

**NUECES COUNTY HOSPITAL DISTRICT
BOARD OF MANAGERS
Regular Board Meeting
Wednesday, February 26, 2025 at 12:00 PM**

AGENDA

1. WELCOME

2. ROLL CALL OF MEMBERS

- Belinda Flores, Chairman
- Vishnu V. Reddy, Vice Chair
- Sylvia Tryon Oliver
- Mariana Garza
- Efrain Guerrero, Jr.
- Georgia Neblett
- Karen O'Connor Urban

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.

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. ANNOUNCEMENT ON DISCLOSURE OF CONFLICTS OF INTEREST. Any Conflicts of Interest or Appearance of a Conflict of Interest with items on this agenda shall be declared at this time. Members with conflicts will refrain from voting and are asked to refrain from discussion on such items. Conflicts discovered later in the meeting shall be disclosed at that time.

5. WORKSHOP SESSION - Workshop Session is an open meeting for the purposes of information gathering and discussion between the Board of Managers and staff on the Workshop's listed agenda item(s) without taking action on the listed item(s) during the Workshop. Public comment will not be accepted during the Workshop Session.

A. Indigent care enrollment community outreach.

6. **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 Consent or Regular Agendas.

7. **PUBLIC COMMENT** - This section provides the public the opportunity to address the Board on any issues within its authority. 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. The presiding officer may, if he/she deems it necessary, limit both the number of commenters and the time allotted to each commenter. Under the law, the Board may only take action on items specifically listed on the agenda. Subject matter presented which is not part of the agenda will be referred to District staff for review if appropriate. Materials submitted to the Board during public comment will not be returned. At least ten (10) copies of any document to be used by any commenter should be available for distribution to the Board. The commenter is responsible for preparation of the copies. The commenter's name and, if applicable, meeting agenda item number should be clearly marked on such documents.

8. **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 January 29, 2025. | 8 |
| B. Receive listing of new vendors as of February 19, 2025; listing provided pursuant to Board of Managers Bylaws, §2.1.B and Texas Local Government Code, Chapter 176. | 18 |
| C. Receive summary payment information on Nueces County health care disbursements for Fiscal Year 2025 year-to-date: | 19 |
| 1. Salaries, benefits, and supplies at/for the 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); and
 - b. Council on Alcohol and Drug Abuse;
6. Funding for diabetes prevention and supporting programs; and
7. Public health grants.

D. 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 January 31, 2025.	20
E. 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.	21
F. 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 January 31, 2025.	22
G. 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.	26
H. Receive summary report of cumulative actual intergovernmental transfers (IGTs) made in support of local and other healthcare providers participating in Medicaid directed and supplemental payment programs sponsored by the Texas Health and Human Services Commission (HHSC), and receive estimates of provider payments resulting from the IGTs:	27

1. Directed Payment Programs - IGTs for HHSC's Medicaid managed care organization payments to healthcare providers that support overall Medicaid program goals and objectives:
 - a. Aligning Technology by Linking Interoperable Systems for Client Health Outcomes Program (ATLIS);
 - b. Comprehensive Hospital Increase Reimbursement Program (CHIRP);
 - c. Network Access Improvement Program (NAIP); and
 - d. Texas Incentives for Physicians and Professional Services (TIPPS); and

2. Supplemental Payment Programs - IGTs for HHSC Medicaid payments made to hospitals, separate from and in addition to base payments, for achieving certain goals or to support health care providers that see significant numbers of uninsured or persons without much money:
 - a. Disproportionate Share Hospital (DSH);
 - b. Graduate Medical Education (GME);
 - c. Hospital Augmented Reimbursement Program (HARP); and
 - d. Hospital Uncompensated Care (UC).

I. Receive reports relating to Nueces Aid Program enrollment for the month-ended January 31, 2025:

- | | |
|---|----|
| 1. Total Persons and Households Enrolled; | 28 |
| 2. Enrollment Summary; | 29 |
| 3. Denials; | 31 |
| 4. Application Processing Summary; and | 32 |
| 5. Enrollment by Zip Code. | 36 |

9. **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 Business:

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|---|----|
| 1. Receive, discuss, and consider acceptance of a report from Adamson & Company, LLC on the audit of financial statements of the governmental activities and each major fund of the Hospital District for the fiscal year ended September 30, 2024. <i>(ACTION)</i> | 39 |
| 2. Receive and approve unaudited financial statements for the month and fiscal year-to-date period ended January 31, 2025. <i>(ACTION)</i> | 99 |

B. Community Outreach:

- | | |
|---|-----|
| 1. Discuss and consider approving an agreement with MDR Advertising relating to the development of indigent care-related community outreach initiatives and campaigns; authorize Administrator to execute the MDR agreement; and discuss and consider related | 106 |
|---|-----|

matters. **(ACTION)**

2. Discuss and consider authorizing the Administrator to prepare a pro forma for performing indigent care enrollment outreach activities in-house. **(ACTION)** 111

C. Legislative Business:

1. Discuss and consider amending the Hospital District's 89th Texas Legislative Session Agenda. **(ACTION)** 113

D. Employee Health Insurance:

1. Discuss and consider approval of an amended Interlocal Cooperation Agreement between Nueces County and Nueces County Hospital District relating to the provision of certain County employee benefits, including but not limited to health insurance, to Hospital District employees and other related matters; initial term October 1, 2024 - September 30, 2025; authorize Administrator to execute the Agreement; and discuss and consider related matters. **(ACTION)** 115

2. Discuss and consider authorizing the Administrator to obtain the services of an Agent of Record for the purposes of purchasing, servicing, and maintaining Hospital District employee health and other benefit insurance coverage, possibly beginning October 1, 2025, and to perform certain pre-purchase consultations and services; authorize the Administrator to prepare and execute the related agreement. **(ACTION)**

E. Opioid Settlement Funds:

1. Discuss and confirm April 23, 2024 Board of Managers Resolution relating to conditions precedent to receipt of statewide opioid settlement funds distributed to hospital districts by the Texas Comptroller of Public Accounts. **(ACTION)** 123

2. Receive information on the initial distribution of Texas Statewide Opioid Settlement funds to the Hospital District from the Texas Comptroller of Public Accounts, and discuss related matters. **(INFORMATION)** 128

3. Discuss Texas Opioid Abatement Fund Council rules relating to the use of funds distributed to hospital districts by the Texas Comptroller of Public Accounts and discuss related matters. **(INFORMATION)**

4. Discuss and consider utilizing the Nueces Center for Mental Health & Intellectual Disabilities to provide opioid crisis remediation programs 153

for the Hospital District in one or more categories approved by the Texas Opioid Abatement Fund Council; the District's provision of remediation services relates to the required use of funds distributed to the District by the Texas Comptroller of Public Accounts from the Texas Statewide Opioid Settlement; authorize Administrator to prepare and execute the related agreement; and discuss and consider related matters. **(ACTION)**

F. Mental Health:

1. Receive a report from the Nueces Center for Mental Health and Intellectual Disabilities relating to its Community Collaborative programs for the period October 1, 2024 - January 31, 2025. 155
(INFORMATION)

G. Board of Managers Business:

1. Elect Board of Managers Vice Chair for the period February 27 - September 30, 2025; elections pursuant to Texas Health and Safety Code, §281.023(a) and Board of Managers Bylaws, §2.2.A. **(ACTION)** 156

2. Discuss and consider amending the 2025 Board of Managers and Board Committees meeting schedule. **(ACTION)** 158

H. Administrator's Actions:

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

a. Change accounting firm performing the audit of the Hospital District's financial statements and major funds for the fiscal year ended September 30, 2024, to Adamson & Company, LLC from Collier, Johnson & Woods, P.C. due to the latter firm's divestment of its audit practice during performance of the audit. **(ACTION)** 159

I. Administrator's Briefing:

1. Pending and other matters. **(INFORMATION)**

2. Next scheduled Board of Managers regular meeting (meeting date, time, and location are subject to change):

a. Board of Managers: Tuesday, March 25, 2025, at 12:00 PM in NCHD Board of Managers Meeting Room at 555 North Carancahua Street, Room 950-A,

10. **CLOSED MEETING** - Public Notice is hereby given that the Board of Managers may 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. *To the extent there has been a past practice of distinguishing items for public deliberation and those for executive session, the public is advised that the Board is departing from that practice and reserves the right to discuss any listed agenda items in a closed meeting when authorized by law to do so.* When the Board goes 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. The Board specifically expects to go into a closed session(s) on the matters listed below pursuant to the Act, §551.071.

A. Consult with attorneys on matters relating to employee health and other benefit insurance coverage.

B. Consult with attorneys on matters relating to the Texas Opioid Abatement Fund Program.

C. Consult with attorneys on matters relating to Board of Managers Bylaws.

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.

A. Discuss and consider final action, decision, or vote on matters considered in Closed Meeting. **(ACTION AS NEEDED)**

12. **ADJOURN**

13. Public Notice Posting Receipt.

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**BOARD OF MANAGERS
NUECES COUNTY HOSPITAL DISTRICT
REGULAR MEETING
JANUARY 29, 2025**

The Nueces County Hospital District Board of Managers met at 12.:00 p.m., January 29. 2025 in the NCHD Board Room at 555 N. Carancahua, Suite 950 – A Corpus Christi, Texas.

HOSPITAL DISTRICT REPRESENTATIVES:

Jonny F. Hipp	Administrator/CEO
Belinda Espinoza	Asst. Administrator, Admin. Services
Donna Littlefield	Director, Accounting & Finance
John B. Martinez	General Counsel
Adam Robison	Legal Counsel
Melissa Quintanilla	Executive Assistant/Human Resources
Carmina Hernandez Moreno	Administrative Assistant

OTHERS PRESENT:

Jenny Dorsey	NC Courthouse Attorney
Jeremy Coleman	H. Boyd Hall Comm. Foundation
Johnny Paiyou	H. Boyd Hall Comm. Foundation
Connie Scott	Nueces County Judge
Dom Dominguez	Christus Spohn Hospital
Stephen Rybak	MDR
Sherry Robeson	MDR
Trey Kilbride	Gjerset & Lorenz Assoc. Attorney – via Zoom
David McElwain	Meeder – via Zoom
Tracy Morehead	- via Zoom

BOARD OF MANAGERS
REGULAR MEETING
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1. WELCOME

2. ROLL CALL OF MEMBERS

- Vishnu V. Reddy, M.D., Vice Chairman
- Sylvia Tryon Oliver
- Belinda Flores, R.N.
- Mariana Garza, J.D.
- Efrain Guerrero, Jr.
- Georgia Neblett
- Karen O'Connor Urban

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

- A. Call to order – Sylvia Tryon Oliver, Member.
The meeting was called to order at 12:02 p.m.
- B. Establish quorum – Ms. Oliver, Member .
A quorum was present with six members in attendance.

Sylvia Tryon Oliver, Member – PRESENT
Belinda Flores, R.N., Member – PRESENT
Mariana Garza, J.D., Member – PRESENT @ 12:20 p.m.
Efrain Guerrero, Jr., Member – PRESENT
Georgia Neblett, Member – PRESENT
Karen O'Connor Urban, Member – PRESENT
Vishnu V. Reddy, M.D., Vice Chairman – ABSENT

- 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. WELCOME NEW APPOINTEES TO THE BOARD OF MANAGERS: Georgia Neblett and Karen O'Connor Urban

5. ANNOUNCEMENT ON DISCLOSURE OF CONFLICTS OF INTEREST. Any Conflicts of Interest or Appearance of a Conflict of Interest with items on this agenda shall be declared at this time. Members with conflicts will refrain from voting and are asked to

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refrain from discussion on such items. Conflicts discovered later in the meeting shall be disclosed at that time.

6. **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.

Judge Connie Scott
Dom Dominguez
Jeremy Coleman

7. **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 minutes:

1. Regular Meeting of December 10, 2024; and
2. Special Meeting of January 7, 2025.

B. Receive annual listing of vendors as of January 23, 2025; listing provided pursuant to Board of Managers Bylaws, §2.1.B and Texas Local Government Code, Chapter 176.

C. Receive summary payment information on Nueces County health care disbursements for Fiscal Year 2025 year-to-date:

1. Salaries, benefits, and supplies at/for the City of Corpus Christi/Nueces County Public Health District;
2. Emergency medical services provided in unincorporated areas of Nueces County;

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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); and
- b. Council on Alcohol and Drug Abuse;

6. Funding for diabetes prevention and supporting programs; and

7. Public health grants. (*Finance Committee*)

D. 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 December 31, 2024. (*Finance Committee*)

E. 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*)

F. 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 December 31, 2024. (*Finance Committee*)

G. 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*)

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

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1. Directed Payment Programs - IGTs for HHSC's Medicaid managed care organization payments to healthcare providers that support overall Medicaid program goals and objectives:
 - a. Aligning Technology by Linking Interoperable Systems for Client Health Outcomes Program (ATLIS);
 - b. Comprehensive Hospital Increase Reimbursement Program (CHIRP);
 - c. Network Access Improvement Program (NAIP); and
 - d. Texas Incentives for Physicians and Professional Services (TIPPS); and

2. Supplemental Payment Programs - IGTs for HHSC Medicaid payments made to hospitals, separate from and in addition to base payments, for achieving certain goals or to support health care providers that see significant numbers of uninsured or persons without much money:
 - a. Disproportionate Share Hospital (DSH);
 - b. Graduate Medical Education (GME);
 - c. Hospital Augmented Reimbursement Program (HARP); and
 - d. Hospital Uncompensated Care (UC). (*Finance Committee*)

I. Receive reports relating to Nueces Aid Program enrollment for the month-ended December 31, 2024:

1. Total Persons and Households Enrolled;
2. Enrollment Summary;
3. Denials;
4. Application Processing Summary; and
5. Enrollment by Zip Code. (*Finance Committee*)

**Consent Agenda Approved. Motion by Efrain Guerrero
and seconded by Georgia Neblett. MOTION CARRIED.**

8. **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. Financial Statements:
 - a. Receive and approve unaudited financial statements for the month and fiscal year-to-date periods ended September 30, October 31, November 30, and December 31, 2024. (**ACTION**)

**Motion by Belinda Flores and seconded by Efrain Guerrero.
MOTION CARRIED.**

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2. Investment Report:

- a. Receive and approve Quarterly Investment Report for fiscal quarter-ended September 30, 2024 and ratify related investment transactions. (*ACTION*)

David McElwain updated Investment Report.

Motion by Mariana Garza and seconded by Efrain Guerrero.

MOTION CARRIED.

B. Legislative Committee:

1. Discuss and consider amending the Hospital District's Legislative Agenda for 89th Texas Legislative Session. (*ACTION*)

Motion by Mariana Garza and seconded by Georgia Neblett.

MOTION CARRIED.

C. Interim Legislative and Finance Committees' Business:

1. Discuss and consider deferring the Finance and Legislative Committees' monthly business to the Board of Managers during the period February - June 2025. (*ACTION*)

Motion by Belina Flores and seconded by Georgia Neblett.

MOTION CARRIED.

D. Employee Health Insurance:

1. Discuss and consider approval of amended Interlocal Agreement between Nueces County and Nueces County Hospital District relating to the provision of certain County employee benefits, including but not limited to health insurance to Hospital District employees and other related matters; initial term October 1, 2024 - September 30, 2025; and authorize Administrator to negotiate final details as needed and execute Agreement. (*ACTION*)

Item 8. D.1. Table.

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E. Marketing Initiatives:

1. Discuss and consider approving an agreement with MDR Advertising relating to the development of marketing initiatives and campaigns, and authorize Administrator to execute the agreement. *(ACTION)*

Item 8. E. 1. Table.

F. Board of Managers Business:

1. Elect Board of Managers Officers for the period January 30, 2025 - September 30, 2025; elections pursuant to Texas Health and Safety Code, §281.023(a) and Board of Managers Bylaws, §2.2.A:
 - a. Chairman;
 - b. Vice-Chairman; and
 - c. Confirm appointment of Administrator as Board of Managers Secretary as provided by Texas Health and Safety Code, §281.023(b). *(ACTION)*

Nominations for Chairman: Two votes for Belinda Flores from Mariana Garza and Efrain Guerrero. Motion by Efrain Guerrero and seconded by Karen O'Connor Urban. MOTION CARRIED.

Nomination for Vice Chairman was Tabled.

2. Chairman-Elect's appointment of Committee Chairs and members to Standing and Special Committees for the term of January 30, 2025 - September 30, 2025; appointments pursuant to Board of Managers Bylaws, §2.5.A, and §2.5.B:
 - a. Standing Committees:
 1. Finance;
 2. Planning;
 3. Quality Management; and
 - b. Special Committees:
 1. Legislative; and
 2. Other Special Committees. *(ACTION)*

Item. F. 2. Table.

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3. Discuss and consider amending the 2025 Board of Managers and Board Committees meeting schedule. (*ACTION*)

Item F. 3. Table.

G. Administrator's Briefing:

1. Receive executed Consulting Agreement with 3dhealth for comprehensive Nueces County physician needs assessment and patient access analysis. (*INFORMATION*)
2. Receive executed Disbursement Request relating to final disbursement under Escrow Agreement between Nueces County Hospital, CHRISTUS Spohn Health System Corporation, and Argent Institutional Trust Company. (*INFORMATION*)
3. Receive executed Escrow Amendment Conditions Letter Agreement between the Nueces County Hospital District and CHRISTUS Spohn Health System Corporation relating to the release and disbursement of remaining Escrow Funds to CHRISTUS Spohn and establishment of a call right to the Hospital District relating to certain real properties leased under the Amended and Restated Membership Agreement. (*INFORMATION*)
4. Receive executed Administrator's Employment Agreement for the term October 1, 2024 - September 30, 2028. (*INFORMATION*)
5. Supplemental legislative support during the 89th Texas Legislative Session. (*INFORMATION*)
6. Next scheduled Board of Managers and Board Committee regular meetings (all meetings' dates, times, and locations are subject to change):
 - a. Finance Committee: February 25, 2025 at 11:15 AM in NCHD Board of Managers Meeting Room at 555 North Carancahua Street, Room 950-A, Corpus Christi, Texas 78401;
 - b. Legislative Committee: February 25, 2025 at 11:45 AM in NCHD Board of Managers Meeting Room at 555 North Carancahua Street, Room 950-A, Corpus Christi, Texas 78401; and
 - c. Board of Managers: February 25, 2025 at 12:00 PM in NCHD Board of Managers Meeting Room at 555 North Carancahua Street, Room 950-A, Corpus Christi, Texas 78401. (*INFORMATION*)

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9. **CLOSED MEETING** - Public Notice is hereby given that the Board of Managers may 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. *To the extent there has been a past practice of distinguishing items for public deliberation and those for executive session, the public is*

advised that the Board is departing from that practice and reserves the right to discuss any listed agenda items in a closed meeting when authorized by law to do so. When the Board goes 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. The Board specifically expects to go into a closed session(s) on the matters listed below pursuant to the Act, §551.071.

A. Consult with attorneys on matters relating to dispute resolution demand received from CHRISTUS Spohn Health System relating to the Amended and Restated Membership Agreement, pursuant to §551.071.

B. Consult with attorneys on matters relating to employee health insurance, pursuant to §551.071.

Sylvia Tryon Oliver called for Closed Session at 2:12 p.m.

10. **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.

Sylvia Tryon Oliver called for Open Session at 2:35 p.m.

A. Discuss and consider final action, decision, or vote on matters considered in Closed Meeting. **(ACTION AS NEEDED)**

No Action Taken.

11. **ADJOURN**

Motion to adjourn by Sylvia Tryon Oliver at 2:35 p.m.

BOARD OF MANAGERS
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PRESIDING OFFICER:

Sylvia Tryon Oliver, Member

ATTEST:

Jonny F. Hipp, Secretary
Board of Managers
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>
2122	Burns Tire & Auto LLC	1302 Leopard St	Corpus Christi	Texas	78401

Nueces County Hospital District
 County Health Care Department Expenditures
 Cash Disbursements Relating to
 Fiscal Year 2025

	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Fiscal YTD	Budget 2025	Balance
County Healthcare Services															
Health Dept - County	0.00	0.00	0.00	441,324.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	441,324.00	1,765,296.00	1,323,972.00
Mental Health Wellness	0.00	0.00	0.00	0.00	38,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	38,000.00	38,000.00	0.00
Mobile Medical Clinic	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
Emergency Medical Services	0.00	0.00	0.00	147,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	147,000.00	650,000.00	503,000.00
NC MHID - Fund Matching	0.00	0.00	242,280.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	242,280.00	969,129.00	726,849.00
NC MHID - Jail Programs	268,474.68	200,466.20	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	468,940.88	2,550,000.00	2,081,059.12
NC Juvenile Center	0.00	0.00	62,453.40	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	62,453.40	474,000.00	411,546.60
Nueces County Jail Infirmary Svcs	0.00	0.00	0.00	0.00	940,086.28	0.00	0.00	0.00	0.00	0.00	0.00	0.00	940,086.28	5,202,850.00	4,262,763.72
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	0.00	1,500.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,500.00	50,000.00	48,500.00
HALO-Flight Funding	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	15,000.00	15,000.00
County Public Health Grants	0.00	0.00	0.00	60,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	60,000.00	230,000.00	170,000.00
Totals	268,474.68	200,466.20	304,733.40	648,324.00	979,586.28	0.00	2,401,584.56	12,114,275.00	9,712,690.44						

**Nueces County Hospital District
Imputed Claims Experience for Calendar Year 2024
As if Adjudicated January 1, 2025 through January 31, 2025**

Service	Claims	Billed	Contract Amt.	Co Insurance	Net
ER	260	1,583,907	210,587	7,485	203,102
ASU	(11)	423,437	249,177	(825)	250,002
Clinic	(5)	(4,312)	(1,186)	-	(1,186)
Obs	(2)	(158,803)	(32,803)	4,676	(37,479)
OP	1,404	3,812,079	1,019,576	47,760	971,816
Subtotal	1,646	5,656,308	1,445,351	59,096	1,386,255
IP	20	1,441,726	61,632	4,727	56,905
SNF					-
RX	9,257	3,643,422	1,390,122	47,725	1,342,397
Physician	1,817	890,233	226,496	6,471	220,025
Total	12,740	11,631,689	3,123,601	118,019	3,005,582

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 2025

Member Revenue % 26.0%

	October	November	December	January	February	March	April	May	June	July	August	September	Totals
<u>Membership Revenue Deposits</u>													
Week 1	3,160,064.31	2,429,791.05	2,741,006.10	2,666,621.47	2,709,161.08								13,706,644.01
Week 2	2,404,654.68	2,639,248.54	2,845,782.58	2,551,052.66	3,053,133.62								13,493,872.08
Week 3	2,449,704.10	2,945,690.73	2,842,613.19	3,137,015.46									11,375,023.48
Week 4	2,593,480.60	2,867,191.22	3,201,866.84	2,429,815.54									11,092,354.20
Week 5			2,168,904.61	2,902,616.61									5,071,521.22
Subtotal	10,607,903.69	10,881,921.54	13,800,173.32	13,687,121.74	5,762,294.70	0.00	0.00	0.00	0.00	0.00	0.00	0.00	54,739,414.99



Argent Institutional Trust
 5901 Peachtree Dunwoody Ste C495
 Atlanta, GA 30328

ACCOUNT STATEMENT

ACCOUNT NUMBER:
 JANUARY 01, 2025 TO JANUARY 31, 2025



5

NUECES COUNTY HOSPITAL DISTRICT
 ATTN: JONNY HIPP
 555 N CARANCAHUA ST STE 950
 CORPUS CHRISTI TX 78401-0835

1-92-1004



ACCOUNT NAME:	CHRISTUS SPOHN HEALTH SYSTEM CORP / NUECES COUNTY HOSPITAL DISTRICT
ACCOUNT NUMBER:	
ADMINISTRATIVE OFFICER:	ERIK BENSON 312-909-1218/312-909-1218 EBENSON @ARGENTFINANCIAL.COM
INVESTMENT OFFICER:	DIRECTED

YOU, FIRST.

Thank you for your business. If you have questions about your account statement, please contact your Administrative Officer listed in the shaded box at the top of this statement.



ACCOUNT STATEMENT

PAGE 2

ACCOUNT NUMBER

JANUARY 01, 2025 TO JANUARY 31, 2025

IMPORTANT NOTICE

Argent Institutional Trust-formerly TMI- has changed accounting platforms. Be advised your account number **3721 has changed to **1617.



ACCOUNT STATEMENT

ACCOUNT NUMBER:

JANUARY 01, 2025 TO JANUARY 31, 2025

ACCOUNT ACTIVITY SUMMARY

	THIS PERIOD	YEAR TO DATE
BEGINNING MARKET VALUE	3,224,053.26	3,224,053.26
INCOME	10,744.00	10,744.00
DISBURSEMENTS	3,234,797.26-	3,234,797.26-
ENDING MARKET VALUE	0.00	0.00





ACCOUNT STATEMENT

ACCOUNT NUMBER

JANUARY 01, 2025 TO JANUARY 31, 2025

PORTFOLIO HOLDINGS

QUANTITY	DESCRIPTION	MARKET VALUE	COST BASIS
GRAND TOTAL ASSETS		0.00	0.00

TRANSACTION DETAIL

DATE	DESCRIPTION	CASH	COST	GAIN / LOSS
01/01/25	BEGINNING BALANCE	0.00	3,224,053.26	
01/02/25	09248U536 DIVIDEND ON BLACKROCK LIQUIDITY FUNDS TREASURY TRUST FUND PAYABLE 01/01/2025 EFFECTIVE 01/01/2025	10,744.00		
01/14/25	PAID VIA WIRE CHRISTUS HEALTH	3,234,797.26-		
	09248U536 NET WITHDRAWAL BLACKROCK LIQUIDITY FUNDS TREASURY TRUST FUND	3,224,053.26	3,224,053.26-	
01/31/25	ENDING BALANCE	0.00	0.00	0.00

DISCLOSURE

Pricing for securities traded on the exchange is provided by third party sources. While sources used for pricing publicly traded securities are considered reliable, the prices displayed on your statement may or may not be based on actual trades, bid/ask information or vendor evaluations. As such, the prices displayed on your statement may or may not reflect actual trade prices you would receive in the current market. It is possible prices for certain securities may vary widely at the time of trade execution in comparison to valuation prices displayed for statement purposes. Securities not traded on an exchange are valued by a variety of sources, which may include issuer-provided or client-provided information. As such, the current statement will reflect the value of the asset based on its last known valuation which may not coincide with the statement reporting period. Argent Trust Company, or any of its affiliates, does not guarantee the accuracy, reliability, completeness or attainability of any pricing information provided by third party sources.

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Disclosure - <https://argentfinancial.com/argent-disclosures/>

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Nueces County Hospital District
 Nueces LPPF Activity
 Fiscal Year 2025

	October	November	December	January	February	March	April	May	June	July	August	September	Totals
Beginning Balan	15,144,830.77	67,482,313.38	60,418,505.35	82,354,046.88	83,587,305.85	77,204,342.43	77,204,342.43	77,204,342.43	77,204,342.43	77,204,342.43	77,204,342.43	77,204,342.43	15,144,830.77
<u>Deposits</u>													
Christus Spohn	18,463,203.50												18,463,203.50
CCMC	13,014,802.50												13,014,802.50
CC Rehab	590,255.50												590,255.50
Driscoll	13,448,905.50												13,448,905.50
PAM Specialty	759,945.50			379,972.75									1,139,918.25
PAM Rehab	746,361.00			373,180.50									1,119,541.50
S. TX Surgical	1,349,509.50												1,349,509.50
Subtotal	48,372,983.00	0.00	0.00	753,153.25	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	49,126,136.25
Interest	98,346.97	250,248.73	242,839.98	308,747.77									900,183.45
Transfers In	4,257,009.14		22,744,668.24	921,889.32									27,923,566.70
Total Deposits	52,728,339.11	250,248.73	22,987,508.22	1,983,790.34	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	77,949,886.40
<u>Inter-Governmental Transfers</u>													
UC			(10,274.91)		(2,875,437.56)								(2,885,712.47)
DSRIP													0.00
CHIRP		(6,722,453.21)											(6,722,453.21)
TIPPS		(591,603.55)											(591,603.55)
DSH													0.00
HARP			(1,041,691.78)	(528,169.55)									(1,569,861.33)
GME	(390,856.50)			(222,361.82)									(613,218.32)
ATLIS					(3,507,525.86)								(3,507,525.86)
Total IGT's	(390,856.50)	(7,314,056.76)	(1,051,966.69)	(750,531.37)	(6,382,963.42)	0.00	(15,890,374.74)						
Transfers Out													0.00
Bank Fees													0.00
Ending Balance	67,482,313.38	60,418,505.35	82,354,046.88	83,587,305.85	77,204,342.43	77,204,342.43	77,204,342.43	77,204,342.43	77,204,342.43	77,204,342.43	77,204,342.43	77,204,342.43	77,204,342.43

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	GME	HARP	ATLIS	TOTALS	
Christus Spohn - Corpus Christi	393,023,597	593,067,691	268,294,065	54,617,146	152,963,649	133,477,263	3,687,187	7,610,009	23,063,813	122,992	1,629,927,411	43%
Christus Spohn Rural (Alice/Beeville/Kleberg)	48,398,858	222,538,430	0	14,571,054	0	28,694,123	0	0	789,046	373,406	315,364,917	8%
Corpus Christi Medical Center	121,850,134	172,402,046	0	47,168,955	0	165,443,379	0	6,861,475	11,523,782	8,022,653	533,272,423	14%
Driscoll Childrens Hospital	314,822,705	32,102,232	0	0	0	713,991,489	2,062,491	17,459,670	90,259,446	12,070,907	1,182,768,941	31%
Detar Hospital	24,949,804	47,723,156	0	15,076,184	0	0	0	0	0	0	87,749,145	2%
North Bay General Hospital	0	0	0	503,238	0	0	0	0	0	0	503,238	0%
South Texas Surgical Hospital	0	0	0	889,769	0	0	0	0	0	0	889,769	0%
Corpus Christi Rehab Hospital	0	0	0	286,797	0	0	0	0	0	122,992	409,789	0%
PAM Specialty Hospital	0	0	0	1,330	0	0	0	0	0	184,488	185,818	0%
PAM Rehab Hospital	0	0	0	141,201	0	1,061,576	0	0	0	317,883	1,520,660	0%
Zoom Rehabilitation Inc.	0	0	0	0	0	0	0	0	0	122,992	122,992	0%
Nueces County Health Dept	21,809,410	0	0	0	0	0	0	0	0	0	21,809,410	1%
TOTALS	924,854,508	1,067,833,555	268,294,065	133,255,675	152,963,649	1,042,667,830	5,749,678	31,931,155	125,636,087	21,338,312	3,774,524,512	100%

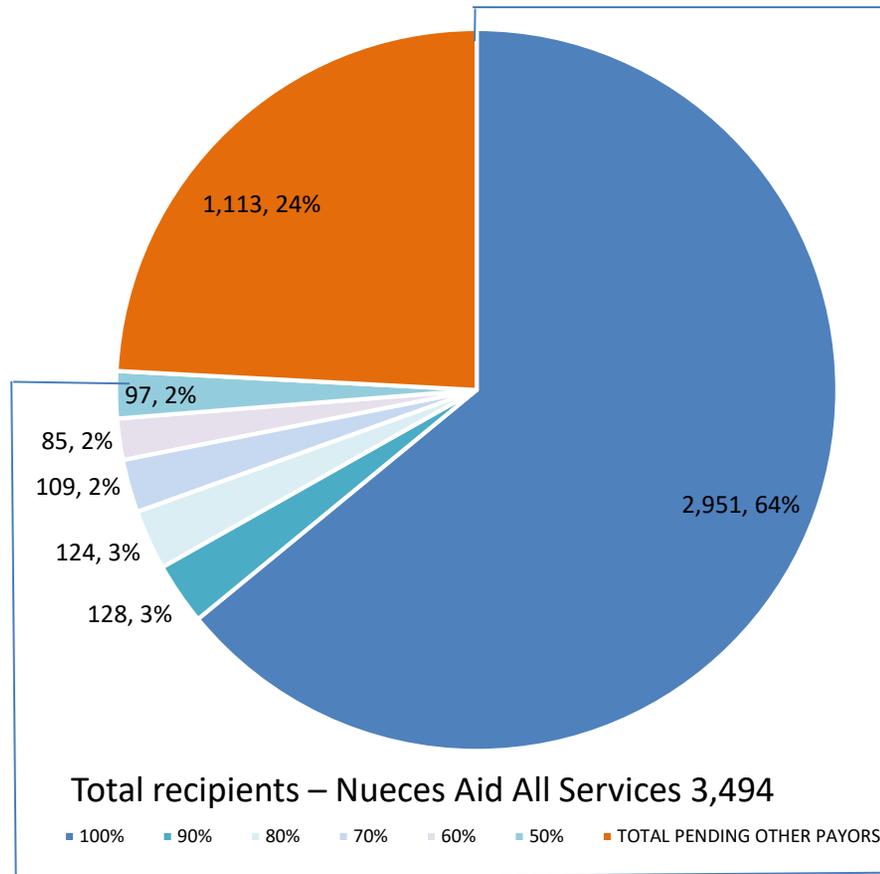
* Estimated Receipts for Entities (IGT + FMAP), Subject to HHSC Review and Administrative Fees

IGT Source	DSRIP	UC	DSH	UHRIP	NAIP	CHIRP	TIPPS	GME	HARP	ATLIS	TOTALS
Nueces County Hospital District	338,074,018	347,497,884	94,883,452	58,389,165	60,183,389	121,004,253	0	8,418,229	45,286,735	5,025,665	1,078,762,791
Nueces LPPF	27,902,997	68,596,874	7,478,253	0	0	280,901,781	1,780,044	3,526,330	4,552,216	3,507,526	398,246,022
TOTALS	365,977,014	416,094,758	102,361,706	58,389,165	60,183,389	401,906,034	1,780,044	11,944,560	49,838,951	8,533,191	1,477,008,813

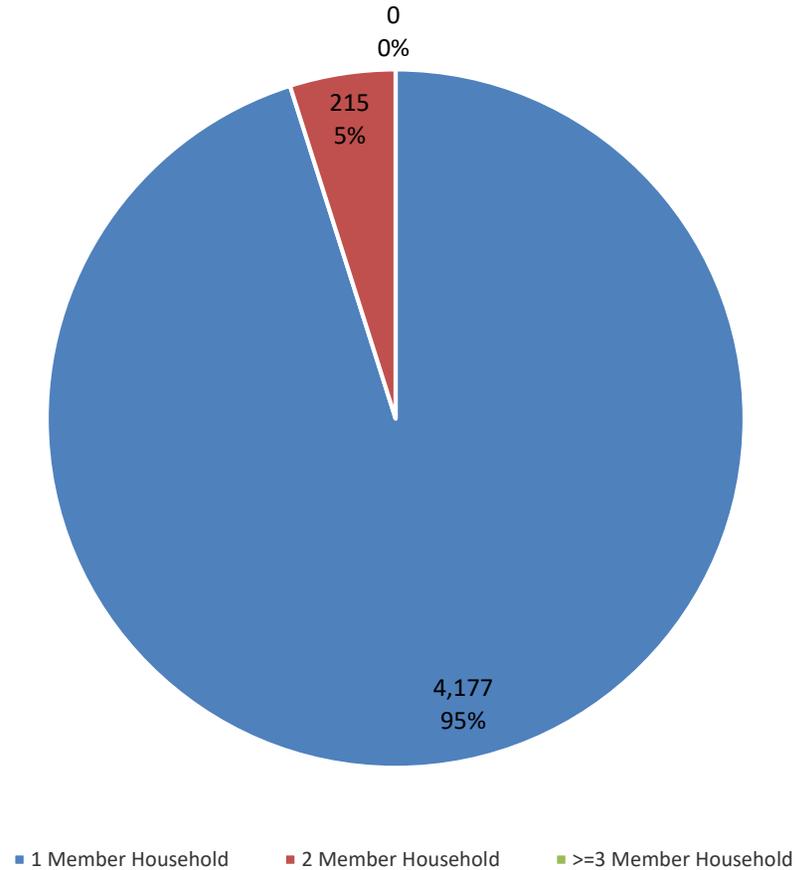
January 2025

Nueces Aid Program Enrollment

Total Enrolled
4,607



Total Households
4,392



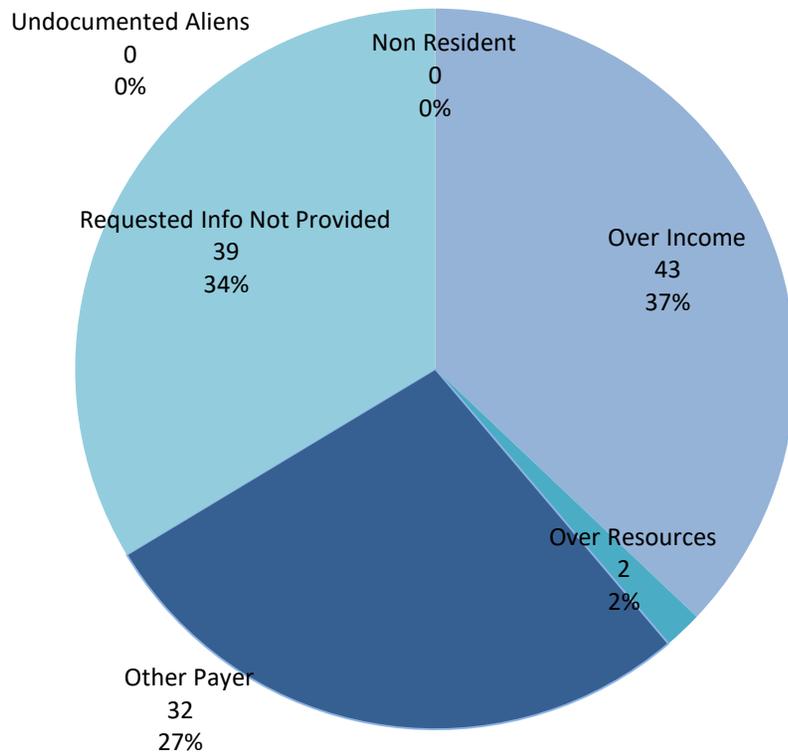
Nueces Aid Program Enrollment Summary Calendar Year 2025

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD 2025 Average	Comments
PENDING OTHER PAYORS														
TANF	44												44	
%	4.0%												4.0%	
SSI-SSID	692												692	
%	62.2%												62.2%	These individuals are eligible for NCHD assistance if denied assistance by other payer.
Other Payor	377												377	
%	33.9%												33.9%	
TOTAL PENDING OTHER PAYORS	1,113												1,113	
	24.2%												24.2%	
HOUSEHOLDS BY SIZE														
1 Member Household	4,177												4,177	The percentage for each size household is calculated by dividing the number of each member household by the total number of households.
%	95.1%												95.1%	
2 Member Household	215												215	
%	4.9%												4.9%	
>=3 Member Household	0												0	
%	0.0%												0.0%	
TOTAL HOUSEHOLDS	4,392												4,392	

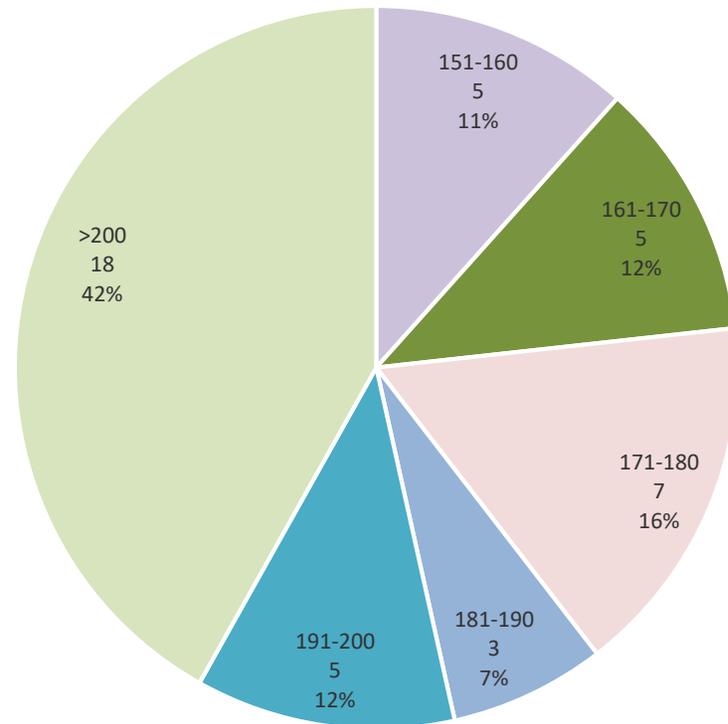
NUECES AID DENIALS

Calendar Year 2025
January

Denial Reasons



Comparison of Over Income Case to 2023 HHS Poverty Guidelines



**Nueces Aid Program
Application Processing Summary Calendar Year 2025**

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD 2025	Comments
TOTAL APPLICATIONS	857												857	
- Approved	741												741	
%	86.5%												86.5%	Since FY 1999, the denial rate is based on all denied individuals in the household.
- Denied	116												116	
%	13.5%												13.5%	
APPROVALS BY PLAN TYPE														
NUECES AID - All Services														
100%	536												536	
%	72.3%												72.3%	
90%	13												13	
%	1.8%												1.8%	
80%	25												25	
%	3.4%												3.4%	
70%	17												17	The percentage of approvals by plan option is calculated by dividing the number for each plan option by the total number of approved applications.
%	2.3%												2.3%	
60%	14												14	
%	1.9%												1.9%	
50%	8												8	
%	1.1%												1.1%	
TOTAL	613												613	
%	82.7%												82.7%	
HOUSEHOLDS BY SIZE - APPROVED														
1 Member Household	661												661	The percentage for each size household is calculated by dividing the number of households in the category by the total number of approved households.
%	94.3%												94.3%	
2 Member Household	40												40	
%	5.7%												5.7%	
3 or > Member Household	0												0	Households pending other payors are not included.
%	0.0%												0.0%	
TOTAL HOUSEHOLDS APPROVED	701												701	

**Nueces Aid Program
Application Processing Summary Calendar Year 2025**

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD 2025	Comments
NCHD DENIALS - Reasons for Denials														
Non Resident	0												0	The percentage for each denial reason is calculated by dividing the number of individuals for each reason by the total number of individuals denied.
%	0.0%												0.0%	
Over Income	43												43	
%	37.1%												37.1%	
Over Resources	2												2	
%	1.7%												1.7%	
Other Payer	32												32	
%	27.6%												27.6%	
Requested Info Not Provided	39												39	
%	33.6%												33.6%	
Undocumented Aliens	0												0	Note: UA code eff 08/01/01
%	0.0%												0.0%	
TOTAL DENIALS	116												116	
HOUSEHOLDS BY SIZE - DENIED														
1 Member Household	92												92	The denial percentage for each size household is calculated by dividing the number for each household size by the total number of denied households.
%	86.8%												86.8%	
2 Member Household	11												11	
%	10.4%												10.4%	
3 or > Member Household	3												3	Households pending other payors are not included.
%	2.8%												2.8%	
TOTAL HOUSEHOLDS DENIED	106												106	
PENDING APPLICATIONS														
Pending documentation	81												81	The YTD number for incomplete applications is the average of the monthly incomplete applications.
TANF	11												11	
SSI-SSID	52												52	
Other Payor	65												65	



**Annual Comparative Enrollment Report
Calendar Year 2025**

Month	Enrollment		Increase/(Decrease)	
	2025	2024	%	Enrollees
Jan	4,607	4,684	-1.64%	-77
Feb				
Mar				
Apr				
May				
Jun				
Jul				
Aug				
Sep				
Oct				
Nov				
Dec				

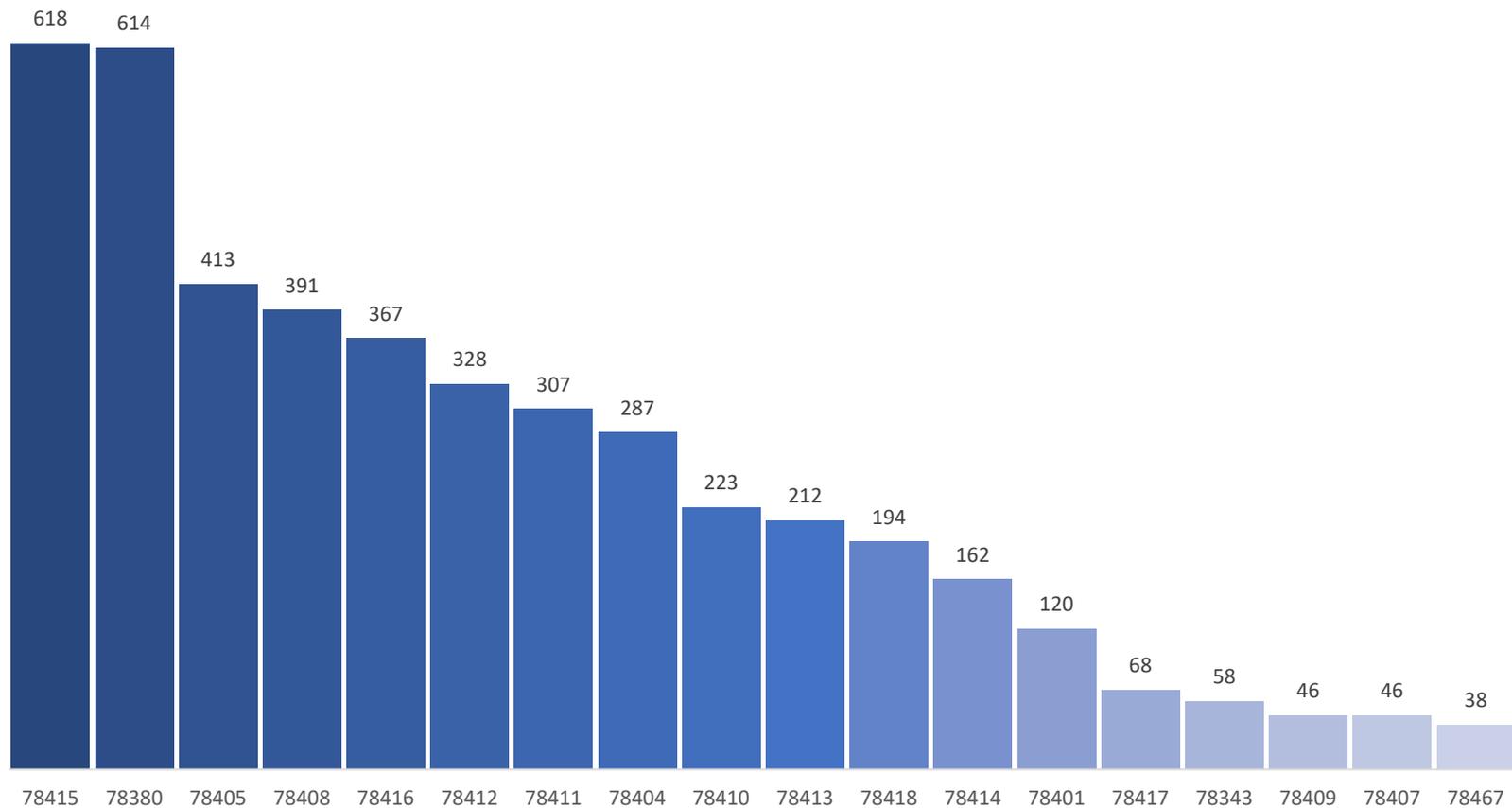
**NCHD
Eligibility History**

	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sep	Oct	Nov	Dec	CY Total	Avg		
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%	
% of PY	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%	
% of PY	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%	
% of PY	95%	96%	96%	93%	101%	93%	83%	73%	65%	70%	75%	79%	85%	85%		
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%	
% of PY	76%	74%	73%	76%	74%	84%	95%	110%	126%	114%	107%	103%	90%	90%		
2022																
NCHD	3,781	3,711	3,738	3,755	3,805	3,869	3,910	3,945	4,042	3,987	3,884	3,785	46,212	3,851	0%	
Pend	1,093	1,061	1,110	1,113	1,144	1,150	1,147	1,183	1,191	1,191	1,181	1,171	13,735	1,145	14%	
Total	4,874	4,772	4,848	4,868	4,949	5,019	5,057	5,128	5,233	5,178	5,065	4,956	59,947	4,996	3%	
% of PY	103%	104%	108%	109%	106%	103%	101%	100%	101%	101%	101%	100%	103%	103%		
2023																
NCHD	3,767	3,186	3,727	3,611	3,614	3,599	3,565	3,548	3,566	3,598	3,613	3,545	42,939	3,578	-7%	
Pend	1,145	1,677	1,148	1,157	1,173	1,161	1,177	1,181	1,183	1,185	1,186	1,166	14,539	1,212	6%	
Total	4,912	4,863	4,875	4,768	4,787	4,760	4,742	4,729	4,749	4,783	4,799	4,711	57,478	4,790	-4%	
% of PY	101%	102%	101%	98%	97%	95%	94%	92%	91%	92%	95%	95%	96%	96%		
2024																
NCHD	3,523	3,573	3,563	3,596	3,605	3,597	3,643	3,650	3,629	3,646	3,546	3,464	43,035	3,586	0%	
Pend	1,161	1,185	1,175	1,171	1,177	1,157	1,180	1,182	1,177	1,183	1,159	1,121	14,028	1,169	-4%	
Total	4,684	4,758	4,738	4,767	4,782	4,754	4,823	4,832	4,806	4,829	4,705	4,585	57,063	4,755	-1%	
% of PY	95%	98%	97%	100%	100%	100%	102%	102%	101%	101%	98%	97%	99%	99%		
2025																
NCHD	3,494												3,494	3,494	-3%	
Pend	1,113												1,113	1,113	-5%	
Total	4,607	-	-	-	-	-	-	-	-	-	-	-	4,607	4,607	-3%	
% of PY	98%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	8%	97%		



Nueces County Hospital District

Enrollment by Zipcode as of January 2024

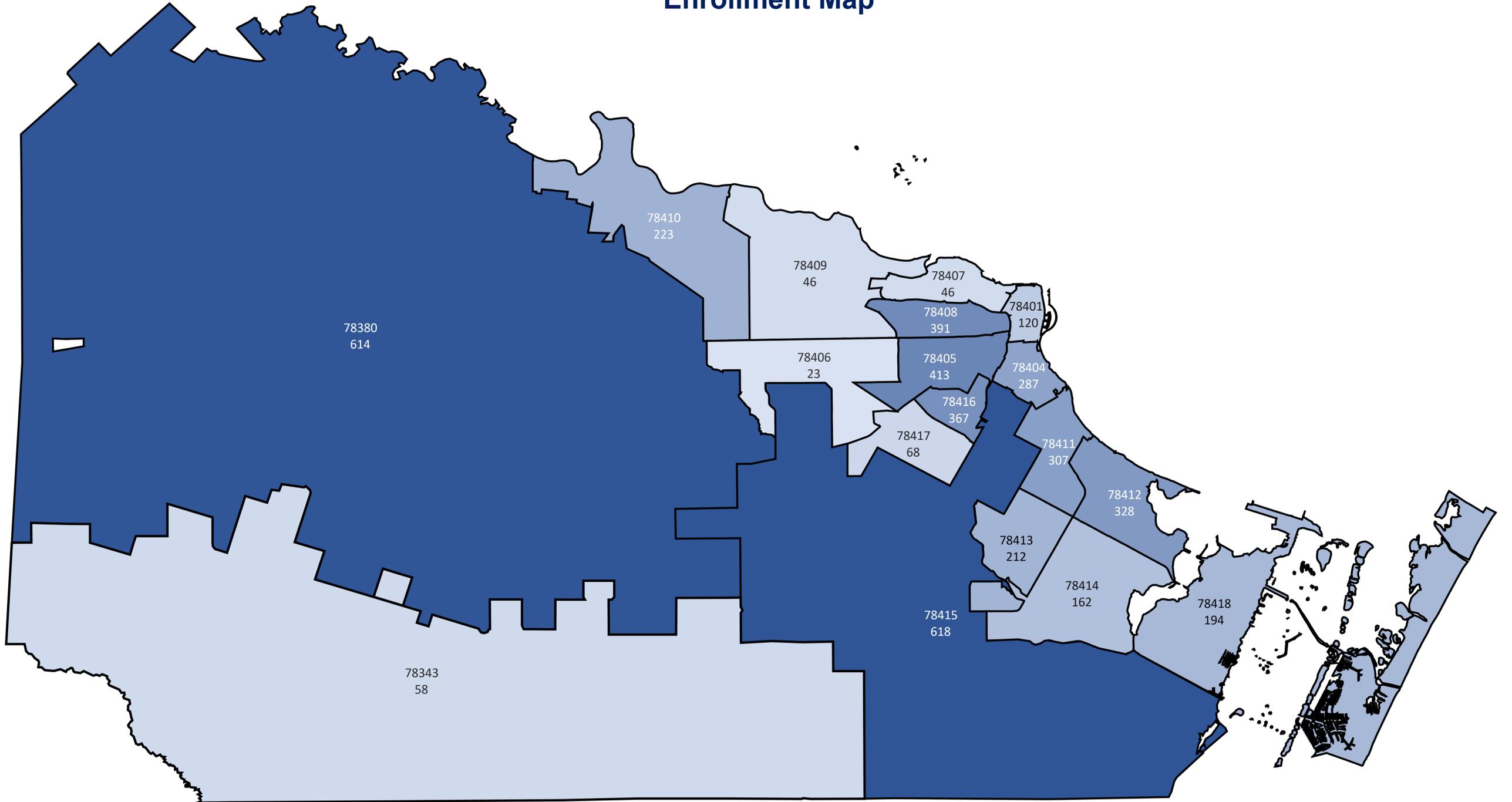


**Nueces County Hospital District
Enrollment by Zip Code
As of 1/31/2025**

Zip Code	Description	Members	% to Total
78415	CC:FM 665 to CR 61 to County Line to Weber & Crosstown	618	13%
78380	Robstown	614	13%
78405	CC:19th to Port Ave to Agnes, includes HPG	413	9%
78408	CC:Hwy 358 to Lipan Between I-37 & Agnes	391	8%
78416	CC:Hwy 358 to Old Brownsville to Tarlton to Weber, includes Molina	367	8%
78412	CC:Airline to Hwy 358 to Ennis Joslin to Ocean Drive	328	7%
78411	CC:Ocean Drive to So Staples to Hwy 358 to Weber to Kostoryz	307	7%
78404	CC:Six Points	287	6%
78410	CC:Annville and Calallen	223	5%
78413	CC:Weber to Holly rd to So Staples to Oso Pkwy	212	5%
78418	CC:Flour Bluff	194	4%
78414	CC:So Staples to Holly Rd to Cayo Del Oso to Oso Creek	162	4%
78401	CC:Downtown and Cargo Docks	120	3%
78417	CC:Old Brownsville to Ayers to Saratoga	68	1%
78343	Bishop + FM 665 to CR 107 W to CR 57E	58	1%
78409	CC:Hwy 44 to Up River Rd to Rand Morgan E to Hwy 358	46	1%
78407	CC: I-37 Up River Rd to South Port Ave to Joe Fulton Corridor	46	1%
78467	CC: Leopard St Between S. Staples and Sam Rankin	38	1%
	Subtotal	4,492	98%
	Total	4,607	



Nueces County Hospital District Enrollment Map



NUECES COUNTY HOSPITAL DISTRICT

AUDITED FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2024



NUECES COUNTY HOSPITAL DISTRICT
AUDITED FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2024

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INDEPENDENT AUDITOR'S REPORT

February 26, 2025

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying 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, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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, 2024, and the respective changes in financial position and budgetary comparisons for the general fund, indigent care fund, tobacco settlement fund and opioid settlement fund thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Nueces County Hospital District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Nueces County Hospital District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Nueces County Hospital District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Nueces County Hospital District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 17 be presented to supplement the basic financial statements.

Such information is the responsibility of management and, 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 February 26, 2025 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.

Adamson & Company, LLC

**Nueces County Hospital District
Management's Discussion and Analysis
For Fiscal Year Ended September 30, 2024**

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 fiscal year ended September 30, 2024 (“Fiscal Year 2024”). 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 fiscal information between the current year and the prior year is required to assist in financial analysis.

Financial Highlights

The District’s net position increased \$32.1 million or 26.9% compared to the prior year net position. The net position of the District on September 30, 2024 and 2023 was \$151.3 million and \$119.3 million, respectively. Cash and cash equivalents, restricted cash, and investments amounted to \$165.1 million and \$122.6 million which represent 95.6% of total assets for September 30, 2024 and 92.1% for 2023, respectively.

In Fiscal Year 2024, the District’s General Fund Balance increased \$28.6 million or 53.8% compared to the prior year balance. At fiscal year-ended September 30, 2024, the District’s General Fund balance was \$81.8 million compared to \$53.2 million in 2023.

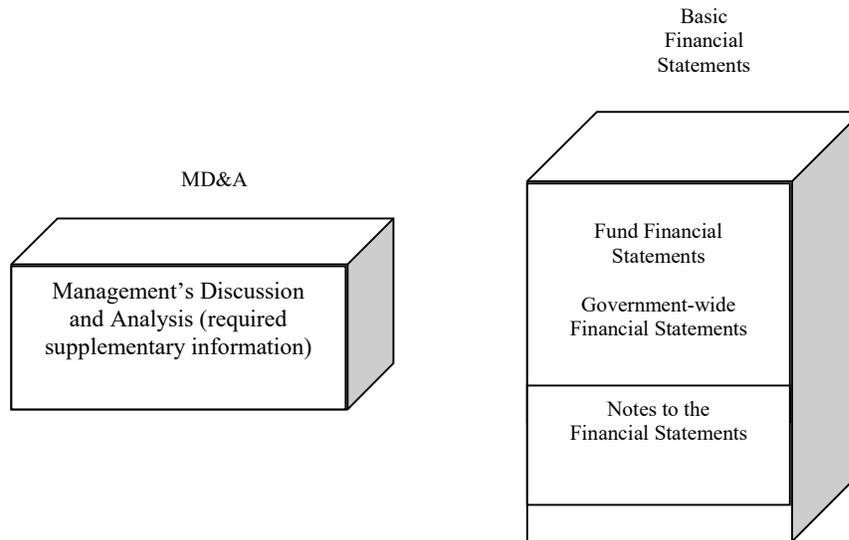
In Fiscal Year 2024, the District’s total revenues increased \$102.5 million or 136.8% compared to the prior year. It is significant to note that 79.5% of the District’s total revenues were from non-tax sources. The District’s total expenses increased \$83.2 million or 134.2% compared to the prior year.

In Fiscal Year 2024, the District continued to make discretionary intergovernmental transfers for several Medicaid-related supplemental and directed payment programs sponsored by the State of Texas through the Texas Health and Human Services Commission (“Medicaid Payment Programs”). These transferred funds enabled both local and regional healthcare providers, who provide indigent healthcare consistent with the District’s primary mission, to draw additional Medicaid funds. In addition, the District continued use of its authority to operate a Local Provider Participation Fund Program (“LPPF”) to sustain the Medicaid Payment Programs.

In Fiscal Year 2024, the District’s Board of Managers committed \$32.5 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 by the State 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 \$151.3 million and \$119.3 million as of September 30, 2024 and 2023, respectively, an increase of \$32.1 million or 26.9%. Total assets increased \$39.5 million or 29.7% compared to September 30, 2023. The District's total liabilities increased \$7.4 million or 53.6% compared to September 30, 2023.

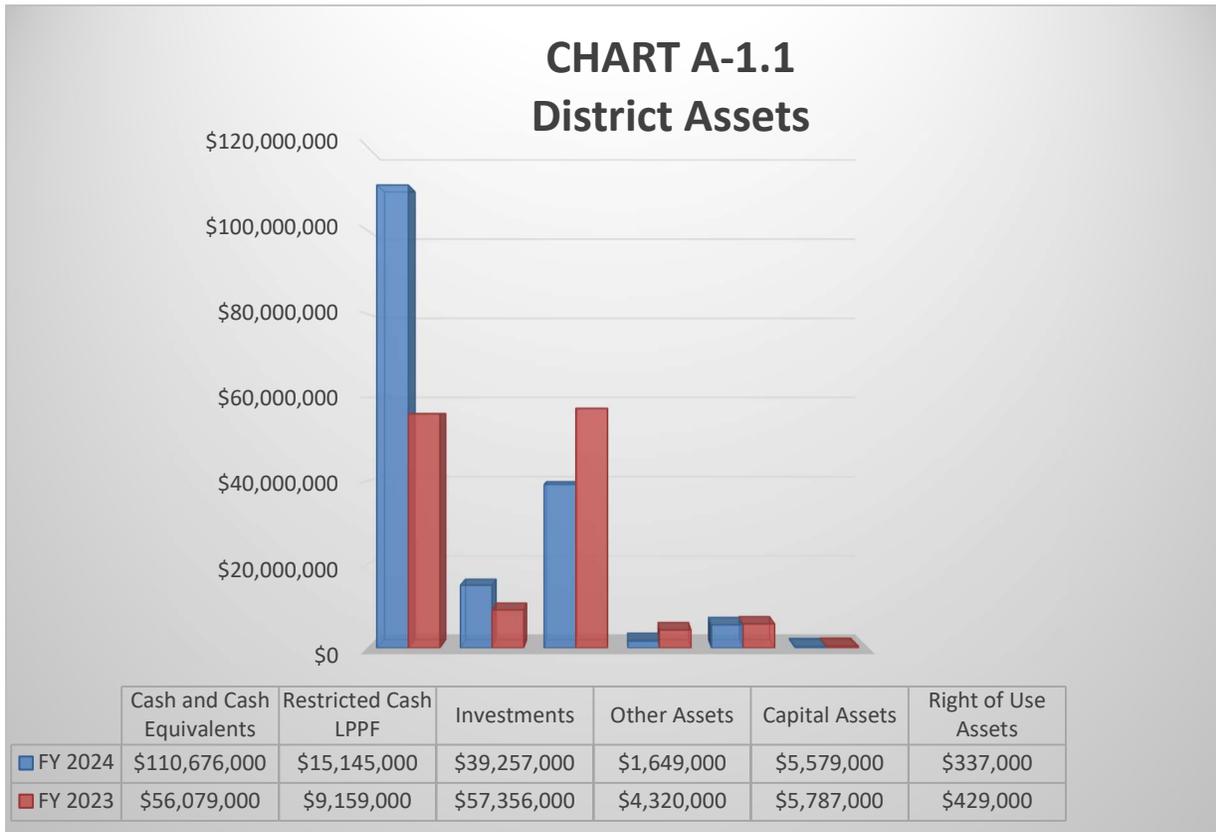
TABLE A-1
Nueces County Hospital District Net Position
September 30, 2024 and 2023
(In Thousands)

Assets:	2024	2023	2024-2023 Variance
Cash and Cash Equivalents	\$ 110,676	\$ 56,079	\$ 54,597
Cash Restricted for Local Provider Participation Fund	15,145	9,159	5,986
Investments	39,257	57,356	(18,099)
Other Assets	1,649	4,320	(2,671)
Capital Assets (Net of Accumulated Depreciation)	5,579	5,787	(208)
Right of Use Assets	337	429	(92)
Total Assets	172,643	133,130	39,513
Liabilities:			
Accounts Payable	5,384	3,855	1,529
Lease Payable	85	77	8
Accrued Payroll and Related Liabilities	383	317	66
Long-Term Liabilities:			
Accrued Paid Time Off	40	106	(66)
Lease Payable	273	358	(85)
Due to Local Provider Participation Fund	15,145	9,159	5,986
Total Liabilities	21,310	13,872	7,438
Net Position:			
Net Investment in Capital Assets	5,580	5,787	(207)
Unrestricted	145,754	113,471	32,283
Total Net Position	\$ 151,334	\$ 119,258	\$ 32,076

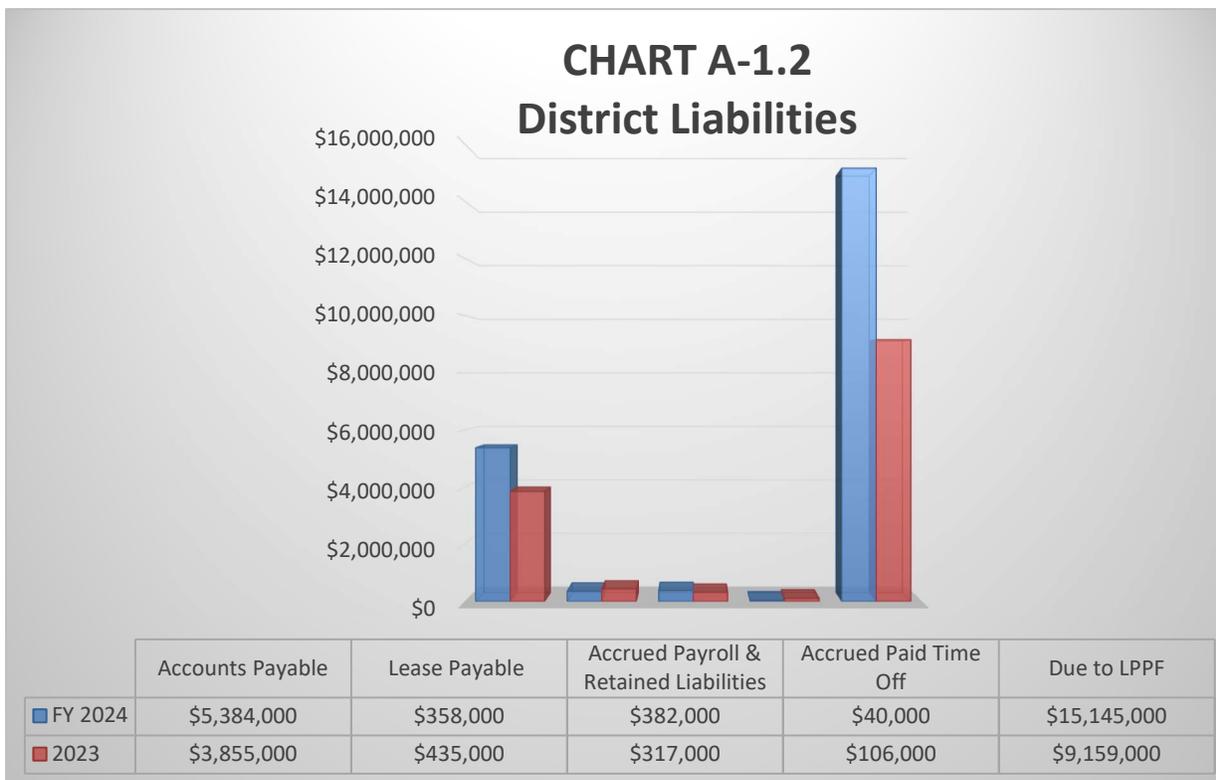
Financial Analysis

In Fiscal Year 2024, cash and cash equivalents and investments combined increased \$42.5 million compared to the prior year mostly due to higher Spohn corporate membership revenue, as well as higher investment earnings and the addition of opioid settlement funds. The LPPF cash is statutorily restricted to funding the Medicaid Payment Programs. Other Assets decreased \$2.7 million or 61.8% primarily from a decrease in property taxes receivable. The \$208 thousand or 3.6% decrease in Capital Assets (Net of Accumulated Depreciation) mainly relates to depreciation expense. Accounts Payable and Related Liabilities increased \$7.4 million or 53.6% mainly due to offsetting the LPPF cash and 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.

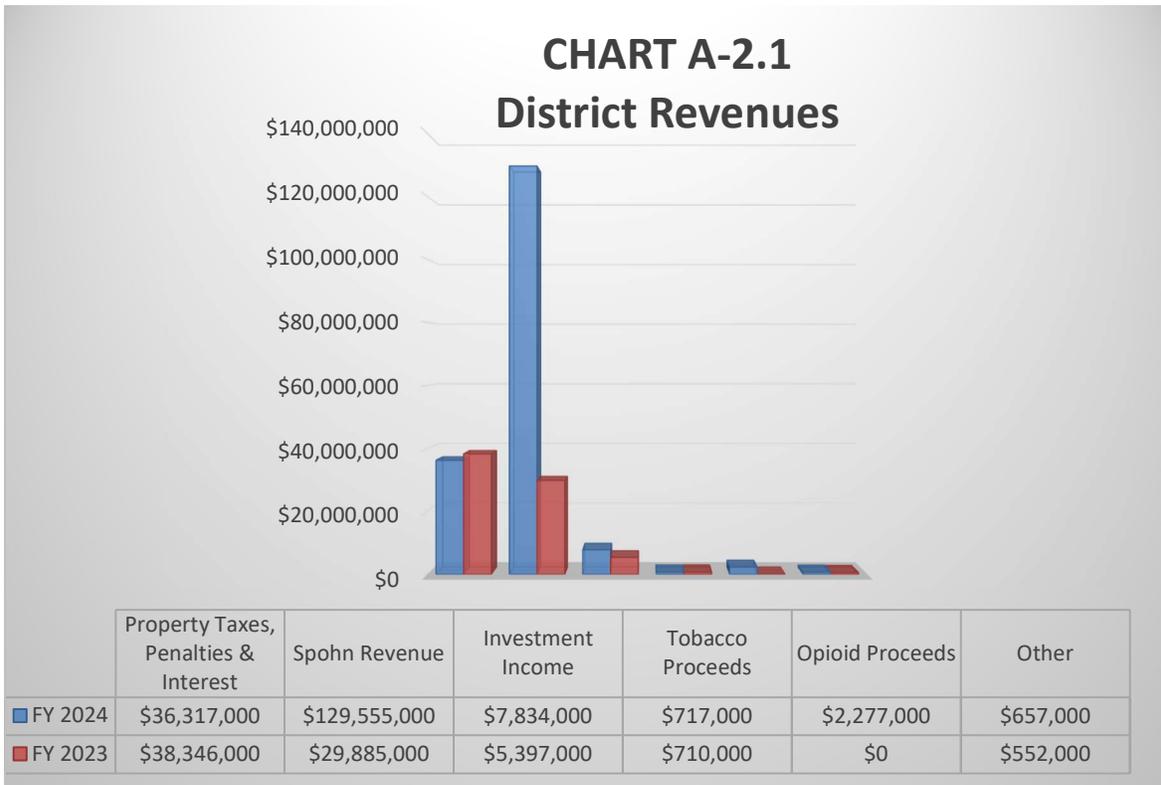


Statement of Activities (Government-Wide)

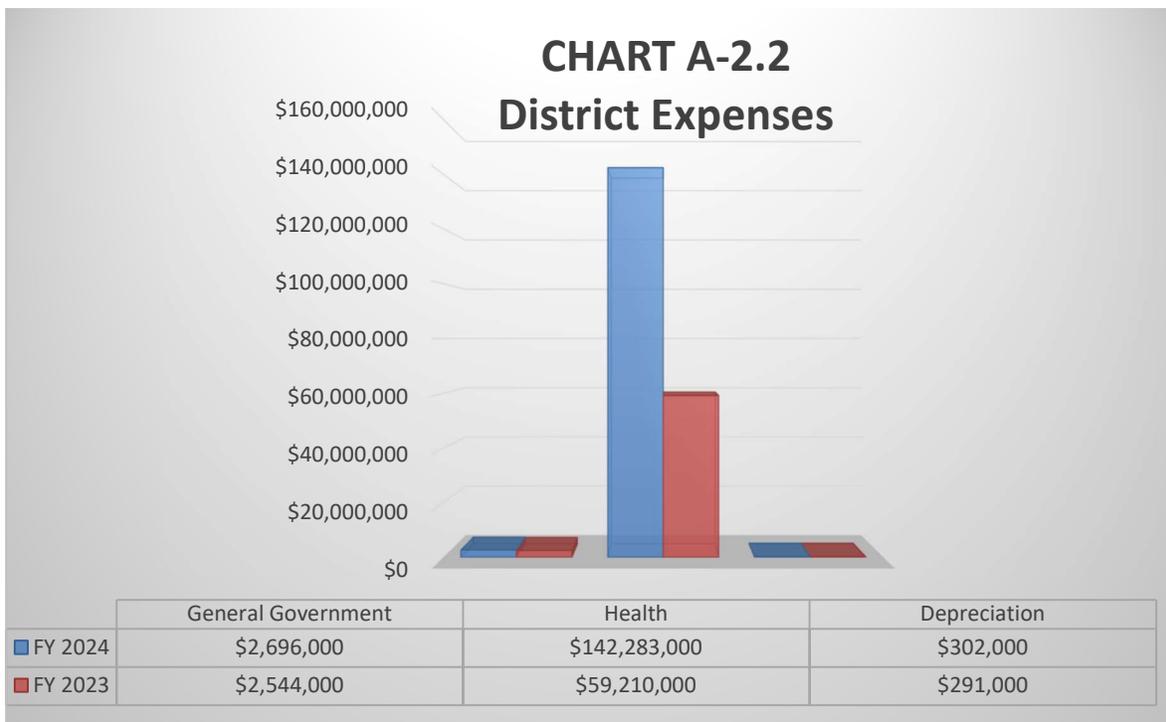
TABLE A-2
Changes in Nueces County Hospital District Net Position
September 30, 2024 and 2023
(In Thousands)

	<u>2024</u>	<u>2023</u>	<u>2024-2023</u> <u>Variance</u>
Revenues			
Property Taxes and Penalties and Interest	\$ 36,317	\$ 38,346	\$ (2,029)
Spohn Corporate Membership Revenue	129,555	29,885	99,670
Investment Gain (Loss)	7,834	5,397	2,437
Tobacco Proceeds	717	710	7
Opioid Proceeds	2,277	-	2,277
Other	657	552	105
Total Revenues	<u>177,357</u>	<u>74,890</u>	<u>102,467</u>
Expenses:			
General Government	2,696	2,544	152
Health	142,283	59,210	83,073
Depreciation	302	291	11
Total Expenses	<u>145,281</u>	<u>62,045</u>	<u>83,236</u>
Net Change in Net Position	32,076	12,845	19,231
Net Position, Beginning of Year	<u>119,258</u>	<u>106,413</u>	<u>12,845</u>
NET POSITION, END OF YEAR	<u>\$ 151,334</u>	<u>\$ 119,258</u>	<u>\$ 32,076</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

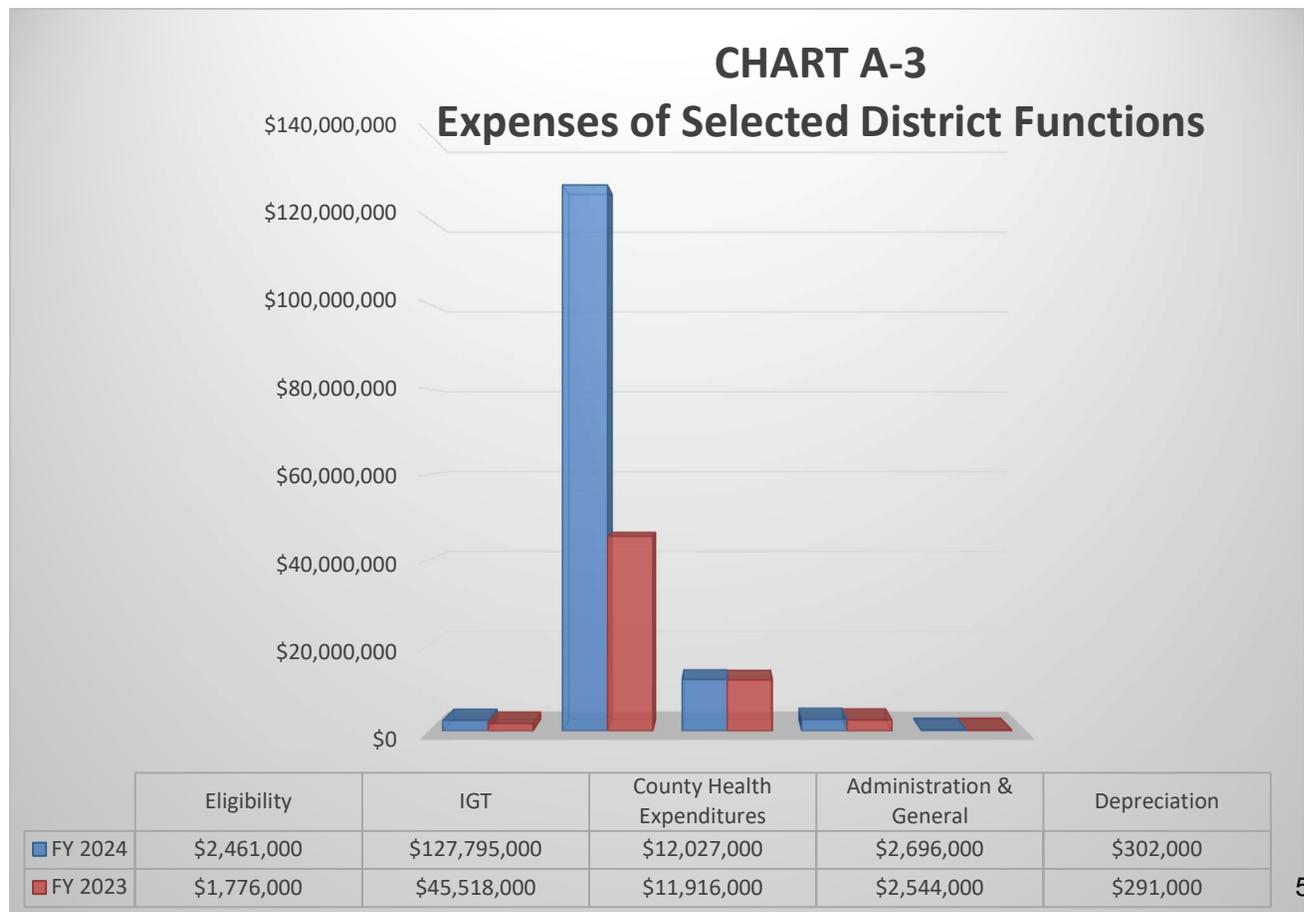
In Fiscal Year 2024, the District’s total revenues increased \$102.5 million or 136.8% compared to the prior year. There were five principal sources of revenue for the District during the fiscal year. The initial and primary source is from the Membership Agreement with Spohn which accounted for \$129.6 million and 73% of total revenue. This revenue increased \$99.7 million, or 333.5%, and resulted from an increased net patient revenue sharing allocation percentage utilized during the fiscal year. See Note 3 for an outline of the Membership Agreement. The second source is from ad valorem taxes levied on property owners based on assessed valuations. These tax revenues amounted to \$36.3 million representing a decrease of \$2 million or 5.3% and accounted for 20.5% of total revenues compared to 51.2% in the prior year. The District’s tax rate during Fiscal Year 2024 decreased to \$0.085242 per \$100 valuation, which was 4% above the no-new-revenue tax rate. Property valuations increased by \$7.9 billion or 19.7%. The antepenultimate source is investment income which amounted to \$7.8 million representing an increase of \$2.4 million or 45.2% due mainly due to increased cash for investing. The penultimate source is new revenue of \$2.3 million from settlement proceeds from the State of Texas’ opioid litigation. The last source is an annual Tobacco Settlement distribution of \$717 thousand from settlement of the State’s past tobacco litigation which increased by \$7 thousand or 1% compared to prior year. Additionally, revenue proceeds of \$657 thousand increased \$105 thousand from prior year or 19%. These funds largely include a reimbursement from a federal agency for COVID-19 epidemic-related expenditures and the receipt of an annual administrative fee from the LPPF.

TABLE A-3
Net Cost of Selected District Functions
September 30, 2024 and 2023
(In Thousands)

	<u>2024</u>	<u>2023</u>	<u>2024-2023</u> <u>Variance</u>
Eligibility	\$ 2,461	\$ 1,776	\$ 685
Intergovernmental Transfers (IGT)	127,795	45,518	82,277
County Healthcare Expenditures	12,027	11,916	111
Administration and General	2,696	2,544	152
Depreciation	<u>302</u>	<u>291</u>	<u>11</u>
TOTAL	<u><u>\$ 145,281</u></u>	<u><u>\$ 62,045</u></u>	<u><u>\$ 83,236</u></u>

Expenses

The expenses associated with the District’s functions in Fiscal Year 2024 increased \$83.2 million or 134.2% compared to the prior year. The District’s health functions include intergovernmental transfers and county healthcare expenditures. The District’s largest function cost category is discretionary intergovernmental transfers to the State in support of the Medicaid Payment Programs for the benefit of various local and regional health care providers who provide indigent healthcare; these transfers draw down supplemental and directed Medicaid funds for the local and regional providers under the Medicaid Payment Programs. This cost totaled \$127.8 million during the fiscal year and represented 88% of all functional expenditures. The second largest function cost is \$12 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 related healthcare costs that were paid by Nueces County in earlier years. These costs include expenses such as emergency medical services, jail healthcare services, reimbursement for the County’s portion of the City/County Public Health District, match and other subsidies for the Nueces Center for Mental Health and Intellectual Disabilities for jail mental health programs, and other miscellaneous costs. The county healthcare expenditures cost increased \$111 thousand or 0.9% in the fiscal year compared to the prior year. County healthcare expenditure costs represented 8.3% of all the District’s net costs in the fiscal year compared to 19.2% in the prior year. The two smallest functions of the District were Administrative and General and Eligibility determination. Collectively, the costs for these functions increased \$837 thousand or 19.4% during the fiscal year compared to the prior year. Major costs in this category were legal fees, consulting fees, rents, supplies, purchased services, and salaries and benefits. Administrative and General costs represented 1.9% of all net costs in the fiscal year compared to 4.1% in the prior year. Eligibility determination costs represented 1.7% of all net costs during the fiscal year compared to 2.9% in the prior 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 2024.

Revenues

Revenues exceeded budget by \$19.7 million. The greater amount of additional revenue resulted from the Membership Agreement, which surpassed budget by \$14.8 million. That amount is due to the method of determining the Membership Agreement's revenue sharing allocation percentage between the District and Spohn when the year's 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. The additional revenue is also attributed to investment income that exceeded budget by \$3.6 million. Ad valorem tax revenue, combined with penalties and interest, exceeded budget by \$762 thousand. Finally, the lesser of the surplus included reimbursements from a federal agency for COVID-19 epidemic-related expenses and receipt of an annual administrative fee from the LPPF Fund, collectively exceeded budget by approximately \$507 thousand.

Expenditures

Expenditures were less than budget by \$2.5 million. Of the expenditures that exceeded budget, \$9 million was associated with Medicaid Payment Programs-related discretionary intergovernmental transfers by the District for the benefit of local and regional healthcare providers. This amount is the result of the State delaying its request for the remaining amount of the prior year's budgeted intergovernmental transfer which was subsequently transferred during Fiscal Year 2024. Due to the District's lack of means to prospectively calculate the State's intergovernmental transfer requests, the District is limited to approximating the timing and estimating the transfer amounts when its budget is adopted. Of the expenditures that were less than budget, County Services were below by \$588 thousand primarily due to overestimated jail diversion program costs. Personal services were less than budget by \$10 thousand due to increased utilization of the District's paid-time-off accrued liability and less than maximal participation in certain employee benefit programs. Contractual Services were under budget during the year by \$603 thousand mainly due to less utilization of attorneys and consultants supporting participation in the Medicaid Payment Program. The Materials and Supplies category was under budget by \$35 thousand. Finally, the Other category which includes office lease and administrative expenditures ended under budget by approximately \$36 thousand.

CAPITAL ASSETS

The District had \$5.9 million in net capital assets at the end of September 30, 2024. The breakdown of the capital assets is as follows:

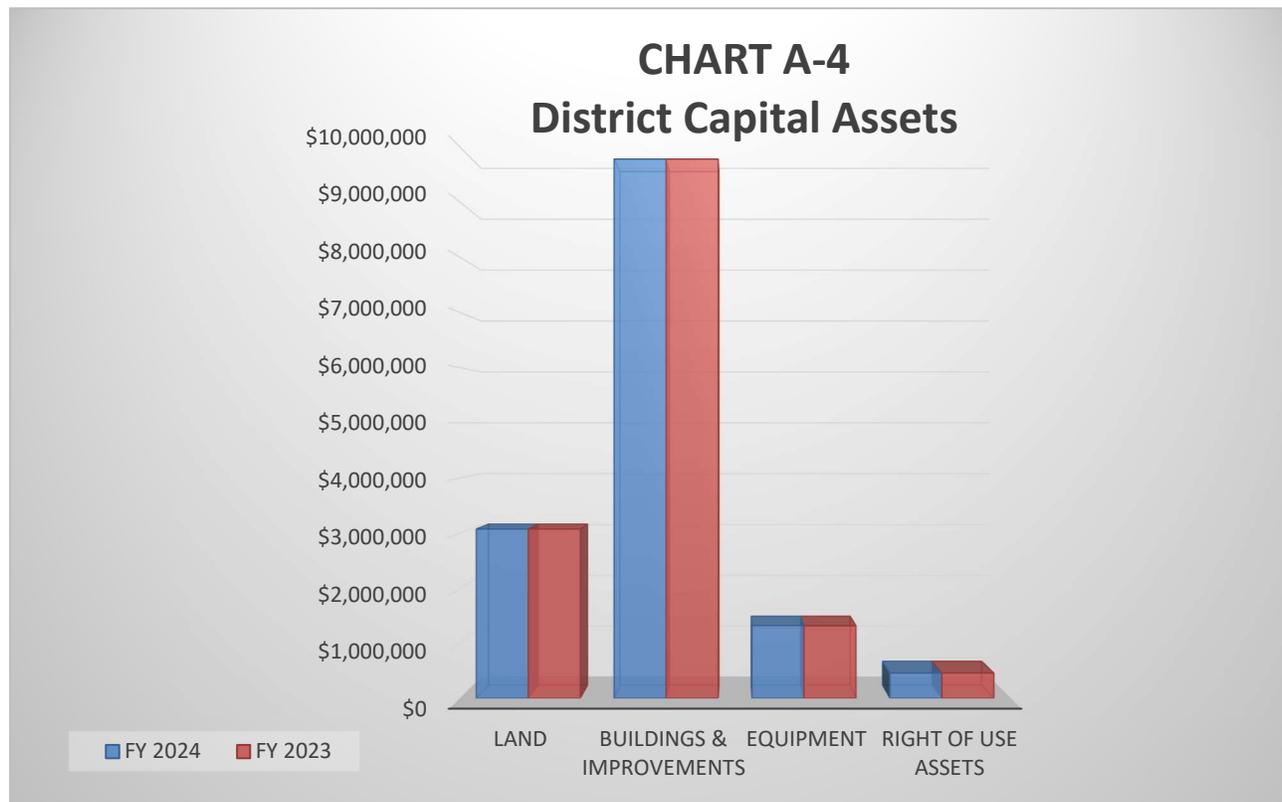
TABLE A-4
Nueces County Hospital District's Capital Assets
September 30, 2024 and 2023
(In Thousands)

	<u>2024</u>	<u>2023</u>	<u>2024-2023</u> <u>Variance</u>
Land	\$ 3,077	\$ 3,077	\$ --
Buildings and Improvements	9,769	9,769	-
Equipment	1,326	1,325	1
Right of Use Assets	460	460	-
Total	<u>14,632</u>	<u>14,631</u>	<u>1</u>
Less: Accumulated Depreciation	<u>8,716</u>	<u>8,415</u>	<u>301</u>
NET CAPITAL ASSETS	<u>\$ 5,916</u>	<u>\$ 6,216</u>	<u>\$ (300)</u>

Under terms of the Membership Agreement, the District contributed the use of its former hospital Memorial Medical Center (“MMC”) campus, buildings, and equipment along with certain medical office buildings and health clinics to Spohn (“District Contributed Assets). In accordance with the terms of the Membership Agreement, Spohn completed construction of an approximate 40,000 square foot family health center named the Dr. Hector P. Garcia Health Center on the MMC Campus (“Family Health Center”) on December 9, 2016. The Membership Agreement provides that the District has fee simple title to the Family Health Center. Consistent with the terms of the Membership Agreement, Spohn demolished the MMC buildings and related structures and infrastructure as of August 3, 2023. The MMC equipment was re-purposed, salvaged, sold, or disposed of in accordance with the terms of the Membership Agreement. In each calendar year starting in 2017 and thereafter, the Membership Agreement requires that Spohn spend a minimum of \$600 thousand annually on upkeep of the District Contributed Assets, including a minimum of \$200 thousand in capital expenditures. Please refer to Note 8 - Capital Assets of the Financial Statements for more details on capital assets.

Net Capital Assets shows an overall decrease of \$300 thousand mostly due to depreciation.

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, expiration of the COVID-19 epidemic public health emergency, expiration of the State’s Medicaid waiver program, State budget policies, expansions of the State’s supplemental and directed payment programs, and shifting national health policy may alter funding, services, programs, or eligibility for the Medicaid program which downstream could eventually affect enrollments in the District’s indigent health care program. Texas has the highest healthcare 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 were intended to reduce the number of healthcare uninsured persons and expand States’ Medicaid enrollment has not yet been realized in Texas. 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, changes to federal regulations could limit the methods States can utilize to finance the non-federal share of the Medicaid Program Payments, thereby jeopardizing the availability and/or continuation of indigent healthcare services provided by hospitals in the community. Services provided by local non-profit healthcare clinics to persons eligible for the District’s indigent care program could affect demand for the District’s services. Also, unknown changes could occur to the Patient Protection and Affordable Care Act, Health Care and Education Reconciliation Act, and the Medicaid program due to 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, 2025 ("Fiscal Year 2025"), the District's Board of Managers and County Commissioners Court approved a District operating budget wherein expenditures exceed revenues by \$10.4 million primarily to utilize unexpended intergovernmental transfer funds held over from the prior year. Revenues are budgeted at \$164 million, a 7% increase compared to the prior year. Expenditures are budgeted at \$175.1 million, a 18.6% increase compared to the prior year.

Tax Rates and Property Valuations

The property valuations for the District's Fiscal Year 2025 are \$47.5 billion, a decrease of 1.7% from the prior year. To maintain about the same District tax revenue as the prior year, Commissioners Court adopted a District tax rate of \$0.089240 per \$100 valuation, which is the no-new-revenue tax rate. The Fiscal Year 2025 budget estimates include tax revenues, inclusive of payment of delinquent taxes and payment of penalties, and interest, of \$40 million, an increase of \$2.4 million or 6.5% over the Fiscal Year 2024 budget. The increased revenue results from the settlement of certain property value lawsuits that were pending in the prior year that have since been resolved and a formula-related gain. The District anticipates its future tax base valuations to approximate those of recent years.

Financial Planning

The District does not receive State or federal funding for the provision of indigent health care. However, the District expects to continue receiving de minimis reimbursement for administering the LPPF program. The District expects that its revenues will be inadequate to support the full range of the District's objectives in the forthcoming fiscal year and as a result, the District will continue to rely on its reserves to fund operations to a greater degree than the prior year. The District anticipates adoption of the no-new-revenue tax rate, formerly the effective tax rate, for the forthcoming fiscal year which will keep its tax revenue about the same as the prior year. The District expects to continue financial support of an emergency medicine residency program at Spohn in Fiscal Year 2025. See Note 17 for a description of the funding. In addition, continuing in Fiscal Year 2025, either party to the Membership Agreement has a 60-day notice termination option. If terminated and not replaced, the associated loss of revenue sharing resulting to the District could significantly impact Fiscal Year 2025 revenues. Termination of the Membership Agreement is not anticipated, however federal regulations governing certain provisions of the Membership Agreement and past State actions relating to recovery of certain Medicaid Payment Programs disallowances may potentially affect the 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 discretionary intergovernmental transfers to the State in support of the Medicaid Payment Programs could change during Fiscal Year 2025.

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
https://www.nchdcc.org/about_us/contact_us.php

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 https://www.nchdcc.org/public_notices/finance.php.

Basic Financial Statements

NUECES COUNTY HOSPITAL DISTRICT

(A COMPONENT UNIT OF NUECES COUNTY, TEXAS)

GOVERNMENTAL FUNDS BALANCE SHEET / STATEMENT OF NET POSITION

SEPTEMBER 30, 2024

ASSETS	<u>GENERAL</u>	<u>INDIGENT CARE FUND</u>	<u>TOBACCO SETTLEMENT FUND</u>
Cash and Cash Equivalents (Note 4)	75,599,770	32,788,639	1,783
Cash Restricted for Local Provider Participation Fund (Note 4 and 16)	15,144,831	--	--
Investments (Note 4 and Note 5)	11,811,654	27,445,280	--
Accrued Interest	--	208,366	--
Taxes Receivable Net of Allowance for Uncollectible (Note 7 and 10):	1,240,461	--	--
Other Receivables	1,582	--	--
Prepaid Expenditures	198,714	--	--
Due from Indigent Care Fund	1,141	--	--
Land (Note 8)	--	--	--
Other Capital Assets, net of Accumulated Depreciation (Note 8)	--	--	--
Right-of-Use Building (Note 8 and 9)	--	--	--
TOTAL ASSETS	<u>103,998,153</u>	<u>60,442,285</u>	<u>1,783</u>

OPIOID SETTLEMENT FUND	GOVERNMENTAL FUNDS TOTAL	ADJUSTMENTS EXHIBIT 2	STATEMENT OF NET POSITION
2,285,688	110,675,880	--	110,675,880
--	15,144,831	--	15,144,831
--	39,256,934	--	39,256,934
--	208,366	--	208,366
--	1,240,461	--	1,240,461
--	1,582	--	1,582
--	198,714	--	198,714
--	1,141	(1,141)	--
--	--	3,076,926	3,076,926
--	--	2,502,812	2,502,812
--	--	336,985	336,985
2,285,688	166,727,909	5,915,582	172,643,491

(Continued)

NUECES COUNTY HOSPITAL DISTRICT

(A COMPONENT UNIT OF NUECES COUNTY, TEXAS)

GOVERNMENTAL FUNDS BALANCE SHEET / STATEMENT OF NET POSITION

SEPTEMBER 30, 2024

	<u>GENERAL</u>	<u>INDIGENT CARE FUND</u>	<u>TOBACCO SETTLEMENT FUND</u>
LIABILITIES			
Accounts Payable	5,383,682	--	--
Lease Payable (Note 9)	--	--	--
Accrued Payroll and Related Liabilities	383,127	--	--
Unearned Revenue (Note 10)	1,240,461	--	--
Due to General Fund	--	1,141	--
Long-term Liabilities-			
Accrued Paid Time Off (Note 11)	--	--	--
Lease Payable (Note 9)	--	--	--
Due to Local Provider Participation Fund	--		
Fund (Note 16)	15,144,831	--	--
TOTAL LIABILITIES	22,152,101	1,141	--
 FUND EQUITY/NET POSITION			
Fund Balances:			
Nonspendable	198,714	--	--
Committed to: (Note 13)			
Intergovernmental Transfers	32,531,341	--	--
Indigent Care	--	60,441,144	--
Opioid Crisis	--	--	--
Assigned to County Health Care	--	--	1,783
Unassigned	49,115,997	--	--
Total Fund Equity	81,846,052	60,441,144	1,783
 TOTAL LIABILITIES AND FUND EQUITY	 103,998,153	 60,442,285	 1,783
 Net Position:			
Net Investment in Capital Assets			
Unrestricted			
 TOTAL NET POSITION			

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

<u>OPIOID SETTLEMENT FUND</u>	<u>GOVERNMENTAL FUNDS TOTAL</u>	<u>ADJUSTMENTS EXHIBIT 2</u>	<u>STATEMENT OF NET POSITION</u>
--	5,383,682	--	5,383,682
--	--	85,302	85,302
--	383,127	--	383,127
--	1,240,461	(1,240,461)	--
	1,141	(1,141)	--
--	--	39,952	39,952
--	--	272,970	272,970
--	15,144,831	--	15,144,831
--	22,153,242	(843,378)	21,309,864
--	198,714	(198,714)	--
--	32,531,341	(32,531,341)	--
--	60,441,144	(60,441,144)	--
2,285,688	2,285,688	(2,285,688)	--
--	1,783	(1,783)	--
--	49,115,997	(49,115,997)	--
2,285,688	144,574,667	(144,574,667)	--
2,285,688	166,727,909		
		5,579,738	5,579,738
		145,753,889	145,753,889
		151,333,627	151,333,627

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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	144,574,667
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets and Right of Use 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 \$14,633,606 and the accumulated depreciation and amortization is \$8,716,883 (Note 8).	5,579,739
Taxes receivable, net of allowance is not available to pay for current period expenditures and is, therefore, deferred in the governmental funds. (Note 7)	1,240,461
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 11)	(39,952)
Differences between the right-of-use assets and the District's lease liability under (GASB 87) not reported in the governmental funds	<u>(21,288)</u>
NET POSITION	<u><u>151,333,627</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, 2024

	<u>GENERAL</u>	<u>INDIGENT CARE FUND</u>	<u>TOBACCO SETTLEMENT FUND</u>
Revenues:			
Taxes	37,928,311	--	--
Penalties and Interest - Taxes	408,484	--	--
Spohn Corporate Membership Revenue	129,555,189	--	--
Investment Income	4,469,596	3,351,381	4,396
Tobacco Settlement	--	--	717,243
Opioid Settlement	--	--	--
Other (Note 7 and 16)	657,136	--	--
Total Revenue	<u>173,018,716</u>	<u>3,351,381</u>	<u>721,639</u>
Expenditures/Expenses:			
General Government	2,823,694	15,298	--
Health	142,282,500	--	--
Depreciation and Amortization	--	--	--
Capital Outlay	3,388	--	--
Total Expenditures/Expenses	<u>145,109,582</u>	<u>15,298</u>	<u>--</u>
Excess of Revenues Over Expenditures/Expenses	27,909,134	3,336,083	721,639
Other Financing Sources (Uses):			
Transfers In (Note 14)	722,000	--	--
Transfers Out (Note 14)	--	--	(722,000)
Total Other Financing Sources (Uses)	<u>722,000</u>	<u>--</u>	<u>(722,000)</u>
Net Change in Fund Balance/Net Position	28,631,134	3,336,083	(361)
Fund Balance/Net Position, Beginning of Year	<u>53,214,918</u>	<u>57,105,061</u>	<u>2,144</u>
FUND BALANCE/NET POSITION, END OF YEAR	<u><u>81,846,052</u></u>	<u><u>60,441,144</u></u>	<u><u>1,783</u></u>

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

Exhibit 3

OPIOID SETTLEMENT FUND	GOVERNMENTAL FUNDS TOTAL	ADJUSTMENTS EXHIBIT 4	STATEMENT OF ACTIVITIES
--	37,928,311	(2,020,729)	35,907,582
--	408,484	--	408,484
--	129,555,189	--	129,555,189
8,674	7,834,047	--	7,834,047
--	717,243	--	717,243
2,277,014	2,277,014	--	2,277,014
--	657,136	--	657,136
2,285,688	179,377,424	(2,020,729)	177,356,695
--	2,838,992	(142,850)	2,696,142
--	142,282,500	--	142,282,500
--	--	302,359	302,359
--	3,388	(3,388)	--
--	145,124,880	156,121	145,281,001
2,285,688	34,252,544	(2,176,850)	32,075,694
--	722,000	(722,000)	--
--	(722,000)	722,000	--
--	--	--	--
2,285,688	34,252,544	(2,176,850)	32,075,694
--	110,322,123	8,935,810	119,257,933
2,285,688	144,574,667	6,758,960	151,333,627

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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	34,252,544
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 \$260,762 and amortization of \$30,635 was more than capital outlays of \$19,140 and \$1,519 loss on disposal of assets in the current period. (Note 8)	(298,971)
Lease payments related to (GASB 87) are recorded in the statement of activities but not reported in the governmental funds.	77,094
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.	(2,020,729)
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>65,756</u>
CHANGE IN NET POSITION	<u><u>32,075,694</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, 2024

	ORIGINAL AND FINAL BUDGET	ACTUAL GAAP BASIS	VARIANCE FAVORABLE (UNFAVORABLE)
Revenues:			
Taxes	37,202,546	37,928,311	725,765
Penalties and Interest - Taxes	372,025	408,484	36,459
Spohn Corporate Membership Revenue	114,750,000	129,555,189	14,805,189
Investment Income	880,431	4,469,596	3,589,165
Other	150,000	657,136	507,136
Total Revenues	153,355,002	173,018,716	19,663,714
Expenditures:			
Current:			
General Government			
Administration:			
Personal Services	822,047	938,116	(116,069)
Materials and Supplies	64,500	40,747	23,753
Contractual Services	1,919,040	1,649,910	269,130
Other	220,740	194,470	26,270
Total Administration	3,026,327	2,823,243	203,084
Facilities Management -			
Materials and Supplies	2,000	451	1,549
Total General Government	3,028,327	2,823,694	204,633
Health:			
Personal Services	1,810,355	1,683,960	126,395
Materials and Supplies	49,300	37,820	11,480
Contractual Services	1,065,850	731,918	333,932
Intergovernmental Transfers (Note 11)	118,786,712	127,795,093	(9,008,381)
County Services	12,614,778	12,026,621	588,157
Other	16,550	7,088	9,462
Total Health	134,343,545	142,282,500	(7,938,955)
Capital Outlay	10,224,000	3,388	10,220,612
Total Current Expenditures	147,595,872	145,109,582	2,486,290
Excess Expenditures over Revenues	5,759,130	27,909,134	22,150,004
Other Financing Sources-			
Transfers In	650,000	722,000	72,000
Total Other Financing Sources	650,000	722,000	72,000
Net Change in Fund Balance	6,409,130	28,631,134	22,222,004
Fund Balance, Beginning of Year		53,214,918	
FUND BALANCE, END OF YEAR		81,846,052	

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, 2024

	<u>ORIGINAL AND FINAL BUDGET</u>	<u>ACTUAL GAAP BASIS</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
Revenues -			
Investment Income	874,800	3,351,381	2,476,581
<hr/>			
Expenditures -			
General Government -			
Consultant Fees	--	15,298	(15,298)
Total Other Financing Sources	--	15,298	(15,298)
<hr/>			
Net Change in Fund Balance	<u>874,800</u>	3,336,083	<u>2,461,283</u>
Fund Balance, Beginning of Year		<u>57,105,061</u>	
FUND BALANCE, END OF YEAR		<u><u>60,441,144</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, 2024**

	<u>ORIGINAL AND FINAL BUDGET</u>	<u>ACTUAL GAAP BASIS</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
Revenues:			
Tobacco Settlement	650,000	717,243	67,243
Investment Income	--	4,396	4,396
Total Revenues	<u>650,000</u>	<u>721,639</u>	<u>71,639</u>
Other Financing Uses -			
Transfers Out	<u>(650,000)</u>	<u>(722,000)</u>	<u>(72,000)</u>
Total Other Financing Uses	<u>(650,000)</u>	<u>(722,000)</u>	<u>(72,000)</u>
Net Change in Fund Balance	<u> --</u>	<u> (361)</u>	<u> (361)</u>
Fund Balance, Beginning of Year		<u> 2,144</u>	
FUND BALANCE, END OF YEAR		<u> 1,783</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)

OPIOID SETTLEMENT FUND

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

YEAR ENDED SEPTEMBER 30, 2024

	<u>ORIGINAL AND FINAL BUDGET</u>	<u>ACTUAL GAAP BASIS</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
Revenues:			
Opioid Settlement	--	2,277,014	2,277,014
Investment Income	--	8,674	8,674
Total Revenues	<u>--</u>	<u>2,285,688</u>	<u>2,285,688</u>
Other Financing Uses -			
Transfers Out	<u>--</u>	<u>--</u>	<u>--</u>
Total Other Financing Uses	<u>--</u>	<u>--</u>	<u>--</u>
Net Change in Fund Balance	<u><u>--</u></u>	<u>2,285,688</u>	<u>2,285,688</u>
Fund Balance, Beginning of Year		<u>--</u>	
FUND BALANCE, END OF YEAR		<u><u>2,285,688</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)

FIDUCIARY FUNDS

STATEMENT OF NET POSITION

SEPTEMBER 30, 2024

	HEALTH BENEFIT PLAN AND TRUST FUND
ASSETS	
Cash and Cash Equivalents (Note 4)	30,914
Accrued Interest	178
Total Assets	31,092
 LIABILITIES	
Due to General Fund	1,582
 NET POSITION	
Held in Trust for Employee Health Benefits	29,510

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, 2024

	<u>HEALTH BENEFIT PLAN AND TRUST FUND</u>
ADDITIONS	
Interest	2,463
DEDUCTIONS	
Administration and General	1,457
Employee Benefits	<u>15,916</u>
Total Deductions	<u>17,373</u>
Net Decrease	(14,910)
Net Position, Beginning of Year	<u>44,417</u>
NET POSITION, END OF YEAR	<u><u>29,507</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, 2024

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 appoints 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 funds 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 healthcare providers to participate in supplemental Medicaid Payment Programs.

The District is also the custodian of a state-authorized Local Provider Participation Fund Program (“LPPF”) that collects mandatory payments assessed by the District on hospitals operating in the County. Use of the LPPF funds is statutorily restricted to funding intergovernmental transfers to the State in support of the Medicaid Payment Programs and paying the associated administrative expenses of the District.

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 Commissioner’s 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.

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, tax rate, and real estate transactions. The Commissioners Court also has the authority to levy on all property subject to District taxation a tax not to exceed seventy-five cents (\$0.75) 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 continued to have the right to use the Memorial campus and other facilities without rental obligation. Spohn continued to have the right to use the memorial hospital facility until Spohn completed its demolition on August 8, 2023. 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 Memorial Hospital building, construct a 40,000 square foot outpatient clinic on the Memorial 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.

Note 1 – REPORTING ENTITY – (Continuation)

The parties also agreed to amend the Membership Agreement and MOU to make the following changes:

- Authorize Spohn to construct the Family Health Center on the Memorial Hospital campus, transition Memorial Hospital inpatient beds, emergency room, and trauma services to Spohn's Shoreline hospital, and subsequently demolish the Memorial 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 provide lease payments to the District in the amount of \$6,253,865 until September 30, 2026 and to pay \$1 million per year in lease payments from October 1, 2026 through September 30, 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. By 2024, either party has the option to terminate the amended and restated Membership Agreement.

Note 1 – REPORTING ENTITY – (Continuation)

Memorial Campus

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 lower of carrying value or fair value. The Memorial Hospital building was utilized to provide psychiatric services and office spaces for Spohn until it was vacated on September 15, 2022. Spohn began demolition of the building in late 2022 and certified completion of the demolition on August 8, 2023. Because the building was no longer in use and demolished, management wrote off the remaining net book value of \$224,513 as of the year ended September 30, 2022.

The District is considering various health care related options for future use of the Memorial campus following demolition; Although the Memorial Hospital building was demolished and written off, portions of the Memorial campus are still in use and continue to provide health care services.

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 are two non-major funds: The Tobacco Settlement Fund and the Opioid 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.

Note 2 – SIGNIFICANT ACCOUNTING POLICIES – (Continuation)

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.

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 funds are the Tobacco Settlement Fund and Opioid Settlement Fund which are reported as a major 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.

Opioid 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.

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.

Note 2 – SIGNIFICANT ACCOUNTING POLICIES – (Continuation)

Accrual

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

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 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.

Note 2 – SIGNIFICANT ACCOUNTING POLICIES – (Continuation)

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.

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:

<u>ASSETS</u>	<u>LIFE IN YEARS</u>
Buildings 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. Leases

Nueces County Hospital District is a lessee for a non-cancellable lease of a building. The District recognizes a lease liability and an intangible right-to-use asset in the financial statements.

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term and the lease liability is reduced by the principal portion of lease payments when made. The intangible right-to-use asset is initially measured at the initial amount of the lease liability and is amortized on a straight-line basis over its useful life.

The key estimates and judgements related to leases include how the District determines the discount rate used to discount the expected lease payments to present value, lease term, and lease payments. The District uses its estimated incremental borrowing rate as the discount rate for the leases. The lease term includes the non-cancellable period of the lease and lease payments included in the measurement of the lease liability are comprised of fixed payments.

Note 2 – SIGNIFICANT ACCOUNTING POLICIES – (Continuation)

The District monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the intangible right-to-use asset and lease liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

K. Employee Benefit Plans

The District has a 403(b) tax sheltered annuity retirement plan and a deferred compensation plan as described in Note 14. 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.

L. 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.

M. Codification of Accounting and Financial Reporting Guidance

The District complies with GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which incorporates into GASB's authoritative literature certain accounting and financial reporting guidance issued by the Financial Accounting Standards Board and the American Institute of Certified Public Accountants on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements.

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 (1) facilitate 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 Dr. Hector P. Garcia Family Health Center continued provision of indigent health care services in Nueces County, (3) ensure availability of inpatient and outpatient psychiatric and behavioral health services to indigents at a location in Corpus Christi, Texas, (4) ensure the community has constant access to an emergency department equipped to provide Level II trauma services (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 Dr. Hector P. Garcia Family Health Center for the District's enrollment officer and receptionist.

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 was allowed to cease operation of and demolish MMC. Neither party exercised its right to terminate the amended and restated Membership Agreement by providing written notice to the other party within 60 days of the expiration of the initial term on September 30, 2023, and therefore the amended and restated Membership Agreement was automatically renewed until September 30, 2028.

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 the leased facilities. 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 during the ensuing fiscal year. Based on this year's estimate the District budgeted \$114,750,000 and received \$129,555,189 in member revenues for the year ended September 30, 2024.

Note 3 – SPOHN MEMBERSHIP AGREEMENT – (Continuation)

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, 2024, 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	243,034	243,034	--
Money Market Mutual Funds -			
Fiduciary Funds	30,914	30,914	--
Petty Cash	300	300	--
AAA-Rate Local Government			
Investment Pools:			
Texpool	85,903,178	85,903,178	--
Logic	20,254,916	20,254,916	--
TexStar	4,274,452	4,274,452	--
Total Cash and Equivalents	110,706,794	110,706,794	--
Investments At Fair Value:			
Commercial Paper	14,798,844	14,798,844	--
Federal Home Loan Bank	12,024,235	8,946,442	3,077,793
Federal Home Loan Mortgage			
Corporation	2,995,230	--	2,995,230
Federal National Mortgage			
Association	3,000,510	--	3,000,510
Municipal Bond	6,438,115	4,070,151	2,367,964
Total Investments	39,256,934	27,815,437	11,441,497
TOTAL VALUE	149,963,728	138,522,231	11,441,497
% of Total Portfolio	100%	92.37%	7.63%

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.

Note 4 – CASH AND INVESTMENTS – (Continuation)

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 its underlying investment portfolio within one half of one percent of the value of its shares.

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, 2024 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.

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, U.S. government agency bonds, 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.

By policy the state law commercial paper must be rated not less than A1/P1 or equivalent by at least two national recognized statistical rating organizations (NRSRO) or by one NRSRO if fully secured by an irrevocable letter of credit issued by a bank organized and existing under U. S. law or the law of a state of the U.S. Commercial paper is restricted to a stated maturity of 365 days or less.

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.

Note 4 – CASH AND INVESTMENTS – (Continuation)

Credit Risk – (Continuation)

As of September 30, 2024, the cash and investments contained:

- FDIC insured or fully collateralized bank deposits representing .16% of the total portfolio;
- Investment in three local government investment pools representing 73.64% of the total portfolio;
- AAA-rated money market funds striving to maintain a \$1 net asset value represented 0.02% of the total portfolio;
- US Government agency securities representing 12.02% of the total portfolio; and.
- Municipal Bonds representing 4.29 % of the total portfolio.
- Commercial Paper representing 9.87% 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, 2024 the portfolio met its diversification requirements.

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 two years. 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 44. As of September 30, 2024, holdings in the portfolio with stated maturity dates beyond one year representing 7.63% of the total portfolio all of which were US agencies and municipal bonds.

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.

Note 4 – CASH AND INVESTMENTS – (Continuation)

Custodial Credit Risk – (Continuation)

As of September 30, 2024, the portfolio contained no certificates of deposit and no repurchase agreements. The portfolio contained 0.16% 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, 2024, the District held \$15,144,831 in cash, for the benefit of the 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.

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 District's portfolio are all Level 2 and represent other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The investments held by the District as of September 30, 2024 are U.S. Government Agency Bonds, Commercial Paper 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, 2023 upon which the levy for the 2024 fiscal year was based was \$48,343,987,183.

The tax rate assessed for the year ended September 30, 2024 to finance general fund operations and the limited tax refunding bonds was \$0.085242 per \$100 valuation. Current tax⁹² collections for the year ended September 30, 2024 were 91% 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, 2023	CURRENT YEAR LEVY	TOTAL COLLECTIONS	ADJUSTMENTS	BALANCE SEPTEMBER 30, 2024
Delinquent Taxes Receivable	4,460,290	41,247,240	37,901,717	(5,327,933)	2,477,880
Allowance for Uncollectible Taxes	(1,199,099)	--	--	(38,320)	(1,237,419)
NET DELINQUENT TAXES RECEIVABLE	3,261,191	41,247,240	37,901,717	(5,366,253)	1,240,461

Note 8 – CAPITAL ASSETS AND RIGHT-TO-USE BUILDING

A summary of changes in the capital assets and leases follows:

	BALANCE OCTOBER 1, 2023	ADDITIONS	REDUCTIONS	BALANCE SEPTEMBER 30, 2024
Capital Assets, Not Being Depreciated- Land	3,076,926	--	--	3,076,926
Capital Assets and Leases, Being Depreciated/ Amortized:				
Equipment	1,325,316	3,388	--	1,328,704
Buildings	9,768,452	--	--	9,768,452
Right-of-Use Building	459,524	--	--	459,524
Total Capital Assets and Leases Being Depreciated and Amortized	11,553,292	3,388	--	11,556,680
Less Accumulated Depreciation/Amortization for				
Equipment	1,241,996	33,942	--	1,275,938
Buildings	7,141,894	176,511	--	7,318,405
Right-of-Use Building	30,635	91,905	--	122,540
Total Accumulated Depreciation and Amortization	8,414,525	302,358	--	8,716,883
Total Capital Assets and Leases, Being Depreciated and Amortized, Net	3,138,767	(298,970)	--	2,839,797
TOTAL CAPITAL ASSETS AND LEASES, NET	6,215,693	(298,970)	--	5,916,723

Note 9 – RIGHT-OF-USE BUILDING AND LEASES

On May 31, 2023, the District entered into a 36-month lease for its administrative offices with a renewal period through May 31, 2028. Under the terms of the lease the base rent, including parking is \$9,137 per month for 6,166 square feet at \$16.75 per square foot and will increase by \$0.25 per square foot annually.

The District records the lease under GASB Statement No. 87, which establishes a single model for lease accounting based on the principle that leases are financing the right to use an underlying asset. Accordingly, the standard requires the lessee to record a lease liability and related right-to-use asset. The lease liability is calculated at the present value of the remaining lease payments expected to be paid over the term of the lease. Generally, the lease asset will be equal to the lease liability with a few exceptions, such as prepaid or deferred lease payments.

As of September 30, 2024, the value of the lease liability is \$358,272. The lease has an interest rate of 8.25%, which was the incremental borrowing rate for the District. The value of the right-of-use asset as of September 30, 2024 is \$459,524 net of accumulated amortization of \$122,540.

Future minimum lease payments for the next four year are as follows:

Year Ended September 30,	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2025	85,302	23,931	109,233
2026	94,213	17,148	111,361
2027	103,887	9,663	113,550
2028	74,870	2,335	77,205
TOTAL	358,272	53,077	411,349

Note 10 – UNEARNED REVENUES

Unearned Revenue balances at September 30, 2024 consist of property taxes of \$1,240,461.

Note 11 – LONG-TERM OBLIGATIONS

The following is a summary of long-term obligation transactions of the District for the year ended September 30, 2024:

	<u>BALANCE OCTOBER 1, 2023</u>	<u>ADDITIONS</u>	<u>REDUCTIONS</u>	<u>BALANCE SEPTEMBER 30, 2024</u>
Other Liabilities-				
Accrued Paid Time Off	105,708	148,275	214,031	39,952
TOTAL	105,708	148,275	214,031	39,952

Note 12 – INTERGOVERNMENTAL TRANSFERS (IGTs)

The District participates in the State sponsored Medicaid payment program and provides discretionary IGT's for supplemental and directed programs that benefit local and regional certain healthcare providers. The District budgets IGTs based on provider's cost estimates. HHSC determines the amount of 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 \$118,786,712 for IGT's, the District paid \$127,795,093 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 \$32,531,341 in the District's general fund balance to anticipated additional expenditures for IGTs during the subsequent fiscal year.

Funds included in the Indigent Care Fund of \$60,441,144 are committed to be used for indigent health care.

Funds included in the Opioid Settlement Fund of \$2,285,688 are committed to reducing the impact of opioid addiction.

Note 14 – INTERFUND TRANSACTIONS AND BALANCES

Interfund transfers during the year ended September 30, 2024 were as follows:

	TRANSFERS OUT		TOTAL
	GENERAL FUND	TOBACCO SETTLEMENT FUND	
<u>TRANSFERS IN</u>			
General Fund	722,000	(722,000)	--
TOTAL	722,000	(722,000)	--

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, 2024, nineteen employees were enrolled in the plan.

Note 15 – EMPLOYEE BENEFIT PLANS – (Continuation)

The Plan is administrated by the District. 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, 2024, the District had retirement plan expense of \$98,182.

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 the District.

Note 16 – LOCAL PROVIDER PARTICIPATION FUND

During 2020, a Local Provider Participation Fund (“LPPF”) was created by Nueces County Hospital District as authorized by the Texas Legislature in 2019. As a result, the District is authorized to assess and collect mandatory payments from hospitals in Nueces County. These payments are to be used to provide IGTs needed to fund the local share of supplemental and directed Medicaid funding programs.

During the year ended September 30, 2024, Nueces County Hospital District collected \$96,745,966 in mandatory payments from participating hospitals and made intergovernmental transfers of \$96,759,508. As of September 30, 2024, the District held \$15,144,831 in mandatory payments that will be used for future funding of eligible supplemental payment programs.

The District administers the LPPF and is authorized a payment for their administrative expenses. During the year ended September 30, 2024 the District was paid \$150,000.

Note 17 – EMERGENCY MEDICINE RESIDENCY PROGRAM

The District entered into a letter agreement with Spohn in 2023 to provide financial support of an emergency medicine residency program for the 2024-2025 through the 2029-2030 Academic Years. The term “Academic year” means July 1st through June 30th of each year during the term. For each Academic Year during the term, the District will pay the lesser of the amount shown in the table below or Spohn’s Actual Costs. Spohn’s “Actual Costs” mean Spohn’s direct expenses, overhead allocations using generally accepted Medicare reimbursement principles, and indirect medical education (“IME”) expenses determined as fifty percent (50%) of Spohn’s IME reimbursement.

Academic Year	Amount
2024-2025	\$1,402,500
2025-2026	\$2,847,500
2026-2027	\$4,250,000
2027-2028	\$4,250,000
2028-2029	\$4,250,000
2029-2030	\$4,250,000

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

February 26, 2025

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, 2024, 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 February 26, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Nueces County Hospital District's internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions 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.

Report on 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.

Adamson & Company, LLC

Nueces County Hospital District
 Combined Balance Sheet - All Fund Types & Account Groups
 As of 01/31/2025
 (In Whole Numbers)

	General Fund	Special Revenue Fund	Trust Fund	General Fixed Assets	General Long Term Debt	TOTAL
Assets						
Cash & Cash Equivalents	86,840,480	50,182,169	31,396	0	0	137,054,045
Investments	8,868,327	13,378,904	0	0	0	22,247,231
Accrued Interest	0	124,440	114	0	0	124,554
Taxes Receivable, Net of Allowance	14,594,394	0	0	0	0	14,594,394
Other Receivables	0	0	0	0	0	0
Due from Other Funds	11,239	0	0	0	0	11,239
Prepaid Expenditures	136,694	0	0	0	0	136,694
Restricted Cash & Cash Equivalents - LPPF	83,587,306	0	0	0	0	83,587,306
Fixed Assets	0	0	0	14,202,608	0	14,202,608
Am't to be Provided for Retirement of LT Debt	0	0	0	0	39,952	39,952
Total Assets	194,038,440	63,685,513	31,510	14,202,608	39,952	271,998,023
Liabilities						
Accounts Payable	3,765,951	0	0	0	0	3,765,951
Accrued Payroll & Related Liabilities	361,698	0	0	0	0	361,698
Intergovernmental Transfer Obligations	83,587,306	0	0	0	0	83,587,306
Due to Other Funds	0	3,922	7,317	0	0	11,239
Deferred Revenue	14,594,394	0	0	0	0	14,594,394
Long Term Paid Time Off	0	0	0	0	39,952	39,952
Total Liabilities	102,309,349	3,922	7,317	0	39,952	102,360,540
Fund Equity						
Fund Balance	53,579,501	0	24,193	14,202,608	0	67,806,301
Committed to:						
Intergovernmental Transfers	38,149,591	0	0	0	0	38,149,591
Indigent Care	0	61,358,078	0	0	0	61,358,078
Opioid Abatement	0	2,321,702	0	0	0	2,321,702
Assigned to:						
County Health Care	0	1,811	0	0	0	1,811
Total Fund Equity	91,729,091	63,681,591	24,193	14,202,608	0	169,637,483
Total Liabilities & Fund Equity	194,038,440	63,685,513	31,510	14,202,608	39,952	271,998,023

Nueces County Hospital District
 Statement of Revenues and Expenditures - All Governmental and Trust Funds
 General Fund
 From 1/1/2025 Through 1/31/2025
 (In Whole Numbers)

	Current Period Actual	Current Year Actual
Revenues		
Taxes	10,785,070	28,606,966
Penalties & Interest - Taxes	21,793	80,604
Spohn Corporate Member Revenue	13,687,122	48,977,120
Investment Income	318,882	1,397,199
Other Income	25	34,062
Total Revenues	24,812,892	79,095,952
Current Expenditures		
Intergovernmental Transfers	14,001,162	62,665,250
Emergency Residency Support	116,875	467,500
County Healthcare Funding	1,297,413	4,176,119
Salaries	146,243	571,998
Benefits	73,644	293,891
Legal & Professional Fees	103,558	312,223
Purchased Services	128,731	555,749
Supplies & Materials	2,278	6,664
Rent & Leases	10,439	46,377
Repairs & Maintenance	130	273
Utilities	3,310	14,208
Insurance	2,916	11,669
Administrative & General	22,533	62,465
Capital Outlay	0	28,526
Total Current Expenditures	15,909,232	69,212,912
Excess of Revenues Over Expenditures Before Sources/Uses	8,903,660	9,883,040
Excess of Revenues Over Expenditures After Sources & Uses	8,903,660	9,883,040
Fund Balance, Beginning of Year		81,846,052
FUND BALANCE, END OF YEAR		91,729,091

UNAUDITED

Nueces County Hospital District
Statement of Revenues and Expenditures - All Governmental and Trust Funds
Special Revenue Fund
From 1/1/2025 Through 1/31/2025
(In Whole Numbers)

	<u>Current Period Actual</u>	<u>Current Year Actual</u>
Revenues		
Investment Income	<u>236,077</u>	<u>955,757</u>
Total Revenues	<u>236,077</u>	<u>955,757</u>
Current Expenditures		
Legal & Professional Fees	<u>705</u>	<u>2,781</u>
Total Current Expenditures	<u>705</u>	<u>2,781</u>
Excess of Revenues Over Expenditures Before Sources/Uses	<u>235,373</u>	<u>952,977</u>
Excess of Revenues Over Expenditures After Sources & Uses	<u>235,373</u>	<u>952,977</u>
Fund Balance, Beginning of Year		62,728,614
FUND BALANCE, END OF YEAR		<u>63,681,591</u>

UNAUDITED

Nueces County Hospital District
Statement of Revenues and Expenditures - All Governmental and Trust Funds
Trust Fund
From 1/1/2025 Through 1/31/2025
(In Whole Numbers)

	<u>Current Period Actual</u>	<u>Current Year Actual</u>
Revenues		
Investment Income	<u>114</u>	<u>475</u>
Total Revenues	<u>114</u>	<u>475</u>
Current Expenditures		
Benefits	<u>2,348</u>	<u>5,735</u>
Administrative & General	<u>13</u>	<u>57</u>
Total Current Expenditures	<u>2,361</u>	<u>5,792</u>
Excess of Revenues Over Expenditures Before Sources/Uses	<u>(2,246)</u>	<u>(5,317)</u>
Excess of Revenues Over Expenditures After Sources & Uses	<u>(2,246)</u>	<u>(5,317)</u>
Fund Balance, Beginning of Year		29,510
FUND BALANCE, END OF YEAR		<u><u>24,193</u></u>

Nueces County Hospital District
Statement of Revenues and Expenditures - Actual v. Budget
General Fund
From 1/1/2025 Through 1/31/2025
(In Whole Numbers)

UNAUDITED

	Current Period Actual	Current Period Budget	Current Period Budget Variance	Current Year Actual	YTD Budget	YTD Budget Variance
Revenues						
Taxes	10,785,070	13,023,351	(2,238,281)	28,606,966	28,632,789	(25,823)
Penalties & Interest - Taxes	21,793	49,623	(27,830)	80,604	137,239	(56,635)
Spohn Corporate Member Revenue	13,687,122	10,248,333	3,438,789	48,977,120	40,993,336	7,983,784
Investment Income	318,882	71,440	247,442	1,397,199	307,361	1,089,838
Other Income	25	0	25	34,062	0	34,062
Total Revenues	<u>24,812,892</u>	<u>23,392,747</u>	<u>1,420,145</u>	<u>79,095,952</u>	<u>70,070,725</u>	<u>9,025,227</u>
Current Expenditures						
Intergovernmental Transfers	14,001,162	9,098,312	(4,902,850)	62,665,250	56,519,188	(6,146,062)
Emergency Residency Support	116,875	116,875	0	467,500	467,500	0
County Healthcare Funding	1,297,413	980,941	(316,472)	4,176,119	4,266,764	90,645
Salaries	146,243	170,226	23,983	571,998	693,965	121,967
Benefits	73,644	83,052	9,408	293,891	346,788	52,897
Legal & Professional Fees	103,558	209,750	106,192	312,223	839,004	526,781
Purchased Services	128,731	154,428	25,697	555,749	633,387	77,638
Supplies & Materials	2,278	1,999	(279)	6,664	8,012	1,348
Rent & Leases	10,439	13,084	2,645	46,377	52,336	5,959
Repairs & Maintenance	130	1,000	870	273	4,004	3,731
Utilities	3,310	4,959	1,649	14,208	19,836	5,628
Insurance	2,916	4,000	1,084	11,669	16,004	4,335
Administrative & General	22,533	81,249	58,716	62,465	385,024	322,559
Capital Outlay	0	0	0	28,526	229,000	200,474
Extraordinary	0	417	417	0	1,668	1,668
Total Current Expenditures	<u>15,909,232</u>	<u>10,920,292</u>	<u>(4,988,940)</u>	<u>69,212,912</u>	<u>64,482,480</u>	<u>(4,730,432)</u>
Excess of Revenues Over Expenditures Before Sources/Uses	<u>8,903,660</u>	<u>12,472,455</u>	<u>(3,568,795)</u>	<u>9,883,040</u>	<u>5,588,245</u>	<u>4,294,795</u>
Excess of Revenues Over Expenditures After Sources & Uses	<u>8,903,660</u>	<u>12,472,455</u>	<u>(3,568,795)</u>	<u>9,883,040</u>	<u>5,588,245</u>	<u>4,294,795</u>
Fund Balance, Beginning of Year				81,846,052	0	81,846,052
FUND BALANCE, END OF YEAR				<u>91,729,091</u>	<u>5,588,245</u>	<u>86,140,846</u>

Nueces County Hospital District
Statement of Revenues and Expenditures - Actual v. Budget
Tobacco Settlement Fund
From 1/1/2025 Through 1/31/2025
(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	7	0	7	28	0	28
Total Revenues	7	0	7	28	0	28
Excess of Revenues Over Expenditures Before Sources/Uses	7	0	7	28	0	28
Excess of Revenues Over Expenditures After Sources & Uses	7	0	7	28	0	28
Fund Balance, Beginning of Year				1,783	0	1,783
FUND BALANCE, END OF YEAR				1,811	0	1,811

Nueces County Hospital District
Statement of Revenues and Expenditures - Actual v. Budget
Indigent Care Fund
From 1/1/2025 Through 1/31/2025
(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	227,443	75,118	152,325	919,714	299,918	619,796
Total Revenues	227,443	75,118	152,325	919,714	299,918	619,796
Current Expenditures						
Legal & Professional Fees	705	1,000	295	2,781	4,000	1,220
Total Current Expenditures	705	1,000	295	2,781	4,000	1,220
Excess of Revenues Over Expenditures Before Sources/Uses	226,738	74,118	152,620	916,934	295,918	621,016
Excess of Revenues Over Expenditures After Sources & Uses	226,738	74,118	152,620	916,934	295,918	621,016
Fund Balance, Beginning of Year				60,441,144	0	60,441,144
FUND BALANCE, END OF YEAR				61,358,078	295,918	61,062,160



NUECES COUNTY HOSPITAL DISTRICT

PROPOSED SCOPE OF WORK

As Agency of Record (AOR), MDR will provide access to an assigned account team for the ongoing informed consultation and strategy development NCHD outreach initiatives and campaigns. The purpose of this service agreement is to help direct and execute best-in-class community outreach for your team that is on brand, on target and on budget. Your assigned team can also help field and manage related incoming outreach requests and help respond to unforeseen instances that present outreach opportunities. By providing these on-going services, MDR essentially becomes an extension of your team always ensuring clear and consistent messaging. This is accompanied by an Authorization to Buy (ATB) which allows us to negotiate and purchase media on your behalf.

Professional Services

\$150,000

These services include but are not limited to the development of a community outreach plan, communications assessment, diagnosis and direction to inform graphic standards guide, voice and messaging, strategy and creative consult. This also includes ongoing communications consult/support all focused on impacting key performance indicators determined by the plan (ex. Enrollment, site visits, internal awareness, public awareness, perception)

Media, Production, Materials & OOH Expenses

\$325,000

This covers all media expenses and the strategic planning that goes into building, buying, negotiating, optimizing and reconciling media placements across digital and traditional media platforms and channels. This also includes the production of video, audio and printed assets as well as any other out-of-house expenses directly related to outreach efforts. All expenses related to the purchase or development of media will not exceed this budget.

Anticipated Breakdown
Production = \$75,000
Media = \$250,000

TOTAL

\$475,000

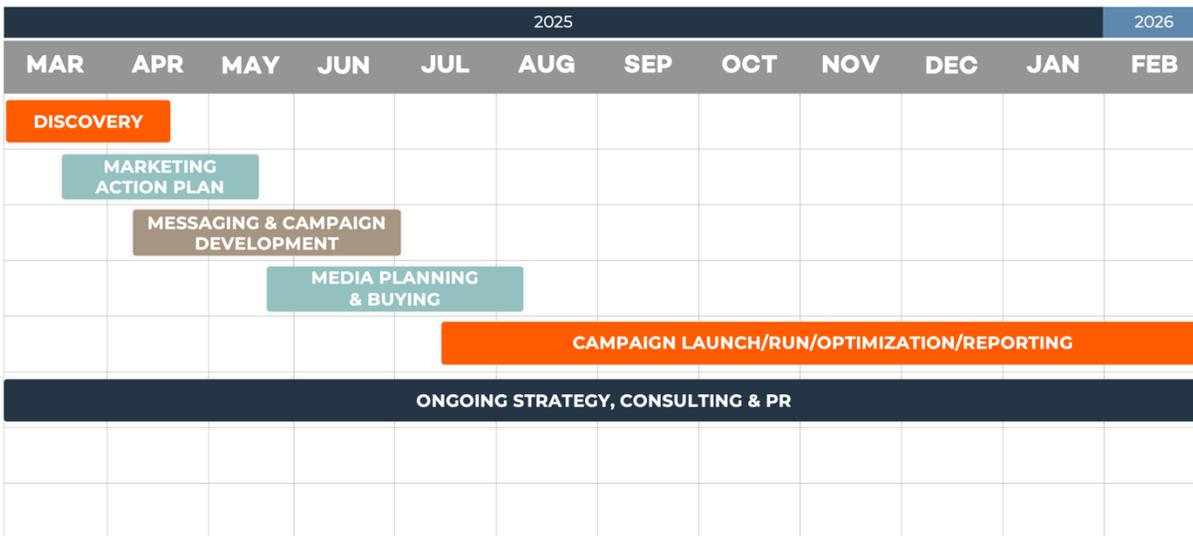
418 Peoples Street, Ste 400
Corpus Christi, TX 78401
p (361) 883-6327



TIMELINE & MILESTONES

Nueces County Hospital District

PROPOSED TIMELINE



Media Buys

Of the Media, Production and OOH Expenses, we anticipate \$75,000 of that going towards production of materials, video, content and useable assets and \$250,000 going toward the purchase and placement of media. Additional information uncovered during the Discovery process could impact those exact final allocations as well as final targets and media buy dates. Those will be outlined in the outreach planning process. We anticipate media buys taking place between April-May 2025 and campaign launch happening around June, assuming all of the following items occur without any unforeseen barriers.

Projected Milestones

Discovery	March-April
Community Outreach Plan	April-May
Propose Media Plan	May-June
Messaging & Campaign Dev	May-July
Creative Campaign Concepts	May-July
Tentative Campaign Launch	July-August
Tracking, Optimizing, Reporting	Launch-ongoing

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 Corpus Christi, TX 78401
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TERMS & CONDITIONS

Project Delivery and Timeline Management

This agreement is for a one-year term with an option to renew annually beginning **March 1, 2025-February 28, 2026**. Project deliverable schedule details will be established between Account Strategist and client contact within 30 days of project start.

Billing and Payment

MDR will invoice monthly costs for services outlined herein due upon receipt (**12x \$12,500 = \$150,000**). Media and production billing will be invoiced as they are received from vendors. If the account is not kept current, MDR reserves the right to stop all work until brought to current status.

Media Placement

MDR earns a 15-25% management fee on all media placed/purchased up to \$3 million. Percentage varies based on mediums and will be disclosed and agreed to by both parties prior to ad placements. This management fee amount is received by billing gross media and is not an additional charge to the allocated media dollars. It covers planning, negotiating, placing, tracking, reconciling, reporting, and payment of all vendors. MDR media team negotiation and placement typically provide clients better pricing and added value as well as:

- Expertise, research and knowledge of media marketplace
- Real time analytics and reporting dashboard
- Rate and added-value negotiation
- Reconciliation ensuring all media runs as intended
- Request of make goods and/or credits when necessary
- Client time saved buying, managing, tracking, billing and reconciling.
- Identification and research of emerging media trends and opportunities
- Knowledge of new products and services to allow better tracking across all customer touch points
- Access to MDR's paid tools, platforms and subscriptions which may include dashboard analytic reporting options (some access variables contingent on media investment levels)



Communication

Should you cease to communicate with us during a project’s planning process for two weeks or more (whether expectedly or unexpectedly), the project will be placed on hold and moved to the bottom of the current waiting list. Should a project remain incomplete 120 days (about 4 months) from the project start date due to breakdowns in communication or client failure to provide necessary files or content, all monies against that project will be forfeited to MDR Advertising, and the project will be cancelled.

Confidentiality

All information in this proposal is the property of MDR Advertising. It is confidential and provided for a limited purpose. No part of this document, nor any information may be copied, transmitted, exhibited, furnished, or described to others without the consent of an authorized employee of MDR Advertising.

NCHD Provisions

This agreement will be interpreted according to the Constitution and laws of the State of Texas. Venue of any court action shall be in Nueces County, Texas.

Nothing contained in this agreement shall be construed to waive or relinquish any immunity or defense on behalf of the Hospital District, its officers, employees, agents, and representatives as a result of the Hospital District executing this Contract and performance of the provisions herein.

Hospital District shall have the right to terminate this agreement prior to the expiration date by providing MDR with 60 days prior written notice of its election to terminate. The agreement shall terminate 60 days after delivery of such written notice. If this occurs, MDR will cancel any media that is able to be terminated but Hospital District will be responsible for paying any non-cancelable media bills and unpaid fees that are reasonably shown to have been earned under this contract.

All media buys will require Hospital District’s prior written approval.



AUTHORIZATION

If you approve of the costs and parameters, please confirm by reply and return the signed agreement to MDR. Thank you for the opportunity!

Stephen Rybak
Principal/CCO
MDR

Jonny Hipp, ScD, FACHE
Administrator/CEO
Nueces County Hospital District

02/10/2025

Date

Date

This offer is good for 14 days. Pricing may be subject to change after this time.

418 Peoples Street, Ste 400
Corpus Christi, TX 78401
P (361) 883-6327

MDRADVERTISING.COM

Memorandum

To: Board of Managers
From: Jonny F. Hipp, Administrator
Date: February 20, 2025
Re: Pro Forma for In-House Indigent Care Enrollment Outreach Activities

Introduction

The purpose of this memorandum is to present the reasons and provide justification for preparing a pro forma to assess the feasibility and benefits of performing indigent care enrollment outreach activities in-house, in the event the Board of Managers desire to consider alternative forms of performing this outreach.

Key Reasons

- 1. Comprehensive Financial Analysis**
A pro forma provides a detailed financial projection of Hospital District costs and potential savings associated with conducting outreach activities internally. This analysis helps evaluate the financial viability of the initiative compared to outsourcing, ensuring informed decision-making.
- 2. Operational Efficiency and Control**
Performing outreach in-house can enable greater control over program design, implementation, and oversight. An internal team can swiftly adapt to community needs, align activities with Hospital District goals, and ensure quality assurance measures are consistently met.
- 3. Improved Patient Engagement and Community Trust**
In-house outreach staff, familiar with local demographics, cultural nuances, and referral patterns, can build stronger relationships with the indigent population. Enhanced trust leads to higher enrollment rates, improved patient compliance, and better health outcomes.
- 4. Cost Savings and Resource Optimization**
The pro forma can identify long-term cost efficiencies through direct management of resources and elimination of third-party fees. In-house programs often lead to better budget predictability and resource allocation.
- 5. Data Security and Compliance**
Managing outreach internally allows for stronger data privacy controls and ensures

compliance with applicable regulations (e.g., HIPAA). This mitigates risks associated with sharing sensitive information with external vendors.

6. **Enhanced Flexibility and Responsiveness**

An internal outreach team can rapidly respond to policy changes, funding opportunities, or shifts in community needs without the delays often experienced when coordinating with external providers.

7. **Alignment with Organizational Mission and Values**

Bringing outreach activities in-house reinforces the Hospital District's commitment to serving the indigent populations through community-focused initiatives.

Conclusion

Developing a pro forma to evaluate the in-house implementation of indigent care enrollment outreach activities is essential for understanding the financial implications, operational benefits, and overall impact to the Hospital District. This assessment will guide the District in making a strategic decision that aligns with our mission, ensures fiscal responsibility, and improves indigent healthcare access.

Recommendation

I recommend the Board of Managers authorize the Administrator to proceed with the preparation of the pro forma to thoroughly assess the feasibility and benefits of performing indigent care enrollment outreach activities in-house.

Gary F. Wipp

DRAFT

NUECES COUNTY HOSPITAL DISTRICT 89th Texas Legislative Session Agenda

February 26, 2025

1) Invest in local Graduate Medical Education (GME) programs:

- a) Nueces County Hospital District:
 - i) Acquire optional legislative authority to use NCHD funds for graduate medical education to benefit indigent care.
 - ii) Term “graduate medical education” means Accreditation Council for Graduate Medical Education (ACGME)-accredited residencies and fellowships.
 - iii) Funded GME specialties to be determined by Board of Managers.
 - iv) **Amend Health and Safety Code, §281.094**, Texas to authorize use of NCHD funds for GME to benefit indigent care (see attached Bill).
- b) Texas Legislature:
 - i) Increase GME support specific to Coastal Bend:
 - (a) Appropriate additional funds for benefit of graduate medical education programs in Nueces County.
 - (b) Appropriate additional funds to the Texas Higher Education Coordinating Board (THECB) for benefit of graduate medical education programs.
- c) Texas Higher Education Coordinating Board:
 - i) Achieve State’s goal of 1.1-to-1 ratio of Texas residency positions to medical school graduates:
 - (a) Establish funding for existing training slots.
 - (b) Increase funding for new training slots.
 - (c) Incentivize opening of new training slots.
 - (d) Expand number of funded training slots.
- d) Health and Human Services Commission:
 - i) Expand Medicaid GME supplemental payments:
 - (a) For non-government-owned teaching hospitals.
 - (b) Per slot increase.
 - (c) Recover costs of existing slots.

2) Reduce deficit of essential medical specialties and subspecialties in Nueces County.

- a) Nueces County Hospital District:
 - i) Acquire optional legislative authority to use NCHD funds to create and maintain the presence of “essential medical specialties and subspecialties” in Nueces County. “Essential medical specialties and subspecialties” to be locally defined.
 - ii) Create local incentives or benefits for physicians and mid-level providers to practice in each essential specialty and subspecialty for a specified number of years, for example:
 - (a) Reimburse school loan obligations.
 - (b) Reimburse malpractice premiums.
 - (c) Guarantee or subsidize incomes.

DRAFT

- (d) Subsidize housing.
- iii) Seek state funds to address the deficit of essential medical specialties and subspecialties in the Coastal Bend through line-item appropriations or budget riders.

3) Establish regional state-supported psychiatric facilities in Nueces County to offer inpatient and outpatient care.

- a) Nueces County Hospital District:
 - i) Seek budget rider directive for the state to provide inpatient and/or outpatient psychiatric state hospital facilities in the Coastal Bend.
 - ii) Seek legislative funding for state psychiatric state hospital facilities for inpatient and/or outpatient psychiatric care in the Coastal Bend through line-item appropriations or budget riders.
 - iii) Seek a budget rider directing the state to conduct a feasibility study and cost analysis of providing a psychiatric state hospital facility providing inpatient and/or outpatient psychiatric in the Coastal Bend.
 - iv) Offer land as an inducement to build the hospital upon.

~~4) Increase availability of commissioned law enforcement officers with mental health officer certification in Nueces County to provide crisis intervention services.~~

- ~~a) Hospital District Commissioned Peace Officers:
 - i) ~~Obtain legislative authority to: (1) employ and commission peace officers; and (2) allow Hospital District employed and commissioned peace officers who hold mental health officer certification from Texas Commission on Law Enforcement to perform mental health officer duties under independent contractual arrangements with the local mental health authority, and law enforcement agencies and school districts in Nueces County.~~
 - ii) ~~Amend Texas Health and Safety Code to add §281.0571 allowing Nueces County Hospital District to employ and commission peace officers and permit for Hospital District employed and commissioned peace officers, who hold mental health officer certification, to independently perform mental health officer duties in Nueces County (see attached Bill).~~~~

###

02/20/2025

**INTERLOCAL AGREEMENT BETWEEN
NUECES COUNTY AND NUECES COUNTY HOSPITAL DISTRICT**

This Agreement, effective as of the date of the last signature below, is entered into by and between Nueces County (the “County”), a political subdivision of the State of Texas, and the Nueces County Hospital District (the “Hospital District” or “District”), a political subdivision and special district of the State of Texas created pursuant to Article IX, Section 4 of the Texas Constitution, under the authority of and in accordance with the Interlocal Cooperation Act, as set out in Chapter 791 of the Texas Government Code.

WITNESSETH:

WHEREAS, the Hospital District and the County recognize the need to attract and retain competent and able employees by providing health benefits and life insurance; for their employees;

WHEREAS, the Hospital District and the County recognize the need to foster, promote and encourage employment by and service to political subdivisions as a career profession for people of high standards of competence and ability;

WHEREAS, the Hospital District and the County have authority to provide health and accident, group dental, accidental death and dismemberment, hospital, surgical, and medical expense coverage for political subdivision officials, employees, retirees, and their dependents pursuant to §172.004(a)-(c) of the Texas Local Government Code;

WHEREAS, the Hospital District and the County have authority to enter into an interlocal contract to provide administrative functions, as defined by §791.003 pursuant to Chapter 791 of the Texas Government Code, to other political subdivisions; and,

WHEREAS, the provision of health, life, vision, and dental insurance coverages, for political subdivision employees, and their dependents are an administrative function of government.

NOW, THEREFORE, for and in consideration and exchange of mutual covenants and conditions contained herein the Hospital District and the County agree as follows:

**I.
PURPOSE**

The purpose of this Interlocal Agreement is to enable employees of the Hospital District to participate in certain employee benefits available in Nueces County’s Employee Benefit Plans.

II. BENEFIT COVERAGE

County agrees to provide certain administrative functions for the Hospital District by agreeing to include the District's enrolled employee and family as participants in the County's Employee Group Health Insurance Plan, Employee Group Life Insurance Plan, Employee Group Vision Insurance Plan, and Employee Group Dental Insurance Plan (collectively, the "County Employee Benefit Plans").

III. HOSPITAL DISTRICT PAYMENTS

In consideration of County Employee Benefit Plans provided by the County to the Hospital District under this Agreement, the District agrees as follows:

A. To pay the County the sum of the monthly premiums associated with the District's employee and family participation in the County's Employee Benefit Plans, except for the County's Employee Group Health Insurance Plan premiums (the "Non-Health Plan Premiums"). The District will pay the Non-Health Plan Premiums subject to receipt of a monthly invoice from the County and no later than the 20th day after receipt.

B. To pay the County the sum of the monthly premiums associated with the District's employee and family participation in the County's Employee Group Health Insurance Plan (the "Health Plan Premiums). Subject to the provisions of Article IV below, the District will pay the Health Plan Premiums plus an additional 10% of the Health Plan Premiums (the "Health Insurance Premium Subsidy") to mitigate any upfront costs paid by the County for health insurance claims of Hospital District employee and family participation in the Employee Group Health Insurance Plan during the Fiscal Year (the paid Health Plan Premiums and Health Insurance Premium Subsidy are collectively referred to as the "Paid and Subsidized Health Plan Premiums") subject to receipt of a monthly invoice from the County and no later than the 20th day after receipt.

C. To pay the County the remainder amount resulting from subtraction of the sum of the Paid and Subsidized Health Plan Premiums paid during the fiscal year from the sum of the County-paid health insurance claims associated with the District's employee and family participation in the Employee Group Health Insurance Plan, net of any related refunds and adjustments (the "Remainder Claims Amount" if the remainder amount is negative, or the "Overpaid Claims Amount" if the remainder amount is positive). Subject to the provisions of Article IV below, the District will pay the Remainder Claims Amount after receiving an annual claims invoice from the County and no later than the 20th day after receipt. The County's annual invoice shall be submitted to the District not later the 90th day following the end of the fiscal year.

1. The phrase "paid health insurance claims" means the amounts paid by the County after adjudication by the County's independent third-party claims administrator according to the County Employee Group Health Insurance Plan's coverage schedule in effect for the related fiscal year.

2. In the event any aggregate health insurance claims incurred by a specific individual during the fiscal year amount to more than the County's specific individual stop-loss insurance deductible for the related year, the District shall not pay the County more than the stop-loss insurance deductible for the fiscal year. For the initial term of this Agreement, the County agrees its specific individual stop-loss deductible for aggregate health insurance claims incurred by a specific individual is \$475,000.
3. The County agrees that its costs of maintaining and administering the Employee Group Health Insurance Plan are included in and not in addition to the premiums paid by the District for employee and family participation in the Plan. The County agrees that such costs include, but are not limited to claims administration, provider network management, customer service support, compliance and regulatory monitoring and reporting, enrollment and eligibility management, medical management services, reporting and data analytics, stop-loss insurance, plan design and any other costs typically needed to maintain and administer a self-funded health insurance plan.
4. In the event there is an Overpaid Claims Amount, the amount shall be processed by the County as directed by the Hospital District and upon the County's receipt of written instructions from the District,
5. The term "health insurance claims" used herein and elsewhere in this Agreement refers to claims for both health insurance and prescriptions as provided in the Employee Group Health Insurance Plan coverage schedule.

IV.

PROVISION OF COUNTY HELD CLAIMS INFORMATION

In consideration of the Hospital District's fiscal management requirements and payments under this Agreement, the County agrees as follows:

- A. To provide the District, every 3 months during this Agreement and no later than the 20th day of such month, with Health Insurance Portability and Accountability Act (HIPAA)-compliant information on all healthcare insurance claims incurred by the District's employee and family participation in the County's Employee Group Health Insurance Plan.
- B. To provide the District not later than the 120th day after the end of each fiscal year during this Contract and no later than the 20th day of such month with a HIPAA-compliant accounting of all claims incurred by the District's employee and family members participating in County's Employee Group Health Insurance Plan during the fiscal year.
 1. The claims accounting shall reflect the requisite detail and sum of the claims paid, by the County after adjudication by the County's independent third-party claims

administrator according to the County Health Insurance Plans's benefits schedule in effect for related fiscal year. net of any refunds and adjustments.

**V.
NOTIFICATIONS**

The Hospital District shall promptly notify the County in writing when an employee is no longer employed by the District. The Hospital District shall use their best efforts to keep the District's list of employee and family participation current at all times.

The County shall promptly notify the Hospital District in writing of (1) any material changes to the County Employee Benefit Plans, (2) changes to the amount of the specific individual stop-loss insurance deductible under Employee Group Health Insurance Plan, and (3) changes to the Employee Group Health Insurance Plan's coverage and benefits.

**VI.
USE OF CURRENT REVENUES**

Each party hereto paying for the performance of governmental functions or services hereunder must make those payments from current revenues available to the paying party.

**VII.
JURISDICTION AND VENUE**

This Agreement shall be governed by and construed in accordance with the laws of the State of Texas. Venue of any legal action filed shall be in a court of competent jurisdiction in Nueces County, Texas.

**VIII.
CURRENT YEAR SERVICES**

Upon execution of this Agreement by both parties, payments by the Hospital District to the County for any services provided after October 1, 2024 shall be calculated pursuant to the terms of this Agreement and are herein ratified. All terms and conditions as set out in this Agreement apply to such ratified compensation, fees, and services.

**IX.
TERM AND RENEWAL**

The initial term of this Agreement shall be effective October 01, 2024, and terminate at the close of business on September 30, 2025.

Thereafter, the term of the Agreement shall run each fiscal year (i.e., from October 01 of the then current to September 30 of the following year) and shall automatically renew on a fiscal-year basis unless either party terminates the Agreement by providing written notice of termination at least 6 months prior to the effective date of termination as provided in this Article IX.

**X.
AMENDMENT**

This Agreement may be amended by mutual consent of both parties. In order to be effective, any amendment to the Agreement must be in writing and signed by both parties after approval by the respective governing bodies at a publicly noticed meeting.

**XI.
SEVERABILITY**

In the event that one or more of the provisions contained in this Agreement is or are for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability of the Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein, but shall not affect the remaining provisions of this Agreement which shall remain in full force and effect.

**XII.
RELATIONSHIP OF THE PARTIES**

Each party shall have and retain the exclusive right of control over its employees and contractors assigned to perform services under this Agreement in accordance with the applicable laws of the State of Texas. Neither party has the authority to bind nor otherwise obligate the other orally, in writing or by any act or omission. Nothing contained herein shall establish an agency, employee-employer relationship, partnership, joint enterprise, joint employer, or joint venture relationship by or between the parties.

**XIII.
NOTICES; OTHER COMMUNICATIONS**

All notices or other communications required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been duly given if delivered personally in hand or five (5) days after being deposited in the United States Postal Service, and sent by certified mail, return receipt requested, postage prepaid, addressed to the designated party at the following address or to any other party at any other address as may be designated in writing in advance by the parties:

IF TO THE COUNTY:

Nueces County
Attn: County Judge
Nueces County Courthouse, Room 303
901 Leopard Street
Corpus Christi, Texas 78401

IF TO THE HOSPITAL DISTRICT:

Nueces County Hospital District
Attn: Administrator/Chief Executive Officer
555 North Carancahua St., Suite 950
Corpus Christi, Texas 78401-0835

**XIV.
WAIVER OF DEFENSES; IMMUNITIES**

Neither the Hospital District nor the County waives any defenses assertible by either party including governmental immunity, or immunity from liability afforded under law.

**XV.
GOVERNING BODY APPROVAL**

This Contract must be approved by the governing bodies of both parties in accordance with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code.

**XVI.
AUTHORITY TO SIGN; ENTIRE AGREEMENT**

The undersigned signatories hereby represent and warrant that they are officers and that they have full and complete authority to enter into this Contract. This Contract contains the entire agreement among the parties relating to such matter and supersedes all other negotiations and agreements, whether written or oral. No prior agreement or understanding between the parties pertaining to any such matter contained herein shall be effective.

NUECES COUNTY

NUECES COUNTY HOSPITAL DISTRICT

By: _____
Connie Scott
County Judge

By: _____
Jonny F. Hipp
Administrator/Chief Executive Officer

Date: _____

Date: _____

ATTEST:

By: _____
Kara Sands
County Clerk

Date: _____

APPROVED AS TO FORM:

By: _____
Jenny P. Dorsey
County Attorney

Date: _____

Memorandum

To: Board of Managers
From: Jonny F. Hipp, Administrator
Date: February 20, 2025
Re: Justification for Obtaining an "Agent of Record" for Employee Health Insurance

Introduction

The purpose of this memorandum is to present the rationale and justification for engaging an "Agent of Record" (AOR) for the management and procurement of health insurance and other employee benefits possibly beginning October 1, 2025, and to perform pre-purchase evaluative services. An AOR would act as the Hospital District's designated representative to interface with insurance carriers, ensuring the District receives the most comprehensive coverage options, cost efficiency, and ongoing support.

Key Reasons for Engaging an Agent of Record

- 1. Expertise and Market Knowledge**
An AOR possesses extensive knowledge of the health insurance market and regulatory environment. That person can provide tailored advice on plan options, carrier stability, and emerging trends, enabling informed decision-making aligned with the Hospital District's needs and budget.
- 2. Streamlined Communication and Negotiation**
Designating an AOR centralizes communication between the Hospital District and insurance providers. The agent leverages established relationships with carriers to negotiate favorable terms, lower premiums, and improved benefit structures. This streamlined process reduces administrative burdens on staff.
- 3. Access to Competitive Bidding**
An AOR facilitates a comprehensive competitive bidding process among multiple insurers. By assessing various proposals, the agent ensures the Hospital District selects the plans that provide the best value in terms of coverage, network access, and cost.
- 4. Ongoing Plan Management and Support**
Beyond plan selection, the AOR provides continuous support including claims resolution, benefits administration, and compliance with legal requirements. This ongoing assistance also helps Hospital District employees navigate coverage complexities, enhancing overall satisfaction.

5. Cost Efficiency and Risk Mitigation

An experienced AOR identifies cost-saving opportunities, such as wellness programs or plan design modifications, while mitigating risks associated with inadequate or non-compliant coverage. That person's oversight minimizes financial exposure and liability for the Hospital District.

6. Employee Engagement and Education

The AOR conducts employee workshops and one-on-one consultations to explain plan options and usage, improving benefits utilization and perceived value. Enhanced understanding leads to more effective use of benefits, reducing unnecessary claims and costs.

Conclusion

Appointing an Agent of Record for the Hospital District's health insurance and other employee benefits strategy is a prudent decision that delivers expertise, cost savings, operational efficiency, and improved employee engagement. The AOR will serve as a valuable partner in securing and managing benefits that attract and retain top talent while aligning with our financial objectives.

Recommendation

I recommend authorizing the Administrator to obtain the services of an AOR for the management and procurement of the Hospital District's health insurance and other employee benefits possibly beginning October 1, 2025, and to perform pre-purchase evaluative services.

Gary F. Wipp



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 RESOLUTION

APRIL 23, 2024

**AUTHORIZE ADMINISTRATOR TO ACT ON BEHALF OF
NUECES COUNTY HOSPITAL DISTRICT
IN ALL MATTERS RELATING TO FUNDS DISTRIBUTED BY THE
TEXAS OPIOID ABATEMENT FUND COUNCIL**

WHEREAS, the Nueces County Hospital District (“Hospital District” or “District”) is a body politic and corporate and a political subdivision of the State of Texas, established and created pursuant to the Texas Constitution, Article IX, Section 4 and the Texas Health and Safety Code (the “Health Code”), Chapter 281, and operated in accordance with the Health Code and other applicable laws of the State of Texas, including Texas Government Code, §403.508(a)(2) and 34 Texas Administrative Code, §16.222 relating to the distribution of opioid settlement funds and hospital districts’ receipt of those funds;

WHEREAS, Texas Government Code, §403 *et seq.* added by Acts 2021, 87th Legislature, Regular Session, Chapter 781 (S.B. 1827), effective June 16, 2021 and 34 Texas Administrative Code, §16.222 adopted to be effective March 18, 2024 at 49 *Texas Register* 1735;

WHEREAS, the Hospital District’s Board of Managers (“Board”) have been duly appointed pursuant to Health Code, § 281.021(a); and pursuant to the collective authorities of Health Code, § 281.047 and § 281.048, the Board is the District’s governing body and the Board has, and at the time of adoption of this Resolution had, full power and authority to manage, control, administer, and to adopt rules governing operation of the District;

WHEREAS, the Hospital District suffered and continues to suffer harm as a result of the ongoing opioid epidemic and, accordingly, intends to accept money distributed to the Hospital District by the Texas Opioid Abatement Fund Council (“the Council”) under Texas Government Code, §403.508(a)(2) and 34 Texas Administrative Code, §16.222 and use that money to remediate the opioid crisis; and

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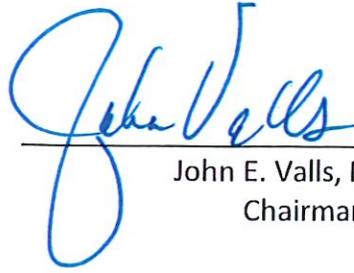
WHEREAS, 34 Texas Administrative Code, §16.222(i)(1) *et seq.* requires the Hospital District, prior to, and as a condition of, receiving a distribution of opioid settlement funds submit to the Comptroller of Public Accounts a governing body resolution that: (A) designates, by name and title, an authorized official who has the authority to act on behalf of the hospital district in all matters related to the distribution, including the authority to sign all official documents related to the distribution; (B) affirms that the hospital district will use all the opioid settlement funds received by the hospital district; and (C) affirms that, in the event of loss or misuse of grant funds, the hospital district shall return all funds to the opioid settlement fund.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF MANAGERS THAT:

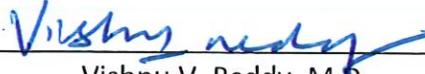
1. That Mr. Jonny F. Hipp, the Hospital District's Administrator, has the authority to act on behalf of the District in all matters related to the above-mentioned money distributed by the Council to the District, including the authority to sign all official documents related to the distribution.
2. That all the above-mentioned money received from the Council by the District will be used:
 - a) to remediate the opioid crisis, including providing assistance in one or more of the following categories: treatment and coordination of care; prevention and public safety; recovery support services; or workforce development and training; or
 - b) if a court order or settlement agreement requires the money to be used for one or more specific purposes, for a permissible use provided by that court order or settlement agreement.
3. That the Hospital District will return to the Council all the above-mentioned money received from the Council by the District in the event of loss or misuse of such money.
4. That if there is a change of authorized official, the Hospital District will submit to the director of the Council a new resolution from the District's governing body that contains the information required under 34 Texas Administrative Code, §16.222(i)(1).
5. That this Resolution takes effect immediately after its passage.

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NUECES COUNTY HOSPITAL DISTRICT
BOARD OF MANAGERS



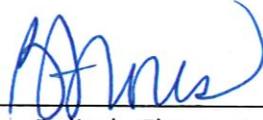
John E. Valls, M.B.A.
Chairman



Vishnu V. Reddy, M.D.
Vice Chairman



Sylvia Tryon Oliver
Member



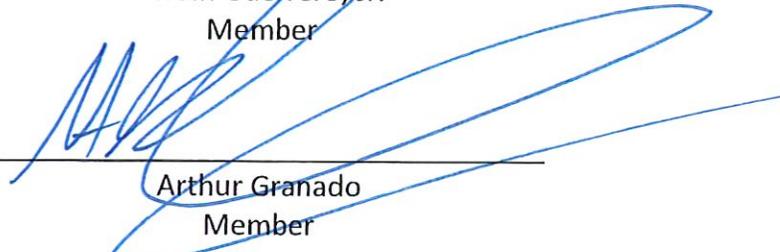
Belinda Flores, R.N.
Member

Absent

Judge Mariana Garza
Member

Absent

Efrain Guerrero, Jr.
Member



Arthur Granado
Member

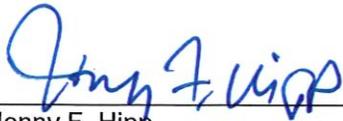
5. The attached Resolution is a true and correct copy of the original on file in the official records of the Hospital District; the duly qualified and acting members of the Board on the date of the Meeting are those persons shown above, and, according to the records of my office, each member of the Board was given actual notice of the time, place, and purpose of the Meeting and had actual notice that the Resolution 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 Resolution, 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 Resolution is in full force and effect; that the same has not been rescinded, nor has it been amended or modified in any way.

8.

IN WITNESS WHEREOF, I have hereunto signed my name officially and affixed the seal of the Hospital District on this 23rd day of April 2024.



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



{HOSPITAL DISTRICT SEAL}



Nueces County Hospital District Distribution

BD

Bobby Joe Dale <Bobbyjoe.Dale@cpa.texas.gov>

Fri 8/30, 4:44 PM

Jonny F. Hipp (jonny.hipp@nchdcc.org); belinda.espinoza@nchdcc.org; donna.li ✓

↻ Reply all | ▾

Encrypt: This message is encrypted. Recipients can't remove encryption.

Dear Jonny, Belinda, and Donna,

Thank you for taking the time to speak on Wednesday. I am writing to confirm that Nueces County Hospital District should have received a distribution of \$2,277,014.24 for the Texas Opioid Abatement Fund Council's initial distribution to hospital districts.

We are working to develop and finalize reporting requirements for hospital districts to detail their use of these funds. Once we have finalized reporting requirements for hospital districts, we will be in touch with that information.

We appreciate your assistance with this matter. Should you have any questions or require additional information, please do not hesitate to contact our office.

Sincerely,

Bobby Joe Dale III

Policy Advisor

Government Affairs and Programs Division

Texas Comptroller of Public Accounts

Office: 512-463-4523

Email: bobbyjoe.dale@cpa.texas.gov

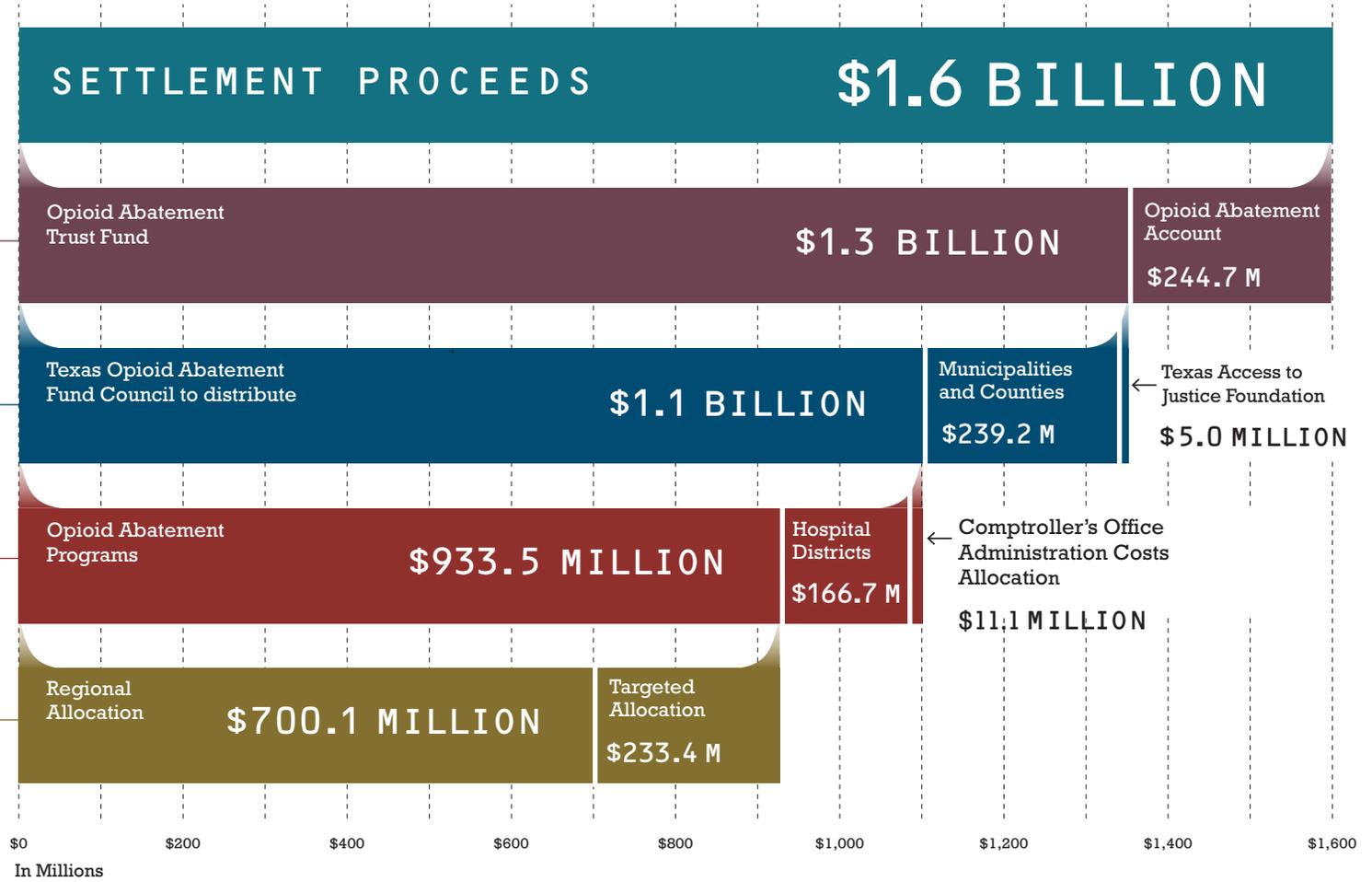
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STATEWIDE OPIOID SETTLEMENT INITIATIVE

Texas currently expects to receive an estimated \$1.6 billion* over 18 years from settlement agreements with, and court judgments against, companies related to their role in the opioid crisis.

The Texas Opioid Abatement Fund Council, administered by the Texas Comptroller of Public Accounts, was created by the 87th Legislature to ensure the money is fairly distributed using efficient, cost-effective methods.

- Part of the money goes to the Opioid Abatement Account, a [General Revenue-dedicated account](#) that will fund programs by legislative appropriation.
- Most of the money goes to the [Opioid Abatement Trust Fund](#) held by the Texas Treasury Safekeeping Trust Company. Of this money:
 - Portions are directly allocated to the Texas Access to Justice Foundation and to municipalities and counties.
 - Part is provided for hospital districts, while a small percentage is allowed for administration.
 - The remainder is distributed by the council, with 75% divided among the Texas Health and Human Services regional healthcare partnership areas and 25% to select programs.



*Includes only funds designated for the Opioid Abatement Trust Fund and Opioid Abatement Account in accordance with statute. The funds will come in at different times as described in the individual settlement agreements. The amount may vary based on future settlements and changes to settlement agreements.

Note: Totals may not sum because of rounding.

County Name	Region	Allocation Share	County Allocation	Disbursement Amount	Disbursement Date	Amount Heldback by County
		0.00911955	\$83,541.08	\$83,541.08		\$0.00
Nueces County	4	0.00911955	\$83,541.08	\$83,541.08	4/16/2024	\$0.00

City Name	County	Region	Allocation Share	City Allocation	Disbursement Amount	Disbursement Date	Amount Heldback by City
			0.01261455	\$115,557.58	\$115,555.20		\$2.38
City of Agua Dulce	Nueces	4	0.00000029	\$2.66	\$2.66	4/29/2024	
City of Bishop	Nueces	4	0.00005475	\$501.55	\$501.55	4/16/2024	
City of Corpus Christi	Nueces	4	0.01208471	\$110,703.89	\$110,703.89	4/16/2024	
City of Driscoll	Nueces	4	0.00000026	\$2.38	<\$25		\$2.38
City of Petronila	Nueces	4	0.00000003	\$0.27	\$0.27	4/30/2024	
City of Port Aransas	Nueces	4	0.00020681	\$1,894.52	\$1,894.52	5/7/2024	
City of Robstown	Nueces	4	0.00026770	\$2,452.31	\$2,452.31	4/19/2024	

Texas Administrative Code

<u>TITLE 34</u>	PUBLIC FINANCE
<u>PART 1</u>	COMPTROLLER OF PUBLIC ACCOUNTS
<u>CHAPTER 16</u>	COMPTROLLER GRANT PROGRAMS
<u>SUBCHAPTER C</u>	TEXAS OPIOID ABATEMENT FUND PROGRAM
RULE §16.201	Opioid Abatement Strategies

(a) The council shall determine and approve one or more evidence-based opioid abatement strategies that are eligible for grant funding. To be approved as eligible for funding, a strategy must be:

- (1) an opioid abatement strategy provided in the opioid abatement settlement agreements;
- (2) supported with evidence-based data; and
- (3) in compliance with all applicable state and federal law.

(b) For each strategy approved as an eligible strategy, the council shall categorize the strategy as:

- (1) treatment and coordination of care;
- (2) prevention and public safety;
- (3) recovery support services; or
- (4) workforce development and training.

(c) Within each category, the council shall rank each strategy in order of priority for grant funding.

(d) The council may, from time to time, review and amend the list of eligible strategies, the categorization of strategies, or the ranking of strategies within each category.

Source Note: The provisions of this §16.201 adopted to be effective July 10, 2023, 48 TexReg 3700

List of Titles
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 **Programs**

Texas Opioid Abatement Fund Council

Hospital District Distribution**Overview**

Rule 16.222 establishes administrative, transparency, oversight, and accountability provisions that govern the distribution of settlement funds by the Texas Opioid Abatement Fund Council (O AFC) and the receipt of those funds by hospital districts. This rule is enacted in accordance with Senate Bill (SB) 1827, 87th Legislature, Regular Session, which requires the allocation of a portion of funds received from statewide settlement agreements to hospital districts.

The rule provides one-time floor payments upfront, prioritizing the smallest rural hospital districts. Subsequently, distributions are allocated to the remaining medium, large, and urban hospital districts.

The rule outlines permissible uses of hospital district settlement funds by aligning them with O AFC's existing priorities and relevant court orders and settlement agreements. Additionally, it empowers O AFC to oversee and monitor the utilization of funds by hospital districts.

The rule provides accountability by allowing O AFC to cancel distributions if hospital districts fail to use funds for allowable uses, as defined by the rule. The rule also allows O AFC to require hospital districts to refund money they received and enables O AFC to withhold future distribution payments from hospital districts failing to comply with the rules.

Access a section-by-section summary of Rule 34 TAC 16.222 regarding hospital district distribution [comptroller.texas.gov/programs/opioid-council/docs/98-1113_OAFC_hospital_district_summary.pdf].

Access an informational map [comptroller.texas.gov/programs/opioid-council/docs/98-1116_oafc_hospital_district_map.pdf] of hospital district locations and distribution amounts.

Hospital District Distribution Rule FAQ

▼ Hospital District Distribution Rule FAQ

Rule 16.222 provides transparency, oversight, reporting requirements and accountability provisions governing the Texas Opioid Abatement Fund Council's (O AFC) distribution of settlement funds to all hospital districts in Texas.

▼ What is a hospital district?

A hospital district is a political subdivision created to provide healthcare to low-income individuals. A hospital district can include one or more counties.

Additional information on hospital districts is available at:

- Texas Constitution, Article IX, Sections 4, 5, 8, 9, 9A, 9B and 11.
- Texas Health and Safety Code, Chapters 281-286.

▼ Why do hospital districts receive opioid settlement funding?

Texas Government Code, Section 403.508(a)(2) requires 15 percent of opioid settlement funding allocated to the OAFSC to be distributed to hospital districts.

▼ How can hospital districts use their funding?

Hospital districts are required to use all distribution money received:

- To remediate the opioid crisis, including providing assistance in one or more categories approved by the OAFSC:
 1. treatment and coordination of care;
 2. prevention and public safety;
 3. recovery support services;
 4. workforce development and training; or
- For permissible uses specified by a court order or settlement agreement if a court order or settlement agreement requires money to be used for one or more specific purposes.

▼ How much funding will my local hospital district receive?

Individual amounts for local hospital districts depend on several factors, including hospital size and estimated distribution amount from the settlement agreements [comptroller.texas.gov/programs/opioid-council/settlements/].

Funding distributions will be made to two groups:

- Small, rural hospital districts in Group One will receive an upfront one-time, lump-sum distribution.
- Medium, Large and Urban hospital districts in Group Two will receive periodic distributions as settlement agreement funding is received by the OAFSC for the duration of the settlement agreement.

Individual amounts for each hospital district are available at:

- Group One: Small, rural hospital districts floor distribution amounts 34 Tex. Admin. Code § 16.222(f) .
- Group Two: Medium, large, and urban hospital district pro rata periodic distribution amounts 34 Tex. Admin. Code § 16.222(g)).

▼ How did the OAFIC determine each hospital district's specific distribution?

To determine the methodology to distribute payments, the OAFIC calculation used the following data as a substitute number to determine the impact of the opioid epidemic on each hospital:

- Calculating a Hospital's Pro Rata Share
 1. For hospital districts with hospitals that participate in the Disproportionate Share Hospital (DSH) program, the OAFIC used audited uncompensated care data averaged over three years from 2018 to 2020 or if uncompensated care data was unavailable, ad valorem tax data averaged over three years from 2018 to 2020.
 2. For hospital districts with a hospital that do not participate in the DSH program, the OAFIC used either unaudited uncompensated care data averaged over three years from 2018 to 2020 ad valorem tax data averaged over three years from 2018 to 2020, if the hospital district's ad valorem tax data was 125 percent or more of uncompensated care costs.
 3. For hospital districts without a hospital, the OAFIC used ad valorem tax data averaged over three years from 2018 to 2020.
- Minimum Floor payments - If a hospital district's distribution fell below \$75,000 or \$25,000, the methodology pays them \$75,000 if the hospital district operates a hospital or \$25,000 if the hospital district does not operate a hospital.
- Litigating hospitals - For hospital districts that participated in the original opioid litigation, the OAFIC took five percent of the total estimated settlement and divided that amount proportionally based on each litigating hospital's costs and added it to each litigating hospital's total distribution.

▼ Why do medium, large and urban hospital districts receive their funds in second and subsequent distributions?

Medium, large and urban hospital districts will receive their funding in second and subsequent distributions, because they will receive a larger pro rata amount over a longer time.

The OAFIC prioritized providing full funding to the smallest, rural hospital districts in a single round of funding.

Once these hospitals have received their up-front, lump-sum distribution, the remaining medium, large and urban hospital districts will receive their funds over the lifetime of the settlement agreements.

▼ Why does the rule make an initial distribution to small rural hospital districts?

The rule prioritizes small, rural hospital districts because this strategy will quickly get meaningful funding into the hardest hit communities.

Small, rural hospital districts tend to be located in areas that have been hardest hit by the opioid crisis.

Distributing all of these hospital districts' funds up front will enable these districts to fund new and existing programs to quickly respond to the crisis in ways that best reflect their communities' unique needs.

▼ Can hospital districts spend funds on existing programs or only new programs?

The rule provides flexibility for hospital districts by authorizing them to use funds for opioid abatement programs, regardless of when the program was created.

As such, hospital districts can use the funding for new and existing programs that remediate the opioid crisis.

▼ How does the rule ensure hospital districts use their settlement funds on opioid-related activities?

The rule includes several oversight, transparency, and accountability provisions that require hospital districts to use their settlement funds on activities to remediate the opioid crisis.

- As a condition of receiving payment and before a payment is made:
 1. The rule requires hospital districts to submit a resolution passed by the hospital district's governing body that:
 - a. Affirms that the hospital district will:
 - i. use all money received to remediate the opioid crisis, including providing assistance in one or more categories approved by the OAFIC:
 1. treatment and coordination of care;
 2. prevention and public safety;
 3. recovery support services;
 4. workforce development and training; or
 5. for allowable uses specified by a court order or settlement agreement if a court order or settlement agreement requires money to be used for one or more specific purposes.
 - ii. Return all funds to the council in the event funds are lost or misused.
 - b. Designates by name and title an authorized official who can act on behalf of the hospital district to sign official documents related to the distribution.
- The rule requires hospital districts to:
 1. notify the OAC director if there is a change in the hospital district's authorized official; and
 2. submit resolutions with updated information if the authorized official changes.
- If a hospital district fails to satisfy these conditions, the rule allows the OAFIC to cancel a hospital district's distribution and retain the funds for distribution to other hospital districts to remediate the opioid crisis.
- The rule requires all funds to be used only to remediate the opioid crisis, including providing assistance in one or more categories approved by the OAFIC:
 - a. treatment and coordination of care;
 - b. prevention and public safety;

- c. recovery support services;
 - d. workforce development and training; or
 - e. for allowable uses specified by a court order or settlement agreement if a court order or settlement agreement requires money to be used for one or more specific purposes.
- The rule requires hospital districts to submit period reports on their use of funds, including how the funds comply with the rule's requirement that funds be used to remediate the opioid crisis.
 - The rule allows the OAFCD to monitor individual hospital districts to ensure their use of funds complies with the rule's requirements that the funds be used to remediate the opioid crisis.
 - The rule allows the OAFCD to require hospital districts to refund all or a portion of money received by the hospital district if the OAFCD determines that the hospital district has failed to comply with the rule.
 - The rule allows the OAFCD to retain refunded money for future distribution to hospital districts to remediate the opioid crisis.
- ▼ How does the rule protect the settlement funds from being used for activities other than those directly related to opioids?

The rule includes multiple factors that protect settlement funds.

- It requires hospital district boards to adopt a resolution:
 1. naming an authorized person to handle hospital district distribution funds and,
 2. affirming the hospital district will use distribution funds only for purposes in categories approved by the council.
- The rule allows the OAFCD to cancel a hospital district's distribution and retain the funds for distribution to other hospital districts to remediate the opioid crisis.
- The rule requires hospital districts to submit period reports on their use of funds, including how the funds comply with the rule's requirement that funds be used to remediate the opioid crisis.
- The rule allows the OAFCD to monitor individual hospital districts to ensure their use of funds complies with the rule's requirements that the funds be used to remediate the opioid crisis.
- The rule allows the OAFCD to take multiple actions to address noncompliance including:
 1. instruct the director to provide written notice to a hospital district of alleged failure to comply;
 2. provide the hospital district with an opportunity to respond;
 3. require the hospital district to cure the failure to comply to the satisfaction of the OAFCD;
 4. require hospital districts to refund all or a portion of money received by the hospital district under the rule; and
 5. exercise any other legal remedies available.

▼ What reporting requirements apply to hospital districts?

The rule requires hospital districts that receive settlement funding to report periodically on their use of funds to the OAFCD director and how their funds remediate the opioid crisis, including for strategies approved by the OAFCD.

▼ What safeguards does the rule provide to hospitals to address potential failures to comply?

The rule allows the O AFC to take multiple actions to address potential failure to comply including:

- instruct the director to provide written notice to a hospital district of alleged failure to comply;
- provide the hospital district with an opportunity to respond;
- require the hospital district to cure the failure to comply to the satisfaction of the O AFC;
- require hospital districts to refund all or a portion of money received by the hospital district under the rule; and
- exercise any other legal remedies available.

▼ How does the rule allow the O AFC to track hospital districts' use of settlement funds?

The rule enables the O AFC director to monitor hospital districts that receive settlement money to ensure they comply with permissible uses.

The rule also requires hospital districts to submit period reports on their use of funds, including how the funds comply with the rule's requirement that funds be used to remediate the opioid crisis.

Need assistance?

If your question is not addressed here, email us [mailto:oa fc. public@cpa. texas. gov].

Sign up now to receive the latest Texas Opioid Abatement Fund Council news, updates and resources directly to your inbox.

EXHIBIT E

List of Opioid Remediation Uses

Schedule A Core Strategies

States and Qualifying Block Grantees shall choose from among the abatement strategies listed in Schedule B. However, priority shall be given to the following core abatement strategies (“*Core Strategies*”).¹⁴

A. **NALOXONE OR OTHER FDA-APPROVED DRUG TO REVERSE OPIOID OVERDOSES**

1. Expand training for first responders, schools, community support groups and families; and
2. Increase distribution to individuals who are uninsured or whose insurance does not cover the needed service.

B. **MEDICATION-ASSISTED TREATMENT (“MAT”) DISTRIBUTION AND OTHER OPIOID-RELATED TREATMENT**

1. Increase distribution of MAT to individuals who are uninsured or whose insurance does not cover the needed service;
2. Provide education to school-based and youth-focused programs that discourage or prevent misuse;
3. Provide MAT education and awareness training to healthcare providers, EMTs, law enforcement, and other first responders; and
4. Provide treatment and recovery support services such as residential and inpatient treatment, intensive outpatient treatment, outpatient therapy or counseling, and recovery housing that allow or integrate medication and with other support services.

¹⁴ As used in this Schedule A, words like “expand,” “fund,” “provide” or the like shall not indicate a preference for new or existing programs.

C. **PREGNANT & POSTPARTUM WOMEN**

1. Expand Screening, Brief Intervention, and Referral to Treatment (“*SBIRT*”) services to non-Medicaid eligible or uninsured pregnant women;
2. Expand comprehensive evidence-based treatment and recovery services, including MAT, for women with co-occurring Opioid Use Disorder (“*OUD*”) and other Substance Use Disorder (“*SUD*”)/Mental Health disorders for uninsured individuals for up to 12 months postpartum; and
3. Provide comprehensive wrap-around services to individuals with OUD, including housing, transportation, job placement/training, and childcare.

D. **EXPANDING TREATMENT FOR NEONATAL ABSTINENCE SYNDROME (“*NAS*”)**

1. Expand comprehensive evidence-based and recovery support for NAS babies;
2. Expand services for better continuum of care with infant-need dyad; and
3. Expand long-term treatment and services for medical monitoring of NAS babies and their families.

E. **EXPANSION OF WARM HAND-OFF PROGRAMS AND RECOVERY SERVICES**

1. Expand services such as navigators and on-call teams to begin MAT in hospital emergency departments;
2. Expand warm hand-off services to transition to recovery services;
3. Broaden scope of recovery services to include co-occurring SUD or mental health conditions;
4. Provide comprehensive wrap-around services to individuals in recovery, including housing, transportation, job placement/training, and childcare; and
5. Hire additional social workers or other behavioral health workers to facilitate expansions above.

F. **TREATMENT FOR INCARCERATED POPULATION**

1. Provide evidence-based treatment and recovery support, including MAT for persons with OUD and co-occurring SUD/MH disorders within and transitioning out of the criminal justice system; and
2. Increase funding for jails to provide treatment to inmates with OUD.

G. **PREVENTION PROGRAMS**

1. Funding for media campaigns to prevent opioid use (similar to the FDA’s “Real Cost” campaign to prevent youth from misusing tobacco);
2. Funding for evidence-based prevention programs in schools;
3. Funding for medical provider education and outreach regarding best prescribing practices for opioids consistent with the 2016 CDC guidelines, including providers at hospitals (academic detailing);
4. Funding for community drug disposal programs; and
5. Funding and training for first responders to participate in pre-arrest diversion programs, post-overdose response teams, or similar strategies that connect at-risk individuals to behavioral health services and supports.

H. **EXPANDING SYRINGE SERVICE PROGRAMS**

1. Provide comprehensive syringe services programs with more wrap-around services, including linkage to OUD treatment, access to sterile syringes and linkage to care and treatment of infectious diseases.

I. **EVIDENCE-BASED DATA COLLECTION AND RESEARCH ANALYZING THE EFFECTIVENESS OF THE ABATEMENT STRATEGIES WITHIN THE STATE**

Schedule B Approved Uses

Support treatment of Opioid Use Disorder (OUD) and any co-occurring Substance Use Disorder or Mental Health (SUD/MH) conditions through evidence-based or evidence-informed programs or strategies that may include, but are not limited to, the following:

PART ONE: TREATMENT

A. **TREAT OPIOID USE DISORDER (OUD)**

Support treatment of Opioid Use Disorder (“*OUD*”) and any co-occurring Substance Use Disorder or Mental Health (“*SUD/MH*”) conditions through evidence-based or evidence-informed programs or strategies that may include, but are not limited to, those that:¹⁵

1. Expand availability of treatment for OUD and any co-occurring SUD/MH conditions, including all forms of Medication-Assisted Treatment (“*MAT*”) approved by the U.S. Food and Drug Administration.
2. Support and reimburse evidence-based services that adhere to the American Society of Addiction Medicine (“*ASAM*”) continuum of care for OUD and any co-occurring SUD/MH conditions.
3. Expand telehealth to increase access to treatment for OUD and any co-occurring SUD/MH conditions, including *MAT*, as well as counseling, psychiatric support, and other treatment and recovery support services.
4. Improve oversight of Opioid Treatment Programs (“*OTPs*”) to assure evidence-based or evidence-informed practices such as adequate methadone dosing and low threshold approaches to treatment.
5. Support mobile intervention, treatment, and recovery services, offered by qualified professionals and service providers, such as peer recovery coaches, for persons with OUD and any co-occurring SUD/MH conditions and for persons who have experienced an opioid overdose.
6. Provide treatment of trauma for individuals with OUD (*e.g.*, violence, sexual assault, human trafficking, or adverse childhood experiences) and family members (*e.g.*, surviving family members after an overdose or overdose fatality), and training of health care personnel to identify and address such trauma.
7. Support evidence-based withdrawal management services for people with OUD and any co-occurring mental health conditions.

¹⁵ As used in this Schedule B, words like “expand,” “fund,” “provide” or the like shall not indicate a preference for new or existing programs.

8. Provide training on MAT for health care providers, first responders, students, or other supporting professionals, such as peer recovery coaches or recovery outreach specialists, including telementoring to assist community-based providers in rural or underserved areas.
9. Support workforce development for addiction professionals who work with persons with OUD and any co-occurring SUD/MH conditions.
10. Offer fellowships for addiction medicine specialists for direct patient care, instructors, and clinical research for treatments.
11. Offer scholarships and supports for behavioral health practitioners or workers involved in addressing OUD and any co-occurring SUD/MH or mental health conditions, including, but not limited to, training, scholarships, fellowships, loan repayment programs, or other incentives for providers to work in rural or underserved areas.
12. Provide funding and training for clinicians to obtain a waiver under the federal Drug Addiction Treatment Act of 2000 (“*DATA 2000*”) to prescribe MAT for OUD, and provide technical assistance and professional support to clinicians who have obtained a DATA 2000 waiver.
13. Disseminate of web-based training curricula, such as the American Academy of Addiction Psychiatry’s Provider Clinical Support Service–Opioids web-based training curriculum and motivational interviewing.
14. Develop and disseminate new curricula, such as the American Academy of Addiction Psychiatry’s Provider Clinical Support Service for Medication–Assisted Treatment.

B. SUPPORT PEOPLE IN TREATMENT AND RECOVERY

Support people in recovery from OUD and any co-occurring SUD/MH conditions through evidence-based or evidence-informed programs or strategies that may include, but are not limited to, the programs or strategies that:

1. Provide comprehensive wrap-around services to individuals with OUD and any co-occurring SUD/MH conditions, including housing, transportation, education, job placement, job training, or childcare.
2. Provide the full continuum of care of treatment and recovery services for OUD and any co-occurring SUD/MH conditions, including supportive housing, peer support services and counseling, community navigators, case management, and connections to community-based services.
3. Provide counseling, peer-support, recovery case management and residential treatment with access to medications for those who need it to persons with OUD and any co-occurring SUD/MH conditions.

4. Provide access to housing for people with OUD and any co-occurring SUD/MH conditions, including supportive housing, recovery housing, housing assistance programs, training for housing providers, or recovery housing programs that allow or integrate FDA-approved medication with other support services.
5. Provide community support services, including social and legal services, to assist in deinstitutionalizing persons with OUD and any co-occurring SUD/MH conditions.
6. Support or expand peer-recovery centers, which may include support groups, social events, computer access, or other services for persons with OUD and any co-occurring SUD/MH conditions.
7. Provide or support transportation to treatment or recovery programs or services for persons with OUD and any co-occurring SUD/MH conditions.
8. Provide employment training or educational services for persons in treatment for or recovery from OUD and any co-occurring SUD/MH conditions.
9. Identify successful recovery programs such as physician, pilot, and college recovery programs, and provide support and technical assistance to increase the number and capacity of high-quality programs to help those in recovery.
10. Engage non-profits, faith-based communities, and community coalitions to support people in treatment and recovery and to support family members in their efforts to support the person with OUD in the family.
11. Provide training and development of procedures for government staff to appropriately interact and provide social and other services to individuals with or in recovery from OUD, including reducing stigma.
12. Support stigma reduction efforts regarding treatment and support for persons with OUD, including reducing the stigma on effective treatment.
13. Create or support culturally appropriate services and programs for persons with OUD and any co-occurring SUD/MH conditions, including new Americans.
14. Create and/or support recovery high schools.
15. Hire or train behavioral health workers to provide or expand any of the services or supports listed above.

**C. CONNECT PEOPLE WHO NEED HELP TO THE HELP THEY NEED
(CONNECTIONS TO CARE)**

Provide connections to care for people who have—or are at risk of developing—OUD and any co-occurring SUD/MH conditions through evidence-based or evidence-informed programs or strategies that may include, but are not limited to, those that:

1. Ensure that health care providers are screening for OUD and other risk factors and know how to appropriately counsel and treat (or refer if necessary) a patient for OUD treatment.
2. Fund SBIRT programs to reduce the transition from use to disorders, including SBIRT services to pregnant women who are uninsured or not eligible for Medicaid.
3. Provide training and long-term implementation of SBIRT in key systems (health, schools, colleges, criminal justice, and probation), with a focus on youth and young adults when transition from misuse to opioid disorder is common.
4. Purchase automated versions of SBIRT and support ongoing costs of the technology.
5. Expand services such as navigators and on-call teams to begin MAT in hospital emergency departments.
6. Provide training for emergency room personnel treating opioid overdose patients on post-discharge planning, including community referrals for MAT, recovery case management or support services.
7. Support hospital programs that transition persons with OUD and any co-occurring SUD/MH conditions, or persons who have experienced an opioid overdose, into clinically appropriate follow-up care through a bridge clinic or similar approach.
8. Support crisis stabilization centers that serve as an alternative to hospital emergency departments for persons with OUD and any co-occurring SUD/MH conditions or persons that have experienced an opioid overdose.
9. Support the work of Emergency Medical Systems, including peer support specialists, to connect individuals to treatment or other appropriate services following an opioid overdose or other opioid-related adverse event.
10. Provide funding for peer support specialists or recovery coaches in emergency departments, detox facilities, recovery centers, recovery housing, or similar settings; offer services, supports, or connections to care to persons with OUD and any co-occurring SUD/MH conditions or to persons who have experienced an opioid overdose.
11. Expand warm hand-off services to transition to recovery services.
12. Create or support school-based contacts that parents can engage with to seek immediate treatment services for their child; and support prevention, intervention, treatment, and recovery programs focused on young people.
13. Develop and support best practices on addressing OUD in the workplace.

14. Support assistance programs for health care providers with OUD.
15. Engage non-profits and the faith community as a system to support outreach for treatment.
16. Support centralized call centers that provide information and connections to appropriate services and supports for persons with OUD and any co-occurring SUD/MH conditions.

D. ADDRESS THE NEEDS OF CRIMINAL JUSTICE-INVOLVED PERSONS

Address the needs of persons with OUD and any co-occurring SUD/MH conditions who are involved in, are at risk of becoming involved in, or are transitioning out of the criminal justice system through evidence-based or evidence-informed programs or strategies that may include, but are not limited to, those that:

1. Support pre-arrest or pre-arraignment diversion and deflection strategies for persons with OUD and any co-occurring SUD/MH conditions, including established strategies such as:
 1. Self-referral strategies such as the Angel Programs or the Police Assisted Addiction Recovery Initiative (“*PAARP*”);
 2. Active outreach strategies such as the Drug Abuse Response Team (“*DART*”) model;
 3. “Naloxone Plus” strategies, which work to ensure that individuals who have received naloxone to reverse the effects of an overdose are then linked to treatment programs or other appropriate services;
 4. Officer prevention strategies, such as the Law Enforcement Assisted Diversion (“*LEAD*”) model;
 5. Officer intervention strategies such as the Leon County, Florida Adult Civil Citation Network or the Chicago Westside Narcotics Diversion to Treatment Initiative; or
 6. Co-responder and/or alternative responder models to address OUD-related 911 calls with greater SUD expertise.
2. Support pre-trial services that connect individuals with OUD and any co-occurring SUD/MH conditions to evidence-informed treatment, including MAT, and related services.
3. Support treatment and recovery courts that provide evidence-based options for persons with OUD and any co-occurring SUD/MH conditions.

4. Provide evidence-informed treatment, including MAT, recovery support, harm reduction, or other appropriate services to individuals with OUD and any co-occurring SUD/MH conditions who are incarcerated in jail or prison.
5. Provide evidence-informed treatment, including MAT, recovery support, harm reduction, or other appropriate services to individuals with OUD and any co-occurring SUD/MH conditions who are leaving jail or prison or have recently left jail or prison, are on probation or parole, are under community corrections supervision, or are in re-entry programs or facilities.
6. Support critical time interventions (“CTP”), particularly for individuals living with dual-diagnosis OUD/serious mental illness, and services for individuals who face immediate risks and service needs and risks upon release from correctional settings.
7. Provide training on best practices for addressing the needs of criminal justice-involved persons with OUD and any co-occurring SUD/MH conditions to law enforcement, correctional, or judicial personnel or to providers of treatment, recovery, harm reduction, case management, or other services offered in connection with any of the strategies described in this section.

E. ADDRESS THE NEEDS OF PREGNANT OR PARENTING WOMEN AND THEIR FAMILIES, INCLUDING BABIES WITH NEONATAL ABSTINENCE SYNDROME

Address the needs of pregnant or parenting women with OUD and any co-occurring SUD/MH conditions, and the needs of their families, including babies with neonatal abstinence syndrome (“NAS”), through evidence-based or evidence-informed programs or strategies that may include, but are not limited to, those that:

1. Support evidence-based or evidence-informed treatment, including MAT, recovery services and supports, and prevention services for pregnant women—or women who could become pregnant—who have OUD and any co-occurring SUD/MH conditions, and other measures to educate and provide support to families affected by Neonatal Abstinence Syndrome.
2. Expand comprehensive evidence-based treatment and recovery services, including MAT, for uninsured women with OUD and any co-occurring SUD/MH conditions for up to 12 months postpartum.
3. Provide training for obstetricians or other healthcare personnel who work with pregnant women and their families regarding treatment of OUD and any co-occurring SUD/MH conditions.
4. Expand comprehensive evidence-based treatment and recovery support for NAS babies; expand services for better continuum of care with infant-need dyad; and expand long-term treatment and services for medical monitoring of NAS babies and their families.

5. Provide training to health care providers who work with pregnant or parenting women on best practices for compliance with federal requirements that children born with NAS get referred to appropriate services and receive a plan of safe care.
6. Provide child and family supports for parenting women with OUD and any co-occurring SUD/MH conditions.
7. Provide enhanced family support and child care services for parents with OUD and any co-occurring SUD/MH conditions.
8. Provide enhanced support for children and family members suffering trauma as a result of addiction in the family; and offer trauma-informed behavioral health treatment for adverse childhood events.
9. Offer home-based wrap-around services to persons with OUD and any co-occurring SUD/MH conditions, including, but not limited to, parent skills training.
10. Provide support for Children’s Services—Fund additional positions and services, including supportive housing and other residential services, relating to children being removed from the home and/or placed in foster care due to custodial opioid use.

PART TWO: PREVENTION

F. PREVENT OVER-PRESCRIBING AND ENSURE APPROPRIATE PRESCRIBING AND DISPENSING OF OPIOIDS

Support efforts to prevent over-prescribing and ensure appropriate prescribing and dispensing of opioids through evidence-based or evidence-informed programs or strategies that may include, but are not limited to, the following:

1. Funding medical provider education and outreach regarding best prescribing practices for opioids consistent with the Guidelines for Prescribing Opioids for Chronic Pain from the U.S. Centers for Disease Control and Prevention, including providers at hospitals (academic detailing).
2. Training for health care providers regarding safe and responsible opioid prescribing, dosing, and tapering patients off opioids.
3. Continuing Medical Education (CME) on appropriate prescribing of opioids.
4. Providing Support for non-opioid pain treatment alternatives, including training providers to offer or refer to multi-modal, evidence-informed treatment of pain.
5. Supporting enhancements or improvements to Prescription Drug Monitoring Programs (“*PDMPs*”), including, but not limited to, improvements that:

1. Increase the number of prescribers using PDMPs;
2. Improve point-of-care decision-making by increasing the quantity, quality, or format of data available to prescribers using PDMPs, by improving the interface that prescribers use to access PDMP data, or both; or
3. Enable states to use PDMP data in support of surveillance or intervention strategies, including MAT referrals and follow-up for individuals identified within PDMP data as likely to experience OUD in a manner that complies with all relevant privacy and security laws and rules.
6. Ensuring PDMPs incorporate available overdose/naloxone deployment data, including the United States Department of Transportation’s Emergency Medical Technician overdose database in a manner that complies with all relevant privacy and security laws and rules.
7. Increasing electronic prescribing to prevent diversion or forgery.
8. Educating dispensers on appropriate opioid dispensing.

G. PREVENT MISUSE OF OPIOIDS

Support efforts to discourage or prevent misuse of opioids through evidence-based or evidence-informed programs or strategies that may include, but are not limited to, the following:

1. Funding media campaigns to prevent opioid misuse.
2. Corrective advertising or affirmative public education campaigns based on evidence.
3. Public education relating to drug disposal.
4. Drug take-back disposal or destruction programs.
5. Funding community anti-drug coalitions that engage in drug prevention efforts.
6. Supporting community coalitions in implementing evidence-informed prevention, such as reduced social access and physical access, stigma reduction—including staffing, educational campaigns, support for people in treatment or recovery, or training of coalitions in evidence-informed implementation, including the Strategic Prevention Framework developed by the U.S. Substance Abuse and Mental Health Services Administration (“SAMHSA”).
7. Engaging non-profits and faith-based communities as systems to support prevention.

8. Funding evidence-based prevention programs in schools or evidence-informed school and community education programs and campaigns for students, families, school employees, school athletic programs, parent-teacher and student associations, and others.
9. School-based or youth-focused programs or strategies that have demonstrated effectiveness in preventing drug misuse and seem likely to be effective in preventing the uptake and use of opioids.
10. Create or support community-based education or intervention services for families, youth, and adolescents at risk for OUD and any co-occurring SUD/MH conditions.
11. Support evidence-informed programs or curricula to address mental health needs of young people who may be at risk of misusing opioids or other drugs, including emotional modulation and resilience skills.
12. Support greater access to mental health services and supports for young people, including services and supports provided by school nurses, behavioral health workers or other school staff, to address mental health needs in young people that (when not properly addressed) increase the risk of opioid or another drug misuse.

H. PREVENT OVERDOSE DEATHS AND OTHER HARMS (HARM REDUCTION)

Support efforts to prevent or reduce overdose deaths or other opioid-related harms through evidence-based or evidence-informed programs or strategies that may include, but are not limited to, the following:

1. Increased availability and distribution of naloxone and other drugs that treat overdoses for first responders, overdose patients, individuals with OUD and their friends and family members, schools, community navigators and outreach workers, persons being released from jail or prison, or other members of the general public.
2. Public health entities providing free naloxone to anyone in the community.
3. Training and education regarding naloxone and other drugs that treat overdoses for first responders, overdose patients, patients taking opioids, families, schools, community support groups, and other members of the general public.
4. Enabling school nurses and other school staff to respond to opioid overdoses, and provide them with naloxone, training, and support.
5. Expanding, improving, or developing data tracking software and applications for overdoses/naloxone revivals.
6. Public education relating to emergency responses to overdoses.

7. Public education relating to immunity and Good Samaritan laws.
8. Educating first responders regarding the existence and operation of immunity and Good Samaritan laws.
9. Syringe service programs and other evidence-informed programs to reduce harms associated with intravenous drug use, including supplies, staffing, space, peer support services, referrals to treatment, fentanyl checking, connections to care, and the full range of harm reduction and treatment services provided by these programs.
10. Expanding access to testing and treatment for infectious diseases such as HIV and Hepatitis C resulting from intravenous opioid use.
11. Supporting mobile units that offer or provide referrals to harm reduction services, treatment, recovery supports, health care, or other appropriate services to persons that use opioids or persons with OUD and any co-occurring SUD/MH conditions.
12. Providing training in harm reduction strategies to health care providers, students, peer recovery coaches, recovery outreach specialists, or other professionals that provide care to persons who use opioids or persons with OUD and any co-occurring SUD/MH conditions.
13. Supporting screening for fentanyl in routine clinical toxicology testing.

PART THREE: OTHER STRATEGIES

I. FIRST RESPONDERS

In addition to items in section C, D and H relating to first responders, support the following:

1. Education of law enforcement or other first responders regarding appropriate practices and precautions when dealing with fentanyl or other drugs.
2. Provision of wellness and support services for first responders and others who experience secondary trauma associated with opioid-related emergency events.

J. LEADERSHIP, PLANNING AND COORDINATION

Support efforts to provide leadership, planning, coordination, facilitations, training and technical assistance to abate the opioid epidemic through activities, programs, or strategies that may include, but are not limited to, the following:

1. Statewide, regional, local or community regional planning to identify root causes of addiction and overdose, goals for reducing harms related to the opioid epidemic, and areas and populations with the greatest needs for treatment

intervention services, and to support training and technical assistance and other strategies to abate the opioid epidemic described in this opioid abatement strategy list.

2. A dashboard to (a) share reports, recommendations, or plans to spend opioid settlement funds; (b) to show how opioid settlement funds have been spent; (c) to report program or strategy outcomes; or (d) to track, share or visualize key opioid- or health-related indicators and supports as identified through collaborative statewide, regional, local or community processes.
3. Invest in infrastructure or staffing at government or not-for-profit agencies to support collaborative, cross-system coordination with the purpose of preventing overprescribing, opioid misuse, or opioid overdoses, treating those with OUD and any co-occurring SUD/MH conditions, supporting them in treatment or recovery, connecting them to care, or implementing other strategies to abate the opioid epidemic described in this opioid abatement strategy list.
4. Provide resources to staff government oversight and management of opioid abatement programs.

K. TRAINING

In addition to the training referred to throughout this document, support training to abate the opioid epidemic through activities, programs, or strategies that may include, but are not limited to, those that:

1. Provide funding for staff training or networking programs and services to improve the capability of government, community, and not-for-profit entities to abate the opioid crisis.
2. Support infrastructure and staffing for collaborative cross-system coordination to prevent opioid misuse, prevent overdoses, and treat those with OUD and any co-occurring SUD/MH conditions, or implement other strategies to abate the opioid epidemic described in this opioid abatement strategy list (*e.g.*, health care, primary care, pharmacies, PDMPs, etc.).

L. RESEARCH

Support opioid abatement research that may include, but is not limited to, the following:

1. Monitoring, surveillance, data collection and evaluation of programs and strategies described in this opioid abatement strategy list.
2. Research non-opioid treatment of chronic pain.
3. Research on improved service delivery for modalities such as SBIRT that demonstrate promising but mixed results in populations vulnerable to opioid use disorders.

4. Research on novel harm reduction and prevention efforts such as the provision of fentanyl test strips.
5. Research on innovative supply-side enforcement efforts such as improved detection of mail-based delivery of synthetic opioids.
6. Expanded research on swift/certain/fair models to reduce and deter opioid misuse within criminal justice populations that build upon promising approaches used to address other substances (*e.g.*, Hawaii HOPE and Dakota 24/7).
7. Epidemiological surveillance of OUD-related behaviors in critical populations, including individuals entering the criminal justice system, including, but not limited to approaches modeled on the Arrestee Drug Abuse Monitoring (“ADAM”) system.
8. Qualitative and quantitative research regarding public health risks and harm reduction opportunities within illicit drug markets, including surveys of market participants who sell or distribute illicit opioids.
9. Geospatial analysis of access barriers to MAT and their association with treatment engagement and treatment outcomes.

Memorandum

To: Board of Managers
From: Jonny F. Hipp, Administrator
Date: February 20, 2025
Re: Authorization to Enter into an Interlocal Cooperation Agreement with Nueces Center for Mental Health & Intellectual Disabilities for Opioid Crisis Remediation Services

Purpose:

The purpose of this memorandum is to seek authorization for the Administrator to enter into an Interlocal Cooperation Agreement with the Nueces Center for Mental Health & Intellectual Disabilities (“NCMHID”) to provide opioid crisis remediation services in one or more categories approved by Texas Opioid Abatement Fund Council (“O AFC”). This agreement will support compliance with payment requirements and ensure effective allocation of funds for opioid-related initiatives.

Background:

The O AFC has approved strategies for opioid crisis remediation services as published in 34 Texas Administrative Code §16.201. Published regulations in 34 Texas Administrative Code §16.222 require hospital district recipients of money from the Texas Comptroller to spend it in one or more categories approved by the O AFC. The Hospital District received **\$2,277,014.24** of related funds from the Comptroller in August 2024.

The Hospital District does not provide clinical services. NCMHID is the best situated governmental entity within Nueces County to provide the opioid crisis remediation services in one or more categories approved by O AFC for opioid crisis remediation. Use of NCMHID affords use of the Interlocal Cooperation Act thereby avoiding the procuring the services through competitive processes. The Texas Comptroller’s office has advised that the Hospital District may contract with other entities to provide the services.

Justification:

Entering into this agreement with NCMHID will provide the following benefits:

1. **Compliance with Funding Requirements:** Participation in approved remediation categories ensures compliance with state and federal funding stipulations.
2. **Cost-Effectiveness:** Collaborative service delivery will lead to more efficient use of funds while addressing community needs through the provision of services in one or more categories approved by the Texas Opioid Abatement Fund Council.

Recommendation:

It is recommended that the Administrator be authorized to negotiate and execute the Interlocal Cooperation Agreement with NCMHID. The agreement will be subject to review by legal counsel to ensure compliance with all relevant laws and regulations.

This authorization will enable timely implementation of opioid crisis remediation services, ensuring that the community receives necessary support while satisfying funding and payment requirements.

Action Requested:

Approval is requested by the Administrator to:

1. Enter into an Interlocal Cooperation Agreement with NCMHID to provide the opioid crisis remediation services on behalf of the Hospital District.
2. Ensure that services provided align with one or more categories approved by the OAF.
3. Work with legal counsel to finalize the agreement and address compliance measures.

Please let me know if additional information or further clarification is required.

Gary F. Wipp

Community Collaborative Status Update: October 1, 2024-January 31, 2025 (Q1- Q2)

ACCESS TO CARE MEASURES:		Contract Item #	SUMMARY Contract Items	October	November	December	January	Total	Average
JBCR:		1	Individuals Restored	1	1	2	1	5	
CIT/MCOT		2	Arrest Diversions	8	0	3	5	16	4
		3	Hospitalization Diversions	30	14	16	21	81	20
Jail Diversion		4	Diverted from Active Incarceration	0	0	1	2	3	1
Walk-In Clinic		5	Receive Clinic Appointment	83	68	43	57	251	63
		6	Refuse Walk-in Services	0	0	0	0	0	0
Cloud 9		7	Cloud 9 Referrals from Hospitals	4	2	0	1	7	2
		8	Cloud 9 Referrals from Law Enforcement	21	19	21	18	79	20

PROCESS MEASURES:		Contract Item #	SUMMARY Contract Items	October	November	December	January	Total	Average
FACT, MCOT, CIT, JBCR, Walk-in, Jail Diversion		9	Total Number Served in Collaborative	172	182	152	169	675	169
CIT/MCOT		10	Successfully Engaged in to MHID services Following Crisis	94	124	156	198	572	143
Jail Diversion		12	Successful Completion of Jail Diversion	0	1	1	1	3	1
JBCR		13	Unable to Restore	0	0	0	0	0	0
		14	Average Number of days to Restore	15	22	23	29	89	22
		15	Average Number of days to Competency Hearing	15	20	14	14	63	20
		16	Average Number of days from Competency Hearing to Adjudication	0	0	0	0	0	0
		17	Individuals transitioned from JBCR to OCR	1	0	0	0	1	0
Walk-In Clinic		18	Number of individuals for Walk-in Clinic by Referral Source	0	0	0	0	0	0
			Self-referred	65	68	40	56	229	57
			Law Enforcement	4	0	0	1	5	1
			Avail	0	0	0	4	4	1
			MHID	6	0	0	0	6	2
			Cenikor	0	0	0	0	0	0
	Hospital	8	0	3	0	11	3		
CIT/MCOT/Walk-in		19	Number referred to Cenikor	3	2	3	0	8	2

D. Scope of Board and/or Member Authority

1. The Board of Managers and/or individual Board Members have no authority to act on behalf of NCHD, unless said authority is designated by the Board after concurrence by a majority vote of a quorum;
2. The Board of Managers shall:
 - (a) Act as trustee for public health care funds and related public health care services in Nueces County; and
 - (b) Determine the need for and establish all general policies to be implemented in the operation of the NCHD.

E. Public Statements

Because each Board Member is but one-seventh of the Board of Managers, no member is authorized to speak for the Board of Managers; however, policy and statements of official positions of the Board of Managers can be made only after concurrence by a majority vote of a quorum, and shall be issued by the Chairman and, at the direction of the Board, the Administrator. Alternatively, a board member may issue a public statement on behalf of NCHD only after the concurrence by a majority vote of a quorum.

2.2 Officers

A. Election of Officers

1. The Chairman and Vice-Chairman shall be elected by a majority of a quorum for a one-year term at the regularly scheduled September board meeting, and take office at the start of the fiscal year in October.
2. Nominations for officers will be accepted from board members.

B. Scope of Authority as Officer

1. The authority of officers is limited to that provided by law, these Bylaws or by the Board of Managers after concurrence by the majority vote of a quorum;
2. The Chairman shall:

2003, 78th Leg., ch. 198, Sec. 2.211, eff. Sept. 1, 2003.

Amended by:

Acts 2009, 81st Leg., R.S., Ch. 206 (S.B. 534), Sec. 2, eff. September 1, 2009.

Sec. 281.0222. QUALIFICATIONS FOR OFFICE. (a) This section applies only to the El Paso County Hospital District.

(b) The El Paso County Commissioners Court may not appoint a person to the board of hospital managers of the district if the person is:

- (1) an employee of El Paso County;
- (2) a district employee; or
- (3) related within the third degree of consanguinity or affinity, as determined under Subchapter B, Chapter 573, Government Code, to a member of the commissioners court or to a person described by Subdivision (1) or (2).

Added by Acts 2011, 82nd Leg., R.S., Ch. 841 (H.B. 3462), Sec. 2, eff. June 17, 2011.

Sec. 281.023. OFFICERS. (a) The board shall elect from among its members:

- (1) a chairman; and
- (2) a vice-chairman to preside in the chairman's absence.

(b) The board shall appoint a board member or the administrator to serve as secretary.

Acts 1989, 71st Leg., ch. 678, Sec. 1, eff. Sept. 1, 1989.

Sec. 281.024. COMPENSATION. A board member serves without compensation.

Acts 1989, 71st Leg., ch. 678, Sec. 1, eff. Sept. 1, 1989.

Sec. 281.025. RECORD OF BOARD MEETING. (a) The board shall require the secretary to keep a suitable record of each board meeting.

(b) The presiding member shall read and sign the record after the meeting, and the secretary shall attest to the record.

NUECES COUNTY HOSPITAL DISTRICT
Board of Managers Meetings
Calendar Year 2025

Dates & Times:

- Tuesday, January 28, 2025, 12:00 Noon
- Tuesday, February 25, 2025, 12:00 Noon
- Tuesday, March 25, 2025, 12:00 Noon
- Tuesday, April 22, 2025, 12:00 Noon
- Tuesday, May 27, 2025, 12:00 Noon
- Tuesday, June 24, 2025, 12:00 Noon
- Tuesday, July 22, 2025, 12:00 Noon
- Tuesday, August 26, 2025, 12:00 Noon – Adopt Annual Budget
- Tuesday, September 23, 2025, 12:00 Noon – Elect Officers & Appoint Committees
- Tuesday, October 28, 2025, 12:00 Noon
- Tuesday, November 18, 2025, 12:00 Noon
- Tuesday, December 16, 2025, 12:00 Noon

Finance Committee to meet at 11:15 AM and
Legislative Committee to meet at 11:45 AM on the above dates.

Consent to Disclose Financial and Tax Information to 3rd Party CPA Firm

Client Name: Nueces County Hospital District

Federal law requires this consent form be provided to you. Unless authorized by law, we cannot disclose, without your consent, your financial and tax return information (listed below) to third parties. If you consent to the disclosure of your tax return information, Federal law may not protect your financial and tax return information from further use or distribution.

You are not required to complete this form. Because our ability to disclose your return information to another certified public accounting firm affects the service that we provide to you and its cost, we may decline to provide you with service or change the terms of service that we provide to you. If you agree to the disclosure of your tax return information, your consent is valid for the amount of time that you specify. If you do not specify the duration of your consent, your consent is valid for one year.

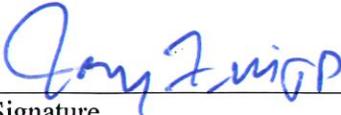
You have requested that we disclose your financial and tax information to a third party as follows:

Third Party: Adamson & Company, LLC, Caitlin J. Chupe, and Adam R. Miller

Information Disclosed: All audit, financial statement, and/or tax return files, documents, and working papers, correspondence, and notes. All information will be transferred in electronic format.

Consent to Disclose Confidential Information to Adamson & Company, LLC

I consent to disclosure by Collier, Johnson & Woods a Professional Corporation to Adamson & Company, LLC of all documents, files, working papers, correspondence, and notes relating to professional services performed by Collier, Johnson & Woods a Professional Corporation. I hereby release Collier, Johnson & Woods a Professional Corporation. from any consequences that may arise as a result of the release of the financial information set forth above.

Authorized by: 
Signature

01-28-25
Date

If you believe your tax return information has been disclosed or used improperly in a manner unauthorized by law or without your permission, you may contact the Treasury Inspector General for Tax Administration (TIGTA) by telephone at 1-800-366-4484, or by email at complaints@tigta.treas.gov.

COLLIER, JOHNSON & WOODS, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

555 N. Carancahua Suite 1000
Corpus Christi, Texas 78401-0839
361-884-9347 Fax 361-884-9422
www.cjw-cpa.com

November 26, 2024

Mr. Jonny Hipp
Nueces County Hospital District
555 N. Carancahua, Suite 950-A
Corpus Christi, TX 78401

Dear Mr. Hipp:

We are pleased to confirm our understanding of the services we are to provide for the Nueces County Hospital District, a component unit of Nueces County, Texas, for the year ended September 30, 2024.

Audit Scope and Objectives

We will audit the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Nueces County Hospital District, a component unit of Nueces County, Texas, which collectively comprise the District's basic financial statements for the fiscal year ended September 30, 2024. Accounting standards generally accepted in the United States of America (GAAP) provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement Nueces County Hospital District's 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to Nueces County Hospital District's RSI in accordance with auditing standards generally accepted in the United States of America (GAAS). These limited procedures will consist of inquiries of management regarding 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 will 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. The following RSI is required by GAAP and will be subjected to certain limited procedures, but will not be audited:

- The Management's Discussion and Analysis

The objectives of our audit are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; issue an auditor's report that includes our opinion about whether your financial statements are fairly presented, in all material respects, in conformity with GAAP. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists.

Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements

We will conduct our audit in accordance with GAAS and will include tests of your accounting records and other procedures we consider necessary to enable us to express such opinions. As part of an audit in accordance with GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to Nueces County Hospital District or to acts by management or employees acting on behalf of Nueces County Hospital District.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is an unavoidable risk that some material misstatements may not be detected by us, even though the audit is properly planned and performed in accordance with GAAS. In addition, an audit is not designed to detect immaterial misstatements, or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

We will also conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the government's ability to continue as a going concern for a reasonable period of time.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will also request written representations from your attorneys as part of the engagement.

Our audit of the financial statements does not relieve you of your responsibilities.

Audit Procedures—Internal Control

We will obtain an understanding of the government and its environment, including internal control relevant to the audit, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. Accordingly, we will express no such opinion.

However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards.

We have identified the following significant risks of material misstatement as part of our audit planning:

- Management override of controls
- Revenue recognition

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of Nueces County Hospital District's compliance with the provisions of applicable laws, regulations, contracts and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion.

Responsibilities of Management for the Financial Statements

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including monitoring ongoing activities; for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America with the oversight of those charged with governance.

Management is responsible for making drafts of financial statements, all financial records and related information available to us and for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers).

You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence. At the conclusion of our audit, we will require certain written representation from you about the financial statements and related matters.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements of each opinion unit taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud or illegal acts affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud or illegal acts could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, regulators, or others. In addition, you are responsible for identifying and ensuring that the government entity complies with applicable laws and regulations.

You are responsible for the preparation of the supplementary information, if any, in conformity with accounting principles generally accepted in the United States of America (GAAP). You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon or make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon. Your responsibilities include acknowledging to us in the representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) that you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) that the methods of measurement or presentation have not changed from those used in prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Other Services

We will also prepare the financial statements and related notes disclosures of Nueces County Hospital District in conformity with accounting principles generally accepted in the United States based on information provided by you.

We will perform these nonaudit services in accordance with applicable professional standards. The other services are limited to the financial statement services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

You agree to assume all management responsibilities for the financial statement preparation services and any other nonattest services we provide. You will be required to acknowledge in the management representation letter our assistance with these services, and that you have reviewed these nonattest services prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those service; and accept responsibility for them.

Engagement Administration, Fees, and Other

We understand that your employees will prepare all cash and other confirmations we request and will locate any documents selected by us for testing.

The audit documentation for this engagement is the property of Collier, Johnson & Woods P.C. and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to Regulators or its designee. We will notify you of such a request. If requested, access to such workpapers will be provided under the supervision of Collier, Johnson & Woods P.C. personnel. Furthermore, upon request, we may provide copies of selected audit documentation to cognizant or grantor agencies. The cognizant or grantor agencies may intend, or decide; to distribute the photocopies or information contained therein to others, including other governmental agencies.

Caitlin Chupe is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it. We expect to begin our audit on approximately November 2024, and to issue our reports no later than January 2025.

We estimate that our fee for the engagement will approximately \$27,750. We do not anticipate the fee to exceed \$27,750 for the services, unless unforeseen circumstances arise. Such circumstances will be discussed when, and if, encountered. Our invoices for these fees will be rendered as work progresses and are payable on presentation.

Our professional fees are based on the value of the services provided. In arriving at this value, we consider several factors, some of which are the complexity of the engagement, results of the engagement, the time required to complete the engagement, and out-of-pocket expenses. We will perform this engagement in the most cost-efficient manner by assigning work to members of the Firm that we believe have the appropriate level of experience and skill for the engagement.

Reporting

We will issue a written report upon completion of our audit of Nueces County Hospital District's financial statements. Our report will be addressed to the Board of Managers of Nueces County Hospital District. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions, add a separate section, or add an emphasis-of-matter or other-matter paragraph to our auditor's report, or if necessary, withdraw from this engagement. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or withdraw from this engagement.

We appreciate the opportunity to be of service to Nueces County Hospital District and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,

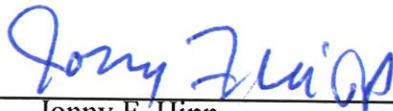
COLLIER, JOHNSON & WOODS
A Professional Corporation



Caitlin Chupe, CPA
Shareholder

RESPONSE: This letter correctly sets forth the understanding of Nueces County Hospital District.

Officer Signature:



Jonny F. Hipp
Administrator

Title:



VG-12-2025-2025000093

Nueces County
Kara Sands
Nueces County Clerk

Instrument Number: 2025000093

Public Notice

PUBLIC NOTICES

Recorded On: February 21, 2025 11:47 AM

Number of Pages: 10

" 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: 2025000093
Receipt Number: 20250221000087
Recorded Date/Time: February 21, 2025 11:47 AM
User: Margarita S
Station: CLERK03

Record and Return To:

NUECES COUNTY HOSPITAL DISTRICT



Kara Sands

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

Main: (361)888-0580

Receipt: 20250221000087

Date: 02/21/2025

Time: 11:47AM

By: Margarita S

Station: CLERK03

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	2025000093	10	\$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

NUECES COUNTY 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>

RECEIVED

FEB 21 2025

KARA SANDS
CLERK OF THE COUNTY COURT
NUECES COUNTY, TEXAS



NOTICE OF PUBLIC MEETING

BOARD OF MANAGERS

**Regular Board Meeting
Wednesday, February 26, 2025 at 12:00 PM**

Location:

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

MEETING IN-PERSON AND VIA VIDEOCONFERENCE CALL

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. 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 ("Act") which had allowed meetings to be conducted entirely virtually. The specified NCHD Board of Managers meeting will be held both in-person and via videoconference call. Public participation will be available in-person as well as via videoconference call as allowed under the Act. It is the intent that a quorum of the Board of Managers as required for the specified meeting will be physically present at the location posted in this meeting notice. It is also the intent that the Board member presiding over the meeting be physically present for the specified meeting at the location posted in this meeting notice. Any member of the Board of Managers participating by videoconference call 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 may do so via videoconference call and as well as participate via videoconference call in public comment, may do so through the videoconference call Zoom meeting link shown on this meeting notice below, as well as shown on NCHD's website.

The Texas Open Meetings Act defines a "videoconference call" as a communication conducted between two or more persons in which one or more of the participants communicate with the other participants through duplex audio and video signals transmitted over a telephone network, a data network, or the Internet. Zoom is an Internet-based communications platform that allows users to connect with duplex audio and video signals. Using Zoom requires an Internet connection and a supported device.

Meeting agendas and supporting materials are available via NCHD's BoardBook meeting

management system at: <https://meetings.boardbook.org/Public/Organization/1886>.

Attend Meeting via Videoconference, Join Zoom Meeting:

<https://nchdcc-org.zoom.us/j/5746765992?pwd=T2RVWFpZGJYdHYyQmp1VUdZeUc3Zz09>

Meeting ID: 574 676 5992

Passcode: 195957

Attend Meeting via Telephone:

One tap mobile

+13462487799,,5746765992# US (Houston)

+16699006833,,5746765992# US (San Jose)

Dial by your location

- +1 346 248 7799 US (Houston)
- +1 669 900 6833 US (San Jose)
- +1 719 359 4580 US
- +1 253 205 0468 US
- +1 253 215 8782 US (Tacoma)
- +1 669 444 9171 US
- +1 301 715 8592 US (Washington DC)
- +1 305 224 1968 US
- +1 309 205 3325 US
- +1 312 626 6799 US (Chicago)
- +1 360 209 5623 US
- +1 386 347 5053 US
- +1 507 473 4847 US
- +1 564 217 2000 US
- +1 646 931 3860 US
- +1 689 278 1000 US
- +1 929 205 6099 US (New York)

Meeting ID: 574 676 5992

Find your local number: <https://nchdcc-org.zoom.us/j/5746765992?pwd=T2RVWFpZGJYdHYyQmp1VUdZeUc3Zz09>

**NUECES COUNTY HOSPITAL DISTRICT
BOARD OF MANAGERS
Regular Board Meeting
Wednesday, February 26, 2025 at 12:00 PM**

AGENDA

1. WELCOME

2. ROLL CALL OF MEMBERS

___ Belinda Flores, Chairman
___ Vishnu V. Reddy, Vice Chair
___ Sylvia Tryon Oliver
___ Mariana Garza
___ Efrain Guerrero, Jr.
___ Georgia Neblett
___ Karen O'Connor Urban

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.

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. ANNOUNCEMENT ON DISCLOSURE OF CONFLICTS OF INTEREST. Any Conflicts of Interest or Appearance of a Conflict of Interest with items on this agenda shall be declared at this time. Members with conflicts will refrain from voting and are asked to refrain from discussion on such items. Conflicts discovered later in the meeting shall be disclosed at that time.

5. WORKSHOP SESSION - Workshop Session is an open meeting for the purposes of information gathering and discussion between the Board of Managers and staff on the Workshop's listed agenda item(s) without taking action on the listed item(s) during the Workshop. Public comment will not be accepted during the Workshop Session.

A. Indigent care enrollment community outreach.

6. **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 Consent or Regular Agendas.

7. **PUBLIC COMMENT** - This section provides the public the opportunity to address the Board on any issues within its authority. 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. The presiding officer may, if he/she deems it necessary, limit both the number of commenters and the time allotted to each commenter. Under the law, the Board may only take action on items specifically listed on the agenda. Subject matter presented which is not part of the agenda will be referred to District staff for review if appropriate. Materials submitted to the Board during public comment will not be returned. At least ten (10) copies of any document to be used by any commenter should be available for distribution to the Board. The commenter is responsible for preparation of the copies. The commenter's name and, if applicable, meeting agenda item number should be clearly marked on such documents.

8. **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 January 29, 2025.

B. Receive listing of new vendors as of February 19, 2025; listing provided pursuant to Board of Managers Bylaws, §2.1.B and Texas Local Government Code, Chapter 176.

C. Receive summary payment information on Nueces County health care disbursements for Fiscal Year 2025 year-to-date:

1. Salaries, benefits, and supplies at/for the 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); and
 - b. Council on Alcohol and Drug Abuse;
6. Funding for diabetes prevention and supporting programs; and
7. Public health grants.

D. 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 January 31, 2025.

E. 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.

F. 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 January 31, 2025.

G. 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.

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

1. Directed Payment Programs - IGTs for HHSC's Medicaid managed care organization payments to healthcare providers that support overall Medicaid program goals and objectives:
 - a. Aligning Technology by Linking Interoperable Systems for Client Health Outcomes Program (ATLIS);
 - b. Comprehensive Hospital Increase Reimbursement Program (CHIRP);

- c. Network Access Improvement Program (NAIP); and
- d. Texas Incentives for Physicians and Professional Services (TIPPS); and

2. Supplemental Payment Programs - IGTs for HHSC Medicaid payments made to hospitals, separate from and in addition to base payments, for achieving certain goals or to support health care providers that see significant numbers of uninsured or persons without much money:

- a. Disproportionate Share Hospital (DSH);
- b. Graduate Medical Education (GME);
- c. Hospital Augmented Reimbursement Program (HARP); and
- d. Hospital Uncompensated Care (UC).

I. Receive reports relating to Nueces Aid Program enrollment for the month-ended January 31, 2025:

- 1. Total Persons and Households Enrolled;
- 2. Enrollment Summary;
- 3. Denials;
- 4. Application Processing Summary; and
- 5. Enrollment by Zip Code.

9. **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 Business:

- 1. Receive, discuss, and consider acceptance of a report from Adamson & Company, LLC on the audit of financial statements of the governmental activities and each major fund of the Hospital District for the fiscal year ended September 30, 2024. (*ACTION*)
- 2. Receive and approve unaudited financial statements for the month and fiscal year-to-date period ended January 31, 2025. (*ACTION*)

B. Community Outreach:

- 1. Discuss and consider approving an agreement with MDR Advertising relating to the development of indigent care-related community outreach initiatives and campaigns; authorize Administrator to execute the MDR agreement; and discuss and consider related matters. (*ACTION*)
- 2. Discuss and consider authorizing the Administrator to prepare a pro forma for performing indigent care enrollment outreach activities in-house. (*ACTION*)

C. Legislative Business:

1. Discuss and consider amending the Hospital District's 89th Texas Legislative Session Agenda. *(ACTION)*

D. Employee Health Insurance:

1. Discuss and consider approval of an amended Interlocal Cooperation Agreement between Nueces County and Nueces County Hospital District relating to the provision of certain County employee benefits, including but not limited to health insurance, to Hospital District employees and other related matters; initial term October 1, 2024 - September 30, 2025; authorize Administrator to execute the Agreement; and discuss and consider related matters. *(ACTION)*

2. Discuss and consider authorizing the Administrator to obtain the services of an Agent of Record for the purposes of purchasing, servicing, and maintaining Hospital District employee health and other benefit insurance coverage, possibly beginning October 1, 2025, and to perform certain pre-purchase consultations and services; authorize the Administrator to prepare and execute the related agreement. *(ACTION)*

E. Opioid Settlement Funds:

1. Discuss and confirm April 23, 2024 Board of Managers Resolution relating to conditions precedent to receipt of statewide opioid settlement funds distributed to hospital districts by the Texas Comptroller of Public Accounts. *(ACTION)*

2. Receive information on the initial distribution of Texas Statewide Opioid Settlement funds to the Hospital District from the Texas Comptroller of Public Accounts, and discuss related matters. *(INFORMATION)*

3. Discuss Texas Opioid Abatement Fund Council rules relating to the use of funds distributed to hospital districts by the Texas Comptroller of Public Accounts and discuss related matters. *(INFORMATION)*

4. Discuss and consider utilizing the Nueces Center for Mental Health & Intellectual Disabilities to provide opioid crisis remediation programs for the Hospital District in one or more categories approved by the Texas Opioid Abatement Fund Council; the District's provision of remediation services relates to the required use of funds distributed to the District by the Texas Comptroller of Public Accounts from the Texas Statewide Opioid Settlement; authorize Administrator to prepare and execute the related agreement; and discuss and consider related matters. *(ACTION)*

F. Mental Health:

1. Receive a report from the Nueces Center for Mental Health and Intellectual Disabilities relating to its Community Collaborative programs for the period October

1, 2024 - January 31, 2025. (*INFORMATION*)

G. Board of Managers Business:

1. Elect Board of Managers Vice Chair for the period February 27 - September 30, 2025; elections pursuant to Texas Health and Safety Code, §281.023(a) and Board of Managers Bylaws, §2.2.A. (*ACTION*)
2. Discuss and consider amending the 2025 Board of Managers and Board Committees meeting schedule. (*ACTION*)

H. Administrator's Actions:

1. Ratify Administrator's action(s) performed as part of his duties directing the affairs of the Hospital District and/or as required by the Board of Managers; duties established pursuant to Texas Health and Safety Code, §281.026(e):
 - a. Change accounting firm performing the audit of the Hospital District's financial statements and major funds for the fiscal year ended September 30, 2024, to Adamson & Company, LLC from Collier, Johnson & Woods, P.C. due to the latter firm's divestment of its audit practice during performance of the audit. (*ACTION*)

I. Administrator's Briefing:

1. Pending and other matters. (*INFORMATION*)
2. Next scheduled Board of Managers regular meeting (meeting date, time, and location are subject to change):
 - a. Board of Managers: Tuesday, March 25, 2025, at 12:00 PM 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 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. *To the extent there has been a past practice of distinguishing items for public deliberation and those for executive session, the public is advised that the Board is departing from that practice and reserves the right to discuss any listed agenda items in a closed meeting when authorized by law to do so.* When the Board goes 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. The Board specifically expects to go into a closed session(s) on the matters listed below pursuant to the Act, §551.071.

A. Consult with attorneys on matters relating to employee health and other benefit insurance coverage.

B. Consult with attorneys on matters relating to the Texas Opioid Abatement Fund Program.

C. Consult with attorneys on matters relating to Board of Managers Bylaws.

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.

A. Discuss and consider final action, decision, or vote on matters considered in Closed Meeting. (*ACTION AS NEEDED*)

12. **ADJOURN**

13. Public Notice Posting Receipt.