



March 8, 2021

The Honorable Ken Paxton
Attorney General
P.O. Box 12528
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 Attorney General and Comptroller by November 1 of each year. Both agencies granted extensions for DSHS due to COVID-19 for our data analysis.

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:

1. Providing charity care and government-sponsored indigent healthcare at a level that is "reasonable in relation to community needs";
2. Providing charity care and government-sponsored indigent health care at a level of 100 percent of tax-exempt benefits; or
3. 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 2019 reporting period, or in either of its previous two fiscal years, are deemed to have met the community benefits requirement in the statute. DSHs are still statutorily required to submit financial data. For each reporting hospital, the attached documents show whether it participates in DSH program, and, if not, which standard it chose to demonstrate sufficient community benefits for 2019.

DSHS is also required to report entities that have not met the community benefits requirements. The 2019 Annual Statement of Community Benefits form includes the state addendum of the 2019 Annual Survey of Hospitals. Three facilities that reported (see accompanying documentation, for which only the state addendum pages are included) indicated that they are neither a DSH nor did they meet one of the statutory standards. These hospitals include:

1. ContinueCARE Hospital at Hendrick Medical Center in Abilene
2. Grace Medical Center in Lubbock
3. Montgomery County Mental Health Treatment Facility in Conroe

The report is available at dshs.texas.gov/Legislative/Reports-2021.aspx.

If you would like more information, or have questions, Dr. Jennifer Shuford, Chief State Epidemiologist is the lead for this issue. Dr. Shuford can be reached by phone at 512-776-7186 and Jennifer.Shuford@dshs.texas.gov.

Sincerely,

A handwritten signature in blue ink, appearing to read "John Hellerstedt", followed by a long horizontal line extending to the right.

John Hellerstedt, M.D.

cc: Christopher Krhovjak, Charitable Trust Section

Attachments

- Attachment 1 - Charity Care Report FY2019
- Attachment 2 - ContinueCare Hospital at Hendrick Medical Center in Abilene
- Attachment 3 - Grace Medical Center in Lubbock
- Attachment 4 - Montgomery County Mental Health Treatment Facility in Conroe