

Williamson County Indigent Healthcare Program Proposal for Expanded Public/Private Collaboration

Williamson County currently funds health care services provided to its indigent residents up to 8% of its Gross Revenue Tax Levy ("GRTL"). Beyond 8%, the State funds \$90 of every \$100 spent on indigent care and the County is only responsible for the other \$10. The County has no obligation to fund indigent health care services once the State fund is exhausted, and the State caps the amount of State matching funds paid to each county at 10% of the overall fund for the year. For purposes of the illustration below, we assume that the total state fund is \$9 million (the amount appropriated for the last two years was \$7.2 million), creating a \$900,000 cap on the amount of State matching funds each county can draw.

Currently, Round Rock Medical Center and its affiliates (collectively the "St. David's Hospitals") provide charity care to County indigent residents when they obtain hospital services at the St. David's Hospitals, and the County has no obligation to pay for these services. The County still tracks the value of the services provided at the St. David's Hospitals to monitor the quantity and quality of services provided to its indigent residents.

The following table reflects how the County's expenditures flow under the current collaboration with the St. David's Hospitals and the County's indigent program for fiscal year 2011. For illustrative purposes only, we assume the County's GRTL is \$100 million (setting the 8% threshold at \$8 million) and the services provided to County indigent residents are allocated 50% to hospitals other than the St. David's Hospitals, 10% to the St. David's Hospitals and 40% to non-hospital services.

Cost of Services Provided to County Indigents (in \$1 million increments)	Cost of Services			County Expenses		Value Assigned	Difference Between Cost and Value/Expense
	Non-St. David's Hospitals (50%)	Non-Hospital Providers (40%)	St. David's Hospitals (10%)	Non-St. David's Hospitals	Non-Hospital Providers	St. David's Hospitals	
\$1 million	\$500,000	\$400,000	\$100,000	(\$500,000)	(\$400,000)	(\$100,000)	\$0
\$2 million	\$1,000,000	\$800,000	\$200,000	(\$1,000,000)	(\$800,000)	(\$200,000)	\$0
\$3 million	\$1,500,000	\$1,200,000	\$300,000	(\$1,500,000)	(\$1,200,000)	(\$300,000)	\$0
\$4 million	\$2,000,000	\$1,600,000	\$400,000	(\$2,000,000)	(\$1,600,000)	(\$400,000)	\$0
\$5 million	\$2,500,000	\$2,000,000	\$500,000	(\$2,500,000)	(\$2,000,000)	(\$500,000)	\$0
\$6 million	\$3,000,000	\$2,400,000	\$600,000	(\$3,000,000)	(\$2,400,000)	(\$600,000)	\$0
\$7 million	\$3,500,000	\$2,800,000	\$700,000	(\$3,500,000)	(\$2,800,000)	(\$700,000)	\$0
\$8 million (8% GRTL)	\$4,000,000	\$3,200,000	\$800,000	(\$4,000,000)	(\$3,200,000)	(\$800,000)	\$0
\$9 million	\$4,500,000	\$3,600,000	\$900,000	(\$4,050,000)	(\$3,240,000)	(\$810,000)	\$900,000
\$10 million	\$5,000,000	\$4,000,000	\$1,000,000	(\$4,050,000)	(\$3,240,000)	(\$810,000)	\$1,900,000
\$11 million	\$5,500,000	\$4,400,000	\$1,100,000	(\$4,050,000)	(\$3,240,000)	(\$810,000)	\$2,900,000
\$12 million	\$6,000,000	\$4,800,000	\$1,200,000	(\$4,050,000)	(\$3,240,000)	(\$810,000)	\$3,900,000
\$13 million	\$6,500,000	\$5,200,000	\$1,300,000	(\$4,050,000)	(\$3,240,000)	(\$810,000)	\$4,900,000
\$14 million	\$7,000,000	\$5,600,000	\$1,400,000	(\$4,050,000)	(\$3,240,000)	(\$810,000)	\$5,900,000
\$15 million	\$7,500,000	\$6,000,000	\$1,500,000	(\$4,050,000)	(\$3,240,000)	(\$810,000)	\$6,900,000
Total	\$7,500,000	\$6,000,000	\$1,500,000	(\$4,050,000)	(\$3,240,000)	(\$810,000)	\$6,900,000

Total Cost of Services (All Providers) \$15,000,000	Total County Expenses and Value Assigned (\$8,100,000)
---	--

Proposal (Collaboration with St. David's Hospitals and Other Hospitals in County)

The St. David's Hospitals understand other hospitals have approached the County regarding joining the collaboration. If the St. David's Hospitals are required to include other private hospitals in the public/private collaborative, it increases the risk to St. David's that the collaboration will fail, because the collaboration model requires trust between all participants. Accounting for this risk, the Hospitals propose that the County continue to value the services provided to County indigent residents, but not assign any value to services with costs that fall between 7% and 8% of the County's GRTL (if the County was still paying for the services). For services with value above 9% of GRTL, the County would only assign the value it would be responsible for after State matching. Using the same assumptions as above, the following table reflects this proposal.

Cost of Services Provided to County Indigents (in \$1 million increments)	Cost of Services		County Expenses	Value Assigned	Difference Between Cost and Value/Expense
	Non-Collaborating Hospitals and Non-Hospital Providers	Collaborating Hospitals	Non-Collaborating Hospitals and Non-Hospital Providers	Collaborating Hospitals	
\$1 million	\$0	\$1,000,000	\$0	(\$1,000,000)	\$0
\$2 million	\$0	\$2,000,000	\$0	(\$2,000,000)	\$0
\$3 million	\$0	\$3,000,000	\$0	(\$3,000,000)	\$0
\$4 million	\$0	\$4,000,000	\$0	(\$4,000,000)	\$0
\$5 million	\$0	\$5,000,000	\$0	(\$5,000,000)	\$0
\$6 million	\$0	\$6,000,000	\$0	(\$6,000,000)	\$0
\$7 million (7% GRTL)	\$0	\$7,000,000	\$0	(\$7,000,000)	\$0
\$8 million (8% GRTL)	\$0	\$8,000,000	\$0	(\$7,000,000)	\$1,000,000
\$9 million (9% GRTL)	\$0	\$9,000,000	\$0	(\$8,000,000)	\$1,000,000
\$10 million	\$0	\$10,000,000	\$0	(\$8,100,000)	\$1,900,000
\$11 million	\$0	\$11,000,000	\$0	(\$8,100,000)	\$2,900,000
\$12 million	\$0	\$12,000,000	\$0	(\$8,100,000)	\$3,900,000
\$13 million	\$0	\$13,000,000	\$0	(\$8,100,000)	\$4,900,000
\$14 million	\$0	\$14,000,000	\$0	(\$8,100,000)	\$5,900,000
\$15 million	\$0	\$15,000,000	\$0	(\$8,100,000)	\$6,900,000
Total	\$0	\$15,000,000	\$0	(\$8,100,000)	\$6,900,000

Total Cost of Services	\$15,000,000	Total Value Assigned	(\$8,100,000)
------------------------	--------------	----------------------	---------------