

December 18, 2012

Region 7 Anchor  
Central Health  
1111 East Cesar Chavez Street  
Austin, Texas 78702

Re: Public Comment to Region 7 RHP Plan – December 18<sup>th</sup> Open Meeting

Dear Central Health Board of Managers:

Thank you for the opportunity to comment on the RHP Plan for Region 7. We at St. David's HealthCare ("St. David's") appreciate the immense effort put forward by many of the providers in Region 7 to craft an RHP Plan that meets all of the technical requirements of the Texas Medicaid 1115 Waiver (the "Waiver"). Having been actively engaged in the design of our own DSRIP projects, we realize this is a difficult and convoluted process, hindered by constantly evolving guidance from the Health and Human Services Commission ("HHSC") and the Centers for Medicare and Medicaid Services ("CMS"). *Unfortunately, despite the commendable work by many of our fellow Region 7 providers, St. David's cannot support the RHP Plan, as it unnecessarily excludes St. David's from participating in delivery reform and does not meet the goals of the Waiver.*

While the current RHP Plan may meet the technical requirements of the Waiver, it undermines the Waiver goal of eliciting broad involvement and support from Regional stakeholders to reform the healthcare delivery system. Instead of including St. David's as a partner in DSRIP, Central Health crafted an RHP Plan that gives the vast majority of the opportunities and benefits of the Waiver to itself and Seton—with whom Central Health has many shared financial interests. Not only does this result damage the ability of St. David's to continue to operate as a safety-net hospital, it also undercuts the ability of the Region to deliver comprehensive healthcare reform by unnecessarily marginalizing one of the largest and most influential providers in the Region—St. David's is the only DSH hospital and the only hospital system with a major safety-net hospital being excluded from DSRIP participation in all of the Texas large urban areas. Therefore, St. David's must oppose the current RHP Plan for Region 7.

**I. Excluding St. David's Is Inequitable and Not in the Best Interest of Region 7**

Any scenario that does not involve St. David's in delivery system reform on a level of participation that is reflective of the substantive role St. David's plays in providing indigent care in the community is by definition not fully utilizing the best resources available to deliver healthcare reform and cannot be in the best interest of Region 7. Central Health cannot effectively reform healthcare in Travis County by excluding such a key stakeholder.

St. David's is a critical Medicaid provider and an important part of the safety-net system for Travis County. St. David's provides over \$165 million of care annually (actual annual cost) to

the Medicaid and uninsured population. By comparison, Seton's owned hospitals provide approximately \$175 million of care and the Central Health owned (Seton operated) Hospital, UMC Brackenridge, provides approximately \$153 million of care annually to the Medicaid and uninsured population. The following table summarizes the amount of Medicaid and uninsured care provided by St. David's, Seton, and UMC Brackenridge, and the approximate amount of DSRIP funding each will receive from Central Health under the Waiver.

Provider	Medicaid/Uninsured Cost		Pass 1 DSRIP Allocation by HHSC		Central Health's Choice for DSRIP Funding	
	Value	Percent of Total	Value	Percent of Total	Value	Percent of Total
St. David's	\$ 164,553,874	33.3%	\$ 142,257,954	30.0%	\$ 0	0.0%
Seton	\$ 176,187,268	35.6%	\$ 146,024,565	31.1%	\$ 32,746,393	8.7%
UMC Brackenridge	\$ 153,544,301	31.1%	\$ 184,437,070	38.9%	\$ 147,964,982	39.1%
CCC	\$ 0	0.0%	\$ 0	0.0%	\$ 197,465,149	52.2%
Total	\$ 494,285,443	100.0%	\$ 472,719,589	100.0%	\$ 378,176,524	100.0%

The data on this table highlights the inequity of the current RHP Plan. HHSC allocated St. David's 30% of the hospital DSRIP in Travis County, based on the historical contributions by St. David's to the safety-net population in the community. Notwithstanding this historical contribution, St. David's has zero participation in DSRIP under the current RHP Plan. By comparison, Central Health also provides approximately one-third of uncompensated care in the community through its financial partnership with UMC Brackenridge. However, Central Health is using over 91% of all DSRIP funding available to Travis County hospitals through UMC Brackenridge and the new Community Care Collaborative ("CCC"), both partnerships it has with Seton.

## **II. Central Health Actively Excluded St. David's From Participating in DSRIP**

At the inception of the Waiver, St. David's requested Central Health to enter into a collaboration to pursue the kind of delivery reform change envisioned by the Waiver. Specifically, St. David's met with Central Health on November 4, 2011—over one year ago—to discuss how private hospitals could expand their charitable care in the community, allowing Travis County to obtain additional Waiver dollars. Since that time, St. David's has been diligent in its request for information, and serious in its efforts to participate in improving the healthcare safety net in Travis County.<sup>1</sup> In a good faith effort to include itself in DSRIP, St. David's invested considerable amounts of time and effort to design eight distinct DSRIP projects to significantly benefit the community. St. David's participated in stakeholder meetings and calls, provided public comment for Waiver administrative rules, and kept abreast of the constantly changing guidelines and requirements for DSRIP participation. Despite these efforts, Central Health denied St. David's any opportunity to participate in DSRIP.

<sup>1</sup> A more detailed listing of those efforts was explained in our October 23<sup>rd</sup> letter to Central Health—a copy of which is attached to this comment letter for reference.

Central Health chose to support Seton's owned facilities, UMC Brackenridge, and Central Health's new CCC partnership with Seton, rather than St. David's in DSRIP projects that have no more merit than those St. David's proposed. Central Health excluded St. David's and the large numbers of Medicaid and indigent patients St. David's treats, without regard to whether St. David's projects would effectively achieve the goals of the Waiver. Specifically, Central Health did not support St. David's proposed projects for: medical home, telepsychiatry, primary care, and patient navigation that are exactly the same as, or very similar to, projects Central Health chose to support at Brackenridge or in its CCC partnership with Seton. Central Health also chose to support projects to expand specialist care at Brackenridge and in its CCC partnership with Seton (for podiatry, pulmonology, orthopedics, and gastroenterology) but declined St. David's DSRIP project to expand neurology. Central Health also rejected St. David's projects for social workers in the emergency department and a patient call center in favor of projects chosen to support Brackenridge and its CCC partnership with Seton, which similarly address challenges related to mental health and patients receiving the appropriate level of care in the right setting. There is no merit-based reason for Central Health to deny St. David's projects. Central Health excluded St. David's from participating in the Waiver DSRIP to advance its financial partnership with Seton, for reasons that have nothing to do with the goals of the Waiver.

### **III. The Current RHP Plan Could Jeopardize All of the Region 7 DSRIP Funding**

The CCC partnership Central Health created with Seton potentially jeopardizes the Region 7 DSRIP funding and contradicts the Waiver's intent. The Waiver was established primarily to benefit hospital providers, who historically carried the majority of the indigent care burden and uncompensated costs in Texas. That is why hospitals are initially allocated 75% of each Region's DSRIP funding and only "performing providers" with Medicaid numbers are eligible to receive DSRIP payments. Instead of using Central Health's financing for the Travis County hospitals, Central Health developed a new model that required special CMS approval so it could receive direct DSRIP payments itself. In the approval letter for the CCC, CMS warned that "[t]ransparency and public input are also important in the development of collaboration projects like the CCC."<sup>2</sup> However, the development of the CCC was not transparent and did not accept adequate public input. This undercuts the potential success of the Waiver and might jeopardize federal matching funds for the entire Region if CMS determines the funding flow between public and private providers related to the CCC is problematic. St. David's urges Central Health to be transparent about all of the CCC's financial relationships and will request HHSC ensure all aspects of the new model comply with CMS requirements.

### **IV. St. David's Cannot Support the Current RHP Plan for Region 7**

Due to the issues described above, St. David's cannot support the current RHP Plan for Region 7 and requests that these issues be addressed before submitting the final plan to HHSC.

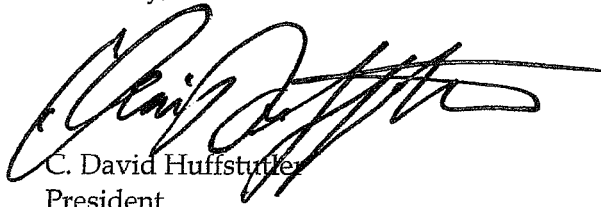
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<sup>2</sup> Letter from CMS Acting Administrator Marilyn Travenner to Representative Michael McCaul, October 15th 2012, available at [http://www.centralhealth.net/file/HHS%20Letter%20Regarding%20CCC%2010%2015%202012\\_2%5B1%5D.pdf](http://www.centralhealth.net/file/HHS%20Letter%20Regarding%20CCC%2010%2015%202012_2%5B1%5D.pdf)

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As always, we look forward to working with the entire Region to successfully implement the goals of the Waiver.

Sincerely,

A handwritten signature in black ink, appearing to read "C. David Huffstutler", written over the printed name.

C. David Huffstutler  
President  
Chief Executive Officer

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