



CENTRAL HEALTH

2013 ANNUAL REPORT



TRANSFORMATION: Taking Root



OUR SHARED VISION

Central Texas is a model healthy community.

OUR MISSION

Central Health creates access to health care for those who need it most.

OUR VALUES

Central Health will achieve excellence through:

STEWARDSHIP: We maintain public trust through fiscal discipline and open and transparent communication.

INNOVATION: We create solutions to improve healthcare access.

RESPECT: We honor our relationship with those we serve and those with whom we work.

COLLABORATION: We partner with others to improve the health of our community.

OUR GOALS

ACCESS: Increase access to health care for residents of Travis County.

TECHNOLOGY: Maximize the use of technology community wide to inform health care decisions and delivery.

QUALITY: Strategically invest in practices designed to improve health care outcomes.

LEADERSHIP: Assume a leadership role in convening and planning for the health care needs of our community.



**CENTRAL
HEALTH**

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Every year, Central Health brings you the story of our achievements in the form of an annual report. Usually, it's filled with data about the number of services we funded, the number of individuals who received those services, and how we expanded access to care in Travis County. The accomplishments in this annual report for our 2013 fiscal year of course include those important facts and figures, but this past year has been much more about an expanded perspective on the future of health care in Central Texas. In many ways, it represents the beginning of the transformation of health care in Central Texas. A seed that has taken root and is beginning to grow.

Our 2013 fiscal year represented the conclusion of our prior strategic plan and the development of a new one that will guide our organization across the new health care landscape in which we find ourselves. Under the guidance of our new strategic plan, we will institute new metrics for quality of care and patient outcomes that will help us to better understand the impact our work is actually having.

We are also in a new role, leading many efforts related to this transformation. I cannot overstate the magnitude of the work that went into projects such as the 1115 Medicaid Transformation and Quality Improvement Waiver, the Master Agreement with Seton and the creation of the Community Care Collaborative, and the creation of the new Dell Medical School at The University of Texas at Austin. Throughout all of these efforts, Central Health was a key player, and our participation was essential to the achievement of those important goals.

It must be emphasized that while the major projects mentioned above are underway, Central Health maintains a laser focus on our mission of creating access to care for those who need it most. Every project we undertake and every new initiative we launch is aimed at that target. And we continue to hit that target. We provided access to care for more than 89,000 individuals. These are people in our community who otherwise would have either gone without health care at all, or been forced to utilize local emergency departments. Since our first full year of operation in 2005, we have increased primary care visits by 92 percent. In terms of real people actually seeing health care providers, that is just more than 340,000 visits in FY13.

**Stewardship, innovation, respect, and collaboration
are the values that drive us every day.**

With those values in mind, we knew we would need to ask the taxpayers of Travis County for additional help to maximize our potential. We made some big promises to you last year. We asked for your trust, and we asked you to approve an increase in our tax rate. On November 16, 2012, you passed Proposition 1, and with that mandate, we went to work. In this report is the story of our success in 2013.

Sincerely,

A handwritten signature in black ink, reading "Patricia A. Young Brown". The signature is fluid and cursive.

PATRICIA A. YOUNG BROWN, CPA
President & CEO
Central Health

SERVICES: Growth and expansion

340,126

total primary care visits in 2013

- 271,239 medical visits
- 25,482 integrated behavioral health visits
- 43,405 dental visits

89,412

total unique individuals received care
a 3 percent increase compared to fiscal year 2012

131,416

calls handled by the Central Health call center in 2013
an 18 percent increase compared to fiscal year 2012

11,060

STAR and CHIP members enrolled through Sendero Health Plans

22,418

average monthly enrollees in the Medical Access Program (MAP)

92%

increase in annual primary care visits since 2005

9%

increase in CommUnityCare visits compared to fiscal year 2012

Central Health was created by the taxpayers of Travis County to ensure the availability of quality health care to our most vulnerable residents. In order for us to accomplish this goal, we support several affiliated organizations - CommUnityCare, Sendero Health Plans, Inc. and the Community Care Collaborative - to help us build and maintain the fabric of our publicly accountable safety net health system. As partners, we all operate with a common objective to create access to care for those in our community who need it most.



TRANSFORMATION PROJECTS:

Across the region

REGION-WIDE:

68 projects

Value = over \$638m through life of the waiver

IN TRAVIS COUNTY:

46 projects

Value = over \$552m through life of the waiver

COMMUNITYCARE COLLABORATIVE:

14 Projects

Value = over \$237m through life of the waiver

CENTRAL HEALTH MATCHING SUPPORT:

31 projects

Value = over \$436m through life of the waiver



\$1.00 LOCAL FUNDING
+ \$1.40 FEDERAL MATCHING
\$2.40 FULL VALUE

1115 WAIVER: The seeds of transformation

The 1115 Waiver represents one of the most significant transformations of the health care system in Central Texas ever to be undertaken. Through the waiver's Delivery System Reform Incentive Payment Program, Central Health partners with health care providers to achieve better quality care and better population health at a better value. This five-year program, which has concluded its second year, may provide over \$638 million in local and federal matching dollars to fund 68 health care transformation projects in our six-county Central Texas Region. The region, known as Regional Healthcare Partnership 7, includes Travis, Bastrop, Caldwell, Fayette, Hays and Lee counties.

Central Health guides, supports, and achieves health care transformation in Central Texas. It guides transformation as the region's anchor, leading a Learning Collaborative and providing technical support to participating providers. It supports transformation by contributing local matching funds via intergovernmental transfer, a requirement to be eligible for federal funds. Central Health achieves health care transformation, along with its partners, by delivering the right care in the right setting at the right time through the Community Care Collaborative.

Central Health's supporting role as the intergovernmental transfer entity is essential to health care transformation in Travis County. The 1115 Waiver requires shared contributions—local funds are matched with federal funds and then returned to the community—and Central Health fulfills that sharing requirement. In Travis County, Central Health provides intergovernmental transfer for 31 projects valued at \$436 million. These projects are performed by University Medical Center Brackenridge, Dell Children's Medical Center, and Community Care Collaborative.



ONE OF THE MOST SIGNIFICANT TRANSFORMATIONS
OF THE HEALTH CARE SYSTEM IN CENTRAL TEXAS
EVER TO BE UNDERTAKEN

OUR SYSTEM OF CARE: Branching out



COMMUNITY CARE COLLABORATIVE

In June of 2013, Central Health and the Seton Healthcare Family signed a Master Agreement, through which the Community Care Collaborative (CCC) was formed. The CCC is a nonprofit, 501(c)(3) organization designed to integrate and manage outpatient, inpatient and post-acute care for vulnerable people in Travis County. This organization will knit together currently fragmented, disconnected pieces of the health care system into a continuum of care.



TRIPLE AIM OF THE CCC:

IMPROVED PATIENT
EXPERIENCE
HIGHER QUALITY CARE
COST EFFICIENCY

Operationally, in addition to serving as the hub for local safety-net health care, the CCC will implement multiple projects to help transform health care delivery services into a system that is:

Health Focused

The CCC will emphasize the prevention of illness, management of chronic diseases, and increasing the health status of its target population.

Patient Centered

Services that were once separate and disconnected will be integrated through a single system of care that is dedicated to supporting the patient with care services, support services and navigation through the system.

Data Driven

Access to real-time data and related analytics by providers will decrease duplication of services and support and improve decision making related to patient care.

Accountable

The fee-for-service methodology of payment will be replaced over time by a value-based system that rewards positive patient health outcomes.

Community Based

The CCC strives to incorporate input from the individuals it serves in order to meet the needs of our diverse and growing community.

www.communitycarecollaborative.net

Central Health builds partnerships and fosters collaboration to create access to health care. Our existing affiliates, Sendero Health Plans, Inc. and CommUnityCare, are integral components of our system of care. Each organization is an interlocking piece with the others, creating an integrated, comprehensive spectrum of services for thousands of Central Texans. These linkages allow us to provide a continuum of care for all those who rely on the services we all provide.



SENDERO HEALTH PLANS

The Central Health Board of Managers created Sendero Health Plans, Inc. in 2011 to expand the available health coverage options and the provider network for Central Texans. As the only non-profit, local health management organization (HMO) in our eight-county Travis Service Delivery Area (Burnet, Bastrop, Travis, Fayette, Hays, Williamson, Lee, and Caldwell), Sendero creates a new way to obtain health coverage under the publicly funded STAR and CHIP programs. In FY 2013, Sendero Health Plans had more than 11,000 STAR and CHIP members. Sendero is also a Qualified Health Plan for the Affordable Care Act, and will continue to enroll members in IdealCare through the March 31, 2014 deadline. In addition to offering their own plans, Sendero serves as the administrator for around 22,000 Travis County enrollees in Central Health's Medical Access Program (MAP). Sendero's expertise in such program management helps streamline and bring efficiency to this essential community service.

As a community based health plan, Sendero is positioned to evolve with the changing health care landscape to be the health plan provider of choice for a growing number of Central Texans, and allow revenue to stay in Central Texas to further improve our local healthcare system. Sendero shares a common mission with Central Health to create access to health services for those in our community who need it most.

www.senderohealth.com



COMMUNITYCARE

CommUnityCare is Central Health's affiliated Federally Qualified Health Center (FQHC) system. Launched in 2009 to provide primary care, pediatrics, women's services, HIV care, behavioral health services, dental care, nutrition counseling, and clinical pharmacy services, CommUnityCare saw approximately 70,000 patients through more than 270,000 visits in FY13.

CommUnityCare is the backbone of our network of health service providers for Travis County residents whose income and lack of private insurance qualifies them for services. CommUnityCare links these individuals, including enrollees in our Medical Access Program (MAP), to a medical home at one of their 22 locations. The medical home model is a great benefit to the patient and to the community, providing the full spectrum of health care in one location from a single team of health care providers, and is an effective and efficient way to deliver care, both in terms of cost and more importantly health outcomes.

As the largest community health center system in Travis County and one of the largest FQHCs in the nation, CommUnityCare is an essential component of Central Health's mission to create access to health care for those who need it most.

www.communitycaretx.org

DELL MEDICAL SCHOOL AND TEACHING HOSPITAL: Rooted in our mission



Central Health formalized a partnership with The University of Texas at Austin to support the creation of the Dell Medical School following the passage of Proposition 1 in the fall of 2012. As part of a major research university, the Dell Medical School will assist Central Health in its mission to create access to health care for those who need it most, by:

- serving as a community partner and catalyst for creating a leading edge, integrated health care system to build a healthier community.
- training medical professionals to serve low-income communities by offering opportunities to train in community-based settings.
- promoting multidisciplinary medical teams focused on health prevention.
- providing data and technologies to achieve better health outcomes and reduce health disparities.
- increasing the local supply of providers, especially primary care providers, trained in evidence-based practices.

www.utexas.edu/dell-medical-school

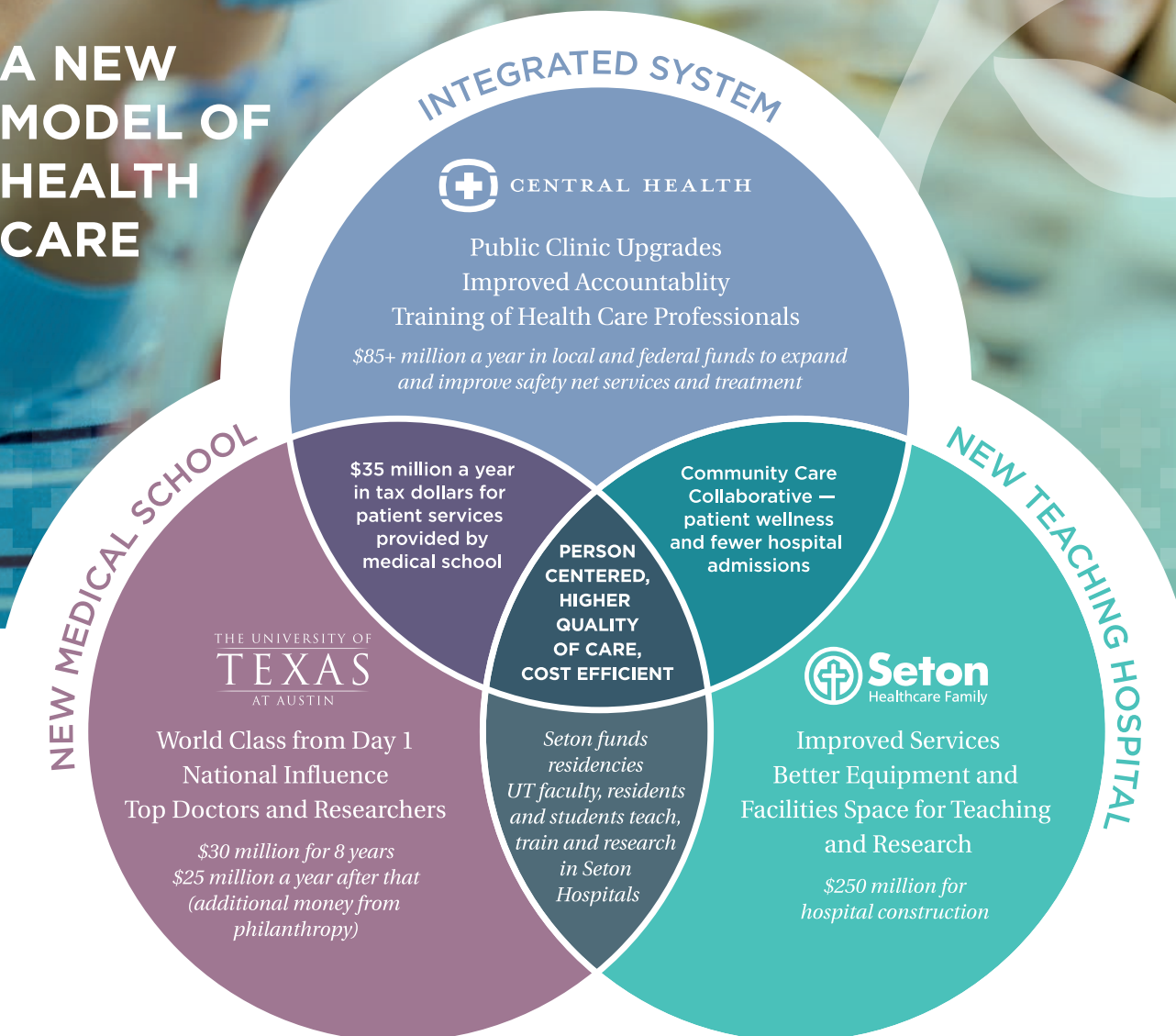
TEACHING HOSPITAL

Central Health is collaborating with Seton Healthcare Family to plan a new teaching hospital that will replace the University Medical Center Brackenridge. The hospital will serve as one of the training locations for the medical residents of the Dell Medical School while providing best-quality care to the Travis County population.

“At Central Health, our mission is to provide access to healthcare for our most vulnerable residents in Travis County. The new teaching hospital, along with the Dell Medical School, will strengthen the safety-net system and provide better care for our entire community.”

– Clarke Heidrick, *Central Health Board of Managers member*

A NEW MODEL OF HEALTH CARE





FY13 HIGHLIGHTED ACCOMPLISHMENTS

- **Proposition 1 was approved by Travis County voters in November 2012 – 55% YES votes**
- **Board of Managers approved the Master Agreement with Seton Healthcare Family in June, 2013 establishing the Community Care Collaborative**
- **Served as anchor entity for Regional Health Partnership 7 under the 1115 Waiver**
- **Established memorandum of understanding with The University of Texas at Austin and Seton Healthcare Family in August that set terms of the Dell Medical School, new teaching hospital, and Integrated Delivery System (IDS), and established resource commitments**
- **Began planning and programming for the Southeast Health & Wellness Center**
 1. Engaged in an extensive community engagement process
 2. Completed conceptual design phase incorporating public input
- **Developed a new FY14-16 Strategic Plan, establishing plan metrics, and incorporating public input on the plan for the first time**
- **Launched dedicated Web sites for Regional Health Partnership 7 (www.texasregion7rhp.net) and Community Care Collaborative (www.communitycarecollaborative.net)**
- **Participated on Dell Medical School Steering Committee and Dean Selection Committee**
- **Conducted a systematic approach for Health Insurance Marketplace outreach and education to avoid duplication of efforts with other partners and maximize use of existing resources**
 1. Developed and provided educational presentations on Patient Protection and Affordable Care Act (ACA) related efforts
 2. Developed key messaging and marketing material for community use
 3. Developed Austin Area Marketplace Partnership (AAMP) for ACA
- **Received a “clean opinion” for our fiscal year 2013 financial audit**
- **Awarded the Texas Comptroller Leadership Circle Silver Award for financial transparency**

TRAVIS COUNTY HEALTHCARE DISTRICT dba CENTRAL HEALTH

STATEMENTS OF NET POSITION

SEPTEMBER 30, 2013

	Primary Government	Component Units		
	Governmental Activities	CommUnity Care	Sendero	Community Care Collaborative
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 100,984	\$ 12,102,912	\$ 13,515,299	\$ 13,399,444
Restricted cash and cash equivalents	23	-	-	-
Short-term investments	90,802,467	-	-	-
Ad valorem taxes receivable, net of allowance for uncollectible taxes of \$1,325,984	541,219	-	-	-
Accounts receivable, net of allowance for doubtful amounts of \$7,061,126	-	1,676,632	-	-
Accounts receivable	-	-	1,113,487	-
Premiums receivable	-	-	227,177	-
Reinsurance recoverables	-	-	63,000	-
Grants receivable	-	1,213,628	-	-
Other receivables	498,863	-	-	-
Due from Travis County Healthcare District	-	510,834	-	-
Inventory	-	286,593	-	-
Funds held by others	-	-	60,725	-
Prepaid expenses and other assets	240,382	405,258	234,800	-
Total current assets	92,183,938	16,195,857	15,214,488	13,399,444
Noncurrent assets:				
Investments restricted for capital acquisition	6,629,838	-	-	-
Investments restricted for Sendero	15,083,000	-	1,700,000	-
Long-term receivables	4,000,000	-	-	-
Investment in Sendero	14,000,000	-	-	-
Capital assets:				
Land	10,464,414	-	-	-
Buildings and improvements	110,938,704	-	-	-
Equipment and furniture	6,116,154	2,039,331	24,373	-
Construction in progress	8,352,291	-	-	-
Less accumulated depreciation	(20,961,917)	(703,221)	(5,256)	-
Total capital assets, net	114,909,646	1,336,110	19,117	-
Total noncurrent assets	154,622,484	1,336,110	1,719,117	-
Total assets	246,806,422	17,531,967	16,933,605	13,399,444
LIABILITIES				
Current liabilities:				
Accounts payable	8,226,210	1,823,829	379,525	1,005,703
Unpaid losses and loss adjustment expenses	-	-	11,019,960	-
Claims payable	-	-	113,794	-
Salaries and benefits payable	463,350	3,140,637	-	-
Accrued interest	37,990	-	-	-
Due to other governments	-	-	-	-
Unearned revenue	-	68,232	-	-
Other accrued liabilities	-	1,449,885	795,525	-
Certificates of obligation	920,000	-	-	-
Capital lease obligation	-	121,128	-	-
Due to Travis County Healthcare District	-	-	344,531	-
Total current liabilities	9,647,550	6,603,711	12,653,335	1,005,703
Noncurrent liabilities:				
Certificates of obligation	13,240,000	-	-	-
Capital lease obligation, net of current portion	-	266,913	-	-
Due to Travis County Healthcare District	-	4,000,000	-	-
Total noncurrent liabilities	13,240,000	4,266,913	-	-
Total liabilities	22,887,550	10,870,624	12,653,335	1,005,703
NET POSITION				
Net investment in capital assets	100,749,646	-	-	-
Restricted for capital acquisition	3,138,642	-	-	-
Restricted for Sendero	15,083,000	-	-	-
Restricted for HMO	-	-	14,000,000	-
Unrestricted	104,947,584	6,661,343	(9,719,730)	12,393,741
Total net position	\$ 223,918,872	\$ 6,661,343	\$ 4,280,270	\$ 12,393,741

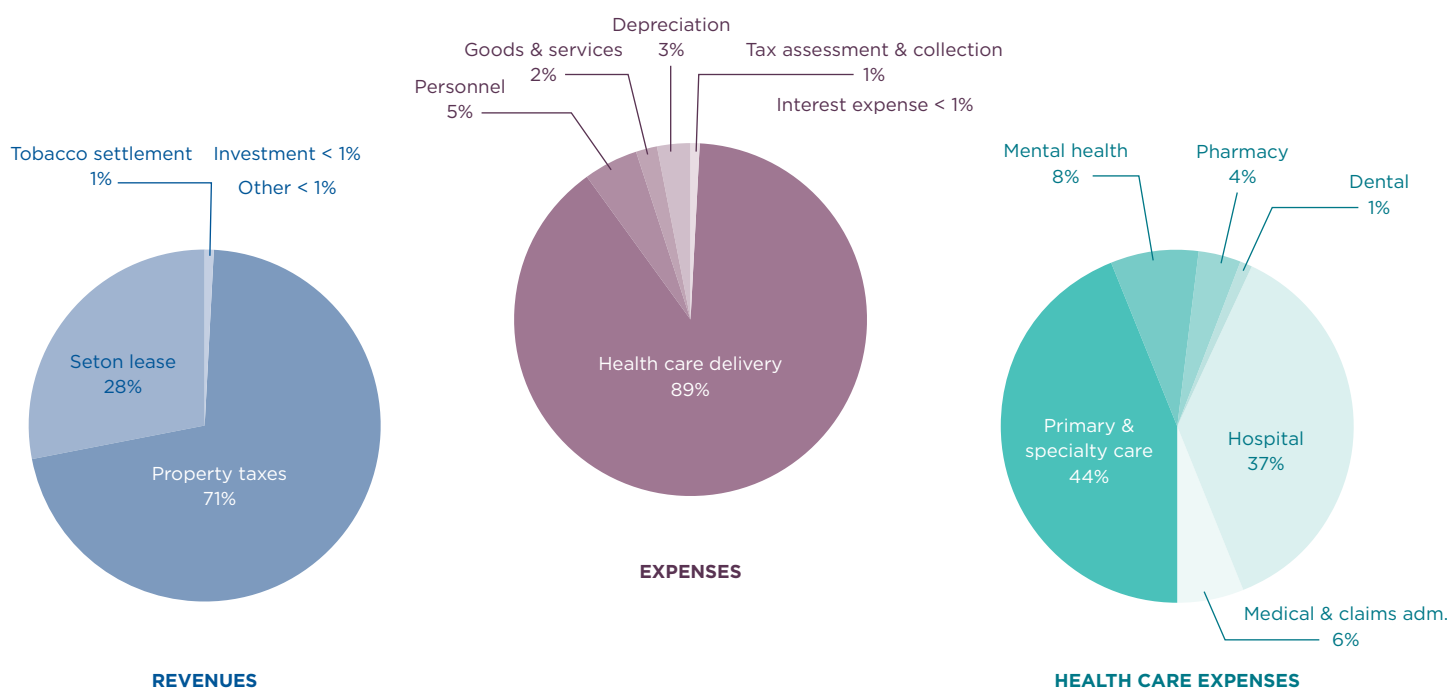
The notes to the financial statements are an integral part of these statements.

TRAVIS COUNTY HEALTHCARE DISTRICT dba CENTRAL HEALTH

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION YEAR ENDED SEPTEMBER 30, 2013

	Primary Government	Component Units		
	Governmental Activities	CommUnity Care	Sendero	Community Care Collaborative
Operating revenues:				
Lease revenue - additional rent	\$ 30,515,412	\$ -	\$ -	\$ -
Lease revenue - base rent	1,333,124	-	-	-
Patient service revenue	-	25,345,375	-	33,592,316
Premium revenue, net	-	-	32,891,522	-
ASO revenue	-	-	3,500,000	-
Grant revenue	-	5,955,023	-	-
Revenue received from Travis County Healthcare District	-	38,853,751	-	-
Total operating revenues	31,848,536	70,154,149	36,391,522	33,592,316
Operating expenses:				
Health care delivery	103,768,507	22,090,946	35,787,020	21,196,597
Salaries and benefits	5,172,430	41,526,592	3,658,526	-
Other purchased goods and services	2,696,801	4,334,247	3,280,471	1,978
Depreciation and amortization	3,844,532	344,493	3,907	-
Total operating expenses	115,482,270	68,296,278	42,729,924	21,198,575
Operating income (loss)	(83,633,734)	1,857,871	(6,338,402)	12,393,741
Nonoperating revenues (expenses):				
Ad valorem tax revenue	79,633,487	-	-	-
Tax assessment and collection expense	(812,580)	-	-	-
Tobacco settlement revenue, net	1,440,705	-	-	-
Investment income	179,788	-	10,388	-
Interest expense	(459,295)	-	-	-
Other revenue	9,600	-	-	-
Total nonoperating revenues, net	79,991,705	-	10,388	-
Change in net position	(3,642,029)	1,857,871	(6,328,014)	12,393,741
Total net position - beginning of year, as restated	227,560,901	4,803,472	10,608,284	-
Total net position - end of year	\$ 223,918,872	\$ 6,661,343	\$ 4,280,270	\$ 12,393,741

The notes to the financial statements are an integral part of these statements.



2013 BOARD OF MANAGERS



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Thomas B. Coopwood, M.D.



Kirk Kuykendall, J.D.⁴



Frank Rodriguez¹,
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Guadalupe Zamora, M.D.³



Anthony Haley, J.D.²,
Secretary



Lynne Hudson,
R.N.-C, M.P.H.



Patricia A. Young Brown, C.P.A.,
President and CEO

¹ Served through January 2013 | ² Served through August 2013 | ³ Joined in January 2013 | ⁴ Joined in August 2013



CENTRAL HEALTH

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