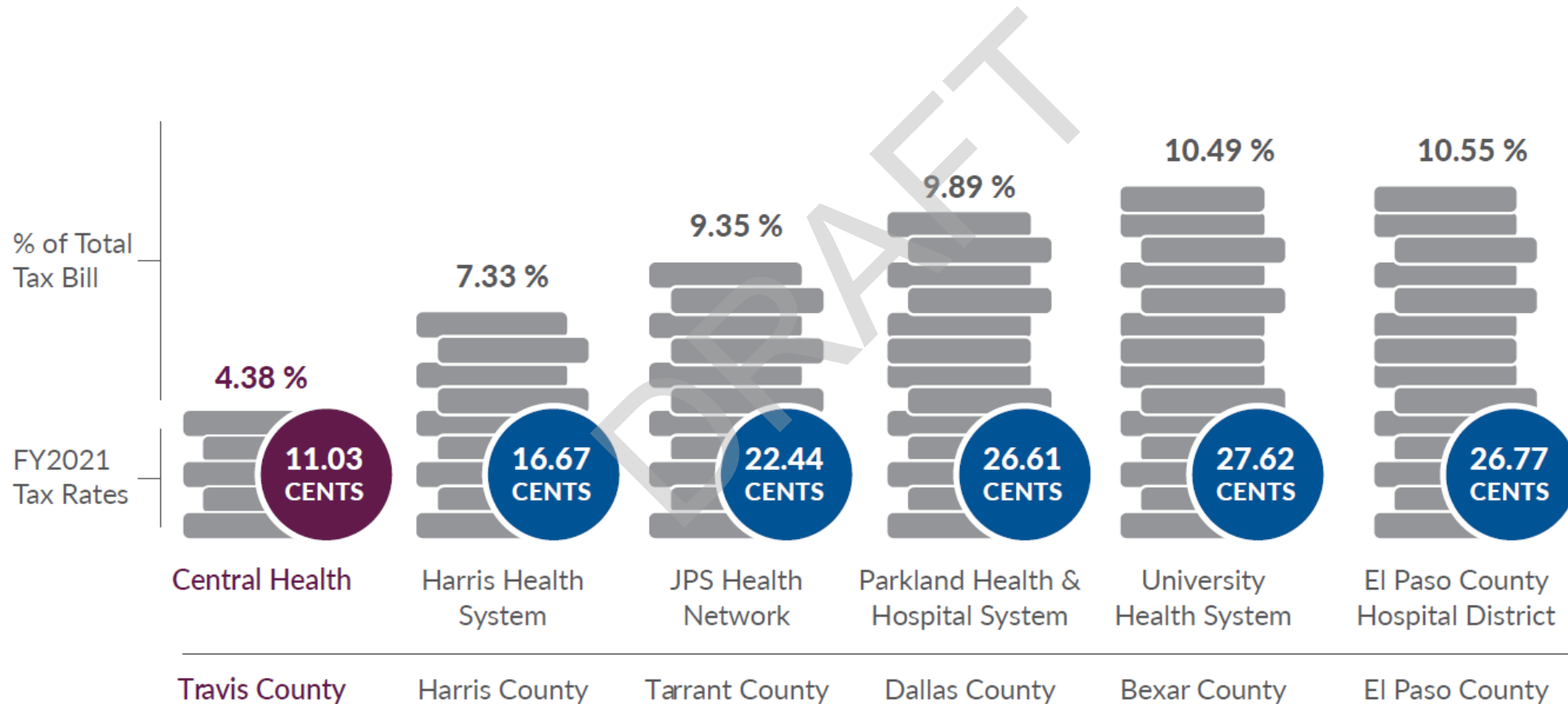
# FY2022 Highlights

## Business Planning and Staff Investments

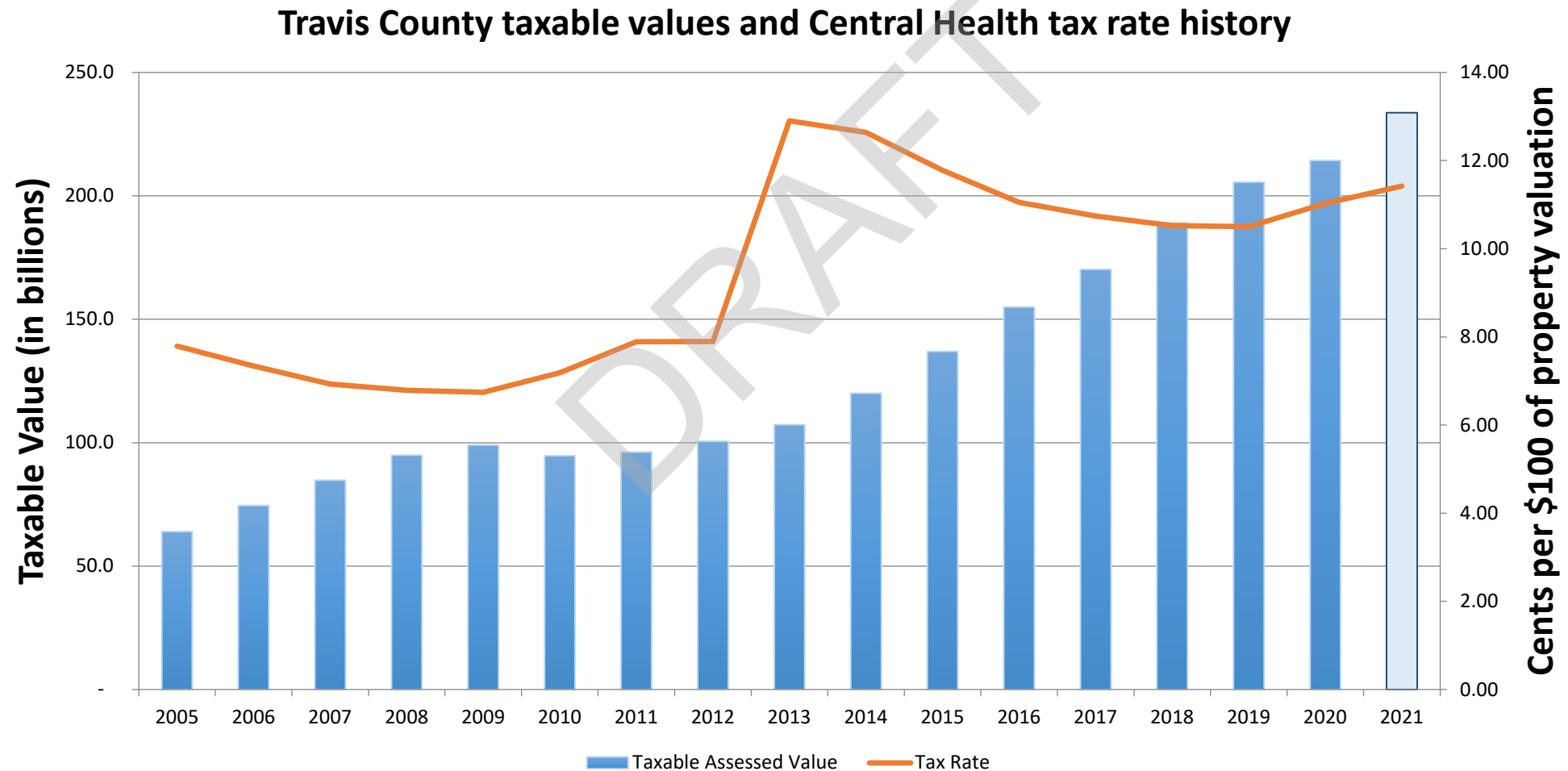
- Robust organizational business planning processes in place and used in FY2022 planning for new staff and initiatives
- 20 Business Cases presented to leadership team for review
- Healthcare Delivery:
  - Systems Based Planning Work - \$7.3M
  - Investment in staff support for Eligibility, Clinical Practice development and Joint Technology Team – 24 New FTE
- Administration:
  - HUB Program and DEI Program development
  - Investment in staff to support new healthcare initiatives and expanding services– 8 New FTE
- 5% Merit Increase included (excludes executive level)



# MAJOR TEXAS HOSPITAL DISTRICTS: FY 2021 TAX BURDEN COMPARISONS



# Taxable Values by Tax Year (in Billions)



# FY2022 Proposed Tax Rate

## 6.0% over M&O No New Revenue Rate

	FY20	FY21	FY22 Proposed
Average Taxable Homestead Value	\$347,655	\$355,379	\$386,341
Homestead Appreciation		2.2%	8.7%
Tax Rate	10.5573	11.0306	11.4226
M&O	10.4906	10.9717	11.1449
Debt Service	0.0667	0.0589	0.2777
Tax Bill	\$367.03	\$392.00	\$441.30
M&O	\$364.71	\$389.91	\$430.57
Debt Service	\$2.32	\$2.09	\$10.73
Annual Increase = \$49.30 (12.58%) (M&O=\$40.66 & Debt Service = \$8.64)			

Homestead Exemption	Over 65 Homestead Exemption	Disability Homestead Exemption
FY22 Proposed (A)	\$100,000	\$100,000
FY21 Approved	\$85,500	\$85,500

(A) Includes 20% the maximum allowable by state law (\$5,000 minimum)





# Financial Risks

## Economic

- Economic Downturn
- High levels of inflation

## Regulatory

- Uncertainty of future supplemental program funding for uninsured
- Discontinuance of DSRIP program – no alternative funding programs
  - Transition of CCC healthcare costs
  - Maintaining successful levels of accomplishment
- Regulatory Actions – OIG audit of HHSC
- HIPPA and privacy

## Costs to provide necessary levels of healthcare

- Systems of Care funding of gaps in care
- Anticipated future direct funding of Hospital services
- Future Pandemic/Pandemic variants

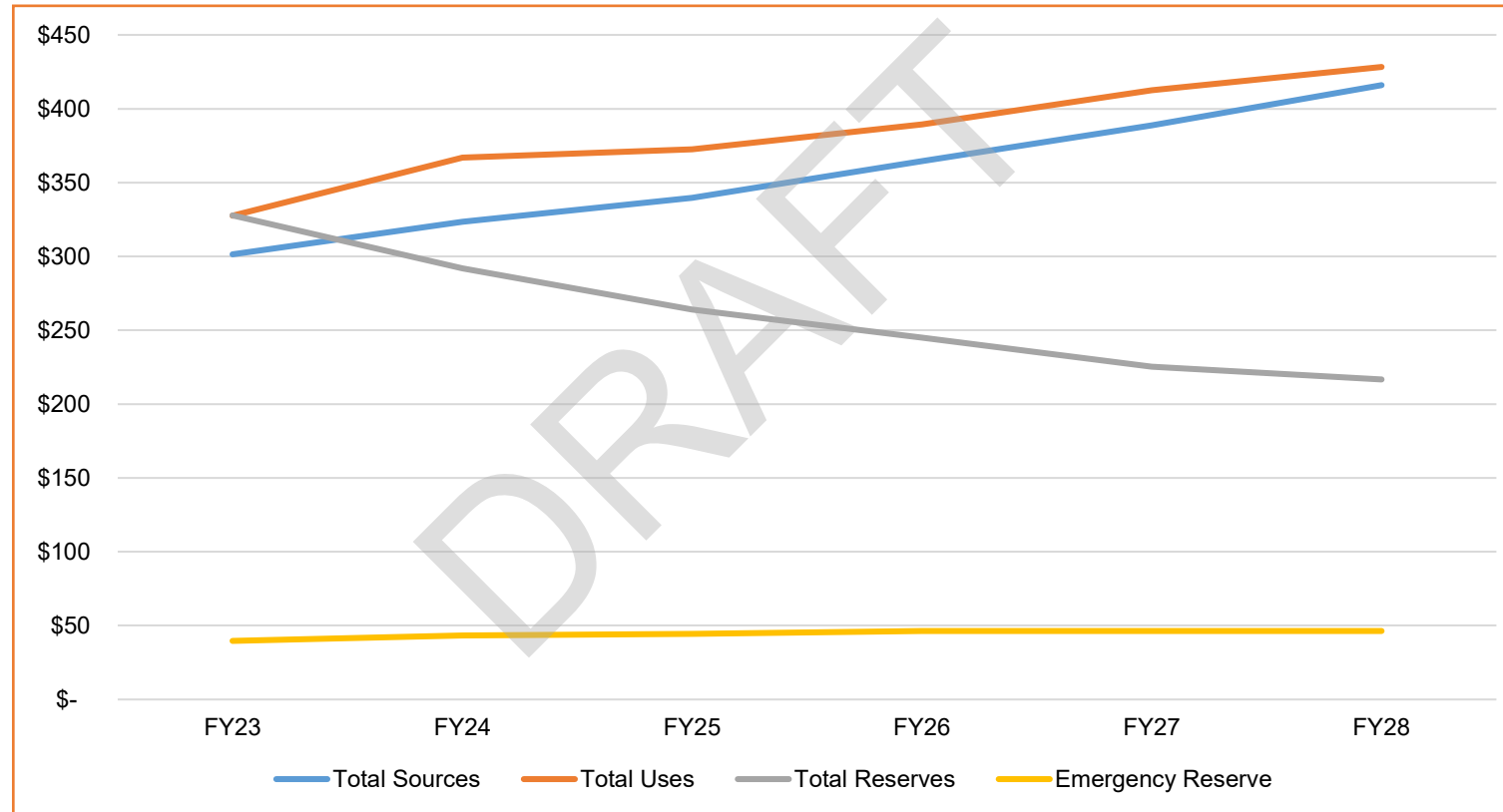
## Sendero

- Future risk-based capital requirements
- Cash flow requirements due to timing of ACA risk-adjustment payment



# 6-Year Forecast 6.0% over M&O No New Revenue Rate

\*updated June 2021

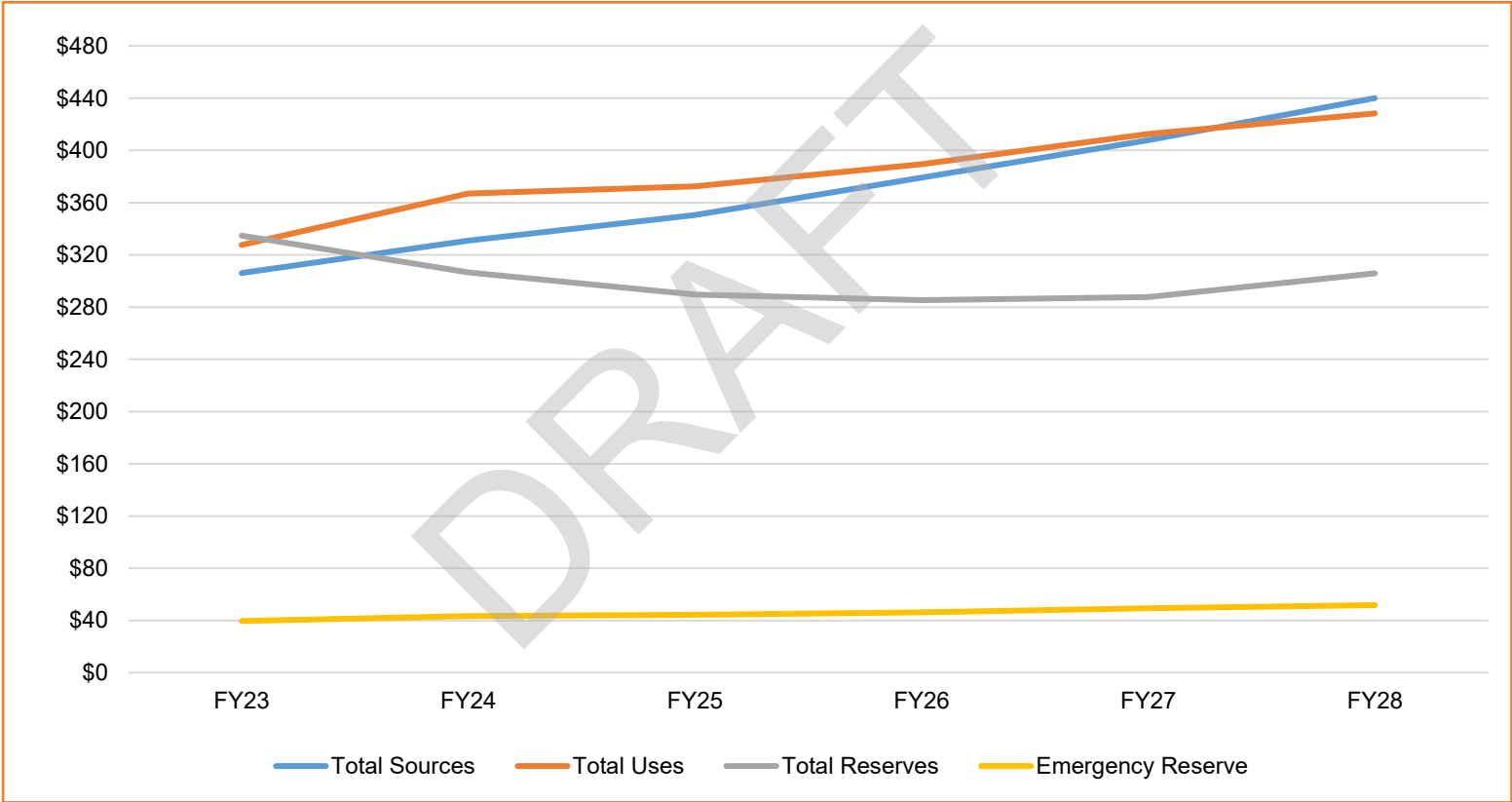


	FY23	FY24	FY25	FY26	FY27	FY28
Total Sources	\$ 301	\$ 323	\$ 340	\$ 364	\$ 389	\$ 416
Total Uses	\$ 327	\$ 367	\$ 373	\$ 390	\$ 413	\$ 429
Total Reserves	\$ 328	\$ 292	\$ 263	\$ 244	\$ 223	\$ 214
Days of Cash on Hand	361	286	254	225	194	179



# 6-Year Forecast 6.9% over M&O No New Revenue Rate

\*updated June 2021

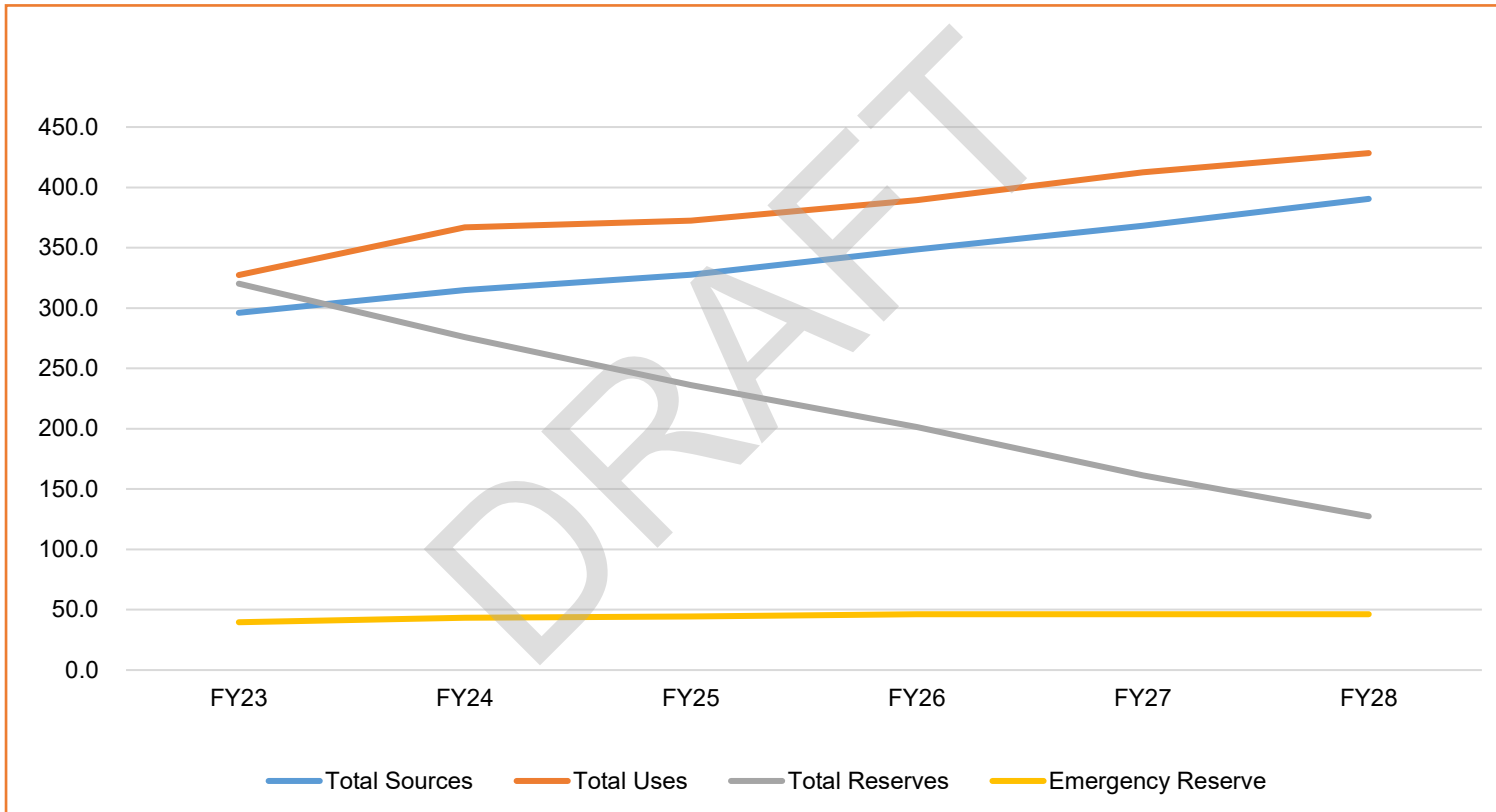


	FY23	FY24	FY25	FY26	FY27	FY28
Total Sources	\$ 306	\$ 331	\$ 351	\$ 379	\$ 408	\$ 440
Total Uses	\$ 327	\$ 367	\$ 373	\$ 390	\$ 413	\$ 429
Total Reserves	\$ 335	\$ 306	\$ 289	\$ 284	\$ 286	\$ 303
Days of Cash on Hand	368	300	279	262	249	254



# 6-Year Forecast 5.0% over M&O No New Revenue Rate

\*updated June 2021



	FY23	FY24	FY25	FY26	FY27	FY28
Total Sources	296.1	315.0	327.8	348.6	368.4	390.6
Total Uses	327.4	367.3	373.0	390.1	413.4	429.5
Total Reserves	320.5	276.0	235.6	200.2	159.2	124.3
Days of Cash on Hand	352	270	227	185	139	104



# Central Health FY 2022 Proposed Budget

## Attachment A – Sources and Uses with FY2021 Year End Estimate

DESCRIPTION	FY 2021 APPROVED BUDGET	FY 2021 YEAR END ESTIMATE	FY 2022 PROPOSED BUDGET	Variance
<b>TAX RATE</b>	<b>0.110306</b>	<b>0.110306</b>	<b>0.114226</b>	<b>0.003920</b>
<b>SOURCES</b>				
Property Taxes	234,057,519	236,057,000	264,320,981	30,263,462
Lease Revenue	12,909,866	11,750,402	13,422,399	512,533
Tobacco Litigation Settlement	2,800,000	3,500,000	3,000,000	200,000
Other	1,720,000	1,020,000	3,000,000	1,280,000
Subtotal Revenue	<b>251,487,385</b>	<b>252,327,402</b>	<b>283,743,380</b>	<b>32,255,995</b>
Contingency Reserve Carryforward	115,856,728	136,179,000	226,521,399	110,664,671
<b>Total Sources</b>	<b>367,344,113</b>	<b>388,506,402</b>	<b>510,264,779</b>	<b>142,920,666</b>
<b>USES</b>				
Healthcare Delivery	353,858,895	150,724,533	494,843,857	140,984,963
Administration	11,399,403	9,360,470	13,250,069	1,850,666
Tax Collection	2,085,816	1,900,000	2,170,853	85,037
<b>Total Uses</b>	<b>367,344,113</b>	<b>161,985,003</b>	<b>510,264,779</b>	<b>142,920,666</b>
<b>RESERVES</b>				
Contingency Reserve		226,521,399		-
Emergency Reserve	38,719,836	38,719,836	38,719,836	-
<b>Total Reserves</b>	<b>38,719,836</b>	<b>265,241,235</b>	<b>38,719,836</b>	<b>-</b>



# Central Health FY 2022 Proposed Budget

## FY2021 Year End Estimate

Uses of Funds	FY21 Budget	FY21 Year End Estimate	Variance
<b>Healthcare Services</b>			
Inter-Governmental Transfers (IGTs)	23,528,000	24,895,997	1,367,997
Primary Care	56,935,000	43,000,000	(13,935,000)
Specialty Care, incld Dental & Behavioral Health	15,598,856	7,600,000	(7,998,856)
Pharmacy	13,250,000	9,500,000	(3,750,000)
Post Acute Care	5,400,000	-	(5,400,000)
All Other Healthcare Services	4,279,864	3,319,990	(959,874)
Hospital and Specialty Services & Incentives	59,700,000	-	(59,700,000)
ACA Premium Assist, Education, Enrollment	12,160,674	12,101,320	(59,354)
Healthcare Facilities and Campus Redevelopment	6,097,472	5,868,430	(229,042)
Healthcare Delivery Operating Costs	29,473,029	20,558,796	(8,914,233)
Debt, Reserves and Transfers	40,372,000	23,880,000	(16,492,000)
Contingency Reserve	87,064,000	-	(87,064,000)
<b>Total Healthcare Delivery</b>	<b>353,858,895</b>	<b>150,724,533</b>	<b>(203,134,362)</b>
Administration	11,399,403	9,360,470	(2,038,933)
Tax Collection Expenses	2,085,816	1,900,000	(185,816)
<b>Total Uses</b>	<b>367,344,113</b>	<b>161,985,003</b>	<b>(205,359,111)</b>



# Central Health FY 2022 Proposed Budget

## Attachment B – Uses of Funds Details

DESCRIPTION	FY 2021 APPROVED BUDGET	FY 2022 PROPOSED BUDGET 06/14/2021	Variance
<b>HEALTH CARE DELIVERY</b>			
<b>Intergovernmental transfers:</b>			
IGT - CCC DSRIP	23,528,575	15,509,298	(8,019,277)
<b>Total Intergovernmental Transfers</b>	<b>23,528,575</b>	<b>15,509,298</b>	<b>(8,019,277)</b>
<b>Healthcare Services</b>			
Primary Care: Medical, Dental, & Behavioral Health	56,935,000	59,465,000	2,530,000
Specialty Care: including Specialty Dental	12,565,000	15,775,000	3,210,000
Specialty Care: Behavioral Health	1,883,856	1,383,856	(500,000)
Post Acute Care	5,400,000	2,150,000	(3,250,000)
Pharmacy	13,250,000	14,250,000	1,000,000
Hospital & Specialty Services	57,000,000	-	(57,000,000)
Hospital Performance Incentive	2,700,000	-	(2,700,000)
Reproductive and Sexual Health	1,150,000	1,150,000	-
Healthcare Services - PSH/PFS Payment	600,000	-	(600,000)
MAP Eligibility Enhancements Reserve	-	2,000,000	2,000,000
Integrated Care Collaboration (ICC)	719,990	687,035	(32,955)
Community Health Care Initiatives Fund	875,000	875,000	-
Primary & Specialty Care Reserves	2,000,000	4,050,000	2,050,000
<b>Total Healthcare Services</b>	<b>155,078,846</b>	<b>101,785,891</b>	<b>(53,292,955)</b>



# Central Health FY 2022 Proposed Budget

## Attachment B – Uses of Funds Details

DESCRIPTION	FY 2021 APPROVED BUDGET	FY 2022 PROPOSED BUDGET 06/14/2021	Variance
<b>HEALTH CARE DELIVERY</b>			
<b>Healthcare Operations &amp; Support</b>			
ACA Healthcare Premium Assistance Programs	11,559,354	13,049,983	1,490,629
ACA Education and Enrollment	601,320	583,000	(18,320)
Healthcare Facilities and Campus Redevelopment	5,156,629	5,303,564	146,934
UT land lease for teaching hospital	940,843	981,231	40,388
Salary and Benefits	15,021,176	19,529,372	4,508,196
Legal	332,000	339,000	7,000
Consulting	1,085,500	840,000	(245,500)
Other professional services	7,065,656	6,785,398	(280,258)
Marketing, Community Relations & Engagement	839,990	1,082,274	242,284
Leases, security & maintenance	1,774,296	1,947,000	172,704
Insurance and Risk Management	-	142,000	142,000
Phones, computer equipment & utilities	2,449,460	3,293,473	844,013
Printing, copying, postage & signage	334,522	384,056	49,534
Travel, training and professional development	276,607	280,966	4,360
Other operating expenses	293,822	39,741	(254,081)
Health Care Capital Line of Credit	1,091,773	1,091,773	-
<b>Total Healthcare Operations</b>	<b>48,822,947</b>	<b>55,672,830</b>	<b>6,849,883</b>





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## Attachment B – Uses of Funds Details

DESCRIPTION	FY 2021 APPROVED BUDGET	FY 2022 PROPOSED BUDGET 06/14/2021	Variance
<b>HEALTH CARE DELIVERY</b>			
<b>Reserves, appropriated uses &amp; transfers:</b>			
Transfer to capital reserve	34,100,000	4,300,000	(29,800,000)
Transfer to emergency reserve	-	-	-
Transfer to Hospital Services Reserve	4,000,000	-	(4,000,000)
Sendero risk-based capital	-	-	-
Contingency reserve appropriation	87,064,169	311,090,727	224,026,558
<b>Total Reserves, appropriated uses &amp; transfers</b>	<b>125,164,169</b>	<b>315,390,727</b>	<b>190,226,558</b>
<b>Debt service:</b>			
Debt service - principal retirement	1,180,000	4,083,335	2,903,335
Debt service - interest	84,357	2,401,776	2,317,419
<b>Total Debt Service</b>	<b>1,264,357</b>	<b>6,485,111</b>	<b>5,220,754</b>



# Central Health FY 2022 Proposed Budget

## Attachment B – Uses of Funds Details

DESCRIPTION	FY 2021 APPROVED BUDGET	FY 2022 PROPOSED BUDGET 06/14/2021	Variance
<b>ADMINISTRATION</b>			
Salary and Benefits	5,561,651	7,054,581	1,492,931
Legal	1,497,136	1,456,636	(40,500)
Consulting	1,259,570	1,341,120	81,550
Investment Services (Travis County)	115,500	115,000	(500)
Benefits & Payroll administrative services	185,337	168,243	(17,094)
Other professional services	1,257,450	929,787	(327,663)
Marketing, Community Relations & Engagement	182,350	209,958	27,608
Leases, security & maintenance	244,940	274,250	29,310
Insurance & Risk Management	150,000	375,000	225,000
Phones, computer equipment & utilities	135,449	401,716	266,267
Printing, copying, postage & signage	85,245	60,745	(24,500)
Travel, training and professional development	222,282	370,789	148,507
Other operating expenses	502,494	492,244	(10,250)
<b>Total Administration</b>	<b>11,399,403</b>	<b>13,250,069</b>	<b>1,850,666</b>
<b>TAX COLLECTION</b>			
Appraisal District Svcs	1,123,128	1,179,284	56,156
Tax Collection Expense	962,688	991,569	28,881
<b>Total Tax Collection</b>	<b>2,085,816</b>	<b>2,170,853</b>	<b>85,037</b>
<b>TOTAL USES</b>	<b>367,344,113</b>	<b>510,264,779</b>	<b>142,920,666</b>



# FY2022 Budget Calendar

- ✓ April 28 Central Health Board of Managers  
(FY 2022 Central Health 5 Year Forecast)
- ✓ May 12 Central Health Strategic Planning Committee Meeting  
(FY 2022 Strategic Priorities)
- ✓ May 26 Central Health Board of Managers Meeting  
(FY 2022 Central Health Capital Budget and Forecast)
- ✓ June 14 Central Health Board of Managers Meeting  
(FY 2022 Central Health Proposed Budget)
- June 17 Community Conversation
- June 30 Central Health Board of Managers Meeting  
(FY2022 Central Health Proposed Budget)
- Aug. 9\* Central Health Board of Managers Meeting  
(FY2022 Central Health Proposed Budget and tax rate)



# FY2022 Budget Calendar

- Aug. 25 Central Health Board of Managers Meeting  
(FY2020 Central Health Proposed Budget and Tax Rate)
- Aug. 26 Community Conversation  
(FY2022 Proposed Budget)
- Sept. 2\* Central Health Public Hearing  
(FY2022 Central Health Proposed Budget and Tax Rate)
- Sept. 9\* Central Health Board of Managers Meeting  
(FY2022 Central Health Budget and Tax Rate Adopted; CCC Budget Approval)
- Sept. 21\* Travis County Commissioners Court  
(FY2022 Central Health Budget and Tax Rate Adopted)



# Questions?

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