

MINUTES OF THE CITY COUNCIL

CITY OF AUSTIN, TEXAS

Special Meeting

November 3, 1977

8:00 P.M.

Council Chambers  
301 West Second Street

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The meeting was called to order with Mayor McClellan presiding.

Roll Call:

Present: Mayor McClellan, Councilmembers Cooke, Goodman,  
Mayor Pro Tem Himmelblau, Councilmembers Mullen,  
Snell, Trevino

Absent: None

PUBLIC HEARING ON REPORT OF HEALTH SYSTEMS TEAMS  
PEAT, MARWICK AND MITCHELL

Mayor McClellan opened the public hearing scheduled for 8:00 p.m. by stating that this would be the first public hearing on the Health Systems Study.

MR. JACK NEWMAN of Peat, Marwick and Mitchell made a slide presentation before the Council. He indicated that nearly 100 Austin citizens have examined the City's existing health delivery system and evaluated possible revisions to it. Mr. Newman cited five major problems with the existing health delivery system. They were as follows:

1. Care is fragmented and intends to be crisis oriented.
2. There is poor communication between providers.
3. The current structure creates multi-layer decision-making, thus compounding lines of authority.
4. The existing bottom line subsidization eliminates the appropriate incentives for efficiency of operation.
5. There exists no uniform physician coverage.

Mr. Newman then went on to summarize the 13 major points of the recommended plan, which is contained in Section 3 of the final report. The major points were as follows:

1. That the eligibility criteria be updated to current poverty levels, and that eligibility processing be reorganized but maintained under City control. As such the City Council will have a major source of control over the entire system.
2. That day to day operational control of Brackenridge Hospital be transferred through a lease of the facility to a non-governmental entity. However, it is recommended that the City continue to own the facility; thereby allowing the City Council substantial policy-making leverage during contract negotiations. It is recommended that one of these negotiations be that Brackenridge continue to operate an open emergency room, and that there continue to be access to the hospital for all citizens unable to pay for care. Another recommendation is that there be continued seniority and fringe benefits for the employees now employed at Brackenridge Hospital.
3. That there be established an Austin Health Board to serve as an agent and provide a negotiator for indigent care public funds. It has been recommended that the City Council retain some responsibility for appointment of Board members. To avoid confusion, it should be pointed out that the Austin Health Board would be an independent negotiating agency, in no way involved in the operation of Brackenridge Hospital.
4. The Austin Health Board would negotiate with the physician group for total, uniform medical-professional coverage of indigents.
5. The City would prepay a fixed amount to the Austin Health Board for required services. The City Council would retain substantial policy control over the system through this arrangement regarding range of services and number of persons served.
6. This Austin Health Board would extend the fixed prepayment to the physician group.
7. The Austin Health Board would negotiate with hospitals and other providers for care as needed.
8. The Austin Health Board would establish financial reserves and purchase re-insurance as safeguards against possible cost overruns.
9. Any savings realized by the Austin Health Board would be used to build the Austin Health Board's reserves and applied as a credit against future City commitments.
10. All clinic facilities and major equipment would be owned by the City and/or the Austin Health Board.

11. The Board would form a citizens user committee to provide consumer feedback regarding quality of services delivered.
12. The City would pay a partial bad debt subsidy to the new operator of Brackenridge Hospital in order to guarantee that the continued needs of the near poor would be met.
13. The City would maintain responsibility for EMS and public health activities with public health and primary care activities closely coordinated and consolidated to the extent possible.

After showing some more slide presentations, Mr. Newman then listed the 8 major advantages of the previously recommended plan. The advantages were as follows:

1. Continued City control over eligibility provides direct control over the number of persons served.
2. By eliminating multi-layered decision-making and establishing appropriate control and governing of the delivery components, industry-competitive policies and procedures can be established.
3. Use of the Austin Health Board will serve as an effective organizational buffer between the City and the provider.
4. The establishment of coordinated physician coverage and unified record and information systems will significantly improve the quality of services delivered. This should minimize the fragmented, crisis-care elements now in existence.
5. Use of integrated information systems will allow for close monitoring of the health system and will facilitate any future negotiations.
6. The conduct of quality assurance reviews.
7. Creation of a mechanism for user feedback will assist in guaranteeing accuracy and quality of services.
8. The system proposes to establish appropriate incentives designed to keep persons healthy, improve efficiency of delivery, strive for cost improvements, and improve collection activities.

After more slide presentation, Mr. Newman stated that the major goal of the study was to assess how the City is currently responding to health needs of its indigent citizens and to identify how this response might be enhanced so as to expand, coordinate and more closely monitor the care being provided in a manner which more responsibly applies the City's tax dollar. Mr. Newman indicated that what the systems proposes is that the City continue to assume its proper overall policy-making role in providing health care for its economically disadvantaged citizens, and that the day to day operating matters be entrusted to those best able to respond to them so as to achieve more and better health care for those indigent citizens.

Mayor McClellan told Mr. Newman that she would be interested in any information relating to the concept of a hospital authority. She directed the staff to provide the Council with any information they have on a hospital authority as distinguished from a hospital district.

MS. LILLIAN VOSS, a nurse at Brackenridge Hospital, stated that there has been little or no mention in recent months of the proposal to turn the Brackenridge Hospital status into that of a district county health facility. Ms. Voss also stated that nothing was mentioned about the medical education program efforts toward cost curtailment. She felt that it would be a positive step toward decreasing budget over run to do an extensive study of that particular program. Ms. Voss stated that a strong, well-supervised medical education program was needed to meet the needs and care of Austin citizens.

DR. HOMER GOEHRS, representing the Travis County Medical Society, told the Council that the Society agreed with the recommendation that Brackenridge Hospital be separated from the political sphere, and that it be allowed to develop a program and structure which will attract new physicians as well as continuing to attract those physicians who utilize it presently. Dr. Goehrs indicated that the operation of two hospital buildings with no plans for an OB-GYN service adjacent to the surgery suite in the new building is a problem that must be addressed. He stated that in addition, Brackenridge Hospital must provide the following:

1. A 24-hour open full-service emergency room.
2. It must continue to be a general receiving hospital for patients with acute and severe illnesses.
3. It must continue delivering indigent care as well as private care.

Dr. Goehrs indicated that the County Medical Society could no longer endorse any form of continued City management of Brackenridge Hospital. He also stated that they supported the concept of an independent board called the Health Board in the report, monitoring the tax dollars which are used for indigent care and further, a single physician group being responsible for primary care of the indigent and private no-preference patients. Dr. Goehrs also indicated that 20 to 23 primary physicians would be needed rather than the 17 stated in the report. He stated that in Appendix G, the average salary given for primary care providers was inadequate to attract and retain quality physicians.

MR. JAY PIERSON, representing approximately 40 of the managers of units within Brackenridge Hospital, made the following recommendations on behalf of the departmental managers.

1. That the present administrator be given a completely free hand to make those management changes he deems necessary to continue his present course towards improving efficiency of the hospital.
2. That a governing board be established to evaluate and improve operational and policy changes recommended by the administrator.

3. That a public trust be established to once and for all account for those services provided on a no-charge basis, so that inability to collect not be misconstrued as part of operational deficiencies.
4. That the size and scope of the medical education program be scrutinized on a practicality basis for the purpose of identifying and eliminating indiscriminate waste.
5. That the hospital wage and salary program be divorced from the City. The hospital should be able to better determine compensation levels dictated by the Austin area market for health care personnel.
6. That the master plan for Brackenridge construction be completed at the earliest time possible to prevent excessive costs inherent in inflationary building expenses and in operating the facilities while construction continues.

MR. JOE PINNELI, a representative from AFSCME, Local 1624, spoke before the Council. Mr. Pinnelli indicated that there were no cost estimates or figures in the report as to what the retirement system is going to cost to transfer the retirement system for some 1200 employees, or what it is going to cost to pay their accumulative sick and vacation time. Mr. Pinnelli went on record as requesting that this data be compiled. Mr. Pinnelli asked what the current plan was on retirement match money. Mr. Homer Reed, Deputy City Manager, stated that the City Legal Department had determined that funds from the existing retirement fund can be utilized to either transfer to the new corporation or to a new fund that would be created, or paid as they become due out of the present fund. Mayor McClellan requested that the retirement information referred to by Mr. Pinnelli be submitted both to the Council and to Mr. Pinnelli. Mr. Pinnelli requested to see the details of the contract arrangement to be sure that the employees' rights were being protected, prior to Council action on whether or not the hospital is to be leased.

MR. ZEKE UBALLE requested to know who the hospital would be leased to and also the credibility of that party.

MR. WILL FISHER, an orderly at Brackenridge Hospital, felt that the emergence of a City-County type of hospital would greatly enhance the reputation of the City.

MS. MARY LOUISE NELSON, First Vice-President of the League of Women Voters of Austin, told the Council that before her League can present a position, an informed consensus of their large membership is required. She stated that within three weeks, members would be making that decision. Ms. Nelson felt that more hearings should be scheduled so that more informed opinions may be heard. Mayor McClellan stated that this was a major decision on the part of the Council and that they would not be rushing into anything. She assured Ms. Nelson that the League would have ample time to finish its review of the health system study.

MS. MARTHA COTERA, a member of the Mexican-American Business and Professional Women of Austin, also stated that her organization did not have a consensus of opinion. She stated that they have not had access to the study team report. Ms. Cotera indicated that within the next few weeks, her organization would be studying the question and would reach a consensus. She stated

that they did not want the Council to make a rush decision. Ms. Cotera stated that they were hoping that the east Austin and south Austin communities could have another hearing prior to Council action. She stated that they were concerned about the Citizens' User Committee, which they have not been able to identify in terms of policy making power. She also questioned what is going to happen the near poor. People who have problems getting eligibility status and who still can't pay their bills. Ms. Cotera stated that they did not want to see any tie-in in relation to the National Health Insurance system if one develops. She also indicated that they were worried about cost projections for implementation of the study plan. She stated that by contracting now the various elements, there was going to be a lot of room for hidden costs. In conclusion, Ms. Cotera stated that a consumer representative should be on the proposed health board. She stated that a social worker might also be included on this board. Mayor McClellan asked Mr. Reed to meet with Ms. Cotera so she could obtain a full copy of the study team report for her organization. Mayor Pro Tem Himmelblau added that she did not think the Council would be rushing into any decision on the matter. She also stated that there would be more public hearings prior to a decision being made.

MS. AMALIA RODRIGUEZ-MENDOZA, President of the Mexican-American Business and Professional Women of Austin, also indicated that her organization has not had an opportunity to study the plan at length. She stated that they would be forming a small study group to come up with recommendations to present to the Council. Ms. Mendoza stated that one of their main concerns was what guarantees do citizens have, that everybody will be treated and served at Brackenridge Hospital if it is turned over to a private firm and what kind of recourse will patients have if care is not adequate. She questioned who would handle the out-patient clinics and in terms of pre-natal care, where will women who are served by the pre-natal clinics, who do not have clinic cards deliver their babies if not at Brackenridge Hospital. She stated that if the hospital is turned over to a private firm, the affirmative action plan will suffer. Ms. Mendoza stated that Brackenridge Hospital has one of the greatest proportions of minority women in administrative and professional positions. She asked what assurances would be provided that the trend in hiring minorities will be maintained. Councilmember Mullen indicated that this could be written into the contract. Ms. Mendoza also felt it was a mistake to plan a public hearing in East Austin on a Friday night.

MS. REGINA ROGOFF also felt that there had not been adequate time to review the record and the report that has been submitted. She felt that Brackenridge Hospital has been used as a dumping ground, and at the expense of the City. Ms. Rogoff indicated that what is being proposed is that the City lease away or give away those potentially profit-making aspects of the hospital and retain all the liabilities, and to a large extent retain the liabilities without mechanisms for control. She stated that there were mechanisms for control over eligibility guidelines and endorsed the increase to the 1976 poverty levels.

REV. WILLIAM B. SOUTHERLAND, representing the West Austin/Clarksville area, told the Council that funds had been allocated in this year's Capital Improvements Program to locate a health facility in Clarksville area. However, the consultant's report states that a clinic building should not be committed to the area. Rev. Southerland stated that the area needed at least institutional help. He suggested that portable buildings could be placed on the lot. He stated that no provisions are recommended to aid the near poor who

will not qualify for clinic cards, but will have no means to pay their health care. He stated that requiring clinic card applicants to fill out an application before seeing the eligibility technician will place a hardship on uneducated and elderly applicants, and will lengthen the waiting period to get in for an appointment. Rev. Southerland felt that provisions should be made for the people on Medicare, private insurance, etc., who will have difficulty paying uncovered portions of medical bills. He stated that applicants should not be asked to wait on clinic card eligibility until determination on other programs is received. He stated that the establishment of a one-to-one physician-patient relationship should greatly improve the treatment received and help lower the cost.

MR. JOHN HENNEBERGER, representing the Clarksville Neighborhood Advisory Board, shared Rev. Southerland's concern about the deletion of the recommendation for secondary health care clinic in the Clarksville Community. He pointed out that the City staff recommendation was that Clarksville receive a health clinic and that the City Planning Commission approved the location of the clinic in Clarksville. Mr. Henneberger cited some of the reasons why the clinic should be removed from the Clarksville area as recommended by the consultants. He pointed out that inner City tract 12 (Clarksville) tends to be declining in population and increasing in median age of the population. It was pointed out that MoPac went through Clarksville and took out a significant portion of the community. Mr. Henneberger asked if the City was going to penalize the Clarksville community by taking away their clinic because MoPac went through and removed some of the people. He stated that the health factors and the socio-economic factors used by the staff to judge the importance of having clinics in areas are both heavily represented in Clarksville. Clarksville is one of two census tracts that has a valuable communicable disease occurrence above 50% of the median City level. He pointed out that poverty, minority, joblessness, bad housing and over 60 years of age percentage of population are over represented in the Clarksville area compared to other sections of the City. Mr. Henneberger stated that by failing to locate any health care facilities for the poor in west Austin, the City would be eliminating the opportunity to encourage any sort of integration, either racially or economically in these areas. He also pointed out that the 35-minute bus ride from Clarksville to the Rosewood-Zaragosa clinic would effect an unfair burden on the elderly. In conclusion, Mr. Henneberger recommended that Clarksville be provided with the clinic that was proposed in the City budget and that some sort of direct transportation service, such as taxi or call-in, demand services for the primary health care clinics in addition to the secondary clinic in Clarksville.

DR. RAFAEL DE LA CRUZ, Chief of Pediatrics at Brackenridge Hospital, felt that leasing the hospital represented giving up a great deal of the City's right to run the hospital in the best interests of its citizens. He stated that leasing would create a dual situation. On one side would be the private interests of the corporation and on the other side the public interest as represented by the City Council. Dr. De La Cruz stated that a time will come when the situation at Brackenridge will be more stable, then someone else such as a private corporation will make the profit that truly belongs to the people of Austin.

GREGORIA ESQUIVEL, and LVN at Brackenridge Hospital, recommended that the hospital be kept for all of the citizens of Austin.

MS. BETTY HUNT, a nurse, stated that it had been mentioned that one of the advantages of the new system would be that they would provide primary care to patients. She suggested giving comprehensive health care which would mean treating the total person.

MR. ERNEST PERALES told the Council that to make a profit the new operators would have to reduce bad debts. They would do this by changing policies as to who is treated in the emergency room, and who is admitted to the hospital. He stated that most privately operated hospitals treat only those who can pay in advance and admit only those who have private physicians and can make the admission deposit. Mr. Perales expressed concern that the new operators will require the same at Brackenridge Hospital. This will in effect close the emergency room and deny hospitalization to many who are above the scale to qualify for a clinic card. Or it will decrease the number of lower level employees. He stated that this alternative does not contain a mechanism to allow for the City to monitor the quality of care delivered by the outside operators. There are no guarantees that the new system will indeed cost the City less than the operation of the current system. He felt that the proposal is a pie-in-the-sky proposal.

DR. FRED HANSEN passed on his turn to speak to the Council.

MR. FRED HOFFMAN, representing the Community Health Volunteer Committee, asked if his organization could get copies of alternatives 1 and 2 for their consideration. He felt that there might be something in there that they would like better than what's in plan 3.

MS. BETH HOFFMAN felt that there should be some sort of sliding fee where people could pay even a small portion of their bill, so that the cost would become more meaningful to them.

DR. W. R. TURPIN questioned if the City should provide the medical care being discussed. He questioned if that is not actually and statutorily a requirement for the Council to do. Dr. Turpin stated that rather than worrying about an institution which has perhaps outlived its usefulness, the City should focus on providing medical care to the people. He felt that the City should fund the medical care of each individual eligible person wherever he wants to spend the money.

DR. BRYAN W. FORISTER, a member of the medical staff at Brackenridge, felt that it was wrong for the taxpayers of Austin to continue to pay for the care of all the surrounding areas plus educational systems. He did not feel, however, that it would be wrong for the Council to request the Texas legislature to see that this is well provided. Dr. Forister stated that the only solution that can be resolved with the institution is that the Legislature come in and take over the hospital and the citizens of Austin, the taxpayers of Austin pay for the indigent care in the City of Austin and not for the indigent care of persons in surrounding areas. Mayor McClellan responded that the State Legislature had already been approached with this prospect 9 months ago.

MR. JORGE GUERRA stated that indigent people for what they make, actually pay more than anyone else. He told the Council that he was speaking mainly to save the City of Austin the pain of having people going to complain to the Human Relations Commission if the proper decision is not made. Mr. Guerra



indicated that the fact that Brackenridge Hospital was losing money because poor people were going to it was a scape goat. He stated that the poor people do not receive any other kind of protection from the City of Austin like rich people who benefit from real estate property protection, police protection for whatever they have and capital investments. They do, however, pay their taxes every time and deserve benefits from the hospital.

DR. NELSON TALBOT, Brackenridge Hospital Chief of Staff and Chairman of one of the Study Teams, told the Council that when the study began, there were essentially two problems. One was that the need existed for an increased provision of quality care for those people who serve as indigent patients; secondly was the escalating cost of the provision of what care there was being provided. He stated that Alternative number 3 ended up as the most feasible. Dr. Talbot indicated that the plan said that the management of Brackenridge Hospital be changed, that a community board be established to insure and to develop adequate health care on an outpatient basis as well as inpatient basis for those who are designated as indigent, through a physician provider group, who is consolidated, who is oriented to the patient's problem and who consistently takes care of the patient not in a fragmented manner in this clinic, but hopefully totally, so that his total medical needs can be addressed and met. Dr. Talbot stated that the purpose of the study was to improve the care, was to provide more care for people. As an outgrowth of the study was to provide this at the most reasonable cost to the patient. He stated that the Council and the Austin citizens govern what the indigent care program will be. Dr. Talbot stated that the reason for divesting Brackenridge of City control in this one area of management was that the policies of the City may not necessarily in its human relations be those which are commensurate and amenable to efficient hospital administration. He stated that the study teams took great care to insist that all safeguards were met for the employees at Brackenridge, and it took care to insist that a workable broad-based outpatient system to deliver care to the indigent patients was in effect. In conclusion, Dr. Talbot stated that the recommended plan would result in no loss of power to the City, no loss of citizen recourse to the Council and no loss in any instance of the political and factual control of both its economics and the care it gives.

Mayor McClellan concluded the public hearing by stating that there would be another hearing on health system the following night, November 4, 1977, at 7:00 p.m. at the Rosewood-Zaragosa Center.

## ADJOURNMENT

The Council meeting then adjourned at 10:05 p.m.

ATTEST:

Grace Monroe  
City Clerk

Carole Keeton McClellan  
Mayor