



## **Fiscal Year 2014 Proposed Budget Executive Summary**

The Community Care Collaborative is a 501(c)(3) corporation formed on June 1, 2013, pursuant to a Master Agreement between the Travis County Healthcare District, dba Central Health, Seton Healthcare Family (“Seton”), and the Community Care Collaborative (“CCC”).

Central Health (initially called the Travis County Hospital District) was created by voter referendum in May 2004 and organized as a hospital district under Chapter 281 of the Texas Health and Safety Code. From its inception, Central Health has worked to fulfill its mission – *to create access to healthcare for those who need it most*. During that time, Central Health has steadily increased the provision of primary care services to its covered population and has worked with a variety of healthcare providers and stakeholders to augment and improve the healthcare safety net here in Travis County. 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 \$4,946 for a family of four); however, Central Health also provides a Medical Access Program (MAP program) with a full benefit package to a population of eligible residents who are at or below 100% of the FPL.

Central Health owns the University Medical Center Brackenridge (UMCB) facility, which is operated by Seton under a long-term lease arrangement, initially with the City of Austin in 1995 and now with Central Health. UMCB serves as the safety-net hospital in Travis County that provides acute and specialty care to the MAP population as well as trauma services to all residents in an 11-county region. Since Central Health began operations in 2004, Seton and Central Health have collaborated to provide a continuum of healthcare services, with Central Health focusing on primary, specialty and behavioral health care. While the parties have made some progress in integrating the healthcare delivery system, there is still much to be done to ensure care is delivered at the right time and the right place.

In July 2011, the Texas Health and Human Services Commission (HHSC) announced the implementation of the Texas Healthcare Transformation and Quality Improvement Program, also called the 1115 Medicaid waiver. The waiver is intended to accomplish two things: one, to preserve the source of federal supplemental funding for the Upper Payment Limit program (now called the Uncompensated Care program, or “UC”) and two, to provide additional federal funds for transformative projects that enhance healthcare delivery through the Delivery System Reform and Incentive Payment (DSRIP) program.

Around the same time, in September 2011, a number of public and private sector entities began work on a “10 in 10” initiative to accomplish ten projects over ten years that will benefit Travis County and Central Texas, including: implementing an integrated delivery system to provide enhanced primary care, specialty care, behavioral health services, and women’s health services; building a medical school; and building a modern teaching hospital.

To take advantage of the momentum created by this initiative and to maximize the additional federal funding available through the waiver, the Central Health Board of Managers authorized a tax



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ratification election held on November 6, 2012, to increase Central Health's tax rate by five cents. The voters approved this increase, most of which will be used as a local match for the 1115 waiver, with the rest capitalizing the CCC.

With the availability of new federal funds to transform the healthcare delivery system, the commitment in the Master Agreement by Seton to build and operate a new teaching hospital, and a commitment of the University of Texas to build and operate a medical school in Austin, Central Health and Seton have formed the CCC to accomplish several purposes, including:

- provide a legal framework for an integrated delivery system (“IDS”);
- provide a governing/administrative framework for joint Central Health/Seton decisions on the MAP program, including funding levels, benefit package, and population covered;
- carry out Delivery System Reform Incentive Payment or “DSRIP” projects that will expand and better coordinate the delivery of services to the MAP population;
- integrate, coordinate, fund, and evaluate the provision of services through a network of providers formerly managed solely by Central Health; and
- ensure that the medical school, the teaching hospital, and the integrated delivery system collaborate to maximize the health and well-being of Travis County residents.

For more information on Central Health, the 1115 waiver, the Community Care Collaborative, or the Master Agreement with Seton, please go to the Central Health website at [www.centralhealth.net](http://www.centralhealth.net) or call (512) 978-8000.

This 2014 budget is the first full-year budget for the CCC, which has been operating under an interim budget since the effective date of the Master Agreement.

### **Sources of Funds in the 2014 CCC Budget**

The CCC has three sources of funds: DSRIP revenue, contributions from Central Health for indigent care, and contributions from Seton for indigent care. Section 3.1 of the Master Agreement establishes the parties' joint desire “to coordinate all available health care resources in order to organize and implement an IDS to integrate the provision of health care services for the safety net population in Travis County consistent with the terms of this Agreement.” The parties intend to collaborate each year to determine the level of “available resources” they will separately and jointly contribute to the CCC, “available resources” meaning existing resources that both parties have historically contributed to the delivery system and new resources available through the 1115 waiver and the tax ratification election.



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### **Uses of Funds in the 2014 CCC Budget**

In 2014, the CCC has four programs, consisting of Healthcare Delivery, DSRIP project costs, permitted investment payment to UT, and transfer to emergency reserve.

The Healthcare Delivery program consists primarily of service provider contracts that were formerly managed within Central Health. In FY 2014, the CCC will collaborate with partners and service providers to better coordinate the healthcare services delivered to the vulnerable population of Travis County.

The 1115 Waiver allows the state to expand Medicaid managed care while preserving hospital funding for underinsured and uninsured patients. In addition, the 1115 Waiver provided incentive payments to performing providers that improve and enhance the current healthcare delivery system in Texas. Currently, the CCC has proposed performing fourteen projects in this program. Although we are still awaiting final approval in all submitted projects, the timelines necessary to perform the projects requires the CCC to begin planning and implementation of all of the DSRIP projects. The DSRIP project cost program is the budget to perform the 14 DSRIP projects that the CCC, as a performing provider in the 1115 Waiver, will participate in during FY 2014.

There is also a permitted investment payment to UT included in this budget, although the terms of its payment to UT are still under discussion. The Central Health Board of Managers has approved a Memorandum of Understanding with UT and expects to enter into a more definitive service agreement in the near future. Lastly, an emergency reserve has been established in the amount of \$5 million for FY 2014 and will be used only for unanticipated or unexpected emergencies.