

NUECES COUNTY HOSPITAL DISTRICT

Briefing Paper

SUBJECT: Interlocal Cooperation Agreement with Nueces Center for Mental Health and Intellectual Disabilities for Opioid Abatement Services

Purpose

To brief the Board of Managers regarding a proposed Interlocal Cooperation Agreement with the Nueces Center for Mental Health and Intellectual Disabilities (NCMHID) to operationalize the District's distributions from the Texas Opioid Abatement Fund Council through the provision of eligible opioid abatement services.

Background

The District has received opioid settlement funds associated with the resolution of opioid-related litigation. The proposed Agreement provides a mechanism for the District to use a portion of those funds for eligible opioid abatement strategies and remediation activities within Nueces County through NCMHID.

The Agreement is entered into under the Interlocal Cooperation Act and identifies the District's authority to use available non-tax resources for healthcare services. NCMHID is a local mental health authority that operates programs serving individuals affected by opioid abuse and substance use disorders.

Funding

The Agreement is intended to operationalize \$3,371,213 in opioid settlement funds received by the District from the Texas Opioid Abatement Fund Council pursuant to Texas Government Code §403.508(a)(2). The funds are to be used for eligible opioid abatement strategies and remediation uses consistent with applicable Texas opioid settlement requirements and Council guidance.

Funding for services under the Agreement may consist of Council distributions to the District and other local, state, or federal funding sources as available. The District's obligations are expressly contingent upon the continued availability and authorization of sufficient funding.

Scope of Services

NCMHID would provide one or more District-designated opioid-related abatement strategies and remediation services described in the Agreement and its exhibits. The contemplated services encompass treatment, behavioral health and counseling, peer recovery support, crisis intervention and stabilization, prevention and education, overdose prevention and harm reduction, coordinated care and case management, reentry and justice-involved services, and other approved programs consistent with applicable opioid abatement requirements.

Services generally would be provided within Nueces County and to persons or entities eligible under the applicable opioid abatement requirements and the Agreement's Scope of Services.

Agreement Term

The initial term of the Agreement is October 1, 2026 through September 30, 2027. Thereafter, the Agreement would automatically renew for additional one-year fiscal-year terms unless terminated in accordance with its provisions.

Either party may generally terminate the Agreement with or without cause upon 90 days' written notice. The Agreement also provides for termination or suspension under specified circumstances, including material breach, discontinuation or unavailability of funding, or concerns involving participant welfare or safety.

Payment and Fiscal Controls

NCMHID would submit descriptive invoices monthly to the District for services provided under the Agreement. Invoices must contain information considered necessary by the District for appropriate fiscal control, including applicable performance information and documentation of services and expenditures.

The District would review invoices for financial compliance and approval, with approved invoices payable within 30 days of receipt. Funds may be used only for purposes authorized under the Agreement and may not be used for unrelated purposes such as staff bonuses, performance payments, entertainment, gifts, or legal expenses.

The Agreement also provides mechanisms for recovery of overpayments, including repayment by NCMHID and the District's authority to offset amounts owed against otherwise available payments.

Performance, Reporting and Oversight

NCMHID would be responsible for providing services in accordance with applicable law, Council requirements, and the terms of the Agreement; employing appropriately licensed and trained professionals; maintaining service records; and submitting quarterly performance reports to the District.

The District would administer the use of Council distributions and provide funding in accordance with the Agreement. The District may conduct monitoring visits and require information necessary to evaluate performance and compliance.

NCMHID must maintain financial and program records relating to the receipt and expenditure of funds, including appropriate ledgers and supporting documentation. Records related to services under the Agreement generally must be retained for at least seven years following termination or for any longer period required by law.

Confidentiality and Compliance

The parties would be required to comply with applicable federal and state confidentiality requirements, including HIPAA, federal substance use disorder record requirements, and Texas laws governing mental health and medical information.

The Agreement also contains provisions addressing audits and records access, dispute resolution, independent status of the parties, notices, amendments, assignment, governing law and venue, changes in law, use of current revenues, severability, governmental defenses, and governing-body approval.

Fiscal Impact

Opioid Settlement Funds Addressed by Agreement: \$3,371,213

Initial Agreement Term: October 1, 2026 – September 30, 2027

Primary Funding Source: Texas Opioid Abatement Fund Council distributions

Actual payments would be based on services rendered and approved invoices in accordance with the Agreement and applicable exhibits. District obligations remain contingent upon the availability of funding.

Board Consideration

The Board is being asked to consider authorizing execution of the Interlocal Cooperation Agreement with NCMHID for opioid abatement services. Approval would establish the contractual framework for use of the District's opioid settlement distributions for eligible services, including requirements governing service delivery, payment, performance reporting, financial accountability, monitoring, and compliance.

Summary

The proposed Agreement provides a mechanism for the District to deploy \$3,371,213 in opioid settlement funds through NCMHID for eligible opioid abatement and remediation activities. The Agreement establishes the service framework, funding and invoicing requirements, performance and reporting obligations, fiscal controls, monitoring provisions, and other administrative requirements governing use of the funds during the initial Fiscal Year 2027 term and any subsequent renewal periods.