

**HAMILTON COUNTY TAX LEVY REVIEW COMMITTEE
INDIGENT CARE LEVY SUBCOMITTEE
138 EAST COURT STREET, ROOM 603
CINCINNATI, OHIO 45202**

July 29, 2017

Hamilton County Board of Commissioners
Hon. Todd Portune, President
Hon. Denise Driehaus, Vice-president
Hon. Chris Monzel
138 E. Court Street Room 603
Cincinnati, OH 45202

Re: 2017 Indigent Care Levy Recommendations

Dear Commissioners:

The Hamilton County Tax Levy Review Committee (“TLRC”), under the chairmanship of Gwen McFarlin, appointed a subcommittee to review the 2017 Health and Hospitalization - Indigent Care Levy. This subcommittee is chaired by Jeanette Hargreaves and includes TLRC members Gwen McFarlin and Robert Furnier. The subcommittee’s work would not have been possible without the outstanding assistance of Lisa Webb, Senior Policy Manager of the Office of Budget and Strategic Initiatives. The subcommittee also was assisted by Health Management Associates (“HMA”) who met with many of the service providers to review their operations and use of levy funds and then provided recommendations to the TLRC.

The Indigent Care Levy (“the Levy”) has been in place since May 1966 to provide health care services to the indigent population of Hamilton County. The Levy initially supported one hospital, University of Cincinnati Medical Center (“UCMC”) (formerly known as Cincinnati General Hospital). In 1976, Cincinnati Children’s Hospital Medical Center (“CCHMC”) was added to the Levy. Currently, approximately half of the Levy revenue is directed to UCMC and CCHMC while the other half is directed to other programs, including Sheriff Inmate Medical Care.

As part of its evaluation, the subcommittee visited agencies currently funded by the Levy and agencies requesting new funding from the Levy. Additionally, the subcommittee met with HMA consultants and agency representatives and reviewed Indigent Care Levy reports prepared by HMA for Hospital Services and Other Services.

All non-hospital funding requests are requests for community health services and are subject to competitive bid. An agency making a particular request is not necessarily the agency that will be selected to provide the community service.

HMA consultants reviewed all levy funded programs and requests for new funding. Rather than summarize the review of all programs in this letter, the subcommittee refers you to the reports of HMA and the attached spreadsheets.

I. Challenges Facing the Indigent Care Levy

The Indigent Care Levy faces a number of challenges. First and foremost of these is the reduction in Ohio’s tangible personal property reimbursement to the County, which negatively impacts the estimated revenues from the Levy. If the Levy is renewed at the current millage, revenue is estimated to be, on average, \$1.7 million per year lower than 2017 levy revenue.

Levy Actuals & Estimates	2015	2016	2017	2018	2019	2020	2021	2022
Flat Millage Revenues	41,789,792	41,183,286	39,991,243	38,983,314	38,306,392	37,933,559	37,983,422	38,151,891

Renewal of the Levy at the current millage would result in a shortfall that would require substantial funding cuts to programs currently funded by the Levy. Additionally, the population served by the Levy would be greatly impacted by changes to Medicaid funding. The current uncertainty regarding Medicaid funding, both at the federal and state level, has made it difficult to assess the financial costs for indigent care during the levy cycle. Accordingly, the subcommittee asked HMA to evaluate levy requests under two different levy scenarios – (1) flat millage and (2) TLRC inflation-policy adjusted millage. Under the flat-millage scenario, revenue is estimated to be \$1.7 million per year lower than 2017 levy revenue. Under the inflation-adjusted scenario, tax levy revenue is estimated to be \$2.8 million per year higher than 2017 Levy revenue. The subcommittee refers the commissioners to the attached spreadsheets for a more in-depth analysis.

II. Recommendations

Recommendation 1: The Levy term should be 5 years.

In 2011 and 2014, the TLRC opted to renew the Levy at a 3-year interval due to uncertainty relating to coverage expansion under the Affordable Care Act (“ACA”). While much uncertainty remains regarding the ACA, service providers have indicated that participating in the renewal process every 3 years rather than the traditional 5 years is too disruptive. Accordingly, the subcommittee recommends that the Levy term be for 5 years.

Recommendation 2: The Levy should be placed on the November 2017 ballot at the TLRC inflation policy adjusted millage rate.

As the following chart demonstrates, continued funding of existing programs at current levels while maintaining a flat millage is not possible without drastic cuts to vital programs serving the County's indigent population.

	Year 1	Year 2	Year 3	Year 4	Year 5
No Increase 4.07 mills	2018	2019	2020	2021	2022
Beginning carryover	2,275,840	(686,388)	(4,881,811)	(10,030,359)	(15,734,422)
REVENUES (Total)	38,983,314	38,306,392	37,933,559	37,983,422	38,151,891
EXPENDITURES (Total)	41,945,541	42,501,815	43,082,107	43,687,485	44,319,065
University of Cincinnati Medical Center	14,900,000	14,900,000	14,900,000	14,900,000	14,900,000
Cincinnati Children's Hospital Medical Center	4,700,000	4,700,000	4,700,000	4,700,000	4,700,000
Sheriff - Inmate Health Care Contract	7,230,416	7,483,480	7,745,402	8,016,491	8,297,068
Sheriff - Inmate Health Care Staffing	6,064,189	6,367,398	6,685,768	7,020,057	7,371,059
Juvenile Court Medical	1,415,400	1,415,400	1,415,400	1,415,400	1,415,400
Mental Health and Recovery Services Board	2,485,537	2,485,537	2,485,537	2,485,537	2,485,537
Public Health - TB Control	880,000	880,000	880,000	880,000	880,000
Probation - Alternative Interventions for Women	425,000	425,000	425,000	425,000	425,000
Charitable Pharmacy	150,000	150,000	150,000	150,000	150,000
Homeless Medical Facility Coordination	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Off the Streets	65,000	65,000	65,000	65,000	65,000
Probate Court Medical	650,000	650,000	650,000	650,000	650,000
MHR SB - heroin treatment	200,000	200,000	200,000	200,000	200,000
Auditor and Treasurer Fees	700,000	700,000	700,000	700,000	700,000
Administration and Indirect Cost	80,000	80,000	80,000	80,000	80,000
Ending Carryover	(686,388)	(4,881,811)	(10,030,359)	(15,734,422)	(21,901,596)

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In its recommendations in 2014, the TLRC opted against increasing the Levy, notwithstanding the substantial need for indigent care in Hamilton County, due to the fragile economic recovery from the 2008-09 economic recession.² While the TLRC is cognizant of the burden of property taxes, the economy is slowly recovering from the economic recession, however Hamilton County continues to struggle with increasing poverty rates as reported by the United States Census data base. According to the US Census the poverty level from 2006-2010 was 15.4, whereas the poverty rate from 2011-2015 has increased to 18.3, with a rough estimate of about 24,000 more individuals in Hamilton County experiencing poverty issues. This data reflects the continued need for indigent care in Hamilton County and the potential harm that would result from funding reductions to existing programs. The subcommittee is recommending

¹ Juvenile Court Mental Health was a one-time \$400,000 expenditure in 2017. It is anticipated that alternate funding will be available beginning in 2018.

² TLRC Recommendations on Hospitals (07/07/2014)

that the Levy be placed on the 2017 ballot at an inflation-adjusted millage. The recommended increase would raise property taxes from \$50.25 to \$59.01 per \$100,000 valuation.

Recommendation 3: UCMC and CCHMC should continue to be funded in the Levy at current funding levels.

Historically, the primary purpose of the Levy has been to support hospital care for the County's uninsured and underinsured residents. Over the years, UCMC's and CCHMC's allocations of Levy revenue have been reduced. Before 2011, well over half of the Levy revenue was directed to UCMC and CCHMC. In the 2012 renewal, the Levy was reduced and most of the Levy reductions were borne by the hospitals. In the current Levy, the hospitals' payments were further reduced and now represent about 48% of total Levy expenditures.³

Despite these reductions, UCMC and CCHMC are the leaders in the region in services to low-income individuals. In 2016, UCMC and CCHMC accounted for 71% of the Medicaid services provided by Hamilton County hospitals and 39% of the uncompensated care provided by Hamilton County hospitals.⁴

As described in HMA's report, UCMC and CCHMC, to a much lesser extent, have benefited from the ACA, including the expansion of Medicaid. However, both hospitals are at great risk financially if the federal government enacts ACA "repeal and replace" legislation and/or converts Medicaid financing to a per capita cap or block grant. Legislation that curtails subsidized coverage and either reduces or eliminates Medicaid expansion could reverse most of the ACA benefit UCMC has realized. A per capita cap or block grant that results in significant reductions in Ohio's Medicaid program would harm both hospitals, but especially CCHMC because of its very high Medicaid patient load.⁵

Given the current uncertainty, UCMC and CCHMC requested funding at their current levels. However, recognizing that the County is facing many public health concerns, including the high incidence of opiate and other substance abuse and medical care for the homeless, the subcommittee has asked UCMC to fund the cost of the care of its released homeless patients provided at the Center for Respite Care (estimated at \$264,000 for 2018). Additionally, UCMC will work with the Commissioners and the Hamilton County Heroin Coalition toward advancing care coordination efforts within the Emergency Department for individuals requesting treatment services. In view of the current uncertainty regarding the ACA and the willingness of the hospitals to address specific needs of the County, the subcommittee is recommending that UCMC and CCHMC continue to be funded at current levels.

³ HMA Indigent Care Levy: Hospital Services Report, p.9.

⁴ HMA Indigent Care Levy: Hospital Services Report, p.59.

⁵ HMA Indigent Care Levy: Hospital Services Report, p.59-60.

Recommendation 4: Sheriff - Inmate Health Care Contract and Inmate Health Care Staffing (“Sheriff Inmate Medical”) should be funded by the Levy at a fixed amount of \$7,159,400 and \$5,775,418 respectively.

Sheriff Inmate Medical care is provided by Naphcare, Inc. under a contract that became effective on January 1, 2017, for an initial term of three years with two optional one-year renewal periods. The costs under the contract increase 3.5% each year with similar increases in staffing costs. The current contract addressed many of the concerns raised by the TLRC in previous Levy reviews.

While the current contract is an improvement over the previous contract, continuing to fully fund Sheriff Inmate Medical as part of the Levy is not recommended. First, funding a contract that increases on a yearly basis with a levy revenue stream that does not increase constrains the ability of the Levy to fund other programs and continuously increases the percentage of the Levy consumed by Sheriff Inmate Medical. Additionally, Sheriff Inmate Medical is legally-mandated and must be funded regardless of whether the Levy does or does not pass. Including Sheriff Inmate Medical and other legally-mandated programs in the Levy puts the County at financial risk in the event the Levy does not pass because the County still would be required to fund the programs. For these reasons, the subcommittee is recommending that Sheriff Inmate Medical be funded at 2017 levels and efforts be made to begin shifting legally-mandated programs out of the Levy.

Recommendation 5: Hamilton County Public Health’s Bloodborne Infectious Disease Program should be funded at \$150,000 per year.

Hamilton County is in the midst of a heroin and opioid epidemic. Opiate overdoses, deaths, reported hepatitis B and C infections among County residents have risen dramatically since 2010. The costs of needles/syringes/drug using “equipment” or lack of availability of these items may cause injectable drug users (IDU) to reuse or share these items with other IDU allowing for potential transmission of blood borne infectious diseases such as viral hepatitis (hepatitis B and C) and human immunodeficiency virus (HIV). Estimates for the average lifetime treatment costs for these diseases are about \$65,000 for hepatitis B, \$100,000 for hepatitis C and \$400,000 for HIV (without liver transplantation or cancer treatment for hepatitis B and C). These diseases do not necessarily stay in the IDU population, but may be transmitted through sexual

activity to non-IDU citizens. Current studies have shown that comprehensive harm-reduction programs have been successful in decreasing the transmission of bloodborne infections.⁶

HCPH is requesting \$150,000 a year in new funding for a bloodborne infectious disease program. The program will provide testing, counseling, education and referral to treatment services in addition to a needle exchange for up to seven operating sites with the County. HCPH will leverage other local and regional resources to match the requested amount per year for a matched total of \$325,000 a year. Program partners include the City of Cincinnati Health Department, Anderson Township, Interact for Health, Colerain, University of Cincinnati College of Medicine, and Northern Kentucky Health Department. HCPH believes this program will also be an important connection into treatment and prevention services those with opiate addiction.⁷

In view of the alarming increase in cases of hepatitis B and C infections and the danger that poses to the indigent population and first responders and healthcare professionals, the subcommittee is recommending that this program be fully funded.

Recommendation 6: Hamilton County Public Health’s Oral Health Coalition Dental Coordinator should be funded at \$72,000 per year.

In 2015, the Hamilton County Board of Commissioners commissioned the *Hamilton County Oral Health Needs Assessment and Recommendations to Inform a Strategic Plan* to assess the dental service capacity for low-income populations including those enrolled in Medicaid. According to that report, more than 11,000 individuals sought dental services in our community’s emergency rooms in 2014. Approximately 78% of this population are charity care or Medicaid recipients. Additionally, the report described the heavy burden of citizens seeking dental treatment and pain relief in hospital emergency departments due to the lack of a dental home.

Based on these findings, HCPH is requesting funds of \$72,000 annually, to hire a dental care coordinator to engage the dental community, healthcare, and others in addressing the need for dental care for the County’s low-income population. The coordinator would work for the recently established Hamilton County Oral Health Care Coalition focused on the improvement of oral health hygiene and access to comprehensive dental care for low-income children and adults in the County. The coordinator would be tasked with developing and implementing a strategic plan with a realistic set of measurable objectives, specific activities, accountabilities, and time lines.

In view of the acute dental needs in the County, the subcommittee is recommending that the dental coordinator position be fully funded. Additionally, the subcommittee strongly

⁶ HMA Indigent Care Levy: Other Services Report, p. 50.

⁷ HMA Indigent Care Levy: Other Services Report, p.53.

recommends that the dental coordinator reach out to Mercy Health which submitted a creative proposal for low-income dental care that could not be funded due to the financial constraints on the Levy.

Recommendation 7: In-Home Health Care Services should be funded at \$750,000 per year.

The need for In-Home Health Care Services for indigent was presented to the TLRC by the Visiting Nurse Association (“VNA”), the only community based non-profit home health agency in the County. VNA has provided in-home health care services to the indigent, uninsured and underinsured since 1909. The need for such services is demonstrated by the fact that VNA has provided over \$1 Million a year in indigent care services, saving hundreds of thousands of dollars in avoidable hospitalizations and emergency room visits. Only 7% of patients receiving in-home health care services provided by VNA were re-hospitalized within 30 days after a hospital discharge compared to the national benchmark of 23%. Without the availability of such services as those provided by VNA, indigent individuals would require longer hospitalizations and have a much greater risk of being re-hospitalized.

While the ACA’s expansion of Medicaid has been an overall positive for the County, VNA’s current financial needs are an unintended consequence of that success. Traditionally, VNA partially funded its services for the uninsured and underinsured through reimbursements for its Medicaid patients. With the Medicaid expansion, a number of hospitals in the County created their own home health services for Medicaid patients. As a result, VNA has lost many of its Medicaid patients to those for-profit home health services. VNA is the only home health provider in the County for the uninsured and underinsured, and its loss of Medicaid patients has put its very existence at risk. Recognizing the potential costs to both the indigent population and the County if its in-home health care services are lost, the VNA is requesting that the Levy fund in-home health care services for the uninsured and underinsured. Because such services are core medical services for our community’s indigent population, the subcommittee recommends that In-Home Health Care Services for indigent be funded under the Levy.

III. TLRC Inflationary Increase

	REQUESTED	Year 1	Year 2	Year 3	Year 4	Year 5
Inflationary Increase 4.32 mills	FUNDING	2018	2019	2020	2021	2022
Beginning carryover		2,275,840	3,170,149	3,506,286	3,488,340	3,539,007
REVENUES (Total)		43,477,064	42,818,892	42,464,809	42,533,422	42,720,641
EXPENDITURES (Total)	42,837,541	42,582,755	42,482,755	42,482,755	42,482,755	42,582,755
University of Cincinnati Medical Center	14,900,000	14,900,000	14,900,000	14,900,000	14,900,000	14,900,000
Cincinnati Children's Hospital Medical Center	4,700,000	4,700,000	4,700,000	4,700,000	4,700,000	4,700,000
Sheriff - Inmate Health Care Contract	7,230,416	7,159,400	7,159,400	7,159,400	7,159,400	7,159,400
Sheriff - Inmate Health Care Staffing	6,064,189	5,775,418	5,775,418	5,775,418	5,775,418	5,775,418
Juvenile Court Medical	1,415,400	1,415,400	1,415,400	1,415,400	1,415,400	1,415,400
Mental Health and Recovery Services Board	2,485,537	2,485,537	2,485,537	2,485,537	2,485,537	2,485,537
Public Health - TB Control	880,000	880,000	880,000	880,000	880,000	880,000
Public Health - Bloodborne Program	150,000	150,000	150,000	150,000	150,000	150,000
Public Health - Oral Care Initiative	72,000	72,000	72,000	72,000	72,000	72,000
Probation - Alternative Interventions for Women	425,000	425,000	425,000	425,000	425,000	425,000
Charitable Pharmacy	150,000	150,000	150,000	150,000	150,000	150,000
Homeless Medical Facility Coordination	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Off the Streets	65,000	65,000	65,000	65,000	65,000	65,000
Probate Court Medical	650,000	650,000	650,000	650,000	650,000	650,000
Heroin Coalition Treatment Services	200,000	200,000	200,000	200,000	200,000	200,000
In-Home Health Care Services	750,000	750,000	750,000	750,000	750,000	750,000
Auditor and Treasurer Fees	-	625,000	625,000	625,000	625,000	625,000
Administration and Indirect Cost	700,000	180,000	80,000	80,000	80,000	180,000
Ending Carryover		3,170,149	3,506,286	3,488,340	3,539,007	3,676,893

IV. Other Requests

A number of agencies made requests for increased funding or new funding. Knowing that the requested services would be subject to competitive bid, these agencies, nevertheless, spent their time, energy, and resources to bring these community needs to the attention of the TLRC. All of the requested services would undoubtedly improve the care of the indigent in our County. Unfortunately, the financial constraints placed on the Levy make it impossible to recommend those services for inclusion in the Levy at this time. However, the decision to not recommend those services is in no way a reflection on the value of those services to our community.

V. Flat Millage Scenerio

Although the subcommittee is recommending that the Levy be increased, the subcommittee makes the following allocation recommendations if the Levy is funded at the current millage. Under this scenario, substantial reductions would target the hospitals, Sheriff Inmate Medical, Juvenile Court Medical, and Homeless Medical Facility Coordination. Additionally, In-Home Nursing Care Services would not be funded.

	REQUESTED	Year 1	Year 2	Year 3	Year 4	Year 5
No Increase 4.07 mills	FUNDING	2018	2019	2020	2021	2022
Beginning carryover		2,275,840	2,760,993	2,669,224	2,204,622	1,789,883
REVENUES (Total)		38,983,314	38,306,392	37,933,559	37,983,422	38,151,891
Tax Levy		38,983,314	38,306,392	37,933,559	37,983,422	38,151,891
Other						
EXPENDITURES (Total)	42,087,541	38,498,161	38,398,161	38,398,161	38,398,161	38,498,161
University of Cincinnati Medical Center	14,900,000	13,400,000	13,400,000	13,400,000	13,400,000	13,400,000
Cincinnati Children's Hospital Medical Center	4,700,000	4,400,000	4,400,000	4,400,000	4,400,000	4,400,000
Sheriff - Inmate Health Care Contract	7,230,416	7,000,000	7,000,000	7,000,000	7,000,000	7,000,000
Sheriff - Inmate Health Care Staffing	6,064,189	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Juvenile Court Medical	1,415,400	1,315,624	1,315,624	1,315,624	1,315,624	1,315,624
Mental Health and Recovery Services Board	2,485,537	2,485,537	2,485,537	2,485,537	2,485,537	2,485,537
Public Health - TB Control	880,000	880,000	880,000	880,000	880,000	880,000
Public Health - Bloodborne Program	150,000	150,000	150,000	150,000	150,000	150,000
Public Health - Oral Care Initiative	72,000	72,000	72,000	72,000	72,000	72,000
Probation - Alternative Interventions for Women	425,000	425,000	425,000	425,000	425,000	425,000
Charitable Pharmacy	150,000	150,000	150,000	150,000	150,000	150,000
Homeless Medical Facility Coordination	2,000,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Off the Streets	65,000	65,000	65,000	65,000	65,000	65,000
Probate Court Medical	650,000	650,000	650,000	650,000	650,000	650,000
Heroin Coalition Treatment Services	200,000	200,000	200,000	200,000	200,000	200,000
Auditor and Treasurer Fees	-	625,000	625,000	625,000	625,000	625,000
Administration and Indirect Cost	700,000	180,000	80,000	80,000	80,000	180,000
Ending Carryover		2,760,993	2,669,224	2,204,622	1,789,883	1,443,613

The recommended reductions are targeted at entities that have the capacity to absorb the reductions and/or have access to alternate sources of funding. The reductions to the hospitals are limited to 10% in view of reductions absorbed by the hospitals in previous levy cycles.

This subcommittee appreciates the opportunity to serve the citizens of Hamilton County, and we thank the hospitals and all of the agencies for opening their doors and spending time and resources to assist us in our review.

Sincerely,

Indigent Care Subcommittee
 Jeanette Hargreaves, Chair
 Robert Furnier
 Gwen McFarlin