

HARRISHEALTH

\$2.5B BOND for Harris Health Infrastructure

Letter from Harris Health's President & CEO



As I write this, I am representing the dedicated team of healthcare professionals at Harris Health—a team committed to ensuring accessible, quality healthcare for all residents of Harris County. Our pride in serving you remains unwavering, yet we find ourselves navigating a challenging landscape due to the state of our facilities. **With this in mind, we propose a \$2.5 billion bond election to the voters of Harris County.**

Our hospitals, LBJ and Ben Taub, have been the cornerstones of healthcare in Harris County for over 30 years. Today, they are fast approaching the end of their useful life. Over the years, our task has been made all the more challenging by the substantial population growth Harris County has experienced over the past three decades.

Our Strategic Facilities Plan was conceived as a direct response to these pressing issues, paving the way for a comprehensive renovation, expansion, and modernization of our healthcare infrastructure. This plan forms an integral part of our strategic vision, affirming our commitment to effectively serve our growing community.

In pursuit of this vision, Harris Health's Board of Trustees unanimously approved a request for a \$2.5 billion bond election. The proposed bond is focused on our Strategic Facilities Plan. If approved, it would allow Harris Health to replace and renovate Lyndon B. Johnson Hospital, extend the life of Ben Taub Hospital, and establish essential care services in high-need areas.

Our investment in these projects goes beyond addressing immediate infrastructure needs; it's about laying a foundation to accommodate the projected population growth. The transformation of LBJ will lay the foundation for the establishment of the first Level I Trauma Center outside of the Texas Medical Center, and our strategic expansion of primary and specialty care clinics will bridge the healthcare access gap. It's a four-pronged approach—emergency care, hospital care, primary care, and specialty care.

This is why Harris Health's Board of Trustees has requested that the Harris County Commissioners Court order a bond election for \$2.5 billion in November of 2023.

With utmost appreciation,

Esmail Porsa, MD
PRESIDENT & CEO
 Harris Health



OUR ESSENTIAL ROLE IN HARRIS COUNTY



Critical care



Training of physicians and other healthcare professionals



Economic engine



Preventive care



Major Employer

OUR STORY

Harris County Hospital District (d/b/a Harris Health System) was founded on January 1, 1966 as a safety net hospital system to provide quality care to the residents of Harris County who lacked access to healthcare. Since then, Harris Health has been providing vital care to those who would otherwise be left without access to the care they need.

As the largest safety net health system in Texas, Harris Health is primarily funded

through a combination of patient revenue, Medicaid supplemental programs, philanthropy, and *ad valorem* taxes.

But Harris Health's impact goes far beyond providing critical healthcare services. Through its affiliated partnerships with Baylor College of Medicine and the University of Texas Health Science Center, Harris Health trains the region's future healthcare workforce, ensuring that the next

generation of doctors, nurses, and other healthcare professionals are prepared to provide the highest quality of care for all Harris County residents.

Harris Health educates the future healthcare workforce for the region, with training occurring through the two affiliated medical schools.

OUR FACILITIES

Today, Harris Health operates:



Ben Taub Hospital

- Staffed by physicians from Baylor College of Medicine
- 402 licensed beds
- Level I trauma center
- Comprehensive Stroke Center (DNV) and recipient of the American Heart Association/American Stroke Association's Award
- Designated Chest Pain Center and a Mission: Lifeline® Gold Plus Receiving Center for STEMI (heart attack) care



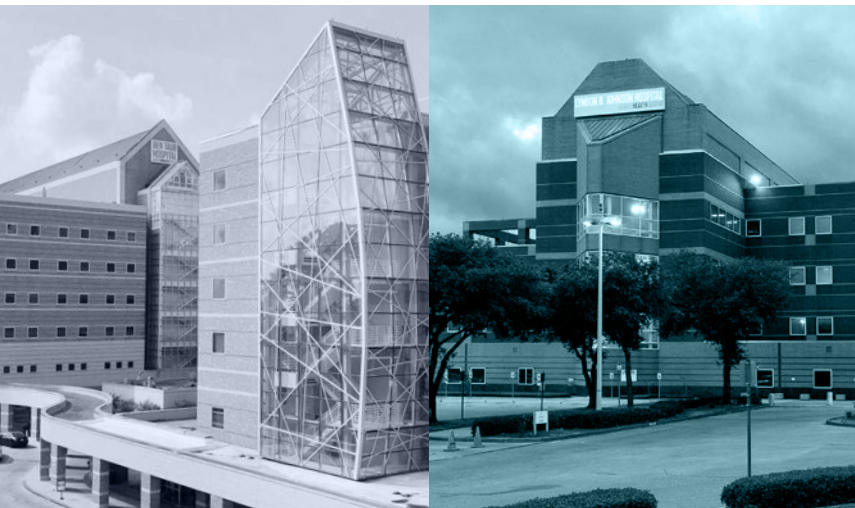
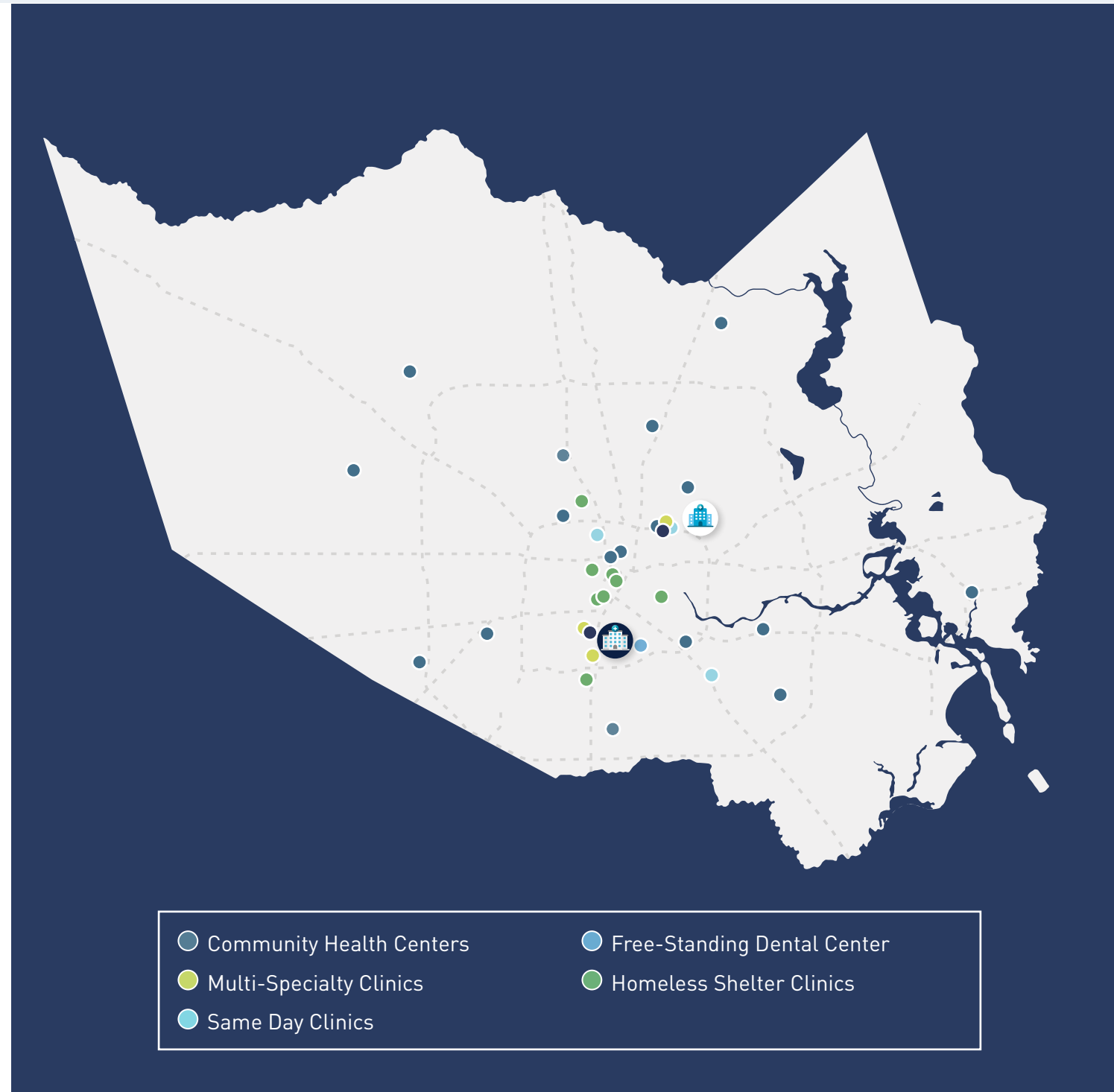
Lyndon B. Johnson Hospital

- Staffed by physicians from UTHealth and M.D. Anderson Cancer Center
- 215 licensed beds
- Level III trauma center
- Regional center for neonatal intensive care
- Designated Maternal Level III facility by Texas Department of State Health Services
- Designated Level III Geriatric Emergency Department Accreditation (GEDA) by the American College of Emergency Physicians



Harris Health Clinics

- Staffed by physicians from Baylor College of Medicine and UTHealth
- 17 community health centers, including the nation's first free-standing HIV/AIDS treatment center
- 4 large multi-specialty clinics
- 3 same day clinics
- 1 free-standing dental center
- 8 homeless shelter clinics and five homeless eligibility service locations
- Mobile immunization and medical outreach program



BY THE NUMBERS
(FY 2022)

261,901 unique patients

147,496 ER visits

854,313 clinic visits

26,919 hospital discharges

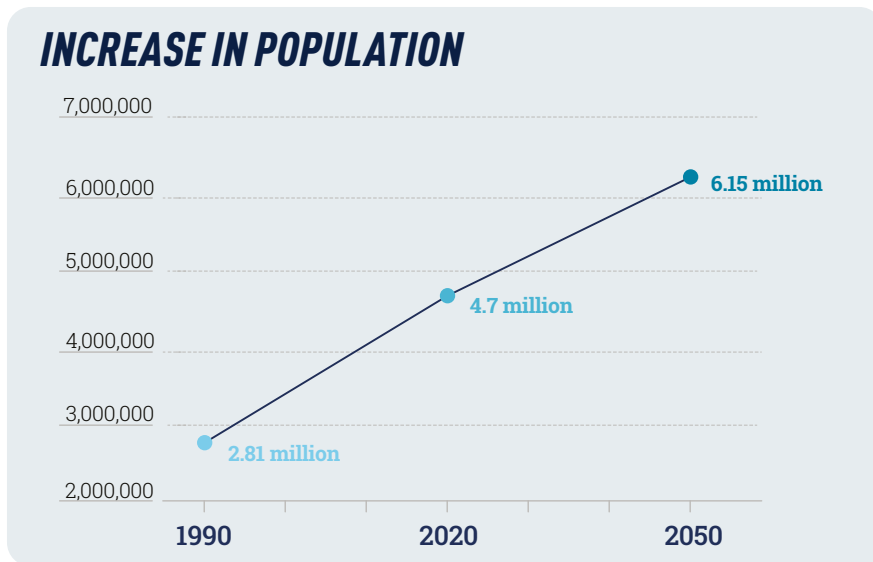
193,727 telehealth clinic visits

18,207 surgeries

\$795 M provided by Harris Health in charity care to underserved communities

STRATEGIC PLAN

For over 30 years, Ben Taub and LBJ hospitals have been a cornerstone of healthcare in Harris County, but in that time, Harris County has nearly doubled in size.



LBJ Hospital – Opened 1989 **Ben Taub Hospital** – Opened 1990

Today, the greater Houston region has the highest number of uninsured residents in the country.

That’s nearly one in four people in our area without access to healthcare. And even for those with insurance, our hospitals are struggling to keep up with demand.

Harris Health’s hospitals –LBJ Hospital and Ben Taub Hospital– are fast approaching the end of their useful life.

To address this issue, we need to think differently about how we approach healthcare. We need to unite as one system of care, investing in both our hospitals and primary care centers to build on our strengths and meet the growing demand for services. Harris Health proposes replacing its aging and deteriorating hospital infrastructure and adding inpatient beds to reduce the amount of time spent in waiting rooms and the number of patients being sent elsewhere for care.

But it’s not just about our hospitals. We seek to invest in our facilities to ensure that everyone in our community has access to the services they need. That means increasing access in areas that currently lack the necessary services and providing the primary care that is sorely lacking in some communities across our county.

We need a renewed focus on population health promotion and disease prevention. We can no longer afford to simply manage disease. Instead, we must work to prevent disease from happening in the first place. This approach will not only improve the health of our community, but it is projected to also save taxpayers money in the long run.

Harris Health’s Strategic Facilities Plan



Today, one in four Harris County residents are uninsured.

This equates to 1,175,000 Harris County residents who rely on Harris Health. By 2050 the projected population of uninsured residents in Harris County will be 1,537,500.

Preventive care

As demand on our health system continues to grow, Harris Health is focused on health promotion and disease prevention over ongoing disease management.

To achieve this, we plan to invest in our hospitals, while concentrating on clinic services. By renovating our hospitals and placing a greater emphasis on ambulatory care services, we can alleviate the burden on our healthcare system and ensure a better quality of life for our communities.

Today, both hospitals are routinely over capacity. Harris Health’s current infrastructure is insufficient to meet current needs, plus future demands. Both hospitals are currently operating at over 90-100% daily occupancy, exceeding the healthcare capacity for efficient flow, which is recommended to be below 85%.

Our facilities

Our service sites –Lyndon B. Johnson Hospital, Ben Taub Hospital and many Ambulatory Care Services (ACS) Clinics– opened their doors many years ago. Since then, Harris County’s population has nearly doubled and continues to grow.

PROJECTING FUTURE NEEDS

Harris Health plays a crucial role in providing care to vulnerable populations in Harris County.

Harris County has a total population nearing 5 million with one of every four people living in a family with an income below 150% of the federal poverty level (2018 US Census data). Of these individuals living below 150% of the federal poverty level, 33.6% are uninsured and 61% are enrolled in Medicaid. Most of these Medicaid enrollees are children under the age of 18, a population largely served by other providers.

Harris County Medicaid and Uninsured Population (2018 U.S. Census Data projected to 2020 using Texas Demographic Center population estimates)

Population	Number of People in Harris County
Medicaid* (under age 65)	834,636
Uninsured	943,466
Under 150% of Federal Poverty Limit (FPL)	1,269,835
Uninsured and under 150% FPL	462,418

*Enrollment in Medicaid in January 2020 was significantly below this number but is rising and may be higher than these 2018 projections in 2021 as a result of changing economic conditions.

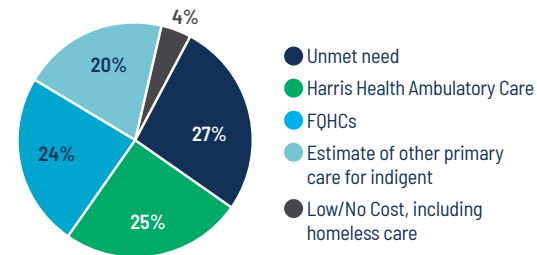
Healthcare Needs of the Population

Accessing healthcare is very challenging in Harris County for people with low income, particularly those without health insurance. This reality was expressed in all stakeholder interviews in some form. Public health data reveals some of the consequences of barriers to accessing healthcare, including poor diabetes control, avoidable hospitalizations and higher mortality rates in lower-income census tracts. Uninsured patients coming in for late-stage disease, including cancer, is all too common, and is a painful reminder of these access challenges.

Determining the amount of healthcare resources needed to adequately address these challenges is complicated and is more fully explained in the appendix titled "Appendix on Population Need and Capabilities of Facilities to Fulfill Need." However, the following key findings inform the strategies for Harris Health's future.

Projected Need for Primary Care

An estimated 1.27 million people in Harris County live below 150% of the federal poverty level (150 FPL). Harris Health is estimated to provide primary care that could fill 25% of this population's primary care needs while FQHCs in total have a calculated capacity to serve an additional 24%. An unknown amount of primary care for those under 150% FPL occurs in other care settings such as private practices and hospital clinics, with 20% shown as a reasonable estimate.

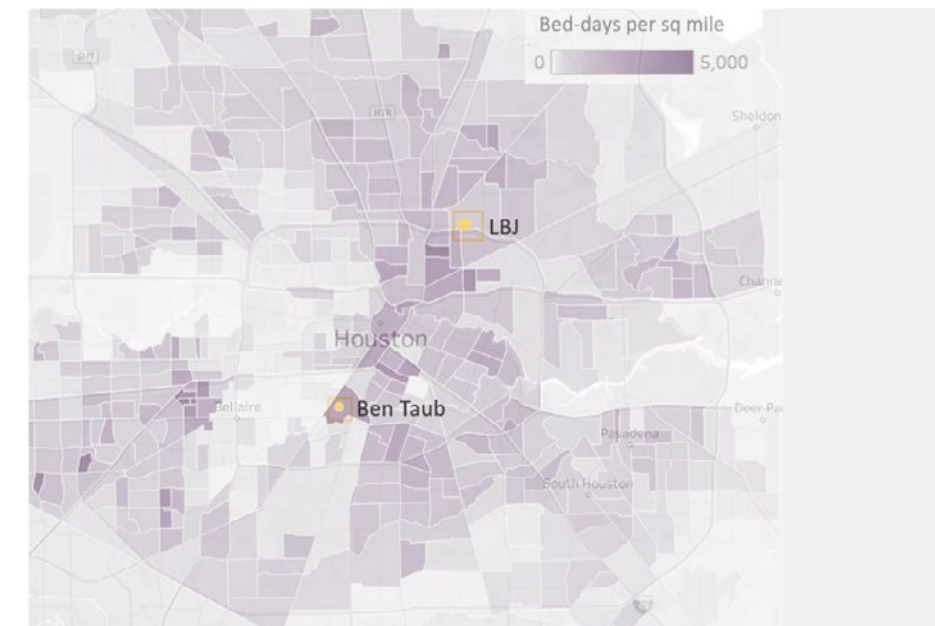


Percentage of Primary Care Provided in Harris County by Institutional Type

The optimal number and location of Harris Health hospitals is also a major consideration. Although this will be finalized in a comprehensive facility plan to be completed in the first year of this strategic plan, location considerations will include:

- Where current Harris Health patients reside (see map below). The bed days indicate the number of days in which a person stayed overnight in a hospital
- Academic partners and the need to support robust teaching and training
- Locations of trauma events and trauma centers to reduce time to treatment

Bed Days Per Square Mile in Harris County



Psychiatric beds are also critical, and analysis shows a significant and growing gap in the number of beds needed. The current gap in the number of psychiatric beds needed to serve the Harris County population under 150% of the FPL (approximately 1.2 million people) is 62, and estimated to grow to almost 200 beds by 2040. Lack of inpatient psychiatric beds in the community results in many patients being held for admission for long periods in Ben Taub's (and to a lesser extent, LBJ's) Emergency Center. In partnership with others in the community, Harris Health will need to perform further analysis across the continuum of behavioral healthcare to determine the right balance of investments between more psychiatric beds and other behavioral health services such as substance use disorder.



In November 2023, voters will be asked to consider a \$2.5B bond for Harris Health facilities.

In November 2023, Harris Health is asking voters to consider a \$2.5B bond to improve our healthcare infrastructure.

For the average homeowner with a home valued at \$300,000, the bond is projected to cost \$6 a month.

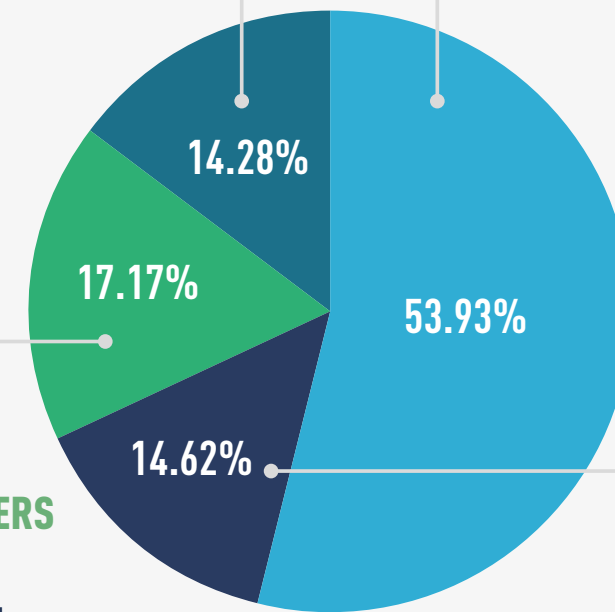
Harris Health Projected Strategic Capital Requirements 2024-2035

BEN TAUB CAMPUS
Approx. \$410M

- Extend facility lifespan
- Increase facility capacity
- Improve clinical inefficiencies
- Add new rooms to address inpatient care capacity

NEW LBJ HOSPITAL
Approx. \$1.6B

- Increase patient capacity in multiple areas
- Position for adult Level I trauma



CLINICS AND HEALTH CENTERS
Approx. \$504.5M

- New facilities in Northwest, Southwest, and East Harris County
- Transition low volume sites to larger comprehensive sites

EXISTING LBJ CAMPUS RENOVATIONS
Approx. \$433M

- Transform facility to address critical service gaps
- Provides for outpatient access as part of campus master planning

ONE INTERCONNECTED SYSTEM

- Investing in preventive care reduces demand on our hospitals and increases their capacity.
- Renovating both Ben Taub and LBJ hospitals will reduce the burden on the public healthcare system and save costs over the long term.
- Expanding LBJ's capability to a Level I trauma center will address critical service gaps and lessen the burden on Ben Taub, improving access to care for all Harris County residents.

Harris Health plans to utilize bond proceeds in the amount of \$2.5B to finance the Strategic Facilities Plan.

PROPOSED FINANCING OF THE STRATEGIC FACILITIES PLAN

Harris Health Strategic Capital Requirements 2024–2035

	Estimated Base Total Project Cost	Estimated Time Frame for Project(s)
LBJ Hospital Campus	\$2,033,636,054	2024–2035
Ben Taub Hospital Campus	\$410,462,117	2024–2030
Outpatient Clinics and Health Centers	\$504,542,882	2025-2033
	\$2,948,641,053	

Additional investment over the **next 10 years** is expected to come from:

- Anticipated \$300M (total) in operational efficiencies/cost savings
- Anticipated \$100M (total) in grants and philanthropy

The Strategic Facilities Plan is adaptable in the event the operating efficiencies/cost savings are not fully realized or philanthropic funds fall short of expectation.



WHAT IS THE PROJECTED FINANCIAL IMPACT OF THE \$2.5B BOND?

Projected Impact on Debt Service Tax Rate

- Once the entire \$2.5 billion is accessed over the next 10 years, the projected tax rate impact is 2 cents or less.
- This impact will not be fully realized until the entire \$2.5 billion has been accessed, which is not expected to occur for a decade.



LBJ HOSPITAL PLAN

Current Orientation of LBJ Hospital Campus:

1. Clinical areas **consistently exceeding daily capacity**
2. **Limited expansion capability** due to existing design limitations
3. **Lack of essential clinical services** on-site (e.g., stroke and heart attack care) **requiring** transportation to other facilities
4. **Infrastructure**, including mechanical, electrical, and plumbing systems, **has exceeded its useful life** and is costly to maintain
5. **Inability to meet current and future growth demands** of the surrounding community and service demand for Harris County

Future Orientation of LBJ Hospital (Approx. \$2.03B)

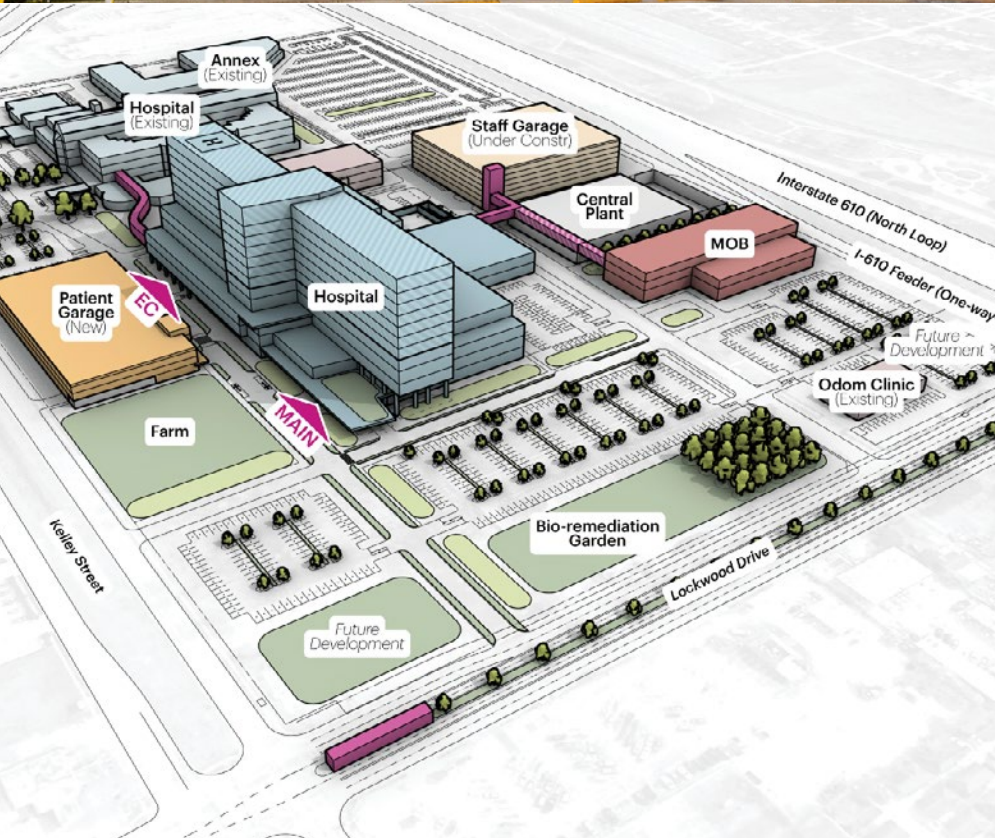
1. Construct new LBJ (Approx. \$1.6B)

- **Expand capacity** to meet current and future projected demand with thoughtful design
- **Additional trauma care services** to enhance the County's capacity to provide trauma care
- **Proactive planning for flood mitigation**
- Clinical **areas designed with flexibility** to meet patient needs and future expansion requirements

- **Add new services**, including interventional neurology, cardiology and stroke care

2. Renovate existing facility (Approx. \$433M)

- **Address service gaps** and bring the facility up to standard to meet current area needs
- **Provide for outpatient access** as part of campus master planning





BEN TAUB HOSPITAL PLAN

Current orientation of Ben Taub Hospital Campus:

1. Clinical areas are **consistently exceeding capacity**; renovation would help accommodate growing demand
2. Patient care areas are **not meeting community standards** in size, private rooms and efficient patient flow
3. **Infrastructure has exceeded its useful life** and requires ongoing maintenance and replacement which is becoming increasingly cost prohibitive
4. **Unable to meet current and future growth** of Harris County
5. Requires **substantial investment to extend life of critical services**

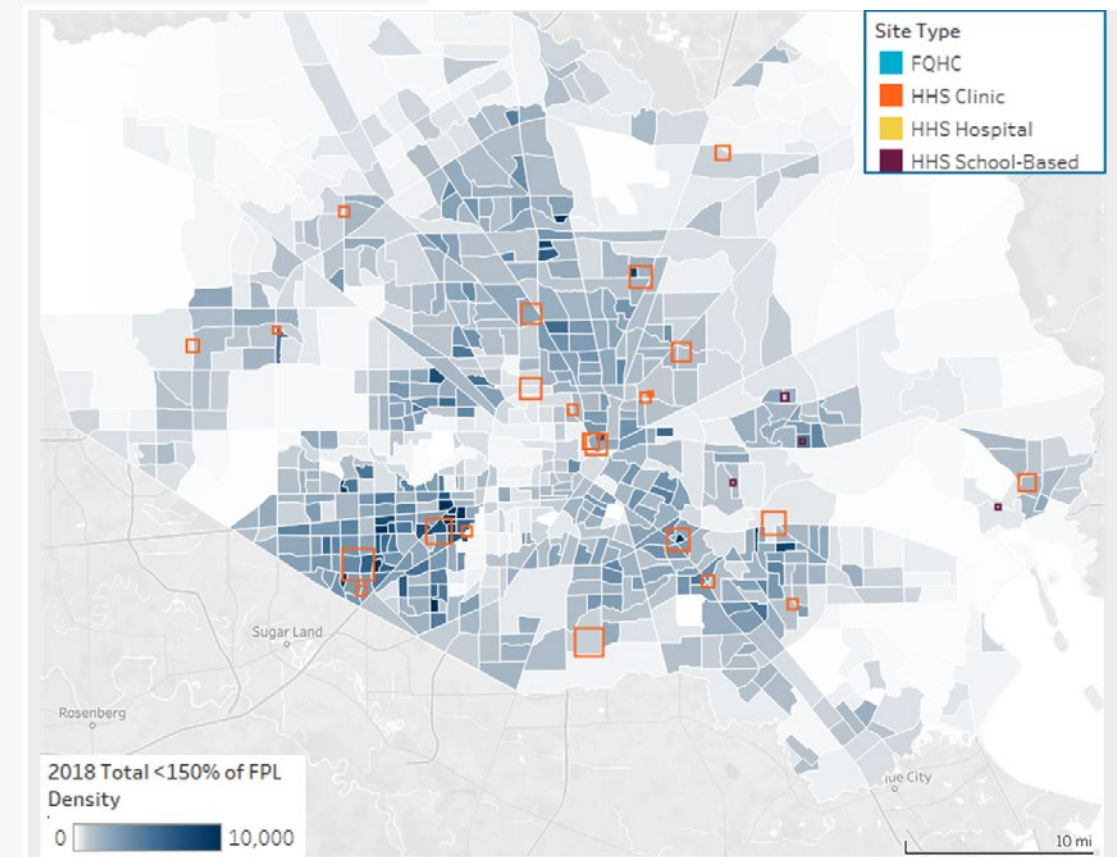
Future orientation of Ben Taub (Approx. \$410M)

1. **Extend facility lifespan**
 - **Expand capacity** to assist in meeting current and future projected demand
 - **Improve flexibility** of design for clinical areas to meet needs
2. **Address inpatient bed capacity**
 - Introduce additional rooms to **strengthen inpatient care**
 - **Address capacity management** through renovation of existing space
3. **Proactive planning for flood mitigation issues**

OUTPATIENT CLINIC PLAN

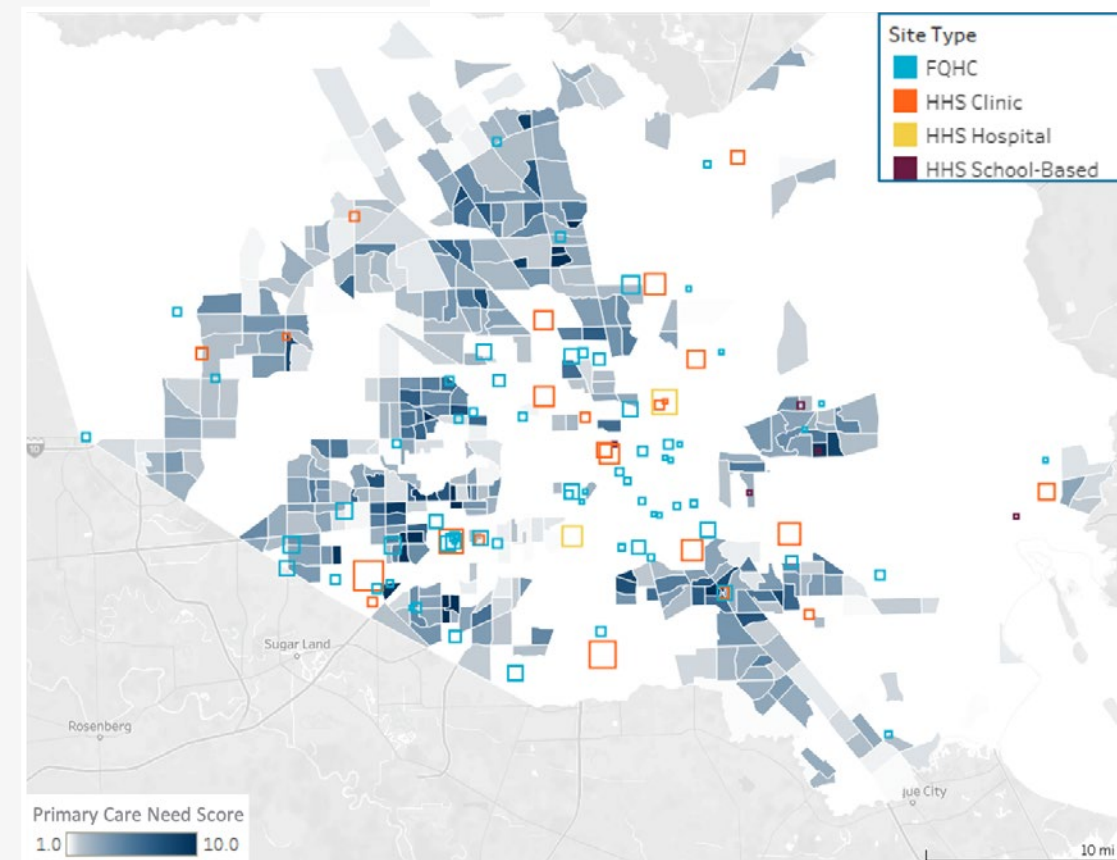
Current orientation of Outpatient Clinics:

1. **Several sites lack needed support services**, i.e., radiology, lab, and pharmacy
2. Some clinics have **low patient volume** due to population shifts and proximity to other clinics
3. **Several neighborhoods have limited access to Harris Health clinics and FQHCs**
4. **Opportunity to improve efficiencies** in the clinics for patient volume and flow



Future orientation of Outpatient Clinics (Approx. \$504.5M)

1. Optimize services by transitioning small/low volume sites to larger, more comprehensive sites to improve efficiencies and service access
2. Develop three new clinics in the Northwest, Southwest and Eastern areas of Harris County **to serve the growing population.**
3. Planning the **ongoing efficiency of services** across Harris County
4. Addressing poor access through the **expansion of clinics**
5. **Prioritize community partnerships** for cross flow of patients in specified areas



THIS BOND WILL FUND:

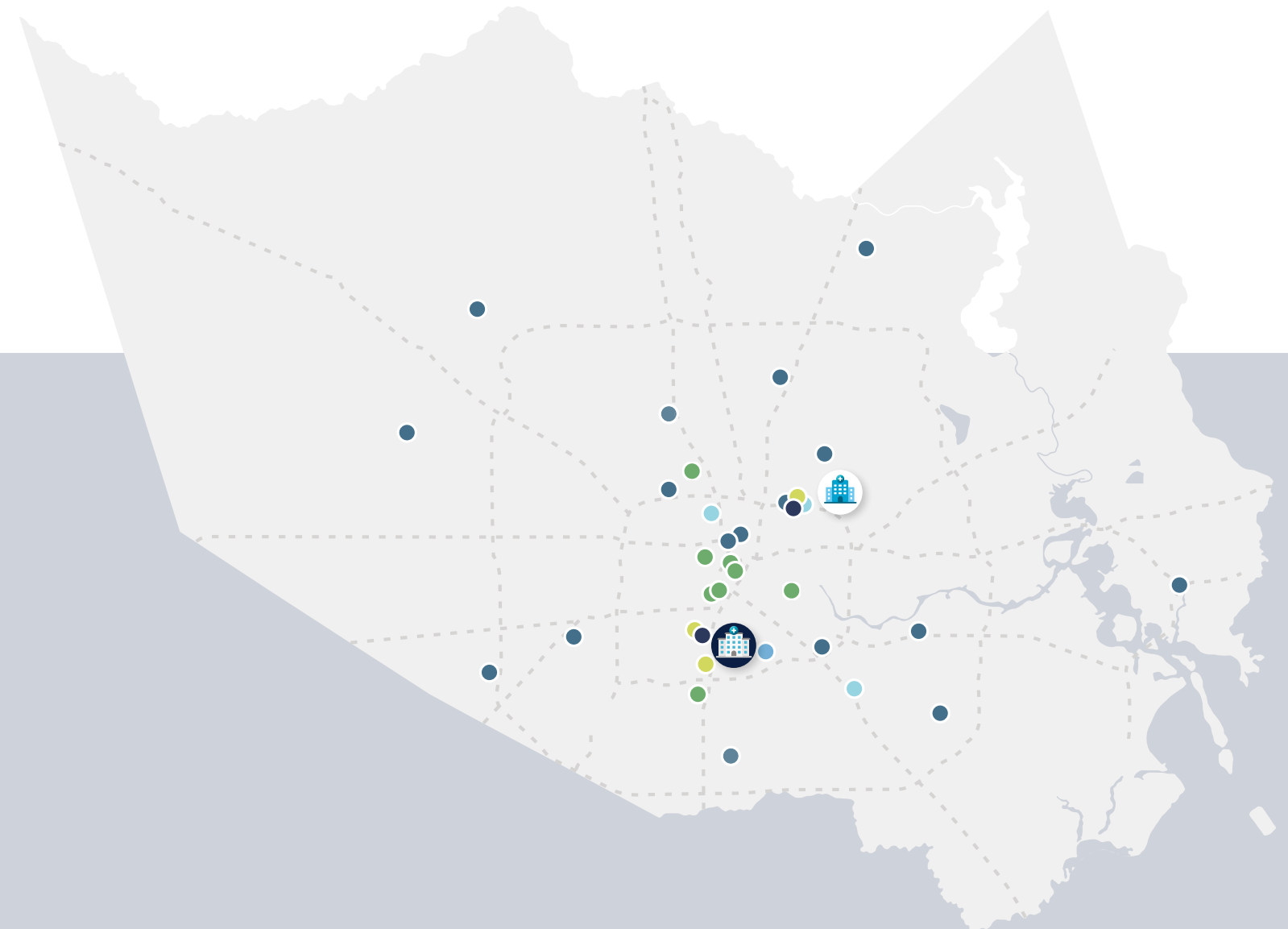
- **A new LBJ Hospital** offering cardiac catheterization and neurosurgery services with the ability to become the county's third Level I adult trauma center and first outside the Texas Medical Center.
- **Renovations to the existing LBJ Hospital** to provide services that are currently lacking, including mental health services.
- **Renovations to Ben Taub hospital** to increase bed capacity and address infrastructure needs.
- **New health centers** to provide more robust existing health centers with x-ray and lab services.

The improvements are projected to cost homeowners of a \$300k property/home \$6 each month in taxes.

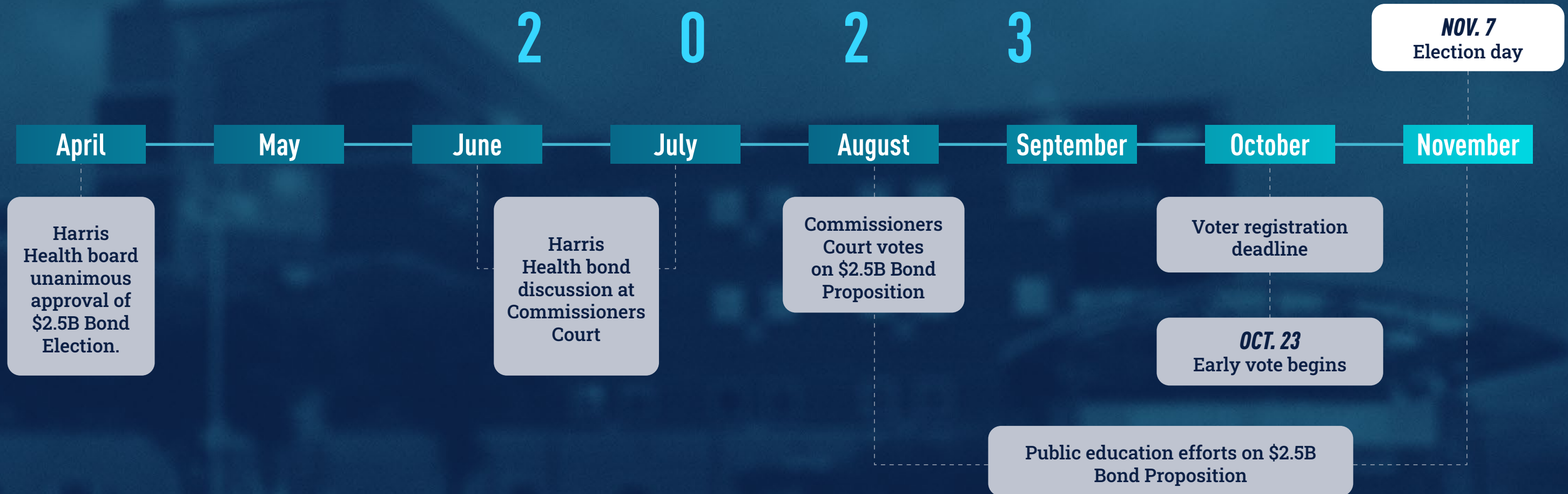


HARRISHEALTH

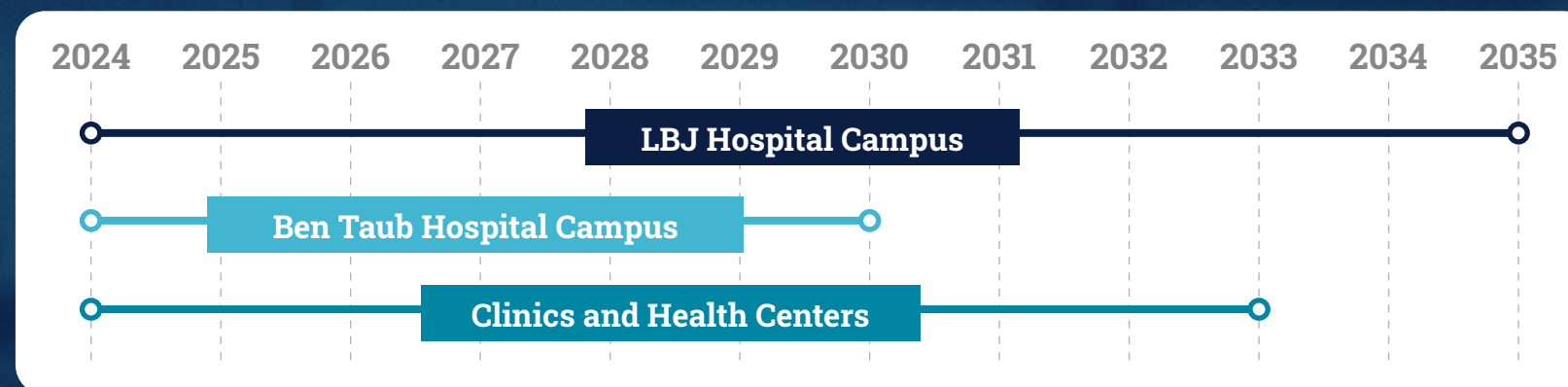
<ul style="list-style-type: none"> Ben Taub (with a Level I Trauma Center) LBJ (with a Level III Trauma Center) 17 Community health centers 3 Same-day clinics 1 Dental center 	<ul style="list-style-type: none"> 1 Ambulatory surgery center 8 Homeless shelter clinics 4 Multi-specialty clinics Mobile health units
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TIMELINES



Projected Strategic Facilities Plan Implementation (2024-2035)



FREQUENTLY ASKED QUESTIONS

What is Harris Health?

Founded Jan. 1, 1966, Harris Health has been a leading contributor in healthcare to the greater Houston and Harris County population. Considered the largest safety net hospital system in Texas, Harris Health is funded through patient revenue, Medicaid supplemental programs, philanthropy, and taxes. In addition to providing healthcare services, Harris Health serves in educating future healthcare workers through two affiliated medical schools.

What is the purpose of the bond election?

The bond election presents upgrades to Harris Health facilities, including LBJ Hospital, Ben Taub Hospital, and several primary care centers in Harris County.

Harris County's population is growing, and our facilities often exceed capacity. These conditions are putting significant pressure on Harris Health's outdated infrastructure. However, with a booming population and one in four Harris County residents uninsured, the strain on our health infrastructure is unsustainable. This bond will help Harris Health continue to provide

top-quality healthcare to all of Harris County by expanding and modernizing its facilities to better serve our community's needs.

How will this be funded?

If voters approve the bond election, these projects will be funded primarily through property taxes paid by Harris County homeowners.

To support this public investment, Harris Health will use an estimated \$300M of its own cost savings in addition to an estimated \$100M in philanthropic donations and grants.



What will the bond funds be used for?

The bond funds will be invested in improvements to LBJ Hospital, Ben Taub Hospital, and health centers across the county. With these funds, Harris Health plans to improve:

- **LBJ Hospital Campus:** Harris Health plans to build a new facility and renovate the existing hospital, ensuring LBJ is capable of becoming the county's third adult Level 1 trauma center and the first outside the Texas Medical Center. This expansion will increase inpatient bed capacity and help address crucial service gaps, including treatments for heart attacks, strokes and mental health issues.
- **Ben Taub Hospital Campus:** Harris Health plans to enhance patient capacity by adding new inpatient rooms, resolving capacity constraints and extending the facility's operational lifespan. The renovations will also bolster critical infrastructure needs and improve trauma care.
- **Clinics and Health Centers:** To alleviate the strain on county hospitals and promote overall health and disease prevention, Harris Health plans to expand and renovate health centers across the county, boosting service efficiency. Harris Health plans to establish new sites in Northwest, Southwest and East Harris County to better serve the evolving population densities, ultimately expanding our services and reaching more community members.

How much will the bond cost taxpayers?

If approved, the improvements are projected to cost the owner of a \$300k property/home, \$6 per month in taxes.

When will the bond election take place?

The bond election is scheduled for Fall 2023, with early voting running from October 23 to November 3, 2023. Election Day itself is set for Tuesday, November 7, 2023.

Who is eligible to vote in the bond election?

All registered voters living in Harris County who are 18 years old or older can participate in the bond election.

How can I vote in the bond election?

There are several ways to vote in the bond election. You can vote early in-person, by mail, or on Election Day.

Election dates in Harris County are as follows:

- **Early Vote: October 23–November 3, 2023**
- **Election Day: November 7, 2023**

How long will it take for the improvements to be made with the bond funds?

The improvements funded by the bond are expected to be carried out in phases over several years:

- **LBJ Hospital Campus: 2024-2035**
- **Ben Taub Hospital Campus: 2024-2030**
- **Clinics and Health Centers: 2025-2033**

As projects are addressed, Harris Health will provide regular updates to the community on the progress of each project.

What will happen if the bond election does not pass?

If the bond election fails, Harris Health will lack the funds to carry out the proposed projects.

Capacity constraints and aging infrastructure would have to be addressed in different ways that may be more costly and take longer.

How will the bond funds be managed and accounted for?

Harris Health will manage the bond funds, with independent audits ensuring transparency and accountability.

Harris Health will work with auditors and oversight committees to make sure the funds are used as intended and that taxpayers' investments are protected.

Will the bond funds be used for anything other than what was approved by voters?

The bond funds will be used only for the purposes approved by voters in the bond election.

Will the expansion of Harris Health impact taxpayers outside of the bond cost?

Financial projections and models from Harris Health, Harris County, and outside financial consultants indicate that there will be minimal operational costs increases for taxpayers outside of the bond cost.



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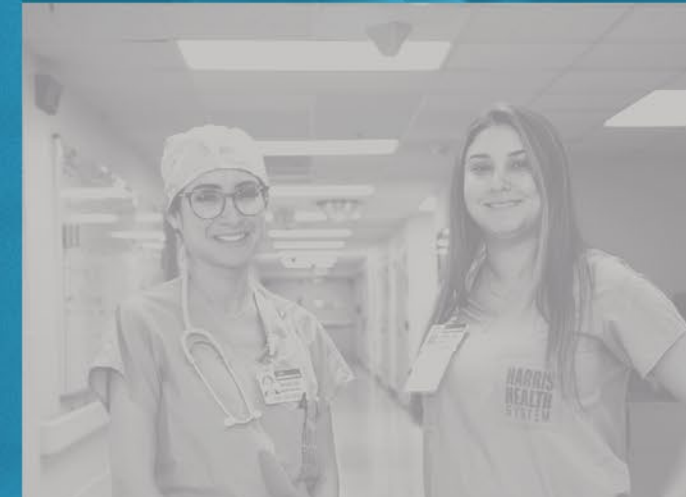
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