

**NUECES COUNTY HOSPITAL DISTRICT
BOARD OF MANAGERS
Board of Managers - Regular Meeting
Monday, May 23, 2022 at 10:30 AM**

AGENDA

1. WELCOME

2. ROLL CALL OF BOARD OF MANAGERS

- Daniel W. Dain, Chairman
- Sylvia Tryon Oliver, Vice-Chairman
- Belinda Flores, R.N.
- Vishnu V. Reddy, M.D.
- John E. Valls, M.B.A.
- Mariana Garza, J.D.
- Efrain Guerrero, Jr.

3. CALL TO ORDER, ESTABLISHMENT OF QUORUM, MEETING POSTING CONFIRMATION, AND CLOSED MEETING NOTICE

A. Call to order.

B. Establish quorum.

C. Confirm posting of Meeting's public notice in accordance with Texas Open Meetings Act, Texas Government Code, Chapter 551. 8

D. Public notice is hereby given that the Board of Managers may elect to go into Closed Meeting session(s) at any time during the meeting to discuss any matter(s) listed on the agenda when so authorized by the provisions of the Open Meetings Act, Texas Government Code, Chapter 551.

4. REGULAR SESSION - Following the Workshop Session, the Board of Managers will move into the Regular Session prior to taking any action(s) on items listed on the Regular Agenda.

5. PUBLIC COMMENT - Persons attending in-person and wishing to comment on any item(s) on the agenda or any subject within the Board's responsibilities must sign-in on the "Agenda Item Request to Speak" form provided at the entrance of the Board meeting room at least five (5) minutes prior to commencement of the meeting. Persons attending via audio or video conference and wishing to comment on any item(s) on the agenda or any subject within the Board's responsibilities must verbally notify the presiding officer of their desire to comment when the officer calls for public comment from those attending via audio and video conference. Commenters shall limit their comments to three (3) minutes, except

that Commenters addressing the Board through a translator shall limit their comments to six (6) minutes.

6. CONSENT AGENDA - The Consent Agenda consists of those agenda items which are routine, administrative in nature, not in need of separate attention, and which a member of the Board has not requested be discussed separately. If requested to be discussed separately, that agenda item will be removed from the Consent Agenda by the presiding officer to the Regular Agenda and discussed as a part of the Regular Agenda at the appropriate time. All remaining items listed under the Consent Agenda will be voted upon in a single vote:

- A. Approve Board of Managers Regular Meeting minutes of March 22, 2022. 18

- B. Receive listing of new vendors as of May 19, 2022; listing provided pursuant to Board of Managers Bylaws, §2.1.B and Texas Local Government Code, Chapter 176. 27

- C. Receive hospital providers' quarterly reports relating to certain Indigent Care Affiliation Agreements associated with participation in the Texas Healthcare Transformation and Quality Improvement Program Medicaid 1115 Waiver for calendar quarter-ended March 31, 2022:
 - 1. CHRISTUS Spohn Health System Corporation Hospitals: Alice, Beeville, and Kleberg (Consolidated Report); 28

 - 2. Corpus Christi Medical Center; and 37

 - 3. Driscoll Children's Hospital. 41

- D. Receive summary payment information on Nueces County health care disbursements for Fiscal Year 2022 year-to-date: 42
 - 1. Salaries, benefits, supplies, and intergovernmental transfers at/for City of Corpus Christi/Nueces County Public Health District;

 - 2. Emergency medical services provided in unincorporated areas of Nueces County;

 - 3. Supplemental and jail diversion program funding for Nueces Center for Mental Health and Intellectual Disabilities;

 - 4. Medical services provided at County correctional facilities:
 - a. Nueces County Jail; and
 - b. Nueces County Juvenile Detention Center;

 - 5. Funding for alcohol and drug abuse treatment programs:
 - a. Cenikor (Charlie's Place);

- b. Council on Alcohol and Drug Abuse; and
 - c. Palmer Drug Abuse Program;
 - 6. Funding for diabetes prevention and supporting programs;
 - 7. Public health grants; and
 - 8. Legal and professional fees. (*Finance Committee*)
- E. Receive summary imputed claims information on medical and hospital care provided to the Nueces Aid Program population consistent with the CHRISTUS Spohn Health System Corporation Amended and Restated Membership Agreement for fiscal year-to-date period-ended April 30, 2022. (*Finance Committee*) 43
- F. Receive fiscal year-to-date Specified Annual Percentage-related revenue reports; revenue receipts pursuant to CHRISTUS Spohn Health System Corporation Amended and Restated Membership Agreement, Section 5.03. (*Finance Committee*) 44
- G. Receive monthly statement of escrow amounts deposited and/or withdrawn by CHRISTUS Spohn Health System Corporation; deposits pursuant to and consistent with Schedule 1 to CHRISTUS Spohn Health System Corporation Amended and Restated Membership Agreement; receive statements for months-ended March 31, 2022 and April 30, 2022. (*Finance Committee*) 45
- H. Receive statement of amounts deposited to and/or withdrawn from Local Provider Participation Fund for fiscal year-to-date; deposits and withdrawals pursuant to Board of Managers Order authorizing participation in a health care provider participation program pursuant to Texas Health and Safety Code, Chapter 298C, as amended. (*Finance Committee*) 53
- I. Receive summary report of cumulative estimated provider payments and actual intergovernmental transfers made in support of local and other healthcare providers participating in Medicaid supplemental and directed payment programs sponsored by the Texas Health and Human Services Commission (HHSC): 54
- 1. Directed Payment Programs - Medicaid managed care organization payments to healthcare providers that support overall Medicaid program goals and objectives:
 - a. Comprehensive Hospital Increase Reimbursement Program (CHIRP);
 - b. Network Access Improvement Program (NAIP);
 - c. Texas Incentives for Physicians and Professional Services (TIPPS);
 - d. Uniform Hospital Rate Increase Program (UHRIP); and

2. Supplemental Payment Programs - HHSC-directed payments made to hospitals for achieving certain goals or to support health care providers that see significant numbers of uninsured or persons without much money:

- a. Disproportionate Share Hospitals (DSH) program;
- b. Graduate Medical Education (GME);
- c. Hospital Uncompensated Care (UC) pool; and

3. Phase-Out Programs:

- a. Delivery System Reform Incentive Payment (DSRIP) pool. (*Finance Committee*)

7. **REGULAR AGENDA** - The Regular Agenda consists of those agenda items which are non-routine, not administrative in nature, or are otherwise in need of separate attention. Each Regular Agenda item will be voted upon separately if action is required:

A. Finance Committee:

- 1. Receive and approve unaudited financial statements for the months and fiscal year-to-date periods ended March 31, 2022 and April 30, 2022. (**ACTION**) 55
- 2. Receive Quarterly Investment Report for fiscal quarter-ended March 31, 2022. (**INFORMATION**) 69
- 3. Receive reports relating to Nueces Aid Program enrollment for the months-ended March 31, 2022 and April 30, 2022:
 - a. Total Persons and Households Enrolled; 76
 - b. Enrollment Summary; 78
 - c. Denials; 83
 - d. Application Processing Summary; and 84
 - e. Enrollment by Zip Code. (**INFORMATION**) 86
- 4. Receive information relating to the State Comptroller of Public Accounts' 2022 local and statewide pro rata distribution of investment proceeds from the Tobacco Permanent Settlement Trust Account; distributions pursuant to Texas Administrative Code, Title 25, Part 1, Chapter 102, Rule §102.2. (**INFORMATION**) 89

B. Memorial Medical Center:

- 1. Receive notice from CHRISTUS Spohn Health System Corporation relating to removal of Hospital District-owned equipment located at Memorial Medical Center, 2606 Hospital Boulevard, Corpus Christi, Texas; equipment removal to precede remediation and demolition of the Memorial Medical Center facility pursuant to the CHRISTUS Spohn Health System Corporation Membership Agreement between the 97

parties. (*INFORMATION*)

C. Health Care Provider Participation Program:

1. Consider actions necessary for the Board of Managers to activate, implement, and operate a health care provider participation program for Fiscal Year 2022 (October 1, 2021 - September 30, 2022) (“Fiscal Year 2022”); program and actions pursuant to Texas Health and Safety Code, Chapter 298C, as amended: 99
 - a. Confirm posting of public notice of public hearing on the amounts of mandatory health care provider participation program payments that the Board of Managers intends to require of each institutional health care provider located in the Hospital District's boundaries under the program during Fiscal Year 2022 and how the revenue derived from the payments will be spent; 107
 - b. Confirm provision to each institutional health care provider of the public notice of public hearing on the amounts of mandatory health care provider participation program payments that the Board of Managers intends to require of each institutional health care provider located in the Hospital District's boundaries under the program during Fiscal Year 2022 and how the revenue derived from the payments will be spent; and 110
 - c. Adopt Board of Managers Order setting the mandatory payment rate for Fiscal Year 2022 at six percent (6%) of the net patient revenue of each institutional health care provider located in the boundaries of NCHD. (*ACTION*) 113

D. Community Mental Health Initiatives:

1. Receive and discuss information presented by Nueces County's Director of Mental Health Programs on Hospital District-funded and other mental health programs. (*INFORMATION*)
2. Receive and discuss information and reports from the Nueces Center for Mental Health and Intellectual Disabilities ("NCMHID") relating to work performed under mental health agreements between Nueces County, NCMHID, and Nueces County Hospital District. (*INFORMATION*) 117

E. Nueces County:

1. Discuss and consider action relating to Nueces County’s request for reimbursement of the County’s payment of vacation and sick leave 158

benefits for County employees previously employed at the Public Health District prior to the current reformation agreement between the City and the County, effective March 1, 2022. **(ACTION)**

2. Receive information from Commissioner Joe A. Gonzalez relating to future expansion needs of the medical examiner's facility located on Hospital District-owned property located at 2606 Hospital Boulevard, Corpus Christi, Texas. **(INFORMATION)** 159

8. Other Business:

A. Adopt Board of Managers Order authorizing the sale of surplus or salvage property originating from Memorial Medical Center and other sources by online auction as determined by the Administrator; sale pursuant to Texas Health and Safety Code, §285.901. **(ACTION)** 160

B. Receive supporting documentation relating to Administrator's achievement of Employment Agreement-related performance goals during the fiscal year ended September 30, 2021 and approve related payment. **(INFORMATION & ACTION)** 164

9. ADMINISTRATOR'S BRIEFING:

A. Next Board of Managers and Board Committee regular meetings (all meetings' dates, times, and locations are subject to change):

1. Finance Committee: June 28, 2022, 9:30 AM in NCHD Board of Managers Meeting Room at 555 North Carancahua Street, Room 950-A, Corpus Christi, Texas 78401; and

2. Board of Managers: June 28, 2022, 10:00 AM in NCHD Board of Managers Meeting Room at 555 North Carancahua Street, Room 950-A, Corpus Christi, Texas 78401. **(INFORMATION)**

10. CLOSED MEETING - Public notice is hereby given that the Board of Managers may elect to go into closed meeting session(s) at any time during the meeting to discuss any matter(s) listed on the agenda, when so authorized by the provisions of the Open Meetings Act, Texas Government Code, Chapter 551 and the Board specifically expects to go into a closed session(s) on the matters listed below pursuant to the Act, §551.071 and §551.074. In the event the Board elects to go into closed session(s) regarding an agenda item(s), the section(s) of the Open Meetings Act authorizing the closed session will be publicly announced by the presiding officer. Should any final action, final decision, or final vote be required in the opinion of the Board with regard to any matter considered in closed session(s), then the final action, final decision, or final vote shall be either: (a) in the open meeting covered by the Notice upon reconvening of the public meeting; or (b) at a subsequent public meeting of the Board upon notice thereof, as the Board shall determine

pursuant to applicable laws:

A. Consult with attorneys on matters relating to Hospital District-owned real property.

B. Consult with attorneys on legal matters relating to the Hospital District's response to Nueces County's request for reimbursement of the County's payment of vacation and sick leave benefits for County employees previously employed at the Public Health District prior to the current reformation agreement between the City and the County, effective March 1, 2022.

C. Consult with attorneys and/or deliberate matters relating to evaluation of the Administrator.

11. **OPEN MEETING** - Following the Closed Meeting, the Board of Managers will reconvene the Open Meeting prior to taking any action(s) on matters considered in the Closed Meeting or adjourning the meeting.

12. Consider final action, decision, or vote on matters considered in the Closed Meeting.
(ACTION AS NEEDED)

13. **ADJOURN**



VG-12-2022-2022000280

Nueces County
Kara Sands
Nueces County Clerk

Instrument Number: 2022000280

Public Notice

PUBLIC NOTICES

Recorded On: May 19, 2022 09:42 AM

Number of Pages: 9

" Examined and Charged as Follows: "

Total Recording: \$0.00



STATE OF TEXAS
Nueces County

I hereby certify that this Instrument was filed in the File Number sequence on the date/time printed hereon, and was duly recorded in the Official Records of Nueces County, Texas

Kara Sands
Nueces County Clerk
Nueces County, TX

***** THIS PAGE IS PART OF THE INSTRUMENT *****

Any provision herein which restricts the Sale, Rental or use of the described REAL PROPERTY because of color or race is invalid and unenforceable under federal law.

File Information:

Document Number: 2022000280
Receipt Number: 20220519000034
Recorded Date/Time: May 19, 2022 09:42 AM
User: Brenda R
Station: CLERK02

Record and Return To:

HOSPITAL DISTRICT



Kara Sands

Nueces County Clerk
901 Leopard St #201
Corpus Christi, TX 78401

Main: (361)888-0580

Receipt: 20220519000034

Date: 05/19/2022

Time: 09:42AM

By: Brenda R

Station: CLERK02

Status: ORIGINAL COPY

<u>Seq</u>	<u>Item</u>	<u>Document Description</u>	<u>Number</u>	<u>Number Of</u>	<u>Amount</u>	<u>Serial Number</u>
1	Public Notice	PBN	2022000280	9	\$0.00	
				Order Total	(1)	\$0.00

<u>Seq</u>	<u>Payment Method</u>	<u>Transaction Id</u>	<u>Comment</u>	<u>Total</u>		
1				\$0.00		
				Total Payments	(1)	\$0.00
				Change Due		\$0.00

HOSPITAL DISTRICT

For more information about the County Clerk's office and to search property records online, please visit <http://www.nuecesco.com/county-services/county-clerk>

NOTICE OF PUBLIC MEETING
NUECES COUNTY HOSPITAL DISTRICT
BOARD OF MANAGERS

RECEIVED
MAY 19 2022
KARA SANDS
CLERK OF THE COUNTY COURT
NUECES COUNTY, TEXAS

Board of Managers - Regular Meeting
Monday, May 23, 2022 at 10:30 AM

Location:
Board of Managers Meeting Room, 555 N. Carancahua Street, Room 950-A, Corpus
Christi, Texas 78401

MEETING IN-PERSON AND VIA VIDEOCONFERENCE

The Nueces County Hospital District (“NCHD”) Board of Managers or a Committee thereof as specified above will hold a meeting on the date and at the time and location shown above. Entry is through the main entrance of the Tower II Office Building near the intersection of North Carancahua Street and Mestina Street. The agenda item(s) for this meeting are set forth on the accompanying page(s); agenda item(s) are not necessarily considered in the order listed.

On September 1, 2021, Governor Abbott rescinded the suspension of certain Rules of the Texas Open Meetings Act which had allowed meetings to be conducted entirely virtually. The NCHD Board of Managers meeting will be conducted in-person and also via videoconference. Public participation will be available in-person as well as via videoconference as allowed under the Open Meetings Act. It is the intent that a quorum of the Board of Managers will be physically present at the location posted in this meeting notice. Any member of the Board of Managers participating by videoconference shall be visible and audible to the public whenever the member is speaking; Board member participation by audio only is no longer permitted. Although the meeting will be open to the public during the open portions of the meeting, any member of the public wishing to observe the meeting virtually and to participate virtually in public comment, may do so through the virtual meeting link shown on this meeting notice below, as well as the Nueces County Hospital District’s website.

Meeting materials are available via NCHD’s BoardBook meeting management system at: <https://meetings.boardbook.org/Public/Organization/1886>.

Attend via Videoconference, Join Zoom Meeting:
<https://nchdcc-org.zoom.us/j/5746765992?pwd=T2RVWFpZGJYdHYyQmp1VUdZeUc3Zz09>
Meeting ID: 574 676 5992
Passcode: 195957

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BOARD OF MANAGERS
Board of Managers - Regular Meeting
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- ___ John E. Valls, M.B.A.
- ___ Mariana Garza, J.D.
- ___ Efrain Guerrero, Jr.

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a. Nueces County Jail; and

b. Nueces County Juvenile Detention Center;

5. Funding for alcohol and drug abuse treatment programs:

a. Cenikor (Charlie's Place);

b. Council on Alcohol and Drug Abuse; and

c. Palmer Drug Abuse Program;

6. Funding for diabetes prevention and supporting programs;

7. Public health grants; and

8. Legal and professional fees. (*Finance Committee*)

E. Receive summary imputed claims information on medical and hospital care provided to the Nueces Aid Program population consistent with the CHRISTUS Spohn Health System Corporation Amended and Restated Membership Agreement for fiscal year-to-date period-ended April 30, 2022. (*Finance Committee*)

F. Receive fiscal year-to-date Specified Annual Percentage-related revenue reports; revenue receipts pursuant to CHRISTUS Spohn Health System Corporation Amended and Restated Membership Agreement, Section 5.03. (*Finance Committee*)

G. Receive monthly statement of escrow amounts deposited and/or withdrawn by CHRISTUS Spohn Health System Corporation; deposits pursuant to and consistent with Schedule 1 to CHRISTUS Spohn Health System Corporation Amended and Restated Membership Agreement; receive statements for months-ended March 31, 2022 and April 30, 2022. (*Finance Committee*)

H. Receive statement of amounts deposited to and/or withdrawn from Local Provider Participation Fund for fiscal year-to-date; deposits and withdrawals pursuant to Board of Managers Order authorizing participation in a health care provider participation program pursuant to Texas Health and Safety Code, Chapter 298C, as amended. (*Finance Committee*)

I. Receive summary report of cumulative estimated provider payments and actual intergovernmental transfers made in support of local and other healthcare providers participating in Medicaid supplemental and directed payment programs sponsored by the Texas Health and Human Services Commission (HHSC):

1. Directed Payment Programs - Medicaid managed care organization payments to healthcare providers that support overall Medicaid program goals and objectives:

- a. Comprehensive Hospital Increase Reimbursement Program (CHIRP);
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2. Supplemental Payment Programs - HHSC-directed payments made to hospitals for achieving certain goals or to support health care providers that see significant numbers of uninsured or persons without much money:

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a. Delivery System Reform Incentive Payment (DSRIP) pool. (*Finance Committee*)

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1. Receive and approve unaudited financial statements for the months and fiscal year-to-date periods ended March 31, 2022 and April 30, 2022. (***ACTION***)

2. Receive Quarterly Investment Report for fiscal quarter-ended March 31, 2022. (***INFORMATION***)

3. Receive reports relating to Nueces Aid Program enrollment for the months-ended March 31, 2022 and April 30, 2022:

- a. Total Persons and Households Enrolled;
- b. Enrollment Summary;
- c. Denials;
- d. Application Processing Summary; and
- e. Enrollment by Zip Code. (***INFORMATION***)

4. Receive information relating to the State Comptroller of Public Accounts' 2022 local and statewide pro rata distribution of investment proceeds from the Tobacco Permanent Settlement Trust Account; distributions pursuant to Texas Administrative Code, Title 25, Part 1, Chapter 102, Rule §102.2. (***INFORMATION***)

B. **Memorial Medical Center:**

1. Receive notice from CHRISTUS Spohn Health System Corporation relating to removal of Hospital District-owned equipment located at Memorial Medical Center, 2606 Hospital Boulevard, Corpus Christi, Texas; equipment removal to precede remediation and demolition of the Memorial Medical Center facility pursuant to the CHRISTUS Spohn Health System Corporation Membership Agreement between the parties. (***INFORMATION***)

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1. Consider actions necessary for the Board of Managers to activate, implement, and operate a health care provider participation program for Fiscal Year 2022 (October 1, 2021 - September 30, 2022) ("Fiscal Year 2022"); program and actions pursuant

to Texas Health and Safety Code, Chapter 298C, as amended:

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2. Board of Managers: June 28, 2022, 10:00 AM in NCHD Board of Managers Meeting Room at 555 North Carancahua Street, Room 950-A, Corpus Christi, Texas 78401. (*INFORMATION*)

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A. Consult with attorneys on matters relating to Hospital District-owned real property.

B. Consult with attorneys on legal matters relating to the Hospital District's response to Nueces County's request for reimbursement of the County's payment of vacation and sick leave benefits for County employees previously employed at the Public Health District prior to the current reformation agreement between the City and the County, effective March 1, 2022.

C. Consult with attorneys and/or deliberate matters relating to evaluation of the Administrator.

11. **OPEN MEETING** - Following the Closed Meeting, the Board of Managers will reconvene the Open Meeting prior to taking any action(s) on matters considered in the Closed Meeting or adjourning the meeting.

12. Consider final action, decision, or vote on matters considered in the Closed Meeting.
(ACTION AS NEEDED)

13. **ADJOURN**

**MINUTES
BOARD OF MANAGERS
NUECES COUNTY HOSPITAL DISTRICT
REGULAR MEETING
MARCH 22, 2022**

The Nueces County Hospital District Board of Managers met at 10:00 a.m., Tuesday, March 22, 2022 in the NCHD Board Room, at 555 N. Carancahua, Suite 950 – A, Corpus Christi, Texas.

HOSPITAL DISTRICT REPRESENTATIVES:

Jonny F. Hipp	Administrator/CEO
Belinda E. Chism	Assistant Administrator, Administrative Services
Donna Littlefield	Director, Accounting & Finance
Wm Dewitt Alsup	Attorney, Alsup Law Firm
Mary Esther Guerra	Assistant County Attorney
Melissa Quintanilla	Executive Assistant/Human Resources
Carmina Hernandez Moreno	Administrative Assistant

OTHERS PRESENT:

Dr. Xavier Gonzales	Director of Mental Health
Andrea Kovarik	NCMHID – via Zoom
Mark Hendrix	NCMHID – via Zoom
Kaylin Taylor	Hagerty Consulting Inc. – via Zoom
Barbara Canales	Nueces County Judge – via Zoom
Jenny Dorsey	Nueces County Attorney – via Zoom
Aaron V. Diaz	Deputy Director of MHP – via Zoom
Steve King	Driscoll Hospital – via Zoom
Becky Rios	Christus Spohn Hospital – via Zoom
Sandra Santos	Asst. to Commissioner Gonzalez – via Zoom
CMN 1043	165.214.1293 – via Zoom

**MINUTES
BOARD OF MANAGERS
REGULAR MEETING
MARCH 22, 2022**

1. WELCOME

2. ROLL CALL OF BOARD OF MANAGERS

- Daniel W. Dain, Chairman
- Sylvia Tryon Oliver, Vice-Chairman
- Belinda Flores, R.N.
- Vishnu V. Reddy, M.D.
- John E. Valls, M.B.A.
- Mariana Garza, J.D.
- Efrain Guerrero, Jr.

3. CALL TO ORDER, ESTABLISHMENT OF QUORUM, MEETING POSTING CONFIRMATION, AND CLOSED MEETING NOTICE

- A. Call to order – Mr. Daniel W. Dain, Chairman
The meeting was called to order by Mr. Dain at 10:13 a.m.
- B. Establish quorum – Mr. Dain
A quorum was present with all members in attendance.

Daniel W. Dain, Chairman – PRESENT
Sylvia Tryon Oliver, Vice Chairman – PRESENT
Belinda Flores, R.N., Member – PRESENT
Vishnu V. Reddy, M.D., Member – PRESENT
John E. Valls, M.B.A., Member – PRESENT
Mariana Garza, J.D., Member – PRESENT
Efrain Guerrero, Jr., Member – PRESENT

- C. Confirm posting of Meeting's public notice in accordance with Texas Open Meetings Act, Texas Government Code, Chapter 551.
- D. Public notice is hereby given that the Board of Managers may elect to go into Closed Meeting session(s) at any time during the meeting to discuss any matter(s) listed on the agenda when so authorized by the provisions of the Open Meetings Act, Texas Government Code, Chapter 551.

4. PUBLIC COMMENT - Persons attending in-person and wishing to comment on any item(s) on the agenda or any subject within the Board's responsibilities must sign-in on the "Agenda Item Request to Speak" form provided at the entrance of the Board meeting room at least five (5) minutes prior to commencement of the meeting. Persons attending via audio or video conference and wishing to comment on any item(s) on the agenda or any

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subject within the Board's responsibilities must verbally notify the presiding officer of their desire to comment when the officer calls for public comment from those attending via audio and video conference. Commenters shall limit their comments to three (3) minutes, except that Commenters addressing the Board through a translator shall limit their comments to six (6) minutes.

Judge Canales

5. **CONSENT AGENDA** - The Consent Agenda consists of those agenda items which are routine, administrative in nature, not in need of separate attention, and which a member of the Board has not requested be discussed separately. If requested to be discussed separately, that agenda item will be removed from the Consent Agenda by the presiding officer to the Regular Agenda and discussed as a part of the Regular Agenda at the appropriate time. All remaining items listed under the Consent Agenda will be voted upon in a single vote:

- A. Approve Board of Managers Regular Meeting minutes of March 1, 2022.
- B. Receive summary payment information on Nueces County health care disbursements for Fiscal Year 2022 year-to-date:
 - 1. Salaries, benefits, supplies, and intergovernmental transfers at/for City of Corpus Christi/Nueces County Public Health District;
 - 2. Emergency medical services provided in unincorporated areas of Nueces County;
 - 3. Supplemental and jail diversion program funding for Nueces Center for Mental Health and Intellectual Disabilities;
 - 4. Medical services provided at County correctional facilities:
 - a. Nueces County Jail; and
 - b. Nueces County Juvenile Detention Center;
 - 5. Funding for alcohol and drug abuse treatment programs:
 - a. Cenikor (Charlie's Place);
 - b. Council on Alcohol and Drug Abuse; and
 - c. Palmer Drug Abuse Program;
 - 6. Funding for diabetes prevention and supporting programs;
 - 7. Public health grants; and
 - 8. Legal and professional fees. (*Finance Committee*)

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C. Receive summary imputed claims information on medical and hospital care provided to the Nueces Aid Program population consistent with the CHRISTUS Spohn Health System Corporation Amended and Restated Membership Agreement for fiscal year-to-date period-ended February 28, 2022. *(Finance Committee)*

D. Receive fiscal year-to-date Specified Annual Percentage-related revenue reports; revenue receipts pursuant to CHRISTUS Spohn Health System Corporation Amended and Restated Membership Agreement, Section 5.03. *(Finance Committee)*

E. Receive monthly statement of escrow amounts deposited and/or withdrawn by CHRISTUS Spohn Health System Corporation; deposits pursuant to and consistent with Schedule 1 to CHRISTUS Spohn Health System Corporation Amended and Restated Membership Agreement; receive statement for month-ended February 28, 2022. *(Finance Committee)*

F. Receive statement of amounts deposited to and/or withdrawn from Local Provider Participation Fund for fiscal year-to-date; deposits and withdrawals pursuant to Board of Managers Order authorizing participation in a health care provider participation program pursuant to Texas Health and Safety Code, Chapter 298C, as amended. *(Finance Committee)*

G. Receive summary report of cumulative estimated provider payments and actual intergovernmental transfers made in support of local and other healthcare providers participating in Medicaid supplemental and directed payment programs sponsored by the Texas Health and Human Services Commission (HHSC):

1. Directed Payment Programs - Medicaid managed care organization payments to healthcare providers that support overall Medicaid program goals and objectives:

- a. Comprehensive Hospital Increase Reimbursement Program (CHIRP);
- b. Network Access Improvement Program (NAIP);
- c. Texas Incentives for Physicians and Professional Services (TIPPS);
- d. Uniform Hospital Rate Increase Program (UHRIP); and

2. Supplemental Payment Programs - HHSC-directed payments made to hospitals for achieving certain goals or to support health care providers that see significant numbers of uninsured or persons without much money:

- a. Disproportionate Share Hospitals (DSH) program;
- b. Graduate Medical Education (GME);
- c. Hospital Uncompensated Care (UC) pool; and

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3. Phase-Out Programs:

- a. Delivery System Reform Incentive Payment (DSRIP) pool. (*Finance Committee*)

Consent Agenda Approved. Motion by Mr. Valls and seconded by Ms. Oliver. MOTION CARRIED.

6. **REGULAR AGENDA** - The Regular Agenda consists of those agenda items which are non-routine, not administrative in nature, or are otherwise in need of separate attention. Each Regular Agenda item will be voted upon separately if action is required:

A. Finance Committee:

1. Receive and approve unaudited financial statements for the month and fiscal year-to-date period ended February 28, 2022. (**ACTION**)

Motion by Dr. Reddy and seconded by Ms Flores. MOTION CARRIED.

2. Receive reports relating to Nueces Aid Program enrollment for the month-ended February 28, 2022:

- a. Total Persons and Households Enrolled;
b. Enrollment Summary;
c. Denials;
d. Application Processing Summary; and
e. Enrollment by Zip Code. (**INFORMATION**)

B. Nueces County Judge/Nueces County Emergency Manager:

1. Receive information from Nueces County Judge, as Nueces County Emergency Manager, on matters relating to:
a. Possible recovery of COVID-19-related costs under the FEMA Public Assistance Program;
b. Social Determinants of Health; and
c. Youth Mental Health. (**INFORMATION**)

C. COVID-19 Pandemic:

1. Discuss and consider action relating to Professional Services Contract between Nueces County Hospital District and Hagerty Consulting, Inc. for disaster recovery administrative services for the term April 1, 2022 - March 31, 2024 with three one-year renewal options; and authorize Administrator to execute Contract and related

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documents. (*ACTION*)

**Motion by Mr. Valls and seconded by Ms. Garza.
MOTION CARRIED.**

D. Public Health:

1. Discuss and consider action relating to a request from Nueces County to reimburse their payout of unused vacation and sick leave for certain County employees working at the Corpus Christi-Nueces County Public Health District that were recently employed by the City of Corpus Christi as a result of the new Amended Cooperative Agreement for City-Operated Corpus Christi-Nueces County Public Health District, and related matters. (*ACTION*)

**Motion to table by Mr. Valls and seconded by
Ms. Oliver. MOTION CARRIED.**

E. Indigent Health Care:

1. Discuss and consider approval of Interlocal Cooperation Act Contract between The University of Texas Medical Branch at Galveston (UTMB) and Nueces County Hospital District (NCHD) for UTMB to provide Health Care Services for NCHD's Nueces Aid Program enrollees; Contract term April 1, 2022 - March 31, 2023 with automatic one-year renewals. (*ACTION*)

**Motion by Dr. Reddy and seconded by Mr. Valls.
MOTION CARRIED.**

F. Community Mental Health Initiatives:

1. Receive and discuss information presented by Nueces County's Director of Mental Health Programs on Hospital District-funded and other mental health programs. (*INFORMATION*)

Dr. Gonzales presented update.

G. Administrator's Actions:

1. Ratify Administrator's action(s) performed as part of his duties directing the affairs of the District and/or as required by the Board of Managers; duties established pursuant to Texas Health and Safety Code, §281.026(e):

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- a. Execution of Supplemental Agreement - First Extension of Professional Services Agreement (Extension) between Nueces County Hospital District and Police Assisted Addiction and Recovery Initiative (PARRI); Extension extends term to January 31, 2022 - September 30, 2022 and ratifies services performed by PARRI between January 31, 2022 and execution of the Extension.
(ACTION)

**Motion by Mr. Valls and seconded by
Ms. Oliver. MOTION CARRIED.**

7. ADMINISTRATOR'S BRIEFING:

A. Next Board of Managers and Board Committee regular meetings (all meetings' dates, times, and locations are subject to change):

1. Finance Committee: April 19, 2022, 9:30 AM in NCHD Board of Managers Meeting Room at 555 North Carancahua Street, Room 950-A, Corpus Christi, Texas 78401; and
2. Board of Managers: April 19, 2022, 10:00 AM in NCHD Board of Managers Meeting Room at 555 North Carancahua Street, Room 950-A, Corpus Christi, Texas 78401. **(INFORMATION)**

8. CLOSED MEETING - Public notice is hereby given that the Board of Managers may elect to go into closed meeting session(s) at any time during the meeting to discuss any matter(s) listed on the agenda, when so authorized by the provisions of the Open Meetings Act, Texas Government Code, Chapter 551 and the Board specifically expects to go into a closed session(s) on the matters listed below pursuant to the Act, §551.071. In the event the Board elects to go into closed session(s) regarding an agenda item(s), the section(s) of the Open Meetings Act authorizing the closed session will be publicly announced by the presiding officer. Should any final action, final decision, or final vote be required in the opinion of the Board with regard to any matter considered in closed session(s), then the final action, final decision, or final vote shall be either: (a) in the open meeting covered by the Notice upon reconvening of the public meeting; or (b) at a subsequent public meeting of the Board upon notice thereof, as the Board shall determine pursuant to applicable laws:

A. Consult with attorneys on matters relating to Nueces County's request to reimburse their payout of unused vacation and sick leave for certain County employees working at the Corpus Christi-Nueces County Public Health District that were recently employed by the City of Corpus Christi.

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B. Consult with attorneys on matters relating to an Administrator Employment Agreement for new four-year term commencing October 1, 2022, and related matters.

Mr. Dain called for Close Session at 11:30 a.m.

9. **OPEN MEETING** - Following the Closed Meeting, the Board of Managers will reconvene the Open Meeting prior to taking any action(s) on matters considered in the Closed Meeting or adjourning the meeting.

Mr. Dain called for Open Session at 12:25 p.m.

10. Consider final action, decision, or vote on matters considered in the Closed Meeting.
(ACTION AS NEEDED)

No action taken.

11. ADJOURN

Motion to adjourn by Mr. Dain. Motion by Mr. Valls and seconded by Ms. Oliver. Meeting adjourned at 12:25 p.m.

**MINUTES
BOARD OF MANAGERS
REGULAR MEETING
MARCH 22, 2022**

PRESIDING OFFICER

Daniel W. Dain, Chairman

ATTEST:

Jonny F. Hipp, Secretary
Board of Managers
Nueces County Hospital District

Wm Dewitt Alsup, General Counsel
Nueces County Hospital District

Nueces County Hospital District
Vendor Information List - Additional Vendors-Conflict of Interest Disclosure

<u>Vendor ID</u>	<u>Vendor Name</u>	<u>Address</u>	<u>City</u>	<u>State</u>	<u>ZIP</u>
2065	Gutierrez, Yvonne	P O Box 9421	Corpus Christi	TX	78469
2066	Shoreline Pharmacy	1335 Santa Fe Street	Corpus Christi	TX	78404
2067	Quincy Management, Inc.	555 N. Carancahua St, Suite 700	Corpus Christi	TX	78401
2068	BJ's Brewhouse & Restaurants	5037 SPID	Corpus Christi	78411	
2069	Coastal Bend Psychological Associates	4639 Corona Drive, Suite #34	Corpus Christi	TX	78411

**SUMMARY OF COMMUNITY BENEFITS PROVIDED BY CHRISTUS SPOHN
HOSPITAL ALICE, CHRISTUS SPOHN HOSPITAL BEEVILLE, AND
CHRISTUS SPOHN HOSPITAL KLEBERG
APRIL 2022**

Throughout the year, CHRISTUS Spohn Hospital Alice, CHRISTUS Spohn Hospital Beeville and CHRISTUS Spohn Hospital Kleberg (collectively, the “Hospitals”) provide healthcare services to the residents of Nueces County and Region 4, including inpatient and outpatient hospital services at their facilities and other healthcare and educational services in clinics and throughout the community. As part of their collaboration with the Nueces County Hospital District (“the District”), memorialized in the Nueces County Indigent Care Affiliation Agreement, the Hospitals have agreed to provide the District reports summarizing the services they provide in the community. In accordance with the State of Texas’ requirements for receipt of Medicaid supplemental payments under the Texas Demonstration Waiver program, the Hospitals and the District have certified that the Hospitals will not provide service summary reports more often than quarterly. Following is a summary report which provides an overview of the community services provided by the Hospitals in the three months ending March 31, 2022.

Hospital Services

The Hospitals provide a significant amount of uncompensated care to residents of Nueces County and surrounding communities, and experience unreimbursed costs for these services totaling approximately \$22.5 million annually.

The Hospitals recognize the need to support community health improvement services as well as local charitable organizations and collaborate to reach out to the surrounding communities. This outreach includes contributing funding to community agencies, providing education services to health professionals, operating a mobile clinic under its Community Outreach program, providing supervision to healthcare students, and providing free health screenings under its Cardiac Risk and Breast Care programs.

CHRISTUS Spohn Hospital Alice (“Alice”)

- Alice provides a significant amount of uncompensated care to residents of Jim Wells County and surrounding communities, and experiences unreimbursed costs for these services totaling approximately \$9.4 million annually.
- Alice also provided nearly \$13.2 million in inpatient and outpatient charitable healthcare services to indigent patients of Region 4 over the last three months. Although Alice remains willing and able to provide charity hospital services to patients eligible for Nueces Aid, no Nueces Aid patients presented for services at Alice during this period.
- Alice recognizes the need to provide emergency services to all residents of the community, including low-income and needy patients, and provides these services

regardless of a patient's ability to pay. Alice has achieved a Level IV Trauma Center designation by the State's Bureau of Emergency Management based on the 24-hour access to emergency physicians, radiology, and clinical laboratory services that Alice offers the local community. Included as **Exhibit A** is documentation supporting Alice's provision of these services, encompassing 5,281 patient visits, of which approximately 47% represent charity, Medicaid and uninsured patients.

- Alice recognizes that the state infant mortality rate exceeds 5% each year and the hospital is focused on reducing this rate. Through its superior pediatric facilities and newborn delivery services, Alice is proud to have brought 27 healthy babies into the world in the last quarter. Included as **Exhibit B** is information regarding these delivery services, of which approximately 89% represented charity, uninsured and Medicaid services.

CHRISTUS Spohn Hospital Beeville ("Beeville")

- Beeville provides a significant amount of uncompensated care to uninsured residents of the County and surrounding communities, and experiences unreimbursed costs for these services totaling approximately \$6.5 million annually.
- Beeville also provided over \$10 million in inpatient and outpatient charitable healthcare services to indigent patients during this period. Although Beeville remains willing and able to provide charity hospital services to patients eligible for Nueces Aid, no Nueces Aid patients presented for services at Beeville during this period.
- Beeville recognizes the need to provide emergency services to all residents of its community, including low-income and needy patients, and provides these services regardless of a patient's ability to pay. Beeville has achieved a Level IV Trauma Center designation by the State's Bureau of Emergency Management based on the 24-hour access to emergency physicians, radiology, and clinical laboratory services that Beeville offers the local community. Included as **Exhibit C** is documentation supporting Beeville's provision of these services. Of the 4,479 emergency encounters provided by Beeville, approximately 51% represent services provided to Medicaid, charity and uninsured patients.
- Beeville recognizes that the state infant mortality rate exceeds 5% each year and the hospital is focused on reducing this rate. Included as **Exhibit D** is information on the 25 newborn deliveries Beeville performed during this period, approximately 84% of which represent services to Medicaid, charity and uninsured.

CHRISTUS Spohn Hospital Kleberg ("Kleberg")

- Kleberg provides a significant amount of uncompensated care to residents of the County and surrounding communities, and experiences unreimbursed costs for these services totaling approximately \$6.6 million annually.
- Kleberg also provided nearly \$11.3 million in inpatient and outpatient charitable healthcare services to indigent patients during this period. Although Kleberg remains

willing and able to provide charity hospital services to patients eligible for Nueces Aid, no Nueces Aid patients presented for services at Kleberg during this period.

- Kleberg recognizes the need to provide emergency services to all residents of its community, including low-income and needy patients, and provides these services regardless of a patient's ability to pay. Kleberg has achieved a Level IV Trauma Center designation by the State's Bureau of Emergency Management based on the 24-hour access to emergency physicians, radiology, and clinical laboratory services that Kleberg offers the local community. Included as **Exhibit E** is documentation supporting Kleberg's provision of these services to 4,448 patients, of which approximately 47% represent charity, Medicaid and uninsured patients.
- Kleberg recognizes that the state infant mortality rate exceeds 5% each year and the hospital is focused on reducing this rate. Through its superior pediatric facilities and newborn delivery services, Kleberg is proud to have brought 76 healthy babies into the world during the last quarter. Included as **Exhibit F** is information regarding these delivery services, of which approximately 87% represented charity, uninsured and Medicaid services.

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**ALICE ER SUMMARY
 JANUARY 2022 - MARCH 2022**

Payor	Sum of ER visits Cases
CHARITY/UNINSURED/SELF-PAY	1100
INSURED	2796
MEDICAID	1385
Grand Total	5281

Medicaid/Charity/Uninsured/Self-Pay	2485
Insured	2796
Total	5281

% of Medicaid/Charity/Uninsured/Self-Pay for January 2022 - March 2022 **47%**

**ALICE NEWBORN SUMMARY
JANUARY 2022 - MARCH 2022**

Payor	Sum of Newborns Cases
CHARITY/UNINSURED/SELF-PAY	2
INSURED	3
MEDICAID	22
Grand Total	27

Medicaid/Charity/Uninsured/Self-Pay	24
Insured	3
Total	27

**% of Medicaid/Charity/Uninsured/Self-Pay for January
2022 - March 2022** **89%**

**BEEVILLE ER SUMMARY
 JANUARY 2022 - MARCH 2022**

Payor	Sum of ER visits Cases
CHARITY/UNINSURED/SELF-PAY	1068
INSURED	2199
MEDICAID	1212
Grand Total	4479

Medicaid/Charity/Uninsured/Self-Pay	2280
Insured	2199
Total	4479

**% of Medicaid/Charity/Uninsured/Self-Pay
 for January 2022 - March 2022** **51%**

**BEEVILLE NEWBORN SUMMARY
 JANUARY 2022 - MARCH 2022**

Payor	Sum of Newborns Cases
CHARITY/UNINSURED/SELF-PAY	1
INSURED	4
MEDICAID	20
Grand Total	25

Medicaid/Charity/Uninsured/Self-Pay	21
Insured	4
Total	25

**% of Medicaid/Charity/Uninsured/Self-Pay for
 January 2022 - March 2022** **84%**

**KLEBERG ER SUMMARY
 JANUARY 2022 - MARCH 2022**

Payor	Sum of ER visits Cases
CHARITY/UNINSURED/SELF-PAY	948
INSURED	2361
MEDICAID	1139
Grand Total	4448

Medicaid/Charity/Uninsured/Self-Pay	2087
Insured	2361
Total	4448

**% of Medicaid/Charity/Uninsured/Self-Pay for
 January 2022 - March 2022** **47%**

**KLEBERG NEWBORN SUMMARY
 JANUARY 2022 - MARCH 2022**

Payor	Sum of Newborns Cases
CHARITY/UNINSURED/SELF-PAY	1
INSURED	10
MEDICAID	65
Grand Total	76

Medicaid/Charity/Uninsured/Self-Pay	66
Insured	10
Total	76

% of Medicaid/Charity/Uninsured/Self-Pay for January 2022 - March 2022 **87%**

Summary of Community Benefits Provided To

Nueces County Community

Quarter Ending March 31, 2022

By

Bay Area Healthcare Group, Ltd. d/b/a Corpus Christi Medical Center

Above all else, we are committed to the care and improvement of human life.

I. Background

The 2011 Texas Legislature directed HHSC to expand Medicaid managed care to achieve savings and to preserve hospital access to funding consistent with upper payment limit (UPL) funding. The best approach to achieve these goals along with delivery system reform and quality improvements was to negotiate a five-year 1115 waiver. In December 2011, Texas received federal approval for the 1115 Healthcare Transformation Waiver (Waiver). The Waiver requires providers and other stakeholders to work collectively and collaboratively to develop and submit a regional plan for health care delivery system reform through the formation of Regional Healthcare Partnerships (RHP's). Corpus Christi Medical Center is an active participant in the RHP 4 planning and has several proposed delivery system reform projects included in the final regional plan.

Integral to the success of the regional plan is the collaboration to support Nueces County Hospital District (District) in its mission to provide healthcare to the poor and needy. Throughout the year, CCMC provides healthcare services to the residents of Nueces (and surrounding) counties, including inpatient and outpatient hospital services at the facility, as well as other healthcare and educational services throughout the community. As part of the collaboration with the District, memorialized in the Nueces County Indigent Care Affiliation Agreement, CCMC agreed to provide the District periodic reports summarizing the services provided in the community.

The following is the thirty-eighth quarterly report, which provides an overview of the community benefits provided by CCMC during the last quarter.

II. Community Benefits

CCMC provides a significant amount of healthcare services that are delivered directly to members of the community at free or reduced cost. These services benefit the District by sharing the burden and responsibility for caring for the poor and needy. CCMC provides a significant amount of uncompensated care to the residents of Nueces County and surrounding communities. For this reporting period CCMC provided approximately \$16 million in uncompensated care, including the unreimbursed costs of treating Medicaid patients. CCMC continually strives to improve the services provided to the community, as well as access to those services. Listed on the next page are examples of some of the additional services provided by CCMC in their collaboration with the District.

III. Additional Services Provided by CCMC

- ◆ **Emergency Room Services:** CCMC recognizes the need to provide emergency services to all residents of its community, including low-income and needy patients, and provides these services regardless of a patient's ability to pay. Approximately 45% of all visits to CCMC's emergency department are charity, self-pay, or Medicaid patients.

III. Additional Services Provided by CCMC (continued)

- ◆ **Newborn Services:** CCMC recognizes that the state infant mortality rate exceeds 5% each year and the hospital is focused on reducing this rate. Approximately 65% of all births at CCMC are for charity, self-pay, or Medicaid patients.
- ◆ **Psychiatric Services:** Patients requiring psychiatric services are often one of the most underserved populations in the community, and CCMC strives to ensure that these patients receive appropriate care. CCMC is the largest provider of inpatient psychiatric care in the community with 60 beds and the capability to treat adolescent, adult, and geriatric patients. In addition, CCMC offers several outpatient programs designed to compliment our inpatient services. Approximately 62% of psychiatric services are provided to charity, self-pay, Medicaid, and low income patients.
- ◆ **Trauma Level II Services:** CCMC started pursuit of Level II trauma on 8/1/18 in response to the community's need for these services on the south side of town. Significant capital investment and major operating expenditures have been incurred (and are ongoing) to ensure a successful program with quality patient outcomes. Approximately 29% of the trauma patients are uninsured or low income.
- ◆ **New Equipment/Upgrades:** CCMC continues to renovate and upgrade its facility and equipment. Major projects/purchases include; Surgical equipment upgrades, Cardiovascular service line enhancements, Radiology upgrades, and ED expansions.
- ◆ **Physician Recruitment/Training:** CCMC continues to support its Internal Medicine residency program at levels that significantly exceed the caps funded by the Medicare program. In addition, CCMC is supporting two Fellowship programs in Cardiology and Pulmonary/Critical Care. CCMC is actively recruiting several physicians to the market, including Orthopedics, Cardiology, OB/Gyn, Urology, and FP. CCMC is also providing locum tenens and telemedicine coverage to alleviate the critical Behavioral Health provider shortage and supplement Neurology coverage. CCMC provided significant additional physician coverage during the most recent COVID surge.
- ◆ **Donations:** CCMC provided support to the following organizations in the first quarter of 2022; American Heart Association, American Cancer Society, and United Way,
- ◆ **Education and Outreach:** CCMC participated in various health fairs and speaking engagements, provided free health screenings, and volunteered staff and physicians for local radio and television health and wellness programs. Our programs include; Stroke support group, Weight loss and Bariatric surgery seminars, Behavioral Health seminars, Joint Replacement Classes, Childbirth Education classes, and fall prevention education.

III. Additional Services Provided by CCMC (continued)

- ◆ **Partnerships and Community Support:** CCMC is active in many community organizations; March of Dimes, American Heart Association, American Cancer Society, Rotary Club, United Way, CASA, Nueces County Medical Society, Charlie's Place, CCFD, and the Chamber of Commerce. Support includes personal and corporate donations as well as time volunteered by CCMC's employees. CCMC provides space at their Northwest campus free of charge in order for Del Mar College to offer classes in the local community.

- ◆ **COVID-19 Response:** CCMC has responded to the current crisis in our community by; 1) increasing bed capacity, 2) continually refining testing strategies to reduce the turnaround time, 3) partnering with our physicians on the appropriate clinical strategies, 4) securing additional nursing and physician resources to aid in the care of our patients, 5) continually refining our procedures/policies to comply with local, state, and federal guidelines, and 6) coordinating with local emergency management personnel on all reporting and response efforts. CCMC has treated approximately 2,200 COVID positive patients in 2022 and over 11,200 since the beginning of the pandemic.

Summary of Community Benefits Provided By:

Driscoll Children's Hospital

Quarter Ending Mar 31st, 2022

- Driscoll Children's Hospital recognizes the need to provide emergency services to all residents of its community, including low-income and needy patients, and provides these services regardless of a patient's ability to pay. Approximately 81.36% of all visits to Driscoll's emergency departments are made by charity, self-pay, or Medicaid patients.
- Driscoll recognizes that the state infant mortality rate exceeds 5% each year and the hospital is focused on reducing this rate by providing the latest in medical technology and specialized care to newborns across the region. Over 88.15% of neonatal intensive care services are to charity, self-pay, or Medicaid patients.
- Patients requiring psychiatric services are often one of the most under-served populations in a community, and Driscoll strives to ensure that these patients receive appropriate care. Approximately 74.61% of the primary diagnosis behavioral services Driscoll offers in its facilities are provided to charity, self-pay, and Medicaid patients.
- Dedicated to our continued effort to improve the community's access to pediatric physician specialists, Driscoll recruited a Pediatric Cardiologist. Driscoll also credentialed this pediatric physician to the medical staff of its hospital. This physician began practicing within the hospital and physician groups during the 1st Quarter of 2022.
- Driscoll continues to provide a variety of health services to Nueces and surrounding counties to meet the needs of the underserved community:
 - These programs include but are not limited to: Community Health Fairs, health education, physician education, and therapy camps. These activities represent a community benefit of approximately \$27,424.
 - The Driscoll transport program provides emergency transports services via ambulance and air transport. Most of the children transported would not otherwise have had the means to access the service. From Jan 2022 through Mar 2022, there were 369 transports.

Nueces County Hospital District
 County Health Care Department Expenditures
 Cash Disbursements Relating to
 Fiscal Year 2022

	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Fiscal 2022 YTD	Budget 2022	Balance
Intergovernmental Transfers															
Health Dept - County - IGT	0.00	0.00	0.00	76,662.34	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	76,662.34	887,000.00	810,337.66
County Healthcare Services															
Health Dept - County	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	942,300.00	942,300.00
Emergency Medical Services	0.00	0.00	0.00	127,200.00	0.00	0.00	120,300.00	0.00	0.00	0.00	0.00	0.00	247,500.00	550,000.00	302,500.00
NC MHID - Fund Matching	0.00	0.00	242,283.00	0.00	0.00	242,283.00	0.00	0.00	0.00	0.00	0.00	0.00	484,566.00	969,129.00	484,563.00
NC MHID - Jail Programs	0.00	0.00	174,265.51	120,600.82	151,341.38	252,573.50	0.00	0.00	0.00	0.00	0.00	0.00	698,781.21	3,510,801.00	2,812,019.79
Mental Healthcare Services	134.48	214.02	0.00	0.00	71,439.23	0.00	0.00	0.00	0.00	0.00	0.00	0.00	71,787.73	570,000.00	498,212.27
Juvenile Center - Lab	1,474.67	1,651.74	1,514.95	1,134.27	1,758.93	1,897.55	1,936.89	0.00	0.00	0.00	0.00	0.00	11,368.20	407,000.00	
Juvenile Center - Doctors	13,334.40	23,070.35	17,982.20	17,141.35	20,756.24	29,758.95	23,298.36	350.00	0.00	0.00	0.00	0.00	145,691.85		
Juvenile Center - Pharmacy	583.97	1,256.12	669.67	387.05	66.33	2,223.01	31.92	0.00	0.00	0.00	0.00	0.00	5,418.07		
Juvenile Center - Other	433.80	1,970.46	124.48	289.48	912.60	561.82	1,228.96	0.00	0.00	0.00	0.00	0.00	5,523.60		
Subtotal	15,828.84	27,948.67	20,291.50	19,152.15	23,494.10	34,441.33	26,495.33	350.00	0.00	0.00	0.00	0.00	168,001.72	407,000.00	238,998.28
Nueces County Jail Services	353,224.55	353,224.55	370,829.92	357,129.95	353,224.55	357,129.95	353,224.55	0.00	0.00	0.00	0.00	0.00	2,497,988.02	4,408,695.00	1,910,706.98
Cenikor	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	60,000.00	60,000.00
Council on Alcohol & Drug Abuse	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	50,000.00	50,000.00
Diabetes Program - County	0.00	0.00	0.00	88.64	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	88.64	50,000.00	49,911.36
County Public Health Grants	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	170,000.00	170,000.00
Professional Fees															
Legal/Consulting/Engineering	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Totals	369,187.87	381,387.24	807,669.73	700,833.90	599,499.26	886,427.78	500,019.88	350.00	0.00	0.00	0.00	0.00	4,245,375.66	12,574,925.00	8,329,549.34

**Nueces County Hospital District
Imputed Claims Experience for Calendar Year 2022
As if Adjudicated January 1, 2022 through April 30, 2022**

Service	Claims	Billed	Contract Amt.	Co Insurance	Net
ER	1,155	7,071,648	830,158	39,414	790,744
ASU	276	4,840,126	381,852	12,299	369,553
Clinic	4,992	3,590,741	980,857	40,533	940,324
Obs	60	1,993,766	426,086	16,068	410,018
OP	3,367	13,693,618	3,295,358	122,576	3,172,782
Subtotal	9,850	31,189,899	5,914,311	230,890	5,683,421
IP	232	18,794,638	2,297,483	37,844	2,259,639
SNF	-			-	-
RX	38,129	14,654,913	5,571,912	157,470	5,414,442
Physician	4,592	2,681,350	794,583	23,697	770,886
Total	52,803	67,320,800	14,578,289	449,901	14,128,388

NOTE:

The Revised and Restated Indigent Care Agreement was terminated effective September 30, 2012. After that date, the District no longer makes payment to CHRISTUS Spohn for providing health care services to the Nueces Aid Indigent population. Under the terms of the Membership Agreement amended and restated effective November 18, 2015, CHRISTUS Spohn has committed to continue to provide health care services to the Nueces Aid Indigent population and, and at the request of the District, continues to submit informational claims to the District to permit the District to monitor the volume of health care services furnished to the Nueces Aid Indigent population.

Nueces County Hospital District
 Spohn Corporate Member Revenue Analysis
 Fiscal Year 2022

Member Revenue % 3.0%

	October	November	December	January	February	March	April	May	June	July	August	September	Totals
Memberships Revenue Deposits													
Week 1	165,178.26	183,713.87	243,955.67	254,373.65	203,576.75	230,983.47	232,339.33	206,540.51					1,720,661.51
Week 2	269,943.70	144,144.12	293,334.36	261,243.73	242,771.93	247,322.51	207,626.47	216,345.83					1,882,732.65
Week 3	189,474.15	254,845.66	254,369.32	202,153.37	204,783.71	227,240.44	158,636.07						1,491,702.72
Week 4	251,640.56	204,063.64	282,339.21	178,046.34	186,845.25	235,735.15	290,899.77						1,629,769.92
Week 5	249,925.11			222,033.60			218,396.71						690,355.42
Subtotal	1,126,161.78	786,767.29	1,074,398.56	1,117,850.69	837,977.64	941,281.57	1,107,898.35	422,886.34	0.00	0.00	0.00	0.00	7,413,222.22



CASH AND EQUIVALENTS

8,606,983.42	BLACKROCK TREASURY TRUST - CASH MANAGEMENT 0012	8,606,983.42	8,606,983.42	1,247.19
TOTAL CASH AND EQUIVALENTS		8,606,983.42	8,606,983.42	1,247.19

TRANSACTION SUMMARY

DESCRIPTION	INCOME CASH	PRINCIPAL CASH	COST
BEGINNING BALANCE	0.00	0.00	8,608,699.59
DIVIDENDS	0.00	0.00	0.00
INTEREST	0.00	33.83	0.00
OTHER INCOME	0.00	0.00	0.00
RECEIPTS & DEPOSITS	0.00	0.00	0.00
SALES & DISPOSITIONS	0.00	1,750.00	-1,750.00
INTRA ACCOUNT TRANSFERS	0.00	0.00	0.00
DISTRIBUTIONS & WITHDRAWALS	0.00	-1,750.00	0.00
PURCHASES & ACQUISITIONS	0.00	-33.83	33.83
FEES & EXPENSES	0.00	0.00	0.00
MISCELLANEOUS	0.00	0.00	0.00
ENDING BALANCE	0.00	0.00	8,606,983.42

TRANSACTION DETAIL

DATE	DESCRIPTION	INCOME CASH	PRINCIPAL CASH	COST
	BEGINNING BALANCE	0.00	0.00	8,608,699.59
03/01/22	INTEREST PAYMENT PAYABLE 03/01/22		33.83	
	BLACKROCK TREASURY TRUST - CASH MANAGEMENT 0012			

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01/APR/2022 CA NUECES COUNTY HOSPITAL DISTRICT 03/01/2022 thru 03/31/2022



TRANSACTION DETAIL (continued)

DATE	DESCRIPTION	INCOME CASH	PRINCIPAL CASH	COST
03/02/22	SWEEP PURCHASE 33.83 SHARES TRADE 03/02/22 BLACKROCK TREASURY TRUST - CASH MANAGEMENT 0012		-33.83	33.83
03/10/22	FEE PAYMENT TO BANK OF AMERICA N.A. ABA# 026009593 ACCT REF# 187016-8898910 INV PYMNT CHRISTUS SPOHN / NUECES CNTY ESCROW 434372 2767533		-1,750.00	
03/10/22	SWEEP REDEMPTION 1,750 SHARES TRADE 03/10/22 BLACKROCK TREASURY TRUST - CASH MANAGEMENT 0012		1,750.00	-1,750.00
	ENDING BALANCE	0.00	0.00	8,506,983.42

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01/APR/2022 CA NUECES COUNTY HOSPITAL DISTRICT

03/01/2022 thru 03/31/2022



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Bank of America, N.A.
135 S. LaSalle Street, Suite 1840 Chicago, IL 60603

TEMP-RETURN SERVICE REQUESTED

MB 01 001310 40951 H 5 A
NUECES COUNTY HOSPITAL DISTRICT
ATTN: JONNY HIPPI
555 NORTH CARANCAHUA ST. SUITE 950
CORPUS CHRISTI TX 78401-0835

PAGE 1 OF 4

received
05/09/22

Account Number 434372.1
Statement Period 04/01/2022 through 04/30/2022
Account Title CHRISTUS SPOHN HEALTH SYSTEM CORP /
NUECES COUNTY HOSPITAL DISTRICT
CHRISTUS SPOHN / NUECES CNTY ESCROW
ADMINISTRATIVE OFFICER GCAS CLIENT SERVICE.
13129923272 GCAS_AMRS_ESCROW_CLIENT_SERVIC
E@BOFA.COM
ALTERNATE CONTACT CLIENT SERVICE.
13129923272 GCAS_AMRS_ESCROW_CLIENT_SERVIC
E@BOFA.COM

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PARTICIPATING PORTFOLIOS

PORTFOLIO NUMBER [REDACTED] PORTFOLIO NAME
CHRISTUS SPOHN / NUECES CNTY ESCROW

PARTICIPATING PORTFOLIOS

PORTFOLIO NUMBER [REDACTED] PORTFOLIO NAME

CASH AND EQUIVALENTS

8,607,018.59	BLACKROCK TREASURY TRUST - CASH MANAGEMENT 0012	8,607,018.59	8,607,018.59	1,536.22
TOTAL CASH AND EQUIVALENTS		8,607,018.59	8,607,018.59	1,536.22

TRANSACTION SUMMARY

DESCRIPTION	INCOME CASH	PRINCIPAL CASH	COST
BEGINNING BALANCE	0.00	0.00	8,606,983.42
DIVIDENDS	0.00	0.00	0.00
INTEREST	0.00	35.17	0.00
OTHER INCOME	0.00	0.00	0.00
RECEIPTS & DEPOSITS	0.00	0.00	0.00
SALES & DISPOSITIONS	0.00	0.00	0.00
INTRA ACCOUNT TRANSFERS	0.00	0.00	0.00
DISTRIBUTIONS & WITHDRAWALS	0.00	0.00	0.00
PURCHASES & ACQUISITIONS	0.00	-35.17	35.17
FEES & EXPENSES	0.00	0.00	0.00
MISCELLANEOUS	0.00	0.00	0.00
ENDING BALANCE	0.00	0.00	8,607,018.59

TRANSACTION DETAIL

DATE	DESCRIPTION	INCOME CASH	PRINCIPAL CASH	COST
	BEGINNING BALANCE	0.00	0.00	8,606,983.42
04/01/22	INTEREST PAYMENT PAYABLE 04/01/22 BLACKROCK TREASURY TRUST - CASH MANAGEMENT 0012		35.17	

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30/APR/2022 CA NUECES COUNTY HOSPITAL DISTRICT 04/01/2022 thru 04/30/2022





TRANSACTION DETAIL (continued)

DATE	DESCRIPTION	INCOME CASH	PRINCIPAL CASH	COST
04/04/22	SWEEP PURCHASE 35.17 SHARES TRADE 04/04/22 BLACKROCK TREASURY TRUST - CASH MANAGEMENT 0012		-35.17	35.17
	ENDING BALANCE	0.00	0.00	8,607,018.59

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CA NUECES COUNTY HOSPITAL DISTRICT 04/01/2022 thru 04/30/2022





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Nueces County Hospital District
 Nueces LPPF Activity
 Fiscal Year 2022

	October	November	December	January	February	March	April	May	June	July	August	September	Totals
Beginning Balan	17,763,074.64	25,618,451.58	32,852,981.60	51,846,573.63	50,419,827.17	44,619,075.29	44,619,537.37	44,620,197.49	9,969,791.98	9,969,791.98	9,969,791.98	9,969,791.98	17,763,074.64
<u>Deposits</u>													
Christus Spohn		7,234,287.00	7,234,287.00		7,234,287.00								21,702,861.00
CCMC	5,650,342.75		5,650,342.75		5,650,342.75								16,951,028.25
CC Rehab	244,647.50		244,647.50		244,647.50								733,942.50
Driscoll	4,669,067.75		4,669,067.75		4,669,067.75								14,007,203.25
PAM Specialty	299,980.75		299,980.75		299,980.75								899,942.25
PAM Rehab	268,249.75		268,249.75		268,249.75								804,749.25
S. TX Surgical	626,744.50		626,744.50		626,744.50								1,880,233.50
Subtotal	11,759,033.00	7,234,287.00	18,993,320.00	0.00	18,993,320.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	56,979,960.00
Interest	119.10	243.02	272.03	386.81	251.39	462.08	660.12						2,394.55
Transfers In													0.00
Total Deposits	11,759,152.10	7,234,530.02	18,993,592.03	386.81	18,993,571.39	462.08	660.12	0.00	0.00	0.00	0.00	0.00	56,982,354.55
<u>Inter-Governmental Transfers</u>													
UC	(3,903,775.16)			(1,427,133.27)	(24,794,323.27)								(28,698,098.43)
DSRIP													(1,427,133.27)
CHIRP								(34,294,607.97)					(34,294,607.97)
TIPPS								(355,797.54)					(355,797.54)
DSH													0.00
UHRIP													0.00
Total IGT's	(3,903,775.16)	0.00	0.00	(1,427,133.27)	(24,794,323.27)	0.00	0.00	(34,650,405.51)	0.00	0.00	0.00	0.00	(64,775,637.21)
Transfers Out													0.00
Bank Fees													0.00
Ending Balance	25,618,451.58	32,852,981.60	51,846,573.63	50,419,827.17	44,619,075.29	44,619,537.37	44,620,197.49	9,969,791.98	9,969,791.98	9,969,791.98	9,969,791.98	9,969,791.98	9,969,791.98

Nueces County Hospital District
 Medicaid Payment Programs/Directed Payment Programs
 Estimated Provider Payments & IGT History
 FY2012 to Present

Provider	DSRIP	UC	DSH	UHRIP	NAIP	CHIRP	TIPPS	TOTALS	
Christus Spohn - Corpus Christi	363,413,690	469,883,767	201,937,439	55,698,685	109,444,400	27,832,008	1,316,432	1,229,526,421	52%
Christus Spohn Rural (Alice/Beeville/Kleberg)	45,886,713	171,637,909	0	15,020,682	0	6,647,800	0	239,193,104	10%
Corpus Christi Medical Center	113,388,330	139,171,092	0	48,200,011	0	38,832,703	0	339,592,136	14%
Driscoll Childrens Hospital	293,025,634	19,578,099	0	0	0	123,527,703	479,717	436,611,152	19%
Detar Hospital	24,949,804	47,723,156	0	15,382,457	0	0	0	88,055,417	4%
North Bay General Hospital	0	0	0	504,542	0	0	0	504,542	0%
South Texas Surgical Hospital	0	0	0	904,786	0	0	0	904,786	0%
Corpus Christit Rehab Hospital	0	0	0	296,670	0	0	0	296,670	0%
PAM Specialty Hospital	0	0	0	1,330	0	0	0	1,330	0%
PAM Rehab Hospital	0	0	0	147,501	0	0	0	147,501	0%
Nueces County Health Dept	20,067,084	0	0	0	0	0	0	20,067,084	1%
TOTALS	860,731,256	847,994,023	201,937,439	136,156,663	109,444,400	196,840,213	1,796,149	2,354,900,142	100%

* Estimated Receipts for Entities (IGT + FMAP), Subject to HHSC Review and Administrative Fees

IGT Source	DSRIP	UC	DSH	UHRIP	NAIP	CHIRP	TIPPS	TOTALS
Nueces County Hospital District	326,881,505	303,167,058	79,808,524	59,437,427	42,955,689	0	0	812,250,203
Nueces LPPF	17,912,831	31,858,523	0	0	0	69,276,942	711,595	119,759,891
TOTALS	344,794,336	335,025,581	79,808,524	59,437,427	42,955,689	69,276,942	711,595	932,010,094

Nauces County Hospital District
Combined Balance Sheet - All Fund Types & Account Groups
 As of 3/31/2022
 (In Whole Numbers)

UNAUDITED

	General Fund	Special Revenue Fund	Trust Fund	General Fixed Assets	General Long Term Debt	TOTAL
Assets						
Cash & Cash Equivalents	58,250,419 *	21,454,687	95,765	0	0	79,800,871
Investments	0	35,047,134	0	0	0	35,047,134
Accrued Interest	0	46,860	7	0	0	46,867
Taxes Receivable, Net of Allowance	5,108,903	0	0	0	0	5,108,903
Other Receivables	0	0	0	0	0	0
Due from Other Funds	19,972	0	0	0	0	19,972
Prepaid Expenditures	148,389	0	0	0	0	148,389
Restricted Cash & Cash Equivalents - LPPF	44,619,537	0	0	0	0	44,619,537
Fixed Assets	0	0	0	32,158,070	0	32,158,070
Amt to be Provided for Retirement of LT Debt	0	0	0	0	53,485	53,485
Total Assets	108,147,220	56,548,681	95,772	32,158,070	53,485	197,003,228
Liabilities						
Accounts Payable	1,900,117	0	0	0	0	1,900,117
Accrued Payroll & Related Liabilities	252,983	0	0	0	0	252,983
Intergovernmental Transfer Obligations	44,619,537	0	0	0	0	44,619,537
Due to Other Funds	0	0	19,972	0	0	19,972
Deferred Revenue	5,108,903	0	0	0	0	5,108,903
Long Term Paid Time Off	0	0	0	0	53,485	53,485
Total Liabilities	51,881,540	0	19,972	0	53,485	51,954,997
Fund Equity						
Fund Balance	38,248,297	0	75,800	32,158,070	0	70,482,167
Committed to:						
Intergovernmental Transfers	18,017,383	0	0	0	0	18,017,383
Indigent Care	0	56,547,844	0	0	0	56,547,844
Assigned to County Health Care	0	837	0	0	0	837
Total Fund Equity	56,265,680	56,548,681	75,800	32,158,070	0	145,048,231
Total Liabilities & Fund Equity	108,147,220	56,548,681	95,772	32,158,070	53,485	197,003,228

* General Fund Cash & Equivalents balance includes \$18,017,383 in committed funds.

Nueces County Hospital District
 Statement of Revenues and Expenditures - All Governmental and Trust Funds
 General Fund
 From 3/1/2022 Through 3/31/2022
 (In Whole Numbers)

	<u>Current Period Actual</u>	<u>Current Year Actual</u>
Revenues		
Taxes	653,716	36,148,537
Penalties & Interest - Taxes	34,041	143,045
Spohn Corporate Member Revenue	941,282	5,884,438
Investment Income	7,615	15,551
Other Income	87	132,732
Total Revenues	<u>1,636,741</u>	<u>42,324,303</u>
Current Expenditures		
Intergovernmental Transfers	2,562,561	24,348,109
County Healthcare Funding	883,203	4,430,530
Salaries	110,049	572,381
Benefits	49,871	319,645
Legal & Professional Fees	25,897	165,739
Purchased Services	85,722	725,598
Supplies & Materials	1,541	7,214
Rent & Leases	12,504	69,510
Repairs & Maintenance	15	132
Utilities	5,750	18,816
Insurance	1,875	11,254
Administrative & General	3,145	23,393
Capital Outlay	0	2,501
Total Current Expenditures	<u>3,742,134</u>	<u>30,694,821</u>
Excess of Revenues Over Expenditures Before Sources/Uses	<u>(2,105,392)</u>	<u>11,629,481</u>
Excess of Revenues Over Expenditures After Sources & Uses	<u>(2,105,392)</u>	<u>11,629,481</u>
Fund Balance, Beginning of Year		44,636,198
FUND BALANCE, END OF YEAR		<u><u>56,265,680</u></u>

UNAUDITED

Nueces County Hospital District
Statement of Revenues and Expenditures - All Governmental and Trust Funds
Special Revenue Fund
From 3/1/2022 Through 3/31/2022
(In Whole Numbers)

	<u>Current Period Actual</u>	<u>Current Year Actual</u>
Revenues		
Investment Income	<u>19,360</u>	<u>86,051</u>
Total Revenues	<u>19,360</u>	<u>86,051</u>
Excess of Revenues Over Expenditures Before Sources/Uses	<u>19,360</u>	<u>86,051</u>
Excess of Revenues Over Expenditures After Sources & Uses	<u>19,360</u>	<u>86,051</u>
Fund Balance, Beginning of Year		56,462,630
FUND BALANCE, END OF YEAR		<u><u>56,548,681</u></u>

UNAUDITED

Nueces County Hospital District
Statement of Revenues and Expenditures - All Governmental and Trust Funds
Trust Fund
From 3/1/2022 Through 3/31/2022
(In Whole Numbers)

	<u>Current Period Actual</u>	<u>Current Year Actual</u>
Revenues		
Investment Income	<u>7</u>	<u>11</u>
Total Revenues	<u>7</u>	<u>11</u>
Current Expenditures		
Benefits	4,864	11,238
Administrative & General	<u>40</u>	<u>242</u>
Total Current Expenditures	<u>4,904</u>	<u>11,480</u>
Excess of Revenues Over Expenditures Before Sources/Uses	<u>(4,897)</u>	<u>(11,470)</u>
Excess of Revenues Over Expenditures After Sources & Uses	<u>(4,897)</u>	<u>(11,470)</u>
Fund Balance, Beginning of Year		87,269
FUND BALANCE, END OF YEAR		<u><u>75,800</u></u>

Nueces County Hospital District
Statement of Revenues and Expenditures - Actual v. Budget
General Fund
From 3/1/2022 Through 3/31/2022
(In Whole Numbers)

UNAUDITED

	Current Period Actual	Current Period Budget	Current Period Budget Variance	Current Year Actual	YTD Budget	YTD Budget Variance
Revenues						
Taxes	653,716	720,591	(66,875)	36,148,537	35,931,842	216,695
Penalties & Interest - Taxes	34,041	23,128	10,913	143,045	176,869	(33,824)
Spohn Corporate Member Revenue	941,282	823,661	117,621	5,884,438	4,941,966	942,472
Investment Income	7,615	412	7,203	15,551	1,910	13,641
Other Income	87	0	87	132,732	100,000	32,732
Total Revenues	<u>1,636,741</u>	<u>1,567,792</u>	<u>68,949</u>	<u>42,324,303</u>	<u>41,152,587</u>	<u>1,171,716</u>
Current Expenditures						
Intergovernmental Transfers	2,562,561	2,799,917	237,356	24,348,109	14,204,665	(10,143,444)
County Healthcare Funding	883,203	934,549	51,346	4,430,530	6,080,651	1,650,121
Salaries	110,049	118,234	8,185	572,381	818,213	245,832
Benefits	49,871	58,911	9,040	319,645	370,168	50,523
Legal & Professional Fees	25,897	122,500	96,603	165,739	735,504	569,765
Purchased Services	85,722	96,051	10,329	725,598	765,087	39,489
Supplies & Materials	1,541	1,750	209	7,214	10,500	3,286
Rent & Leases	12,504	12,625	121	69,510	75,754	6,244
Repairs & Maintenance	15	751	737	132	4,506	4,374
Utilities	5,750	4,866	(884)	18,816	29,204	10,388
Insurance	1,875	2,258	383	11,254	13,552	2,298
Administrative & General	3,145	16,632	13,487	23,393	99,820	76,427
Capital Outlay	0	0	0	2,501	163,000	160,499
Extraordinary	0	417	417	0	2,502	2,502
Total Current Expenditures	<u>3,742,134</u>	<u>4,169,461</u>	<u>427,327</u>	<u>30,694,821</u>	<u>23,373,126</u>	<u>(7,321,695)</u>
Excess of Revenues Over Expenditures Before Sources/Uses	<u>(2,105,392)</u>	<u>(2,601,669)</u>	<u>496,277</u>	<u>11,629,481</u>	<u>17,779,461</u>	<u>(6,149,980)</u>
Excess of Revenues Over Expenditures After Sources & Uses	<u>(2,105,392)</u>	<u>(2,601,669)</u>	<u>496,277</u>	<u>11,629,481</u>	<u>17,779,461</u>	<u>(6,149,980)</u>
Fund Balance, Beginning of Year				44,636,198	0	44,636,198
FUND BALANCE, END OF YEAR				<u>56,265,680</u>	<u>17,779,461</u>	<u>38,486,219</u>

Nueces County Hospital District
Statement of Revenues and Expenditures - Actual v. Budget
Tobacco Settlement Fund
From 3/1/2022 Through 3/31/2022
(In Whole Numbers)

UNAUDITED

	<u>Current Period Actual</u>	<u>Current Period Budget</u>	<u>Current Period Budget Variance</u>	<u>Current Year Actual</u>	<u>YTD Budget</u>	<u>YTD Budget Variance</u>
Revenues						
Investment Income	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Revenues Over Expenditures Before Sources/Uses	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Revenues Over Expenditures After Sources & Uses	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance, Beginning of Year				837	0	837
FUND BALANCE, END OF YEAR				<u><u>837</u></u>	<u><u>0</u></u>	<u><u>837</u></u>

Nueces County Hospital District
Statement of Revenues and Expenditures - Actual v. Budget
Indigent Care Fund
From 3/1/2022 Through 3/31/2022
(In Whole Numbers)

UNAUDITED

	<u>Current Period Actual</u>	<u>Current Period Budget</u>	<u>Current Period Budget Variance</u>	<u>Current Year Actual</u>	<u>YTD Budget</u>	<u>YTD Budget Variance</u>
Revenues						
Investment Income	19,360	4,705	14,655	86,051	28,222	57,829
Total Revenues	<u>19,360</u>	<u>4,705</u>	<u>14,655</u>	<u>86,051</u>	<u>28,222</u>	<u>57,829</u>
Excess of Revenues Over Expenditures Before Sources/Uses	<u>19,360</u>	<u>4,705</u>	<u>14,655</u>	<u>86,051</u>	<u>28,222</u>	<u>57,829</u>
Excess of Revenues Over Expenditures After Sources & Uses	<u>19,360</u>	<u>4,705</u>	<u>14,655</u>	<u>86,051</u>	<u>28,222</u>	<u>57,829</u>
Fund Balance, Beginning of Year				56,461,793	0	56,461,793
FUND BALANCE, END OF YEAR				<u>56,547,844</u>	<u>28,222</u>	<u>56,519,622</u>

Nueces County Hospital District
 Combined Balance Sheet - All Fund Types & Account Groups
 As of 4/30/2022
 (In Whole Numbers)

	General Fund	Special Revenue Fund	Trust Fund	General Fixed Assets	General Long Term Debt	TOTAL
Assets						
Cash & Cash Equivalents	57,737,862 *	21,471,992	94,757	0	0	79,304,611
Investments	0	35,040,203	0	0	0	35,040,203
Accrued Interest	0	59,037	16	0	0	59,054
Taxes Receivable, Net of Allowance	4,508,124	0	0	0	0	4,508,124
Other Receivables	0	0	0	0	0	0
Due from Other Funds	20,575	666,491	0	0	0	687,066
Prepaid Expenditures	101,167	0	0	0	0	101,167
Restricted Cash & Cash Equivalents - LPPF	44,620,197	0	0	0	0	44,620,197
Fixed Assets	0	0	0	32,158,070	0	32,158,070
Amt to be Provided for Retirement of LT Debt	0	0	0	0	53,485	53,485
Total Assets	<u>106,987,926</u>	<u>57,237,724</u>	<u>94,773</u>	<u>32,158,070</u>	<u>53,485</u>	<u>196,531,977</u>
Liabilities						
Accounts Payable	1,917,378	0	0	0	0	1,917,378
Accrued Payroll & Related Liabilities	261,315	0	0	0	0	261,315
Intergovernmental Transfer Obligations	44,620,197	0	0	0	0	44,620,197
Due to Other Funds	666,491	0	20,575	0	0	687,066
Deferred Revenue	4,508,124	0	0	0	0	4,508,124
Long Term Paid Time Off	0	0	0	0	53,485	53,485
Total Liabilities	<u>51,973,506</u>	<u>0</u>	<u>20,575</u>	<u>0</u>	<u>53,485</u>	<u>52,047,566</u>
Fund Equity						
Fund Balance	37,823,182	0	74,198	32,158,070	0	70,055,451
Committed to:						
Intergovernmental Transfers	17,191,238	0	0	0	0	17,191,238
Indigent Care	0	57,236,886	0	0	0	57,236,886
Assigned to County Health Care	0	838	0	0	0	838
Total Fund Equity	<u>55,014,420</u>	<u>57,237,724</u>	<u>74,198</u>	<u>32,158,070</u>	<u>0</u>	<u>144,484,412</u>
Total Liabilities & Fund Equity	<u>106,987,926</u>	<u>57,237,724</u>	<u>94,773</u>	<u>32,158,070</u>	<u>53,485</u>	<u>196,531,977</u>

* General Fund Cash & Equivalents balance includes \$17,191,238 in committed funds.

Nueces County Hospital District
 Statement of Revenues and Expenditures - All Governmental and Trust Funds
 General Fund
 From 4/1/2022 Through 4/30/2022
 (In Whole Numbers)

	<u>Current Period Actual</u>	<u>Current Year Actual</u>
Revenues		
Taxes	563,667	36,712,204
Penalties & Interest - Taxes	46,072	189,118
Spohn Corporate Member Revenue	1,107,898	6,992,336
Investment Income	14,219	29,769
Other Income	3,305	136,038
Total Revenues	<u>1,735,162</u>	<u>44,059,465</u>
Current Expenditures		
Intergovernmental Transfers	1,938,326	26,286,435
County Healthcare Funding	752,362	5,182,892
Salaries	90,850	663,230
Benefits	60,546	380,191
Legal & Professional Fees	31,110	196,849
Purchased Services	87,271	812,869
Supplies & Materials	1,419	8,633
Rent & Leases	14,529	84,039
Repairs & Maintenance	730	862
Utilities	3,283	22,099
Insurance	1,875	13,129
Administrative & General	4,121	27,514
Capital Outlay	0	2,501
Total Current Expenditures	<u>2,986,422</u>	<u>33,681,243</u>
Excess of Revenues Over Expenditures Before Sources/Uses	<u>(1,251,260)</u>	<u>10,378,222</u>
Excess of Revenues Over Expenditures After Sources & Uses	<u>(1,251,260)</u>	<u>10,378,222</u>
Fund Balance, Beginning of Year		44,636,198
FUND BALANCE, END OF YEAR		<u>55,014,420</u>

Nueces County Hospital District
Statement of Revenues and Expenditures - All Governmental and Trust Funds
Special Revenue Fund
From 4/1/2022 Through 4/30/2022
(In Whole Numbers)

	<u>Current Period Actual</u>	<u>Current Year Actual</u>
Revenues		
Investment Income	22,551	108,602
Tobacco Settlement Proceeds	<u>666,491</u>	<u>666,491</u>
Total Revenues	<u>689,042</u>	<u>775,093</u>
 Excess of Revenues Over Expenditures Before Sources/Uses	 <u>689,042</u>	 <u>775,093</u>
 Excess of Revenues Over Expenditures After Sources & Uses	 <u>689,042</u>	 <u>775,093</u>
 Fund Balance, Beginning of Year		 56,462,630
 FUND BALANCE, END OF YEAR		 <u><u>57,237,724</u></u>

UNAUDITED

Nueces County Hospital District
Statement of Revenues and Expenditures - All Governmental and Trust Funds
Trust Fund
From 4/1/2022 Through 4/30/2022
(In Whole Numbers)

	<u>Current Period Actual</u>	<u>Current Year Actual</u>
Revenues		
Investment Income	<u>16</u>	<u>27</u>
Total Revenues	<u>16</u>	<u>27</u>
Current Expenditures		
Benefits	602	11,841
Administrative & General	<u>1,015</u>	<u>1,258</u>
Total Current Expenditures	<u>1,618</u>	<u>13,098</u>
Excess of Revenues Over Expenditures Before Sources/Uses	<u>(1,602)</u>	<u>(13,071)</u>
Excess of Revenues Over Expenditures After Sources & Uses	<u>(1,602)</u>	<u>(13,071)</u>
Fund Balance, Beginning of Year		87,269
FUND BALANCE, END OF YEAR		<u><u>74,198</u></u>

Nueces County Hospital District
Statement of Revenues and Expenditures - Actual v. Budget
General Fund
From 4/1/2022 Through 4/30/2022
(In Whole Numbers)

UNAUDITED

	Current Period Actual	Current Period Budget	Current Period Budget Variance	Current Year Actual	YTD Budget	YTD Budget Variance
Revenues						
Taxes	563,667	381,492	182,175	36,712,204	36,313,334	398,870
Penalties & Interest - Taxes	46,072	25,212	20,860	189,118	202,081	(12,963)
Spohn Corporate Member Revenue	1,107,898	823,661	284,237	6,992,336	5,765,627	1,226,709
Investment Income	14,219	403	13,816	29,769	2,313	27,456
Other Income	3,305	0	3,305	136,038	100,000	36,038
Total Revenues	<u>1,735,162</u>	<u>1,230,768</u>	<u>504,394</u>	<u>44,059,465</u>	<u>42,383,355</u>	<u>1,676,110</u>
Current Expenditures						
Intergovernmental Transfers	1,938,326	934,140	(1,004,186)	26,286,435	15,138,805	(11,147,630)
County Healthcare Funding	752,362	934,549	182,187	5,182,892	7,015,200	1,832,308
Salaries	90,850	120,564	29,714	663,230	938,777	275,547
Benefits	60,546	72,889	12,343	380,191	443,057	62,866
Legal & Professional Fees	31,110	122,500	91,390	196,849	858,004	661,155
Purchased Services	87,271	101,402	14,131	812,869	866,489	53,620
Supplies & Materials	1,419	1,750	331	8,633	12,250	3,617
Rent & Leases	14,529	12,625	(1,904)	84,039	88,379	4,340
Repairs & Maintenance	730	751	21	862	5,257	4,395
Utilities	3,283	4,866	1,583	22,099	34,070	11,971
Insurance	1,875	2,258	383	13,129	15,810	2,681
Administrative & General	4,121	16,632	12,511	27,514	116,452	88,938
Capital Outlay	0	0	0	2,501	163,000	160,499
Extraordinary	0	417	417	0	2,919	2,919
Total Current Expenditures	<u>2,986,422</u>	<u>2,325,343</u>	<u>(661,079)</u>	<u>33,681,243</u>	<u>25,698,469</u>	<u>(7,982,774)</u>
Excess of Revenues Over Expenditures Before Sources/Uses	<u>(1,251,260)</u>	<u>(1,094,575)</u>	<u>(156,685)</u>	<u>10,378,222</u>	<u>16,684,886</u>	<u>(6,306,664)</u>
Excess of Revenues Over Expenditures After Sources & Uses	<u>(1,251,260)</u>	<u>(1,094,575)</u>	<u>(156,685)</u>	<u>10,378,222</u>	<u>16,684,886</u>	<u>(6,306,664)</u>
Fund Balance, Beginning of Year				44,636,198	0	44,636,198
FUND BALANCE, END OF YEAR				<u>55,014,420</u>	<u>16,684,886</u>	<u>38,329,534</u>

Nueces County Hospital District
Statement of Revenues and Expenditures - Actual v. Budget
Tobacco Settlement Fund
From 4/1/2022 Through 4/30/2022
(In Whole Numbers)

UNAUDITED

	Current Period Actual	Current Period Budget	Current Period Budget Variance	Current Year Actual	YTD Budget	YTD Budget Variance
Revenues						
Investment Income	0	0	0	0	0	0
Tobacco Settlement Proceeds	666,491	550,000	116,491	666,491	550,000	116,491
Total Revenues	666,491	550,000	116,491	666,492	550,000	116,492
Excess of Revenues Over Expenditures Before Sources/Uses	666,491	550,000	116,491	666,492	550,000	116,492
Other Financing Sources & Uses						
Operating Transfers Out	0	550,000	550,000	0	550,000	550,000
Total Other Financing Sources & Uses	0	550,000	550,000	0	550,000	550,000
Excess of Revenues Over Expenditures After Sources & Uses	666,491	0	666,491	666,492	0	666,492
Fund Balance, Beginning of Year				837	0	837
FUND BALANCE, END OF YEAR				667,329	0	667,329

Nueces County Hospital District
Statement of Revenues and Expenditures - Actual v. Budget
Indigent Care Fund
From 4/1/2022 Through 4/30/2022
(In Whole Numbers)

UNAUDITED

	<u>Current Period Actual</u>	<u>Current Period Budget</u>	<u>Current Period Budget Variance</u>	<u>Current Year Actual</u>	<u>YTD Budget</u>	<u>YTD Budget Variance</u>
Revenues						
Investment Income	22,551	4,705	17,846	108,602	32,927	75,675
Total Revenues	<u>22,551</u>	<u>4,705</u>	<u>17,846</u>	<u>108,602</u>	<u>32,927</u>	<u>75,675</u>
Excess of Revenues Over Expenditures Before Sources/Uses	<u>22,551</u>	<u>4,705</u>	<u>17,846</u>	<u>108,602</u>	<u>32,927</u>	<u>75,675</u>
Excess of Revenues Over Expenditures After Sources & Uses	<u>22,551</u>	<u>4,705</u>	<u>17,846</u>	<u>108,602</u>	<u>32,927</u>	<u>75,675</u>
Fund Balance, Beginning of Year				56,461,793	0	56,461,793
FUND BALANCE, END OF YEAR				<u>56,570,395</u>	<u>32,927</u>	<u>56,537,468</u>

**NUECES COUNTY HOSPITAL DISTRICT
 QUARTERLY INVESTMENT REPORT
 January 1, 2022 - March 31, 2022**

Summary Holdings Statistics:

Portfolio/Fund Group	Prior			Current						
	Book Value	Market Value	WAY WAM	Book Value	Market Value	Accrued Interest	Investment Income	% of Portfolio	WAY	WAM
<u>Unrestricted Funds</u>										
General Fund	44,893,399	44,893,399	0.039%	58,250,419	58,250,419	0	11,961	36.53%	0.154%	1
Indigent Care Fund	56,410,016	56,215,195	0.298%	56,489,398	55,396,771	46,860	48,747	35.43%	0.411%	435
Tobacco Fund	837	837	0.038%	837	837	0	0	0.00%	0.154%	1
Trust Fund	95,883	95,883	0.010%	95,765	95,765	7	8	0.06%	0.140%	1
<u>Restricted Funds</u>										
General Fund - LPPF	51,846,574	51,846,574	0.173%	44,619,537	44,619,537	0	0	27.98%	0.170%	1
Total	153,246,708	153,051,887	0.180%	159,455,957	158,363,329	46,867	60,717	100.00%	0.249%	155
Change in Market Value							5,311,442	1		
Quarter Average Yield - NCHD							0.207%			
Quarter Average Yield - 6 Mth T-Bill							0.620%			

This report reflects Nueces County Hospital District's investment policy and strategies in accordance with the Public Funds Investment Act.

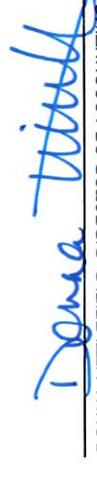
INVESTMENT OFFICERS:



 JONNY F. HIPPI, ADMINISTRATOR



 BELINDA CHISM, ASSISTANT ADMINISTRATOR



 DONNA LITTLEFIELD, DIRECTOR OF ACCOUNTING & FINANCE

Notes

1. Change in Market Value is required data, but will primarily reflect the receipt and expenditure of the District's funds from quarter to quarter.

Nueces County Hospital District
Inventory Report - Holdings by Fund
As of: 03/31/2022

Settle Date	Maturity Date	Location	Security	CUSIP	Avg Yield/ Coupon	Purchase Price	PAR	Beginning Book Value 12/31/2021	Beginning Market Value 12/31/2021	Ending Book Value 03/31/2022	Ending Market 03/31/2022	Gain/Loss	Accrued Interest	Yield Y-T-M	Days to Maturity	
Indigent Care Fund																
03/31/2022	04/01/2022	TexPool	Investment Pool	#00002	0.154%	2,271,902	2,271,902	2,237,864	2,271,902	2,271,902	2,271,902	0	0	0	0.154%	1
03/31/2022	04/01/2022	LOGIC	Investment Pool		0.249%	14,444,167	14,444,167	14,378,570	14,444,167	14,444,167	14,444,167	0	0	0	0.249%	1
03/31/2022	04/01/2022	TexSTAR	Investment Pool		0.107%	4,737,780	4,737,780	6,737,242	4,737,780	4,737,780	4,737,780	0	0	0	0.107%	1
08/12/2020	08/10/2023	Safekeeping	FNMA - Crtly Call	3135G05R0	0.300%	3,993,000	4,000,000	3,997,865	3,998,731	3,998,731	3,907,352	(91,379)	1,667	0.359%	497	
08/28/2020	08/18/2023	Safekeeping	FNMA - Semi-ann Call	3135G05V1	0.360%	4,000,000	4,000,000	4,000,000	3,989,124	4,000,000	3,908,012	(91,988)	1,680	0.360%	505	
09/22/2020	08/15/2022	Safekeeping	Arlington TX GO	041796XH1	0.306%	1,000,000	1,000,000	1,000,000	1,000,180	1,000,000	996,780	(3,220)	383	0.306%	137	
10/29/2020	02/15/2023	Safekeeping	Mansfield TX ISD	564386RS1	4.000%	1,751,220	1,620,000	1,684,281	1,682,289	1,670,205	1,648,366	(21,838)	8,100	0.447%	321	
12/03/2020	11/30/2023	Safekeeping	FFCB Call Note	3133EMHL9	0.310%	3,996,600	4,000,000	4,000,000	3,968,928	4,000,000	3,878,176	(121,824)	4,133	0.339%	609	
03/12/2021	03/12/2024	Safekeeping	FHLB Call Note	3130ALJ70	0.400%	4,000,000	4,000,000	4,000,000	3,955,024	4,000,000	3,850,352	(149,648)	800	0.400%	712	
07/26/2021	07/26/2024	Safekeeping	FHLB Call Note	3130ANSA4	0.500%	3,000,000	3,000,000	3,000,000	2,984,628	3,000,000	2,876,541	(123,459)	2,667	0.500%	848	
08/26/2021	08/26/2024	Safekeeping	FHLB Call Note	3130ANM7	0.520%	4,000,000	4,000,000	4,000,000	3,973,428	4,000,000	3,846,932	(153,068)	1,964	0.520%	879	
10/06/2021	02/01/2024	Safekeeping	Tx Public Finance Auth	882669CN2	2.000%	2,071,440	2,000,000	2,064,195	2,040,320	2,056,613	1,984,160	(72,453)	6,556	0.450%	672	
10/28/2021	10/28/2024	Safekeeping	FHLB Call Note	3130APK79	0.700%	3,000,000	3,000,000	3,000,000	2,979,339	3,000,000	2,879,178	(120,822)	8,867	0.700%	942	
11/04/2021	08/15/2024	Safekeeping	Cedar PK TX Dev Corp	15046PEJ6	0.860%	310,000	310,000	310,000	307,756	310,000	297,147	(12,853)	333	0.860%	868	
11/18/2021	11/18/2024	Safekeeping	FHLB Crtly Call	3130APNE1	0.900%	2,000,000	2,000,000	2,000,000	1,996,912	2,000,000	1,917,974	(82,026)	6,600	0.900%	963	
02/25/2022	02/25/2025	Safekeeping	FHLB Crtly Call	3130AQSK0	1.600%	2,000,000	2,000,000	0	0	2,000,000	1,951,950	(48,050)	3,111	1.600%	1,082	
			Subtotal			56,576,110	56,383,850	56,410,016	56,215,195	56,489,398	55,396,771	(1,092,628)	46,860	0.411%	435	
Tobacco Settlement Fund																
03/31/2022	04/01/2022	TexPool	Investment Pool	#00007	0.154%	837	837	837	837	837	837	0	0	0	0.154%	1
			Subtotal			837	837	837	837	837	837	0	0	0	0.154%	1
Trust Fund - Employee Health Benefits Trust																
03/31/2022	04/01/2022	Frost Trust	Invesco Slt Treasury	825252406	0.140%	95,765	95,765	95,883	95,883	95,765	95,765	0	7	0.140%	1	
			Subtotal			95,765	95,765	95,883	95,883	95,765	95,765	0	7	0.140%	1	
General Fund																
03/31/2022	04/01/2022	Cash on hand	Petty Cash		0.000%	150	150	150	150	150	150	0	0	0.000%	1	
03/31/2022	04/01/2022	TexPool	Investment Pool-GF	#00004	0.154%	40,083,807	40,083,807	36,757,971	36,757,971	40,083,807	40,083,807	0	0	0.154%	1	
03/31/2022	04/01/2022	TexPool	Investment Pool-MR	#00009	0.154%	18,017,383	18,017,383	7,604,395	7,604,395	18,017,383	18,017,383	0	0	0.154%	1	
03/31/2022	04/01/2022	Frost Bank	Checking - Operating	664053079	0.170%	145,561	145,561	527,366	527,366	145,561	145,561	0	0	0.170%	1	
03/31/2022	04/01/2022	Frost Bank	Checking - Payroll	664027221	0.170%	3,518	3,518	3,517	3,517	3,518	3,518	0	0	0.170%	1	
			Subtotal			58,250,419	58,250,419	44,893,399	44,893,399	58,250,419	58,250,419	0	0	0.154%	1	
TOTAL UNRESTRICTED FUNDS																
						114,923,131	114,730,871	101,400,135	101,205,313	114,836,420	113,743,792	(1,092,628)	46,867	0.280%	214	
Restricted Cash - General Fund																
03/31/2022	04/01/2022	Frost Bank	Checking - Nueces LPPF	664043316	0.170%	44,619,537	44,619,537	51,846,574	51,846,574	44,619,537	44,619,537	0	0	0.170%	1	
			Subtotal			44,619,537	44,619,537	51,846,574	51,846,574	44,619,537	44,619,537	0	0	0.170%	1	
TOTAL PORTFOLIO																
						159,542,669	159,350,409	153,051,887	153,051,887	159,455,957	158,363,329	(1,092,628)	46,867	0.249%	155	
														WAY	WAM	

Nueces County Hospital District
Investment Transaction Activity
January 1, 2022 - March 31, 2022

Settle Date	Maturity	Call Date	Type	CUSIP	Coupon	Price	Par	Principal	Acc'd Interest	Total Settlement	Yield to Mat/Call	Broker
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Purchases

02/25/2022	02/25/2025	05/25/2022	FHLB Crty Call	3130AQS0	1.600%	100.0000	2,000,000.00	2,000,000.00	0.00	2,000,000.00	1.600%	StoneX Financial
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Total Purchases: 2,000,000.00 2,000,000.00 0.00 2,000,000.00

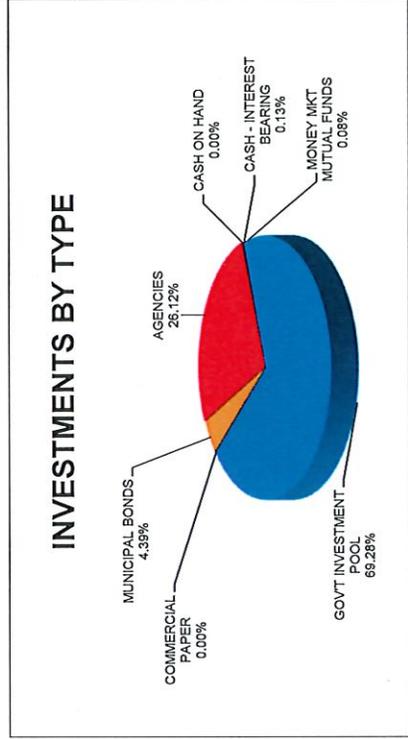
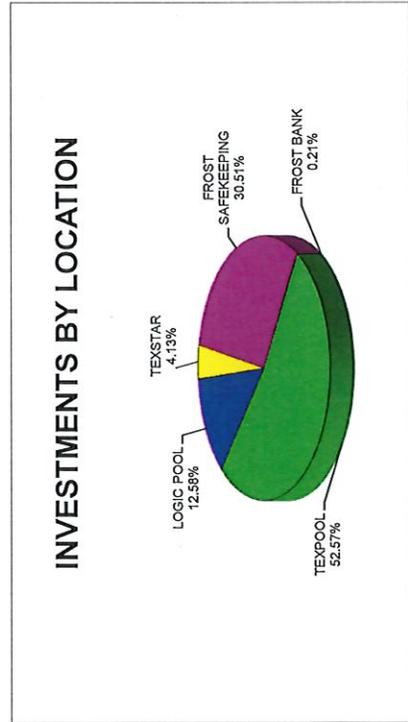
Maturities/Calls

Total Maturities/Calls: 0.00 0.00 0.00 0.00

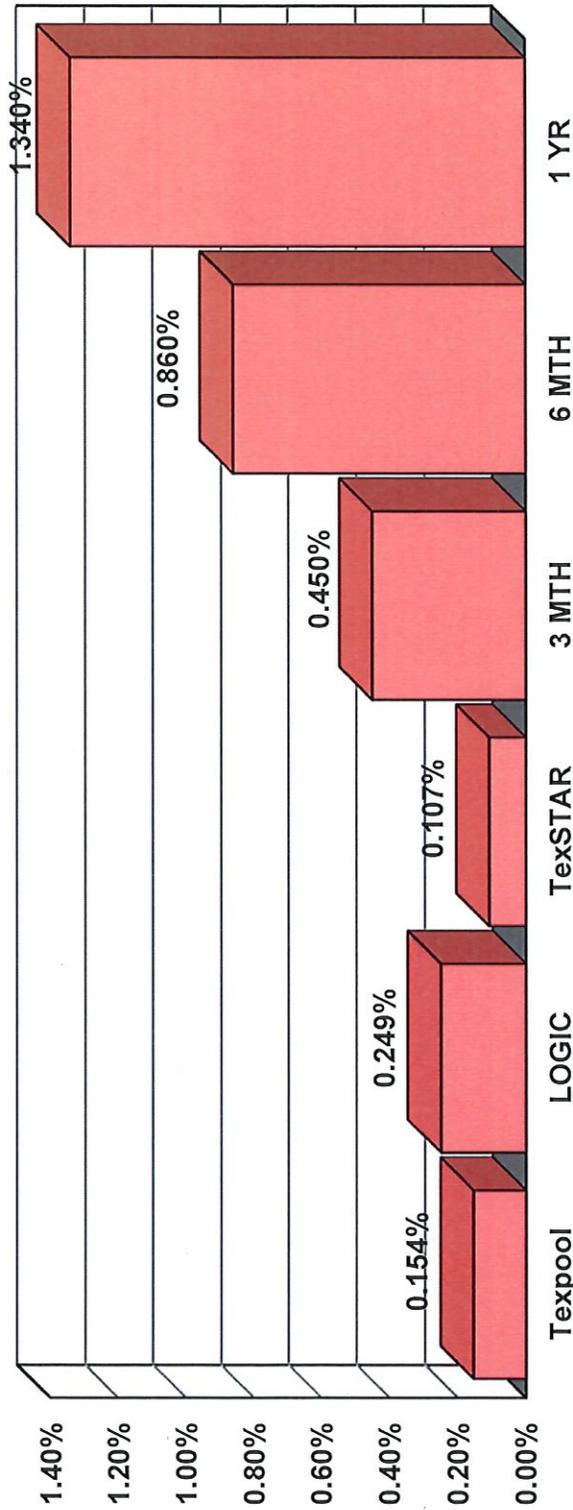
NUECES COUNTY HOSPITAL DISTRICT
 INVESTMENTS SUMMARY BY MARKET SECTOR
 UNRESTRICTED FUNDS
 FY 2022 2ND QUARTER (JANUARY 1 - MARCH 31, 2022)

	FROST BANK	TEXPOOL	LOGIC	TEXSTAR	FROST SAFEKEEPING	TOTAL	PERCENT BY TYPE OF INVESTMENT
CASH ON HAND	\$150	\$0	\$0	\$0	\$0	\$150	0.00%
CASH - INTEREST BEARING	\$149,079	\$0	\$0	\$0	\$0	\$149,079	0.13%
MONEY MKT MUTUAL FUNDS	\$95,765	\$0	\$0	\$0	\$0	\$95,765	0.08%
GOV'T INVESTMENT POOLS	\$0	\$60,373,930	\$14,444,167	\$4,737,780	\$0	\$79,555,878	69.28%
COMMERCIAL PAPER	\$0	\$0	\$0	\$0	\$0	\$0	0.00%
MUNICIPAL BONDS	\$0	\$0	\$0	\$0	\$5,036,817	\$5,036,817	4.39%
TREASURY NOTES AND BONDS	\$0	\$0	\$0	\$0	\$0	\$0	0.00%
AGENCIES	\$0	\$0	\$0	\$0	\$29,998,731	\$29,998,731	26.12%
TOTAL INVESTMENTS	\$244,994	\$60,373,930	\$14,444,167	\$4,737,780	\$35,035,548	\$114,836,420	100.00%

PERCENT BY HOLDER OF INVESTMENTS	0.21%	52.57%	12.58%	4.13%	30.51%	100.00%
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NUECES COUNTY HOSPITAL DISTRICT POOL RATES V. TREASURIES MARCH 31, 2022



**NUECES COUNTY HOSPITAL DISTRICT
 INVESTMENT SUMMARY BY LIQUIDITY
 UNRESTRICTED FUNDS
 FY 2022 2ND QUARTER (JANUARY 1 - MARCH 31, 2022)**

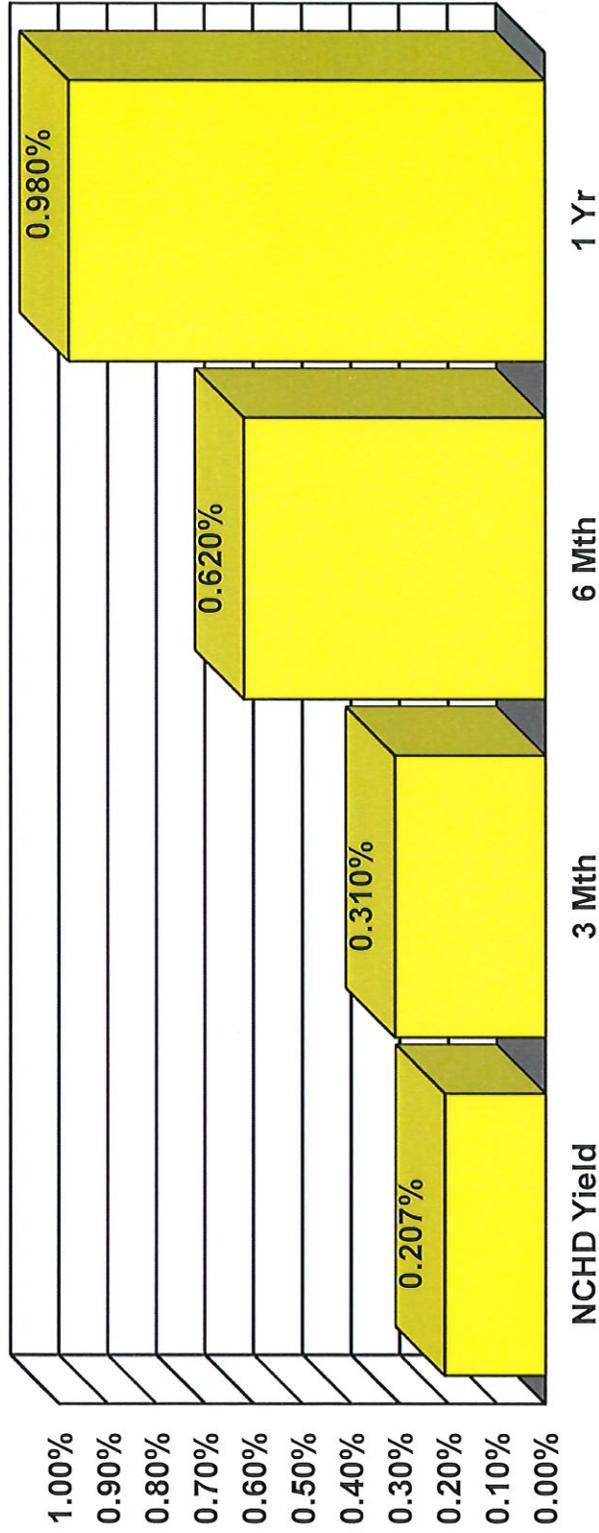
<u>INVESTMENT-YRS TO MATURITY</u>	<u>AMOUNT</u>	
CASH & CASH EQUIVALENTS	\$79,800,871	69.5%
MATURES IN 0-6 MONTHS	\$1,000,000	0.9%
MATURES IN 6-12 MONTHS	\$1,670,205	1.5%
MATURES IN 12-18 MONTHS	\$7,998,731	7.0%
MATURES IN 18-24 MONTHS	\$10,056,613	8.8%
MATURES IN 24-30 MONTHS	\$7,310,000	6.4%
MATURES IN 30-36 MONTHS	\$7,000,000	6.1%
TOTAL	\$114,836,420	93.9%



NUECES COUNTY HOSPITAL DISTRICT

QUARTERLY BENCHMARK COMPARISON

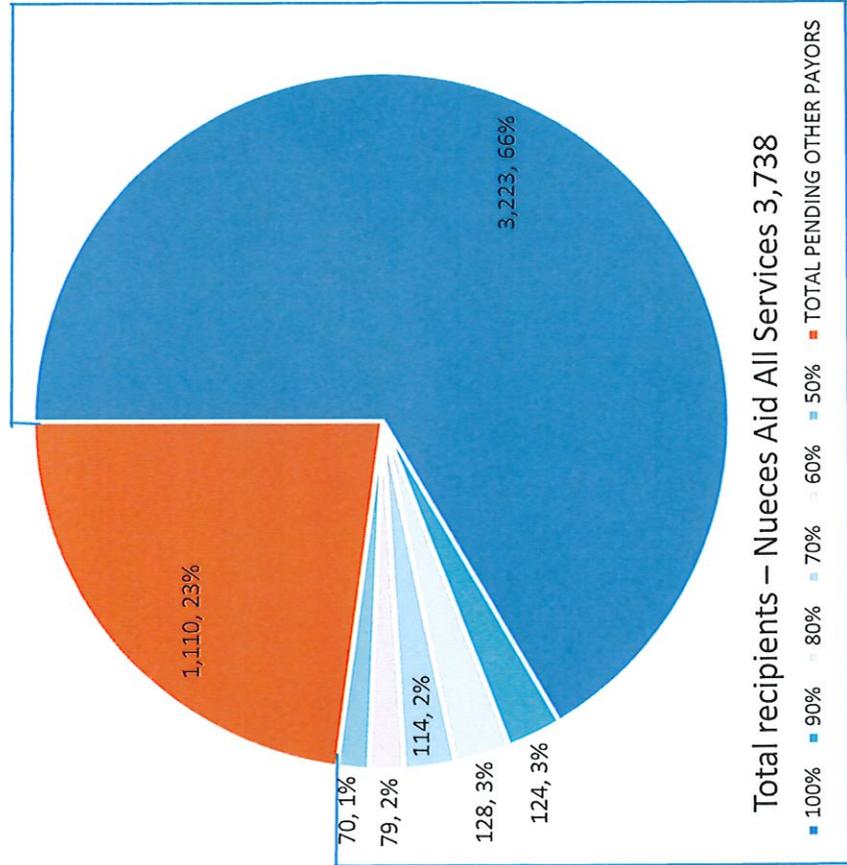
March 31, 2022



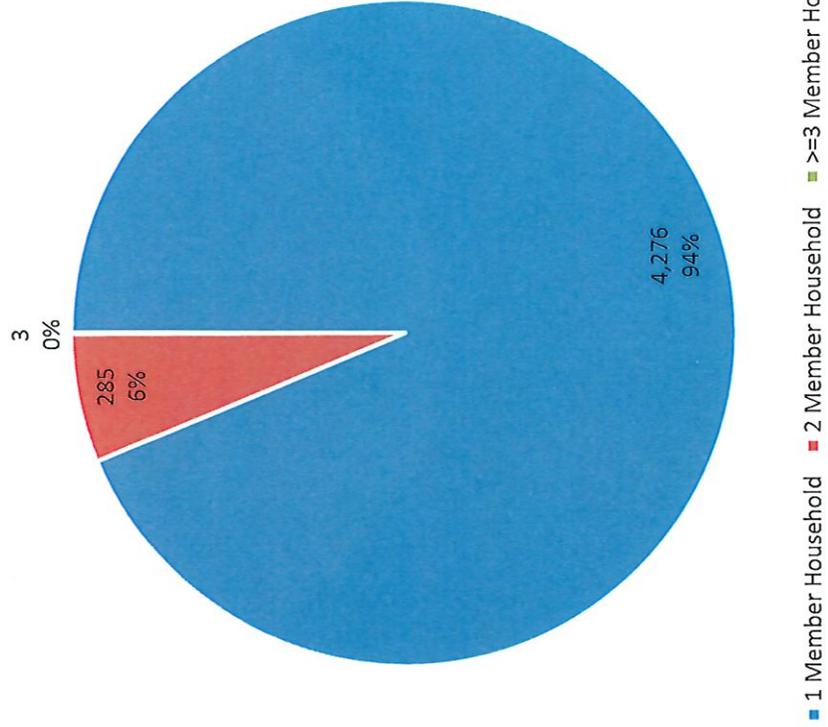
March 2022

Nueces Aid Program Enrollment

Total Enrolled
4,848



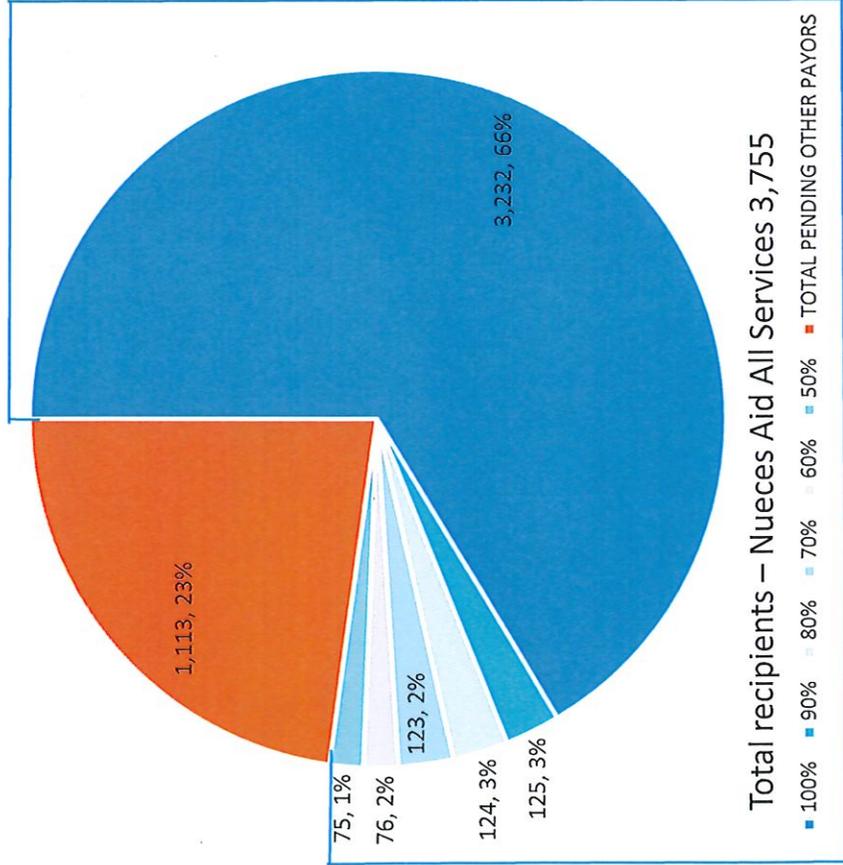
Total Households
4,564



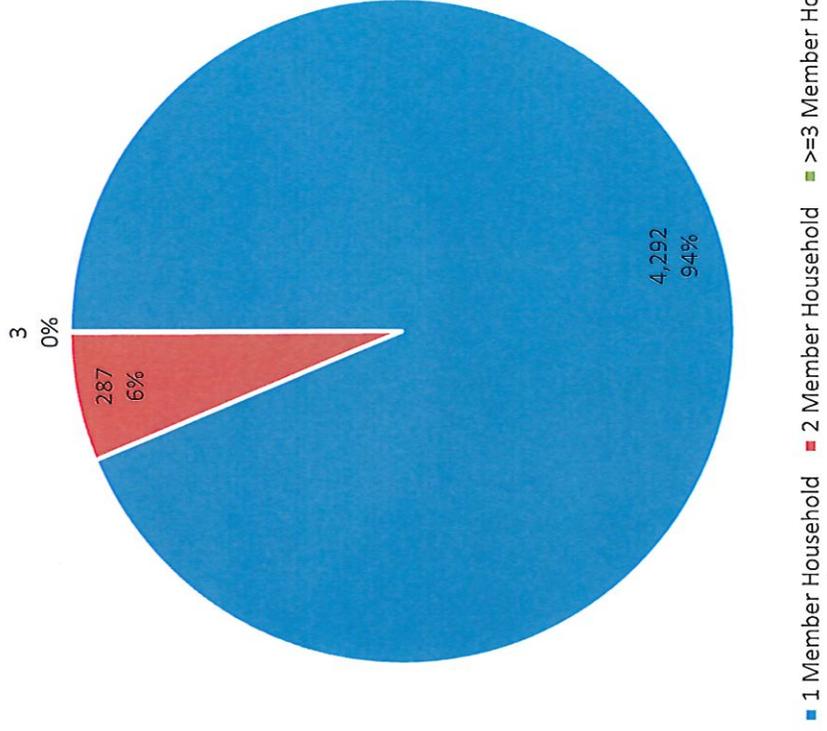
April 2022

Nueces Aid Program Enrollment

Total Enrolled
4,868



Total Households
4,582



Nueces Aid Program Enrollment Summary Calendar Year 2022

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD 2022 Average	Comments
PENDING OTHER PAYORS														
TANF %	71 6.5%	56 5.3%	75 6.8%										67 6.2%	
SSI-SSID %	633 57.9%	617 58.2%	633 57.0%										628 57.7%	These individuals are eligible for NCHD assistance if 393 denied assistance by other 36.1% payer.
Other Payor %	389 35.6%	388 36.6%	402 36.2%										1,088 22.5%	
TOTAL PENDING OTHER PAYORS	1,093 22.4%	1,061 22.2%	1,110 22.9%											
HOUSEHOLDS BY SIZE														
1 Member Household %	4,304 93.7%	4,209 93.7%	4,276 93.7%										4,263 93.7%	The percentage for each size household is calculated by dividing the number of each member household by the total number of households.
2 Member Household %	283 6.2%	280 6.2%	285 6.2%										283 6.2%	
>=3 Member Household %	4 0.1%	4 0.1%	3 0.1%										4 0.1%	
TOTAL HOUSEHOLDS	4,591	4,493	4,564										4,549	

**Nueces Aid Program
Enrollment Summary Calendar Year 2022**

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD 2022 Average	Comments
TOTAL RECIPIENTS	4,874	4,772	4,848	4,868									4,841	
NUECES AID - All Services														
100% %	3,256 66.8%	3,199 67.0%	3,223 66.5%	3,232 66.4%										The percentage for each plan option is calculated by dividing 3,228 the number for each option 66.7% by the number of total recipients.
90% %	128 2.6%	127 2.7%	124 2.6%	125 2.6%									126 2.6%	
80% %	135 2.8%	137 2.9%	128 2.6%	124 2.5%									131 2.7%	
70% %	118 2.4%	107 2.2%	114 2.4%	123 2.5%									116 2.4%	
60% %	85 1.7%	79 1.7%	79 1.6%	76 1.6%									80 1.6%	
50% %	59 1.2%	62 1.3%	70 1.4%	75 1.5%									67 1.4%	
TOTAL NUECES AID	3,781 77.6%	3,711 77.8%	3,738 77.1%	3,755 77.1%									3,746 77.4%	

**Nueces Aid Program
Enrollment Summary Calendar Year 2022**

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD 2022 Average	Comments
PENDING OTHER PAYORS														
TANF	71	56	75	69									68	
%	6.5%	5.3%	6.8%	6.2%									6.2%	
SSI-SSID	633	617	633	643									632	
%	57.9%	58.2%	57.0%	57.8%									57.7%	These individuals are eligible for NCHD assistance if
Other Payor	389	388	402	401									395	denied assistance by other
%	35.6%	36.6%	36.2%	36.0%									36.1%	payer.
TOTAL PENDING OTHER PAYORS	1,093	1,061	1,110	1,113									1,094	
	22.4%	22.2%	22.9%	22.9%									22.6%	
HOUSEHOLDS BY SIZE														
1 Member Household	4,304	4,209	4,276	4,282									4,270	The percentage for each size
%	93.7%	93.7%	93.7%	93.7%									93.7%	household is calculated by
2 Member Household	283	280	285	287									284	dividing the number of each
%	6.2%	6.2%	6.2%	6.3%									6.2%	member household by the
>=3 Member Household	4	4	3	3									4	total number of households.
%	0.1%	0.1%	0.1%	0.1%									0.1%	
TOTAL HOUSEHOLDS	4,591	4,493	4,564	4,582									4,558	

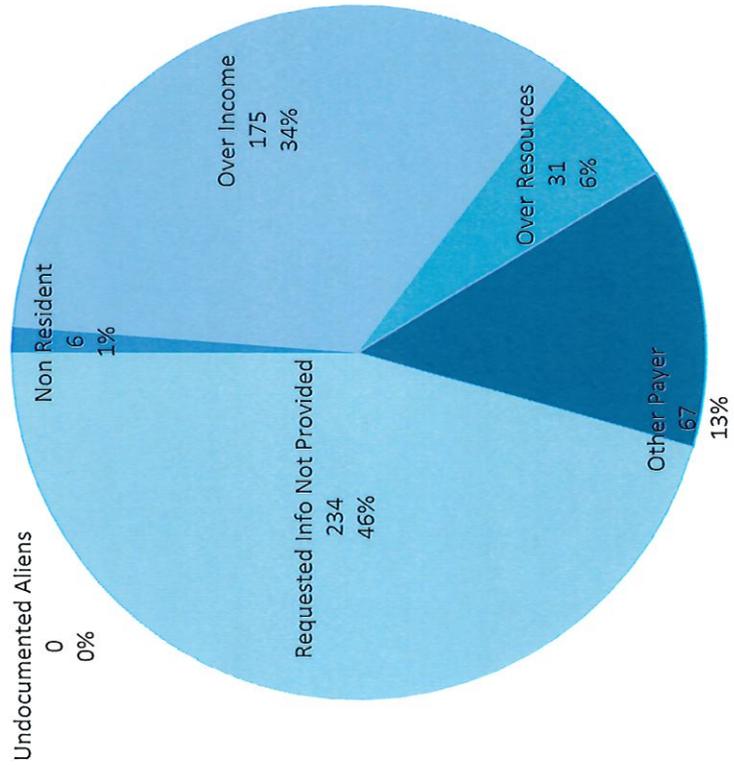
**NCHD
Eligibility History**

	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sep	Oct	Nov	Dec	CY Total	Avg		
2017																
NCHD	6,018	5,963	5,969	5,961	5,966	5,951	5,905	5,798	5,769	5,789	5,696	5,593	70,378	5,865	-6%	
Pend	1,333	1,332	1,303	1,327	1,357	1,382	1,397	1,386	1,404	1,443	1,450	1,431	16,545	1,379	3%	
Total	7,351	7,295	7,272	7,288	7,323	7,333	7,302	7,184	7,173	7,232	7,146	7,024	86,923	7,244	-4%	
	97%	96%	96%	95%	96%	95%	95%	94%	94%	96%	97%	97%	96%	96%		
2018																
NCHD	5,630	5,708	5,674	5,613	5,471	5,481	5,492	5,438	5,396	5,467	5,673	5,235	66,278	5,523	-6%	
Pend	1,488	1,483	1,398	1,386	1,349	1,336	1,324	1,317	1,337	1,327	1,313	1,270	16,328	1,361	-1%	
Total	7,118	7,191	7,072	6,999	6,820	6,817	6,816	6,755	6,733	6,794	6,986	6,505	82,606	6,884	-5%	
	97%	99%	97%	96%	93%	93%	93%	94%	94%	94%	98%	93%	95%	95%		
2019																
NCHD	5,277	5,181	5,075	5,024	4,957	4,961	4,996	4,943	4,970	5,064	4,944	4,821	60,213	5,018	-9%	
Pend	1,294	1,260	1,289	1,305	1,274	1,281	1,330	1,356	1,339	1,357	1,330	1,277	15,692	1,308	-4%	
Total	6,571	6,441	6,364	6,329	6,231	6,242	6,326	6,299	6,309	6,421	6,274	6,098	75,905	6,325	-8%	
	92%	90%	90%	90%	91%	92%	93%	93%	94%	95%	90%	94%	92%	92%		
2020																
NCHD	4,963	4,955	4,903	4,731	5,132	4,698	4,198	3,660	3,260	3,604	3,752	3,868	51,724	4,310	-14%	
Pend	1,268	1,243	1,218	1,141	1,187	1,106	1,043	968	861	899	923	945	12,802	1,067	-18%	
Total	6,231	6,198	6,121	5,872	6,319	5,804	5,241	4,628	4,121	4,503	4,675	4,813	64,526	5,377	-15%	
	95%	96%	96%	93%	101%	93%	83%	73%	65%	70%	75%	79%				
2021																
NCHD	3,806	3,678	3,567	3,521	3,667	3,852	3,953	4,080	4,142	4,091	3,948	3,863	46,168	3,847	-11%	
Pend	932	921	922	964	981	1,014	1,052	1,028	1,039	1,060	1,070	1,076	12,059	1,005	-6%	
Total	4,738	4,599	4,489	4,485	4,648	4,866	5,005	5,108	5,181	5,151	5,018	4,939	58,227	4,852	-10%	
	76%	74%	73%	76%	74%	84%	95%	110%	126%	114%	107%	103%				
2022																
NCHD	3,781	3,711	3,738	3,755									14,985	3,746	-3%	
Pend	1,093	1,061	1,110	1,113									4,377	1,094	9%	
Total	4,874	4,772	4,848	4,868	-	-	-	-	-	-	-	-	19,362	4,841	0%	
	103%	104%	108%	109%	0%	0%	0%	0%	0%	0%	0%	0%				

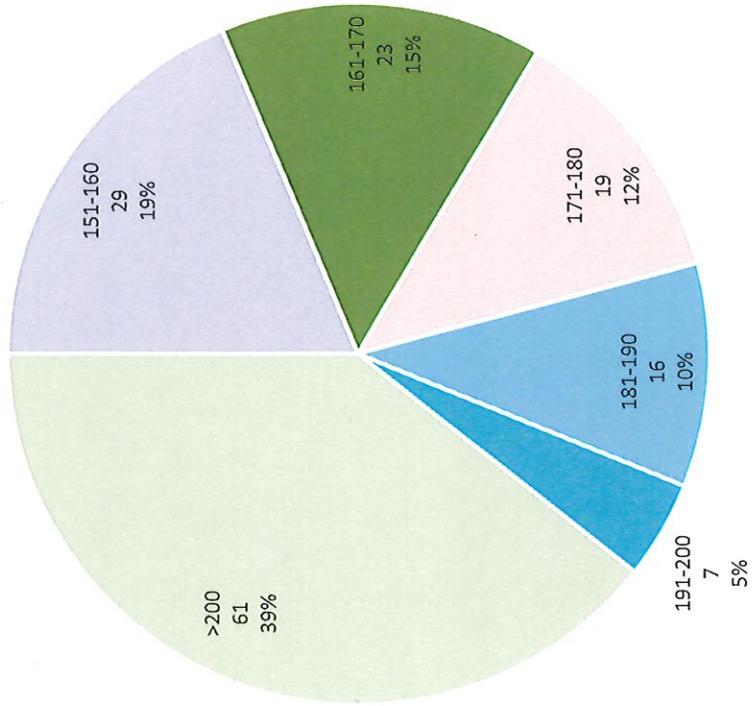
NUECES AID DENIALS

Calendar Year 2022
January-April

Denial Reasons



Comparison of Over Income Case
to 2022 HHS Poverty Guidelines



**Nueces Aid Program
Application Processing Summary Calendar Year 2022**

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD 2022	Comments
TOTAL APPLICATIONS	849	838	1,007	884									3,578	
- Approved %	725 85.4%	728 86.9%	865 85.9%	747 84.5%									3,065 85.7%	Since FY 1999, the denial rate is based on all denied individuals in the household.
- Denied %	124 14.6%	110 13.1%	142 14.1%	137 15.5%									513 14.3%	
APPROVALS BY PLAN TYPE														
NUECES AID - All Services														
100% %	511 70.5%	540 74.2%	612 70.8%	530 71.0%									2,193 71.5%	
90% %	18 2.5%	19 2.6%	22 2.5%	18 2.4%									77 2.5%	
80% %	17 2.3%	18 2.5%	25 2.9%	17 2.3%									77 2.5%	
70% %	17 2.3%	15 2.1%	30 3.5%	27 3.6%									89 2.9%	The percentage of approvals by plan option is calculated by dividing the number for each plan option by the total number of approved applications.
60% %	13 1.8%	8 1.1%	16 1.8%	12 1.6%									49 1.6%	
50% %	11 1.5%	11 1.5%	15 1.7%	16 2.1%									53 1.7%	
TOTAL %	587 81.0%	611 83.9%	720 83.2%	620 83.0%									2,538 82.8%	
HOUSEHOLDS BY SIZE - APPROVED														
1 Member Household %	628 92.8%	656 94.8%	739 92.0%	663 94.0%									2,686 93.4%	The percentage for each size household is calculated by dividing the number of households in the category by the total number of approved households.
2 Member Household %	48 7.1%	36 5.2%	63 7.8%	42 6.0%									189 6.8%	
3 or > Member Household %	1 0.1%	0 0.0%	1 0.1%	0 0.0%									2 0.1%	Households pending other payors are not included.
TOTAL HOUSEHOLDS APPROVED	677	692	803	705									2,877	

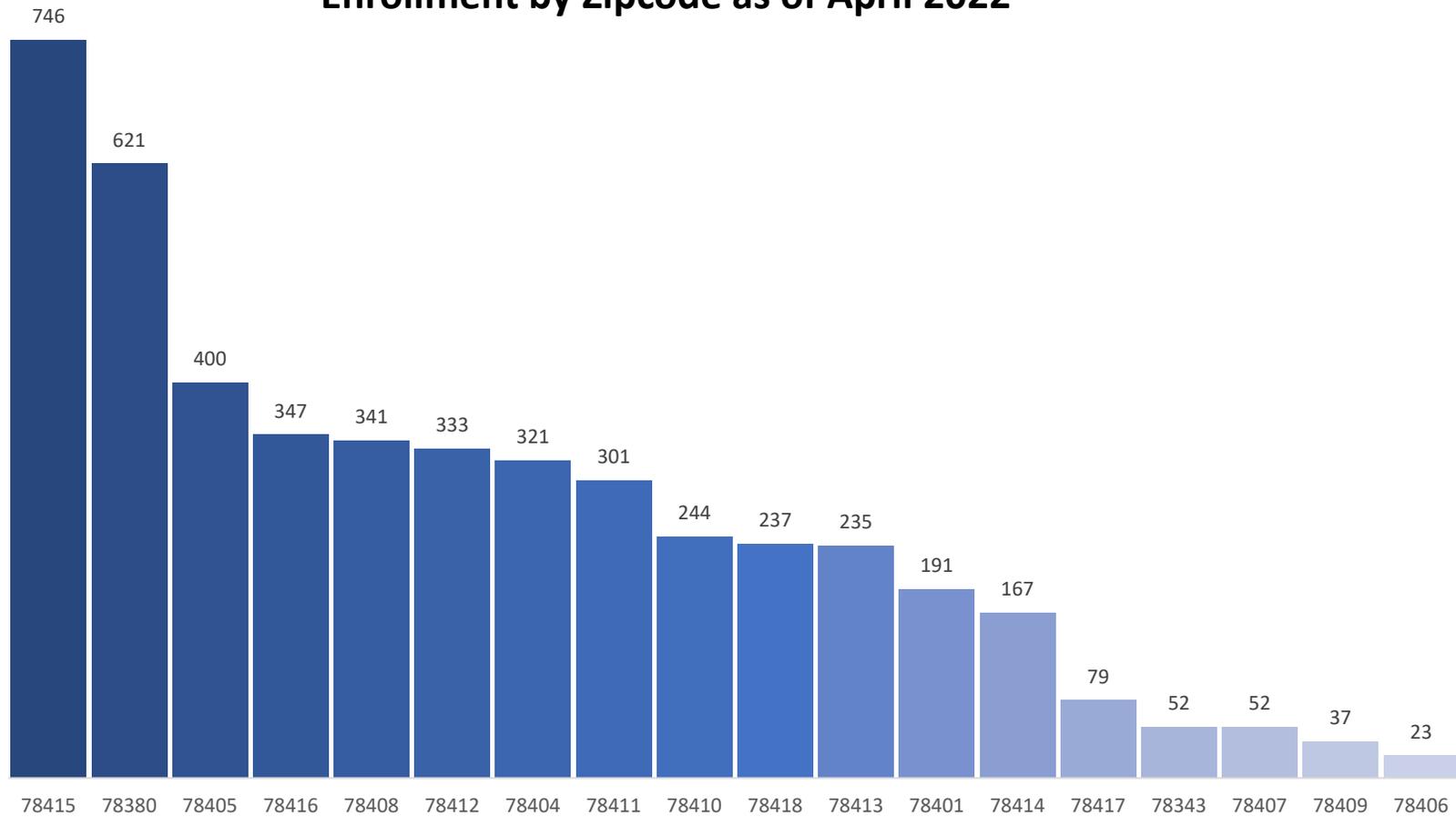
**Nueces Aid Program
Application Processing Summary Calendar Year 2022**

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD 2022	Comments
NCHD DENIALS - Reasons for Denials														
Non Resident %	0 0.0%	0 0.0%	4 2.8%	2 1.5%										6 1.2% The percentage for each denial reason is calculated by dividing the number of
Over Income %	46 37.1%	37 33.6%	46 32.4%	46 33.6%										175 34.1% individuals for each reason by the total number of individuals denied.
Over Resources %	9 7.3%	4 3.6%	12 8.5%	6 4.4%										31 6.0%
Other Payer %	18 14.5%	13 11.8%	22 15.5%	14 10.2%										67 13.1%
Requested info Not Provided %	51 41.1%	56 50.9%	58 40.8%	69 50.4%										234 45.6%
Undocumented Aliens %	0 0.0%	0 0.0%	0 0.0%	0 0.0%										0 0.0% Note: UA code eff 08/01/01
TOTAL DENIALS	124	110	142	137									513	
HOUSEHOLDS BY SIZE - DENIED														
1 Member Household %	85 79.4%	90 90.0%	121 91.7%	115 91.3%										411 88.4% The denial percentage for each size household is calculated by dividing the
2 Member Household %	18 16.8%	10 10.0%	11 8.3%	11 8.7%										50 10.8% number for each household size by the total number of denied households.
3 or > Member Household %	4 3.7%	0 0.0%	0 0.0%	0 0.0%										4 0.9% Households pending other payors are not included.
TOTAL HOUSEHOLDS DENIED	107	100	132	126									485	
PENDING APPLICATIONS														
Pending documentation	95	83	123	136										The YTD number for incomplete applications is the average of the monthly incomplete applications.
TANF	19	10	30	14										14
SSI-SSID	64	57	45	63										63
Other Payer	55	40	70	50										50



Nueces County Hospital District

Enrollment by Zipcode as of April 2022

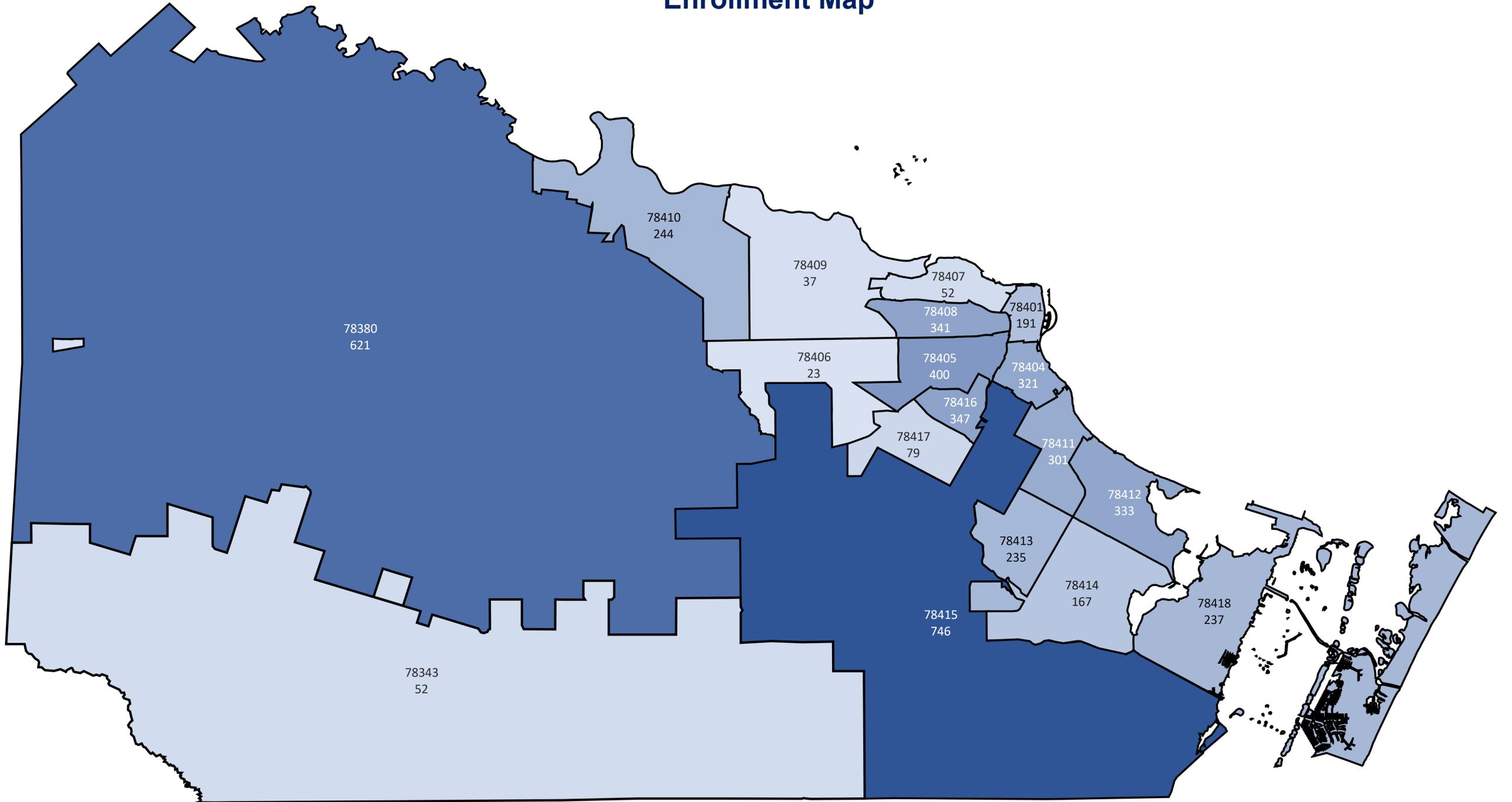


**Nueces County Hospital District
Enrollment by Zip Code
As of 4/30/2022**

Zip Code	Description	Members	% to Total
78415	CC:FM 665 to CR 61 to County Line to Weber & Crosstown	728	15%
78380	Robstown	615	13%
78405	CC:19th to Port Ave to Agnes, includes HPG	393	8%
78408	CC:Hwy 358 to Old Brownsville to Tarlton to Weber, includes Molina	354	7%
78416	CC:Hwy 358 to Lipan Between I-37 & Agnes	350	7%
78412	CC:Airline to Hwy 358 to Ennis Joslin to Ocean Drive	336	7%
78404	CC:Six Points	325	7%
78411	CC:Ocean Drive to So Staples to Hwy 358 to Weber to Kostoryz	305	6%
78410	CC:Annville and Calallen	251	5%
78418	CC:Flour Bluff	247	5%
78413	CC:Weber to Holly rd to So Staples to Oso Pkwy	240	5%
78401	CC:Downtown and Cargo Docks	192	4%
78414	CC:So Staples to Holly Rd to Cayo Del Oso to Oso Creek	172	4%
78417	CC:Old Brownsville to Ayers to Saratoga	80	2%
78407	Bishop + FM 665 to CR 107 W to CR 57E	48	1%
78343	CC: I-37 Up River Rd to South Port Ave to Joe Fulton Corridor	47	1%
78409	CC:Hwy 44 to Up River Rd to Rand Morgan E to Hwy 358	39	1%
78406	CC: Clarkwood and San Juan	23	0%
	Subtotal	4,745	97%
	Total	4,868	



Nueces County Hospital District Enrollment Map





TEXAS
Health and Human
Services

Texas Department of State Health Services

John Hellerstedt, M.D.
Commissioner

received
05/03/22

RECEIVED

MAY 03 2022

NOHD-ADMINISTRATION

April 20, 2022

Chief Financial Officer
Nueces County Hospital District
555 N. Carancahua St., Ste. 950
Corpus Christi, TX 78401-0835

Dear Chief Financial Officer:

Thank you for your participation in the Tobacco Settlement Distribution Program. Based on the expenditure statement submitted by Nueces County Hospital District, this letter is notification that the hospital district's 2022 pro rata share of tobacco settlement proceeds is \$666,491.17. The Texas Department of State Health Services certified this amount to the Texas Comptroller of Public Accounts, who will transmit payment to you this month.

Any questions concerning this payment, or the program may be directed to Amira Sutton at DSHSTobacco@dshs.texas.gov.

Sincerely,

Elaine Q. McHard
Manager, Funds Coordination and Management Branch
Office of the Chief Financial Officer

cc: Chief Executive Officer

**Texas Department of State Health Services
Tobacco Settlement Distribution Program**

2022 Pro Rata Distribution			
Tobacco Settlement Payee	2021 Unreimbursed Health Care Expenditures	2022 Distribution	Hospital District Rank
City of Seguin	\$292,725.26	\$5,155.90	
Subtotal, City	\$292,725.26	\$5,155.90	
Anderson County	\$829,897.02	\$14,617.34	
Angelina County	\$3,205,755.15	\$56,464.36	
Aransas County	\$1,250,212.53	\$22,020.54	
Archer County	\$149,618.02	\$2,635.29	
Armstrong County -- Reported zero expenditures	\$0.00	\$0.00	
Atascosa County	\$2,660,434.85	\$46,859.40	
Austin County	\$6,011,527.84	\$105,883.66	
Bailey County	\$1,064,803.96	\$18,754.86	
Bandera County	\$1,479,750.93	\$26,063.50	
Bastrop County	\$2,423,929.92	\$42,693.73	
Bee County	\$849,965.16	\$14,970.81	
Bell County	\$11,197,164.68	\$197,220.54	
Blanco County	\$239,897.39	\$4,225.42	
Borden County	\$15,933.74	\$280.65	
Bowie County	\$8,535,697.66	\$150,342.96	
Brazoria County	\$7,954,935.95	\$140,113.75	
Brazos County	\$5,753,531.65	\$101,339.46	
Briscoe County	\$11,828.27	\$208.34	
Brooks County	\$320,386.68	\$5,643.11	
Brown County	\$1,055,698.40	\$18,594.48	
Burnet County	\$2,135,170.50	\$37,607.69	
Caldwell County	\$1,582,999.28	\$27,882.06	
Calhoun County	\$3,378,924.16	\$59,514.46	
Callahan County	\$399,293.80	\$7,032.94	
Cameron County	\$9,088,788.10	\$160,084.79	
Camp County -- Reported zero expenditures	\$0.00	\$0.00	
Carson County	\$116,616.57	\$2,054.02	
Cass County	\$561,516.33	\$9,890.23	
Chambers County	\$4,521,060.01	\$79,631.40	
Cherokee County	\$841,088.59	\$14,814.46	
Clay County	\$960,472.43	\$16,917.22	
Collin County	\$19,200,708.20	\$338,190.44	
Colorado County	\$637,641.29	\$11,231.05	
Comal County	\$3,682,532.30	\$64,862.05	
Comanche County	\$115,346.90	\$2,031.66	
Coryell County	\$1,628,680.98	\$28,686.67	
Cottle County	\$353,478.58	\$6,225.97	
Crockett County	\$3,906,815.02	\$68,812.44	
Crosby County	\$14,879.08	\$262.07	
Delta County	\$102,071.24	\$1,797.83	
Denton County	\$16,615,650.95	\$292,658.70	
DeWitt County	\$611,451.78	\$10,769.77	
Dickens County	\$14,942.61	\$263.19	
Duval County	\$102,873.65	\$1,811.96	
Eastland County	\$808,530.25	\$14,241.00	
Edwards County	\$267,545.87	\$4,712.40	
Ellis County	\$4,124,261.11	\$72,642.41	
Erath County	\$2,931,422.89	\$51,632.43	
Falls County	\$603,575.69	\$10,551.22	
Fannin County	\$1,455,161.32	\$25,630.39	
Fayette County	\$2,680,216.51	\$47,207.82	
Fort Bend County	\$27,846,999.51	\$490,481.34	
Franklin County	\$263,295.42	\$4,637.54	

**Texas Department of State Health Services
Tobacco Settlement Distribution Program**

2022 Pro Rata Distribution			
Tobacco Settlement Payee	2021 Unreimbursed Health Care Expenditures	2022 Distribution	Hospital District Rank
Freestone County	\$582,839.14	\$10,265.80	
Gaines County	\$999,935.34	\$17,612.30	
Galveston County	\$18,227,559.78	\$321,049.95	
Gillespie County	\$1,340,997.53	\$23,619.57	
Glasscock County	\$36,118.49	\$636.17	
Goliad County	\$998,801.65	\$17,592.33	
Gonzales County	\$34,658.52	\$610.46	
Gray County	\$311,108.03	\$5,479.68	
Grayson County	\$4,284,797.65	\$75,470.01	
Gregg County	\$3,192,813.86	\$56,236.42	
Grimes County	\$832,290.70	\$14,659.50	
Guadalupe County	\$5,447,598.79	\$95,950.93	
Hale County	\$905,623.40	\$15,951.14	
Hamilton County	\$18,583.16	\$327.31	
Hardin County	\$689,507.93	\$12,144.60	
Harrison County	\$2,131,316.08	\$37,539.80	
Hays County	\$6,562,483.05	\$115,587.87	
Henderson County	\$6,630,182.34	\$116,780.29	
Hidalgo County	\$19,170,085.64	\$337,651.07	
Hill County	\$668,629.55	\$11,776.86	
Hockley County	\$1,301,064.00	\$22,916.21	
Howard County	\$1,234,213.35	\$21,738.74	
Hudspeth County	\$374,701.10	\$6,599.77	
Irion County	\$55,982.46	\$986.04	
Jasper County	\$614,362.89	\$10,821.04	
Jeff Davis County	\$366,672.99	\$6,458.37	
Jefferson County	\$16,870,625.91	\$297,149.69	
Jim Hogg County	\$265,936.35	\$4,684.05	
Jim Wells County	\$827,819.85	\$14,580.75	
Johnson County	\$3,509,337.96	\$61,811.50	
Jones County	\$231,488.10	\$4,077.30	
Kaufman County	\$2,553,763.34	\$44,980.55	
Kendall County	\$2,290,246.69	\$40,339.11	
Kenedy County	\$38,100.37	\$671.08	
Kent County	\$1,957,332.20	\$34,475.34	
Kerr County	\$1,727,111.89	\$30,420.37	
King County	\$92.00	\$1.62	
Kinney County	\$1,547,554.55	\$27,257.75	
Kleberg County	\$794,845.87	\$13,999.97	
La Salle County	\$5,912,521.40	\$104,139.82	
Lamar County	\$1,869,919.07	\$32,935.70	
Lamb County	\$1,534,428.54	\$27,026.56	
Lampasas County	\$345,569.02	\$6,086.66	
Lavaca County	\$37,697.78	\$663.99	
Lee County	\$575,008.40	\$10,127.87	
Leon County	\$61,622.22	\$1,085.38	
Liberty County	\$2,536,943.18	\$44,684.29	
Limestone County	\$698,889.55	\$12,309.85	
Live Oak County	\$710,541.47	\$12,515.08	
Llano County	\$601,959.48	\$10,602.57	
Loving County	\$637,233.15	\$11,223.87	
Madison County	\$220,014.33	\$3,875.21	
Mason County	\$779,969.10	\$13,737.94	
McLennan County	\$11,874,649.73	\$209,153.38	
McMullen County	\$726,336.29	\$12,793.28	

**Texas Department of State Health Services
Tobacco Settlement Distribution Program**

2022 Pro Rata Distribution			
Tobacco Settlement Payee	2021 Unreimbursed Health Care Expenditures	2022 Distribution	Hospital District Rank
Milam County	\$724,288.84	\$12,757.21	
Mills County	\$314,889.34	\$5,546.28	
Montague County	\$506,820.08	\$8,926.84	
Morris County	\$265,657.67	\$4,679.14	
Navarro County	\$1,597,539.75	\$28,138.16	
Newton County	\$198,987.69	\$3,504.86	
Oldham County	\$22,506.24	\$396.41	
Orange County	\$1,852,397.00	\$32,627.08	
Panola County	\$2,169,747.53	\$38,216.71	
Pecos County	\$13,102,669.44	\$230,783.03	
Polk County	\$732,620.44	\$12,903.96	
Rains County	\$67,050.91	\$1,181.00	
Randall County	\$1,418,284.19	\$24,980.86	
Real County	\$37,128.92	\$653.97	
Red River County	\$359,534.09	\$6,332.63	
Roberts County	\$1,433.56	\$25.25	
Robertson County	\$356,551.07	\$6,280.09	
Rockwall County	\$1,465,342.41	\$25,809.71	
Runnels County	\$73,794.74	\$1,299.78	
Rusk County	\$354,695.36	\$6,247.40	
San Jacinto County	\$981,510.42	\$17,287.77	
San Patricio County	\$2,078,635.25	\$36,611.91	
San Saba County	\$578,189.34	\$10,183.90	
Shelby County	\$390,302.87	\$6,874.57	
Smith County	\$5,852,587.48	\$103,084.17	
Sterling County	\$1,165,776.92	\$20,533.34	
Taylor County	\$6,687,768.58	\$117,794.58	
Terrell County	\$344,264.00	\$6,063.67	
Throckmorton County	\$9,368.34	\$165.01	
Tom Green County	\$4,430,910.72	\$78,043.56	
Trinity County	\$131,161.59	\$2,310.21	
Upshur County	\$346,388.67	\$6,101.09	
Uvalde County	\$3,840,192.87	\$67,638.99	
Van Zandt County	\$588,935.71	\$10,373.18	
Victoria County	\$2,284,094.28	\$40,230.75	
Waller County	\$814,243.07	\$14,341.62	
Ward County	\$3,457,461.05	\$60,897.77	
Washington County	\$2,847,278.97	\$50,150.37	
Webb County	\$7,565,649.39	\$133,257.08	
Wharton County	\$829,378.60	\$14,608.21	
Wichita County	\$4,217,270.28	\$74,280.62	
Williamson County	\$20,739,145.00	\$365,287.60	
Wise County	\$2,738,518.33	\$48,234.72	
Wood County	\$632,336.04	\$11,137.61	
Yoakum County	\$1,506,267.03	\$26,530.54	
Young County	\$264,837.33	\$4,664.70	
Zapata County	\$2,780,398.96	\$48,972.38	
Zavala County	\$459,445.70	\$8,092.42	
Subtotal Counties	\$409,499,721.99	\$7,212,617.29	
Amarillo Hospital District	\$22,920,475.00	\$403,708.31	15
Andrews County Hospital District	\$23,879,314.37	\$420,596.77	13
Angleton-Danbury Hospital District	\$6,426,555.75	\$113,193.73	35
Ballinger Memorial Hospital District	\$1,039,835.79	\$18,315.08	107
Baylor County Hospital District	\$1,139,908.62	\$20,077.71	102
Bellville General Hospital District	\$1,650,716.91	\$29,074.80	88

**Texas Department of State Health Services
Tobacco Settlement Distribution Program**

2022 Pro Rata Distribution			
Tobacco Settlement Payee	2021 Unreimbursed Health Care Expenditures	2022 Distribution	Hospital District Rank
Bexar County Hospital District	\$538,655,488.69	\$9,487,573.83	4
Big Bend Regional Hospital District	\$1,714,643.72	\$30,200.77	85
Booker Hospital District	\$1,049,363.72	\$18,482.90	106
Bosque County Hospital District	\$3,040,975.00	\$53,562.02	65
Burleson County Hospital District	\$2,145,666.87	\$37,792.57	78
Caprock Hospital District	\$696,828.77	\$12,273.55	123
Castro County Hospital District	\$3,028,990.63	\$53,350.93	66
Chambers County Public Hospital District	\$2,973,298.90	\$52,370.01	67
Childress County Hospital District	\$929,631.32	\$16,374.00	112
Chillicothe Hospital District -- Did not report	\$0.00	\$0.00	142
Cochran Memorial Hospital District	\$2,214,481.00	\$39,004.62	77
Coleman County Medical Center District	\$1,859,362.00	\$32,749.75	83
Collingsworth County Hospital District	\$1,665,085.27	\$29,327.87	87
Comanche County Consolidated Hospital District	\$3,415,908.00	\$60,165.88	61
Concho County Hospital District	\$683,396.29	\$12,036.96	124
Crane County Hospital District	\$3,861,759.63	\$68,018.86	52
Crosby County Hospital District	\$747,519.00	\$13,166.38	120
Culberson County Hospital District	\$4,108,918.80	\$72,372.18	50
Dallam-Hartley Counties Hospital District	\$3,832,873.72	\$67,510.07	54
Dallas County Hospital District	\$771,440,093.26	\$13,587,710.51	2
Darrouzett Hospital District	\$220,468.16	\$3,883.20	133
Dawson County Hospital District	\$3,125,674.68	\$55,053.87	63
Deaf Smith County Hospital District	\$6,142,896.72	\$108,197.52	37
DeWitt Medical District	\$4,699,930.00	\$82,781.92	47
Dimmit Regional Hospital District	\$6,172,074.15	\$108,711.43	36
Donley County Hospital District	\$457,810.76	\$8,063.62	128
East Coke County Hospital District	\$579,976.80	\$10,215.38	126
Eastland Memorial Hospital District	\$949,568.85	\$16,725.17	111
Ector County Hospital District	\$65,748,406.99	\$1,158,055.34	7
El Paso County Hospital District	\$139,370,330.58	\$2,454,790.36	6
Electra Hospital District	\$826,630.47	\$14,559.80	115
Fairfield Hospital District	\$2,473,334.08	\$43,563.91	75
Farwell Hospital District	\$51,885.40	\$913.88	140
Fisher County Hospital District	\$1,368,252.42	\$24,099.63	96
Foard County Hospital District	\$766,767.22	\$13,505.41	119
Follett Hospital District	\$68,058.13	\$1,198.74	138
Frio Hospital District	\$5,681,389.49	\$100,068.79	41
Gainesville Hospital District	\$5,544,660.01	\$97,660.51	42
Garza County Health Care District	\$803,538.89	\$14,153.08	117
Gonzales County Hospital District	\$11,338,559.00	\$199,710.98	21
Graham Hospital District	\$2,826,168.00	\$49,778.53	70
Grapeland Hospital District -- Did not report	\$0.00	\$0.00	142
Hall County Hospital District	\$379,027.72	\$6,675.98	131
Hamilton County Hospital District	\$815,693.24	\$14,367.16	116
Hamlin Hospital District	\$711,451.46	\$12,531.10	122
Hansford County Hospital District	\$2,644,821.04	\$46,584.39	72
Hardeman County Hospital District	\$1,000,386.53	\$17,620.24	109
Harris County Hospital District	\$1,071,965,437.00	\$18,880,994.21	1
Haskell County Hospital District	\$1,413,821.00	\$24,902.25	91
Hemphill County Hospital District	\$5,726,550.75	\$100,864.23	40
Higgins/Lipscomb Hospital District	\$53,076.84	\$934.87	139
Hood County Hospital District	\$576,704.76	\$10,157.75	127
Hopkins County Hospital District	\$7,913,523.73	\$139,384.34	28
Houston County Hospital District	\$2,068,638.00	\$36,435.82	79
Hunt Memorial Hospital District	\$19,330,197.21	\$340,471.19	17

**Texas Department of State Health Services
Tobacco Settlement Distribution Program**

2022 Pro Rata Distribution			
Tobacco Settlement Payee	2021 Unreimbursed Health Care Expenditures	2022 Distribution	Hospital District Rank
Hutchinson County Hospital District	\$3,541,366.46	\$62,375.63	58
Iraan General Hospital District	\$3,882,100.91	\$68,377.13	51
Jack County Hospital District	\$3,845,855.53	\$67,738.73	53
Jackson County Hospital District	\$5,929,854.86	\$104,445.12	39
Jasper Hospital District	\$232,176.30	\$4,089.42	132
Karnes County Hospital District	\$7,262,005.80	\$127,908.87	29
Kimble County Hospital District	\$2,823,990.94	\$49,276.54	71
Knox County Hospital District	\$1,024,878.81	\$18,051.64	108
Lavaca Hospital District	\$911,042.78	\$16,046.59	113
Lockney General Hospital District	\$1,275,534.00	\$22,466.54	97
Lubbock County Hospital District	\$23,073,132.30	\$406,397.13	14
Lynn County Hospital District	\$1,676,109.82	\$29,522.05	86
Marion County Hospital District	\$440,870.97	\$7,765.25	129
Martin County Hospital District	\$20,431,820.00	\$359,874.55	16
Matagorda County Hospital District	\$16,010,803.00	\$282,005.25	18
Maverick County Hospital District	\$11,384,850.73	\$200,526.34	20
McCamey County Hospital District	\$6,104,817.48	\$107,526.81	38
McCulloch County Hospital District	\$1,465,649.09	\$25,815.12	90
Medina County Hospital District	\$4,344,163.54	\$76,515.65	49
Menard County Hospital District	\$1,471,332.02	\$25,915.21	89
Midland County Hospital District	\$44,145,119.21	\$777,547.22	9
Mitchell County Hospital District	\$3,691,123.00	\$65,013.36	55
Montgomery County Hospital District	\$44,332,264.00	\$780,843.48	8
Moore County Hospital District	\$5,323,784.78	\$93,770.14	43
Motley County Hospital District	\$199,377.84	\$3,511.73	134
Moulton Community Medical Clinic District	\$71,052.34	\$1,251.48	137
Muenster Hospital District	\$1,412,439.45	\$24,877.91	92
Muleshoe Area Hospital District	\$1,393,989.00	\$24,552.94	94
Nacogdoches County Hospital District	\$11,202,376.00	\$197,312.33	23
Nixon Hospital District	\$51,193.00	\$901.68	141
Nocona Hospital District	\$780,392.24	\$13,745.39	118
Nolan County Hospital District	\$9,895,215.51	\$174,288.74	26
North Runnels County Hospital District	\$1,113,404.93	\$19,610.89	104
North Wheeler County Hospital District	\$3,469,045.50	\$61,101.81	60
Nueces County Hospital District	\$37,839,929.80	\$666,491.17	11
Ochiltree County Hospital District	\$6,631,503.37	\$116,803.56	33
Olney-Hamilton Hospital District	\$1,137,497.19	\$20,035.23	103
Palo Pinto County Hospital District	\$11,965,340.22	\$210,750.75	19
Parker County Hospital District	\$28,971,444.01	\$510,286.67	12
Parmer County Hospital District	\$2,000,000.00	\$35,226.87	81
Rankin County Hospital District	\$10,116,550.15	\$178,187.21	24
Reagan Hospital District	\$6,612,497.00	\$116,468.79	34
Reeves County Hospital District	\$40,882,194.00	\$720,075.90	10
Refugio County Memorial Hospital District	\$2,502,044.64	\$44,069.60	74
Rice Hospital District	\$3,495,319.21	\$61,564.58	59
Rockdale Hospital District	\$168,161.89	\$2,961.91	135
Sabine County Hospital District	\$2,910,711.83	\$51,267.64	69
San Augustine City-County Hospital District	\$1,166,861.82	\$20,552.45	101
Schleicher County Hospital District	\$3,602,954.00	\$63,460.40	57
Scurry County Hospital District	\$6,815,825.00	\$120,050.10	32
Seminole Hospital District	\$12,349,403.65	\$174,980.15	25
Shackelford County Hospital District	\$1,174,835.74	\$20,692.89	100
Somervell County Hospital District	\$3,663,318.02	\$64,523.62	56
South Limestone Hospital District	\$4,610,419.38	\$81,205.33	48
South Randall County Hospital District	\$984,763.19	\$17,345.06	110

**Texas Department of State Health Services
Tobacco Settlement Distribution Program**

2022 Pro Rata Distribution			
Tobacco Settlement Payee	2021 Unreimbursed Health Care Expenditures	2022 Distribution	Hospital District Rank
South Wheeler County Hospital District	\$2,415,763.18	\$42,549.89	76
Stamford Hospital District	\$1,194,547.86	\$21,040.09	99
Starr County Hospital District	\$6,919,781.79	\$121,881.13	31
Stephens Memorial Hospital District	\$1,847,059.00	\$32,533.05	84
Stonewall County Hospital District	\$1,395,158.00	\$24,573.53	93
Stratford Hospital District	\$1,252,356.65	\$22,058.30	98
Sutton County Hospital District	\$1,393,891.78	\$24,551.22	95
Sweeny Hospital District	\$9,079,421.00	\$159,919.80	27
Swisher Memorial Hospital District	\$1,886,759.91	\$33,232.32	82
Tarrant County Hospital District	\$549,913,270.09	\$9,685,862.04	3
Teague Hospital District	\$417,277.00	\$7,349.68	130
Terry Memorial Hospital District	\$3,073,409.00	\$54,133.29	64
Texhoma Hospital District -- Did not report	\$0.00	\$0.00	142
Titus County Memorial Hospital District	\$5,011,246.27	\$88,265.26	44
Travis County Healthcare District	\$337,781,308.00	\$5,949,489.36	5
Trinity Memorial Hospital District	\$1,093,754.61	\$19,264.78	105
Tyler County Hospital District	\$2,970,101.68	\$52,313.70	68
Val Verde County Hospital District	\$2,640,705.52	\$46,511.90	73
Walker County Hospital District	\$11,233,828.22	\$197,866.31	22
West Coke County Hospital District	\$715,796.59	\$12,607.64	121
West Wharton County Hospital District	\$4,751,251.10	\$83,685.86	46
Wilbarger County Hospital District	\$3,292,291.50	\$57,988.56	62
Willacy County Hospital District	\$848,434.44	\$14,943.85	114
Wilson County Hospital District	\$4,767,101.24	\$83,965.03	45
Winkler County Hospital District	\$7,011,726.83	\$123,500.60	30
Winnie-Stowell Hospital District	\$678,610.66	\$11,952.67	125
Wood County Central Hospital District	\$92,226.04	\$1,624.42	136
Yoakum Hospital District	\$2,036,645.13	\$35,872.32	80
Subtotal Hospital Districts	\$4,178,465,230.45	\$73,554,129.81	
Grand Total	\$4,588,257,677.70	\$80,771,903.00	

**DISTRIBUTION SUMMARY
OF
TOBACCO SETTLEMENT PROCEEDS
TO
NUECES COUNTY HOSPITAL DISTRICT
DISTRIBUTION YEARS: 2000 - 2022**

Expense Year	Distribution Year	Statewide Unreimbursed Health Care Expenditures	NCHD Unreimbursed Health Care Expenditures	Statewide Distribution Amount	NCHD Distribution Receipt	HD Distribution Rank High to Low	NCHD % of Statewide Distribution	NCHD % of Statewide Expenditures	% Reimbursed	Distribution 3-Year Rolling Average	Distribution 5-Year Rolling Average	% Reimbursed 3-Year Rolling Average	% Reimbursed 5-Year Rolling Average
1999	2000	\$1,118,101,984.32	\$26,135,906.35	\$100,000,000.00	\$2,337,524.37	6	2.34%	2.34%	8.94%				
2000	2001	\$1,231,610,405.55	\$28,728,571.79	\$64,306,508.06	\$1,500,015.04	6	2.33%	2.33%	5.22%				
2001	2002	\$1,477,601,927.77	\$29,009,759.92	\$17,760,000.00	\$348,791.68	6	1.96%	1.96%	1.20%	2.30%		4.99%	
2002	2003	\$1,599,645,978.12	\$30,814,371.00	\$22,041,497.00	\$424,966.66	6	1.93%	1.93%	1.38%	2.18%		2.57%	
2003	2004	\$1,588,057,965.63	\$31,804,892.00	\$28,520,000.00	\$571,444.87	6	2.00%	2.00%	1.80%	1.97%	2.23%	1.47%	3.54%
2004	2005	\$1,763,902,387.92	\$32,128,736.23	\$50,921,225.00	\$913,045.51	6	1.79%	1.82%	2.84%	1.88%	2.05%	2.02%	2.46%
2005	2006	\$1,671,954,127.53	\$32,500,662.13	\$72,070,600.00	\$1,401,478.98	7	1.94%	1.94%	4.31%	1.90%	1.91%	2.99%	2.34%
2006	2007	\$1,898,329,552.92	\$30,907,502.05	\$82,691,441.00	\$1,347,721.69	7	1.63%	1.63%	4.36%	1.78%	1.82%	3.83%	2.95%
2007	2008	\$2,073,150,272.99	\$30,212,382.17	\$92,303,845.00	\$1,345,619.80	7	1.46%	1.46%	4.45%	1.66%	1.71%	4.37%	3.54%
2008	2009	\$2,338,874,062.77	\$31,181,835.90	\$92,303,845.00	\$1,233,994.40	7	1.34%	1.33%	3.96%	1.47%	1.60%	4.25%	3.98%
2009	2010	\$2,598,488,680.93	\$33,864,017.10	\$46,151,923.00	\$601,951.95	7	1.30%	1.30%	1.78%	1.38%	1.54%	3.34%	3.74%
2010	2011	\$2,643,202,357.66	\$35,585,641.52	\$51,000,000.00	\$687,793.09	7	1.35%	1.35%	1.93%	1.33%	1.43%	2.51%	3.23%
2011	2012	\$2,544,037,688.15	\$35,780,392.45	\$50,000,000.00	\$698,820.34	7	1.40%	1.41%	1.95%	1.35%	1.38%	1.89%	2.74%
2012	2013	\$2,595,951,593.78	\$34,089,915.20	\$50,000,000.00	\$656,849.71	8	1.31%	1.31%	1.93%	1.35%	1.34%	1.94%	2.28%
2013	2014	\$2,662,493,007.92	\$32,345,011.14	\$50,000,000.00	\$607,466.54	8	1.21%	1.21%	1.88%	1.31%	1.32%	1.92%	1.89%
2014	2015	\$2,922,632,578.90	\$33,591,368.87	\$55,000,000.00	\$632,336.34	8	1.15%	1.15%	1.88%	1.22%	1.28%	1.90%	1.92%
2015	2016	\$2,959,672,016.22	\$33,894,666.50	\$46,761,489.00	\$533,277.40	8	1.14%	1.15%	1.57%	1.17%	1.24%	1.78%	1.84%
2016	2017	\$3,300,687,827.10	\$33,611,978.31	\$67,155,876.00	\$684,370.63	9	1.02%	1.02%	2.04%	1.10%	1.16%	1.83%	1.86%
2017	2018	\$3,615,120,057.39	\$34,189,944.79	\$69,689,880.00	\$659,091.02	9	0.95%	0.95%	1.93%	1.02%	1.08%	1.85%	1.86%
2018	2019	\$3,661,465,764.47	\$34,992,926.47	\$71,912,881.00	\$687,302.01	9	0.96%	0.96%	1.96%	0.97%	1.03%	1.98%	1.88%
2019	2020	\$4,004,523,167.92	\$35,860,561.34	\$73,831,824.00	\$661,191.99	11	0.90%	0.90%	1.84%	0.93%	0.98%	1.91%	1.87%
2020	2021	\$4,161,138,490.49	\$36,972,432.23	\$75,630,577.00	\$671,990.70	11	0.89%	0.89%	1.82%	0.91%	0.94%	1.87%	1.92%
2021	2022	\$4,588,257,677.70	\$37,839,929.80	\$80,771,903.00	\$666,491.17	11	0.83%	0.82%	1.76%	0.87%	0.90%	1.81%	1.86%
2022	2023												



April 22, 2022

Jonny F. Hipp, ScD, FACHE
Administrator and Chief Executive Officer
Nueces County Hospital District
555 N. Carancahua St, Suite 950
Corpus Christi, TX 78401-0835

*via Courier; USPS Certified Mail
Return Receipt Requested
and Email at
jonny.hipp@nchdcc.org*

RE: Resumption of Memorial Medical Center Equipment Removal Request

Dear Mr. Hipp:

We are writing to provide you with notice regarding the disposition of the District's hospital equipment located at Memorial Medical Center under the terms of the CHRISTUS Spohn Health System Corporation Membership Agreement ("Membership Agreement").

On April 17, 2020, CHRISTUS Spohn Health System ("Spohn") provided the Nueces County Hospital District ("District") written notice to remove its hospital equipment from the Memorial hospital building and other structures and infrastructure situated on the Main Campus (collectively, "Memorial Buildings and Infrastructure"). On July 16, 2020, Spohn agreed to suspend the District's obligation to remove its equipment for thirty (30) days in consideration of the District's request and the COVID-19 pandemic, with the option for further extensions as appropriate. COVID-19 subsequently continued to impact the Nueces community and interfere with the demolition process, but the parties did not formally extend the timeline for the District to remove its equipment.

Spohn is resuming the steps to initiate demolition this summer, starting with the remediation of the Memorial Buildings and Infrastructure. Spohn is now sending this letter to ensure it fully resolves the Membership Agreement's notice requirements regarding removal of the District's equipment. Given the length of time since the parties discussed the suspension of the original equipment removal notice in 2020, Spohn hereby provides a new notice to the District.

Schedule 1, Section 3.10.4 of the Membership Agreement requires that Spohn provide the District with not less than sixty (60) days' notice prior to the demolition of the Memorial Buildings and Infrastructure so that the District may comply with its statutory salvage requirements. Section 3.10.4 further requires that the District promptly remove its hospital equipment from the Memorial Buildings and Infrastructure upon receipt of this notice. Any District hospital equipment remaining within or comprising the Memorial Buildings and Infrastructure as of the effective date of demolition shall belong to Spohn.



In compliance with Schedule 1, Section 3.9.2, Spohn has maintained all District asset tags on the District's hospital equipment. Additionally, we note Spohn provided an inventory list to the District on April 14, 2022 to satisfy Spohn's obligations under Section 3.10.4 to describe each piece of equipment at issue for removal pursuant to this notice.

Spohn would like to assist the District in meeting its statutory obligations and work collaboratively to address the disposition of the District's hospital equipment in a timely manner. Spohn now requests that the District remove its hospital equipment from the Memorial Buildings and Infrastructure pursuant to Section 3.10.4 of the Membership Agreement.

As always, CHRISTUS Spohn will continue to coordinate with the District to provide appropriate and timely notice of the Memorial demolition and as required by the Membership Agreement.

Very truly yours,

A handwritten signature in blue ink, appearing to read "Osbert Blow".

Osbert Blow, MD, PhD, FACS
Chief Executive Officer
CHRISTUS Spohn Health System

A handwritten signature in black ink, appearing to read "Dominic Dominguez".

Dominic Dominguez
Senior Vice President Group Operations
CHRISTUS South Texas

cc: Belinda Chism
Adam Robison
William Dewitt Alsup
Lance Ramsey
Jennifer Gurevitz
Becky Rios

belinda.chism@nchdcc.org
arobison@kslaw.com
wd_alsup@swbell.net
ramsey@gl-law.com
jennifer.gurevitz@christushealth.org
becky.rios@christushealth.org

I. Nueces LPPF Proposed FY22 Rate Calculation by Provider

Facility	System	Mailing Address	Primary Contact	Secondary Contact	2020 Net Patient Revenue (AHA Survey)	FY22 Proposed Rate
						6.00%
Driscoll Children's Hospital	DCH	3533 S Alameda St	Mr. Eric Hamon, CEO	Steve King, CFO	312,648,029.00	18,758,882.00
CHRISTUS Spohn Hospital Corpus Christi	CHRISTUS	Po Box 5280	Jaclynn Harrison, VP	Randy Safady, CFO	572,866,879.00	34,372,013.00
The Corpus Christi Medical Center - Bay Area	HCA	7101 S Padre Island Dr	Chris Nicosia, CFO	Eric Evans, CEO	381,024,936.00	22,861,496.00
PAM Specialty Hospital of Corpus Christi North	PAM	600 Elizabeth St Fl 3	Hector Bernal, CEO	Rob Tribeck, CLO	22,792,835.00	1,367,570.00
PAM Rehabilitation Hospital of Corpus Christi	PAM	345 S Water Street	Hector Bernal, CEO	Rob Tribeck, CLO	22,714,356.00	1,362,861.00
South Texas Surgical Hospital	Surgical Partners	6130 Parkway Dr	Steven Daniel, CEO	Julie Wittwer, CFO	40,315,362.00	2,418,922.00
Corpus Christi Rehabilitation Hospital	Ernest Health	5726 Esplanade Dr	Michael Pierce, COO	Angie Jones, Controller	17,417,099.00	1,045,026.00
TOTAL					\$ 1,369,779,496.00	\$ 82,186,770.00

HEALTH AND SAFETY CODE

TITLE 4. HEALTH FACILITIES

SUBTITLE D. HOSPITAL DISTRICTS

CHAPTER 298C. NUECES COUNTY HOSPITAL DISTRICT HEALTH CARE PROVIDER
PARTICIPATION PROGRAM

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 298C.001. DEFINITIONS. In this chapter:

- (1) "Board" means the board of hospital managers of the district.
- (2) "District" means the Nueces County Hospital District.
- (3) "Institutional health care provider" means a hospital that is not owned and operated by a federal or state government and provides inpatient hospital services.
- (4) "Paying provider" means an institutional health care provider required to make a mandatory payment under this chapter.
- (5) "Program" means the health care provider participation program authorized by this chapter.

Added by Acts 2019, 86th Leg., R.S., Ch. 694 (S.B. [2315](#)), Sec. 1, eff. June 10, 2019.

Sec. 298C.002. APPLICABILITY. This chapter applies only to the Nueces County Hospital District.

Added by Acts 2019, 86th Leg., R.S., Ch. 694 (S.B. [2315](#)), Sec. 1, eff. June 10, 2019.

Sec. 298C.003. HEALTH CARE PROVIDER PARTICIPATION PROGRAM;
PARTICIPATION IN PROGRAM. The board may authorize the district to participate in a health care provider participation program on the affirmative vote of a majority of the board, subject to the provisions of this chapter.

Added by Acts 2019, 86th Leg., R.S., Ch. 694 (S.B. [2315](#)), Sec. 1, eff. June 10, 2019.

Sec. 298C.051. LIMITATION ON AUTHORITY TO REQUIRE MANDATORY PAYMENT. The board may require a mandatory payment authorized under this chapter by an institutional health care provider located in the district only in the manner provided by this chapter.

Added by Acts 2019, 86th Leg., R.S., Ch. 694 (S.B. 2315), Sec. 1, eff. June 10, 2019.

Sec. 298C.052. RULES AND PROCEDURES. The board may adopt rules relating to the administration of the program, including collection of the mandatory payments, expenditures, audits, and any other administrative aspects of the program.

Added by Acts 2019, 86th Leg., R.S., Ch. 694 (S.B. 2315), Sec. 1, eff. June 10, 2019.

Sec. 298C.053. INSTITUTIONAL HEALTH CARE PROVIDER REPORTING. If the board authorizes the district to participate in a program under this chapter, the board shall require each institutional health care provider located in the district to submit to the district a copy of any financial and utilization data required by and reported to the Department of State Health Services under Sections 311.032 and 311.033 and any rules adopted by the executive commissioner of the Health and Human Services Commission to implement those sections.

Added by Acts 2019, 86th Leg., R.S., Ch. 694 (S.B. 2315), Sec. 1, eff. June 10, 2019.

SUBCHAPTER C. GENERAL FINANCIAL PROVISIONS

Sec. 298C.101. HEARING. (a) In each fiscal year that the board authorizes a program under this chapter, the board shall hold a public hearing on the amounts of any mandatory payments that the board intends to require during the year and how the revenue derived from those payments is to be spent.

(b) Not later than the fifth day before the date of the hearing required under Subsection (a), the board shall publish notice of the hearing in a newspaper of general circulation in the district and provide written notice of the hearing to each institutional health care provider located in the district.

Added by Acts 2019, 86th Leg., R.S., Ch. 694 (S.B. 2315), Sec. 1, eff. June 10, 2019.

Sec. 298C.102. DEPOSITORY. (a) If the board requires a mandatory payment authorized under this chapter, the board shall designate one or more banks as a depository for the district's local provider participation fund.

(b) All funds collected under this chapter shall be secured in the manner provided for securing other district funds.

Added by Acts 2019, 86th Leg., R.S., Ch. 694 (S.B. 2315), Sec. 1, eff. June 10, 2019.

Sec. 298C.103. LOCAL PROVIDER PARTICIPATION FUND; AUTHORIZED USES OF MONEY. (a) If the district requires a mandatory payment authorized under this chapter, the district shall create a local provider participation fund.

(b) The local provider participation fund consists of:

(1) all revenue received by the district attributable to mandatory payments authorized under this chapter;

(2) money received from the Health and Human Services Commission as a refund of an intergovernmental transfer under the program, provided that the intergovernmental transfer does not receive a federal matching payment; and

(3) the earnings of the fund.

(c) Money deposited to the local provider participation fund of the district may be used only to:

(1) fund intergovernmental transfers from the district to the state to provide the nonfederal share of Medicaid payments for:

(A) uncompensated care payments to hospitals in the Medicaid managed care service area in which the district is located, if those payments are authorized under the Texas Healthcare Transformation and Quality Improvement Program waiver issued under Section 1115 of the federal Social Security Act (42 U.S.C. Section 1315);

(B) delivery system reform incentive payments, if those payments are authorized under the Texas Healthcare Transformation and Quality Improvement Program waiver issued under Section 1115 of the federal Social Security Act (42 U.S.C. Section 1315);

(C) uniform rate enhancements for hospitals in the Medicaid managed care service area in which the district is located;

(D) payments available under another waiver program authorizing payments that are substantially similar to Medicaid payments to hospitals described by Paragraph (A), (B), or (C); or

(E) any reimbursement to hospitals for which federal matching funds are available;

(2) subject to Section 298C.151(d), pay the administrative expenses of the district in administering the program, including collateralization of deposits;

(3) refund a mandatory payment collected in error from a paying provider;

(4) refund to paying providers a proportionate share of the money that the district:

(A) receives from the Health and Human Services Commission that is not used to fund the nonfederal share of Medicaid supplemental payment program payments or uniform rate enhancements described by Subdivision (1)(C); or

(B) determines cannot be used to fund the nonfederal share of Medicaid supplemental payment program payments or uniform rate enhancements described by Subdivision (1)(C);

(5) transfer funds to the Health and Human Services Commission if the district is legally required to transfer the funds to address a disallowance of federal matching funds with respect to programs for which the district made intergovernmental transfers described by Subdivision (1); and

(6) reimburse the district if the district is required by the rules governing the uniform rate enhancement program described by Subdivision (1)(C) to incur an expense or forego Medicaid reimbursements from the state because the balance of the local provider participation fund is not sufficient to fund that rate enhancement program.

(d) Money in the local provider participation fund may not be commingled with other district funds.

(e) Notwithstanding any other provision of this chapter, with respect to an intergovernmental transfer of funds described by Subsection (c)(1) made by the district, any funds received by the state, district, or other entity as a result of that transfer may not be used by the state, district, or any other entity to expand Medicaid eligibility under the Patient Protection and Affordable Care Act (Pub. L. No. 111-148) as amended by the Health Care and Education Reconciliation Act of 2010 (Pub. L. No. 111-152).

Added by Acts 2019, 86th Leg., R.S., Ch. 694 (S.B. 2315), Sec. 1, eff. June 10, 2019.

SUBCHAPTER D. MANDATORY PAYMENTS

Sec. 298C.151. MANDATORY PAYMENTS BASED ON PAYING PROVIDER NET PATIENT REVENUE. (a) Except as provided by Subsection (e), if the board authorizes a health care provider participation program under this chapter, the board may require a mandatory payment to be assessed, either annually or periodically throughout the fiscal year at the discretion of the board, on the net patient revenue of each institutional health care provider located in the district. The board shall provide an institutional health care provider written notice of each assessment under this subsection, and the provider has 30 calendar days following the date of receipt of the notice to pay the assessment. In the first fiscal year in which the mandatory payment is required, the mandatory payment is assessed on the net patient revenue of an institutional health care provider as determined by the data reported to the Department of State Health Services under Sections [311.032](#) and [311.033](#) in the most recent fiscal year for which that data was reported. If the institutional health care provider did not report any data under those sections, the provider's net patient revenue is the amount of that revenue as contained in the provider's Medicare cost report submitted for the previous fiscal year or for the closest subsequent fiscal year for which the provider submitted the Medicare cost report. If the mandatory payment is required, the district shall update the amount of the mandatory payment on an annual basis.

(b) The amount of a mandatory payment assessed under this chapter by the board must be uniformly proportionate with the amount of net patient revenue generated by each paying provider in the district as permitted under federal law. A health care provider participation program authorized under this chapter may not hold harmless any institutional health care provider, as required under 42 U.S.C. Section 1396b(w).

(c) If the board requires a mandatory payment authorized under this chapter, the board shall set the amount of the mandatory payment, subject to the limitations of this chapter. The aggregate amount of the mandatory payments required of all paying providers in the district may not exceed six percent of the aggregate net patient revenue from hospital services provided by all paying providers in the district.

(d) Subject to Subsection (c), if the board requires a mandatory payment authorized under this chapter, the board shall set the mandatory payments in amounts that in the aggregate will generate sufficient revenue to cover the administrative expenses of the district for activities under ¹⁰⁴

this chapter and to fund an intergovernmental transfer described by Section 298C.103(c)(1). The annual amount of revenue from mandatory payments that shall be paid for administrative expenses by the district is \$150,000, plus the cost of collateralization of deposits, regardless of actual expenses.

(e) A paying provider may not add a mandatory payment required under this section as a surcharge to a patient.

(f) A mandatory payment assessed under this chapter is not a tax for hospital purposes for purposes of Section 4, Article IX, Texas Constitution, or Section 281.045 of this code.

Added by Acts 2019, 86th Leg., R.S., Ch. 694 (S.B. 2315), Sec. 1, eff. June 10, 2019.

Sec. 298C.152. ASSESSMENT AND COLLECTION OF MANDATORY PAYMENTS. (a) The district may designate an official of the district or contract with another person to assess and collect the mandatory payments authorized under this chapter.

(b) The person charged by the district with the assessment and collection of mandatory payments shall charge and deduct from the mandatory payments collected for the district a collection fee in an amount not to exceed the person's usual and customary charges for like services.

(c) If the person charged with the assessment and collection of mandatory payments is an official of the district, any revenue from a collection fee charged under Subsection (b) shall be deposited in the district general fund and, if appropriate, shall be reported as fees of the district.

Added by Acts 2019, 86th Leg., R.S., Ch. 694 (S.B. 2315), Sec. 1, eff. June 10, 2019.

Sec. 298C.153. PURPOSE; CORRECTION OF INVALID PROVISION OR PROCEDURE; LIMITATION OF AUTHORITY. (a) The purpose of this chapter is to authorize the district to establish a program to enable the district to collect mandatory payments from institutional health care providers to fund the nonfederal share of a Medicaid supplemental payment program or the Medicaid managed care rate enhancements for hospitals to support the provision of health care by institutional health care providers located in the district.

(b) This chapter does not authorize the district to collect mandatory payments for the purpose of raising general revenue or any amount in excess of the amount reasonably necessary to fund the nonfederal share of a Medicaid supplemental payment program or Medicaid managed care rate

enhancements for hospitals and to cover the administrative expenses of the district associated with activities under this chapter.

(c) To the extent any provision or procedure under this chapter causes a mandatory payment authorized under this chapter to be ineligible for federal matching funds, the board may provide by rule for an alternative provision or procedure that conforms to the requirements of the federal Centers for Medicare and Medicaid Services. A rule adopted under this section may not create, impose, or materially expand the legal or financial liability or responsibility of the district or an institutional health care provider in the district beyond the provisions of this chapter. This section does not require the board to adopt a rule.

(d) The district may only assess and collect a mandatory payment authorized under this chapter if a waiver program, uniform rate enhancement, or reimbursement described by Section [298C.103\(c\)\(1\)](#) is available to at least one institutional health care provider located in the district.

Added by Acts 2019, 86th Leg., R.S., Ch. 694 (S.B. [2315](#)), Sec. 1, eff. June 10, 2019.

Caller Times

PART OF THE USA TODAY NETWORK

NUECES COUNTY HOSPIT
 555 N CARANCAHUA STE 950
 CORPUS CHRISTI TX 78401--083

<u>Account</u>	<u>AD#</u>	<u>Net Amount</u>	<u>Tax Amount</u>	<u>Total Amount</u>	<u>Payment Method</u>	<u>Payment Amount</u>	<u>Amount Due</u>
1243913	0005260330	\$499.70	\$0.00	\$499.70	Invoice	\$0.00	\$499.70

Sales Rep: eduffy

Order Taker: eduffy

Order Created 05/13/2022

<u>Product</u>	<u># Ins</u>	<u>Start Date</u>	<u>End Date</u>
CCT-caller.com	1	05/17/2022	05/17/2022
CCT-Corpus Christi Caller-Times	1	05/17/2022	05/17/2022

* ALL TRANSACTIONS CONSIDERED PAID IN FULL UPON CLEARANCE OF FINANCIAL INSTITUTION

NOTICE OF PUBLIC HEARING OF THE BOARD OF MANAGERS OF THE NUECES COUNTY HOSPITAL DISTRICT TO CONSIDER PROVIDER PARTICIPATION PROGRAM MANDATORY PAYMENT AMOUNTS FOR HOSPITAL DISTRICT FISCAL YEAR 2022

Public Notice is hereby given that the Nueces County Hospital District ("NCHD") Board of Managers ("Board") will hold a public hearing at 10:00 AM on Monday, May 23, 2022 in the NCHD Board of Managers Meeting Room at 555 N. Carancahua (Tower II), Room 950-A, Corpus Christi, Texas, to receive comments regarding the amounts of provider participation program mandatory payments that the Board intends to require of all institutional health care providers located within NCHD's boundaries for NCHD Fiscal Year 2022 and how the revenue derived from those payments will be spent. The term "institutional health care provider" means a hospital that is not owned and operated by a federal or state government and provides inpatient hospital services. NCHD's boundaries are coterminous with Nueces County.

Texas Health and Safety Code ("Health Code"), Chapter 298C, as amended, authorizes NCHD to participate in a Health Care Provider Participation Program, create a local provider participation fund, and require mandatory payments by institutional health care providers. The public hearing is required by Health Code, §298C.101.

The public and representatives of institutional health care providers wishing to be heard on these matters may attend this public hearing in-person or by audio or video conference via Zoom as shown below. Zoom is an Internet-based cloud platform for audio and video conferencing.

Attend In-Person: Board of Managers Meeting Room, 555 N. Carancahua, Room 950-A, Corpus Christi, Texas 78401.

Attend via Audio or Video Conference, Join Zoom Meeting:
<https://bit.ly/3hRETPB>
Meeting ID: 574 676 5992
Passcode: 195957 One tap mobile
+13462487799,,5746765992#
US (Houston)
Dial by your location
+1 346 248 7799 US (Houston)
Meeting ID: 574 676 5992
Find your local number: <https://nchdcc-org.zoom.us/j/aeisSB9vcl>

Questions regarding the public hearing should be

public hearing should be sent by electronic mail to Belinda Chism, Assistant Administrator at belinda.chism@nhdcc.org.

From: [Jonny F. Hipp \(NCHD\)](#)
To: [Chris Nicosia \(chris.nicosia@hcahealthcare.com\)](#); [Eric Evans \(Eric.Evans@HCAhealthcare.com\)](#); [Becky Rios \(becky.rios@christushealth.org\)](#); [Jaclynn Harrison \(jaclynn.harrison@christushealth.org\)](#); [Osbert Blow MD, PhD, FACS \(osbert.blow@christushealth.org\)](#); [Randy Safady \(randy.safady@christushealth.org\)](#); [Angie Jones \(angelajones@ernesthealth.com\)](#); [Mark Roth \(markroth@ernesthealth.com\)](#); [Michael Pearce \(MichaelPearce@ernesthealth.com\)](#); [Eric Hamon \(eric.hamon@dchstx.org\)](#); [Steven E. King \(steve.king@dchstx.org\)](#); [Hector Bernal \(hbernal@postacutecorpuschristi.com\)](#); [Robert J. Tribeck \(rtribeck@postacutecorporate.com\)](#); [Julie Wittwer \(Julie.Wittwer@surgerypartners.com\)](#); [Steve G. Takacs \(Steve.Takacs@surgerypartners.com\)](#)
Cc: [Luba Kubinski \(luba@ahcv.com\)](#); [Robin Daniel \(robin@ahcv.com\)](#); [Adam Robison \(arobison@kslaw.com\)](#); [Mary Esther Guerra \(Maryesther.guerra@nuecesco.com\)](#); [Wm. DeWitt Alsup \(wd_alsup@swbell.net\)](#); [Jared A. Konczal \(konczal@gl-law.com\)](#); [Belinda Chism \(NCHD\) \(belinda.chism@nchdcc.org\)](#); [Donna Littlefield \(NCHD\) \(donna.littlefield@nchdcc.org\)](#); [Jonny F. Hipp \(jonny.hipp@nchdcc.org\)](#)
Subject: Local Provider Participation Fund
Date: Friday, May 13, 2022 5:50:00 PM
Attachments: [Legal Notice-LPPF-May 2022.pdf](#)
Importance: High

Good Afternoon Administrators of Hospitals Located in Nueces County,

Attached is a Public Notice for a Public Hearing for the Nueces County Hospital District (NCHD) to receive comments regarding the amounts of provider participation program mandatory payments that NCHD's Board of Managers intends to require of all institutional health care providers located within NCHD's boundaries for NCHD Fiscal Year 2022 and how the revenue derived from those payments will be spent. NCHD's Fiscal Year 2022 is Oct. 1, 2021 – Sept. 30, 2022. The term "institutional health care provider" means a hospital that is not owned and operated by a federal or state government and provides inpatient hospital services. NCHD's boundaries are coterminous with Nueces County.

Texas Health and Safety Code ("Health Code"), Chapter 298C, as amended, authorizes NCHD to participate in a Health Care Provider Participation Program, create a local provider participation fund, and require mandatory payments by institutional health care providers. The public hearing is required by Health Code, §298C.101.

The Public Hearing will be held at **10:00 AM** on **Monday, May 23, 2022** in the NCHD Board of Managers Meeting Room at 555 N. Carancahua (Tower II), Room 950-A, Corpus Christi, Texas.

The public and representatives of institutional health care providers wishing to be heard on these matters may attend this public hearing in-person or by audio or video conference via Zoom as shown below. Zoom is an Internet-based cloud platform for audio and video conferencing.

The Public Notice will be published in the Corpus Christi Caller-Times on Tuesday, May 17, 2022.

Attend In-Person: Board of Managers Meeting Room, 555 N. Carancahua, Room 950-A, Corpus Christi, Texas 78401.

Attend via Audio or Video Conference, Join Zoom Meeting:

<https://bit.ly/3hRETPB>

Meeting ID: 574 676 5992

Passcode: 195957 One tap mobile

+13462487799,,5746765992# US (Houston)

Dial by your location

+1 346 248 7799 US (Houston)

Meeting ID: 574 676 5992

Find your local number: <https://nchdcc-org.zoom.us/j/aejsSB9vcl>

Jonny F. Hipp, ScD, FACHE | Administrator/Chief Executive Officer

Nueces County Hospital District

Texas HHSC Regional Healthcare Partnership - Region 4 Anchor Entity

Texas HHSC Uniform Hospital Rate Increase Program - Nueces Service Delivery Area Liaison

[555 N. Carancahua St., Suite 950 | Corpus Christi, TX 78401-0835](#)

Office: [\(361\) 808-3300](tel:(361)808-3300) | Fax: [\(361\) 808-3274](tel:(361)808-3274) | Cell: [\(361\) 877-7290](tel:(361)877-7290)

jonny.hipp@nchdcc.org | www.nchdcc.org

**NOTICE OF PUBLIC HEARING OF THE
BOARD OF MANAGERS OF THE NUECES COUNTY HOSPITAL DISTRICT
TO CONSIDER PROVIDER PARTICIPATION PROGRAM
MANDATORY PAYMENT AMOUNTS FOR HOSPITAL DISTRICT FISCAL YEAR 2022**

Public Notice is hereby given that the Nueces County Hospital District (“NCHD”) Board of Managers (“Board”) will hold a public hearing at **10:00 AM** on **Monday, May 23, 2022** in the NCHD Board of Managers Meeting Room at 555 N. Carancahua (Tower II), Room 950-A, Corpus Christi, Texas, to receive comments regarding the amounts of provider participation program mandatory payments that the Board intends to require of all institutional health care providers located within NCHD’s boundaries for NCHD Fiscal Year 2022 and how the revenue derived from those payments will be spent. The term “institutional health care provider” means a hospital that is not owned and operated by a federal or state government and provides inpatient hospital services. NCHD’s boundaries are coterminous with Nueces County.

Texas Health and Safety Code (“Health Code”), Chapter 298C, as amended, authorizes NCHD to participate in a Health Care Provider Participation Program, create a local provider participation fund, and require mandatory payments by institutional health care providers. The public hearing is required by Health Code, §298C.101.

The public and representatives of institutional health care providers wishing to be heard on these matters may attend this public hearing in-person or by audio or video conference via Zoom as shown below. Zoom is an Internet-based cloud platform for audio and video conferencing.

Attend In-Person: Board of Managers Meeting Room, 555 N. Carancahua, Room 950-A, Corpus Christi, Texas 78401.

Attend via Audio or Video Conference, Join Zoom Meeting:

<https://bit.ly/3hRETPB>

Meeting ID: 574 676 5992

Passcode: 195957 One tap mobile

+13462487799,,5746765992# US (Houston)

Dial by your location

+1 346 248 7799 US (Houston)

Meeting ID: 574 676 5992

Find your local number: <https://nchdcc-org.zoom.us/j/aejsSB9vcl>

Questions regarding the public hearing should be sent by electronic mail to Belinda Chism, Assistant Administrator at belinda.chism@nchdcc.org.

Corpus Christi Caller-Times Publish Date: Tuesday, May 17, 2022.



Administrative Offices

555 N. Carancahua Street, Suite 950
Corpus Christi, Texas 78401-0835

Office: (361) 808-3300

Fax: (361) 808-3274

www.nchdcc.org

BOARD OF MANAGERS ORDER
MAY 23, 2022

**Order Setting the Fiscal Year 2022 Mandatory Payment Rate for the
Nueces County Hospital District Health Care Provider Participation Program**

WHEREAS, the Texas Legislature in the 86th Regular Session enacted S.B. 2315 which added Chapter 298C to the Health and Safety Code enabling the Nueces County Hospital District (the "District") to authorize a local health care provider participation program (the "Program");

WHEREAS, pursuant to Section 298C.003 of the Health and Safety Code, the Board of Managers of the District has authorized the District to participate in the Program;

WHEREAS, pursuant to Section 298C.101(a) of the Health and Safety Code, in each fiscal year that the Board of Managers of the District authorizes the Program, the Board of Managers of the District is required to hold a public hearing on the amounts of any mandatory payments that the Board of Managers of the District intends to require during the applicable fiscal year and how the revenue derived from those mandatory payments is to be spent; and

WHEREAS, pursuant to Section 298C.101(b) not later than the fifth day before the date of the public hearing, the Board of Managers is required to publish notice of the public hearing in a newspaper of general circulation in the District and provide written notice of the hearing to each institutional health care provider located in the District.

NOW THEREFORE, BE IT ORDERED that the Board of Managers of the District sets the amount of the mandatory payments under the Program for Fiscal Year 2022 at 6% of the net patient revenue of each institutional health care provider located in Nueces County and directs the mandatory payments to be used for one or more of the authorized uses of the mandatory payments as set forth in Section 298C.103 of the Health and Safety Code.

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**NUECES COUNTY HOSPITAL DISTRICT
BOARD OF MANAGERS**

Daniel W. Dain
Chairman

Sylvia Tryon Oliver
Vice Chairman

Belinda Flores, R.N.
Member

Vishnu V. Reddy, M.D.
Member

John E. Valls
Member

Mariana Garza, J.D.
Member

Efrain Guerrero, Jr.
Member

PRESENT NOT VOTING: ()
ABSENT: ()

all as shown in the official Minutes of the Board for the Meeting.

5. The attached Order is a true and correct copy of the original on file in the official records of the Hospital District; the duly qualified and acting members of the Board on the date of the Meeting are those persons shown above, and, according to the records of my office, each member of the Board was given actual notice of the time, place, and purpose of the Meeting and had actual notice that the Order would be considered; and the Meeting and deliberation of the aforesaid public business, was open to the public and written notice of said meeting, including the subject of the Order, was posted and given in advance thereof in compliance with the provisions of Chapter 551, Texas Government Code, as amended.
6. I am the Secretary of the Board having been duly appointed pursuant to Health Code, §281.023(b).
7. The foregoing Order is in full force and effect; that the same has not been rescinded, nor has it been amended or modified in any way.

IN WITNESS WHEREOF, I have hereunto signed my name officially and affixed the seal of the Hospital District on this the 23rd day of May 2022.

Jonny F. Hipp
Secretary, Board of Managers
Nueces County Hospital District

{HOSPITAL DISTRICT SEAL}

FACT FY22

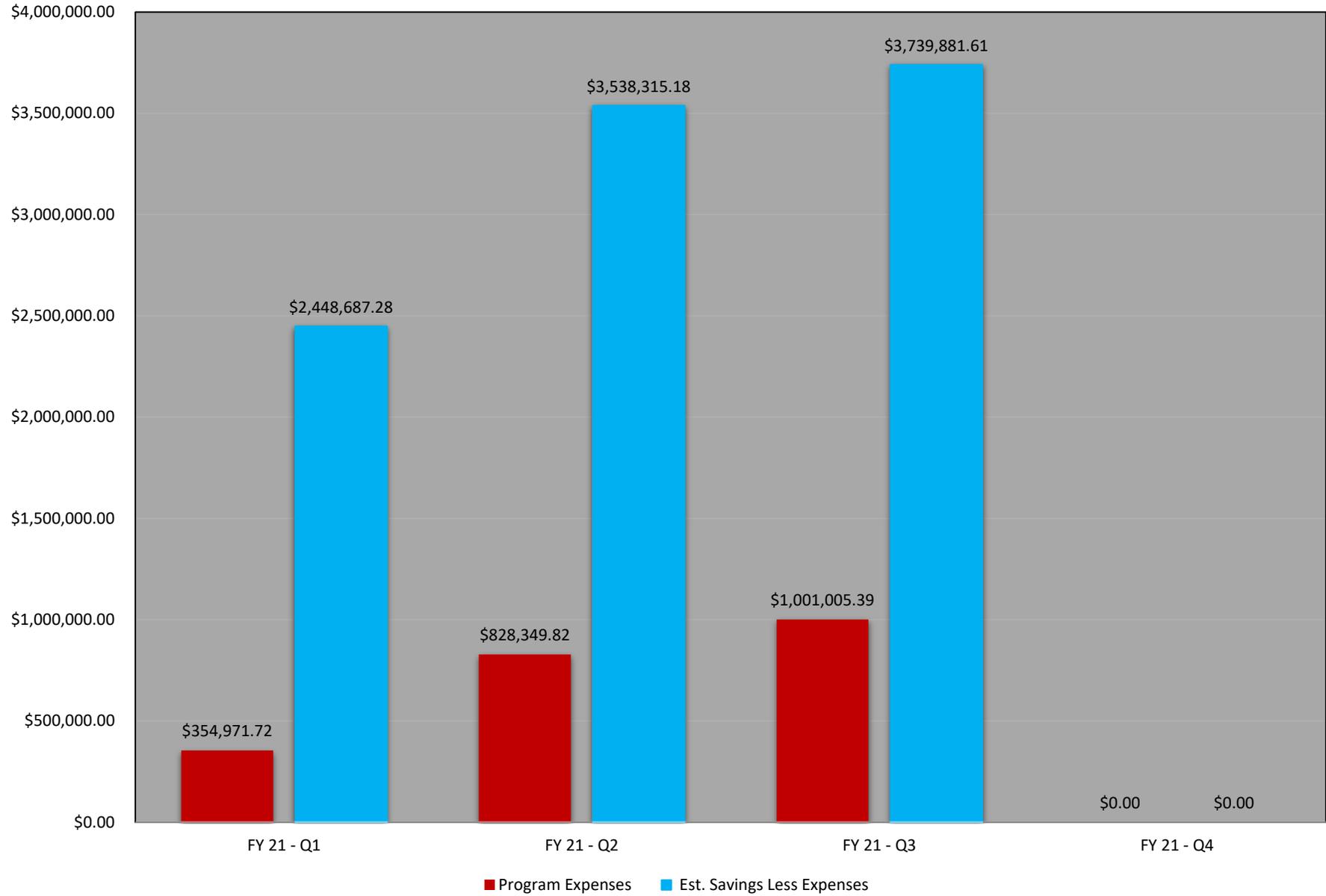
Data Set	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	Annually
# of Participants per month Duplicated	19	20	20	16	16	16	18						18
# of Participants per month Non-Duplicated	19	3	0	2	0	0	4						28
1102N Supplemental Nursing	12	14	13	14	16	25	14						108
1102P - Pillbox	11	11	8	13	15	19	23						100
1105 MH Medication Training & Support	1			2	3	2	4						12
122 Pre-Admission QMHP Assess							1						1
1103 Injection Administration	2	6	3	2	2	1							16
1515 MH Crisis Intervention	1		1		1	2							5
1515F MH Crisis F/U- Relapse Prevention		1					2						3
1515X - Crisis False Alarm			2										2
152 MH Psychosocial Rehabilitation	53	51	38	13	28	51	67						301
170 MH Engagement Activity							8						8
407 MH Continuity of Care	1		1				2						4
99212 EM-Est Focused Expd 2021	13	12	9	13	10	13	7						77
999 - General Coordination	50	41	56	28	94	201	165						635
Utilization of resources dedicated to diversionary and crisis intervention	62	55	69	42	110	226	179	0	0	0	0	0	743

Jail Diversion		JBCR		CIT		Walk-in		Grand Total
Q1 FY2022		Q1 FY2022		Q1 FY2022		Q1 FY2022		
Program Diversions	24	Program Enrollments	7	Persons Served	100	Persons Served	96	
		Program Restorations- 1 currently enrolled	6	Program Diversions (avoided arrest, hospital, etc)	59	Persons Diverted	40	
YTD Total County Savings from Diversions ^(A)	\$618,555	YTD Total County Savings on Restorations ^(A)	1,149,932	YTD Total County Savings on CIT ^(A)	\$910,822	YTD Total County Savings on Walk-In (A)	\$124,350	\$2,803,659.00
YTD MHID Program Expenses ^(B)	\$64,133.61	YTD MHID Program Expenses ^(B)	\$54,186.36	YTD MHID Program Expenses ^(B)	\$184,087.80	YTD MHID Program Expenses (B)	\$52,563.95	\$354,971.72
Net Countywide Return on Program	\$554,421	Net Countywide Return on Program	\$1,095,746	Net Countywide Return on Program	\$726,734	Net Countywide Return on Program	\$71,786	\$2,448,687.28
Q2 FY2021		Q2 FY2021		Q2 FY2021		Q2 FY2022		
Program Diversions	26	Program Enrollments	11	Persons Served	220	Persons Served	179	
		Program Restorations	8	Program Diversions	111	Persons Diverted (hospital)	72	
YTD Total County estimated Savings from Diversions ^(A)	\$767,885	YTD Total County estimated Savings on Restorations ^(A)	\$1,167,879	YTD Total County estimated Savings on CIT ^(A)	\$2,207,521	YTD Total County Savings on Walk-In (A)	\$223,380	\$4,366,665.00
YTD MHID Program Expenses ^(B)	\$124,702	YTD MHID Program Expenses ^(B)	\$104,976	YTD MHID Program Expenses ^(B)	\$490,866	YTD MHID Program Expenses (B)	\$107,806	\$828,349.82
Net Countywide Return on Program	\$643,183	Net Countywide Return on Program	\$1,062,903	Net Countywide Return on Program	\$1,716,655	Net Countywide Return on Program	\$115,574	\$3,538,315.18
Q3 FY2021		Q3 FY2021		Q3 FY2021		Q3 FY2022		
Program Diversions	26	Program Enrollments	11	Persons Served	317	Persons Served	211	
		Program Restorations	8	Program Diversions	190	Persons Diverted (hospital)	93	
YTD Total County Savings from Diversions ^(A)	\$767,885	YTD Total County Savings on Restorations ^(A)	\$1,167,879	YTD Total County Savings on CIT ^(A)	\$2,516,009	YTD Total County Savings on Walk-In (A)	\$289,114	\$4,740,887.00
YTD MHID Program Expenses ^(B)	\$142,930	YTD MHID Program Expenses ^(B)	\$121,031	YTD MHID Program Expenses ^(B)	\$612,003	YTD MHID Program Expenses (B)	\$125,040	\$1,001,005.39
Net Countywide Return on Program	\$624,955	Net Countywide Return on Program	\$1,046,848	Net Countywide Return on Program	\$1,904,006	Net Countywide Return on Program	\$164,074	\$3,739,881.61
Cumulative Through Q4		Cumulative Through Q4		Cumulative Through Q4		Q4 FY2022		
Program Diversions		Program Enrollments		Persons Served		Persons Served		
		Program Restorations		Program Diversions		Persons Diverted (hospital)		
Total County Savings from Diversions ^(A)		Total County Savings on Restorations ^(A)		Total County Savings on CIT ^(A)		YTD Total County Savings on Walk-In (A)		
MHID Program Expenses ^(B)		MHID Program Expenses ^(B)		MHID Program Expenses ^(B)		YTD MHID Program Expenses (B)		\$0.00
Net Countywide Return on Program	\$0	Net Countywide Return on Program	\$0	Net Countywide Return on Program		Net Countywide Return on Program		\$0.00

^(A) Estimated savings to Nueces County Jail, CCPD and Hospitals as a result of diversions. Estimation calculations are based on best practice calculations.

^(B) Funded by Nueces County Hospital District.

MHID Community Collaborative



CIT FY22

Data Set	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	Annually
Number of referrals to hospital	13	10	16	7	12	21	13						92
Number of referral to Cenikor	7	4	3	4	4	5	3						30
Calls for service requiring f2f Assessment	38	34	34	26	35	63	47						277
Number of individuals placed on a safety plan	7	6	6	5	6	14	11						55
Number of individuals given a clinic appointment at time of Crisis Service	19	17	16	15	16	32	26						141
Number of individuals placed on safety plan and given clinic appointment and returned for appointment	5	3	4	2	2	8	5						29
Number of individuals Place on EDW who were admitted to Behavioral Health Hospital	7	4	15	7	11	15	9						68
Number of individuals Place on EDW who were NOT admitted to Behavioral Health Hospital	6	6	1	0	1	6	4						24
Number of admissions to MHID discharged from Inpatient Treatment													0

Walk-In FY22

Data Set	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	Annually
Total # of participants per month	78	67	45	62	44	52	55						403
# of new participants per month	40	29	27	21	29	33	32						211
101 Screening Assessment	2	6		2	4	4	1						19
1102IN Supplemental Nursing	20	18		20	11	10	6						85
1102N Supplemental Nursing	19	19	25		13	12	10						98
1102V - Nursing Support Verbal Orders	1	3	1	1		5	19						30
1103NB - Injection Non-Billable			1										1
122 Pre-Admission QMHP Assess	17	14	17	20	15	21	19						123
142 MH Adult Routine SC	7	14	6	14	6	8	3						58
1515 MH Crisis Intervention	35	19	26	15	23	24	30						172
1515F MH Crisis F/U- Relapse Prevention	38	32	16	21	18	43	61						229
1515T Crisis Transportation	7	3	2			1	2						15
1515X - Crisis False Alarm	10	6	4	4	5	1	4						34
170 MH Engagement Activity	4	3	1		7	2	4						21
Psychiatric Eval/Diag	24	19	13	10	12	27	28						133
999 - General Coordination	187	99	39	74	79	56	51						585
Utilization of resources dedicated to diversionary and crisis intervention services enrolled in Walk-in services	371	255	151	181	193	214	238	0	0	0	0	0	1603

MCOT Ex FY22

Data Set	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	Annually
Number of referrals to hospital							3						3
Number of referral to Cenikor							1						1
Calls for service requiring f2f Assessment							11						11
Number of individuals given a clinic appointment at time of Crisis Service							8						
Number of individuals placed on a safety plan							5						5
Number of individuals placed on safety plan and given clinic appointment and returned for appointment							10						10
Number of individuals Place on EDW who were admitted to Behavioral Health Hospital							1						1
Number of individuals Place on EDW who were NOT admitted to Behavioral Health Hospital							0						0
Number of admissions to MHID discharged from Inpatient Treatment							1						1

Information Requested Not Specifically Outlined in Contracts

Other data/information we would appreciate would be the following:

- Number and percentage of individuals presenting at an Emergency Department, referred by CIT officer with a primary diagnosis of mental or substance use disorders left before being evaluated or against medical advice. – **This data would have to be provided by hospitals and Emergency Rooms.**
- Number of individuals booked at the Community Detention Center (CDC) screened and presented with mental or substance use disorder and released without referral to services. – **This data would have to be provided by the City and CCPD.**
- Explanation on how NCMHID is attempting to meet the recommendation of the Meadows report to bring after-hours crisis response in-house or co-locating crisis staff at emergency departments during peak times. – **After hours' crisis response is, and has been available for years. We will not be physically co-locating staff at emergency departments, however the implementation of cloud 9 within the emergency rooms fulfills this function, should ER's elect to utilize it.**
- In regards to crisis response, what is your interpretation of your current rate and is their room for improvement. – **Our rate of response is 100% for crisis' identified as being urgent or emergent. Room for improvement lays with the opportunity to increase utilization of crisis response services through the cloud 9 implementation.**
- What are your current initiatives that impact your crisis response rate? – **CIT/MCOT Expansion and cloud 9 implementation. Dependent on other partners to engage the service as appropriate.**
- Describe your current plan for rolling out Cloud9 under this agreement – **The plan is outlined in the attached implementation plan.**
- Has your role out of Cloud9 gone as planned? Describe any room for improvement. – **Yes, thus far. As with any situation in which there are multiple organizations coming together to utilize a common technological tool, there are multiple considerations and differing standards and requirements amongst organizations this can slow implementation as each organizations concerns are addressed. We have had to implement a great deal of customization within the application to have it function with our local processes and clinical documentation standards. Opportunities for improvement also exist in the county mental health department staff playing an active role in supporting existing program growth and development, bringing key parties together and assisting in collaboration with MHID, rather than operating in isolation, on side projects, and other initiatives that have yet to be realized. In short, support what's being done to make it even more of a success.**
- How does this fit into the development of a diversion center? – **Cloud 9 will function as the medium by which many diversions occur, it allows for all relevant parties in the diversion process to receive, review, and react to diversionary decisions.**
- Describe your current linkages to the jail as per implementation of program – **FACT as a program modality does not have direct linkages to the jail. Our jail diversion program screens and evaluates persons for eligibility, some of whom may qualify and benefit from FACT, there is a high level of collaboration between these programs.**
- Has FACT been implemented as planned? Describe any room for improvement. – **Yes, we continue to implement lessons learned from rollout during the pandemic, and an emphasis on community based psychiatric care.**
- Has FACT resulted in the expected outcomes? Describe process measures used to determine response. – **Outcomes are defined by our HHSC contract, this information can be highlighted and shared upon request.**
- How does this fit into the development of a diversion center? – **FACT and ACT are both modalities with fidelity aimed at a high level of engagement in a wide array of services. As a long term service, FACT can and would function to serve individuals who qualify after transitional care through a diversion center.**
- Has your Walk-in crisis clinic been implemented as planned? Describe any room for improvement. – **Yes, additional opportunity for improvement lays with the implementation of cloud 9 as a referral source and increased utilization of the services from ER's and hospitals.**

- Has your Walk-in crisis clinic resulted in the expected outcomes? Describe process measures used to determine response. – **Yes, we evaluate these services to promote avoidance of inpatient care, arrest, or other negative outcomes in lieu of the service.**
- How does this fit into the development of a diversion center? – **Walk in crisis clinic services would provide on demand psychiatric care for individuals brought to the diversion center whom are identified as needing immediate access to medication management and psychiatric evaluation services.**

MASTER SERVICES AGREEMENT

Between
Cloud 9 Counseling, Inc.
and
Nueces Center for Mental Health and Intellectual Disabilities

This Master Services Agreement (the "Agreement") is made by and between Cloud 9 Counseling, Inc., a Texas corporation with an address of 701 Brazos Street, Suite 1600, Austin, Texas 78701 ("Cloud 9" or "Company"), and Nueces Center for Mental Health and Intellectual Disabilities, a Texas non-profit 501(c)(3), with an address of 1630 S. Brownlee Blvd. Corpus Christi, TX 78404 ("NCMHID" or "Customer"). Company and Customer may hereafter be referred to, individually, as "Party," and, collectively, as the "Parties." This Agreement shall be effective on the day that the last Party to this Agreement executes below (the "Effective Date").

DEFINITIONS:

- **Affiliate** - Affiliates are agencies included in the subscription model that the Customer has identified to Cloud 9 as an Affiliate and that Cloud 9 and the Customer have agreed will be allocated one or more Cloud 9 Software Licenses which the Customer will pay for consistent with the subscription model charges in the Pricing Schedule. Examples of Affiliates include but are not limited to community clinics, mental healthcare systems, emergency medical systems, law enforcement, judicial and social services agencies.
- **Authorized Representative:** an Authorized Representative is an employee of either Party authorized to execute this MSA or other parts of the Agreement between the parties
- **Authorized User:** Authorized Users include: (i) Patient Users (as defined below); and, (ii) Licensed Software Users.
- **Cloud 9 Software License:** Cloud 9 Software License is a license Cloud 9 grants to Customers to use and receive Service detailed in the Cloud 9 Statement of Work ("C9SOW") for one or more applications that are part of the Cloud 9 Telehealth Platform upon Customer payment for such Licenses consistent with the applicable Pricing Schedule in this Agreement
- **Cloud 9 TeleHealth Platform** - The Cloud 9 Telehealth Platform is an enterprise platform developed and owned by Cloud 9 which includes the Cloud 9 Prevention Application and the Cloud 911 Intervention Application through which customers can connect multidisciplinary care teams from multiple organizations to coordinate and deliver collaborative healthcare.
- **Deliverables** - Deliverables are work products and Services that Cloud 9 commits to provide to Customer in the C9SOW. In addition to Services as defined below, Deliverables may include software (off-the-shelf and customized), equipment and materials related to the Cloud 9 Telehealth platform
- **Licensed Software Users:** Employees or contractors of Customer or Affiliate whom the Customer or Affiliate has assigned a Cloud 9 Software License
- **Patient Users:** Patients of Licensed Software Users (license must be current) to whom a Licensed Software user has offered to provide telehealth through the Cloud 9 Telehealth Platform. For the avoidance of doubt, Cloud 9 does not provide application support or training to Patient Users regardless of its commitment in this Agreement to provide training and support to Customer or Affiliates.
- **Services** - Services are defined as those services and work products Cloud 9 provides to Customer that constitute Deliverables or that are necessary to preparation and delivery of Deliverables and those that are related to the Telehealth Platform

WITNESSETH:

WHEREAS, Cloud 9 is in the business of developing, maintaining, and providing certain software and technology products, services, and consulting related to Customer's business, as more fully

contemplated and described herein (the “Services” or “Deliverables,” as appropriate), as well as within any statement of work issued and executed pursuant to this Agreement as further contemplated and described herein;

WHEREAS, the Parties desire to enter into a formal business relationship whereby Cloud 9 shall render and perform and/or provide the Services on Customer’s behalf, as related to Company’s business and Deliverables, and Customer shall compensate Cloud 9 for the performance and provision of the Services and/or Deliverables.

NOW, THEREFORE, in consideration of the covenants and mutual promises contained herein, and in reliance on the respective representations and warranties made to them, and intending to be legally bound thereby, the Parties hereby agrees as follows:

ARTICLE ONE COMPANY’S SERVICES

Section 1.1 Statement of Purpose. The Parties acknowledge, understand, and agree that the designed purpose of Cloud 9’s provision of the Services and/or Deliverables pursuant to this Agreement and any Statement of Work shall be to provide Customer and Customer’s Affiliates and Patients (where identified by Customer and approved for limited licensure and/or use by Cloud 9 in writing) the use and utilization of Cloud 9’s TeleHealth Platform, consisting of certain proprietary software developed by Cloud 9 (which includes Cloud 9’s proprietary “Cloud 9 Prevention workflow” and “Cloud 911 Intervention workflow”) designed to provide a digital pathway for the direct engagement of multidisciplinary healthcare teams and/or organizations to coordinate and deliver collaborative healthcare services.

Section 1.2 Statement of Work. Cloud 9’s provision of the Services and/or Deliverables contemplated and described within this Agreement shall be further governed by specific Statements of Work issued pursuant to this Agreement in furtherance of the Parties’ mutual objections (each, a “Statement of Work”). All Statements of Work issued pursuant to this Agreement shall be of no effect unless executed by an authorized representative of both Cloud 9 and Customer. In the event any language contained within any Statement or Work, or any amendment to any Statement of Work (each, an “SOW Amendment”) conflicts with the terms and provisions of this Agreement, the Statement of Work shall control for each specific issue in conflict. Customer acknowledges, understands, and agrees that Cloud 9 shall not be obligated to honor any order and/or request for either Services or Deliverables unless the Statement of Work and any order form included with the same is executed by both Parties. A copy of the formal Statement of Work is attached to this Agreement as Exhibit A.

Section 1.3 Compensation. Cloud 9 shall invoice Customer in accordance with each applicable Statement of Work, including any SOW Amendments thereto, and payment shall be due from Customer to Cloud 9 in strict conformity with the same upon Customer’s receipt of each such invoice. Customer shall have thirty (30) days from the date of each invoice to notify Cloud 9 of any dispute with any item contained within the same, provided, however, that such notice shall be asserted in good faith and delivered to Cloud 9 in writing. In the event Cloud 9 has not received payment of any invoice within forty-five (45) days of its invoice date, Customer acknowledges, understands, and agrees that Cloud 9 may choose to cease all performance and/or provision of any Services and/or Deliverables in Cloud 9’s sole and absolute discretion. In the event Cloud 9 has not received payment of any invoice within one hundred twenty (120) days of its invoice date, Cloud 9 shall be entitled to unilaterally terminate this Agreement and recover all invoiced (and undisputed) amounts from Customer, as well as seek all available legal and equitable remedies and recover all collection and litigation costs, including attorney’s fees. Customer further expressly agrees that Customer shall tender payment for (1) all hourly Services performed by Cloud 9 as part of implementation shall be invoiced monthly; and (2) all software licensing fees shall be invoiced quarterly and paid by Customer at least one (1) quarter in advance.

Section 1.4 Independent Contractor. Cloud 9 shall be an independent contractor with respect to the performance or provision of the Services and/or Deliverables, and neither Cloud 9 nor anyone employed by or contracted with Cloud 9 shall be deemed for any purpose to be the employee, agent, servant, representative, or subcontractor of Customer regarding the performance of any services whatsoever.

Section 1.5 Company Benefits and Obligations. Cloud 9 is not eligible to participate in any workers' compensation, vacation, group medical or life insurance, disability, profit-sharing or retirement benefits, or in any other fringe benefits or benefit plans Customer offers to Customer's employees. Customer is not responsible for withholding or paying any income, payroll, Social Security or other federal, state, or local taxes; making any insurance contributions, including unemployment or disability; or obtaining workers' compensation insurance on Cloud 9's behalf. Cloud 9 is responsible for, and shall indemnify Customer against, all such taxes or contributions, including penalties and interest.

Section 1.6 Additional Services. If authorized in writing by Customer, and agreed to in writing by Cloud 9, Cloud 9 shall provide or obtain from other third-parties or persons such additional services, which will be paid for by Customer, as may be necessary for Cloud 9 to perform and/or provide the Services and/or Deliverables. Any costs associated with such additional services shall be invoiced to Customer by Cloud 9 pursuant to Section 1.3 of this Agreement.

Section 1.7 Services and Deliverables Ownership. Customer explicitly acknowledges, understands, and agrees that Cloud 9 shall retain sole, exclusive, and absolute ownership of all Services and Deliverables, including any applicable copyrights, patents, and/or other intellectual property rights within same; and that this Agreement and any applicable Statement of Work, only conveys to Customer a limited license to use and/or utilize Cloud 9's Services and/or Deliverables.

Section 1.8 Other Business Activities. In no event shall this Agreement, or Cloud 9's obligations and responsibilities to Customer, as contemplated and described herein, prevent, prohibit, or impede Cloud 9's right and ability to be engaged and/or employed in any other business, trade, profession, or other activity.

Section 1.9 Specifications and System Access. Customer agrees that Customer shall secure all rights of access and application development specifications that may be necessary for Cloud 9's performance and/or provision of the Services and/or Deliverables contemplated and described within each applicable Statement of Work. Customer shall immediately notify and advise Cloud 9 of any limitations or restrictions which may govern Cloud 9's performance and/or provision of the Services and/or Deliverables, and Cloud 9 shall abide by all such limitations and restrictions; provided, however, that if such limitations or restrictions impede any portion of the Services and/or Deliverables to be performed and/or provided by Cloud 9, Customer expressly agrees that Cloud 9 shall be excepted from performing and/or providing same to the extent of such limitation and/or restriction without any waiver of the right to payment from Customer for any costs incurred by Cloud 9 in preparing for the performance and/or provision of the prohibited Services and/or Deliverables. The Parties mutually agree to collaborate in good faith on any alternative performance or provision of Services or Deliverables that may be necessary in such an event.

ARTICLE TWO CHANGES

Section 2.1 Changes in Services. Any proposed changes in the Services and/or Deliverables performed and/or provided by Cloud 9 may be accomplished without invalidating this Agreement or any Statement of Work through the mutual execution of a written SOW Amendment, as contemplated and described in Section 1.2 of this Agreement.

Section 2.2 Cloud 9 Not Liable. Cloud 9 shall not be liable to Customer for an increase in compensation, including those for delay, hindrance, or acceleration resulting from or by reason of any

cause, including the following: (a) fire or other casualty; (b) Force Majeure or any other causes beyond either Party's control; or (c) circumstances caused or contributed to by Cloud 9, unless rising to the level of Cloud 9's active interference with the Services and or Deliverables being performed and/or provided. Force Majeure events are further defined in Article Ten of this Agreement.

ARTICLE THREE PARTY REPRESENTATIONS

Section 3.1 Items Necessary for Cloud 9's Services. Except as otherwise provided herein, or in any related, additional document executed between the Parties in furtherance of this Agreement, Cloud 9 shall furnish all labor, tools, materials, supplies, equipment, and transportation necessary to perform all of the Services and provide all of the Deliverables.

Section 3.2 Authority. Both Customer and Cloud 9 have full and absolute power and authority to enter into this Agreement and all ancillary documents delivered pursuant to this Agreement, to assume and perform all of its obligations hereunder, to execute and deliver this Agreement to each other, and to perform all obligations contained herein.

Section 3.3 Undisclosed Liabilities. The Parties have no debts, employment contracts, other contracts, liabilities, leases, or obligations of any kind, character, or description, whether accrued, absolute, contingent, or otherwise, for which the other Party shall in any way be directly or indirectly subject or liable.

Section 3.4 Compliance. Cloud 9 warrants that Cloud 9 is, and shall remain, familiar with any applicable law regarding the content of this Agreement and shall cause all of Cloud 9's subcontractors, contractors, agents, representatives, and employees to comply with such applicable law throughout the term of this Agreement. Generally, the Parties further agree to comply with all laws, rules, and regulations applicable to this Agreement and the performance and/or provision of Services and Deliverables as contemplated and described by this Agreement. Cloud 9 cannot and does not accept or share any regulatory or legal risk which may be applicable to Customer. Customer acknowledges, understands, and agrees that it is Customer's sole responsibility to adhere to and ensure that all Services and/or Deliverables performed and/or provided by Cloud 9 pursuant to this Agreement meet all Customer's intended goals regarding same. Similarly, Cloud 9 acknowledges, understands, and agrees that it is Cloud 9's sole responsibility to adhere to and ensure that all Services and/or Deliverables performed and/or provided shall comply with this Agreement.

Section 3.5 Standard of Care. Cloud 9 will provide and perform the Services pursuant to this Agreement in a good and workmanlike manner, giving advice and making recommendations that are in accordance with all applicable laws and regulations related to Cloud 9's industry (specifically including the healthcare, mobile, and software operating industries), as well as using the same degree of care, skill, and prudence that would be customarily exercised for similar services, in a manner Cloud 9 reasonably believes to be in the best interest of the Customer in achieving the Customer's objectives. Customer's sole remedy for defective Services and/or Deliverables shall be the re-performance or re-provision of the defective Services or Deliverables by Cloud 9, and Cloud 9 shall not be responsible for any financial reimbursement to Customer. The Parties expressly agree that the attainment of any specific results in operations of the Customer is the sole responsibility of the Customer, and that Cloud 9 shall not be liable for the operational or financial outcomes of any given advice given to the Customer by Cloud 9.

Section 3.6 Notice. Customer shall give prompt written notice to Cloud 9 whenever Customer observes or otherwise becomes aware of any development that affects the scope or timing of Cloud 9's Services and/or Deliverables or any alleged defect or non-conformity in Cloud 9's performance and/or provision of same. Such notice shall be delivered to Cloud 9's address stated in the preamble above by first class mail, overnight delivery, or by facsimile or electronic mail transmission. All notices delivered

pursuant to this Agreement, including those contemplated by this Section 3.7, shall be delivered in writing to the Parties at the following addresses. It is the duty of both Parties to notify one another in the event the contact information below is changed for any reason.

If to Customer: NCMHID
Mike Davis
1630 S Brownlee
mdavis@ncmhid.org
If to Cloud 9: Cloud 9 Counseling, Inc.
Attn: JC Adams
701 Brazos Street, Suite 1600
Austin, Texas 78701
jc@cloud9telehealth.com

With a copy to: Kearney, McWilliams & Davis, PLLC
Attn: Bradley A. Nevills
55 Waugh Drive, Suite 150
Houston, Texas 77007
bnevills@kmd.law

ARTICLE FOUR TERM AND TERMINATION

Section 4.1 Term. The initial term of this Agreement shall begin on the Effective Date and remain in continuous effect until terminated by either Party pursuant to the terms and provisions of this Article Four (the "Term"). For purposes of the termination provisions recited immediately below in this Article Four, in the event this Agreement is terminated, all applicable Statements of Work and SOW Amendments shall simultaneously terminate in accordance with the provisions of this Article Four and this Agreement, generally. Cloud 9 shall refund any and all fees paid in advance by Customer and not yet earned by Cloud 9 for the performance and/or provision of the Services and/or Deliverables for all periods subsequent to the date of termination.

Section 4.2 Termination for Convenience. The Parties shall have the right to terminate or suspend this Agreement without cause at any time by providing sixty (60) days' written notice to the non-terminating Party. Upon receipt of such notice, Cloud 9 shall immediately cease performance and/or provision of the Services and/or Deliverables, except as may be authorized by Customer as being necessary to preserve or protect the then-existing Services previously performed or Deliverables previously provided. Payment by Customer for Cloud 9's Services and/or Deliverables actually performed and/or provided in accordance with this Agreement is subject to any conditions precedent or charges set forth in this Agreement. If this Agreement is voluntarily terminated by Customer without cause, Company shall not be obligated to return any funds paid to Company by Customer as a deposit, or as otherwise may be required by this Agreement. In the event of termination of this Agreement pursuant to this Section 4.2, Customer shall remain obligated to tender payment to Cloud 9 for any and all fees and charges incurred for Cloud 9's performance and/or provision of all Services and/or Deliverables up to the date of termination pursuant to this Agreement.

Section 4.3 Termination for Cause. In addition to the termination right provided in Section 4.2, immediately above, the Parties shall have the further right to terminate this Agreement in the event either Party commits any material breach of this Agreement; provided, however, that the non-breaching Party has notified the breaching Party of such default in writing and allowed the breaching Party no less than sixty (60) days to cure said material breach prior to the effective date of termination. If the event of termination of this Agreement pursuant to this Section 4.3, Customer shall remain obligated to tender payment to Cloud 9 for any and all fees and charges incurred for Cloud 9's performance and/or provision of all Services and/or Deliverables up to the date of termination pursuant to this Agreement.

Section 4.4 Survival of Certain Provisions. All terms and provisions of this Agreement related to intellectual property, confidential information, and confidentiality, as well as all restrictive covenants contained herein, shall survive termination of this Agreement and continue indefinitely unless otherwise specifically agreed to in writing by the Parties and/or as otherwise stated within this Agreement.

ARTICLE FIVE INDEMNITY

Section 5.1 Indemnification by Cloud 9 for Claims Against Customer. Subject to Customer's compliance with Section 5.3 of this Agreement, below, Cloud 9 agrees to defend and shall have the right to defend Customer, its officers, directors, employees, agents, and representatives from and against any and all claims, demands, liabilities, losses, causes of action, and suits of every type and character, including the expenses of litigation, court costs, and reasonable attorney's fees, without limitation, that are brought by third-parties (each, a "Claim"), and will pay any damages finally awarded to such third-party as a result of such Claim or pay any settlement amount agreed to regarding such Claim, as approved by Cloud 9, to resolve such Claim arising from Cloud 9 or Cloud 9's subcontractors, agents, employees, or representatives' gross negligence or willful misconduct, except for such as may be caused by the gross negligence or willful misconduct of Customer, its officers, directors, employees, agents, and representatives. Cloud 9's indemnity pursuant to this Section 5.1 shall be without regard or right to contribution from any insurance coverage maintained by Customer. If it is judicially determined that the monetary limits of the insurance coverage required herein, or of the indemnities voluntarily assumed within this Section 5.1 (which Cloud 9 and Customer hereby agree will be supported either by available liability insurance pursuant to which the insurer has no right of subrogation against the indemnitees, or voluntarily self-insured, either in part or in whole) exceed the maximum limits permitted under applicable law, it is agreed between the Parties that said insurance requirements or indemnities shall automatically be amended to confirm to the maximum monetary limits permitted by law.

Section 5.2 Indemnification by Customer for Claims Against Cloud 9. Subject to Cloud 9's compliance with Section 5.3 of this Agreement, below, Customer agrees to defend and shall have the right to defend Cloud 9, its officers, directors, employees, agents, and representatives from and against all Claims arising out of Customer's (including Customer's Affiliates and Patients, as applicable) use of the Services and/or Deliverables provided pursuant to this Agreement, except for such as may be caused by the gross negligence or willful misconduct of Cloud 9, its officers, directors, employees, agents, and representatives. Customer's indemnity pursuant to this Section 5.2 shall be without regard or right to contribution from any insurance coverage maintained by Cloud 9. If it is judicially determined that the monetary limits of insurance coverage required herein, or of the indemnities voluntarily assumed within this Section 5.2 (which Cloud 9 and Customer hereby agree will be supported either by available liability insurance pursuant to which the insurer has no right of subrogation against the indemnitees, or voluntarily self-insured, either in part or in whole) exceed the maximum limits permitted under applicable law, it is agreed between the Parties that said insurance requirements or indemnities shall automatically be amended to conform to the maximum monetary limits permitted by law.

Section 5.3 Indemnification Requirements; Notice. Any indemnifying party (the "Indemnitor") contemplated or described within this Article Five shall have the right to defend any indemnitee hereunder (the "Indemnitee") against any Claim for which the Indemnitee is seeking to be defended against pursuant to Sections 5.1 or 5.2 of this Agreement, and Indemnitor's indemnity obligations are subject to and conditioned upon: (1) the Indemnitee provided prompt written notice to the Indemnitor of the Claim upon learning of its assertion; (2) the Indemnitee allowing the Indemnitor, at the Indemnitor's expense, through the Indemnitor's chosen legal counsel, to defend, settle, and control all aspects of the defense of the Claim; (3) the Indemnitee assisting the Indemnitor in all reasonable aspects in such investigation and defense as may be necessary; and (4) the Indemnitee cooperating with the Indemnitor in taking all reasonable actions to mitigate any damages resulting from such Claim. In addition, unless a settlement would materially and adversely affect the Indemnitee, the approval of a settlement shall be at the

Indemnitor's sole and absolute discretion.

Section 5.4 Waiver of Certain Rights. The Parties mutually acknowledge, understand, and agree that both Parties hereby waive any right to any special, indirect, and/or consequential damages assessed against either Party hereto, as applicable.

ARTICLE SIX NON-DISCLOSURE, NON-COMPETITION, AND NON-SOLICITATION PROVISIONS

Section 6.1 Confidential Information. For purposes of this Agreement, "Confidential Information" means any data or information that is proprietary to either Party and not generally known to the public, whether in tangible or intangible form, whenever and however disclosed, including, but not limited to the following:

- (a) any marketing strategies, plans, financial information or projections, operations, sales estimates, business plans and performance results relating to the past, present, or future business activities;
- (b) plans for products or services, and customer or supplier lists, as well as all contracts, proposals, and production sheets;
- (c) any scientific or technical information, invention, design, process, procedure, formula, improvement, technology, or method;
- (d) any concepts, reports, data, know-how, works-in-progress, designs, development tools, specifications, computer software, source code, object code, flow charts, databases, inventions, information, and trade secrets;
- (e) any documents, drawing, sketches, blueprints, schematics, data, project records, or other written instrument or written information concerning either Party's Intellectual Property, inventions, discoveries, improvements, methods, business plans, ventures, practices, enterprises, exploration, production, transmission, or operation, or any other information affecting either Party's business operations; and
- (f) any other information that should reasonably be recognized as confidential information of either Party, especially including the processes and methodology by which Company performs and provides the Services to Customer. Confidential Information need not be novel, unique, patentable, copyrightable, or constitute a trade secret in order to be designated Confidential Information. Customer acknowledges that Company's Confidential Information is proprietary to Company, has been developed and obtained through great efforts by Company, and that Company regards all of its Confidential Information as trade secrets.

Section 6.2 Non-Confidential Information. Notwithstanding anything in the foregoing to the contrary, Confidential Information shall not include information which:

- (a) was known prior to receiving the Confidential Information from a Party;
- (b) becomes rightfully known to a Party from a third-party source not known (after diligent inquiry) by said Party to be under an obligation to the other Party to maintain confidentiality;
- (c) is or becomes publicly available through no fault of or failure to act by either Party in breach of this Agreement;
- (d) is required to be disclosed in a judicial or administrative proceeding, or is otherwise requested or required to be disclosed by law or regulation; and
- (e) is or has been independently developed by contractors, Company, or agents of either Party without violation of the provisions of this Agreement or reference or access to any Confidential Information.

Section 6.3 Disclosure of Confidential Information. From time to time, either Party may disclose Confidential Information to the other. Upon such disclosure, the receiving Party shall:

- (a) keep all Confidential Information strictly confidential by using a reasonable degree of care, but not less than the degree of care used by the receiving Party in safeguarding the receiving Party's own confidential and proprietary information, and
- (b) not disclose any Confidential Information received by said Party to any third-parties (except as otherwise provided herein). Each Party shall be responsible for any breach of this Agreement by any of each Party's respective agents or representatives.

Section 6.4 Use of Confidential Information. The Parties agree to use the Confidential Information solely in connection with Customers engagement of the Company and not for any purpose other than as authorized by this Agreement without the prior written consent of an authorized representative of the Party not seeking such consent. No other right or license to either Party's Confidential Information, whether expressed or implied, is granted to the opposite Party hereunder. Title to the Confidential Information will remain solely in the Party owning the same prior to the Effective Date of this Agreement. All use of Confidential Information shall be for the benefit of the Parties in furtherance of this Agreement, and any modifications and improvements by either Party to said Party's own Confidential Information shall be the sole property of the Party developing same. Each Party agrees to, and shall be fully responsible for, all confidential or proprietary information of the opposite Party in said Party's possession and each Party shall promptly upon completion of the Services, or on demand made by either Party or termination of this Agreement, return all such information and reproductions to the Party requesting same.

Section 6.5 Compelled Disclosure of Confidential Information. Notwithstanding anything in the foregoing to the contrary, either Party may disclose Confidential Information pursuant to any governmental, judicial, or administrative order, subpoena, discovery request, regulatory request or similar method, provided that said Party promptly notifies, to the extent practicable, the opposite Party in writing of such demand for disclosure so that the Party not compelled to disclose said Confidential Information, at its sole expense, may seek to make such disclosure subject to a protective order or other appropriate remedy to preserve the confidentiality of the Confidential Information; provided in the case of a broad regulatory request with respect to each Party (and not targeted at the opposite Party), each Party may promptly comply with such request provided each Party agrees that it shall not oppose and shall cooperate with efforts by, to the extent practicable, the opposite Party with respect to any such request for a protective order or other relief. Notwithstanding the foregoing, if either Party is unable to obtain or does not seek a protective order and the opposite Party is legally requested or required to disclose such Confidential Information, disclosure of such Confidential Information may be made without liability.

Section 6.6 Notice of Breach. Each Party shall notify the other Party immediately upon discovery of any unauthorized use or disclosure of Confidential Information by the breaching Party, its agents, or representatives, or any other breach of this Agreement by the breaching Party, its agents, or representatives, and will cooperate with efforts by the non-breaching Party to help the non-breaching Party regain possession of Confidential Information and prevent its further unauthorized use.

Section 6.7 Non-Solicitation. In the event this Agreement is terminated, or completed upon Company's provision of the Services, and for a period of twenty-four (24) months from the date of termination or completion of this Agreement, Customer shall not, directly or indirectly, solicit for employment or hire, in any capacity, any employee or Company or any of Company's Affiliates, or directly or indirectly solicit, entice, or attempt to solicit or entice any clients, customers, or suppliers of Company or any subsidiary of Company to divert their business or services from Company or any subsidiary of Company; provided, however, that the foregoing provision will not prevent either Company or Customer from employing any such person who contacts Company or Customer on said person's own initiative without any direct or indirect solicitation or encouragement from Company or Customer.

Section 6.8 Non-Circumvention. The Parties agree not to circumvent one another and pursue, engage in any transaction with, contact, or work with business associates, customers, and other third-parties introduced to one Party by the other Party. The Parties may introduce one another to individuals and/or entities that are potentially useful and/or interested in conducting business with the Company. It is understood that the introducing Party retains ownership of any such referral and the non-introducing Party cannot deal directly with such referred individual and/or entity without the express written consent of the referring Party. This non-circumvention provision shall apply for a period of twenty-four (24) months from the date of termination or completion of this Agreement.

Section 6.9 Non-Disparagement. Upon termination of this Agreement, the Parties agree not to disparage the other Party, or the other Party's directors, officers, managers, owners, counsel, customers, shareholders, present or former employees, independent contractors, agents, or other associated individuals, or otherwise take any action which could reasonably be expected to adversely affect the other Party's personal or professional reputation or the general business interests or endeavors of the other Party. For purposes of this section 6.9, "disparage" shall mean any negative statement, whether written or oral, about either Party, or either Party's directors, officers, managers, owners, counsel, customers, shareholders, present or former employees, independent contractors, agents, or other associated individuals. The Parties further agree that this non-disparagement provision is a material term of this Agreement, the absence of which would have resulted in the Parties refusing to enter into this Agreement.

Section 6.10 Non-Competition. Customer acknowledges access to the Confidential Information and Intellectual Property of Cloud 9, as well as a position of trust and confidence with Cloud 9 pursuant to this Agreement. In respect of this position, Customer agrees not to compete against Cloud 9 in the marketplace for a period of twenty-four (24) months from the termination of this Agreement. Specifically, during this period, Customer agrees not to (1) provide services or advice to any Competitor of Cloud 9 that competes with Cloud 9's business interests and operations; (2) Affiliate with any Competitor of Cloud 9 as an employee, partner, Company, or otherwise; and (3) directly, or indirectly through any of Customer's Affiliates, agents, or representatives, own, manage, operate, control, or participate in the ownership, management, operation, or control of any Competitor or a Competitor's competing division or other business segment. For purposes of this Agreement, "Competitor" shall mean any other person directly or indirectly engaged, in whole or in part, in a business the same as or similar to the business of Cloud 9 or any subsidiary of Cloud 9. Both Parties acknowledge, understand, and agree that the limitations stated in this Section 6.10 are reasonable in scope and duration, and further acknowledge and declare that due consideration has been exchanged for same.

Section 6.11 Strict Confidentiality. The Parties acknowledge, understand, and agree that the terms of this Agreement, including any Statement of Work or SOW Amendment issued pursuant hereto, shall be confidential. The Parties shall not disclose to any person or entity, except to their respective attorneys, accountants, and employees who have a need-to-know basis for such disclosure, the terms of this Agreement, except only to state that the Parties are involved in a formal business relationship. No publications may be made by either Party regarding this formal business relationship, the existence of this Agreement, the terms of this Agreement, or any aspect of the Services and/or Deliverables to be performed and/or provided by Cloud 9 pursuant to this Agreement without the express written consent of both Cloud 9 and Customer. Because damages related to breach of this confidentiality provision are difficult to estimate, the Parties acknowledge that, in the event of a breach of this confidentiality provision by either Party, the breaching Party shall be liable for liquidated damages in the amount of Twenty-Five Thousand and 00/100 dollars (\$25,000.00) per occurrence, not as a penalty, but as a reasonable forecast of just compensation to the non-breaching Party. The Parties explicitly agree that these confidentiality provisions of this Article Six shall be indefinite and are both reasonable and necessary for the mutual protection of the Parties hereto. Further, the Parties acknowledge, understand, and agree that the liquidated damages recited by this Section 6.11 shall in no way restrict either Party's ability to seek appropriate equitable and/or injunctive relief, as contemplated and described further within this Agreement.

ARTICLE SEVEN INTELLECTUAL PROPERTY

Section 7.1 Parties Retain Respective Ownership of Intellectual Property. All Intellectual Property, excluding any *work made for hire* to be developed by Cloud 9 exclusively on Customer's behalf or unless otherwise stated herein, shall belong exclusively to the Party owning same before the execution of this Agreement, their successors, and assigns, irrespective of any copyright notices or confidentiality legends to the contrary which may have been used or placed upon any product of work performed by either Party, its agents or representatives, or any other person or entity. Each Party is the sole and exclusive owner of all right, title, and interest throughout the world in and to all the results and proceeds of all Intellectual Property owned by said Party prior to the Effective Date of this Agreement.

If by operation of law any such Intellectual Property, related copyrights, or otherwise is not owned in its entirety by the Party owning same before the Effective Date automatically upon creation thereof, then each Party agrees to assign, and hereby assigns, to said owning Party, and its successors and assigns, the ownership of such Intellectual Property. For purposes of this Agreement, Intellectual Property shall mean all ideas, concepts, designs, inventions, discoveries, and improvements that are the direct or indirect result of either Party's labor and/or engagement pursuant to this Agreement. This includes all patents, copyrights, trademarks, trade secrets, and other intellectual property rights, whether made solely or jointly with others; whether or not patentable; and whether or not the conception, discovery, or making involves the use of either Party's time, facilities, equipment, or personnel.

A Party's "Intellectual Property" shall include, but not be limited to, all (1) works of authorship, improvements, innovations, technical information, procedures, software, source code, firmware, technology, Confidential Information, and other intellectual property, as reflected in software and other digital or electronic formats, further including, but not limited to, patent applications, patents, copyrights, trade secrets, trademarks, trade identities, trade dress, and know-how; and (2) all right, title, and interest relating to the possession, ownership, and use of the foregoing, including, without limitation, the right to license, sublicense, franchise, assign, divide, pledge, sell, offer to sell, transfer, convey, grant, import, make or have made, enforce, register, and generally commercialize same.

Section 7.2 Cloud 9 Software Licensing; Terms of Use. Subject to Customer's payment of the applicable licensing fees set forth within this Agreement and any pricing schedule made a part of this Agreement, Cloud 9 hereby grants Customer a non-exclusive, non-transferable, and sub-licensable license to use and utilize the Services and/or Deliverables performed and/or provided by Cloud 9 to Customer pursuant to this Agreement (the "License"). The License is further distributable to any third-parties, provided that Customer may only allocate use of the License to its Affiliates and/or Patients the necessary number of license keys necessary to create the collaborative, multidisciplinary healthcare team contemplated through Customer's use and utilization of the Cloud 9 TeleHealth Platform, as described in Section 1.1 of this Agreement. Further, Customer acknowledges, understands, and agrees that Customer shall only use and utilize the License to the extent necessary to collaborate with Customer's Patients served by Customer through the Cloud 9 TeleHealth Platform and the Services and/or Deliverables performed and/or provided by Cloud 9 to Customer as contemplated and described herein. Customer is solely responsible for ensuring that Customer's Affiliates and Patients comply with the provisions stated in this Section 7.2, as well as the terms of this Agreement, generally, and shall remain solely liable for any damage to any Service and/or Deliverable performed and/or provided by Cloud 9 pursuant to this Agreement caused, whether partially or completely, by Customer, its employees, contractors, Affiliates, Patients, agents, and/or representatives. For the avoidance of doubt, the License is a license to use only, and does not constitute or represent any transfer of ownership of any Service and/or Deliverable performed and/or provided by Cloud 9 pursuant to this Agreement, such that the License practically functions as Customer's subscription to use and utilize same.

Section 7.3 Cloud 9 Owns All Developments. Cloud 9 is the sole and exclusive owner of all

Developments. For purposes of this Agreement, “Developments” shall mean all right, title, interest, and ownership, throughout the world, in and to all results and proceeds of all modifications, alternations, enhancements, betterments, ideas, or discoveries related to the Cloud 9 TeleHealth Platform, including all Services, Deliverables, and the License.

Section 7.4 Customer Owns All Proprietary Data. Customer is the sole and exclusive owner of all data that is created and generated through Customer’s use of the License or stored and processed within the Cloud 9 TeleHealth Platform by Customer, especially including all data related to Customer’s proprietary business operations and all data related to Customer’s Patients, if any. Customer acknowledges, understands, and agrees that during use of the License and Cloud 9 TeleHealth Platform, generally, Cloud 9 may be exposed to Customer’s data. Cloud 9 agrees to take all reasonable action to ensure the strict confidentiality of Customer’s data and shall further cooperate with Customer to generate and develop internal (and confidential) methods of reporting said data and providing certain analyses of said data as may be requested by Customer. Cloud 9 shall further collaborate with Customer to generate and develop anonymized, population-wide data statistics and data models designed to benefit Customer and Customer’s Affiliates, Patients, and general communities. Cloud 9 shall not disclose or sell, or attempt to disclose or sell, any of Customer’s data to any third-party.

Section 7.5 Engagement Free of Encumbrances. Company warrants that Company’s engagement with Customer covered hereby will not infringe any Intellectual Property rights or other proprietary interests of third-parties. If Customer becomes aware of any such possible infringement in the course of Customer’s engagement of Company, Customer shall immediately notify Company in writing. Customer shall indemnify, defend, and hold harmless Company from and against all Claims for actual or alleged infringement or misappropriation of any such Intellectual Property rights or other proprietary interests of third-parties by reason of Customer’s engagement of Company. Customer shall, at its expense, defend all such Claims and shall pay all attorneys’ and Companys’ fees and all costs or other expenses related thereto.

ARTICLE EIGHT ALTERNATIVE DISPUTE RESOLUTION

Section 8.1 Mediation/Arbitration. In any dispute over or in any way related to the provisions of this Agreement and in all other disputes among the Parties, (the “Disputing Parties”) (including issues of enforceability, termination, and arbitrability), the dispute shall:

- (a) Be professionally and promptly presented and negotiated in good faith between the Disputing Parties.
- (b) In the event that negotiation fails or upon the expiration of one (1) month of the event(s) giving rise to the dispute, whichever is sooner, the dispute shall then be submitted to non-binding mediation. The Disputing Party shall apply to the American Arbitration Association for a mediator, with the mediation to take place virtually over secure video conferencing, or in person in Austin, Texas.
- (c) In the event mediation fails to resolve all of the issues between or among the Disputing Parties, or if mediation is not held within two (2) months of the event(s) giving rise to the dispute, then the matter or any remaining matters shall be submitted to final, non-appealable, binding arbitration. The arbitration shall be held by the American Arbitration Association in accordance with the Commercial Arbitration Rules of the American Arbitration Association. The place of arbitration shall be Houston, Texas. The arbitration will be conducted in English. The arbitrator may issue any preliminary, injunctive, and/or equitable relief. Nothing in this Section will serve to restrict the ability to apply for emergency relief. Any Party may, after failure of the negotiation and mediation procedures above, commence arbitration of the dispute by sending a written request for arbitration to all other Disputing Parties. The request shall state the nature of the dispute to be resolved by arbitration, and arbitration shall be commenced as soon as practical after such Parties receive a copy of the written request. The Parties may not bring suit regarding any disputes, controversies, or claims subject to

this Section of this Agreement in any venue other than an arbitration pursuant to this Section of the Agreement, except in order to enforce this Section or enforce an arbitral award made pursuant to this Section. In the event that a Party attempts to bring an action in violation of this Section, the Parties agree that the other Party will be entitled to the arbitrator or judge entering an injunction to enjoin such unauthorized action. All Parties shall initially share the cost of arbitration, but the prevailing Party or Parties shall be awarded attorney's fees, costs, and other expenses of arbitration. All arbitration decisions shall be final, binding, and conclusive on all the Parties to arbitration, and legal judgment may be entered based upon such decision in accordance with applicable law in any court having jurisdiction to do so. The Parties agree that the arbitral award shall be recognized by any applicable courts pursuant to all applicable statutes, conventions, and treaties. The Parties agree that this Agreement concerns interstate commerce for purposes of the Federal Arbitration Act and the Federal Arbitration Act shall apply.

ARTICLE NINE GENERAL PROVISIONS

Section 9.1 Amendments and Waiver. Any failure by either Party to enforce the other Party's strict performance of any provision of this Agreement will not constitute a waiver of its right to subsequently enforce such provision or any other provision of this Agreement. This Agreement can only be modified by a written amendment signed by the Party against whom enforcement of such modification is sought.

Section 9.2 No Third-Party Beneficiary. This Agreement is made solely and specifically among and for the benefit of the Parties, and their respective successors and assigns subject to the express provisions contained herein relating to successors and assigns, and no other person has or will have any rights, interest, or claims hereunder or be entitled to any benefits under, or on account of, this Agreement, as a third-party beneficiary or otherwise.

Section 9.3 Further Assurances. The Parties agree to execute and deliver additional documents and instruments and to perform all additional acts and actions necessary or appropriate to effectuate, carry out, and perform all of the terms, provisions, and conditions of this Agreement and the transactions contemplated herein.

Section 9.4 Entire Agreement. This Agreement constitutes the entire understanding between the Parties and supersedes any and all prior or contemporaneous understandings and agreements, whether oral or written, between Company and Customer, with respect to the subject matter and provisions contained herein. This Agreement can only be modified by a written amendment signed by the Party against whom enforcement of such modification is sought.

Section 9.5 Applicable Law. This Agreement shall be governed by, interpreted, construed, and administered under the laws of the State of Texas, as from time to time amended, and any applicable federal law. No effect is given to any choice-of-law or conflict-of-law provision or rule (whether of the State of Texas or any other jurisdiction) that would cause the application of the law of any jurisdiction other than those of the State of Texas.

Section 9.6 Express Negligence. THE RELEASE, INDEMNITY, DEFENSE, AND HOLD HARMLESS OBLIGATIONS CONTAINED IN THIS AGREEMENT WILL APPLY EVEN IF THE CLAIMS ARE CAUSED BY THE NEGLIGENCE OR WILLFUL MISCONDUCT OF Company, ITS AGENTS, OR ITS REPRESENTATIVES. BOTH PARTIES AGREE THAT THIS STATEMENT COMPLIES WITH THE REQUIREMENT KNOWN AS THE EXPRESS NEGLIGENCE RULE—TO EXPRESSLY STATE IN A CONSPICUOUS MANNER AND TO AFFORD FAIR AND ADEQUATE NOTICE THAT THE INDEMNITY PROVISION CONTAINED IN THIS AGREEMENT MAY REQUIRE ONE PARTY TO BE RESPONSIBLE FOR THE NEGLIGENCE, STRICT LIABILITY, AND CONTRACTUAL LIABILITIES TO THIRD-PARTIES, OR FAULT OF ANOTHER PARTY. THE CONTRACTUAL DEFENSE AND INDEMNITY REQUIREMENTS WILL ALSO BE PRIMARY TO ANY INSURANCE ON WHICH Company, ITS

AGENTS, OR ITS REPRESENTATIVES IS NAMED AS INSURED, INCLUDING THAT INSURANCE REQUIRED PURSUANT TO THIS AGREEMENT.

Section 9.7 Waiver of Consequential Damages. NOTWITHSTANDING ANY PROVISION HEREIN TO THE CONTRARY, Company SHALL NOT BE LIABLE TO THE CUSTOMER FOR ANY INDIRECT, SPECIAL, EXEMPLARY, OR CONSEQUENTLY DAMAGES OR LOSSES, INCLUDING BUSINESS INTERRUPTIONS, LOSS OF PROFIT, LOSS OF REVENUES, PRODUCTION LOSS, AND RESERVOIR DAMAGES, HOWSOEVER CAUSED, IN WHOLE OR IN PART, FROM THE NEGLIGENCE (WHETHER SUCH NEGLIGENCE BE SOLE, JOINT, AND/OR CONCURRENT, ACTIVE OR PASSIVE), GROSS NEGLIGENCE, STRICT LIABILITY, CONTRACT BREACH, BREACH OF WARRANTY, OR ANY OTHER THEORY OF LEGAL LIABILITY ATTRIBUTABLE TO Company.

Section 9.8 Attorney's Fees. If any Party to this Agreement institutes any legal cause of action—including arbitration—against another Party arising out of or relating to this Agreement, the prevailing Party will be entitled to the costs incurred in conducting the cause of action, including reasonable attorney's fees, expenses, and costs of court.

Section 9.9 Force Majeure. As used in this Agreement, "Force Majeure" shall mean acts of God, including storms, floods, hurricanes, tornadoes, earthquakes, warlike action, insurrection, revolution, civil war, strikes, acts of public enemies, rules, ordinances, orders, directives, mandates, or regulations of any governmental authorities having jurisdiction over this Agreement, also including epidemics and/or pandemics of any type or cause, regardless of whether local, state, or federal disasters or emergencies have been declared, that are not reasonably within the control of the Party claiming the application of this Force Majeure provision and that could not have been avoided or overcome by the exercise of due diligence by such Party. If any Party is rendered unable, in whole or in part, by reason of Force Majeure, to fulfill any of said Party's obligations pursuant to this Agreement, then upon such Party delivering notice and explanation of such Force Majeure event in writing to the other Party within ten (10) days after the occurrence of the cause relied on, such obligation of the Party delivering such notice, so far as such obligation is affected by such Force Majeure, shall be suspended during the continuation of any inability so caused. Such inability shall, as far as practicable, be remedied with all reasonable dispatch by the Party claiming Force Majeure.

Section 9.10 Separate Counsel. By signing this Agreement, each Party acknowledges that this Agreement is the product of arms-length negotiations between the Parties and should be construed as such. Each Party acknowledges that he or she has been advised to seek separate counsel and has had adequate opportunity to do so.

Section 9.11 Limitations on Liability. Notwithstanding any of the foregoing, neither Party shall be liable to the other pursuant to this Agreement for any amount of damages exceeding an aggregate total of the amounts paid or payable to Cloud 9 by Customer for the twelve (12) months immediately preceding the date of occurrence of any events giving rise to any claim or dispute between the Parties. This limit shall apply notwithstanding any failure of essential purpose of any limited remedy provided for herein, whether either Party had advance notice of the possibility of such damages, and, except as otherwise expressly set forth within this Agreement, neither Party makes any warranties, express or implied, with respect to the Services and/or Deliverables to be performed and/or provided pursuant to this Agreement, including, without limitation, any implied warranties of merchantability, non-infringement, and/or fitness for a particular purpose, to the fullest extent permitted by law.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed, as of the day and year first above written.

SIGNATURES

AGREED TO AND ACCEPTED this 05 day of January, 2022, by:

CUSTOMER / NCMHID:

CLOUD 9 COUNSELING, INC.:

Signature: *Mike Davis*

Signature: *J.C. Adams*

Printed name: Mike Davis

Printed name: J.C. Adams

Title: CEO

Title: CEO

Date: 01 / 05 / 2022

Date: 01 / 05 / 2022

EXHIBIT A STATEMENT OF WORK

Pursuant to Sections 1.2 of the Master Services Agreement executed by and between Cloud 9 Counseling, Inc., a Texas for-profit corporation with an address of 701 Brazos Street, Suite 1600, Austin, Texas 78701 (“Cloud 9” or “Company”), and Nueces Center for Mental Health and Intellectual Disabilities, a Texas non-profit 501(c)(3), with an address of 1630 S. Brownlee Blvd. Corpus Christi, TX 78404 (“NCMHID” or “Customer”), this Exhibit A describes the Services to be performed and provided by Cloud 9, which shall constitute Cloud 9’s Services and/or Deliverables as described herein and referenced by said Agreement.

Cloud 9’s Services and Deliverables to be provided to Customer shall be determined and governed by the following terms and provisions. In the event there is a conflict between the terms and provisions of this Exhibit A and the terms and provisions of the Master Services Agreement referenced immediately above (the “Agreement”), this Exhibit A shall control to the extent of such conflict.

I. Scope of Cloud 9’s Services

1. The initial scope of Cloud 9’s Services and/or Deliverables with specific respect to the Cloud 9 Telehealth Platform, as contemplated and described within the Agreement, shall be as follows:
 - a. Telehealth Program Implementation Planning.
 - b. Technical Needs Analysis.
 - c. System Planning and/or Design Specification.
 - d. Project Planning and Management.
 - e. Program Performance Measures and/or Success Metrics Design.
 - f. Aligning Cloud 9 workflows, referenced above, with Customer and Customer’s Affiliates’ pre-existing workflows.
 - g. Provide training material that is sharable for all of the Customer’s users
 - h. Provide individual and group training sessions of Customer’s and Affiliate project leaders, who will in turn train any of the Customer’s remaining internal and external users of the Cloud 9 TeleHealth Platform / digital application.
 - i. Provide a fully functional, stand-alone product, including the Cloud 9 Prevention workflow and the Cloud 911 Intervention workflow.

II. Phased Implementation

1. Based on discussions between Cloud 9, Customer, and Customer’s Affiliates, Cloud 9 will perform and/or provide the Services and/or Deliverables in three (3) distinct phases. Each of these phases is designed to first demonstrate the efficacy and value of the Cloud 9 TeleHealth Platform and specific solutions for particular use cases identified and detailed by Customer and Customer’s Affiliates, appearing in the Project Plan, below. In subsequent phases, user experiences and feedback will be incorporated into the continued development of the Cloud 9 TeleHealth Platform. Cloud 9 will be responsible for performing certain tasks throughout various phases of the delivery, implementation, set-up, and training related to the Services and/or Deliverables to be performed and/or provided by Cloud 9 with relation to the Cloud 9 TeleHealth Platform.

Completion of the phases contained in the Project Plan, below, as well as their respective stages, will result in a finalization and completion of Cloud 9’s implementation role. After Customer accepts the Deliverables related to Phase 3, the Services and Deliverables subsequently performed and/or provided by Cloud 9 shall transition from the custom development of the same to standardized software licenses and maintenance. Cloud 9, Customer, and Customer’s Affiliates and users must all participate in a collaborative manner and method, and as responsible

parties, through the phases and stages identified above in order to achieve the goals, design, and results contemplated and described within this Statement of Work.

III. **Implementation Phases and Timelines**

1. Customer acknowledges, understands, and agrees that the timelines included in the phase descriptions below are only estimates. Cloud 9's ability to perform and/or provide the Services and/or Deliverables contemplated and described within the Agreement and herein in a consistent manner is entirely contingent upon Customer's timely review and execution of all related engagement agreements, as well as Customer and Customer's Affiliates' timely review and provision of feedback regarding Cloud 9's Services and/or Deliverables.
2. *Phase 1.*
 - a. **Tasks.** Tasks that Cloud 9 shall execute in collaboration with Customer and Customer's Affiliates during Phase 1 shall include the following:
 - i. Planning Cloud 9 TeleHealth Platform deployment workflow design for the Cloud 911 Intervention workflow for use with Customer's Affiliates and target Patient population.
 - ii. Determination of Customer's key success metrics.
 - iii. Testing Customer's stand-alone version (or "Instance") of the Cloud 9 TeleHealth Platform's functionality.
 - iv. Training Customer's Affiliates' project leaders (who will in turn provide training to both internal and external users of crisis intervention services via the Cloud 9 TeleHealth Platform).
 - v. Deployment and evaluation of the Cloud 9 TeleHealth Platform in collaboration with selected authorized users designated by Customer's Affiliates.
 - vi. Evaluation of initial deployment and presentation to Customer in order to determine program expansion and re-evaluating success metrics for the next phase.
 - b. **Deliverables.** Cloud 9 will provide the following Deliverables during Phase 1:
 - i. Plan for initial deployment of the Cloud 911 Intervention workflow for a to-be-determined number of crisis clinicians
 - ii. Training for Customer's Affiliates project leaders on use of the Cloud 9 TeleHealth Platform mobile and/or digital application and related workflows
 - iii. Evaluation of initial deployment, including requisite implications for next steps.
 - iv. Connection of designated crisis clinicians to Affiliates such as law enforcement or emergency medical systems personnel for the purpose of providing virtual co-response to individuals in mental health crisis situations.
 - c. **Estimate Timeline.** Six (6) months. Additionally, please refer to the "Project Plan" contained in Schedule 1 of this Statement of Work.
 - d. **Timeline Dependencies.** Timelines contemplated and described herein are entirely dependent upon the timely provision of feedback requested by Cloud 9 from Customer and Customer's Affiliates, as well as all necessary actions taken by Customer and/or Customer's Affiliates as related to same, if any. Customer and Customer's Affiliates acknowledge, understand, and agree that they are expected to, and shall, provide all feedback requested by Cloud 9 within ten (10) business days of receiving such request from Cloud 9.

3. *Phase 2.*

- a. Tasks. Tasks that Cloud 9 will execute in collaboration with Customer and Customer's Affiliates' during Phase 2 shall include the following:
- i. Create a plan to build any added or enhanced functionality into the Cloud 9 TeleHealth Platform, as agreed upon between Cloud 9 and Customer.
 - ii. Testing any added or enhanced functionality of Customer's Instance of the Cloud 9 TeleHealth Platform.
 - iii. Identify additional first responders and crisis clinicians for expansion of the Cloud 911 Intervention workflow.
 - iv. Provide new and/or refresher training for Customer's Affiliates' project leaders on use of the Cloud 9 TeleHealth Platform mobile and/or digital application and related workflows.
 - v. Deployment and evaluation of the enhanced Cloud 9 TeleHealth Platform in collaboration with selected authorized users designated by Customer's Affiliates.
 - vi. Evaluation of Phase 2 deployment and presentation to Customer to determine program expansion and re-evaluating success metrics for next phase.
- b. Deliverables. Cloud 9 will provide the following Deliverables during Phase 2:
- i. Plan for expanded and enhanced deployment of the Cloud 911 Intervention workflow for a to-be-determined number of crisis clinicians.
 - ii. Training for Customer's Affiliates' additional project leaders on use of the Cloud 9 TeleHealth Platform mobile and/or digital application and related workflows.
 - iii. Evaluation of Phase 2 deployment, including requisite implication for next steps.
 - iv. Connection of additional designated crisis clinicians for the purpose of providing virtual co-response to individuals in mental health crisis calls.

4. *Phase 3.*

- a. Tasks. Tasks that Cloud 9 will execute in collaboration with Customer and Customer's Affiliates' during Phase 3 shall include the following:
- i. Create a plan to build any added or enhanced functionality into the Cloud 9 TeleHealth Platform, as agreed upon between Cloud 9 and Customer.
 - ii. Testing any added or enhanced functionality of Customer's Instance of the Cloud 9 TeleHealth Platform.
 - iii. Identify additional first responders and crisis clinicians for expansion of the Cloud 911 Intervention workflow.
 - iv. Provide new and/or refresher training for Customer's Affiliates' project leaders on use of the Cloud 9 TeleHealth Platform mobile and/or digital application and related workflows.
 - v. Deployment and evaluation of the enhanced Cloud 9 TeleHealth Platform in collaboration with selected authorized users designated by Customer's Affiliates.
 - vi. Add the use of the Cloud 9 Prevention workflow to enable continuous engagement between Customer's Affiliates and consumers selected by Customer's Affiliates for use of the Cloud 9 TeleHealth Platform mobile and/or digital application, specifically, for the following:
 1. Assisting Customer's Affiliates to conduct consumer outreach to individuals identified as (a) high risk to Covid-19; (b) high utilizers of emergency and acute level of care services; or (c) pending release from an in-patient unit.

2. Assisting Customer's Affiliates to deliver remote care to consumers, connecting mental healthcare teams via telehealth data and communications for more efficient continuous treatment services.
 3. Assisting Customer's Affiliates to use various screening and assessment tools that are housed within the Cloud 9 TeleHealth Platform mobile and/or digital application.
 4. Assisting Customer's Affiliates to create various notifications sent to consumers via the Cloud 9 TeleHealth Platform mobile and/or digital application, such as medication and appointment reminders, along with requests for consumer-generated data such as mood reporting, drug cravings, etc.
 5. Assisting Customer's Affiliates to contact or message other members of the consumer's collaborative care team in order to coordinate care.
- vii. Evaluation of Phase 3 deployment and presentation to Customer to determine program expansion and re-evaluating success metrics for next phase.
- b. **Deliverables.** Cloud 9 will provide the following Deliverables during Phase 3:
- i. Plan for expanded and enhanced deployment of the Cloud 911 Intervention workflow and the Cloud 9 Prevention workflow, specifically, for the following:
 1. For a to-be-determined additional number of crisis clinicians and/or first responders
 2. For an expanded group of Customer's Affiliates such as social service agencies, substance use treatment programs, or others
 3. For consumers selected by Customer's Affiliates' agencies.
 - ii. Training for Customer's Affiliates' project leaders on use of the Cloud 9 TeleHealth Platform mobile and/or digital application and related workflows.
 - iii. Evaluation of Phase 3 deployment, including requisite implications for next steps.

Acceptance of Deliverables

1. ***Acceptance Criteria.*** Upon the closing of each of the Project Phases contemplated and described above, Cloud 9 shall provide a written summary of all Services and Deliverables performed and provided by Cloud 9 on Customer's behalf (the "Acceptance Document"), which Customer and Customer's Affiliates shall review and familiarize themselves with upon receipt. Pursuant to the Parties' subsequent mutual written agreement, the next Project Phase shall then commence. Upon finalization and verification of the ability to deploy successfully all features and aspects discussed in the Project Plan set forth in Schedule 1 to this Exhibit A, then the Project contemplated and described within this (or each) Statement of Work shall be deemed satisfied and fulfilled. Acceptance for each Phase shall be finalized by Customer through the Acceptance Process delineated immediately below.
2. ***Acceptance Process.*** Within ten (10) business days of Cloud 9 furnishing Customer with the Acceptance Document, as contemplated and described within the immediately preceding paragraph, Customer shall execute the same and deliver to Cloud 9. Customer shall indicate on the Acceptance Document whether Customer accepts the Deliverables provided during the relevant Project Phase or whether Customer requests certain changes be made that Customer shall clearly and specifically identify and describe on the Acceptance Document, or any ancillary attachments thereto, before returning to Cloud 9.
3. ***Technical Requirements.*** In order for any party to use and utilize the Cloud 9 Telehealth Platform, said party must provide and upload sufficient user identification information enabling the prevention of database duplicates of names, dates of birth, electronic mail addresses, phone numbers, or license, badge, or other identification numbers, as well as distinguish multiple records applicable to the same individual.

Cloud 9's Telehealth Platform is primarily designed for the accessibility and mobility of smartphones and tablets (*Note: Cellular data may be required for voice only communication on tablets). A website application can be developed by Cloud 9 upon Customer's request. Cloud 9's Telehealth Platform is currently available on Apple iOS devices, including iPhones and iPads, as well as a variety of Android OS devices, including those manufactured and/or marketed by Samsung, Google, OnePlus, TCL, and Motorola. The list of technical requirements for usage of the Cloud 9 Telehealth Platform is further described in the tables immediately below.

Operating Systems	Requirement
Oldest version of Apple iOS supported	iOS: Latest Release
Oldest version of Android OS supported for	Android OS 10.0
Bandwidth	Requirement
Minimum speed for our C9 app's overall functionality	250kbps
Minimum speed for secure messaging (We are using socket.io for chat),the minimum bandwidth requirement for the same is provided	20kbps
Minimum speed for video + voice calls	60kbps
Minimum speed for voice (over internet)	100kbps
Cloud 9 also allows voice (over cellular network)	anywhere cellular network carrier signal is available

IV. Implementation Conditions and Modifications

1. *Users.* Any Deliverables provided by Cloud 9 pursuant to the terms and provisions of the Agreement or this Statement of Work may only be used and/or utilized by the Customer and licensed Affiliates defined in this SOW fee schedule or subsequent Amended SOW.

In the event Customer has a parent organization and said organization is the parent or partner of several other companies and/or organizations, these other companies and/or organizations are explicitly not granted any rights of use regarding any of the Services and/or Deliverables to be performed and/or provided by Cloud 9 unless expressly agreed to in writing by Cloud 9 and Customer. An SOW Amendment may be utilized by Customer and Cloud 9 in order to address any future extension of rights to such companies and/or organizations.

2. *Service Location.* Cloud 9 may conduct some technical reviews, inspections, and needs-analysis at Customer's office or business location or the office or business location of any Customer Affiliate. All other stages of the Cloud 9 Telehealth Platform development shall be conducted by Cloud 9's remotely. Certain Project Phases and stages of Project Phases shall be conducted remotely by Cloud 9 in Cloud 9's sole and absolute discretion.
3. *Implementation Support.* Cloud will commit to a certain number of hours of training assistance, as contemplated in Section III of this Statement of Work, above, for Customer's non-technical and/or call center personnel; provided, however, that Cloud 9 employees and/or contractors shall not be considered in any event to be "on-call" subsequent to Customer's acceptance of the

Deliverables stated in Section III(4)(b) of this Statement of Work, above. Any repetitive processes inherent to use or utilization of the Cloud 9 Telehealth Platform shall be documented and provided for the on-boarding of both technical and non-technical staff. The Cloud 9 Software License provides for continuous maintenance to the Cloud 9 Telehealth Platform.

V. Roles and Responsibilities

1. *Cloud 9.* Cloud 9 shall be responsible for the following activities:
 - a. Developing, maintaining, and managing the Project Plan (refer to Schedule 1 of this Statement of Work) to ensure agreement among the Parties regarding tasks, scheduling, progression, participants, and deliverable dates.
 - b. Scheduling weekly or other period meetings amongst Cloud9, Customer, or Customer's Affiliates to ensure progress towards achievement of Customer goals.
 - c. Reporting progress, issues, and resolution of issues to Customer on a weekly basis.
 - d. Ensuring the Cloud 9 Telehealth Platform and all related mobile and/or digital applications are technically sound and functioning according to Customer's specifications as agreed between Cloud 9 and Customer and operationally tested and verified by Cloud 9 prior to Customer's use and/or implementation.
 - e. Providing Deliverables to Customer and Customer's Affiliates as detailed in the Project Plan contained in Schedule 1 to this Statement of Work.

2. *Customer.* Customer shall be responsible for the following activities:
 - a. Project management oversight and contract management of the Services and/or Deliverables described within this Statement of Work.
 - b. Designating a single point-of-contact through which Cloud 9 may quickly and efficiently communicate with Customer.
 - c. Identification and distribution of specifications and system requirements to Cloud 9.
 - d. Identification of Customer and Customer's Affiliates for essential contributions to discovery, identification of workflows, system requirements, specifications, and Cloud 9 application evaluations.
 - e. Establishing a standing Project "Executive Team" that is responsible for receiving and providing feedback regarding any Deliverables provided pursuant to the Agreement or this Statement of Work.
 - f. Providing timely reviews of submitted Deliverables in order to maintain the project schedule mutually agreed by Customer and Cloud 9; provided, however, that Customer expressly understands and agrees that any failure to review documents produced by Cloud 9 in a timely manner will delay production and delivery of all Deliverables to no fault of Cloud 9.
 - g. Identifying and making key personnel of Customer available for one-on-one and/or focus group-oriented research and interviews. Customer acknowledges and agrees that this research and interviews are critical to Cloud 9 being able to timely produce and deliver the Deliverables contemplated herein.
 - h. Managing the participation, cooperation, and contribution of Customer's Affiliates and any resolution issues that arise related to Customer's Affiliates in any part of any scope of work contemplated and described within the Agreement and this (or any) Statement of Work, the Project Plan, or the Deliverables to which Customer's Affiliates participation and/or involvement is considered imperative.
 - i. Ensuring the compliance of Customer's Affiliates with respect to the obligations of all authorized users as defined within the Agreement or this Statement of Work.
 - j. Ensuring the compliance of Customer's Patients utilizing the Cloud 9 Telehealth Platform with respect to Customer's obligations as contemplated and described within the Agreement or this Statement of Work.

VI. Customer's Affiliates

1. *Customer's Affiliates as Collaborators.* Customer's Affiliates that Customer has identified as part of the multi-disciplinary team that will collaborate with Customer through the use and/or utilization of the Cloud 9 Telehealth Platform and specific Cloud 9 Licenses allocated to Customer's Affiliates are those individuals and/or entities identified and described in Section V.1. of this Statement of Work, above.
2. *Role and Relationship of Customer's Affiliates.* Customer's Affiliates, either individually or as a group, are not a party to this Statement of Work and have no contractual relationship with Cloud 9, nor does Cloud 9 have any obligations to any of Customer's Affiliates. However, to ensure the Customer is able to meet its goals through the use and utilization of the Cloud 9 Telehealth Platform, Cloud 9 will work with Customer's Affiliates toward achieving Customer's goals and will collaborate as reasonably necessary for same, in Cloud 9's sole discretion. However, Cloud 9 shall not ever be considered responsible for ensuring the cooperation and successful collaboration attempts of Customer's Affiliates, which such responsibility shall rest with Customer alone. Should Customer's Affiliates fail to participate and assist with fulfilling its duties as related to Customer's responsibilities and the Agreement and this Statement of Work, generally, Cloud 9 shall not be responsible or incur any liability should Customer fail to achieve its goals through the use of the Cloud 9 Telehealth Platform.

VII. Project Management

1. Cloud 9 and Customer have identified the following project teams designated to fulfill the roles and responsibilities identified in this Statement of Work. Both Parties will assign an individual Project Manager to the Project contemplated and described herein. Cloud 9 will take all reasonable action to maintain the Cloud 9 team identified in the table immediately below for the duration of the Project contemplated and described herein. However, if Cloud 9 anticipates a change in personnel will be necessary, Cloud 9's Project Manager shall notify Customer's designated Project Manager regarding same. If Customer anticipates a change in its personnel, Customer's Project Manager shall notify Cloud 9's designated Project Manager regarding same. Both Parties will assign a resource to act as a Project Manger to the Project(s) contemplated and described herein.

a. *Cloud 9 Project Team.*

Resource	Title	Project Role
Key Personnel & Project Team		
J.C. Adams	CEO	Organizational decision maker
Dr. Carolyn Rekerdres	Clinical Lead	Clinical oversight
Najat Bryant	IT Manager	Technical & Security management
Barrett Yeager	Customer Support	General & Technical Support

b. *Customer Project Team.*

Resource	Title	Project Role
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Key Personnel & Project Team		
Mike Davis	CEO	Organization decision maker
Mark Hendrix	Director of Operations	Clinical Program Design and Operational Oversight
Andrea Kovarik	Mental Health Director	Clinical Oversight, Implementation, and Execution
Russell Weir	I.T. Director	Technical Implementation and Oversight
Dr. Xavier Fonz Gonzales	Administrator for NCHD	Analytics and Community Partner Liaison

VIII. Term

1. This Statement of Work shall be considered effective from the Effective Date and will remain in continuous force and effect until terminated pursuant to the terms of the Agreement and/or this Statement of Work.

**SCHEDULE 1
TO
EXHIBIT A – STATEMENT OF WORK
PROJECT PLAN**

Phase	Stage	Stage Name	Description of Phase	Duration	Deliverables
P H A S E 1	1	Deployment Planning	Design workflows for Crisis Intervention Application; determine Customer's success metrics	4 weeks	Documentation of (1) crisis intervention workflows; and, (2) Customer success metrics
	Responsible: Cloud 9; Customer; Customer's Affiliates				
	1a	Reporting	Design performance reports; test capacity of Cloud 9 software to produce data for reports	3 weeks	Report design agreed between Cloud 9 and Customer; Cloud 9 software confirmed ability to produce report data
	Responsible: Cloud 9; Customer				
	2	Testing	Test Customer instance of Cloud 9 software functionality	3 weeks	Confirmation that software passes Cloud 9 functionality tests in test environment ³
	Responsible: Cloud 9; Customer				
	3	Customer's Affiliates Training	Train representatives identified by Customer's Affiliates to train internal and external users of designated services	3 weeks	Completed training modules or classes by all representatives identified
	Responsible: Cloud 9; Customer's Affiliates				
	4	Go live with Crisis Intervention App	Customer and Customer's Affiliates begin using Crisis Intervention Application	3 months	Functional Application on Customer and Customer Affiliate devices
	Responsible: Customer; Customer's Affiliates				
	5	Evaluation	All Parties evaluate experience of using Crisis Intervention Application	3 weeks	(1) Written evaluations completed by all Parties; and

					(2) Cloud 9 completes and distributes to Customer summary of evaluations and recommendations for Phases 2 and 3
	Responsible: Cloud 9; Customer; Customer's Affiliates				
P H A S E 2	1	Customization and expansion planning	Improve and expand functionality for new users and workflows	4 weeks	(1) Documentation of new and improved workflows; and (2) updated software functionality consistent with new workflows and improvements agreed between Cloud 9 and Customer
	Responsible: Cloud 9; Customer; Customer's Affiliates				
	1a	Reporting	Design performance reports; test capacity of Cloud 9 software to produce data for reports	3 weeks	Report design agreed between Cloud 9 and Cloud 9; software confirmed ability to produce report data
	Cloud 9; Customer				
	2	Testing of updated functionality within Customer's instance of Cloud 9 Software		3 weeks	
	Responsible: Cloud 9				
	3	Training of Customer's Affiliates project leaders who will in turn train all internal and		3 weeks	

		external users of designated services			
Responsible: Cloud 9; Customer, Customer's Affiliates					
	4	Go live with use of Cloud 9 software with additional Users and workflows		3 months	
Responsible: Cloud 9; Customer, Customer's Affiliates					
	5	Complete evaluation of Phase 2 of Cloud 9 deployment		3 weeks	
Responsible: Cloud 9; Customer; Customer's Affiliates					
P H A S E 3	1	Planning for improvement of Cloud 9 software and program design for expanded Customer's Affiliates, Users and workflows		3 weeks	
	Responsible: Cloud 9, Customer; Customer's Affiliates				
	1a	Reporting	Design performance reports; test capacity of Cloud 9 software to produce data for reports	4 weeks	Report design agreed between Cloud 9 and Customer; Cloud 9 software confirmed ability to produce report data
	Responsible: Cloud 9; Customer's Affiliates				

	1b	Outreach	Design and implement consumer outreach program	3 weeks	able consumer outreach in Cloud 9 Software
	Responsible: Cloud 9; Customer				
	2	Testing of all functionality within Customer's instance of Cloud 9 software		3 weeks	
	Responsible: Cloud 9				
	3	Training of additional Customer's Affiliates project leaders who will in turn train all internal and external users of designated services		2 weeks	
Responsible: Cloud 9; Customer; Customer's Affiliates					
4	Go live with use of Cloud 9 app with expanded Customer's Affiliates		Ongoing use of Cloud 9		

**SCHEDULE 2 TO STATEMENT OF WORK:
PRICING**

In exchange for the payments identified below (“Software License Fees”), all Authorized Users shall have full access to use C9 Telehealth Software and ongoing technical support through the Cloud 9 Software License. This License functions similarly to a subscription in that the Customer will be eligible to use C9 Telehealth Software, the License, and related Services through payment of recurring fees. This arrangement is commonly referred to as a subscription model. Cloud 9 will provide certain Cloud 9 Telehealth Software improvements and added features with each new version release at no additional charge to Customer. The cost of new versions is included in Software License Fees. In addition, the Software License Fees do not confer any rights of ownership on the Customer.

Authorized Users and Patient Users will access Cloud 9 Software via Cloud 9’s mobile application for use on wireless devices, including smartphones and/or tablets running recent versions of Apple iOS and Android operating systems. Authorized Users and Patient Users can download and use Cloud 9 apps on their existing personal or employer-owned devices.

1. ONE TIME FEES

1.1. IMPLEMENTATION COST

The following implementation costs are covered by a one-time fee based upon your location, user requirements, setup, and training needs.

Nueces County Planning, Setup, Training and Implementation*	Hours	Rate	Project Total
Senior Cloud 9 Personnel (Clinical & Technical)	200	\$250	\$50,000
Project Management	340	\$90	\$30,600
Operations & Administrative	1,100	\$40	\$44,000
Equipment & Travel			\$3,250
Total Implementation Cost	1,640		\$127,850

The actual cost for implementation will be driven by the number of hours required to be performed by each of the types of implementation staff members (listed above) to ensure a successful launch for Customer and its Affiliates. Cloud 9 will strive to ensure the most successful and cost effective implementation is completed.

*The total implementation cost estimate may increase/decrease (i.e. if there are changes to the scope).

The Implementation Timeline start date begins upon execution of both the MSA and this Scope of Work document. Initial payment is due prior to the start of Phase 1, Stage 1, “Deployment Planning” listed in the Project Plan in Schedule 1 to this SOW. Cloud 9’s resources and team hours will be applied more heavily in the initial stages, and the following 50/25/25 payment schedule reflects this up-front cost.

1.2. Implementation Fee Payment Schedule

50%	\$63,925	Due upon contract signing to fund Stage 1 Implementation
25%	\$31,963	Due upon Stage 1 launch to fund Stage 2 Implementation
25%	\$31,963	Due upon Stage 2 launch to fund Stage 3 Implementation

2. RECURRING FEE SCHEDULE

(Subscription Model):

Software License Fees are calculated based on the total active number of Authorized Users identified to Cloud 9 by Customer and memorialized below.

Phase 1 Care Team Users / Subscribers (Proposed)	Users	Rate	Monthly Fee
NCMHID Crisis Clinicians	6	\$90	\$540
CCPD Officers & City Detention Coordinator	8	\$90	\$720
NC Sheriff Deputies & Jail Discharge Coordinator	3	\$90	\$270
NC Constable	1	\$90	\$90
Local Emergency Rooms	4	\$90	\$360
NC District Attorney	1	\$90	\$90
CENIKOR Corpus Christi	2	\$90	\$180
Total Subscription Fee	25	\$90	\$2,250

Phase 2 Care Team Users / Subscribers (Proposed)	Users	Rate	Monthly Fee
Phase 1 Users	25	TBD	TBD
Additional Users (4 Law Enforcement 1 Care Team)	5	TBD	TBD
Total Subscription Fee	30	TBD	TBD

Phase 3 Care Team Users / Subscribers (Proposed)	Users	Rate	Monthly Fee
Phase 2 Users	30	TBD	TBD
Additional Users (TBD)	10	TBD	TBD
Total Subscription Fee	40	TBD	TBD

For efficiency, Cloud 9 bills for Software License Fees in advance on a quarterly basis as Quarterly Fees.

Customer and Community Partners can increase or decrease software subscribers/user numbers (For example, choices can be made to add [i.d. examples of potential users] Authorized Users in Phase 2 and 3). Any increases or decreases in Authorized Users will be accounted for and invoiced or refunded

accordingly. Additional Licensed Users can be added per the following tiered pricing model, leveraging economies of scale to lower the per user cost as the total number of users increases. **For Phase 1, Cloud 9 is extending a discount to NCMHID as a valued customer reducing our standard rate at the 1 - 49 user tier from \$110 to \$90 per user:**

Cloud 9's Standard Tiered Pricing Model		
C9 Telehealth Software, License & Support	# Users	Rate per User per Month
All Licensed Users (clinicians, social services, law enforcement, EMS or other care team members)	1 - 49	\$110
All Licensed Users (clinicians, social services, law enforcement, EMS or other care team members)	50 - 99	\$100
All Licensed Users (clinicians, social services, law enforcement, EMS or other care team members)	100 - 149	\$90
All Licensed Users (clinicians, social services, law enforcement, EMS or other care team members)	150 - 199+	\$80

3. ADDITIONAL / OPTIONAL PRODUCT AND SERVICE DEVELOPMENT

3.1. Software Customizations

Customer may desire software customizations. Cloud 9 is happy to help customers design and develop those additional features and functionalities that solve community problems and generate mutual value between Cloud 9 and Customer. Estimated hourly cost for custom software development would be \$135 per developer per hour, with a total cost estimate delivered upon request. This additional service option can be added at a later date, within this Cloud 9 agreement and SOW using the attached Amendment template (see Exhibit A).

3.2. Data Integrations

An option we highly recommend for later phases is Cloud 9 Software's data integration with key IT systems being used by our customers and their Affiliates, such as electronic health records, pharmacies, first responder systems, and social services' information systems). Cloud 9 software delivers value and results as a stand-alone telehealth solution that gathers and shares data "internally" among Users. However, the Cloud 9 solution becomes exponentially more effective as Authorized Users update and access (push and pull) information from systems and data sets used throughout the community. These integrations will further facilitate patient care coordination between clinicians, law enforcement, or other care team members.

Cloud 9's API ("Application Programming Interface") allows data capabilities of our telehealth solution to exchange relevant and useful data with our customers' and their Affiliates' IT systems securely. All privacy and data security measures will be in place and tested for compliance prior to data transfers.

Customer and Affiliate's databases must be standardized to enable interface, import, and export from other healthcare systems; Customers can decide on specific transfer methodologies (if needed and agreed upon in an *optional future Work Order*).

Cloud 9's work with the Customer and Affiliates during Phases 1 and 2 will allow us to determine the extent of data fields and elements that would need to be integrated between our respective systems.

Cloud 9 will advise and support Customer and their Affiliates to request interoperability specs / technical reference guides from their IT system vendors. With this information we can then quote the integration cost to begin at Phase 3 or later. The cost will be a one-time fee for each IT system we integrate with Cloud 9 Software. Customer and Affiliates can review the cost and benefits at that time and can exercise that option within this Cloud 9 agreement and SOW using the attached Amendment template (see Exhibit A). Additional services including custom software development, data integrations as well as upgraded mobility solutions and project management can be added to this SOW through execution of a C9 Amendment by both Cloud 9 and Customer.

3.3. Wireless Devices and Data Plans for Users

C9 Software is delivered via smartphones and tablets (*Note: Cellular data may be required for voice only communication on tablets) running the iOS platform manufactured by Apple and the Android platform from a variety of manufacturers including Samsung, Motorola, Nokia and Google. Cloud 9 and a successful telehealth program requires reliable wireless device hardware and internet connectivity. Cloud 9 Software Users can use their own devices, or those already provided by their employer.

If any clinicians, first responders, or other Authorized Users need new devices to participate in this solution, Cloud 9 contracts as a reseller for internet, phone, and telecom providers (Verizon, AT&T, etc.). Cloud 9 can arrange to provide these services and products through our contracted telecom providers as directed and selected by Customer. The reasonable cost for these services and devices is determined during contract implementation and passed through to the Customer, with NO additional costs added by Cloud 9 and no need for the Customer to contract with additional vendors.

3.4. Mobile Device Management Software (MDM)

C9 Software is delivered via smartphones and tablets (*Note: Cellular data may be required for voice only communication on tablets) running recent versions of Apple iOS and Android operating systems. This requires reliable device operation and software installation. We recommend the use of a mobile device management software (MDM), which ensures the functionality and security of each device.

Cloud 9 can facilitate Customer's acquisition of necessary software through its relationships with contracts directly with telecom, telephone, and internet providers (Verizon, AT&T, etc.) that subcontract with MDM providers (IBM, Mobile Iron, etc.) to make this option available for our Customers and their partners. This can help assure any Authorized Users including clinicians, first responders, and consumers do not experience any hardware, software, or internet failures that can adversely affect telehealth service delivery and Customer's project goals.

The telecom vendors we utilize for devices can also provide MDM service for a nominal additional cost per User. MDM price estimates are included in a table below, along with mobile device price estimates as "Options".

If any of these additional services are requested, Cloud 9 will provide specific information regarding the product or service to be delivered. This will include a schedule of deliverables and pricing specific to each item.

3.5. Consulting Services

Cloud 9's team has decades of experience in community health, behavioral health, public safety, and healthcare technology. As we lead research and development of the Cloud 9 Software and solution, our team continues to advance our learning as a leading authority at the intersection of public health and public safety. Community and system wide consulting can be provided. .

SIGNATURES

AGREED TO AND ACCEPTED this 05 day of January, 2022, by:

CUSTOMER / NCMHID:

CLOUD 9 COUNSELING, INC.:

Signature: Mike Davis

Signature: J.C. Adams

Printed name: Mike Davis

Printed name: J.C. Adams

Title: CEO

Title: CEO

Date: 01 / 05 / 2022

Date: 01 / 05 / 2022

TITLE	Cloud 9 MSA & SOW for NCMHID
FILE NAME	Cloud 9 MSA & SOW...1-5-2022.docx.pdf
DOCUMENT ID	3ac1c2a333b66f6e00cf9c828b0c017e0859adad
AUDIT TRAIL DATE FORMAT	MM / DD / YYYY
STATUS	● Signed

Document History



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01 / 05 / 2022
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Sent for signature to Mike Davis (mdavis@ncmhid.org) and J.C. Adams (jc@cloud9telehealth.com) from jodie@cloud9telehealth.com
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SIGNED

01 / 05 / 2022
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SIGNED

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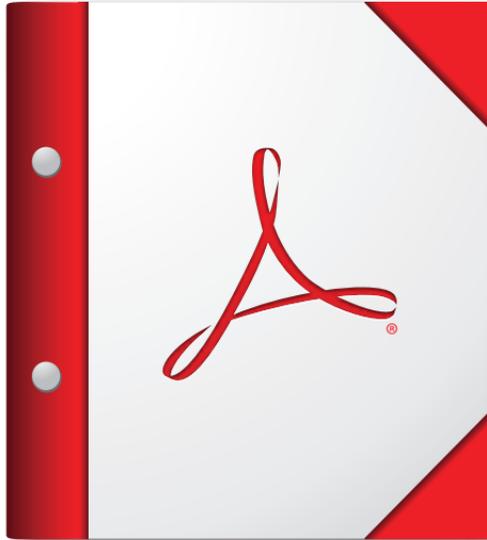
Signed by J.C. Adams (jc@cloud9telehealth.com)
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COMPLETED

01 / 05 / 2022
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The document has been completed.



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From: [Commissioner Joe Gonzalez](#)
To: [Jonny F. Hipp \(NCHD\)](#)
Subject: Medical Examiner's Office
Date: Friday, May 13, 2022 3:55:25 PM

CAUTION: This email originated from outside the NCHD network. DO NOT OPEN LINKS or ATTACHMENTS in this email unless you recognize the sender and know the content is safe.



FYI...As per our conversation today regarding the medical examiner's office, current renovations were approved in commissioners court this week that include painting, flooring, lighting, replacing ceiling tiles, fencing and re-surfacing the current parking lot.

There is a need to add a section of 6,000 sq ft to the current ME office for autopsies, refrigeration, additional parking, etc. all within the next 5 years. Anticipated cost is approximately 7 million. Additional property, ¼ acres (approx.. 10,000 sq ft) will be needed for the ME office expansion with the Hospital District approval.

I meet with Dr. Fernandez, regarding the needs of the ME office and he plans to share this information with the new ME, Dr. Fagan.

*Joe A. Gonzalez (JAG)
Nueces County Commissioner Pct 2
901 Leopard, Rm 303.7
Corpus Christi, Tx 78380
(361) 888-0296*



Administrative Offices

555 N. Carancahua Street, Suite 950
Corpus Christi, Texas 78401-0835

Office: (361) 808-3300

Fax: (361) 808-3274

www.nchdcc.org

BOARD OF MANAGERS ORDER **MAY 23, 2022**

Order Relating to Disposition of Salvage or Surplus Property

WHEREAS, the Texas Health and Safety Code §285.901 authorizes the governing board of a hospital district to dispose of the hospital district's surplus or salvage property in the same way that a commissioners court of a county may dispose of the county's surplus or salvage property under Section 263.152 of the Texas Local Government Code;

WHEREAS, the Board of Managers of the Nueces County Hospital District ("Board") acknowledges that Section 263.151 of the Texas Local Government Code defines "salvage property" as personal property, other than items routinely discarded as waste, that because of use, time, accident, or any other cause is so worn, damaged, or obsolete that it has no value for the purpose for which it was originally intended;

WHEREAS, the Board acknowledges that Section 263.151 of the Texas Local Government Code defines "surplus property" as personal property that (1) is not salvage property or items routinely discarded as waste; (2) is not currently needed by its owner; (3) is not required for the owner's foreseeable needs; and (4) possesses some usefulness for the purpose for which it was intended;

WHEREAS, Section 263.152(a)(1) of the Texas Local Government Code allows the Board to periodically sell "salvage property" and "surplus property";

WHEREAS, Section 263.152(a)(3) of the Texas Local Government Code allows property to be destroyed or otherwise disposed of as worthless if the Board undertakes to sell that property under Subdivision (1) and is unable to do so because no bids are made;

WHEREAS, the Board expects that "salvage" and "surplus" items as provided under Section 263.151 of the Texas Local Government Code will originate from the planned abatement and demolition of Memorial Medical Center, 2606 Hospital Boulevard, Corpus Christi, Texas; and

WHEREAS, the Board further recognizes that from time to time the Hospital District may have other items of property that would be considered "salvage" or "surplus" property under Section 263.151 of the Texas Local Government Code and require disposal in the same manner as the Memorial Medical Center salvage and surplus property.

NOW THEREFORE BE IT ORDERED that the Board determines that the above-recited items belong to the Hospital District and is "salvage" or "surplus" property under Section 263.152 of the Texas Local Government Code;

BE IT FURTHER ORDERED that the Board determines that said surplus items comply with the requirements of Section 263.152 of the Texas Local Government Code and shall be properly disposed of by online auction as determined by the Administrator;

BE IT FURTHER ORDERED that the Board determines that if no bids are submitted for said surplus items and, therefore, said items cannot be disposed of by online auction, said surplus items may be destroyed or otherwise disposed of as worthless; and

BE IT FURTHER ORDERED that the Board determines that should the Hospital District have other items of salvage and surplus property, the District may dispose of those items in the same manner as provided herein.

**NUECES COUNTY HOSPITAL DISTRICT
BOARD OF MANAGERS**

Daniel W. Dain
Chairman

Sylvia Tryon Oliver
Vice Chairman

Belinda Flores, R.N.
Member

Vishnu V. Reddy, M.D.
Member

John E. Valls
Member

Mariana Garza, J.D.
Member

Efrain Guerrero, Jr.
Member

5. The attached Order is a true and correct copy of the original on file in the official records of the Hospital District; the duly qualified and acting members of the Board on the date of the Meeting are those persons shown above, and, according to the records of my office, each member of the Board was given actual notice of the time, place, and purpose of the Meeting and had actual notice that the Order would be considered; and the Meeting and deliberation of the aforesaid public business, was open to the public and written notice of said meeting, including the subject of the Order, was posted and given in advance thereof in compliance with the provisions of Chapter 551, Texas Government Code, as amended.
6. I am the Secretary of the Board having been duly appointed pursuant to Health Code, §281.023(b).
7. The foregoing Order is in full force and effect; that the same has not been rescinded, nor has it been amended or modified in any way.

IN WITNESS WHEREOF, I have hereunto signed my name officially and affixed the seal of the Hospital District on this the 23rd day of May 2022.

Jonny F. Hipp
Secretary, Board of Managers
Nueces County Hospital District

{HOSPITAL DISTRICT SEAL}

Memorandum

To: Board of Managers
From: Jonny F. Hipp, Administrator
Date: May 18, 2022
Re: Achievement of FY 2021 Performance Goals

Board Members:

Pursuant to the Employment Agreement (“Agreement”) between the Hospital District (“District”) and myself, this is to notify the Board of Managers (“Board”) that certain Performance Goals set forth in the Agreement and relating to the District’s fiscal year ended September 30, 2021 (“Fiscal Year 2021”) were achieved. In addition, this is to call the Board’s attention to the Goal Achievement Pay that is due to occur as a result of the achievements. The related information and supporting details are provided below and attached.

For your reference, I have attached a copy of the Agreement, as amended (see Exhibit #1). The Agreement’s Performance Goal Pay provisions are set forth in Paragraph 3(b) and the Performance Goals and their associated achievement pay amounts, stated as a percent of salary, are located at the end of the Agreement and identified as Attachment “A.” I have additionally attached an analysis of the Performance Goals achieved during Fiscal Year 2021 and the associated amounts of the Goal Achievement Pay to be paid (see Exhibit #2).

Concerning the above, five of the Performance Goals from those listed in Attachment ‘A’ were achieved during Fiscal Year 2021.

Prior to the disbursement of any Goal Achievement Pay, the Agreement requires that the Board receive from the Administrator relevant documentation supporting the Administrator’s achievement of the specific Performance Goals being relied upon for that year’s Goal Achievement Pay which are shown on the following page and in the attached Exhibits.

Jonny F. Hipp

Performance Goals Achieved in Fiscal Year 2021

- (1) **Goal #14:** Fulfill Regional Healthcare Partnership 4 Anchor Entity responsibilities of Texas Healthcare Transformation and Quality Improvement Program (Medicaid 1115 Waiver) for fiscal year ending September 30, 2021.
Exhibit #: 3
Documentation: May 2022 letter from State Medicaid Director.

- (2) **Goal #15:** Fulfill Nueces Service Delivery Area Liaison responsibilities of Uniform Hospital Rate Increase Program for fiscal year ending September 30, 2021.
Exhibit #: 3
Documentation: May 2022 letter from State Medicaid Director.

- (3) **Goal #16:** Achieve uneventful financial audit results and no significant management letter-related comments for fiscal year ending September 30, 2021.
Exhibits #: 4 & 5
Documentation: Fiscal Year ended September 30, 2021-related letters issued by Collier, Johnson & Woods, P.C., the Hospital District's independent auditors, and dated January 20, 2022:
 - (A) *Independent Auditor's Report (Exhibit #4);* and
 - (B) *Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Governmental Auditing Standards (Exhibit #5).*

- (4) **Goal #17:** Negotiate revenue sharing percentage for Fiscal Year 2022.
Exhibit #: 6
Documentation: August 10, 2021 letter from CHRISTUS Spohn Health System substantiating negotiations and establishing the sharing percentage for Fiscal Year 2022.

- (5) **Goal #18:** Pursue goals for 87th Texas Legislative Session: Repeal sunset provisions of Chapter 298C, Texas Health and Safety Code (SB 2315, 87th Texas Legislative Session).
Exhibit #: 7
Documentation: April 8, 2021 Witness List (Jonny Hipp) for House County Affairs Committee Hearing on HB1456. May 17, 2021 Witness List (Jonny Hipp) for Senate Local Government Committee Hearing on HB 1456. HB1456 Texas Legislature Bill Actions List showing passage and effective June 15, 2021.

Exhibit # 1

**NUECES COUNTY HOSPITAL DISTRICT
ADMINISTRATOR EMPLOYMENT AGREEMENT
October 1, 2018 – September 30, 2022**

This Administrator Employment Agreement (the “Agreement”) is made by and between the Board of Managers (the “Board”) of the Nueces County Hospital District, a political subdivision of the State of Texas (the “Hospital District”), and Jonny F. Hipp, the person appointed by the Board to be the Administrator who is qualified for such by training and experience (the “Administrator”). The Board and Administrator, for and in consideration of the terms and conditions hereinafter set forth in this Agreement and pursuant to Texas Health and Safety Code, §281.026 and §281.028 hereby agree as follows:

W I T N E S S E T H:

1. **Employment.** The Board, by and on behalf of the Hospital District, does hereby employ Administrator as the District’s Administrator and Chief Executive Officer, and the Administrator hereby accepts such employment. It is the intent of the parties hereto that the Administrator’s employment be governed by this Agreement and the District’s policies regarding compensation, separation from employment, and employment-at-will shall not be applicable to the Administrator. Except as stated above and in Paragraphs 3-5 below, the District’s employee policies shall be applicable to the Administrator.

2. **Duties and Performance Goals.** Subject to the Board’s policies, limitations, and reasonable direction, the Administrator shall perform those duties required by the Board, including but not limited to, supervision of the work and activities of the Hospital District and general direction of the District’s affairs. The Administrator shall perform those duties required of an administrator by Texas Health and Safety Code, Chapter 281. The Administrator shall assure the Hospital District complies with the applicable provisions of Texas Health and Safety Code, Chapters 61 and 281 and other applicable laws. The Administrator shall serve as Secretary of the Board as provided in Texas Health and Safety Code, §281.023(b). In addition, the Administrator shall endeavor to reasonably achieve the Performance Goals attached hereto and identified as Attachment “A.” The Administrator is hereby authorized to plan, organize, manage, supervise, and direct use of the District’s personnel, equipment, and other resources in the performance of his duties and achievement of the Performance Goals under this Agreement. The Administrator is encouraged to and may continue performing higher education-level teaching activities in the community and region and the Board is supportive thereof provided that those activities do not interfere with the performance of his duties under this Agreement or create a conflict of interest.

3. **Compensation.** The Administrator shall be entitled to the following payments (collectively, the “Compensation”):

(a) **Salary.** Considering the level of expertise, education, and experience required of the Administrator by the Board, the adequacy of which is hereby confirmed by the Board, and the Board’s desire to fairly compensate the Administrator for such qualities, the

Board has surveyed other similarly-situated hospital districts in the State concerning the salary and benefits paid for positions comparable with that of the Administrator. The Board, acknowledging and considering (i) the Administrator's performance in carrying out the requirements of prior employment agreements with the District; (ii) the Administrator's achievement of prior Performance Goals; (iii) the Administrator's doctoral education, collectively all of which have directly benefited and continue to benefit the taxpayers, District, community, and the region; (iv) the compensation and benefits paid and made available to administrators in similarly-situated hospital districts in the State; (v) the Board's desire that the Administrator be fairly compensated; (vi) that the greater than ever complexities of healthcare administration, quality, financing, and governmental regulations require the expertise of the Administrator; and (vii) the Board's desire to achieve consistency, stability and longevity in the Administrator's position, the Board hereby determines and agrees that the Hospital District shall pay the Administrator a salary amount of one hundred ninety-two thousand four dollars and eighty cents (\$192,004.80) per twelve-month period during the Term (the "Salary"). The Salary shall be prorated for twenty-six (26) biweekly pay periods during each twelve-month period of the Term and for any partial employment period. The Salary shall be subject to withholding taxes prescribed by applicable statutes and as additionally authorized by Administrator.

(b) **Performance Goal Pay.** The Board desires that the Hospital District maintain a leadership role in regional healthcare supplemental payment programs, achieve uneventful financial audit results, pursue needed legislation, realize non-tax revenues, and divest specified real properties. Accordingly, the Board hereby determines and agrees that on or about each February 1st during the Term, the District shall, in addition to the Salary above, pay the Administrator a lump sum amount equal to the amount(s) associated with the Administrator's reasonable achievement of Performance Goal(s) set forth in Attachment "A" (the "Goal Achievement Pay"). The Goal Achievement Pay shall be subject to withholding taxes prescribed by applicable statutes and as additionally authorized by Administrator. Prior to disbursement of any Goal Achievement Pay, the Administrator shall present to the Board relevant documentation supporting his achievement of the specific Performance Goals being relied upon for that particular year's Goal Achievement Pay.

4. **Benefits.** The Administrator shall be entitled to receive the same employee benefits, commensurate with his past service considering his original hire date, as other employees of the Hospital District (the "Common Benefits"). In addition to the Common Benefits, the Administrator shall be entitled to the following supplemental benefits during the Term (the "Supplemental Benefits"):

(a) **Automobile Allowance.** To facilitate performance of Administrator's duties and achievement of his Performance Goals under this Agreement, the Hospital District agrees to pay the Administrator an allowance of two hundred thirty-five dollars (\$235.00) per biweekly pay period during the Term for use of his personal automobile within the District's boundaries (the "Automobile Allowance"). The Automobile Allowance shall be prorated for any partial employment period.

(b) **Telephone Allowance.** To facilitate performance of Administrator's duties and achievement of his Performance Goals under this Agreement, the Hospital District agrees to pay the Administrator an allowance of fifty dollars (\$50.00) per biweekly pay period during the Term for use of his personal communications device (the "Telephone Allowance"). The Telephone Allowance shall be prorated for any partial employment period.

(c) **Retirement Contribution.** The Hospital District agrees to deposit into the District's Internal Revenue Code ("IRC"), Section 457(b) Deferred Compensation Plan (the "Deferred Compensation Plan") each calendar year for benefit of Administrator, an amount equal to the then current calendar year's annual IRC Section 457(b) contribution limit (the "Retirement Contribution"). The Retirement Contribution shall be prorated based on twenty-six (26) biweekly pay periods per calendar year and shall be further prorated for any partial employment period. All Retirement Contribution deposits shall be fully and immediately vested in the Administrator and are freely transferrable by the Administrator in the event the Administrator is no longer employed by the Hospital District, subject to the requirements of IRC Section 457(b). The Administrator shall not be restricted from depositing additional personal contributions into the Deferred Compensation Plan. In consideration of this Retirement Contribution provided by the District, the Administrator agrees he will not participate in the District's IRC, Section 403(b) Tax-Sheltered Annuity Plan.

(d) **Employee Insurance Premiums.** The Hospital District agrees to pay up to one hundred twenty-five dollars (\$125.00) per biweekly pay period during the Term toward the employee's portion of the Hospital District's health, dental, and vision insurance premiums for the Administrator and his children or family, as he shall determine for each insurance type, and the Administrator is responsible for payment of any amounts in excess of that amount.

(e) **Expense Reimbursement.** The Hospital District shall reimburse Administrator for reasonable expenses incurred by him in the performance of his duties and achievement of his Performance Goals under this Agreement and his professional development, statutorily required training, and related activities upon written approval of the required number of Board Authorities as described below. Such expenses shall be categorized as those: (i) incurred while within Nueces County; (ii) incurred while outside of Nueces County; (iii) related to Administrator's professional development, statutorily required training, and related activities; and (iv) not covered by or in addition to categories (i)-(iii) herein.

(i) Reasonable reimbursable expenses incurred while within Nueces County shall include business meals, telephone calls, parking, dues for professional organizations, and any other reasonably incurred business-related expenses. The aggregate amount of the Administrator's professional organizations-related dues expenses shall not exceed four hundred fifty dollars (\$450.00) per Hospital District fiscal year and the Administrator is responsible for payment of any dues in excess of that amount;

(ii) Reasonable reimbursable expenses incurred while outside of Nueces County shall include automobile mileage, airfare, toll charges, overnight

accommodations, business meals, personal meals, taxicab and shuttle fares, limousine fares, bus fares, train fares, rental car, parking, office supplies, photocopying expense, overnight letters, telephone calls, facsimiles and any other reasonably incurred business-related expenses;

(iii) Reasonable reimbursable expenses for the Administrator's professional development, statutorily required training, and related activities shall include annual dues, registration and course fees, mileage, airfare, toll charges, overnight accommodations, personal meals, taxicab and shuttle fares, limousine fares, bus fares, train fares, rental car, parking and any other reasonably incurred development and training related expenses, including fees, course materials, books, publications, videos, software, and other similar and related materials. The aggregate amount of the Administrator's professional development shall not exceed five thousand dollars (\$5,000.00) per biennium and the Administrator is responsible for payment of any amounts in excess of that limit; and

(iv) Any other additional, reasonable and necessary expenses incurred in the performance of or in support of Administrator's duties and Performance Goals not otherwise identified in Paragraphs 4(e)(i) and (ii) above, or as otherwise approved by the Board Authorities as set forth herein.

For purposes of this Agreement, the term "Board Authorities" shall mean the Board's Chairman, Vice Chairman, Finance Committee Chairman, and Planning Committee Chairman. Prior to reimbursement of any of the Administrator's expenses incurred under Paragraphs 4(e)(i)-(iv) above, said expenses (including appropriate detailed receipts) shall be submitted for review by and written approval of any two (2) of the Board Authorities within fifteen (15) days of incurrence. The Board Authorities shall consider reasonableness and practicality when reviewing Administrator's expenses and approve or disapprove his submissions within five (5) working days. Following approval by the Board Authorities above, the Hospital District shall reimburse Administrator within five (5) working days.

Reimbursement of Administrator's expenses under Paragraphs 4(e)(ii) and (iii) above shall be limited as follows. The aggregate amount of the Administrator's personal meal expenses shall not exceed fifty-five dollars (\$55.00) per day (excluding tips, which should not exceed fifteen percent [15%] of the bill) and the Administrator is responsible for payment of any personal meal expenses in excess of that limit. To the extent possible, Administrator's airfare expenses should not exceed Coach fare. Administrator's automobile mileage reimbursement shall be based on actual mileage incurred and paid at the Internal Revenue Service standard mileage rate for business miles in effect at the time the mileage was incurred. The Hospital District shall not reimburse Administrator for any expenses not specifically described and permitted above, including alcoholic beverages and entertainment.

(f) **Provision of Indemnification and Cost of Defense.** To the extent allowed by law, and if the Administrator was acting within the course and scope of his employment with the Hospital District, excluding any criminal acts, the District agrees to hold harmless and indemnify Administrator from any and all demands, claims, suits, actions, legal

proceedings, and defense arising from the performance of his duties, both past and present, which are or expected to be brought against him, either in his individual capacity, or in his official capacity as agent and employee of the Board and/or Hospital District. However, in no case will any individual Board member or members be considered personally liable for indemnifying Administrator against such demands, claims, suits, actions, legal proceedings, and defense. This provision shall survive termination of this Agreement.

(g) **Payment of Performance Bond.** To assure compliance with the performance bond requirement of Texas Health and Safety Code, §281.026(d), the Hospital District agrees to arrange for and pay the cost of such bond.

5. **Term and Termination.** The Administrator's term of employment shall be for four (4) years beginning October 1, 2018 and ending September 30, 2022 (the "Term"). Except for good cause, or for other than good cause as described below, a majority vote of the entire Board may terminate this Agreement not more than ninety (90) days and not less than sixty (60) days prior to the end of the Term upon written notice of such to the Administrator.

For good cause, or for other than good cause, the Board may terminate this Agreement upon sixty (60) days written notice of such to the Administrator. For purposes of this Agreement, the phrase "for good cause" shall mean: (i) the Administrator willfully breaches or habitually neglects the duties he is required to perform under terms of this Agreement; (ii) the Administrator refuses to obey reasonable Board directives; (iii) the Administrator commits clearly dishonest acts toward the Hospital District; and (iv) the Administrator is formally charged for any crime involving moral turpitude. The phrase "for other than good cause" shall mean: (i) occurrence of circumstances that make it impossible or impracticable for the business of the District to be continued; (ii) the death of the Administrator; (iii) the loss by Administrator of his legal capacity; (iv) the continued incapacity on the part of the Administrator to perform his duties for a continuous period of ninety (90) days, unless waived by the Board; and (v) the Administrator becomes permanently disabled because of sickness, physical or mental disability, or any other reason, such that it reasonably appears that he will be unable to perform his duties under this Agreement.

The Administrator may terminate this Agreement for any reason upon sixty (60) days written notice of such to the Board's Chairman.

Upon termination of this Agreement by either the Board or the Administrator as described in this Paragraph 5, the Administrator shall be entitled to the Compensation, Goal Achievement Pay, Common Benefits, and Supplemental Benefits, as provided for in this Agreement, that were earned prior to the effective date of the termination, computed pro rata up to and including the effective date of termination.

6. **Subsequent Employment.** The Administrator's subsequent employment shall be governed as follows:

(a) **Consultant for Hospital District.** In the event this Agreement shall expire at the end of the Term or be terminated by the Administrator or the Board at any other time, the Administrator may be called upon from time to time as a consultant by the Board for a period of one hundred eighty (180) days from the date of expiration or termination of the Agreement.

(b) **Indigent Health Care Providers.** During the one hundred eighty (180)-day period following the expiration or termination of this Agreement, the Administrator shall not consult to or be employed by any entities located in Nueces County, Texas then under contract to the Hospital District to provide indigent health care. In the event the Board terminates this Agreement, or in the event any action is taken by the Board or any other body or entity to abolish, dissolve, or materially diminish the powers or duties of the Hospital District and the Administrator terminates this Agreement, there shall not be any form of subsequent employment constraint enforceable on the Administrator at any time.

(c) **Payment.** In consideration of the Hospital District's requirements in Paragraphs 6(a) and (b) above, the Board agrees the Administrator shall be paid for being a consultant to the Hospital District and his agreement not to consult to or be employed by any entities located in Nueces County, Texas then under contract to the Hospital District to provide indigent health care. As payment, the Board agrees the Administrator shall be paid at the end of the one hundred eighty (180)-day period a lump sum amount equal to the amount(s) associated with the Administrator's reasonable achievement of any previously unclaimed or unpaid Performance Goal(s) described in Paragraph 3(b) and set forth in Attachment "A," including any Performance Goal(s) achieved and documented following the expiration or termination of this Agreement. Such payment shall be made whether or not the Administrator is requested to consult with the Hospital District as described in Paragraph 6(a) above. Prior to disbursement of the payment, the Administrator shall present to the Board relevant documentation supporting his achievement of the specific Performance Goal(s) being relied upon for the payment and the Board agrees the District will provide the Administrator such documentation if needed.

7. **Severability.** If any provision contained in this Agreement is determined by a court of competent jurisdiction to be void, illegal or unenforceable, in whole or in part, then the other provisions contained herein shall remain in full force and effect as if the provision which was determined to be void, illegal, or unenforceable had not been contained herein.

8. **Amendment, Modification, and Waiver.** This Agreement may not be changed orally but only by written agreement signed by both parties. The waiver by any party hereto of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach by any party. This instrument contains the entire agreement of the Parties concerning employment and supersedes all prior and contemporaneous representations, understandings and agreements, either oral or in writing between the parties hereto with respect

to the employment of the Administrator by the Board and all such prior or contemporaneous representations, understandings and arrangements, both oral and in written, are hereby terminated upon the beginning date of this Agreement.

9. **Governing Law and Venue.** Unless specifically provided otherwise, the parties intend that the laws of the State of Texas should govern the validity of the Agreement, the construction of its terms, and the interpretation of the rights and duties of the parties hereto. Venue for all matters arising from this Agreement or other related matters subject to the provisions herein relating to binding arbitration shall be in Nueces County, Texas.

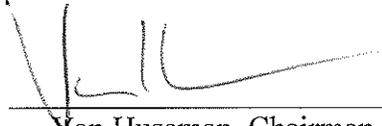
10. **Attachments, Schedules, and Exhibits.** Attachments, schedules, and exhibits mean the attached documents setting out certain particulars of this Agreement and any replacement documents thereof. All attachments, schedules, and exhibits referred to in this Agreement are incorporated herein by reference and are hereby made part of this Agreement.

11. **Binding Arbitration.** In lieu of litigation, the parties agree that any dispute between them arising from this Agreement shall be submitted to binding arbitration. The parties shall share equally the fees and costs payable to the arbitrator. The award of the arbitrator may be entered in, and enforced through, any court of competent jurisdiction in Nueces County, Texas. Any action to enforce or vacate the obligation to arbitrate or to enforce or vacate an arbitrator's award shall be governed by state law. Unless agreed to in writing between the parties, there shall be no other court action.

IN WITNESS WHEREOF, the parties have hereunto undertaken this Agreement and executed it as of the 14th day of September 2018.

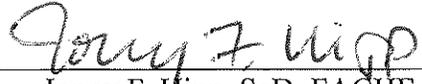
**NUECES COUNTY HOSPITAL DISTRICT
BOARD OF MANAGERS**
("Board" and "Hospital District")

By: _____


Van Huseman, Chairman
Board of Managers

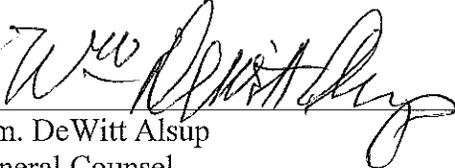
JONNY F. HIPPI
("Administrator")

By: _____


Jonny F. Hipp, ScD, FACHE

NUECES COUNTY HOSPITAL DISTRICT
ADMINISTRATOR EMPLOYMENT AGREEMENT
OCTOBER 1, 2018 – SEPTEMBER 30, 2022

APPROVED AS TO FORM:



Wm. DeWitt Alsup
General Counsel

Attachment "A"

PERFORMANCE GOALS		
Goal	Description	Goal Achievement Pay as Percent of Salary
Fiscal Year 2018		
1	Fulfill Regional Healthcare Partnership 4 Anchor Entity responsibilities of Texas Healthcare Transformation and Quality Improvement Program (Medicaid 1115 Waiver) for fiscal year ending September 30, 2018.	5%
2	Fulfill Nueces Service Delivery Area Liaison responsibilities of Uniform Hospital Rate Increase Program for fiscal year ending September 30, 2018.	5%
3	Achieve uneventful financial audit results and no significant management letter-related comments for fiscal year ending September 30, 2018.	7.5%
4	Negotiate revenue sharing percentage for Fiscal Year 2019.	7.5%
Fiscal Year 2019		
5	Fulfill Regional Healthcare Partnership 4 Anchor Entity responsibilities of Texas Healthcare Transformation and Quality Improvement Program (Medicaid 1115 Waiver) for fiscal year ending September 30, 2019.	5%
6	Fulfill Nueces Service Delivery Area Liaison responsibilities of Uniform Hospital Rate Increase Program for fiscal year ending September 30, 2019.	5%
7	Achieve uneventful financial audit results and no significant management letter-related comments for fiscal year ending September 30, 2019.	7.5%
8	Negotiate revenue sharing percentage for Fiscal Year 2020.	7.5%
9	Pursue goals for 86 th Texas Legislative Session.	5%
Fiscal Year 2020		
10	Fulfill Regional Healthcare Partnership 4 Anchor Entity responsibilities of Texas Healthcare Transformation and Quality Improvement Program (Medicaid 1115 Waiver) for fiscal year ending September 30, 2020.	5%
11	Fulfill Nueces Service Delivery Area Liaison responsibilities of Uniform Hospital Rate Increase Program for fiscal year ending September 30, 2020.	5%
12	Achieve uneventful financial audit results and no significant management letter-related comments for fiscal year ending September 30, 2020.	7.5%
13	Negotiate revenue sharing percentage for Fiscal Year 2021.	7.5%

PERFORMANCE GOALS		
Fiscal Year 2021		
14	Fulfill Regional Healthcare Partnership 4 Anchor Entity responsibilities of Texas Healthcare Transformation and Quality Improvement Program (Medicaid 1115 Waiver) for fiscal year ending September 30, 2021.	5%
15	Fulfill Nueces Service Delivery Area Liaison responsibilities of Uniform Hospital Rate Increase Program for fiscal year ending September 30, 2021.	5%
16	Achieve uneventful financial audit results and no significant management letter-related comments for fiscal year ending September 30, 2021.	7.5%
17	Negotiate revenue sharing percentage for Fiscal Year 2022.	7.5%
18	Pursue goals for 87 th Texas Legislative Session.	5%
Fiscal Year 2022		
19	Fulfill Regional Healthcare Partnership 4 Anchor Entity responsibilities of Texas Healthcare Transformation and Quality Improvement Program (Medicaid 1115 Waiver) for fiscal year ending September 30, 2022.	5%
20	Fulfill Nueces Service Delivery Area Liaison responsibilities of Uniform Hospital Rate Increase Program for fiscal year ending September 30, 2022.	5%
21	Achieve uneventful financial audit results and no significant management letter-related comments for fiscal year ending September 30, 2022.	7.5%
22	Negotiate revenue sharing percentage for Fiscal Year 2023.	7.5%
During Any Fiscal Year		
23	Secure appraisal of Memorial Medical Center property.	4%
24	Secure appraisal of non-Memorial Medical Center properties.	4%
25	Secure platting of Memorial Medical Center property.	4%
26	Accomplish sale of Memorial Medical Center property.	8%
27	Accomplish sale of non-Memorial Medical Center properties.	8%

#

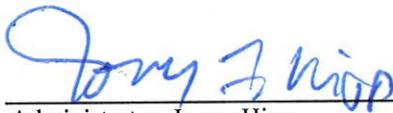
Administrator Employment Agreement Oct 2018 - Sept 2022 (1.3).doc

NUECES COUNTY HOSPITAL DISTRICT
ADMINISTRATOR EMPLOYMENT AGREEMENT
OCTOBER 1, 2018 – SEPTEMBER 30, 2022

Exhibit # 2

NUECES COUNTY HOSPITAL DISTRICT
 ADMINISTRATOR'S EMPLOYMENT AGREEMENT ANALYSIS
 FOR THE FISCAL YEAR ENDED 09/30/2021
 DUE AFTER FEBRUARY 1, 2022

Goal	Description	% Salary	Amount
14	Fulfill Regional Healthcare Partnership 4 Anchor Entity responsibilities of Texas Healthcare Transformation and Quality Improvement Program (Medicaid 1115 Waiver) for fiscal year ending September 30, 2021	5.0%	\$11,280.28
15	Fulfill Nueces Service Delivery Area Liaison responsibilities of Uniform Hospital Rate Increase Program for fiscal year ending September 30, 2021	5.0%	\$11,280.28
16	Achieve uneventful financial audit results and no significant management letter-related comments for fiscal year ending September 30, 2021	7.5%	\$16,920.42
17	Negotiate sufficient sharing percentage for Fiscal Year 2022	7.5%	\$16,920.42
18	Pursue goals for 87th Texas Legislative Session	5.0%	\$11,280.28
Total			\$67,681.69


 Administrator, Jonny Hipp

5/2/22
 Date

Compiled By:


 Donna Littlefield

05/02/22
 Date

Reviewed by:


 Belinda Chism

5/2/22
 Date

Exhibit # 3



May 19, 2022

Daniel W. Dain, Chairman
Board of Managers
Nueces County Hospital District
555 N. Carancahua St., Suite 950
Corpus Christi, Texas 78401-0835

Dear Mr. Dain,

My office has been asked to confirm that for the period of October 1, 2020 to September 30, 2021, the Nueces County Hospital District has fulfilled its Regional Healthcare Partnership 4 Anchor Entity responsibilities under the Texas Healthcare Transformation and Quality Improvement Program and its Nueces Service Delivery Area Liaison responsibilities under the Uniform Hospital Rate Increase Program.

The Texas Health and Human Services Commission (HHSC) sponsored both the Medicaid supplemental payment and quality improvement programs during the stated period and continues to do so. Both programs are important to the citizens and providers in the served areas, and HHSC is appreciative of the efforts of the Nueces County Hospital District toward making them successful.

It is my pleasure to confirm to the Board of Managers that for the period of October 1, 2020 to September 30, 2021, the Nueces County Hospital District has fulfilled its Regional Healthcare Partnership 4 Anchor Entity responsibilities under the Texas Healthcare Transformation and Quality Improvement Program and its Nueces Service Delivery Area Liaison responsibilities under the Uniform Hospital Rate Increase Program.

Respectfully,

Stephanie
Stephens

Digitally signed by
Stephanie Stephens
Date: 2022.05.19
12:41:59 -05'00'

Stephanie Stephens
State Medicaid Director

Exhibit # 4

NUECES COUNTY HOSPITAL DISTRICT

ANNUAL FINANCIAL REPORT

YEAR ENDED SEPTEMBER 30, 2021

NUECES COUNTY HOSPITAL DISTRICT
AUDITED FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2021

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INDEPENDENT AUDITOR'S REPORT

January 20, 2022

The Board of Managers of the
Nueces County Hospital District
Corpus Christi, Texas

Report on the Financial Statements

We have audited the financial statements of the governmental activities and each major fund of the Nueces County Hospital District, a component unit of Nueces County, Texas, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Nueces County Hospital District as of September 30, 2021, and the respective changes in financial position and budgetary comparisons for the general fund, indigent care fund and tobacco settlement fund thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 16 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Governmental Auditing Standards*, we have also issued our report dated January 20, 2022 on our consideration of the Nueces County Hospital District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Nueces County Hospital District's internal control over financial reporting and compliance.

Collier, Johnson & Woods

**Nueces County Hospital District
Management's Discussion and Analysis
For Fiscal Year Ended September 30, 2021**

This Management's Discussion and Analysis (“MD&A”) of the Nueces County Hospital District (“District”), a political subdivision of the State of Texas and component unit of Nueces County, Texas (“County”), is intended to provide an overview of the District's financial position and results of operation for year ended September 30, 2021 (“Fiscal Year 2021”). Since the focus of the MD&A is on the above fiscal period’s operations, activities, and currently known facts, it should be read in conjunction with the District's related financial statements and accompanying notes to best understand the District's financial position.

The MD&A is one of the elements of the reporting model required by the Government Accounting Standards Board (“GASB”). As part of the MD&A, presentation of certain comparative information between the current fiscal year and the prior fiscal year is required to assist in financial analysis.

Financial Highlights

The District’s net position decreased \$18.4 million or 14.3% compared to the prior year net position. The net position of the District on September 30, 2021 and 2020 was \$110.3 million and \$128.8 million, respectively. Cash and cash equivalents, restricted cash, and investments amounted to \$121.7 million and \$122.5 million which represent 92.8% of total assets for September 30, 2021 and 93.4% for 2020, respectively.

In Fiscal Year 2021, the District’s General Fund Balance decreased \$19.3 million or 30.1% compared to the prior year balance. At fiscal year ended September 30, 2021, the District’s General Fund balance was \$44.6 million compared to \$63.9 million in 2020.

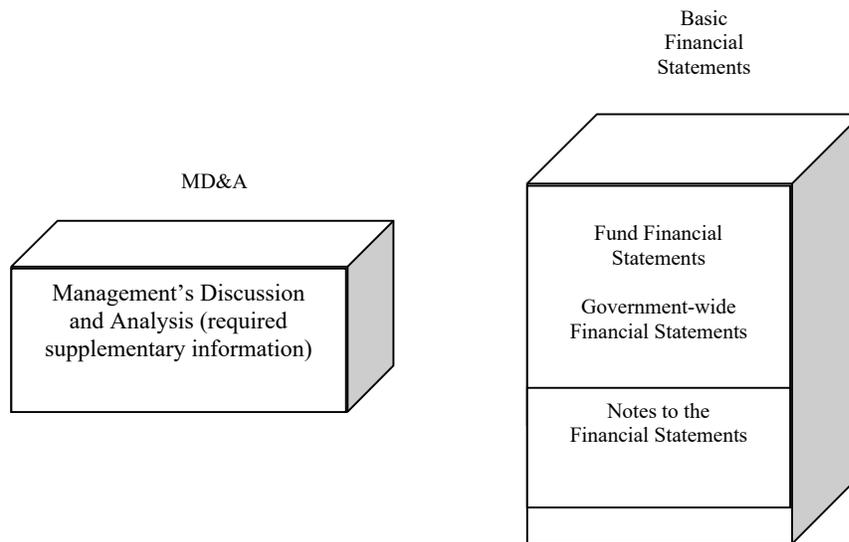
In Fiscal Year 2021, the District’s total revenues decreased \$77.1 million or 61.9% compared to the prior year. 22.3% of the District’s total revenues were from non-tax sources. The District’s total expenses decreased \$39.3 million or 37.4% compared to the prior year.

In Fiscal Year 2021, the District continued to make voluntary intergovernmental transfers for several Medicaid-related supplemental payment, waiver, and Medicaid managed care provider payment initiative programs sponsored by the State (“Medicaid Payment Programs”). These transferred funds enabled both local and regional health care providers, who provide indigent healthcare consistent with the District’s primary mission, to draw additional Medicaid funds. In addition, the District implemented a state-authorized Local Provider Participation Fund Program (“LPPF”) to sustain these payments to the State. The intergovernmental transfers provided funding to draw over 95% of the total value of providers’ waiver program projects in Nueces County and over 85% of the total value of providers’ waiver program projects in the region.

In Fiscal Year 2021, the District’s Board of Managers committed \$17.4 million of the District’s fiscal year-end General Fund balance cash to funding the Medicaid Payment Programs-related intergovernmental transfers that are expected to be requested sometime during the District’s subsequent fiscal year. Please refer to Note 12 on intergovernmental transfers and Note 13 on committed fund balance.

OVERVIEW OF THE FINANCIAL STATEMENTS

The following graphic is provided to facilitate the reader's understanding of the format of the Basic Financial Statements and their individual components:



The District's Annual Financial Report consists of the MD&A, the basic financial statements and accompanying notes, with the primary focus being on the District as a whole. As a special purpose entity with only one governmental program, GASB allows the District to combine its government-wide and fund financial statements and that is done so here. The Statement of Net Position and the Statement of Activities are government-wide financial statements that provide both short-term and long-term information about the District's overall financial status. The fund financial statements report the District's operations in more detail by providing information as to how services are financed in the short-term, as well as the remaining available resources for future spending. Additionally, the fund financial statements focus on major funds that, for the District, include the General Fund and the Indigent Care Fund, rather than fund types. The Fiduciary Fund statements provide financial information for those activities in which the District acts solely as the trustee or agent for the benefit of others. The accompanying notes provide essential information that is not disclosed on the face of the financial statements. Consequently, the notes form an integral part of the District's basic financial statements.

The District has two kinds of funds:

- 1.) **Government Funds** - The accounting for most of the District's services is included in the governmental funds. The General Fund and Special Revenue Fund are governmental funds that use the modified accrual accounting method which focuses on how cash and other financial assets that can readily be converted to cash and the balance at year-end that are available for future spending. Furthermore, under this basis of accounting, changes in net spendable assets are normally recognized only to the extent that they are expected to have a near-term impact, while inflows are recognized only if they are available to liquidate liabilities of the current period. Similarly, future outflows are typically recognized only if they represent a depletion of current financial resources.
- 2.) **Fiduciary Funds** - These funds are used to report activity and other resources held purely in a custodial capacity. The resources accounted for in these funds are excludable from the government-wide financial statements or columns because these funds are not available to finance the District's operations. Consequently, the District is responsible for ensuring that these resources are used only for their intended purpose. The District has an irrevocable trust originally used for self-insured health claims of the then employees of the District's former hospital, Memorial Medical Center. The fund may be used to subsidize the District's current employees with their health insurance premiums and other Board-approved allowable Trust benefits.

Notes to the Financial Statements

The notes provide disclosures and additional information that are essential to a full understanding of the financial information presented in the government-wide and fund financial statements.

GOVERNMENT WIDE-FINANCIAL ANALYSIS

Statement of Net Position (Government-Wide)

The District's total Net Position was \$110.4 million and \$128.8 million as of September 30, 2021 and 2020, respectively, a decrease of \$18.4 million or 14.3%. Total assets decreased \$20 thousand or less than .1% compared to September 30, 2020. The District's total liabilities increased \$18.4 million or 744% compared to September 30, 2020, however this is mostly the amount held for the LPPF and is offset by cash restricted for the program.

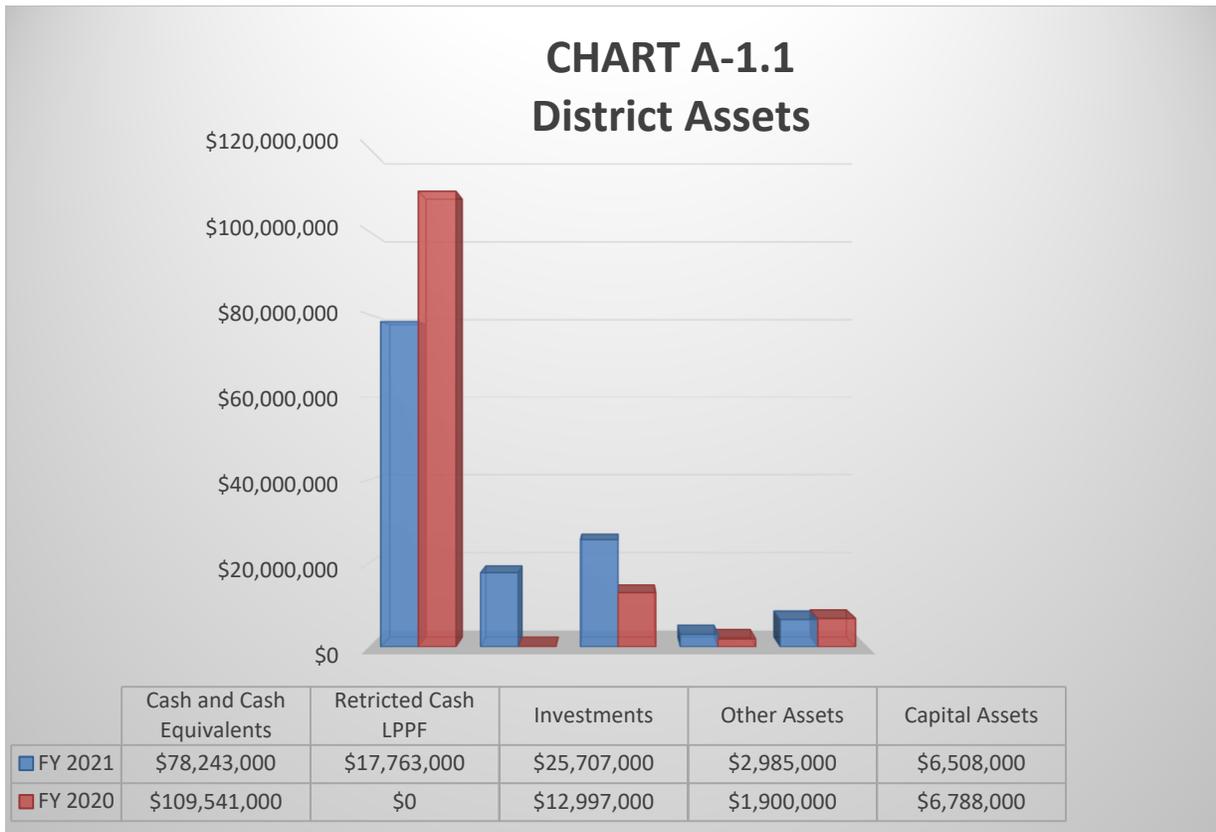
TABLE A-1
Nueces County Hospital District Net Position
September 30, 2021 and 2020
(In Thousands)

	<u>2021</u>	<u>2020</u>	<u>2021-2020</u> <u>Variance</u>
Assets:			
Cash and Cash Equivalents	\$ 78,243	\$ 109,541	\$ (31,298)
Cash Restricted for Local Provider Participation Fund	17,763	--	17,763
Investments	25,707	12,997	12,710
Other Assets	2,985	1,900	1,085
Capital Assets (Net of Accumulated Depreciation)	6,508	6,788	(280)
Total Assets	<u>131,206</u>	<u>131,226</u>	<u>(20)</u>
Liabilities:			
Accounts Payable	2,808	2,196	612
Accrued Payroll and Related Liabilities	246	235	11
Long-Term Liabilities:			
Accrued Paid Time Off	53	41	12
Due to Local Provider Participation Fund	17,763	--	17,763
Total Liabilities	<u>20,870</u>	<u>2,472</u>	<u>18,398</u>
Net Position:			
Net Investment in Capital Assets	6,508	6,788	(280)
Unrestricted	103,828	121,966	(18,138)
Total Net Position	<u>\$ 110,336</u>	<u>\$ 128,754</u>	<u>\$ (18,418)</u>

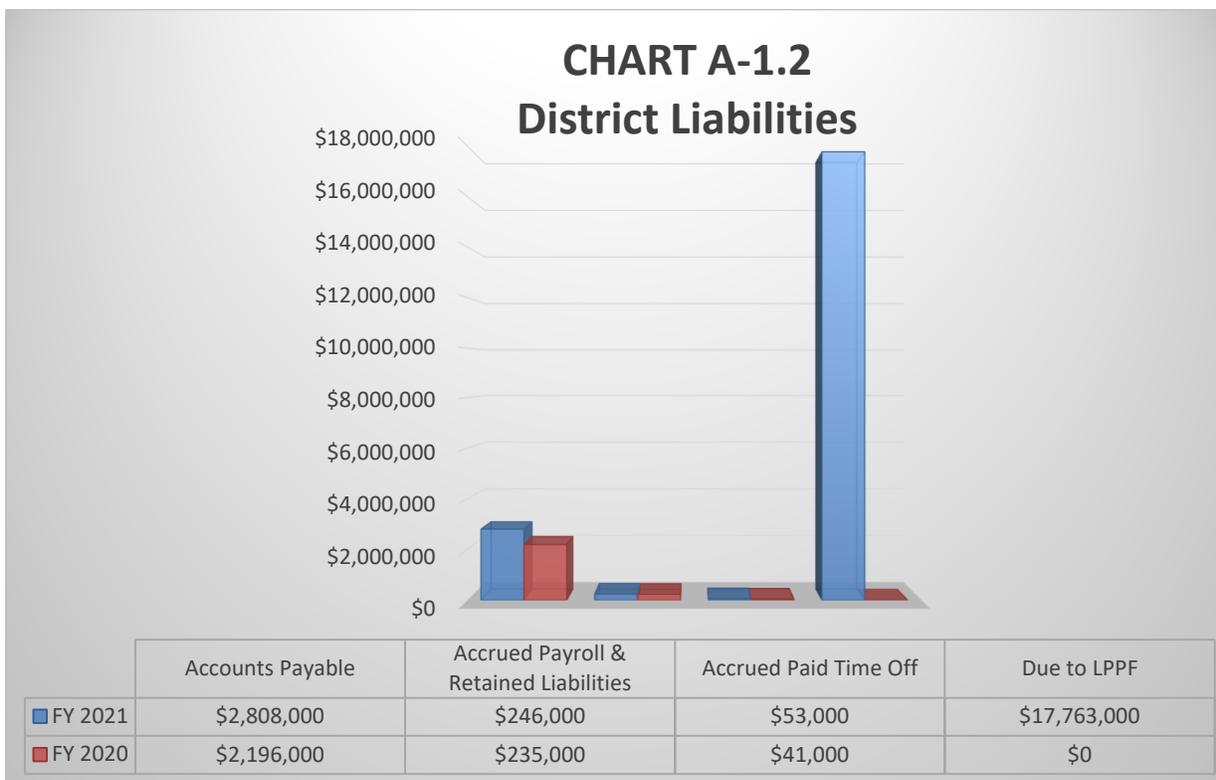
Financial Analysis

In Fiscal Year 2021, the \$825 thousand or .7% net decrease in cash and cash equivalents and investments combined is in part the result of payments to various Medicaid Payment Programs during the year. Other Assets increased \$1.1 million primarily from an increase in property taxes receivable. The \$280 thousand or 4.1% decrease in Capital Assets (Net of Accumulated Depreciation) mainly relates to depreciation expense. Accounts Payable and Related Liabilities increased \$623 thousand or 25.6% due to annual fluctuations in payments of accrued liabilities.

Please refer to Table A-1 above for details of Chart A-1.1 below relating to the District's Assets.



Please refer to Table A-1 above for details of Chart A-1.2 below relating to the District's Liabilities.

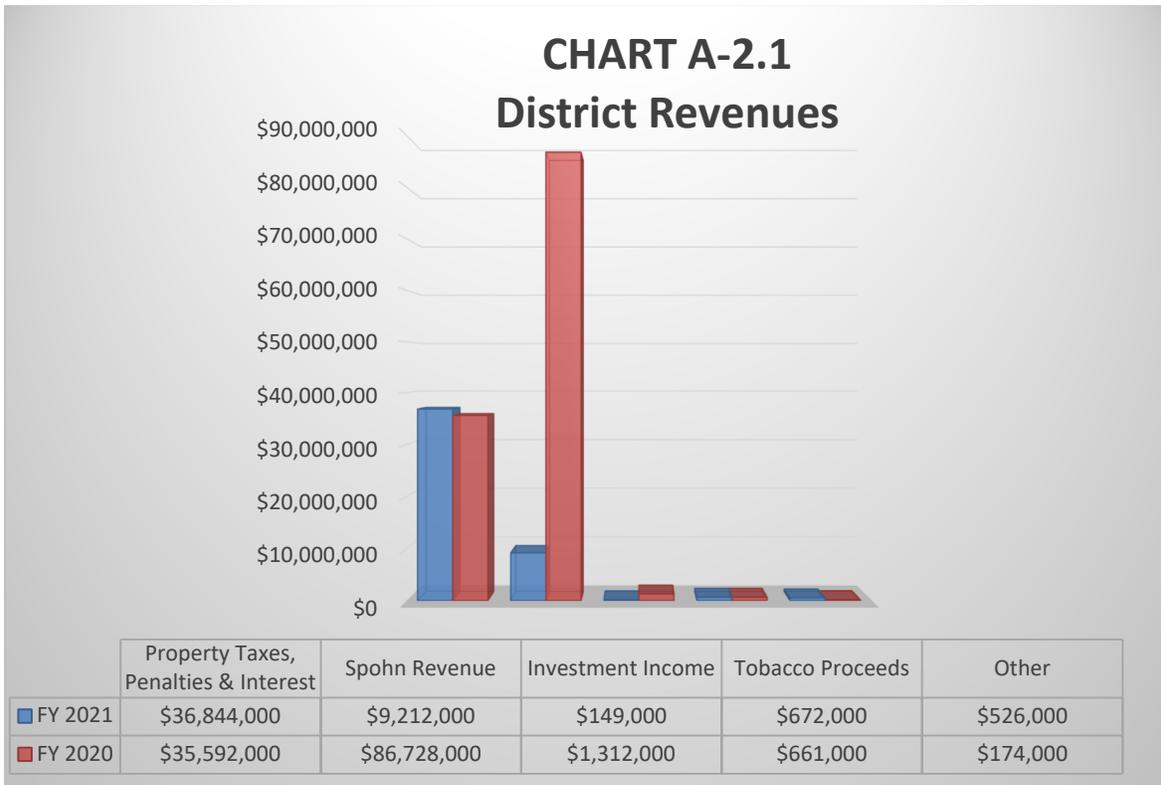


Statement of Activities (Government-Wide)

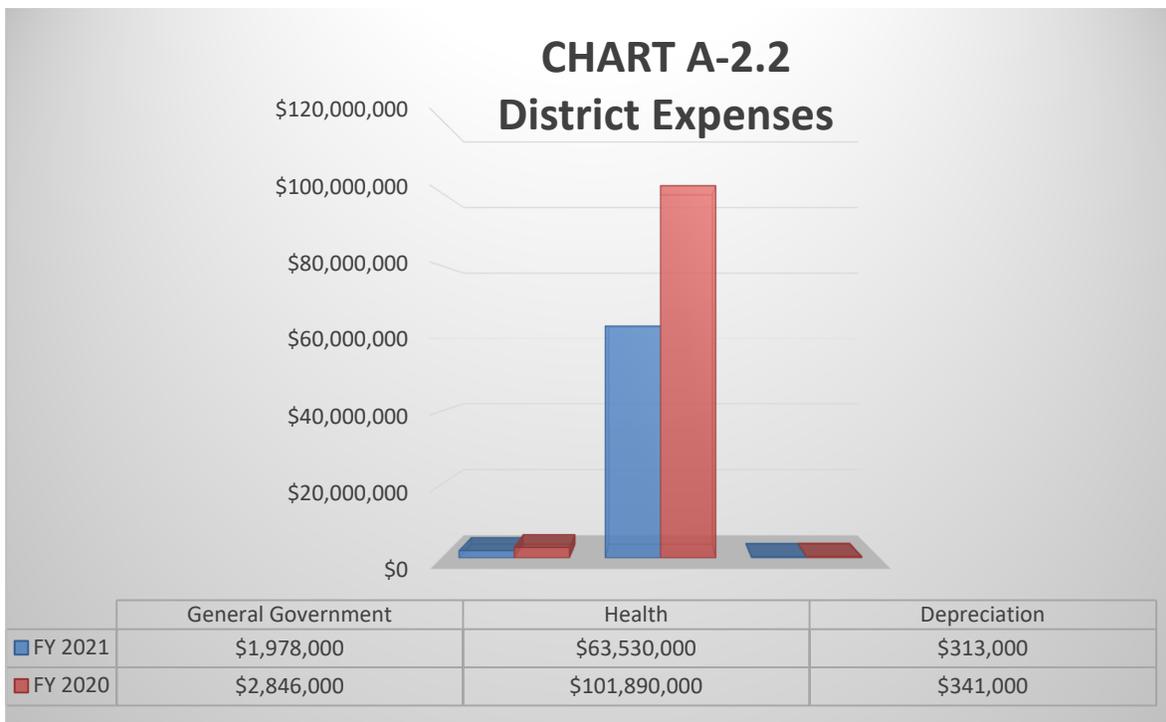
TABLE A-2
Changes in Nueces County Hospital District Net Position
September 30, 2021 and 2020
(In Thousands)

Revenues	<u>2021</u>	<u>2020</u>	<u>2021-2020</u> <u>Variance</u>
Property Taxes and Penalties and Interest	\$ 36,844	\$ 35,592	\$ 1,252
Spohn Corporate Membership Revenue	9,212	86,728	(77,516)
Investment Income	149	1,312	(1,163)
Tobacco Proceeds	672	661	11
Other	526	174	352
Total Revenues	<u>47,403</u>	<u>124,467</u>	<u>(77,064)</u>
Expenses:			
General Government	1,978	2,846	(868)
Health	63,530	101,890	(38,360)
Depreciation	313	341	(28)
Total Expenses	<u>65,821</u>	<u>105,077</u>	<u>(39,256)</u>
Net Change in Net Position	(18,418)	19,390	(37,808)
Net Position, Beginning of Year	<u>128,754</u>	<u>109,364</u>	<u>--</u>
NET POSITION, END OF YEAR	<u>\$ 110,336</u>	<u>\$ 128,754</u>	<u>\$ (37,808)</u>

Please refer to Table A-2 above for details of Chart A-2.1 below relating to the District's Revenues.



Please refer to Table A-2 above for details of Chart A-2.2 below relating to the District's Expenses.



FINANCIAL ANALYSIS

Revenues

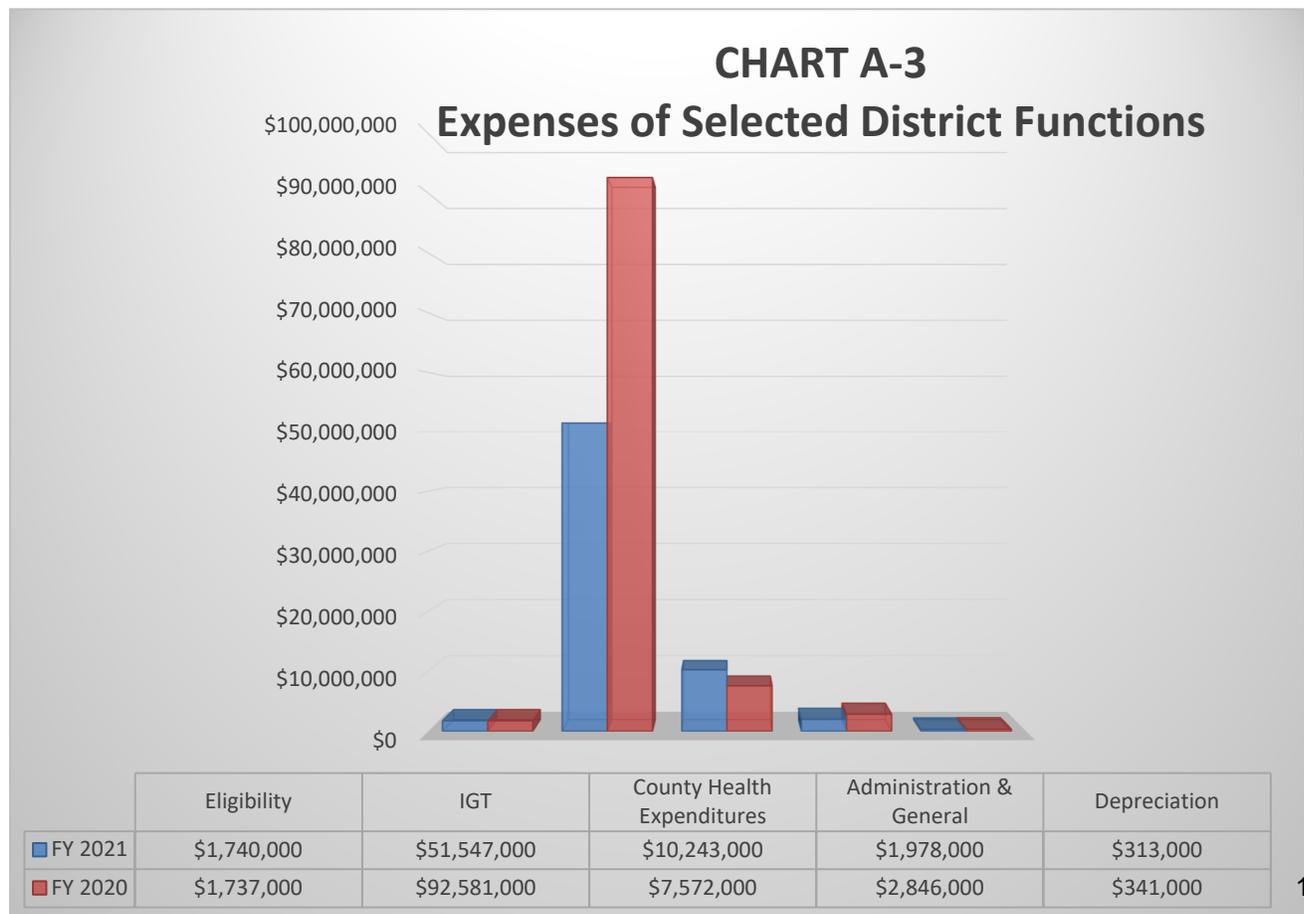
In Fiscal Year 2021, the District's total revenues decreased \$77.1 million or 61.9% compared to the prior fiscal year. There were four principal sources of revenue for the District. The initial source of revenue is from ad valorem taxes levied on Nueces County property owners based on assessed valuations. These tax revenues increased by \$1.3 million or 3.5% and accounted for 77.7% of total revenues compared to 28.6% in the prior fiscal year. The District's tax rate during Fiscal Year 2021 decreased to \$0.112421 per \$100 valuation, which was 3% above the no-new-revenue tax rate. Property valuations increased by \$1.5 billion or 4.7%. The second source is from the Membership Agreement with Spohn which accounted for \$9.2 million and 19.4% of total revenue. This revenue decreased \$77.5 million, or 89.4%, resulting from a decreased net patient revenue sharing allocation percentage utilized during the fiscal year. See Note 3 for an outline of the Membership Agreement. The third source is investment income which decreased \$1.2 million or 88.6% due to lower interest rates. The final source is a Tobacco Settlement distribution from the State of Texas' tobacco litigation which increased by \$11 thousand or 1.7% compared to prior fiscal year. Additional revenue proceeds increased \$352 thousand from prior fiscal year or 202.3%. These funds largely include a reimbursement from the State for the District's assistance in operating one of the Medicaid Payment Programs in the region, federal CARES program reimbursements from Nueces County for COVID-19 Pandemic ("COVID Pandemic") related expenditures, and the receipt of an administrative fee from the newly formed LPPF program.

Net Cost of Selected District Functions September 30, 2021 and 2020 (In Thousands)

	<u>2021</u>	<u>2020</u>	<u>2021-2020</u> <u>Variance</u>
Eligibility	\$ 1,740	\$ 1,737	\$ 3
Intergovernmental Transfers (IGT)	51,547	92,581	(41,034)
County Healthcare Expenditures	10,243	7,572	2,671
Administration and General	1,978	2,846	(868)
Depreciation	313	341	(28)
TOTAL	<u>\$ 65,821</u>	<u>\$ 105,077</u>	<u>\$ (39,256)</u>

Expenses

The expenses of the District’s functions in Fiscal Year 2021 decreased \$39.3 million or 37.4% compared to the prior fiscal year. The District’s health functions include intergovernmental transfers and county healthcare expenditures. The District’s largest amount of costs is voluntary intergovernmental transfers to the State for the Medicaid Payment Programs for the benefit of various regional health care providers who provide indigent healthcare. The intergovernmental transfers draw down additional Medicaid funds for regional providers under the Medicaid Payment Programs. This cost totaled \$51.5 million in Fiscal Year 2021 and represented 78.3% of all functional expenditures. The second largest amount of cost is \$10.2 million for county healthcare expenditures which relates to the District’s support of other healthcare services in Nueces County. The District directly or indirectly pays for non-indigent healthcare-related service costs that were paid by Nueces County in earlier years. These costs include expenses such as emergency medical services, county jail and juvenile detention center healthcare services, reimbursement of operating expenditures at the City/County Public Health Department, match, and other subsidies for the Nueces Center for Mental Health and Intellectual Disabilities and costs associated with operation of the County Jail’s infirmary. This cost increased \$2.7 million or 35.3% in Fiscal Year 2021 compared to the prior fiscal year. County healthcare expenditure costs represented 15.6% of all the District’s net costs in Fiscal Year 2021 compared to 7.2% in the prior fiscal year. The two other costs of the District were Administrative and General and Eligibility determination costs. Collectively, these costs decreased \$865 thousand or 18.9% during Fiscal Year 2021 compared to the prior fiscal year. Major costs in this category were legal fees, consulting fees, rents, supplies, purchased services, and salaries and benefits. Administrative and General costs represented 3.0% of all net costs in Fiscal Year 2021 compared to 2.7% in the prior fiscal year. Eligibility costs represented 2.6% of all net costs in Fiscal Year 2021 compared to 1.7% in the prior fiscal year. Please refer to Table A-3 for details of Chart A-3 below relating to the District’s net cost of selected functions.



General Fund Budgetary Highlights

Expectations for the District's general fund budget were surpassed during Fiscal Year 2021.

Revenues

Revenues exceeded budget by \$4.1 million. The excess is partially attributed to revenue resulting from the Membership Agreement, which surpassed budget by \$2.7 million. The surplus is due to the use of an estimate of the Membership Agreement's initial revenue sharing allocation percentage between the District and Spohn when the Fiscal Year 2021 budget was developed; due to the difficulty in projecting Spohn's net patient revenues, the District is only able to estimate the Membership Agreement-related sharing allocation. Ad valorem tax revenue combined with penalties and interest, exceeded budget by \$1.3 million. Investment income also exceeded budget by \$944 thousand. Finally, other income, including a reimbursement from the State for the District's assistance in operating one of the State's Medicaid Payment Programs in the region, recovery of certain prior fiscal year's expenses, and jail health care reimbursements from another governmental entity, surpassed budget by approximately \$407 thousand. This was mainly due to unbudgeted COVID-19 reimbursed expenditures and receipt of the newly formed LPPF administrative fee.

Expenditures

Expenditures were less than budget by \$18.9 million. Of the expenditures less than budget, \$11.3 million was associated with Medicaid Payment Programs-related intergovernmental transfers from the District. Due to the complex nature of the calculations of intergovernmental transfers, the District is only able to approximate an amount at the time its budget is adopted. The District had also received various refunds relating to prior year's payment program reconciliations. County Services were under budget by \$5.6 million primarily due to overestimated jail diversion program costs and unspent funds budgeted for a COVID Pandemic-related patient care unit. Personal services were less than budget by \$397 thousand due to the increased utilization of the District's paid-time-off accrued liability and less than maximum participation of certain benefit programs. Contractual Services were under budget this year by \$1.4 million mainly due to less utilization of legal fees and consultant fees for one of the Medicaid Payment Programs. The Materials and Supplies category was under budget by \$43 thousand; and finally, the Other category which includes office lease and administrative expenditures ended under budget by approximately \$23 thousand.

CAPITAL ASSETS

The District had \$6.5 million in net capital assets at the end of September 30, 2021. The breakdown of the capital assets is as follows:

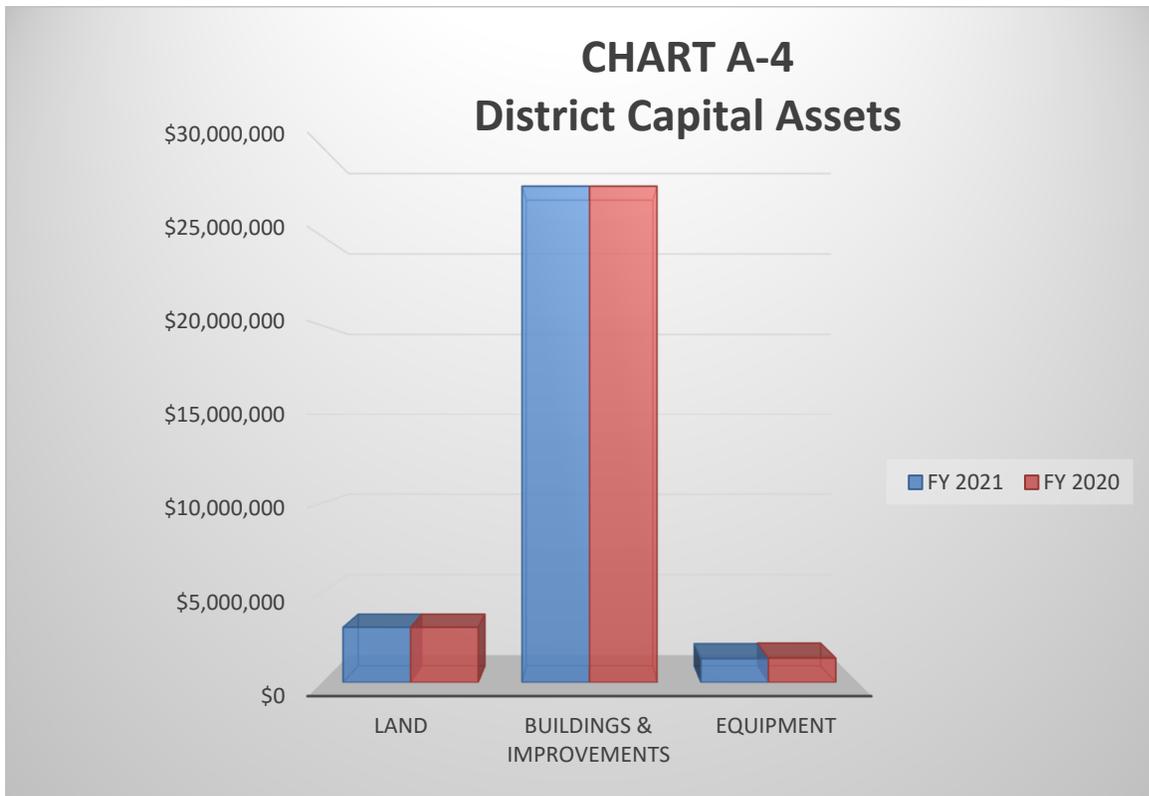
TABLE A-4
Nueces County Hospital District's Capital Assets
September 30, 2021 and 2020
(In Thousands)

	<u>2021</u>	<u>2020</u>	<u>2021-2020</u> <u>Variance</u>
Land	\$ 3,077	\$ 3,077	\$ --
Buildings and Improvements	27,760	27,760	-
Equipment	<u>1,319</u>	<u>1,356</u>	<u>(37)</u>
Total	32,156	32,193	(37)
Less: Accumulated Depreciation	<u>25,648</u>	<u>25,405</u>	<u>243</u>
NET CAPITAL ASSETS	<u>\$ 6,508</u>	<u>\$ 6,788</u>	<u>\$ (280)</u>

Under terms of the Membership Agreement, the District contributed the use of its former hospital Memorial Medical Center (“MMC”) buildings and equipment to Spohn; and Spohn is responsible for maintaining the buildings and equipment, and the purchase of any medical and other equipment needed during the Agreement’s term. The Membership Agreement requires that Spohn spend \$600 thousand on upkeep of the buildings and equipment in each calendar year starting in 2017 and thereafter. Please refer to Note 8 - Capital Assets of the Financial Statements for more details on capital assets.

During Fiscal Year 2021, net capital assets decreased by \$280 thousand mostly due to depreciation and surplus equipment auctions during the year.

Please refer to Table A-4 for details of Chart A-4 relating to the District’s Capital Assets.



Economic Factors, Next Year’s Budget, Tax Rates and Property Valuations, and Financial Planning

Economic Factors

For the forthcoming fiscal year and subsequent fiscal years, the COVID-19 Pandemic (“COVID Pandemic”), possible expiration of the Medicaid waiver program, State budget pressures and shifting priorities may alter funding, services, programs, or eligibility for its Medicaid program which could affect enrollments in the District’s indigent health care program. Texas has the highest health care uninsured rate in the nation and the County’s rate is among the highest in the State. The benefits of the Patient Protection and Affordable Care Act (P.L. 111-148) and the Health Care and Education Reconciliation Act of 2010 (P.L. 111-152) legislation that was intended to reduce the number of health care uninsured persons and expand Medicaid has not yet been realized in Texas; during the forthcoming District fiscal year, these unrealized benefits may affect the number of persons enrolled in the District’s indigent health care program. Additionally, the P.L. 111-148 individual mandate to carry health insurance was repealed effective 2020; during the forthcoming District fiscal year, this action may affect the number of persons enrolled in the District’s indigent health care program. In addition, federal regulations could limit the methods States can use to finance the non-federal share of Medicaid Program Payments, jeopardizing the availability and/or continuation of indigent health care services in the community. Finally, expansive changes could occur to the Patient Protection and Affordable Care Act, Health Care and Education Reconciliation Act, and the Medicaid program because of changes to national health policy.

Next Year's Budget, Tax Rates, and Property Valuations

Budget

For the District's forthcoming fiscal year ending September 30, 2022 ("Fiscal Year 2022"), the District's Board of Managers and County Commissioners Court approved a District operating budget wherein expenditures exceed revenues by only \$209 thousand in an effort to transition to a balanced budget compared to prior years. Revenues are budgeted at \$47.3 million, a 13.9% increase compared to the prior fiscal year. Expenditures are budgeted at \$47.5 million, a 43.8% decrease compared to the prior fiscal year.

Tax Rates and Property Valuations

The property valuations for the District's Fiscal Year 2022 are \$35.3 billion, an increase of 5.0% from the prior year. To offset this increase, County Commissioners Court has decreased the District's tax rate for the Fiscal Year 2022 budget to \$0.111502 per \$100 valuation, which is 5% above the no-new-revenue tax rate. The Fiscal Year 2022 budget estimates include tax revenues of \$37.1 million, an increase of \$2.3 million or 6.5% over Fiscal Year 2021. Certain prior year refinery related property value lawsuits are still pending and potential refunds have been applied to the tax revenue budget. The District expects tax base expansion and increases in property values to approximate recent years.

Financial Planning

The District does not receive State or federal funding for provision of indigent health care. However, the District expects to continue receiving de minimis reimbursement annually from the State for the District assisting it in operating one of the Medicaid Payment Programs in the region; however, the Program's extension was rescinded and may not be reinstated for Fiscal Year 2022. The District expects that the Membership Agreement's revenue sharing allocation percentage between the District and Spohn will be insufficient to support some of the District's objectives in the forthcoming fiscal year and the District will rely on its reserves to fund operations to a greater degree than the prior year. In addition, during Fiscal Year 2022, either party has the option to terminate the Membership Agreement and the revenue resulting to the District from the Agreement could end and impact Fiscal Year 2023. Federal regulations governing certain provisions of the Membership Agreement and past State actions relating to certain disallowances may potentially affect future performance of the Agreement; it is possible that the current permitted use of a combination of tax, LPPF and Membership Agreement-related revenues by the District to make voluntary intergovernmental transfers to the State in support of the Medicaid Payment Programs could change in the future.

CONTACTING DISTRICT MANAGEMENT

These District financial statements are designed to provide our citizens, taxpayers, elected officials, investors, creditors, and others with a general overview of the District's financial position and results of operations, to demonstrate the District's accountability for the tax and other funds it receives, and show how the District's funds are used. Questions concerning any of the information contained in these statements or requests for additional statement information can be directed to the District at:

Nueces County Hospital District
Administrative Offices
555 N. Carancahua St., Suite 950
Corpus Christi, TX 78401-0835
Telephone: (361) 808-3300
Facsimile: (361) 808-3274
<http://www.nchdcc.org/contact.cfm>

HISTORICAL AUDITED FINANCIAL STATEMENTS

Recent historical audited financial statements of the District are available via the Internet and can be viewed or downloaded in Portable Document Format from www.nchdcc.org/financial.cfm.

Basic Financial Statements

NUECES COUNTY HOSPITAL DISTRICT

(A COMPONENT UNIT OF NUECES COUNTY, TEXAS)

GOVERNMENTAL FUNDS BALANCE SHEET / STATEMENT OF NET POSITION

SEPTEMBER 30, 2021

ASSETS	<u>GENERAL</u>	<u>INDIGENT CARE FUND</u>	<u>TOBACCO SETTLEMENT FUND</u>
Cash and Cash Equivalents (Note 4)	47,508,555	30,733,737	837
Cash Restricted for Local Provider Participation Fund (Note 16)	17,763,075	--	--
Investments (Note 4 and Note 5)	--	25,706,663	--
Accrued Interest	--	21,394	--
Taxes Receivable Net Of Allowance for Uncollectibles (Note 7 and 9):	2,782,623	--	--
Other Receivables	11,262	--	--
Prepaid Expenditures	170,415	--	--
Land (Note 8)	--	--	--
Other Capital Assets, net of Accumulated Depreciation (Note 8)	--	--	--
TOTAL ASSETS	<u>68,235,930</u>	<u>56,461,794</u>	<u>837</u>

Exhibit 1

GOVERNMENTAL FUNDS TOTAL	ADJUSTMENTS EXHIBIT 2	STATEMENT OF NET POSITION
78,243,129	--	78,243,129
17,763,075	--	17,763,075
25,706,663	--	25,706,663
21,394	--	21,394
2,782,623	--	2,782,623
11,262	--	11,262
170,415	--	170,415
--	3,076,926	3,076,926
--	3,430,915	3,430,915
124,698,561	6,507,841	131,206,402

(Continued)

NUECES COUNTY HOSPITAL DISTRICT

(A COMPONENT UNIT OF NUECES COUNTY, TEXAS)

GOVERNMENTAL FUNDS BALANCE SHEET / STATEMENT OF NET POSITION

SEPTEMBER 30, 2021

LIABILITIES	<u>GENERAL</u>	<u>INDIGENT CARE FUND</u>	<u>TOBACCO SETTLEMENT FUND</u>
Accounts Payable	2,807,590	--	--
Accrued Payroll and Related Liabilities	246,444	--	--
Unearned Revenue (Note 9)	2,782,623	--	--
Long-term Liabilities-			
Accrued Paid Time Off (Note 10)	--	--	--
Due to Local Provider Participation Fund			
Fund (Note 16)	17,763,075	--	--
TOTAL LIABILITIES	23,599,732	--	--
 FUND EQUITY/NET POSITION			
Fund Balances:			
Nonspendable	170,415	--	--
Committed to: (Note 13)			
Intergovernmental Transfers	17,421,612	--	--
Indigent Care	--	56,461,794	--
Assigned to County Health Care	--	--	837
Unassigned	27,044,171	--	--
Total Fund Equity	44,636,198	56,461,794	837
 TOTAL LIABILITIES AND FUND EQUITY			
	68,235,930	56,461,794	837
 Net Position:			
Net Investment in Capital Assets			
Unrestricted			
 TOTAL NET POSITION			

The notes to the financial statements are an integral part of this statement.

Exhibit 1
Continued

GOVERNMENTAL FUNDS TOTAL	ADJUSTMENTS EXHIBIT 2	STATEMENT OF NET POSITION
2,807,590	--	2,807,590
246,444	--	246,444
2,782,623	(2,782,623)	--
--	53,485	53,485
17,763,075	--	17,763,075
23,599,732	(2,729,138)	20,870,594
<hr/>		
170,415	(170,415)	--
17,421,612	(17,421,612)	--
56,461,794	(56,461,794)	--
837	(837)	--
27,044,171	(27,044,171)	--
101,098,829	(101,098,829)	--
<hr/>		
<u>124,698,561</u>		
	6,507,841	6,507,841
	103,827,967	103,827,967
	<hr/>	
	110,335,808	110,335,808
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NUECES COUNTY HOSPITAL DISTRICT**(A COMPONENT UNIT OF NUECES COUNTY, TEXAS)****EXPLANATIONS FOR ADJUSTMENTS TO RECONCILE
GOVERNMENTAL FUNDS - BALANCE SHEET TO THE STATEMENT OF NET POSITION**

Total Fund Balance - Total Governmental Funds	101,098,829
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of the assets is \$29,078,644 and the accumulated depreciation is \$25,647,730 (Note 8)	6,507,841
Taxes receivable, net of allowance is not available to pay for current period expenditures and is, therefore, deferred in the governmental funds. (Note 7)	2,782,623
Long-Term liabilities, include accrued paid time off, are not due and payable in the current period and, therefore, are not reported in the funds. (Note 10)	<u>(53,485)</u>
NET POSITION	<u><u>110,335,808</u></u>

The notes to the financial statements are an integral part of this statement.

NUECES COUNTY HOSPITAL DISTRICT

(A COMPONENT UNIT OF NUECES COUNTY, TEXAS)

**STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES**

YEAR ENDED SEPTEMBER 30, 2021

	<u>GENERAL</u>	<u>INDIGENT CARE FUND</u>	<u>TOBACCO SETTLEMENT FUND</u>
Revenues:			
Taxes	35,512,132	--	--
Penalties and Interest - Taxes	308,559	--	--
Spohn Corporate Membership Revenue	9,211,595	--	--
Investment Income	32,084	117,102	9
Tobacco Settlement	--	--	671,991
Other	527,058	--	--
Total Revenue	<u>45,591,428</u>	<u>117,102</u>	<u>672,000</u>
Expenditures/Expenses:			
General Government	1,966,012	--	--
Health	63,530,261	--	--
Depreciation	--	--	--
Capital Outlay	33,444	--	--
Total Expenditures/Expenses	<u>65,529,717</u>	<u>--</u>	<u>--</u>
Excess of Revenues Over Expenditures/Expenses	(19,938,289)	117,102	672,000
Other Financing Sources (Uses):			
Transfers In (Note 14)	672,000	--	--
Transfers Out (Note 14)	--	--	(672,000)
Total Other Financing Sources (Uses)	<u>672,000</u>	<u>--</u>	<u>(672,000)</u>
Net Change in Fund Balance/Net Position	(19,266,289)	117,102	--
Fund Balance/Net Position, Beginning of Year	<u>63,902,487</u>	<u>56,344,692</u>	<u>837</u>
FUND BALANCE/NET POSITION, END OF YEAR	<u><u>44,636,198</u></u>	<u><u>56,461,794</u></u>	<u><u>837</u></u>

The notes to the financial statements are an integral part of this statement.

Exhibit 3

GOVERNMENTAL FUNDS TOTAL	ADJUSTMENTS EXHIBIT 4	STATEMENT OF ACTIVITIES
35,512,132	1,023,073	36,535,205
308,559	--	308,559
9,211,595	--	9,211,595
149,195	--	149,195
671,991	--	671,991
527,058	(679)	526,379
<u>46,380,530</u>	<u>1,022,394</u>	<u>47,402,924</u>
1,966,012	12,131	1,978,143
63,530,261	--	63,530,261
--	312,748	312,748
33,444	(33,444)	--
<u>65,529,717</u>	<u>291,435</u>	<u>65,821,152</u>
(19,149,187)	730,959	(18,418,228)
672,000	(672,000)	--
(672,000)	672,000	--
<u>--</u>	<u>--</u>	<u>--</u>
(19,149,187)	730,959	(18,418,228)
<u>120,248,016</u>	<u>8,506,020</u>	<u>128,754,036</u>
<u>101,098,829</u>	<u>9,236,979</u>	<u>110,335,808</u>

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NUECES COUNTY HOSPITAL DISTRICT**(A COMPONENT UNIT OF NUECES COUNTY, TEXAS)****EXPLANATIONS FOR ADJUSTMENTS TO RECONCILE
GOVERNMENTAL FUNDS - STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES**

Net Change in Fund Balances - Total Governmental Funds	(19,149,187)
--	--------------

Amounts reported for governmental activities in the statement of net position are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation of \$312,748 was more than capital outlays of \$33,444 and loss on disposal of assets of \$679 in the current period. (Note 8)	(279,983)
---	-----------

Revenues from uncollected taxes that do not provide current financial resources are included in the statement of activities and not reported as revenues in the governmental funds.	1,023,073
---	-----------

Expenses accrued for employees paid time off in the statement of activities that do not use current financial resources are not reported as expenses in the governmental funds.	<u>(12,131)</u>
---	-----------------

CHANGE IN NET POSITION	<u><u>(18,418,228)</u></u>
------------------------	----------------------------

The notes to the financial statements are an integral part of this statement.

NUECES COUNTY HOSPITAL DISTRICT
(A COMPONENT UNIT OF NUECES COUNTY, TEXAS)

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL

YEAR ENDED SEPTEMBER 30, 2021

	<u>ORIGINAL AND FINAL BUDGET</u>	<u>ACTUAL GAAP BASIS</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
Revenues:			
Taxes	34,531,245	35,512,132	980,887
Penalties and Interest - Taxes	345,312	308,559	(36,753)
Spohn Corporate Membership Revenue	6,500,000	9,211,595	2,711,595
Investment Income	15,068	32,084	17,016
Other	120,000	527,058	407,058
Total Revenues	<u>41,511,625</u>	<u>45,591,428</u>	<u>4,079,803</u>
Expenditures:			
Current:			
General Government			
Administration:			
Personal Services	709,135	615,587	93,548
Materials and Supplies	70,150	42,525	27,625
Contractual Services	2,122,030	1,142,313	979,717
Other	181,960	165,183	16,777
Total Administration	<u>3,083,275</u>	<u>1,965,608</u>	<u>1,117,667</u>
Facilities Management -			
Materials and Supplies	1,300	404	896
Total General Government	<u>3,084,575</u>	<u>1,966,012</u>	<u>1,118,563</u>
Health:			
Personal Services	1,477,236	1,173,903	303,333
Materials and Supplies	43,700	28,136	15,564
Contractual Services	913,250	534,515	378,735
Intergovernmental Transfers (Note 12)	62,881,100	51,547,093	11,334,007
County Services	15,906,930	10,243,410	5,663,520
Other	9,500	3,204	6,296
Total Health	<u>81,231,716</u>	<u>63,530,261</u>	<u>17,701,455</u>
Capital Outlay	127,000	33,444	93,556
Total Current Expenditures	<u>84,443,291</u>	<u>65,529,717</u>	<u>18,913,574</u>
Excess of Revenues Over (Under) Expenditures	(42,931,666)	(19,938,289)	22,993,377
Other Financing Sources (Uses)-			
Transfers In	550,000	672,000	122,000
Total Other Financing Sources	<u>550,000</u>	<u>672,000</u>	<u>122,000</u>
Net Change in Fund Balance	<u>(42,381,666)</u>	<u>(19,266,289)</u>	<u>23,115,377</u>
Fund Balance, Beginning of Year		<u>63,902,487</u>	
FUND BALANCE, END OF YEAR		<u><u>44,636,198</u></u>	

The notes to the financial statements are an integral part of this statement.

NUECES COUNTY HOSPITAL DISTRICT
(A COMPONENT UNIT OF NUECES COUNTY, TEXAS)
INDIGENT CARE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2021

	<u>ORIGINAL AND FINAL BUDGET</u>	<u>ACTUAL GAAP BASIS</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
Revenues -			
Investment Income	84,321	117,102	32,781
	<hr/>	<hr/>	<hr/>
Net Change in Fund Balance	<u>84,321</u>	<u>117,102</u>	<u>32,781</u>
Fund Balance, Beginning of Year		<u>56,344,692</u>	
FUND BALANCE, END OF YEAR		<u><u>56,461,794</u></u>	

The notes to the financial statements are an integral part of this statement.

NUECES COUNTY HOSPITAL DISTRICT**(A COMPONENT UNIT OF NUECES COUNTY, TEXAS)****TOBACCO SETTLEMENT FUND****STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**
BUDGET (GAAP BASIS) AND ACTUAL**YEAR ENDED SEPTEMBER 30, 2021**

	<u>ORIGINAL AND FINAL BUDGET</u>	<u>ACTUAL GAAP BASIS</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
Revenues:			
Tobacco Settlement	550,000	671,991	121,991
Investment Income	--	9	9
Total Revenues	<u>550,000</u>	<u>672,000</u>	<u>122,000</u>
Other Financing Uses -			
Transfers Out	<u>(550,000)</u>	<u>(672,000)</u>	<u>(122,000)</u>
Total Other Financing Uses	<u>(550,000)</u>	<u>(672,000)</u>	<u>(122,000)</u>
Net Change in Fund Balance	<u> --</u>	<u> --</u>	<u> --</u>
Fund Balance, Beginning of Year		<u>837</u>	
FUND BALANCE, END OF YEAR		<u>837</u>	

The notes to the financial statements are an integral part of this statement.

NUECES COUNTY HOSPITAL DISTRICT
(A COMPONENT UNIT OF NUECES COUNTY, TEXAS)

FIDUCIARY FUNDS

STATEMENT OF NET POSITION

SEPTEMBER 30, 2021

	HEALTH BENEFIT PLAN AND TRUST FUND
ASSETS	
Cash and Cash Equivalents (Note 4)	96,003
Accrued Interest	1
Total Assets	96,004
 LIABILITIES	
Due to General Fund	8,734
 NET POSITION	
Held in Trust for Employee Health Benefits	87,270

The notes to the financial statements are an integral part of this statement.

NUECES COUNTY HOSPITAL DISTRICT
(A COMPONENT UNIT OF NUECES COUNTY, TEXAS)
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN NET POSITION
YEAR ENDED SEPTEMBER 30, 2021

	<u>HEALTH BENEFIT PLAN AND TRUST FUND</u>
ADDITIONS	
Interest	12
DEDUCTIONS	
Administration and General	1,446
Employee Benefits	26,388
Total Deductions	<u>27,834</u>
Net Decrease	(27,822)
Net Position, Beginning of Year	<u>115,092</u>
NET POSITION, END OF YEAR	<u><u>87,270</u></u>

The notes to the financial statements are an integral part of this statement.

NUECES COUNTY HOSPITAL DISTRICT
(A COMPONENT UNIT OF NUECES COUNTY, TEXAS)
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

Note 1 – REPORTING ENTITY

Nueces County Hospital District (the District), a discretely presented component unit of Nueces County, Texas (the County), was made available by an Act of the Legislature of the State of Texas and subsequently approved by the voters of Nueces County, Texas. The District is legally separate from the County; however, members of the District’s governing board (the Board) are appointed by the County Commissioners’ Court.

The District has no component units as defined by Governmental Accounting Standards Board. Although the District and County Commissioners’ Court appoint three of the members of the Board of Trustees of CHRISTUS Spohn Health System (“Spohn”) as part of the Spohn Membership Agreement between the two parties, Spohn does not qualify as a component unit. The District does not approve the budget of Spohn, nor have any rights to surpluses of Spohn. However, Spohn shares certain revenues with the District pursuant to the terms of the Agreement.

Additionally, the District serves as the Region 4 Anchor and funds voluntary intergovernmental transfers (IGTs) for certain healthcare providers under provisions of the Texas Health and Human Services Commission’s (HHSC) Medicaid Payment Programs. This allows Spohn and certain other Region 4 healthcare providers to participate in supplemental Medicaid Payment Programs.

Formation and Background

The District is a tax-supported governmental entity authorized by the Constitution of the State of Texas, the creation of which was approved by the voters of Nueces County in 1967. Pursuant to Chapter 281 of the Texas Health and Safety Code, the District assumed full responsibility for furnishing medical and hospital care for indigent and needy persons residing in the District beginning on the date on which taxes were collected for the District. The Commissioners Court is authorized to levy hospital district taxes on property located within the District whose boundaries are coterminous with the County. Chapter 281 allows the District to use funds from any source to fund indigent health care and intergovernmental transfers from the District to the state for use as the nonfederal share of Medicaid supplemental payment programs or waiver program payments.

The District is governed by a Board of Managers, whose members are appointed by the Commissioners Court. The Commissioners Court has final approval of the District’s operating budget and tax rate. The Commissioners Court has the authority to levy on all property subject to District taxation a tax not to exceed seventy-five cents (\$.75) on each \$100 valuation of all taxable property within the District.

Note 1 – REPORTING ENTITY – (Continuation)

1996 Transaction

Historically, the Nueces County Hospital District (the “District”) owned and operated Memorial Medical Center (“Memorial”). Memorial served as the safety-net hospital in Nueces County providing indigent care services to the needy, consistent with the District’s role as a Chapter 281 hospital district. In 1996, through a series of agreements (the “1996 Transaction”) which include a Master Agreement, Lease Agreement, and Indigent Care Agreement, (collectively, the “1996 Transaction Agreements”), the District leased Memorial to Spohn and Spohn assumed the responsibility to operate Memorial in Nueces County, with obligations for Spohn to provide indigent care and for the District to utilize its ad valorem tax revenues to fund the provision of indigent care by Spohn in Nueces County.

Renegotiation of 1996 Transaction

During the 2011 – 2012 timeframe, Spohn started facing significant capital costs due to the deteriorating condition of its hospital facilities in Corpus Christi, particularly the Memorial hospital facility. Spohn’s options to address these capital needs were somewhat limited by the 1996 Transaction Agreements, through which Spohn assumed a 30-year responsibility for the maintenance and operations of the Memorial facility. In addition to the lease rate for the Memorial facility and the District’s other assets and Spohn’s obligation to maintain the facilities in a commercially reasonable manner, Spohn had also agreed to invest at least \$6 million per year in capital improvements and equipment at the Memorial campus, the neighborhood clinics, and the physician office buildings. In 2011, Spohn began the process of evaluating a transformative capital project in the Nueces County market, with the goal to shift the delivery of care towards a focus on more appropriate outpatient care venues and better coordination across the care continuum, rather than simply retrofitting the existing hospital inpatient infrastructure. In order for the parties to make significant changes to the infrastructure, Spohn desired more flexibility than what was available under the 1996 Transaction documents; in particular, it desired to align the interests of the District and Spohn more closely and to relax or remove its contractual commitment to maintain the existing facilities, including the Memorial facility owned by the District. CHRISTUS Health, Spohn’s parent organization, ultimately approved a \$325 million capital investment in 2013 in the Corpus Christi market, after Spohn’s transition to the co-membership/ownership role with the District discussed below.

Recognizing the constraints placed on their strategic planning efforts due to the historical structure, the parties invoked the process outlined in the 1996 Transaction that allowed for the District and Spohn to renegotiate the agreements between the parties in the event there was an adverse material change in government reimbursement. The parties therefore included in the 1996 Transaction documents a right to renegotiate changes in their relationship in the event there was a substantial reduction in government program funding for Spohn. On invoking this process to assess the risk of adverse material change in government reimbursement to Spohn, the parties also identified opportunities to improve the delivery of care in the Coastal Bend communities.

2012 Spohn Membership Agreement

The parties structured the Spohn Membership Agreement (“2012 Membership Agreement”) in 2012 to further support their efforts to more closely and comprehensively collaborate and align the operations of the District and Spohn as a governmental and public provider. Effective September 30, 2012, the parties entered into a Memorandum of Understanding (“MOU”) to effectuate termination of the 1996 Transaction Agreements. Pursuant to the terms of the MOU, the parties agreed to terminate the 1996 Transaction Agreements. The parties also agreed in the MOU to the reinstatement of the 1996 Transaction Agreements to be effective upon the termination of the 2012 Membership Agreement, subject to certain amendments to the 1996 Transaction Agreements (including to the Lease Agreement) which are attached to the MOU. At the same time, the parties entered into the 2012 Membership Agreement, effective October 1, 2012, pursuant to which the District became a co-member in Spohn along with CHRISTUS Health, with the rights, privileges, obligations, and duties attendant to such role. The parties intended that Spohn would continue to serve as the public safety-net hospital in Corpus Christi. In order to reflect the District as a co-member in Spohn, the parties revised Spohn’s corporate documents, and submitted the appropriate enrollment change documents to the Medicare fiscal intermediary and the State related to its Medicare and Medicaid provider agreements.

The District also provided Spohn the right to continue to use and operate the Memorial facilities and granted Spohn the right to make material alterations to the Memorial facilities upon reasonable review of the District. Spohn continues to have the right to use Memorial, the Memorial campus, and other facilities without a rental obligation. The Agreement carries over most of the other duties and responsibilities from the Lease. The District also agreed to reduce Spohn’s obligation to make \$6 million in capital expenditures per year for Memorial and the District’s other facilities in the event such material alterations were made.

The parties agreed that each co-member of Spohn was entitled to an allocated portion of the funds as part of their co-membership/ownership role, commensurate with their liability for Spohn’s operating losses. Specifically, under the 2012 Membership Agreement, the co-members agreed to remit to Spohn their pro rata share of any operating loss deficits within a specified timeframe. Upon implementation of the 2012 Membership Agreement, CHRISTUS Health and the District were co-members in the Spohn corporate entity. CHRISTUS Health continued to receive its management fees and other revenue from Spohn’s operations in return for the support services it furnished to Spohn. In exchange for the District’s support of Spohn and its assumption of economic risk and the various tangible and intangible economic and other benefits the District granted to Spohn, the District was entitled to an allocated portion of the funds Spohn had available for distribution to its co-members—i.e., a share of the Spohn nonfederal net patient revenue negotiated annually based on Spohn’s operating budget and projected operating margin for the upcoming year.

2015 Transaction

In September 2012, Spohn issued a Notice of Material Alteration to the District in accordance with the Membership Agreement requesting to, among other things, demolish the MMC hospital building, construct a 40,000 square foot outpatient clinic on the MMC campus to be known as the Dr. Hector P. Garcia—Memorial Family Health Center (“Family Health Center”), and relocation of Memorial’s inpatient beds and trauma services to Spohn’s Shoreline hospital following the redesign of Shoreline. The parties then entered into a binding Letter of Intent. Under the Letter of Intent, the District approved Spohn’s material alteration plans as described in the Notice. The parties also agreed to amend the Membership Agreement and MOU to make the following changes:

Note 1 – REPORTING ENTITY – (Continuation)

- Authorize Spohn to construct the Family Health Center on the MMC campus, transition MMC inpatient beds, emergency room, and trauma services to Spohn’s Shoreline hospital, and subsequently demolish the MMC hospital facility.
- Require Spohn to continue to (1) provide inpatient and outpatient indigent care services to Nueces Aid enrollees at the same levels as during prior periods through 2036; (2) make certain outpatient services available to Nueces Aid enrollees at the Family Health Center; (3) ensure appropriate availability of inpatient and outpatient psychiatric and behavioral health services to indigents at a location in Corpus Christi, Texas and analyze the most appropriate facility for such services in conjunction with House Bill 3793, 83rd Legislature, Regular Session, 2013 Plan for the Appropriate and Timely Provision of Mental Health Services, (4) ensure the community has constant access to an emergency department equipped to provide Level II trauma services at Shoreline prior to the demolition of the MMC hospital facility; (5) maintain at least two graduate medical education programs with comprehensive resident training available in both programs; and (6) make adequate and appropriately furnished and equipped space available at the Family Health Center for the District’s enrollment officers and receptionist.
- Require Spohn to renovate Spohn’s Shoreline hospital to enable it to have a sufficient number of inpatient beds, achieve Level II Trauma Center designation, and address emergency department capacity issues prior to the demolition of the MMC hospital facility.
- Following the termination of the Membership Agreement, (1) obligate Spohn to continue to provide lease payments to the District as previously required prior to the termination of the Lease and to pay \$1 million per year in lease payments from 2026 through 2036 and (2) reduce the District’s payments to Spohn for providing indigent care services to Nueces Aid enrollees with no inflator.
- Gradually reset Spohn’s obligations to make capital expenditures related to the MMC campus but requires Spohn to place in escrow the difference between the amounts it would have been obligated to make for capital expenditures and the reduced capital expenditure obligations until Spohn completes various of its obligations under the Letter of Intent.

Following the parties’ entry into the Letter of Intent, the District’s Board of Managers issued a resolution formally authorizing the closure and demolition of the MMC hospital facility.

Effective November 2015, the Parties entered into an Amended and Restated Membership Agreement and Amended and Restated MOU (which include amendments to the suspended Master Agreement, Lease, and Revised and Restated Indigent Care Agreement) to memorialize the parties’ various agreements under the Letter of Intent. The parties also entered into an Escrow Agreement with Bank of America serving as the escrow agent to maintain the funds that Spohn will deposit into escrow to secure its commitments under the Amended and Restated Membership Agreement and Amended and Restated MOU. During 2022, either party has the option to terminate the amended and restated Membership Agreement.

Note 1 – REPORTING ENTITY – (Continuation)

Memorial Campus

The District is considering various health care related options for future use of the Memorial campus following demolition; Spohn is not obligated to complete its demolition of Memorial Hospital until September 30, 2023. The Memorial Hospital Building continues to be utilized to provide inpatient psychiatric services and office space for Spohn. Certain parking lots of the Hospital campus are leased from Spohn by Nueces County to provide drive-thru COVID-19 testing and related immunizations for the community. Governmental Accounting Standards Board No. 42 *Accounting and Financial Reporting for Impairment of Capital Assets* requires that assets no longer used by the government be reported at the lower of carrying value or fair value. Management has determined that the carrying value of \$222,398 is lower than fair value. Therefore, an impairment adjustment is not required.

Note 2 – SIGNIFICANT ACCOUNTING POLICIES

The District is a special purpose government engaged in a single governmental program, GASB allows the District to combine the required fund financial statements and government-wide statements.

A. Basic Financial Statements

The Basic financial statements include combined government-wide (based on the District as a whole) and fund financial statements.

The Government-wide statements are included in the combined statements of Exhibit 1 and 3 as the Statement of Net Position and Statement of Activities Column. The government-wide statements focus more on the substantiality of the District as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

The fund financial statements emphasis is on the major funds which for the District are the general fund and the indigent care fund. There is one non-major fund: The Tobacco Settlement Fund.

The governmental funds statements in the fund financial statements are presented on a current financial resource and modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. This presentation is deemed most appropriate to (1) demonstrate legal and covenant compliance, (2) demonstrate the source and use of liquid resources, and (3) demonstrate how the District's actual experience conforms to the budget or fiscal plan. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements a reconciliation is presented in Exhibit 2 and 4 which briefly explains the adjustment necessary to transform the fund based financial statements columns into the government-wide presentation called the statement of net position and statement of activities column.

The District's fiduciary fund is presented in the basic financial statement as separate statements. Since by definition these assets are being held for the benefit of a third party (employees and former employees) and cannot be used to finance activities or obligations of the government, these funds are not incorporated into the government-wide statements.

Note 2 – SIGNIFICANT ACCOUNTING POLICIES – (Continuation)

B. Basis of Presentation

The financial transactions of the District are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements. The criteria used to determine if a governmental fund should be reported as a major fund are as follows: the total assets, liabilities, revenues or expenditures of that governmental fund are at least 10% of the corresponding element total for all governmental funds. The special revenue Tobacco Settlement Fund is reported as a major fund because it is the only other fund. The District reports the following major funds:

General Fund – The General Fund is the primary operating fund of the District. It is used to account for all financial resources, except those required to be accounted for in another fund.

Indigent Care Fund – Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally or contractually committed to expenditures for specific purposes. They also are used to account for funds that are committed by the Board to be spent for specific purposes.

Tobacco Settlement Fund – Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally or contractually committed to expenditures for specific purposes.

Additionally, the District reports the following fund type:

Fiduciary Funds – Fiduciary funds are used to account for assets held by the District in a trustee or agency capacity for individuals, private organizations, other governments or funds. These assets are held under the terms of a formal trust agreement. The District has the following fiduciary fund type:

Expendable Trust Fund – An expendable trust fund is used to account for the Health Benefit Plan and Trust. Funds are used to offset employee health insurance premiums, employee reimbursements for out-of-pocket health care costs. The District is not under an obligation to maintain the trust principal.

C. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of measurements made, regardless of the measurement focus applied. The government-wide financial statements and the fiduciary fund statements are presented on an accrual basis of accounting. The governmental funds in the funds financial statements are presented on a modified accrual basis.

Accrual

Revenues are recognized when earned and expenses are recognized when incurred.

Note 2 – SIGNIFICANT ACCOUNTING POLICIES – (Continuation)

Modified Accrual

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become measurable and available). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to pay liabilities of the current period.

The District considers property tax revenues available if they are collected within sixty days after year-end. Penalties, interest, and miscellaneous revenues are recorded when received in cash because they are generally not measurable until actually received. Spohn corporate membership revenue and interest income are accrued, when their receipt occurs soon enough after the end of the accounting period to be both measurable and available.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. However, debt service expenditures, except interest payable accrued at the debt issuance date for which cash is received with the debt proceeds, as well as expenditures related to accumulated unpaid paid time off benefits which are recognized when paid.

D. Budgets and Budgetary Accounting

The Board adopts an annual budget for all funds. The annual budget and revisions must be approved by the Board of Managers and then the County Commissioners Court.

E. Cash and Cash Equivalents

Cash and Cash Equivalents include currency on hand, demand deposits with banks and amounts included in pooled cash or liquid investments with a maturity of three months or less when purchased.

F. Investments

Statutes give the District the authority to invest its funds in obligations of the United States; direct obligations of the state of Texas; other obligations guaranteed or insured by the state of Texas or the United States; obligations of states, agencies, counties, or cities of any state that have been rated not less than one or its equivalent by a nationally recognized investment firm; certificates of deposit guaranteed insured or secured by approved obligations; certain commercial paper; fully collateralized repurchase agreements, and Securities & Exchange Commission-registered, no-load money market mutual funds whose assets consist exclusively of approved obligations. Investments are recorded at fair value, except for investments pools which are reported at amortized costs and included in cash and cash equivalents. See Note 5 for discussion on fair value measurement.

G. Receivables and Payables

Amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the government-wide statement of net assets column of the combined financial statements. Tax receivables are shown net of an allowance for uncollectibles. The property tax receivable allowance is equal to 3% of the annual tax levy. IGTs are not accrued because they cannot be reasonably estimated and are not legal obligations of the District.

Note 2 – SIGNIFICANT ACCOUNTING POLICIES – (Continuation)

H. Capital Assets

All fixed assets are valued at historical cost if purchased or constructed. Donated fixed assets are valued at their estimated fair value on the date donated. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other cost incurred for repairs and maintenance are expensed as incurred. Depreciation on capital assets is calculated on the straight-line basis over the following estimated useful lives:

ASSETS	LIFE IN YEARS
Building and Improvements	20-40
Furniture and Equipment	10
Computer Equipment	5

I. Compensated Absences

District employees earn paid time off and sick leave. Paid time off accumulates from year to year up to a maximum of two years accrual. Semi-annually, employees can elect to be paid in lieu of utilizing paid time off and sick leave at a rate of 80% of time earned. Sick leave accumulates up to a maximum of 1,440 hours. Upon termination of employment, employees may receive pay for their unused paid time off. The cost of paid time off and sick leave is recognized when earned by employees.

J. Employee Benefit Plans

The District has a 403(b) tax sheltered annuity retirement plan and a deferred compensation plan as described in Note 15. The assets, liabilities, fund equity and operations of this plan are not presented on the District’s financial statements as both plans are independently administrated.

K. Fund Balance Classifications

The *nonspendable* fund balance includes the portion of net resources that cannot be spent because of their form or because they must be maintained intact. For the District, resources not in spendable form include prepaid items.

The *committed* fund balance includes spendable net resources that can only be used for specific purposes pursuant to constraints imposed by a formal vote of the Board of Managers no later than the close of the fiscal year. Those constraints remain binding unless removed or changed in the same manner employed to previously commit those resources.

The *assigned* fund balance includes amounts that are constrained by the District’s intent to use funds for specific purposes, but are neither restricted nor committed. Such intent should be expressed by the Board of Managers to assign amounts to be used. Constraints imposed on the use of assigned amounts can be removed with no formal Board action. The residual fund balance that is not committed in governmental funds; except the General Fund, is assigned.

The *unassigned* fund balance represents the spendable net resources that have not been restricted, committed, or assigned to specific purposes.

For the classification of Governmental Fund balances, the District considers an expenditure to be made from the most restrictive first when more than one classification is available.

Note 3 - SPOHN MEMBERSHIP AGREEMENT

The District and Spohn entered into a Spohn Membership Agreement to establish a structure for the joint membership of Spohn with the District effective October 1, 2012, as stated in Note 1. The Agreement includes (1) provisions stipulating the parameters for the healthcare services that Spohn will continue to provide to the Nueces County indigent residents during the term of the Agreement, without payment by the District to Spohn for such services, (2) operative provisions and parameters for Spohn's continued use of the District's Memorial Medical Center (MMC) facilities and satellite clinics during the term of the Agreement in a manner consistent with the substantive and maintenance provisions in the former Lease Agreement, without payment of rent by Spohn to the District for such use, and (3) a Spohn net patient revenue allocation and sharing arrangement between Spohn and the District, the amount of which is determined each year prior to October 1.

The Spohn Membership Agreement serves multiple purposes including to facilitate (1) continued provision of indigent health care services in Nueces County, (2) Spohn's and other Region 4 healthcare providers' ability to participate in Medicaid supplemental funding under the Waiver based on the providers' achievement of Waiver-related project metrics and milestones and their provision of uncompensated care, to the benefit of the Nueces County indigent residents served by the District and (3) the District's ability to serve as the Region 4 Anchor under the Waiver.

The Spohn Membership Agreement was amended and restated effective November 18, 2015 permitting Spohn to renovate and transform the MMC campus and improve facilities at its Christus Spohn Hospital Shoreline campus. Spohn has constructed a new Family Health Center on an unoccupied portion of the MMC campus, expanded its Shoreline campus Emergency Department, relocated the MMC trauma center to the Shoreline campus, and added in-patient bed capacity to that campus. With the addition, relocation, and expansions completed, the community has access to the health care services previously available at MMC and Spohn will be allowed to cease operation of and demolish MMC. During 2022, either party has the option to terminate the amended and restated Membership Agreement.

Annual Member Revenue Allocation

Each year under the Spohn Membership Agreement, Spohn and the District confer regarding the support necessary for the operations of Spohn over the ensuing fiscal year starting October 1. Spohn prepares a budget that contemplates any modifications or additions in cost to provide healthcare services at MMC and the Satellite Clinics. Upon review of the Spohn budget, economic resources of Spohn and the Members and other factors, Spohn and the District agree on a "Specified Annual Percentage", (as defined in the agreement), of Spohn's net patient revenue that the District will receive. Based on this year's estimate the District budgeted \$6,500,000 and received \$9,211,595 in member revenues for the year ended September 30, 2021.

According to management, estimating the Specified Annual Percentage for membership revenue sharing is difficult due to the number of changing factors in the health care system that affect costs, as well as, revenues. Management intends to adjust the membership revenue sharing "Specified Annual Percentage" annually according to the Spohn Membership Agreement.

Note 4 – CASH AND INVESTMENTS

The District’s investment policies and types of investments are governed by the Texas Public Funds Investment Act (“PFIA”). The District’s management believes that it has complied with the requirements of the PFIA and the District’s investment policies. At September 30, 2021, the District segmented time distribution analysis of the portfolio by market sector is as follows, including the Health Benefit Trust:

	TOTAL	INVESTMENT MATURITIES IN YEARS	
		LESS THAN ONE YEAR	ONE TO THREE YEARS
Cash and Equivalents:			
Collateralized Bank Accounts	1,050,623	1,050,623	--
Money Market Mutual Funds -			
Fiduciary Funds	96,003	96,003	--
Petty Cash	150	150	--
AAA-Rate Local Government			
Investment Pools:			
Texpool	48,690,074	48,690,074	--
Logic	21,765,233	21,765,233	--
TexStar	6,737,049	6,737,049	--
Total Cash and Equivalents	78,339,132	78,339,132	--
Investments At Fair Value:			
Federal Home Loan			
Bank	10,998,279		10,998,279
Federal Farm Credit Banks	3,999,120		3,999,120
Federal National Mortgage			
Association	8,004,768	--	8,004,768
Municipal Bond	2,704,496	--	2,704,496
Total Investments	25,706,663	--	25,706,663
TOTAL VALUE	104,045,795	78,339,132	25,706,663
% of Total Portfolio	100%	75.29%	24.71%

The District’s policy is to report money market investments and investment pools at amortized cost. U.S. Government Agency Securities are reported at fair value based on quoted market values. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value.

Investment Pools

Public funds investment pools in Texas (Pools) are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code and are subject to the provisions of the Public Funds Investment Act (PFIA), chapter 2256.016 of the Texas Government Code. In addition to others provision of the PFIA designed to promote liquidity and safety of principal, the PFIA requires Pools to: (1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; (2) maintain a continuous rating of no lower than AAA or AAAM or an equivalent rating by at least one nationally recognized rating service; and (3) maintain the market value of it underlying investment portfolio within one half of one percent of the value of its shares.

Note 4 – CASH AND INVESTMENTS – (Continuation)

Investment Pools – (Continuation)

All investments pools funds held by the District are rated AAAM by Standard & Poor’s and comply with the PFIA. Investment pools are included in Cash and Cash Equivalents. A more detailed description of investment pools held by the District at September 30, 2021 is as follows:

TexPool Investment Fund

Texas Local government Investment Pool (“TexPool”) operates in a manner consistent with the SEC’s Rule 2a7 of the Investment Company Act of 1940. TexPool uses amortized cost rather than market value to report net assets to compute share prices. Accordingly, the fair value of the position in TexPool is the same as the value of TexPool shares. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and management fee structure.

LOGIC Investment Pool

Local Government Investment Cooperative (LOGIC) is a local government investment pool organized under the authority of the Interlocal Cooperation Act, chapter 79, of the Texas Government Code and the PFIA. The pool was created in April 1994 through a contract among its participating governmental units, and is governed by a board of directors (the board) to provide for the joint investments of participant's public funds and funds under their control. J.P. Morgan Investment Management Inc. (JPMIM) has served as the investment adviser. JPMIM is an SEC registered investment adviser and an affiliate of J.P. Morgan Asset Management (JPMAM). Hilltop Securities Inc. (Hilltop) and JPMIN serve as co-administrators to LOGIC, and Hilltop provides administrative, participant support and marketing services. Hilltop Securities is a registered broker dealer, member of FINRA/SIPC, which provides financial advisory and investment banking services to governmental entities. JPMorgan Chase Bank N.A. provides custodial services. LOGIC's policy seeks to invest pooled assets in a manner that will provide for safety of principal, liquidity in accordance with the operating requirements of the participants, and a competitive rate of return by utilizing economies of scale and professional investment expertise. S&P Global monitors pertinent pool information on a weekly basis to ensure the pool’s compliance with its rating requirements.

TexSTAR Investment Pool

Texas Short Term Assets Reserve Program (“TexSTAR”) is administered by First Southwest Company and JP Morgan Chase. TexSTAR is overseen by a five member governing board made up by three participants and one of each of the program’s professional administrators. The responsibility of the board includes the ability to influence operations, designation of management and accountability for fiscal matters. In addition, TexSTAR has a Participant Advisory Board which provides input and feedback on the operations and direction of the program and Standard and Poor’s reviews the pool on a weekly basis to ensure the pool’s compliance with its rating requirements. TexSTAR’s investment policy stipulates that it must invest in accordance with the Texas PFIA.

Note 4 – CASH AND INVESTMENTS – (Continuation)

Credit Risk

The primary stated objectives of the District's adopted Investment Policy are the safety of principal, liquidity, diversification and yield. Credit risk within the District's portfolio among the authorized investments approved by the District's adopted Investment Policy is present only in time and demand deposits, repurchase agreements, commercial paper, municipal obligations and money market mutual funds. All investments are rated AAA, or equivalent, by at least one nationally recognized rating agency. Investments are made primarily in obligations of the U.S. Government, its agencies or instrumentalities.

State law and the District's adopted Investment Policy require inclusion of a procedure to monitor and act as necessary to changes in credit rating on any investment which requires a rating. State law and the District's adopted Investment Policy also require a procedure to verify continued FDIC insurance weekly.

State law and the District's adopted Investment Policy restrict both time and demand deposits, including certificates of deposit (CD), to those banks doing business in the State of Texas and further requires full insurance and/or collateralization from these depositories (banks and savings banks). Depository certificates of deposit are limited to a stated maturity of three years. Collateral, with a 102% margin, is required and collateral is limited to obligations of the U.S. Government, its agencies or instrumentalities. Independent safekeeping is required outside the pledging bank's holding company with monthly reporting. Securities are priced at market on a daily basis as a contractual responsibility of the bank.

The District's adopted Investment Policy restricts investment in money market mutual funds to those rated AAA and registered with the SEC. Each fund must strive to maintain a \$1 net asset value. Local government investment pools in Texas are required to be rated AAA, or equivalent, by at least one nationally recognized rating agency. The Policy further restricts investments to AAA-rated local government investment pools which strive to maintain a \$1 net asset value.

As of September 30, 2021, the cash and investments contained:

- FDIC insured or fully collateralized bank deposits representing 1.01% of the total portfolio,
- Investment in three local government investment pools representing 74.19% of the total portfolio,
- AAA-rated money market funds striving to maintain a \$1 net asset value represented 0.09% of the total portfolio, and
- US Government agency securities representing 22.11% of the total portfolio.
- Municipal Bonds representing 2.60% of the total portfolio.

Concentration of Credit Risk

The District recognizes over-concentration of assets by market sector or maturity as a risk to the portfolio. The District's adopted Investment Policy establishes diversification as a major objective of the investment program and at least 33% of the District's investments are designed to be in obligations of the US Government. As of September 30, 2021 the portfolio met its diversification requirements.

Note 4 – CASH AND INVESTMENTS – (Continuation)

Interest Rate Risk

In order to limit interest and market rate risk from changes in interest rates, the District's adopted Investment Policy sets a maximum stated maturity date of three years and at least 33% of the District's investments shall be obligations of the U.S. Government. To ensure liquidity a minimum of 10% shall be liquid. The maximum weighted average maturity (WAM) is six (6) months. At the time any investment is placed, the overall compliance with the Investment Policy is verified. A segmented time distribution analysis of the portfolio is shown on page 42. As of September 30, 2021, holdings in the portfolio with stated maturity dates beyond one year representing 24.71% of the total portfolio all of which were US agencies and a municipal bond.

Custodial Credit Risk

To control custody and safekeeping risk State law and the District's adopted Investment Policy requires collateral for all time and demand deposits, as well as collateral for repurchase agreements. All pledged securities are to be transferred delivery versus payment and held by an independent party approved by the District and held in the District's name by an independent custodian. The custodian is required to provide original safekeeping receipts and monthly reporting of positions with position descriptions including market value. Repurchase agreements and deposits must be collateralized to 102% of market value and collateral terms to be detailed in executed written agreements. Depository agreements are executed under the terms of U.S. Financial Institutions Resource and Recovery Enforcement Act (FIRREA). The counter-party of each type transaction is held contractually liable for monitoring and maintaining the required collateral margins on a daily basis.

As of September 30, 2021, the portfolio contained no certificates of deposit and no repurchase agreements. The portfolio contained 1.01% in fully insured and collateralized demand deposit accounts. All pledged bank collateral for demand deposits was held by an independent institution outside the bank's holding company.

Restricted Cash

At September 30, 2021, the District held \$17,763,075 in cash, for the benefit of the Local Provider Participation Fund (LPPF). See Note 16 for a description of the program.

Note 5 – FAIR VALUE OF FINANCIAL INSTRUMENTS

GASB 72, *Fair Value Measurement and Application*, for financial reporting purposes categorizes financial instruments within three different levels of risk dependent upon the measure of their fair value and pricing as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the government can access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

Note 5 – FAIR VALUE OF FINANCIAL INSTRUMENTS – (Continuation)

Because the investments are restricted by Policy and state law to active secondary market, the market approach is being used for valuation. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets, liabilities, or a group of assets and liabilities.

The fair market prices used for these fair market valuations of the Districts portfolio are all Level 1 and represent unadjusted quoted prices in active markets for identical assets and liabilities that have been accessed at the measurement date. The investments held by the District as of September 30, 2021 are U.S. Government Agency Bonds and Municipal Bonds.

Note 6 – PROPERTY TAXES

The Commissioners’ Court of Nueces County levies for the District, an ad valorem tax as provided under state law on properties within the District. These taxes are collected by the Nueces County Tax Assessor-Collector and are remitted to the District when received. The Nueces County Appraisal District establishes appraised values.

Property taxes are considered available when collected within the current year. Property taxes attach as an enforceable lien on property as of January 1. Taxes are due upon receipt of the tax bill and are past due and subject to interest if not paid before February 1 of the year following the October 1 levy date. Taxes are delinquent if not paid by June 30. Delinquent taxes are subject to both penalty and interest charges as well as attorney costs. The assessed value of the roll-on January 1, 2020 upon which the levy for the 2021 fiscal year was based was \$33,694,860,135.

The tax rate assessed for the year ended September 30, 2021 to finance general fund operations and the limited tax refunding bonds was \$0.111824 per \$100 valuation. Current tax collections for the year ended September 30, 2021 were 94% of the year-end adjusted tax.

Note 7 – DELINQUENT TAXES RECEIVABLE

The following table shows a schedule of delinquent taxes receivable and the allowance for uncollectible taxes for the District.

	BALANCE OCTOBER 1, 2020	CURRENT YEAR LEVY	TOTAL COLLECTIONS	ADJUSTMENTS	BALANCE SEPTEMBER 30, 2021
Delinquent Taxes					
Receivable	2,845,994	37,729,910	35,968,643	(692,740)	3,914,521
Allowance for Uncollectible Taxes	(1,086,444)	--	--	(45,454)	(1,131,898)
NET DELINQUENT TAXES RECEIVABLE	1,759,550	37,729,910	35,968,643	(738,194)	2,782,623

Note 8 – CAPITAL ASSETS

A summary of changes in the capital assets follows:

	BALANCE OCTOBER 1, 2020	ADDITIONS	REDUCTIONS	BALANCE SEPTEMBER 30 2021
Capital Assets, Not Being Depreciated-				
Land	3,076,926	--	--	3,076,926
Capital Assets, Being Depreciated-				
Equipment	1,356,016	33,444	70,350	1,319,110
Buildings	27,759,534	--	--	27,759,534
Total Capital Assets, Being Depreciated	29,115,550	33,444	70,350	29,078,644
Less Accumulated Depreciation for				
Equipment	1,221,844	36,314	69,671	1,188,487
Buildings	24,182,808	276,434	--	24,459,242
Total Accumulated Depreciation	25,404,652	312,748	69,671	25,647,729
Total Capital Assets, Being Depreciated Net	3,710,898	(279,304)	679	3,430,915
TOTAL CAPITAL ASSETS, NET	6,787,824	(279,304)	679	6,507,841

Note 9 – UNEARNED REVENUES

Unearned Revenue balances at September 30, 2021 consist of property taxes of \$2,782,623.

Note 10 – LONG-TERM OBLIGATIONS

The following is a summary of long-term obligation transactions of the District for the year ended September 30, 2021:

	BALANCE OCTOBER 1, 2020	ADDITIONS	REDUCTIONS	BALANCE SEPTEMBER 30, 2021
Other Liabilities-				
Accrued Paid Time Off	41,354	180,062	167,931	53,485
TOTAL	41,354	180,062	167,931	53,485

Note 11 - OPERATING LEASES

The District leases office space for its administrative offices under an operating lease expiring in May 31, 2023. Rental payments under all operating leases amounted to \$122,770 during the year ended September 30, 2021. As of September 30, 2021, the District had the following minimum commitments under a non-cancelable lease for the next five years:

Year Ended September 30, :	
2022	116,442
2023	<u>78,446</u>
TOTAL	<u><u>194,888</u></u>

Note 12- INTERGOVERNMENTAL TRANSFERS (IGTs)

The District participates in the State sponsored Medicaid payment program serving as the Region 4 Anchor. The District provides IGT's for certain healthcare providers in Region 4 so they can participate in Medicaid payment programs. The District budgets IGTs based on provider's cost estimates. HHSC determines the amount of available State funds available to providers under the various Medicaid payment programs. After these complicated calculations are made by HHSC for all providers in the entire State, then HHSC calculates the amount of IGT needed by each provider and determines timing of the payments to providers. Therefore, of the District's budgeted \$62,881,100 for IGT's, the District paid \$51,547,093 in IGT's in the current fiscal year.

Additionally, IGTs are not accrued as liabilities by the District on the government-wide financial statements because of the following factors:

- There is no legal obligation for the District to remit IGTs to HHSC;
- The amount to pay cannot be reasonably estimated

Note 13- COMMITTED FUND BALANCE

As shown in the fund financial statements the Board of Managers committed an amount not to exceed \$17,421,612 in the District's general fund balance to anticipated additional expenditures for IGTs arising from the District's participation in the Waiver during the year ended September 30, 2021.

Funds included in the Indigent Care Fund of \$56,461,794 are committed to be used for indigent health care.

Note 14 – INTERFUND TRANSACTIONS AND BALANCES

Interfund transfers during the year ended September 30, 2021 were as follows:

	TRANSFERS OUT		TOTAL
	GENERAL FUND	TOBACCO SETTLEMENT FUND	
<u>TRANSFERS IN</u>			
General Fund	672,000	(672,000)	--
TOTAL	672,000	(672,000)	--

Note 15 – EMPLOYEE BENEFIT PLANS

Retirement Plan

The District maintains a single-employer, defined contribution retirement plan available to all employees. The Plan is a tax-qualified plan pursuant to section 403(b) of the Internal Revenue Code. All full-time employees are eligible for participation in the plan. As of September 30, 2021, twenty employees were enrolled in the plan.

The Plan is administrated by an outside party. Employees can contribute a percentage of their compensation as permitted by the Internal Revenue Code Section 403(b). The District can make a discretionary matching contribution ranging from 5% to 7% of the employee’s earnings, based on tenure. The vesting schedule provides for employees to be 100% vested in their contributions. The District’s contributions are vested at a rate of 20% per year of employment. The plan permits employees to borrow from the plan and the related administration cost thereof shall be borne by the employee participant. The normal retirement age has been designated as 65 years of age. During the year ended September 30, 2021, the District had retirement plan expense of \$66,471.

Deferred Compensation Plan

The District has a deferred compensation agreement with a key employee which allows the employee to defer a percentage of his annual compensation to future periods as permitted by the Internal Revenue Code. The Plan is administrated by an outside party.

Note 16 – LOCAL PROVIDER PARTICIPATION FUND

During 2020, a Local Provider Participation Fund (“LPPF”) in Nueces County was created by the Texas Legislature. Nueces County Hospital District acts as the administrator of the LPPF by assessment and collection of mandatory payments by hospitals in Nueces County. These payments are to be used to fund the local share of supplemental Medicaid funding programs. At September 30, 2021, the District held \$17,763,075 in restricted cash and has a liability in the same amount listed as Due to Local Provider Participation Fund on its balance sheet. During the year ended September 30, 2021, no mandatory disbursements from the fund were requested.

The District serves as the administrator of the LPPF. Accordingly, the District is paid a fee for their administration services. During the year ended September 30, 2021 the district received \$150,000 fees for serving as administrator.

Note 17– INTERLOCAL COOPERATION AGREEMENT WITH NUECES COUNTY

On November 20, 2020, the District entered into an agreement with Nueces County (County) to be a subrecipient of funds provided to the County by the federal government through the Corona Aid, Relief and Economic Security Act (the “CARES” Act) known as the Coronavirus Relief Funds (CRF). During the year ended August 31, 2021, the District received \$222,340 passed through from the County.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL
CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

January 20, 2022

The Board of Managers
Nueces County Hospital District
Corpus Christi, Texas

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the governmental activities and each major fund of the Nueces County Hospital District, a component unit of Nueces County, Texas, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents and have issued our report thereon dated January 20, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Nueces County Hospital District's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Nueces County Hospital District's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Collier, Johnson & Woods

Exhibit # 5

INDEPENDENT AUDITOR'S REPORT ON INTERNAL
CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

January 20, 2022

The Board of Managers
Nueces County Hospital District
Corpus Christi, Texas

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the governmental activities and each major fund of the Nueces County Hospital District, a component unit of Nueces County, Texas, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents and have issued our report thereon dated January 20, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Nueces County Hospital District's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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Collier, Johnson & Woods

Exhibit # 6



RECEIVED

AUG 11 2021

NCHD ADMINISTRATION

DELIVERED VIA COURIER

August 10, 2021

Jonny Hipp
Chief Executive Officer
Nueces County Hospital District
555 North Carancahua Street, Suite 950
Corpus Christi, Texas 78401-0835

Re: 2022 Specified Annual Percentage

Dear Jonny:

Thank you and your team for a thoughtful and productive dialogue regarding our current operations under the Amended and Restated CHRISTUS Spohn Health System Corporation Membership Agreement (the "Membership Agreement"). The collaboration between CHRISTUS Spohn Health System Corporation ("Spohn"), CHRISTUS Health ("CHRISTUS"), and the Nueces County Hospital District ("District") over the past few months served as our annual process under Section 5.03 of the Membership Agreement. I am writing to memorialize the Specified Annual Percentage for the Ensuing Year (October 1, 2021 – September 30, 2022). While Section 5.03 of the Membership Agreement requires that the parties agree to the Specified Annual Percentage by July 1, the parties mutually agreed to extend this deadline.

In preparation for establishing the Specified Annual Percentage for the Ensuing Year, CHRISTUS and Spohn prepared a hospital budget and projected Spohn's Net Patient Revenue (as defined in Section 5.01 of the Membership Agreement). Preparing these figures assisted Spohn and CHRISTUS in projecting Spohn's operational needs during the Ensuing Year and the Net Patient Revenue that would be available to share with the District. On August 9, Spohn and the District met to discuss Spohn's proposed budget and projected Net Patient Revenue for the Ensuing Year. The parties also discussed the many factors that are considered each year when negotiating the Specified Annual Percentage, including (but not limited to) Spohn's role in operating programs in the community and the District's role in acting as the Region 4 Anchor. Finally, the parties discussed the specific circumstances expected to affect the parties' respective operations in the Ensuing Year, including (but not limited to) the District's increased expenditures on inmate health care services, Spohn's continued investment in behavioral health projects and services, and the continuing impact of the COVID-19 pandemic on the community.

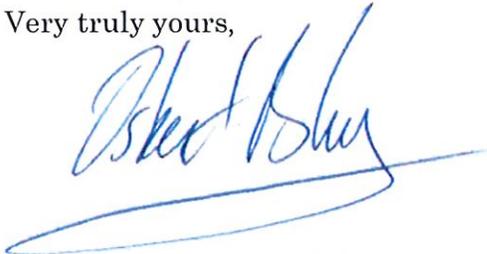
Based on these discussions, the parties agreed to a Specified Annual Percentage for the Ensuing Year on the following conditions:

1. The Nueces County Hospital District Board of Directors' approval; and
2. The parties' timely execution of an amendment to the Membership Agreement and Memorandum of Understanding, and relevant attachments, to remove a portion of Lot 1, Block 3, Medical Center Subdivision from the Memorial property.

Jonny Hipp
August 10, 2021
Page 2

Upon the satisfaction of these conditions, the Specified Annual Percentage for the Ensuing Year will be ninety-seven percent (97%), and the remaining three percent (3%) will be transferred to the District in accordance with the provisions of Section 5.02 of the Membership Agreement and in recognition of its membership in Spohn and role in Spohn's continued delivery of high-quality, integrated, and accessible services to patients in Nueces County.

Very truly yours,



Osbert Blow, MD, PhD, FACS
Ministry President and Chief Medical
Officer

#211829

Exhibit # 7

AN ACT

1
2 relating to the expiration of the health care provider
3 participation program administered and operated by the Nueces
4 County Hospital District.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

6 SECTION 1. Section 298C.004, Health and Safety Code, as
7 added by Chapter 694 (S.B. 2315), Acts of the 86th Legislature,
8 Regular Session, 2019, is repealed.

9 SECTION 2. Section 2, Chapter 694 (S.B. 2315), Acts of the
10 86th Legislature, Regular Session, 2019, is repealed.

11 SECTION 3. To the extent of any conflict, this Act prevails
12 over another Act of the 87th Legislature, Regular Session, 2021,
13 relating to nonsubstantive additions to and corrections in enacted
14 codes.

15 SECTION 4. This Act takes effect immediately if it receives
16 a vote of two-thirds of all the members elected to each house, as
17 provided by Section 39, Article III, Texas Constitution. If this
18 Act does not receive the vote necessary for immediate effect, this
19 Act takes effect September 1, 2021.

President of the Senate

Speaker of the House

I certify that H.B. No. 1456 was passed by the House on April 30, 2021, by the following vote: Yeas 111, Nays 30, 2 present, not voting; and that the House concurred in Senate amendments to H.B. No. 1456 on May 28, 2021, by the following vote: Yeas 110, Nays 35, 1 present, not voting.

Chief Clerk of the House

I certify that H.B. No. 1456 was passed by the Senate, with amendments, on May 22, 2021, by the following vote: Yeas 31, Nays 0.

Secretary of the Senate

APPROVED: _____

Date

Governor

WITNESS LIST

HB 1456

HOUSE COMMITTEE REPORT

County Affairs Committee

April 8, 2021 - 10:30 AM or upon final adjourn./recess or bill referral if permission granted

For :

Hipp, Jonny (Nueces County Hospital District)

Registering, but not testifying:

For :

Cruz Kerker, Juliana (HCA Healthcare)

Kieschnick, Kevin (Self; County of Nueces)

Luna, Vilma (Driscoll Health System)

Romo, Joel (Nueces County)

Schleifer, Jessica (Teaching Hospitals of Texas)

Townsend, Linda (CHRISTUS Health)

Wohleb, Steve (Texas Hospital Association)

Against :

Campbell, Julie (Self)

On :

Grady, Victoria (Health and Human Services Commission)

WITNESS LIST

HB 1456
Senate Committee Report
Local Government

May 17, 2021 - 11:30 AM

Registering, but not testifying:

FOR:

Dole, Michael (Driscoll Health Plan), Corpus Christi, TX
Hausenfluck, Amber (CHRISTUS Health), Austin, TX
Haynes, Adam Policy Director (Self; Conference of Urban Counties), Austin, TX
Hipp, Jonny Administrator/CEO (Nueces County Hospital District), Corpus Christi, TX
Hoppe, Christina Director of Public Policy (Children's Hospital Association of Texas),
Austin, TX
Romo, Joel (Nueces County), Brenham, TX
Schleifer, Jessica Director of Advocacy (Teaching Hospitals of Texas), Austin, TX
Weller, Meghan (HCA Healthcare), Austin, TX, TX

Texas Legislature Online History

Bill: HB 1456

Legislative Session: 87(R)

Council Document: 87R 1644 SRA-F

Last Action: 06/15/2021 E Effective immediately

Caption Version: Enrolled

Caption Text: Relating to the expiration of the health care provider participation program administered and operated by the Nueces County Hospital District.

Author: Herrero

Sponsor: Hinojosa

Subjects: NUECES COUNTY HOSPITAL DISTRICT (D0134)
Health Care Providers (I0387)
Hospitals (I0400)
Special Districts & Authorities--Hospital (I0750)

Companion: SB 273 by Hinojosa, Identical

House Committee: County Affairs

Status: Out of committee

Vote: Ayes=9 Nays=0 Present Not Voting=0 Absent=0

Senate Committee: Local Government

Status: Out of committee

Vote: Ayes=6 Nays=0 Present Not Voting=0 Absent=3

Actions: (descending date order)

Viewing Votes: Most Recent House Vote | Most Recent Senate Vote

	Description	Comment	Date ▼	Time	Journal Page
E	Effective immediately		06/15/2021		
E	Signed by the Governor		06/15/2021		5519
E	Sent to the Governor		05/31/2021		5517
S	Signed in the Senate		05/31/2021		3177
H	Signed in the House		05/30/2021		5469
H	Reported enrolled		05/29/2021	02:35 PM	5476
S	House concurs in Senate amendment(s)-reported		05/28/2021		2509
H	Text of Senate Amendment(s)		05/28/2021		4337
H	Statement(s) of vote recorded in Journal		05/28/2021		4338
H	Record vote	RV#1566	05/28/2021		4338
H	House concurs in Senate amendment(s)		05/28/2021		4337
H	Senate Amendments Analysis distributed		05/23/2021	06:08 PM	
H	Senate Amendments distributed		05/23/2021	06:06 PM	
H	Senate passage as amended reported		05/23/2021		3539
S	Record vote		05/22/2021		1720
S	Passed		05/22/2021		1720
S	Read 3rd time		05/22/2021		1720
S	Record vote		05/22/2021		1720
S	Three day rule suspended		05/22/2021		1720
S	Vote recorded in Journal		05/22/2021		1720

S	Read 2nd time & passed to 3rd reading	05/22/2021		1720
S	Rules suspended-Regular order of business	05/22/2021		1720
S	Placed on intent calendar	05/22/2021		
S	Committee report printed and distributed	05/21/2021	11:11 AM	
S	Recommended for local & uncontested calendar	05/21/2021		
S	Reported favorably as substituted	05/21/2021		1709
S	Considered in public hearing	05/19/2021		
S	Left pending in committee	05/17/2021		
S	Considered in public hearing	05/17/2021		
S	Scheduled for public hearing on . . .	05/17/2021		
S	Referred to Local Government	05/10/2021		1344
S	Read first time	05/10/2021		1344
S	Received from the House	05/03/2021		1138
H	Reported engrossed	04/30/2021	03:25 PM	2083
H	Nonrecord vote recorded in Journal	04/30/2021		1906
H	Record vote	RV#582 04/30/2021		1906
H	Passed	04/30/2021		1906
H	Read 3rd time	04/30/2021		1906
H	Nonrecord vote recorded in Journal	04/30/2021		1888
H	Passed to engrossment	04/30/2021		1888
H	Read 2nd time	04/30/2021		1888
H	Placed on Local, Consent, and Res. Calendar	04/30/2021		
H	Considered in Local & Consent Calendars	04/27/2021		
H	Comm. report sent to Local & Consent Calendar	04/19/2021		
H	Committee report distributed	04/19/2021	08:09 AM	
H	Comte report filed with Committee Coordinator	04/16/2021		1267
H	Reported favorably as substituted	04/13/2021		
H	Recommended to be sent to Local & Consent	04/13/2021		
H	Committee substitute considered in committee	04/13/2021		
H	Considered in formal meeting	04/13/2021		
H	Left pending in committee	04/08/2021		
H	Testimony taken/registration(s) recorded in committee	04/08/2021		
H	Committee substitute considered in committee	04/08/2021		
H	Considered in public hearing	04/08/2021		
H	Scheduled for public hearing on . . .	04/08/2021		
H	Referred to County Affairs	03/05/2021	01:21 PM	380
H	Read first time	03/05/2021		380
H	Filed	01/28/2021		