



The Board will discuss and approve millage rates for the Health and Hospitalization Levy ("Indigent Care Levy") and the Children's Services Levy for the November 2011 ballot by August 10. The millage rates recommended in this proposal result in a net reduction of annual property tax collected of \$9.9 million and result in annual property tax reduction in the range of \$5 per \$100,000 of assessed value.

<b>Indigent Care Levy</b>	<b>From the current \$48.80 per \$100,000 to an estimated range of \$43 per \$100,000</b>
<b>Children's Services Levy</b>	<b>From the current \$50.58 per \$100,000 to \$50.58 per \$100,000</b>

These millage rates result in a 17.2% reduction in annual revenue collected in the Indigent Care Levy and a 4.8% reduction in the annual revenue collected in the Children Services Levy. Over the life of these levies, this equates to an 11.4% revenue reduction.

## **POLICY OBJECTIVES**

My recommendations for the Indigent Care Levy and Children's Services Levy are guided by the following priorities:

- **A renewed focus on prevention and coordination**

Taxpayer funding should be maximized and directed to activities in each levy that prevent more costly services in the future. A renewed focus on prevention to support the detection and treatment of disease and illness must be achieved in the Indigent Care Levy. In addition, the County must lead and support better coordination among multiple safety-net providers in serving their clients, including the homeless, recurring users of the criminal justice system and children.

- **Taking care of the most at risk**

Similar to the focus on prevention and coordination, available funding must continue to target activities that address at-risk populations including clients under the County's care including foster children, inmates in the criminal justice system and the homeless.

- **Property Tax Relief**

Shrinking incomes, increasing gas and commodity prices and prolonged unemployment are hurting those *who are contributing most* to support government services across the board, including safety-net services. This toxic economic environment is my top concern and leaves no room to provide revenue increases.

- **Pro-actively adapting to emerging federal and state legislation**

Significant changes in health care delivery and management are developing from federal health care reform. The long-term impact of this \$940 billion reform package to provide health care coverage to 32 million Americans previously uninsured may be unknown, but the legislation is expected to be fully implemented by January 1, 2014. Additionally, the state is reforming its Medicaid budget which may impact County programs and service delivery.

## POLICY OBJECTIVES (cont'd)

- **Prudent planning and transparency**

The scope and mission of the Indigent Care Levy should significantly narrow to primarily fund health care subsidies to University Hospital and Children's Hospital. This will be achieved by incrementally eliminating or immediately reprogramming several current expenditures and directing them to the general fund or to other applicable property tax levies. Prudently reducing and reprogramming these expenditures within the levy cycle will ultimately provide greater transparency in all property tax levies, including the Indigent Care Levy. It will also provide adequate time for the already strained general fund to responsibly absorb new programs. Last, I recommend that a majority of the additional programs in the Indigent Care Levy be removed at the end of the levy cycle through the identification of other eligible funding sources, including the renewal of the Family Services and Treatment Levy in 2014.

- **Using all available resources**

The Indigent Care Levy and Children's Services Levy include any and all revenue sources available to the County to provide services. The County uses many revenue sources to provide funding for services including taxes, fees, fines, interest earnings, prior year balances and proceeds from the sale of assets.

## RECOMMENDATIONS

1. **11.4% reduction in total levy revenue received from property taxes.** Of this figure, 6.3% of the reduction includes decreased property valuation as well as federal and state budget reductions and 5.1% of this reduction is generated from overall property tax relief. In total, this proposal results in a net reduction of \$9.9 million annually from the Indigent Care and Children's Services Levy.

**The Children's Services Levy** will generate \$50.58 per \$100,000 of property value. This levy will not receive a revenue increase and absorbs roughly \$2 million annually in reprogrammed services, which is equivalent to a 4.8% reduction.

**The Indigent Care Levy** will generate an estimated range of \$43 per \$100,000 of property value. This levy will be reduced 17.2% or \$8 million. In both cases, reductions made to hospital subsidies for University Hospital and Children's Hospital amount to less than one percent of their annual operating revenue.

2. **Decrease the duration of the Indigent Care Levy from 5 years to 3 years.** This change will allow Hamilton County citizens to evaluate the effectiveness and further impact of federal health care reform prior to considering an additional fully funded Indigent Care Levy beginning in 2015. In addition, this change allows the Indigent Care Levy to lapse at the same time as the Family Services and Treatment Levy. Sizing these levies at the same time will enable the Board to establish better coordination and greater transparency in the services provided within each levy.

## RECOMMENDATIONS (cont'd)

### 3. Eliminate and reprogram \$6.54 million in non-hospital programs in the Indigent Care Levy.

- a. **Eliminate inmate medical services staffing from the levy.** This \$4 million annual cost will be incrementally reprogrammed to the County general fund beginning in 2013 and will be eliminated from the levy in 2014. Full contractual costs of inmate medical services, an annual cost of roughly \$6 million, will remain included in the Indigent Care Levy encompassing direct medical treatment services, supplies, and equipment. Inmate medical services have been included in the Indigent Care Levy since 1996.
- b. **Reprogram Children with Medical Handicaps Services** from the Indigent Care Levy to the Children's Services Levy to align services and utilize the current balance in the levy to provide this mandated service.
- c. **Reprogram Probate Court's Mental Health Evaluation Services**, a mandated service, from the Indigent Care Levy to the Mental Health Levy beginning in 2012.
- d. **Establish a financial plan to move all additional programs** in the Indigent Care Levy to other eligible funding sources, including the Family Services and Treatment Levy in 2014.

### 4. Support prevention and coordination to maximize tax payer dollars.

- a. **The Board of Commissioners will establish a committee to review and evaluate the expenditure of Indigent Care Levy funds quarterly.** As recommended by the Hamilton County Tax Levy Review Committee, this group of individuals will monitor the progress of *all levy service providers* in meeting specific goals and performance benchmarks regarding prevention, coordination, and cost-efficiency criteria with the funding they receive. This committee will be composed of industry professionals, the Hamilton County Public Health Commissioner and members of the TLRC.
- b. **Support St. Vincent de Paul Charitable Pharmacy (\$300,000).** The St. Vincent de Paul Charitable Pharmacy will be funded for three years (\$100,000 per year) to support continued, preventative medical treatment through the provision of prescription medications for the underinsured and uninsured. Due to overwhelming need, it is estimated that an additional 5,000 prescriptions could be filled annually with these funds. The St. Vincent de Paul Charitable Pharmacy will be expected to coordinate with other levy service providers and local healthcare providers to demonstrate progress in reducing repeat visits to healthcare providers and burden on emergency rooms.
- c. **Provide funding for facility-based homeless medical services (\$600,000)** that supports preventive medical care for the high-risk homeless population. The Continuum of Care will receive \$300,000 in 2013 and 2014 respectively, following the development of new homeless facilities, to implement advanced services designed to meet preventative medical care needs. The Continuum of Care will be expected to coordinate with other levy service providers and local healthcare providers to demonstrate progress in reducing repeat visits to healthcare providers and burden on emergency rooms.

### 5. Utilize the existing balance in the Childrens Service Levy to sustain service levels.

## CONCLUSION

This proposal utilizes a balanced approach to address the challenge of providing needed services to our residents while managing through a severe economic downturn broadly and deeply impacting our community. Careful consideration was given to service providers and citizens who are the recipient of these levy funds, evolving national and state healthcare reform and economic challenges faced by Hamilton County property taxpayers.

In the case of the Indigent Care Levy, which is the only levy of its kind in Ohio, this recommendation continues support for the unique and generous commitment Hamilton County taxpayers have made to those who are in need while affecting less than one percent of total revenues for our region's greatest healthcare institutions. In both of these levies, this proposal supports the core mission of each levy and absorbs the harsh reality of the economy we are all managing through.

These recommendations are the product of the valuable feedback and input from citizens who are recipients of levy services, the levy service providers, the Hamilton County Tax Levy Review Committee and property taxpayers. In particular, the TLRC has done outstanding work reviewing and evaluating these levies to reflect the needs of our community and the ability of property taxpayers to fund them.

I hope to gain the support of my fellow Commissioners for this proposal and will continue to gather feedback during the coming days.

# 2011 Indigent Care Levy and Children's Services Levy Recommended Plan

In total....

**Enact an 11.4% reduction (\$9.9M) in total levy revenue received**

**6.3%** of this reduction includes countywide impact of decreased property valuation as well as federal and state budget reductions

\$3.5 million - lost revenues in the Indigent Care Levy

\$1.96 million – lost revenues in the Children's Services Levy

**5.1%** of this reduction is generated from overall property tax relief in the Indigent Care and Children's Services Levy.

Reduces taxes in the range of **\$5** per \$100,000 of property value.

## The Children's Services Levy

Plan generates **\$50.58 per \$100,000** of property value.

Levy revenue remains flat, with no increase.

The levy absorbs roughly \$2 million annually in reprogrammed services. This is equivalent to a **4.8% reduction**.

## The Indigent Care Levy

Plan generates **in the range of \$43 per \$100,000** of property value.

In total, this levy will be **reduced 17.2% or \$8 million**.

Eliminate and reprogram **\$6.54 million** in non-hospital programs in the Indigent Care Levy. This is equivalent to a **17.2% reduction in non-hospital programs by 2014**.

In both cases, reductions made to hospital subsidies for **University Hospital** and **Children's Hospital** amount to **less than one percent** of their annual operating revenue.

\*NOTE: Indigent Care Levy calculations are estimates and still require Hamilton County Auditor certification.