

AGENDA



Thursday, November 20, 2008

**Community Care Services
RECOMMENDATION FOR COUNCIL ACTION**
Item No. 5

Subject: Approve negotiation and execution of a Renewal to and Eighth Amendment of the City of Austin's Interlocal Agreement with the Travis County Healthcare District to fund the continued operation by City of the community health centers and of the District's medical assistance program for a five-month term, beginning October 1, 2008, and to adjust the District's monthly payment obligations.

Amount and Source of Funding: Funding is available in the Fiscal Year 2008-2009 Operating Budget of the Community Care Services Department.

Fiscal Note: There is no unanticipated fiscal impact. A fiscal note is not required.

For More Information: Phil DeFalco, Financial Manager/972-4022; David B. Vliet, CEO/972-4050

Prior Council Action: September 13, 2004, Council authorized negotiation and execution of an interlocal agreement with the District.

August 4, 2005, Council approved negotiation and execution of the first amendment to the interlocal agreement with the District.

September 12, 2005, Council authorized negotiation and execution of a renewal of and second amendment to the interlocal agreement with the District.

April 6, 2006, Council authorized negotiation and execution of the third amendment to the interlocal agreement with the District.

September 28, 2006, Council authorized negotiation and execution of a renewal and fourth amendment to the interlocal agreement with the District.

August 30, 2007, Council authorized execution of the fifth amendment to the interlocal agreement with the District.

November 8, 2007, Council authorized negotiation and execution of a renewal of and sixth amendment to the interlocal agreement with the District.

June 18, 2008, Council authorized negotiation and execution of the seventh amendment to the interlocal agreement with the District.

On May 15, 2004, the voters of Travis County approved the creation of the Travis County Hospital District, now called the Travis County Healthcare District (District). The governing statute, Chapter 281 of the Texas Health and Safety Code, required the transfer of certain property and operations of the City and Travis County to the District, so that the powers of the District could be implemented. The District assumed responsibility for funding and providing medical and hospital care for indigent and needy persons within Travis County.

The City and District entered into an interlocal agreement in 2004 to allow the City's Community Care Services Department (CCSD) to continue to operate the Community Health Center clinics (CHCs), as well as manage the Medical Assistance Programs and certain CHC contracts. This arrangement was needed to allow the District time to hire staff and adopt policies, and to permit the parties time to obtain approval from the federal government to transfer the City's Federally Qualified Health Center status to the District. The District funds the budget of the Community Care Services Department.

The interlocal agreement has been renewed and/or amended seven times to adjust the monthly payments made by the District or to address additional services or contract assignments.

In the summer of 2007, the City and the District jointly submitted an application to the U.S. Health Resources and Services Administration ("HRSA") requesting that HRSA approve a successor-in-interest transfer of the City's public-entity Federally Qualified Health Center grant status to the District. Our application asked that such transfer be effective on February 28, 2009. Although HRSA has not officially responded to this application, District representatives have been told that we should expect to receive official notice of the approval on or shortly before February 28, 2009.

This item requests authority to negotiate and execute an Eighth Renewal and Amendment to the interlocal agreement for a five-month term so that the City can continue providing services and the District can continue making monthly service payments to City through February 28, 2009, the anticipated transfer date. The renewal and amendment obligates the District to make monthly payments to City of \$2,509,142.80, for a total contract amount of \$12,545,714.00. If the transfer does not occur on February 28, 2009, the parties agree to a holdover, under which City would continue to provide services and District would continue to make monthly service payments, for up to sixty days. This amendment also addresses the addition of up to 21 FTEs to the Community Care Services Department during this five-month term, and commits the parties to execute agreements to assign Community Care Services contracts to the District, and any documents needed to finalize the transfer of Community Care Services Department employees to the District, or to a 501c3 corporation affiliated with the District, by February 28, 2009.

A copy of the Renewal and Eighth Amendment is attached.