



COMMISSIONERS COURT
COMMUNICATION

REFERENCE NUMBER

PAGE 1 OF

28

DATE: 09/17/2024

SUBJECT: **CONSIDERATION OF THE TARRANT COUNTY HOSPITAL
DISTRICT'S BUDGET FOR FISCAL YEAR 2025**

COMMISSIONERS COURT ACTION REQUESTED

It is requested that the Commissioners Court consider the Tarrant County Hospital District's (TCHD) Fiscal Year 2025 budget.

BACKGROUND

The TCHD Board of Managers previously approved the TCHD's Fiscal Year 2025 budget for consideration by the Commissioners Court. The Commissioners Court was briefed by TCHD on September 4, 2024.

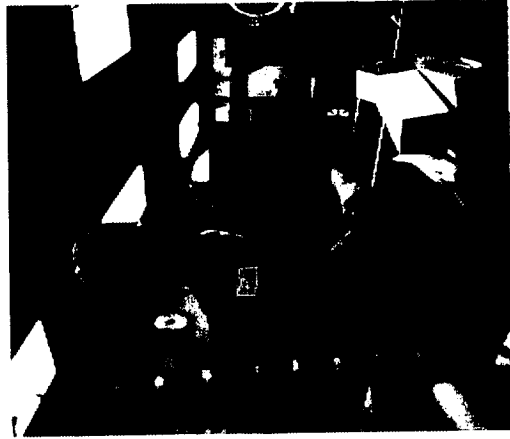
In accordance with State law, the Commissioners Court must approve the Hospital District's annual budget.

FISCAL IMPACT

There is no fiscal impact to Tarrant County.

SUBMITTED BY: Administrator's Office

PREPARED BY: Kandice Boutte
APPROVED BY:



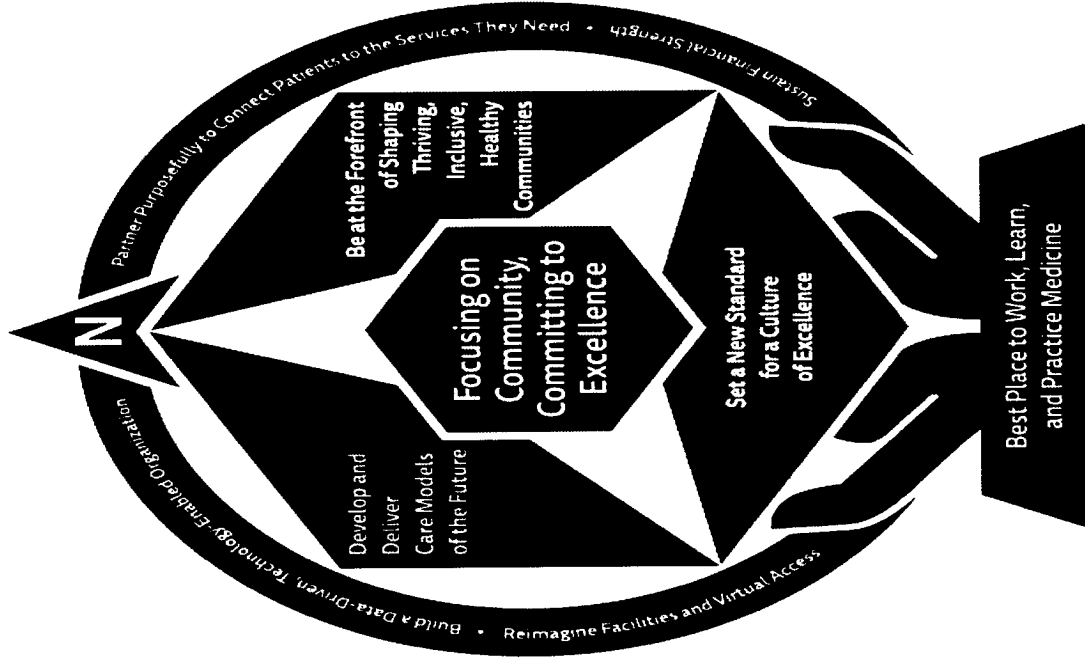
JPS Health Network Tarrant County Hospital District (d/b/a JPS Health Network)

Fort Worth, Texas

Tarrant County Commissioners Court Budget Presentation | September 2024

FY2024 and FY2025 Strategic Priorities

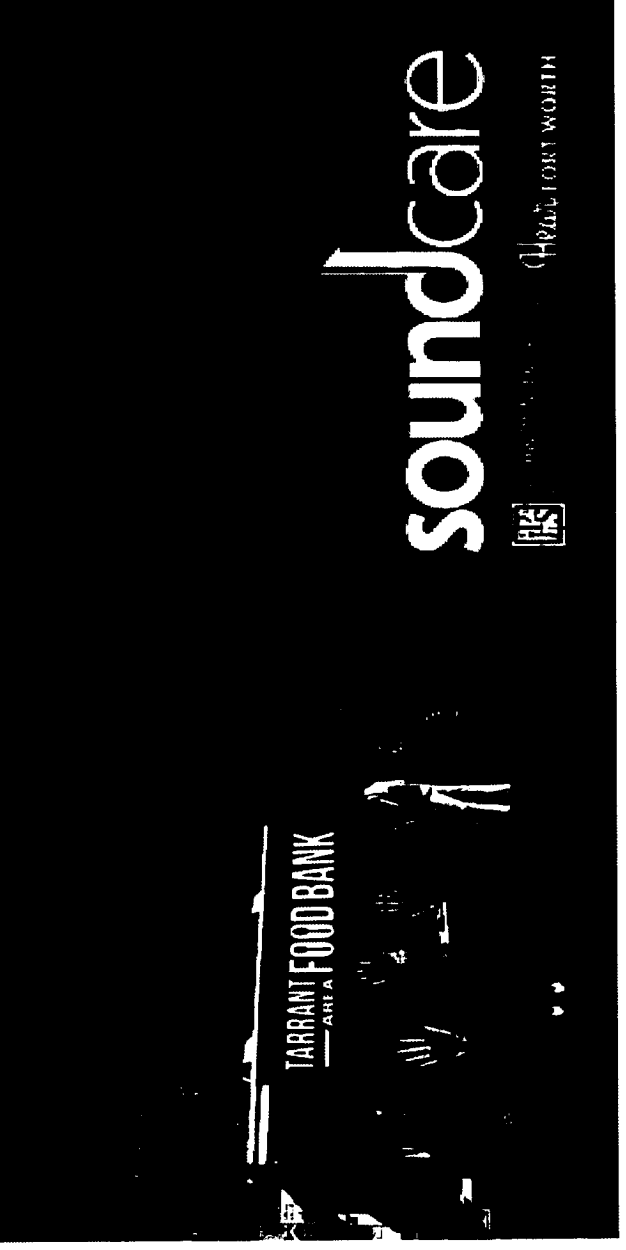
True North
Our Patients



Access

Financial
Sustainability

Workforce – Best Place to Work,
Learn, and Practice Medicine



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— AREA —



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Access

- Recognized as Best Regional Hospital for Equitable Access (U.S. News & World Report)
- New facility construction:
 - Psychiatric Emergency Center
 - Medical Home Southwest
 - Temporary Parking
 - Cook's Children/LVT
- Technology upgrades
- Partnerships
 - Tarrant Area Food Bank
 - Hear Fort Worth | Sound Care
 - Maternal Health Initiatives

soundcare

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FORT WORTH, TX 76102

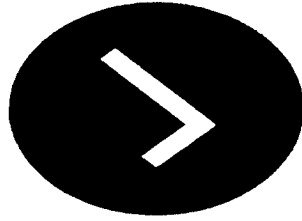


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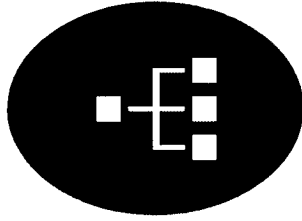
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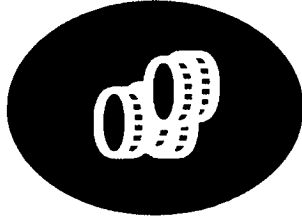
FY2025 Budget Considerations



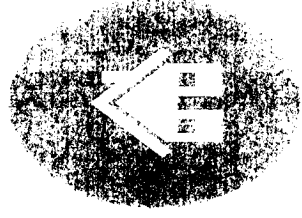
JPS STRATEGIC PLAN



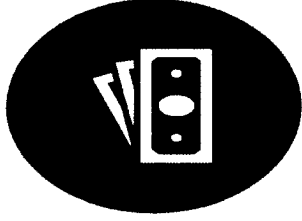
ORGANIZATIONAL
PRIORITIES



CAPITAL AND
OPERATIONAL NEEDS



MASTER FACILITY
PLAN NEEDS



REVENUE SOURCES
AND OPPORTUNITIES

Strategic Investments

FY 2025 Budget



JPS Health Network
Fort Worth, Texas

Workforce

\$29 million*

- Visitor management system
- Nurse staffing pool
- Market assessment
- Health plan expense

Access

\$17 million*

- Medical Home Southwest
- Las Vegas Trail Clinic
- Psychiatric Emergency Center
- Tarrant County Jail Care

Financial Sustainability

\$10 million*

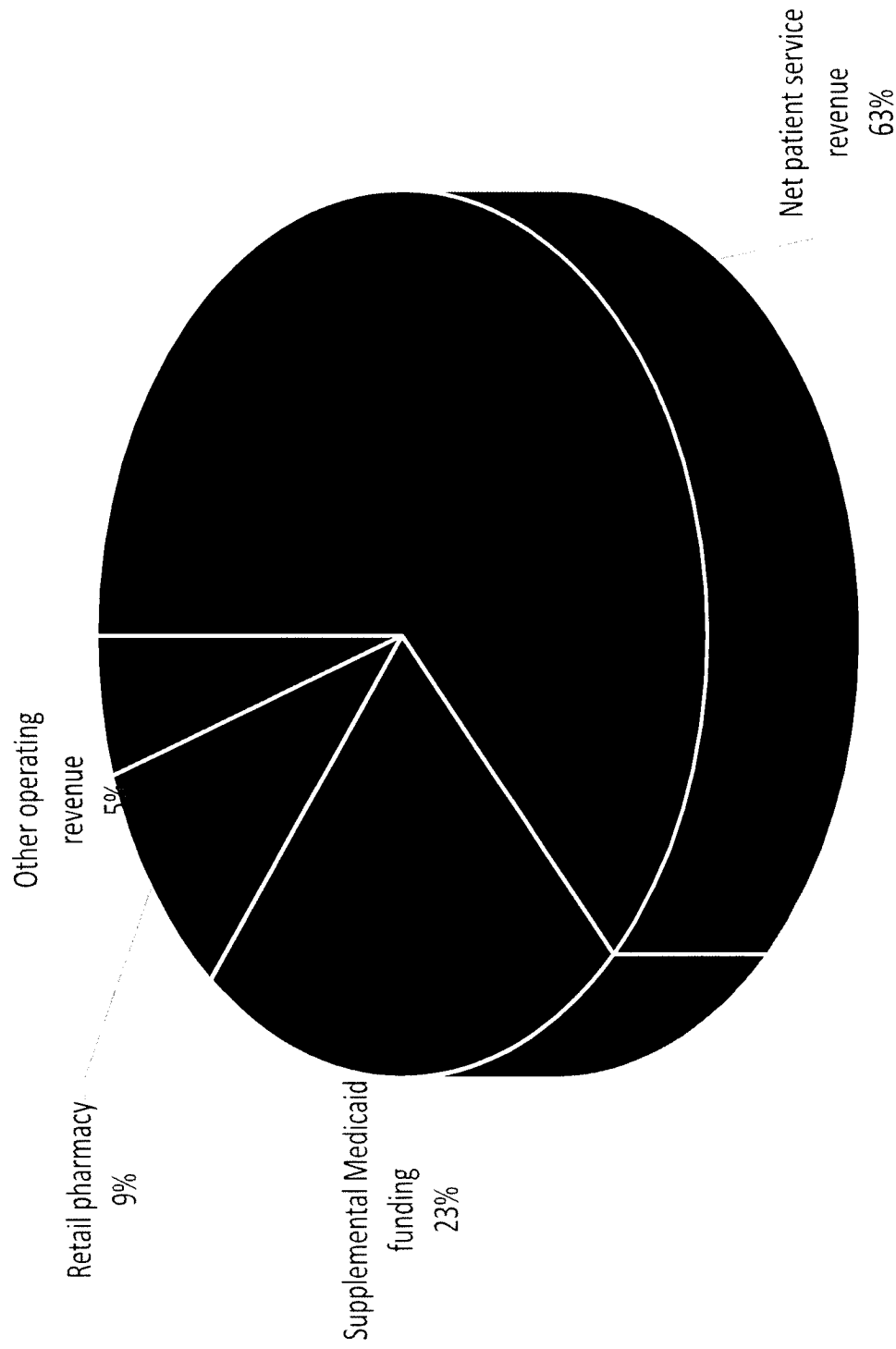
- Workforce management technology
- Technology optimization
- Specialty pharmacy
- Denial management
- Claims appeal software

**denotes increase dollar amount from prior fiscal year*

Operating Revenues

FY 2025 Budget

Operating revenues = \$1.2 billion



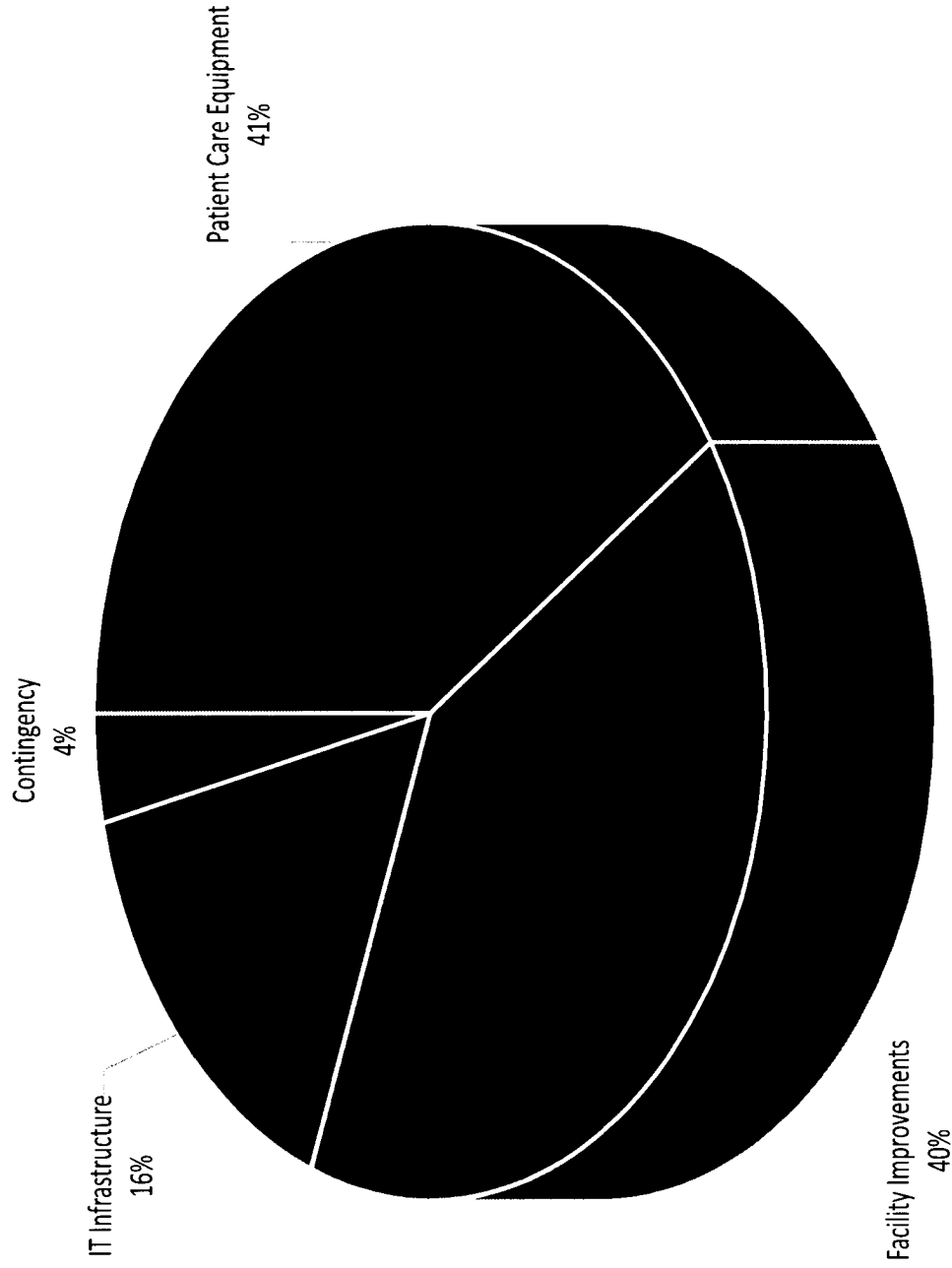
Capital Budget

FY 2025 Budget

Total capital budget = \$55 million



JPS Health Network
Fort Worth, Texas



Consolidated Income Statement

FY 2025 Budget



	FY 2025 Budget	FY 2024 Projected	Variance	% Variance
Operating Revenues				
Net patient service revenue	\$ 752,912,267	\$ 737,191,005	\$ 15,721,261	2.1%
Supplemental Medicaid funding	275,939,640	266,997,101	8,942,539	3.3%
Retail pharmacy	109,177,748	106,674,281	2,503,467	2.3%
Other operating revenue	61,140,093	65,692,661	(4,552,568)	-6.9%
Total operating revenues	1,199,169,748	1,176,555,049	22,614,699	1.9%
Operating Expenses				
Salaries and related expenses	1,034,707,427	963,660,563	(71,046,864)	-7.4%
Purchased services	243,211,817	215,727,335	(27,484,482)	-12.7%
Supplies	254,434,275	235,715,580	(18,718,694)	-7.9%
Depreciation	55,688,729	53,415,516	(2,273,213)	-4.3%
Other operating expense	61,853,868	59,667,952	(2,185,916)	-3.7%
Total operating expenses	1,649,896,116	1,528,186,945	(121,709,170)	-8.0%
Operating Income (Loss)	(450,726,368)	(351,631,897)	(99,094,471)	-28.2%
Ad valorem tax revenue	522,912,913	535,746,137	(12,833,224)	-2.4%
Interest and financing expense	(19,767,443)	(20,393,714)	626,271	3.1%
Other nonoperating revenue	1,487,952	3,548,404	(2,060,452)	-58.1%
Investment income	98,793,255	110,924,447	(12,131,192)	-10.9%
Nonoperating Revenues and Expenses	603,426,677	629,825,274	(26,398,597)	-4.2%
Net Income	\$ 152,700,309	\$ 278,193,377	\$ (125,493,068)	-45.1%
Operating Margin	2.9%	9.2%		



September 4, 2024

County Judge Tim O'Hare
County Commissioner Roy C. Brooks
County Commissioner Alisa Simmons
County Commissioner Gary Fickes
County Commissioner Manny Ramirez

Tarrant County Hospital District d/b/a JPS Health Network ("JPS") is proud to serve the healthcare needs of the residents of Tarrant County, including those residents who face financial and social barriers to care. We are grateful to have the privilege of fulfilling the mission that the voters supported when the hospital district was first created in 1959.

JPS continues to be well-positioned to fulfill our mission and vision to be the leader in transforming healthcare delivery in Tarrant County and to improve the lives within the communities we serve. JPS serves as Tarrant County's first Level 1 Trauma Center, the largest mental health provider in Tarrant County, the largest family medicine program in the nation, and is the largest teaching institution in Fort Worth. JPS is embedded throughout Tarrant County communities providing comprehensive services at more than 13 community locations.

During the past year, JPS had over 1.2 million patient visits and experienced record-high emergency department visits and inpatient admissions. Our past year's priorities maintained continued focus on improving access to care through the master facility plan, commitment to excellence through improved operational efficiencies and quality of care, and workforce stability and safety.

Highlights of FY2024 include:

EXCELLENCE IN WORKFORCE AND BUILDING A WORKFORCE PIPELINE FOR THE FUTURE

JPS Health Network Named a 2024 Gallup Exceptional Workplace Award Winner

JPS Health Network remains committed to our workforce. As one of the top 10 largest employers in Tarrant County, JPS recognizes that our employees are essential to providing the highest quality of care to our patients. While industries are facing unprecedented challenges in retaining their workforce, this year, JPS continued to focus on engagement, recruitment, and retention efforts through our employee engagement and survey efforts.

As a result, JPS has received the 2024 Gallup Exceptional Workplace Award. The award recognizes the most engaged workplace cultures in the world. JPS serves as one of sixty global organizations to receive the 2024 designation.


JPS Health Network Receives Office of the Governor Workforce Grant

JPS Health Network is not only committed to our existing workforce, but we are dedicated to developing a workforce pipeline for the future. This year, the Office of the Governor announced the awarding of \$6.3 million in Workforce Grants for 20 innovative workforce skills training and job placement programs in

Thank you, Tarrant County Commissioners Court, JPS Board of Managers, JPS staff, and the Tarrant County community for your continued support of JPS Health Network.

Please contact me should you have any questions or need additional information.

Sincerely,

A handwritten signature in black ink that reads "Karen Duncan". The signature is written in a cursive, flowing style.

Dr. Karen Duncan
President and CEO
JPS Health Network

Volumes

The network is expecting stable volumes for FY 2025. There are several factors influencing volumes including length of stay, maximum bed occupancy rates, and mature throughput initiatives. Outpatient clinic volumes are projected to rise 5.3% over FY 2024 with increased utilization and fewer physician vacancies.

Total surgeries are expected to be stable in FY 2025 by maximizing the utilization at JPS Outpatient Surgery Center in Arlington (JSCA), as the main campus operating rooms undergo scheduled upgrades and maintenance in the last half of FY 2025.

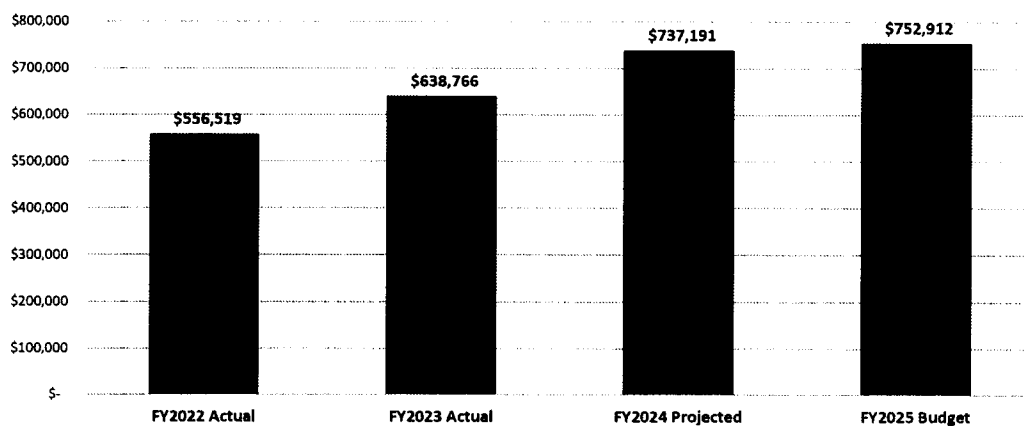
Emergency and urgent care visits are expected to remain consistent with FY 2024 projected volumes.

Net Patient Service Revenue

Net patient service revenue is budgeted at \$753 million, an increase of 2% from FY 2024 projected.

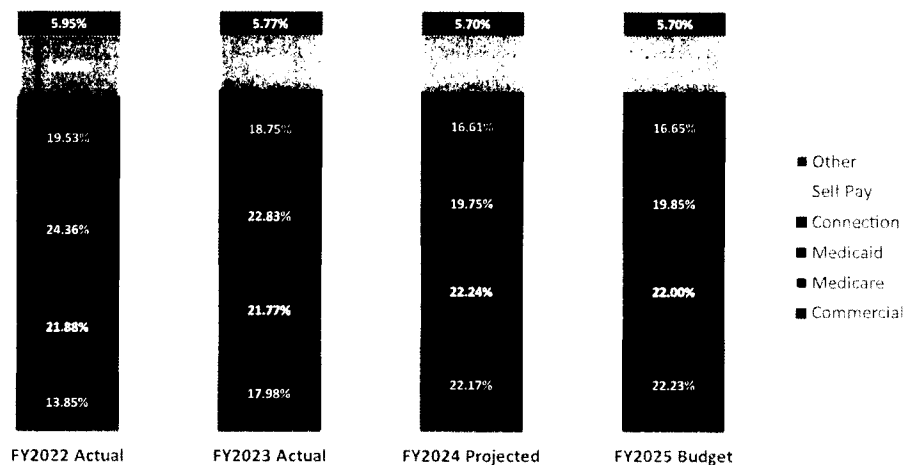
An increase of \$12 million is expected from the Uncompensated Care payment portion of Medicare due to growth in the uninsured patient population.

Additionally, there are several operational changes planned for FY 2025, which are expected to increase net patient revenue by \$4 million. These changes include the opening of new locations, revenue cycle initiatives, and volume increases.



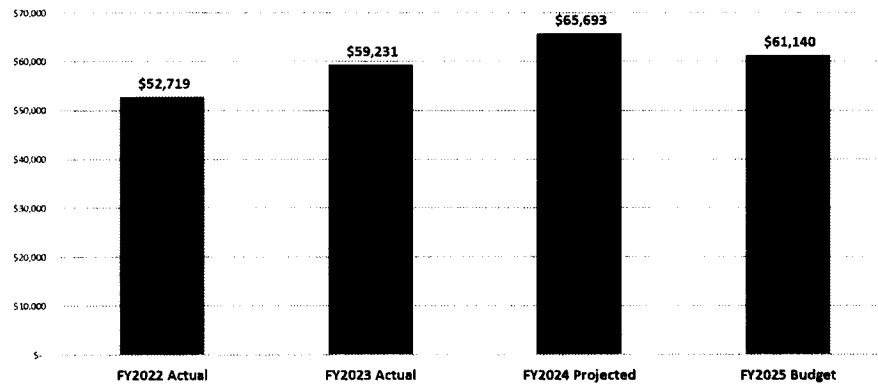
Payor Mix

The network does not anticipate any significant shifts within the payor mix. The FY 2025 budget remains consistent with FY 2024 projected payor mix.



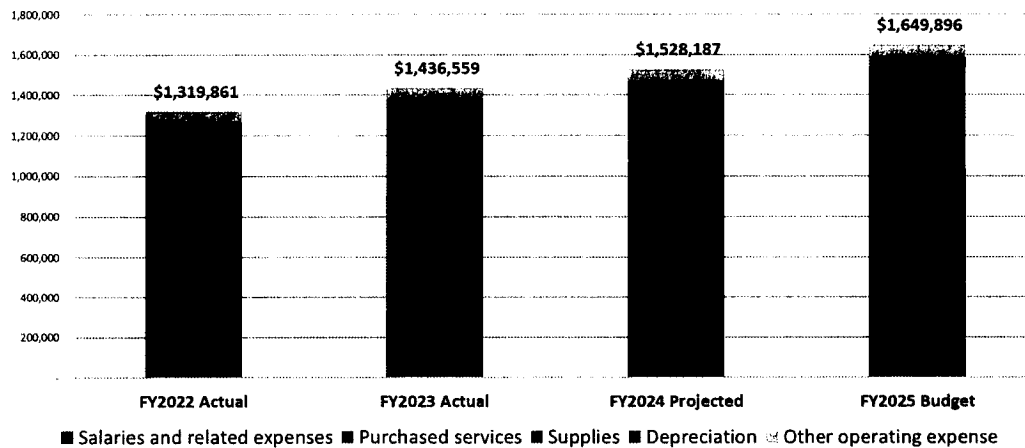
Other Operating Revenue

Other operating revenue is budgeted at \$61 million, a decrease of \$5 million, and comprises 5% of total operating revenue. Sources of other operating revenue include funds received for grants, tobacco settlement revenue, cafeteria sales, parking fees, 340B retail pharmacy revenue, donations, outside provider coverage, provider incentives, MHMR inpatient services, opioid funding, and various other sources.



Total Operating Expenses

Total operating expenses are \$1.65 billion for FY 2025 budget. Uses of total operating expenses include salaries and related expenses, purchased services, supplies, depreciation, and other operating expenses.



Salaries and Related Expenses

Salaries, benefits, and related expenses are budgeted at \$1 billion. Staff and provider compensation includes annual merit and market assessments to retain top talent and remain competitive in the market.

Purchased Services

In the proposed FY 2025 budget, total purchased services are \$243 million. Purchased services are comprised of contracted physician services, clinical engineering service management, pharmacy management, housekeeping and laundry services, and legal services.

Nonoperating Revenues and Expenses

Nonoperating revenues and expenses are budgeted to be \$603 million for FY 2025. Nonoperating revenues and expenses include ad valorem tax revenue, interest and financing expenses, other nonoperating revenue, and investment income.

Ad Valorem Tax Revenue

Ad valorem tax revenue is budgeted at \$523 million. The tax levy is budgeted to decrease from \$551.1 million in 2024 to \$533 million in 2025. A decrease of \$18 million when accounting for the second homestead reduction and lower than historical appraisal values. 2024 was an abnormally high year for successful appeals and protests and ad valorem revenue is projected to be \$536 million at fiscal 2024 year-end. On the income statement you will see ad valorem decreases \$13 million (\$536 million - \$523 million). In the 2025 budget, the tax rate falls from \$0.1945 to \$0.1875 cents per \$100 of assessed values and an additional 10% homestead exemption was enacted for Tarrant County property owners bringing the total homestead exemption to 20%. Certified Tarrant County property values equal \$284.1 billion for the FY 2025 budget.

Interest and Financing Expense

Interest and financing expense is \$20 million for FY 2025 and includes the interest expense impact from the \$450 million bond issuance that occurred during FY 2023.

Other Nonoperating Revenue

Other nonoperating revenue includes items such as penalty and interest tax revenue, rental income, parking lot lease income, and gain or loss from the sale of assets. Other nonoperating revenue is \$1 million for budget FY 2025, a decrease of \$2 million from projected FY 2024. The decrease is related to the cost associated with the demolition of the Morphy Street garage.

Investment Income

Investment income is budgeted to be \$99 million in FY 2025, a decrease of \$12 million from projected FY 2024. JPS Health Network is subject to the Public Funds Investment Act which requires investments in low-risk, limited securities or funds. Investments in highly rated securities are projected to be in 1-to-2-year maturities with a projected yield of 4.15% for FY 2025. The overall average yield for FY 2024 is 4.87%.

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