

## A TRAVIS COUNTY HOSPITAL DISTRICT

3-25-04  
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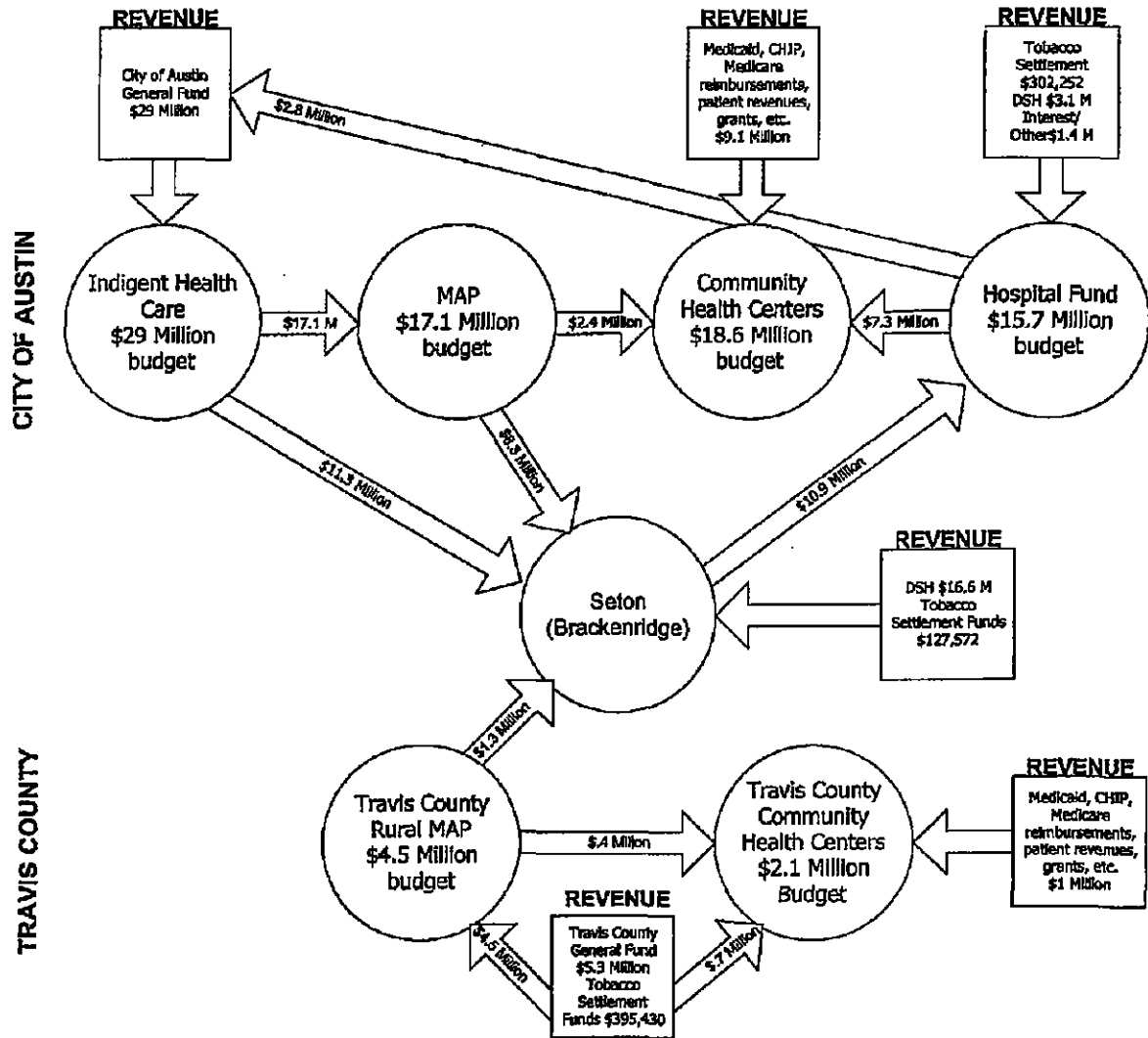
### An Accountable Response to the Looming Crisis in Healthcare

1. Community Health. "Community health" is our system that includes trauma and emergency care and care for those unable to pay the entire cost of their care. It is the system that must assure that we have well trained medical professionals and the right facilities and equipment in our emergency rooms when they are needed and that we provide access to healthcare to all in our community. We pay for "community health" now through (i) local property tax dollars, (ii) federal Medicare and Medicaid dollars, (iii) the absorption of uncompensated care by our existing healthcare providers, and (iv) payment by employers and employees of higher rates for health insurance. Our current system is failing, is not adequately funded and is unfairly funded.
  2. Central Texas Healthcare Facts
    - (a) Health insurance rates in Central Texas are among the highest in the nation and rising.
    - (b) Based on the current patient mix in Central Texas, 35% of patients with employer paid plans are subsidizing all other patients (25% with no insurance and 40% Medicaid and Medicare).
    - (c) Emergency room visits at area hospitals increasing at about 8% per annum.
    - (d) At least 25% of patients in hospital emergency rooms have no insurance or other financial resources with which to pay for services they receive.
    - (e) The cost of treating a patient in the emergency room of a hospital is many times more expensive than other alternatives.
    - (f) Most of our hospital emergency rooms are frequently on diversion (Brack > 30%).
    - (g) At least 25% of the patients in our emergency rooms can be treated as well in a doctor's office as in an emergency room.
    - (h) Our community is short 73 emergency room beds.
    - (i) Four additional trauma crash rooms are needed at Brackenridge with no space available until 2007.
    - (j) More than 25% of all trauma patients at Brackenridge are from outside the City of Austin.
    - (k) Our public and primary care health clinics (City, County, Peoples, Seton, El Buen) are full and people are being turned away.
    - (l) We are dramatically under-served in the area of inpatient psychiatric beds.
    - (m) We have no psychiatric emergency facility.
    - (n) Our tax spending for "community health" is substantially less than in other Texas cities (approximately \$.073 per \$100 of assessed valuation for City of Austin residents and \$.013 per \$100 for those outside the City but in Travis County versus more than \$.20 per \$100 in most other major metropolitan areas).
    - (o) Those living in the City are now paying more than 5½ times the tax rate for community health paid by Travis County residents outside the City.
    - (p) Those living outside of Travis County pay no taxes in support of the trauma and emergency infrastructure they can access in Travis County.
    - (q) Expansion of uncompensated care by our hospital systems is not sustainable.
    - (r) We are the only major metropolitan area in Texas without a hospital district or a medical school.
  3. Groups That Have Worked On The Problem; Process.
    - (a) 1997 City/County Task Force.
    - (b) Steering Committee formed in 2002.
    - (c) 2003 Legislation.
    - (d) Election set by Travis County Commissioners for May 15, 2004.
  4. Short Term Steps.
    - (a) Form a countywide hospital district under the 2003 legislation by passing the referendum on May 15, 2004.
    - (b) Independent and balanced Board of Managers.
    - (c) Focus the district on third party operations (Seton, UTMB, new clinic operator and others); establish competitive model.
    - (d) Work collaboratively with hospitals to add crash rooms at Brack by 2007 and strengthen trauma and emergency care.
    - (e) Consolidate City and County health clinics in new nonprofit corporation that is FQHC qualified and staffed by existing City of Austin employees.
    - (f) Support Project Access (doctors providing free care).
    - (g) Incorporate digitized records system and other efficiencies developed by the Indigent Care Collaboration.
    - (h) Expand clinic hours and personnel.
    - (i) Develop plan for expansion of psychiatric beds in Central Texas, psychiatric emergency room and substance abuse center.
    - (j) Consider establishment of "urgent care" facilities in lieu of additional emergency room capacity.
  5. Long Term.
    - (a) Seek legislation that enables multi county district and work collaboratively with other counties to build a truly regional system.
    - (b) Work to bring more academic medicine resources to Central Texas.
    - (c) Work to develop other tax bases in addition to property tax.
    - (d) In collaboration with existing providers, develop low cost health program that enables expansion of insured pool.
  6. General Strategic Directions.
    - (a) Avoid bricks and debt (use existing facilities and pay as you go).
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- (b) Spread out care - do not concentrate it at Brack.
  - (c) Focus away from hospitals and emergency rooms.
  - (d) Build competitive model.
7. Legislation Passed in 2003 Legislative Session.
- (a) Hospital District would be created by election of Travis County voters. District would be governed by a board of 9 healthcare and finance experts appointed by the Austin City Council and Travis County Commissioners Court (4 City, 4 County, 1 joint).
  - (b) Merges City of Austin and Travis County healthcare budgets in the District budget and provides that City and County may no longer tax for these purposes and that City and County property taxes must be correspondingly reduced.
  - (c) Caps the property tax rate of the District at \$.25 per \$100 of assessed valuation (1/3 of the maximum rate permitted by the Texas Constitution).
  - (d) Provides flexibility as to how services will be provided.
  - (e) Travis County Commissioners Court approves the budget and sets the tax rate.
8. What the District Will Own Initially.
- (a) Brackenridge Hospital subject to Seton lease (Seton will operate the hospital under the lease) and contract with UTMB (with UTMB to operate the Women's Hospital).
  - (b) 12 City and County health clinics (some will be leased).
9. What Happens to Property Tax Rates Initially.
- (a) City taxpayers now pay about \$.073 per \$100 of property value for community health (\$.06 in City of Austin taxes and \$.013 in County taxes).
  - (b) Travis County taxpayers now pay \$.013 per \$100 for community health.
  - (c) Out of county residents pay no taxes for regional trauma and emergency care infrastructure at Brackenridge and other hospitals in Travis County.
  - (d) If District is formed and includes all of City of Austin and Travis County, a District tax rate of \$.073 covers current function and adds between \$4 and \$6 million per year.
  - (e) If District is formed, City and County property taxes for healthcare would be eliminated. Taxpayers living in Travis County but outside the City of Austin will experience an increase to bring them up to the countywide rate. Homeowners in the City would pay the same amount of taxes (perhaps a little less because of the homestead exemption).
10. Taxes in the Long Term. In the long term, unless federal and state funding trends change, local tax support for community healthcare will need to increase if adequate trauma and emergency services and reasonable access to healthcare are to be maintained. This will be the case whether or not we have a hospital district.
11. Arguments in Favor of the District.
- (a) Injects approximately \$5,000,000 more a year toward solutions. More resources
  - (b) It is only fair that taxpayers throughout the county pay the same rate. Tax fairness
  - (c) Sets the stage for multi county collaboration and funding. More tax fairness and regional efficiencies
  - (d) Consolidates functions of City and County into one entity and incorporates free market concepts. Efficiency
  - (e) Enables independent Board of Managers to hold providers accountable for service and cost. Accountability
  - (f) Creates budget transparency by isolating healthcare portion of the budget. Transparency (Attachments A and B)
12. Arguments You May Hear Against the District.
- (a) Creates new taxing entity that will dramatically increase taxes. (We are already paying property taxes for community health. The district will not be an independent taxing authority)
  - (b) Charity should take care of these people. (The problem is too big)
  - (c) Property taxes are already too high. (Agreed. The proposed district is intended to bring focus and accountability to the healthcare portion of our taxes)
  - (d) The new district does not generate enough new dollars to solve the problem. (These issues will need to be dealt with incrementally)
  - (e) We should not create any district that is not multi county. (We could never get to a multi county solution from a standing start)
13. Support
- (a) Steering Committee (Attachment C)
  - (b) Endorsements (Attachment D)
  - (c) Partial list of financial supporters (Attachment E)
14. What You Can Do.
- (a) Go to the website ([www.healthytraviscounty.com](http://www.healthytraviscounty.com)).
  - (b) Sign up to help.
  - (c) Send a check to Citizens For Central Texas Health, c/o Ed Adams, P.O. Box 28096, Austin, Texas 78755-8096.
  - (d) Vote on or before May 15, 2004.
  - (e) E-mail or write your friends and colleagues.

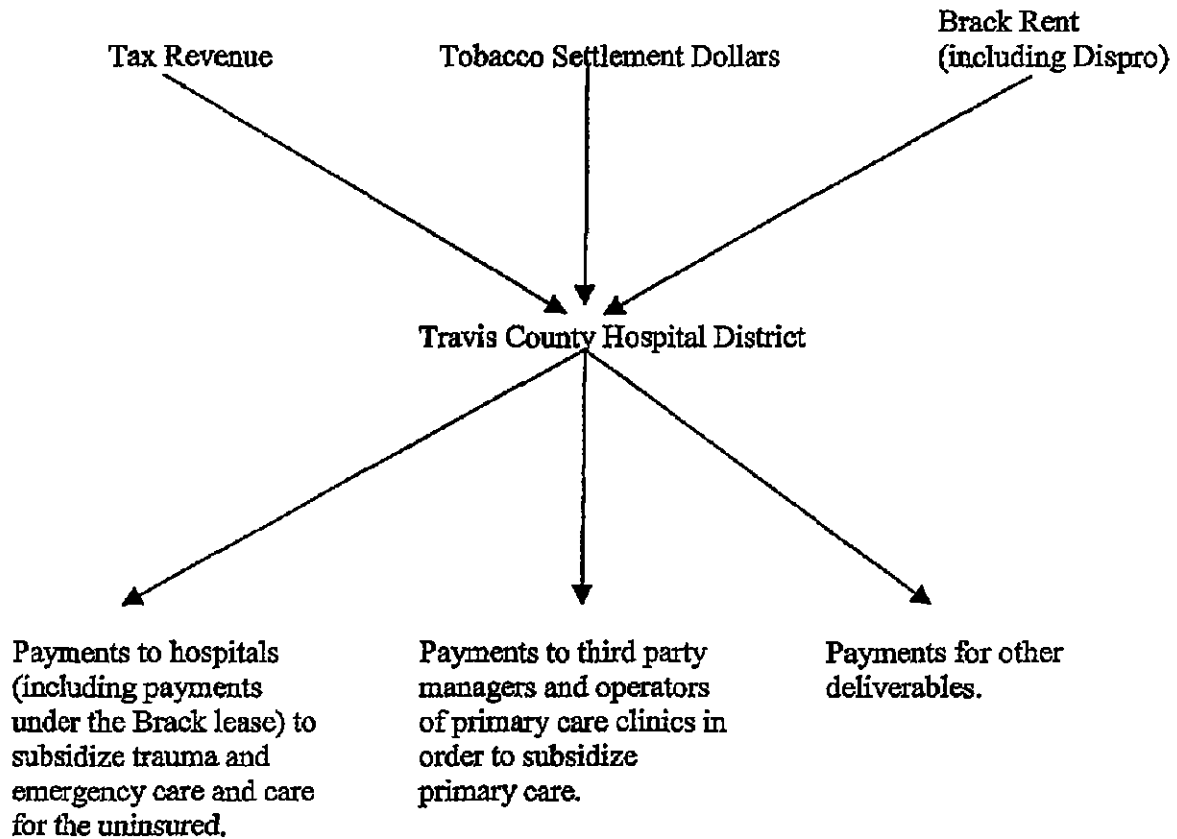
## ATTACHMENT A

### Expenditures by the City of Austin and Travis County FY 2002



## ATTACHMENT B

### Theoretical Flow of Funds for Travis County Hospital District



**ATTACHMENT C**

**TRAVIS COUNTY HOSPITAL DISTRICT**

**STEERING COMMITTEE**

**Mr. Clarke Heidrick - CHAIRMAN**  
Attorney, Graves, Dougherty, Hearon & Moody

**Mr. Lowell Lebermann - VICE CHAIR**  
Owner, Centex Beverage, Inc.

**Mr. Ed Adams**  
Retired IBM Executive

**Dr. Robert E. Askew, Sr.**  
Physician and Past President, Travis County Medical Society

**Ms. Michelle Augustine**  
Health Care Committee Chair, League of Women Voters

**Ms. Bobbie Barker**  
Regional Vice President, Texas Gas Service

**Honorable Gonzalo Barrientos**  
State Senator

**Honorable Sam Biscoe**  
Travis County Judge

**Mr. Russell Bridges**  
3M Corporation

**Ms. Amber Carden**  
Bank of America

**Dr. Kit Chenault**  
Physician and President, Travis County Medical Society

**Dr. Norman Chenven**  
Austin Regional Clinic

**Mr. Marshall Cothran**  
Executive Director, Travis County Medical Society

**Dr. Pat Crocker**  
Physician and Director, Brackenridge ER Dept.

**Ms. Susan Dawson**  
President and Co-Founder, Athens Group

**Mr. Sandy Dochen**  
Manager of Corporate Community Relations  
IBM Corporation

**Honorable Dawnna Dukes**  
State Representative

**Ms. Anne Dunkelberg**  
Center for Public Policy Priorities

**Ms. Betty Dunkerley**  
City Council Member, City of Austin

**Dr. James R. Eskew**  
Physician and Past President, Travis County Medical Society

**Mr. David Evans**  
Executive Director, Austin/Travis County MHEMR

**Mr. Gary Farmer**  
President, Heritage Title Company

**Mr. Jon Foster**  
President and CEO, St. David's Healthcare Partnership

**Mr. Gus Garcia**  
Former Mayor, City of Austin

**Mr. Jesus Garza**  
President/CEO  
Brackenridge, Seton Southwest, Seton Edgar B. Davis and  
Seton Highland Lakes Hospitals

**Mr. Jack S. Gray, Jr.**  
Managing Director, Gigared

**Ms. Sherri Greenberg**  
LBJ School of Public Affairs

**Mr. Jeff Hart**  
Attorney, Cardwell and Hart

**Dr. Patricia Hayes**  
Executive VP & COO, Seton Healthcare Network

**Honorable Guy Herman**  
Travis County Probate Judge

**Mr. David Herndon**  
Attorney, Graves, Dougherty, Hearon & Moody

**Mr. David W. Hilgers**  
Attorney, Brown & McCarroll

**Mr. James Huffines**  
President, PNB Financial Corporation

**Honorable Terry Keel**  
State Representative

**Ms. Brittan King**  
Registered Nurse, Brackenridge Hospital

**Ms. Ann Kitchen**  
Navigant Consulting

**Mr. Gregg Knaupe**  
Texas Hospital Association

**Dr. Neal Kocurek**  
Chairman, St. David's Healthcare System

**Reverend Sterling Lands**  
Pastor, Greater Calvary Baptist Church

**Mr. Herman L. Lessard, Jr.**  
President and CEO, Austin Area Urban League

**Mr. Michael R. Levy**  
Founder & Publisher, TEXAS MONTHLY

**Ms. Rebecca S. Lightsey**  
Colonia Program Director, Community Resource Group

**Mr. Lewis "Lew" Little, Jr.**  
CEO, Harden Healthcare

**Dr. Bruce Malone**  
Physician

**Mr. Steve Mattingly**  
The Gottesman Company

**Ms. Myra A. McDaniel**  
Attorney  
Bickerstaff-Heath-Smiley-Pollan-Kever & McDaniel LLP

**Dr. Tom McHorse**  
Physician and Past President, Travis County Medical Society

**Ms. Mary-Lou McLain**  
Registered Nurse

**Dr. James P. McMichael**  
Physician

**Honorable Elliott Naishtat**  
State Representative

**Dr. Nona Niland**  
Physician

**Ms. Patricia C. Ohlendorf**  
Vice President, Institutional Relations and Legal Affairs  
University of Texas at Austin

**Ms. Glenda Parks**  
Planned Parenthood

**Mr. Rafael Quintanilla**  
Attorney

**Dr. George P. Rodgers**  
Physician and President, Austin Heart

**Honorable Eddie Rodriguez**  
State Representative

**Mr. Mike Rollins**  
President and CEO, Greater Austin Chamber of Commerce

**Ms. Therese Ruffing**  
Attorney

**Dr. Catherine Scholl**  
Physician and Past President, Travis County Medical Society

**Mr. Allan Shivers, Jr.**  
Shivers Group

**Mr. Clint Smith**  
Gray Panthers

**Ms. Karen M. Sonleitner**  
Travis County Commissioner

**Mr. Robert W. Spurck, Jr.**  
Austin Diagnostic Clinic

**Mr. Steve Taylor**  
Applied Materials

**Mr. Tim Taylor**  
Attorney, Jackson & Walker, LLP

**Ms. Mary Teeple**  
Community Volunteer

**Ms. Michele Barbero Thompson**  
Vice President of Business Operations and Legal Affairs  
Pervasive Software

**Mr. Bruce Todd**  
Former Mayor of Austin;  
Managing Director, Winstead Consulting

**Mr. F. Gary Valdez**  
President, Focus Strategies, LLC

**Mr. Kirk P. Watson**  
Former Mayor of Austin; Chair Elect of Greater Austin  
Chamber of Commerce; Attorney, Watson, Bishop, London &  
Galow, PC

**Dr. Diana Weihs**  
Physician

**Honorable Jeff Wentworth**  
State Senator

**Mr. Pete Winstead**  
Attorney, Winstead, Sechrest & Minick

**Mr. Will Wynn**  
Mayor of City of Austin

**Mr. Howard Yancy**  
President, Zydeco Development

## **ATTACHMENT D**

### **TRAVIS COUNTY HOSPITAL DISTRICT**

Endorsements through March 19, 2004

Travis County Medical Society  
Over 500 physicians in Travis County  
St. David's Healthcare Partnership  
Seton Healthcare Network  
Austin-Travis County MHMR  
Peoples Community Clinic  
League of Women Voters of Austin  
Gray Panthers  
Austin Psychiatric Society  
The Capital Area Psychological Association  
Austin Council of PTAs  
Austin Police Association  
American Cancer Society  
Austin Diagnostic Clinic  
Austin Area Human Services Association  
Disability Assistance of Central Texas (DACT)  
Mental Health Association in Texas  
Capital Area Progressive Democrats  
Texas Nurses Association, District 5 (Central Texas)  
Family ElderCare  
Austin Advanced Practice Nurses  
Physicians for Social Responsibility  
Travis County Democratic Party  
Amigos en Azul  
Greater Austin Chamber of Commerce  
Hispanic Chamber of Commerce  
Austin Area Association of PeriOperative Registered Nurses  
Austin Firefighters Association  
South Austin Democrats  
Austin Area Urban League Board

## **ATTACHMENT E**

### **Partial List of Business and Healthcare Financial Support**

Advanced Micro Devices  
Applied Materials  
Bank of America  
Constructors & Associates  
Liberty Bank  
Dell  
3M  
HEB  
Centex Beverage  
Brown McCarroll  
Fulbright & Jaworski  
The Gottesman Company  
Graves, Dougherty, Hearon & Moody  
Heritage Title Company  
Jackson Walker LLP  
SBC  
Vinson & Elkins  
Healthcare Facilities Development Corporation  
St. David's Healthcare Partnership  
Seton Healthcare Network  
Austin Pathology Associates  
Capital Anesthesiology  
Austin Radiological Association  
Frost Bank  
Wells Fargo