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Dear Client:

One of the big economic stories in the Austin metro is what is happening to the three major hospital systems serving the area. We're talking *hospitals*. They are thriving and expanding, and when taken together, tell a story largely overlooked in the overall growing healthcare industry. The UT Austin Dell Medical School has generated the lion's share of notoriety. And, while it is certainly significant, it doesn't tell the whole story.

A relative hospital newcomer appears to be going all-in to carve out a niche in the Austin metro. **Baylor Scott & White** is the newly-merged entity joining the ranks of **St. David's HealthCare** and the **Seton Healthcare Family**, to make up a powerful triumvirate of hospitals.

Scott & White built a national reputation north of Austin in Temple. Baylor has had a long tradition of operating hospitals in the Houston area. Following their recent merger, **the new Baylor Scott & White entity is taking aggressive expansion steps in the Austin area.**

As examples, it acquired a large troubled hospital operation in **Lakeway**, broke ground for a new facility in **Pflugerville** and is planning a new hospital in **Southwest Austin**.

St. David's has continued building upon its impressive presence in Austin with **a surgical bed hospital north and a new facility in Leander – not to mention expansion of its major South Austin Medical Center**, to name just a few.

And, of course, the one with the most recent notoriety: **the teaching hospital Seton Medical Center at UT Austin's DellMed**. It replaced the venerable Brackenridge Hospital.

This is not a complete list – just a sampling, **showing some of the hundreds of millions of dollars in major investments underway by the Big Three Austin area hospital systems.**

This is occurring in an open marketplace where hospitals are competing with each other to provide the latest equipment and best personnel in facilities serving our growing area. Not long ago, hospitals were tightly regulated. They had to justify the granting of a Certificate of Need. No more. Now the Austin area is the beneficiary of a competitive marketplace.

California struck back at Texas. Did you feel it? California's attorney general Xavier Becerra has banned *state-funded* travel to Texas. He claims a recently-passed Texas law is discriminatory. So he ruled that state agencies, universities and commissions will not be allowed to pay to send their employees to Texas.

The new Texas law allows child welfare providers to deny adoptions to parents based on "sincerely-held religious beliefs." **Becerra said the Texas law could "potentially disqualify LGBTQ families from the state's foster and adoption system." Hence his ban on spending state funds to pay for state travel to Texas.** "That's why when California said we would not tolerate discrimination against LGBTQ members of our community, we meant it."

So, what was the response from the office of Texas Governor Greg Abbott:
"California may be able to stop their state employees, but they can't stop all the businesses that are fleeing over taxation and regulation, and relocating to Texas."

Don't think this will keep the San Jose State University football team from keeping its obligation to travel to Austin to play the Texas Longhorns at 2:30 pm CT, Saturday, September 9th? The California law allows for exceptions for contracts already in place.

Speaking of travel regs, seems as if an Austin motorist may have had enough of the fast-proliferating "traffic calming" devices installed by the Austin Transportation Department (ATD) in various neighborhoods. You know, road humps. Road bumps meant to slow you down. Speed *cushions* they call them, but they are definitely bumps/humps if you don't reduce your speed.

ATD reports several 4-foot tall delineators placed at two locations to **channel traffic over bumps appear to have been cut down.** They were placed on Far West Blvd to keep cars from veering into adjacent bike and parking lanes. By removing the delineators, vehicles can speed around the humps. ATD is replacing them.

Citing a safety risk, ATD contacted the cops and if those who intentionally cut down the poles are caught, ATD said they **"committed a crime by vandalizing public property and will be held criminally responsible for their actions and any injuries or damages caused by their actions."**

Didja hear about the big news at Austin Community College (ACC)? As a result of a new law, ACC can now provide its Registered Nurse grads an "affordable, accessible pathway to a Bachelor of Science degree in Nursing."

In Texas, all four US Attorney positions, eleven federal district judgeships and two slots on the historically conservative US Fifth Circuit Court of Appeals (covering Texas) all sit vacant. What's happening? Didn't President Donald Trump promise to re-make the federal judiciary with his appointments to these vital judicial positions? Why no Texas? What gives?

First of all, Trump *has* been making appointments at a rapid pace. But none have been in Texas. This is particularly noticeable when you consider *The Texas Tribune* reports **Texas has more US Attorney districts of any state. The Southern District of Texas is the busiest in the country and the Western District shares a 660-mile border with Mexico.**

Of the officially designated 51 “judicial emergencies” in the US, **nine are in Texas and one has been vacant since 2011.**

Also, consider many of the issues upon which Trump campaigned and is championing – such as **drug trafficking, border security, Mexican gangs and immigration** -- are front-and-center in the Texas federal judicial system. Repeat the question: why no appointments yet in Texas?

The *Tribune* quotes UTAustin law school's **Hugh Brady** this way. Brady reasons the Trump administration might be **less worried about temporary US attorneys in Texas than those in, say, Massachusetts.**

And, because of Texas's overall rightward bent, it is less likely to be the “scene of constitutional litigation” that opponents file against the president – perhaps making **a stacked judiciary in Texas less-important than a White House-appointed bench in a more liberal state.**

As we've reported in previous issues, US Attorneys serve at the pleasure of the president, reporting to US Attorney General **Jeff Sessions** and the Justice Department. Judges are much different, and as a result, more important for the long-term. They are appointed for life. In that context, USSenator **John Cornyn** said the Fifth Circuit nominees could come “any day now.”

Potential nominees have cleared the Federal Judicial Evaluation Committee and have been forwarded to the two Texas USSenators (**Cornyn and Ted Cruz**) who must give their approval. **Any president usually likes to have this approval prior to making public any announcement**, to save embarrassment to the candidate and to the president himself.

Obviously the delay in naming Texans to these important positions can't be based upon the legislative approval process as no appointees have yet been named. But, when they are nominated, the time-honored tradition of vetting by the USSenate will kick in. And, especially in the **current Washington environment, will likely take months for most of the nominees before they are approved.**

Here's an intriguing little factotum. Not earth-shaking, but interesting. It's long been known that location/location/location have been factors as far as real estate values are concerned. This includes residential as well as commercial. Well, the following stats combine *both* these aspects of real estate. The research is somewhat limited, but offers a little "food for thought."

We meant for the "food" reference to be taken literally. Because, a new study by the residential real estate site **Zillow indicates homes near Whole Foods and Trader Joe's appreciate at nearly double the rate of the median U.S. home.**

In its nationwide research, Zillow found that before a Whole Foods or Trader Joe's opened, homes appreciated at the same pace of comparable homes across the city. In case you think this may be a which-came-first-the-chicken-or-the-egg situation, it further found that **after the store opened, homes in close proximity began appreciating at a faster rate.**

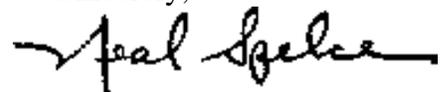
More precisely, Zillow reported in its *national survey stats* that from 1997 to 2014, **"a median home near Whole Foods originally worth \$157,000 appreciated a whopping 140% to \$376,000; and a median home near Trader Joe's appreciated 148% to \$407,000 at the same time."**

It's long been known access to food sources has been a major driver for location decisions. For instance, a longtime Austin financial association founder/executive – when **searching for a branch location – started his search by checking sites around H-E-B's current and future sites.** He said H-E-B had already conducted in-depth neighborhood analyses for the grocer's expansion plans. "Saved us a buncha research money," he claimed.

Many factors go into location decisions, but the Whole Foods/Trader Joe's study is the first we've seen putting precise numbers to specific food store influences. As we said, interesting.

Dr. Louis Overholster says it only takes one slow-walking person in the grocery store to shatter the illusion that he is a nice person!

Sincerely,



Editor/Publisher