

November 23, 2018

The Honorable Ken Paxton
Texas Attorney General
P.O. Box 12528, Capital Station
Austin, Texas 78711-3548

Dear Attorney General Paxton:

The [Texas Health and Safety Code §311.045](#) requires nonprofit hospitals and hospital systems to report community benefits and charity care information to the Center for Health Statistics located in the Department of State Health Services (DSHS). It also requires DSHS to submit this information to the state Attorney General and Comptroller by November 1 of each year. DSHS was granted a deadline extension by the Texas Comptroller's Office and the Office of the Attorney General due to delays in hospital response.

Texas Health and Safety Code §311.045 outlines three standards that are used by non-Disproportionate Share Hospitals (DSH) to demonstrate that they have provided community benefits. The three standards are:

- providing charity care and government-sponsored indigent health care at a level that is "reasonable in relation to community needs;"
- providing charity care and government-sponsored indigent health care at a level of 100 percent of tax-exempt benefits; or
- providing charity care and community benefits that equal at least five percent of net patient revenue, provided that charity care and government-sponsored indigent care constitute at least four percent of net patient revenue.

Hospitals and hospital systems that participated in the Medicaid DSH program, during the 2017 reporting period or in either of its previous two fiscal years, are deemed to have met the community benefits requirement in accordance with Texas Health and Safety Code §311.045. DSHs are still statutorily required to submit financial data. For each reporting hospital, the attached documents show whether or not it participates in DSH program and if not, which standard it chose to demonstrate sufficient community benefits for 2017.

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DSHS is also required to report entities that have not met the community benefits requirements. Three facilities reported they are neither a DSH nor did they meet one of the statutory standards (see attachments, only the state addendum pages are included). The report includes the 2017 Annual Statement of Community Benefits forms for each facility listed below. The three facilities are:

- CHI St. Joseph Health Madison Hospital in Madisonville,
- Montgomery County Mental Health Treatment Facility in Conroe, and
- Reagan Memorial Hospital in Big Lake.

The report is available on the DSHS website, www.dshs.texas.gov/legislative/Reports-2018. If you would like more information, or have questions, Lara Lamprecht, Assistant Deputy Commissioner serves as lead staff on this issue. Dr. Lamprecht can be reached by phone at (512) 776-7792 or at Lara.Lamprecht@dshs.texas.gov.

Sincerely,

Jc 

cc: Christopher Krhovjak, Charitable Trust Section

Attachment 1 – Excel file *2017 Nonprofit Hospital and Hospital Systems Charity Care and Community Benefits Information*

Attachment 2 – 2017 Texas State Supplement - CHI St Joseph Health Madison Hospital

Attachment 3 – 2017 Texas State Supplement - Montgomery County Mental Health Treatment Facility

Attachment 4 – 2017 Texas State Supplement - Reagan Memorial Hospital