NUECES COUNTY HOSPITAL DISTRICT

Briefing Paper

SUBJECT: Commitment of Fiscal Year-End 2026 General Fund Amounts for Subsequent-Year Intergovernmental Transfers

Purpose

To brief the Board of Managers regarding the proposed commitment of a portion of the District's Fiscal Year-End 2026 General Fund balance for intergovernmental transfers associated with Fiscal Year 2026 Medicaid directed and supplemental payment programs that are expected to be paid during Fiscal Year 2027.

Background

During Fiscal Year 2026, the District participated in Medicaid directed and supplemental payment programs administered by the Texas Health and Human Services Commission through intergovernmental transfers (IGTs). These programs include ATLIS, CHIRP, NAIP, TIPPS, Disproportionate Share Hospital, Graduate Medical Education, HARP, Hospital Uncompensated Care, and other related programs.

The Resolution provides that delays in approval of underlying provider performance metrics are expected to result in certain Fiscal Year 2026 IGT payment requests occurring after September 30, 2026. Although the associated transfers relate to Fiscal Year 2026 program activity, the payments therefore may not be made until Fiscal Year 2027.

Proposed Fund Balance Commitment

The proposed Resolution would commit an amount not to exceed $47,000,000 from the District's General Fund balance as of September 30, 2026 for payment of the unpaid Fiscal Year 2026 IGTs during Fiscal Year 2027.

The $47,000,000 represents the maximum amount authorized for commitment. The actual amount to be committed would be determined by the Administrator on or after October 1, 2026, based on information provided by the Texas Health and Human Services Commission.

Funding and Intergovernmental Transfers

The committed amount would be drawn from General Fund subaccounts routinely used by the District to make IGTs for Medicaid directed and supplemental payment programs. The commitment is intended to identify and preserve Fiscal Year-End 2026 General Fund resources for IGT obligations attributable to Fiscal Year 2026 that remain unpaid at fiscal year-end.

The Resolution does not establish the final amount of the unpaid IGT obligations. Instead, it establishes a maximum commitment and authorizes the Administrator to determine the actual amount after the beginning of Fiscal Year 2027 when additional information concerning the payment requirements is available.

Fund Balance Impact

Adoption of the Resolution would designate up to $47,000,000 of the District's September 30, 2026 General Fund balance for the specified unpaid Fiscal Year 2026 IGTs. The commitment would identify those resources for this particular purpose rather than treating them as otherwise uncommitted General Fund balance.

The ultimate effect on General Fund resources will depend upon the actual amount of Fiscal Year 2026 IGTs requested after year-end. The Administrator would determine the amount of the commitment, subject to the $47,000,000 maximum established by the Board.

Fiscal Year 2027 Budget Treatment

The Administrator would be directed to incorporate the committed funds into the District's Fiscal Year 2027 Annual Budget. This treatment recognizes that the related IGT payments are expected to occur during Fiscal Year 2027 even though they arise from the District's participation in Medicaid directed and supplemental payment programs during Fiscal Year 2026.

Administrative Authority

The Resolution authorizes and directs the Administrator to take the actions and execute the documents necessary to implement the commitment and associated payments. The Administrator would also determine the actual amount committed based on information received from the Texas Health and Human Services Commission.

The Resolution would take effect immediately upon passage, and the Board expressly retains authority to amend or repeal the Resolution.

Fiscal Impact

Maximum General Fund Commitment: $47,000,000
Funding Source: Fiscal Year-End 2026 General Fund balance
Use of Funds: Unpaid Fiscal Year 2026 intergovernmental transfers paid during Fiscal Year 2027

The actual commitment may be less than $47,000,000 and would be determined by the Administrator based on information provided by the Texas Health and Human Services Commission.

Board Consideration

The Board is being asked to consider committing up to $47,000,000 of the District's Fiscal Year-End 2026 General Fund balance for unpaid Fiscal Year 2026 IGTs expected to be paid during Fiscal Year 2027. Approval would also direct incorporation of the committed amount into the FY 2027 Annual Budget and authorize the Administrator to determine the actual commitment and take the actions necessary to implement the Resolution.

Summary

The proposed Resolution provides a mechanism for carrying forward and designating General Fund resources at Fiscal Year-End 2026 for Medicaid-related IGT obligations attributable to Fiscal Year 2026 but expected to be paid during Fiscal Year 2027. The commitment is capped at $47,000,000, with the actual amount to be determined based on subsequent information from the Texas Health and Human Services Commission.