



BOARD OF MANAGERS
Finance Committee - Workshop Meeting
Tuesday, August 26, 2025 at 10:00 AM

AGENDA

1. WELCOME

2. ROLL CALL OF COMMITTEE MEMBERS

- ___ Georgia Neblett, Chair
- ___ Sylvia Tryon Oliver
- ___ Karen O'Connor Urban

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

- 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.

4. WORKSHOP SESSION – The Workshop Session is an open meeting convened solely for the purposes of information gathering and discussion between the Committee and staff regarding the listed agenda item(s). No action will be taken on the listed item(s) during the Workshop, and public comment will not be accepted.

- A. Fiscal Year 2026 Health Care Provider Participation Program (October 1, 2025 - September 30, 2026). 2
- B. Fiscal Year 2026 Budget (October 1, 2025 - September 30, 2026). 22

5. ADJOURN

- 6. Public Notice Posting Receipt 30



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BOARD OF MANAGERS ORDER **AUGUST 26, 2025**

Order Setting the Fiscal Year 2026 Mandatory Payment Rate for the Nueces County Hospital District Health Care Provider Participation Program

WHEREAS, during the 86th Regular Session, the Texas Legislature enacted S.B. 2315, adding Chapter 298C to the Health and Safety Code and authorizing the Nueces County Hospital District's ("District") Board of Managers ("Board") to establish a local health care provider participation program ("Program");

WHEREAS, the 87th Texas Legislature, through House Bill 1456, amended Chapter 298C of the Health and Safety Code, effective June 15, 2021;

WHEREAS, pursuant to Section 298C.003 of the Health and Safety Code, the Board authorized the District's participation in the Program for Fiscal Years 2021, 2022, 2023, 2024, and 2025 on September 29, 2020; August 3, 2021; September 20, 2022; July 24, 2023; and July 23, 2024, respectively;

WHEREAS, the Board now seeks to establish the amount of mandatory payments under the Program for Fiscal Year 2026 (October 1, 2025 – September 30, 2026) and to fulfill the preliminary requirements of Chapter 298C, Health and Safety Code;

WHEREAS, under Section 298C.101(a), Health and Safety Code, the Board is required each fiscal year to hold a public hearing regarding the amounts of mandatory payments to be assessed and the intended uses of the resulting revenue, and the District conducted such public hearing on August 26, 2025;

WHEREAS, pursuant to Section 298C.101(b), Health and Safety Code, the Board must publish notice of the required hearing at least five days prior in a newspaper of general circulation within the District, and such notice was published on August 19, 2025;

WHEREAS, pursuant to Section 298C.101(b), Health and Safety Code, the Board must also provide written notice of the hearing to each institutional health care provider in the District at least five days prior, and such notice was provided on August 19, 2025;

WHEREAS, having satisfied the statutory prerequisites, the Board now desires to establish the amount of mandatory payments under the Program for Fiscal Year 2026 and to direct that such payments be applied to one or more of the authorized purposes set forth in §298C.103, Health and Safety Code; and

WHEREAS, pursuant to Rule 9(d) of the Nueces County Hospital District Health Care Provider Participation Program Rules & Procedures (effective August 1, 2023), the net patient revenue basis for calculating the mandatory payment may be updated during the fiscal year using the most recent fiscal year data collected under Subdivision 5(a) of the Rules, and such updates do not require approval by the Board of Managers.

NOW, THEREFORE, BE IT ORDERED that the Board of Managers of the Nueces County Hospital District hereby establishes the mandatory payment under the Health Care Provider Participation Program for Fiscal Year 2026 (October 1, 2025 – September 30, 2026) **at six percent (6%) of the net patient revenue** of each institutional health care provider located within the District.

BE IT FURTHER ORDERED that the mandatory payments shall be directed to one or more of the authorized uses described in §298C.103 of the Health and Safety Code.

BE IT FURTHER ORDERED that the mandatory payment amount is subject to adjustment during Fiscal Year 2026 in accordance with Rule 9(d) of the Nueces County Hospital District Health Care Provider Participation Program Rules & Procedures (effective August 1, 2023), and that such adjustment shall not require further action or approval of the Board.

**NUECES COUNTY HOSPITAL DISTRICT
BOARD OF MANAGERS**

Belinda Flores, R.N.
Chairman

Vishnu V. Reddy, M.D.
Vice Chairman

Sylvia Tryon Oliver
Member

Mariana Garza
Member

Efrain Guerrero, Jr.
Member

Georgia Neblett
Member

Karen O'Connor Urban
Member

BOM_HCPPP_Rate_Order_FY26.docx

Nueces County Hospital District
Board of Managers Order
Set FY 2026 HCPPP Payment Rate
August 26, 2025

YEAS: ()
NAYS: ()
PRESENT NOT VOTING: ()
ABSENT: ()

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

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

IN WITNESS WHEREOF, I have hereunto signed my name officially and affixed the seal of the Hospital District on this the 26th day of August 2025.

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

{HOSPITAL DISTRICT SEAL}

Nueces LPPF FY2026 Rate Proposal

Nueces LPPF FY26 Rate Calculation by Provider

Facility	System	2023 Net Patient Revenue	FY26 Rate	Quarterly Assessment
			6.00%	
Driscoll Children's Hospital	DCH	750,076,073.00	45,004,564.00	11,251,141.00
CHRISTUS Spohn Hospital Corpus Christi	CHRISTUS	665,879,261.00	39,952,756.00	9,988,189.00
Corpus Christi Medical Center	HCA	489,095,253.00	29,345,715.00	7,336,428.75
PAM Specialty Hospital of Corpus Christi	PAM	24,020,406.00	1,441,224.00	360,306.00
PAM Rehab Hospital of Corpus Christi	PAM	27,875,094.00	1,672,506.00	418,126.50
Oceans Behavioral Hospital of Corpus Christi	Oceans	10,419,306.00	625,158.00	156,289.50
Corpus Christi Rehab Hospital	Ernest Health	20,243,722.00	1,214,623.00	303,655.75
TOTAL		1,987,609,115.00	119,256,546.00	29,814,136.50

HEALTH AND SAFETY CODE
TITLE 4. HEALTH FACILITIES
SUBTITLE D. HOSPITAL DISTRICTS
CHAPTER 298C. NUECES COUNTY HOSPITAL DISTRICT HEALTH CARE PROVIDER
PARTICIPATION PROGRAM

SUBCHAPTER A. GENERAL PROVISIONS

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

(1) "Board" means the board of hospital managers of the district.

(2) "District" means the Nueces County Hospital District.

(3) "Institutional health care provider" means a hospital that is not owned and operated by a federal or state government and provides inpatient hospital services.

(4) "Paying provider" means an institutional health care provider required to make a mandatory payment under this chapter.

(5) "Program" means the health care provider participation program authorized by this chapter.

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

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

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

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

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

SUBCHAPTER B. POWERS AND DUTIES OF BOARD

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

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

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

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

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

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

SUBCHAPTER C. GENERAL FINANCIAL PROVISIONS

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

(b) Not later than the fifth day before the date of the hearing required under Subsection (a), the board shall publish

notice of the hearing in a newspaper of general circulation in the district and provide written notice of the hearing to each institutional health care provider located in the district.

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

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

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

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

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

(b) The local provider participation fund consists of:

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

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

(3) the earnings of the fund.

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

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

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

U.S.C. Section 1315);

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

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

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

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

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

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

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

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

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

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

(6) reimburse the district if the district is required by the rules governing the uniform rate enhancement program described by Subdivision (1)(C) to incur an expense or forego

Medicaid reimbursements from the state because the balance of the local provider participation fund is not sufficient to fund that rate enhancement program.

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

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

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

SUBCHAPTER D. MANDATORY PAYMENTS

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

submitted for the previous fiscal year or for the closest subsequent fiscal year for which the provider submitted the Medicare cost report. If the mandatory payment is required, the district shall update the amount of the mandatory payment on an annual basis.

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

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

(d) Subject to Subsection (c), if the board requires a mandatory payment authorized under this chapter, the board shall set the mandatory payments in amounts that in the aggregate will generate sufficient revenue to cover the administrative expenses of the district for activities under this chapter and to fund an intergovernmental transfer described by Section [298C.103\(c\)\(1\)](#). The annual amount of revenue from mandatory payments that shall be paid for administrative expenses by the district is \$150,000, plus the cost of collateralization of deposits, regardless of actual expenses.

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

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

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

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

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

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

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

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

(b) This chapter does not authorize the district to collect mandatory payments for the purpose of raising general revenue or any amount in excess of the amount reasonably necessary to fund the nonfederal share of a Medicaid supplemental payment program or Medicaid managed care rate enhancements for hospitals and to cover the administrative expenses of the district associated with activities under this chapter.

(c) To the extent any provision or procedure under this chapter causes a mandatory payment authorized under this chapter to be ineligible for federal matching funds, the board may provide by rule for an alternative provision or procedure that conforms to the

requirements of the federal Centers for Medicare and Medicaid Services. A rule adopted under this section may not create, impose, or materially expand the legal or financial liability or responsibility of the district or an institutional health care provider in the district beyond the provisions of this chapter. This section does not require the board to adopt a rule.

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

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

**NUECES COUNTY HOSPITAL DISTRICT
HEALTH CARE PROVIDER PARTICIPATION PROGRAM
REVISED RULES AND PROCEDURES
Effective: August 1, 2023**

General Provisions

Rule 1. Definitions. In these rules and procedures:

(a) "Mandatory payment" means a mandatory payment authorized under Texas Health and Safety Code, Chapter 298C.

(b) "Institutional health care provider" means a hospital that is not owned and operated by a federal or state government and provides inpatient hospital services.

(c) "Paying provider" or "Paying hospital" means an institutional health care provider required to make a mandatory payment under Texas Health and Safety Code, Chapter 298C.

(d) "Program" means the health care provider participation program authorized under Texas Health & Safety Code, Chapter 298C.

(e) "Hospital District" means the Nueces County Hospital District.

(f) "Board of Managers" means the Board of Managers of the Nueces County Hospital District.

Rule 2. Health Care Provider Participation Program; Participation in Program.

(a) The Program authorizes the Hospital District to collect a mandatory payment from each institutional health care provider located in the Hospital District to be deposited in a local provider participation fund established by the Hospital District. Money in the fund may be used by the Hospital District to fund certain intergovernmental transfers as provided by these rules and procedures.

(b) The Board of Managers may adopt an order authorizing the Hospital District to participate in the Program, subject to the limitations provided by these rules and procedures.

(c) To the extent any provision or procedure under Texas Health & Safety Code, Chapter 298C causes a mandatory payment to be ineligible for federal matching funds, the Hospital District may provide by rule for an alternative provision or procedure that conforms to the requirements of the federal Centers for Medicare & Medicaid Services.

Powers and Duties of Board of Managers

Rule 3. Limitation on Authority to Require Mandatory Payment. The Hospital District may require a mandatory payment from an institutional health care provider only in the manner provided in these rules and procedures.

Rule 4. Majority Vote Required Prior to Mandatory Payment. The Hospital District may not collect a mandatory payment without an affirmative vote of a majority of the

members of the Board of Managers authorizing the Hospital District to participate in the Program.

Rule 5. Institutional Health Care Provider Reporting; Inspection of Records.

(a) The Hospital District shall require each institutional health care provider to submit to the Hospital District a copy of any financial and utilization data required by and reported to the Department of State Health Services under Texas Health & Safety Code, §311.032 and §311.033 and any rules adopted by the Executive Commissioner of the Texas Health and Human Services Commission to implement those sections.

(b) The Hospital District may inspect the records of an institutional health care provider to the extent necessary to ensure that the institutional health care provider has submitted all required data under this Rule.

General Financing Provisions

Rule 6. Hearing.

(a) Each year, the Board of Managers shall hold a public hearing on the amounts of any mandatory payments that the Board intends to require during the year and how the revenue derived from those payments is to be spent.

(b) Not later than the fifth (5th) day before the date of the hearing required under Subdivision 6(a), the Board of Managers shall publish notice of the hearing in a newspaper of general circulation in the Hospital District.

(c) A representative of a paying hospital is entitled to appear at the time and place designated in the public notice and to be heard regarding any matter related to the mandatory payments.

Rule 7. Depository and Investment of Funds.

(a) The Hospital District shall designate one or more banks as the depository for the Hospital District local provider participation fund.

(b) All income received by the Hospital District under these rules and procedures, including the revenue from mandatory payments remaining after fees for assessing and collecting the payments are deducted, shall be deposited with the Hospital District depository in the District's local provider participation fund and may be withdrawn only as provided by these rules and procedures.

(c) All funds under these rules and procedures shall be secured in the manner provided for securing other Hospital District funds.

(d) All funds received under these rules and procedures may be invested consistent with the Investment Policy of the Hospital District, except that such investment shall be limited to overnight funds.

Rule 8. Local Provider Participation Fund; Authorized Uses of Money.

(a) If the Hospital District requires a mandatory payment, it shall create a local provider participation fund.

(b) The local provider participation fund of the Hospital District consists of:

(1) all revenue received by the Hospital District attributable to mandatory payments;

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

(3) the earnings of the fund.

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

(1) fund intergovernmental transfers from the Hospital District to the State of Texas to provide the nonfederal share of Medicaid payments for:

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

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

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

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

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

(2) pay the administrative expenses of the Hospital District in administering the Program, including the collateralization of deposits;

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

(4) refund to paying providers the proportionate share of money that the Hospital District:

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

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

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

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

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

(e) An intergovernmental transfer of funds described by Subdivision (c)(1) and any funds received by the Hospital District as a result of an intergovernmental transfer described by that rule may not be used by the State, Hospital District, or other entity to expand Medicaid eligibility under the Patient Protection and Affordable Care Act (Pub. L. No. 111-148) as amended by the Health Care and Education Reconciliation Act of 2010 (Pub. L. No. 111-152).

Mandatory Payments

Rule 9. Mandatory Payments Based on Paying Hospital Net Patient Revenue.

(a) Except as provided by Rule 11, if the Board of Managers collects a mandatory payment, it may require that a mandatory payment be assessed annually or periodically throughout the fiscal year at the discretion of the Board of Managers on the net patient revenue of each institutional health care provider located in the boundaries of the Hospital District.

(b) The Board of Managers shall provide an institutional health care provider written notice of each assessment and the mandatory payments shall be made 30 days following the date of receipt of the notice of payment.

(c) In the first year in which the mandatory payment is required, the mandatory payment is assessed based on the most recent fiscal year data collected pursuant to Subdivision 5(a). If no such data are available for an institutional health care provider, the mandatory payment may be calculated based on the institutional health care provider's Medicare cost report submitted for the previous fiscal year or for the closest subsequent fiscal year for which the provider submitted the Medicare cost report.

(d) The net patient revenue basis of the mandatory payment may be updated during the fiscal year using the most recent fiscal year data collected pursuant to Subdivision 5(a). Use of data that is updated during the fiscal year does not require Board of Managers approval.

Rule 10. Mandatory Payment Requirements

(a) The amount of a mandatory payment must be uniformly proportionate with the amount of net patient revenue generated by each paying hospital in the Hospital District.

(b) If the Board of Managers requires a mandatory payment, it shall set the amount of the mandatory payment; the aggregate amount of the mandatory payments required of all paying providers in the Hospital District may not exceed six percent (6%)

of the aggregate net patient revenue from hospital services provided by all paying providers within boundaries of the District.

(c) Subject to the maximum amount prescribed by Rule 11(a), if the Board of Managers requires a mandatory payment, it shall set the mandatory payments in amounts that in the aggregate will generate sufficient revenue to cover the administrative expenses of the Hospital District for activities under these rules and procedures and to fund purposes described in Rule 8(c).

(i) The annual amount of revenue from mandatory payments used for administrative expenses of the Hospital District for activities under these rules and procedures is \$150,000, plus the cost of collateralization of deposits, regardless of actual expenses.

(d) The mandatory payment may not be collected for the purpose of raising general revenue or any amount in excess of the amount reasonably necessary to fund the nonfederal share of a Medicaid supplemental payment program or Medicaid managed care rate enhancements for hospitals to cover the administrative expenses of the Hospital District associated with the Program.

(e) To the extent any Program provision or procedure causes a mandatory payment to be ineligible for federal matching funds, the Board may provide by rule for an alternative provision or procedure that conforms to the requirements of federal Centers for Medicare & Medicaid Services.

Rule 11. Mandatory Payment Prohibitions.

(a) The amount of the mandatory payment required of each paying hospital may not exceed an amount that, when added to the amount of the mandatory payments required from all other paying hospitals located in the boundaries of the Hospital District, equals an amount of revenue that exceeds six percent (6%) of the aggregate net patient revenue of all paying hospitals in the Hospital District.

(b) A mandatory payment may not hold harmless any institutional health care provider, as required under 42 U.S.C. Section 1396b(w).

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

(d) A mandatory payment assessed hereunder is not a tax for hospital purposes for purposes of Texas Constitution, Section 4, Article IX or Texas Health and Safety Code, §281.045.

(e) The amount of the mandatory payment required of each paying hospital may not be discounted.

Rule 12. Assessment and Collection of Mandatory Payments.

(a) The Hospital District may designate an official of the Hospital District or contract with another person to assess and collect the mandatory payments.

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

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

EXHIBIT A-1

Institutional Health Care Providers

1. CHRISTUS Spohn Hospital Corpus Christi
2. Corpus Christi Rehabilitation Hospital
3. Driscoll Children's Hospital
4. PAM Rehabilitation Hospital of Corpus Christi
5. PAM Specialty Hospital of Corpus Christi North
6. South Texas Surgical Hospital (CHRISTUS Surgical Hospital)
7. The Corpus Christi Medical Center – Bay Area



NUECES COUNTY HOSPITAL DISTRICT
OPERATING BUDGET
FISCAL YEAR 2026



GENERAL FUND

SPECIAL REVENUE - TOBACCO FUND

SPECIAL REVENUE – OPIOID SETTLEMENT FUND

SPECIAL REVENUE – INDIGENT CARE FUND



NUECES COUNTY HOSPITAL DISTRICT
BUDGET - GENERAL FUND
FOR THE YEAR ENDING SEPTEMBER 30, 2026

	Column 1		Column 2		Column 3	Column 4		Column 5
	Fiscal 2026 Budget		Fiscal 2025 Budget		Budget 2026 vs. 2025	Fiscal 2025 Est. Actual		Est. Act vs F2026 Bud
Explanation								
REVENUES								
Property Taxes:								
1 Current	40,066,206	29.17%	39,196,133	23.89%	870,073	40,413,862	22.01%	(347,656)
2 Delinquent	426,236	0.31%	421,464	0.26%	4,772	427,264	0.23%	(1,028)
3 Penalties & Interest	400,662	0.29%	391,961	0.24%	8,701	386,501	0.21%	14,161
4 Total Property Tax Revenue	40,893,104	29.77%	40,009,558	24.39%	883,546	41,227,627	22.46%	(334,523)
5 Spohn Corporate Membership Revenue	95,200,000	69.31%	122,980,000	74.97%	(27,780,000)	138,324,498	75.34%	(43,124,498)
6 Investment Income	1,111,518	0.81%	904,124	0.55%	207,394	3,853,486	2.10%	(2,741,968)
7 Other Income	150,000	0.11%	150,000	0.09%	0	184,778	0.10%	(34,778)
8 Total Other Revenues	96,461,518	70.23%	124,034,124	75.61%	(27,572,606)	142,362,762	77.54%	(45,901,244)
9 TOTAL REVENUES	137,354,623	100%	164,043,683	100%	(26,689,060)	183,590,389	100%	(46,235,766)
OPERATING EXPENSES								
10 Intergovernment Transfers	135,159,558	84.80%	153,092,697	87.45%	(17,933,139)	166,477,626	89.04%	(31,318,068)
11 Emergency Residency Program Support	3,198,125	2.01%	1,763,750	1.01%	1,434,375	1,763,751	0.94%	1,434,374
12 County Healthcare Services	14,421,894	9.05%	12,114,275	6.92%	2,307,619	13,095,667	7.00%	1,326,227
13 Salaries	2,235,456	1.40%	2,183,502	1.25%	51,955	1,903,968	1.02%	331,488
14 Benefits	1,121,884	0.70%	1,055,671	0.60%	66,213	914,627	0.49%	207,257
15 Legal & Professional Fees	891,500	0.56%	1,817,000	1.04%	(925,500)	921,308	0.49%	(29,808)
16 Purchased Services	731,000	0.46%	711,850	0.41%	19,150	564,276	0.30%	166,724
17 Tax Assessor / Appraisal Collection Fees	830,000	0.52%	815,000	0.47%	15,000	796,285	0.43%	33,715
18 Supplies & Materials	26,000	0.02%	24,000	0.01%	2,000	21,387	0.01%	4,613
19 Rent & Leases	159,000	0.10%	157,000	0.09%	2,000	137,733	0.07%	21,267
20 Repairs & Maintenance	14,000	0.01%	12,000	0.01%	2,000	5,103	0.00%	8,897
21 Telephone & Utilities	102,400	0.06%	59,500	0.03%	42,900	50,314	0.03%	52,086
22 Insurance	48,500	0.03%	48,000	0.03%	500	37,018	0.02%	11,482
23 Administrative & General	226,000	0.14%	975,000	0.56%	(749,000)	180,155	0.10%	45,845
24 Capital Outlay	210,000	0.13%	229,000	0.13%	(19,000)	104,526	0.06%	105,474
25 Extraordinary	5,000	0.00%	5,000	0.00%	0	0	0.00%	5,000
26 TOTAL EXPENDITURES	159,380,317	100%	175,063,245	100%	(15,682,927)	186,973,744	100%	(27,593,427)
27 EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER SOURCES & USES	(22,025,695)		(11,019,562)		(11,006,133)	(3,383,355)		(18,642,340)
NON-OPERATING SOURCES (USES)								
28 Operating Transfer In (Tobacco Fund)	700,000		650,000		50,000	856,000		(156,000)
29 Operating Transfer Out (Indigent Care Fund)	0				0	0		0
30 TOTAL EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(21,325,695)		(10,369,562)		(10,956,133)	(2,527,355)		(18,798,340)
31 FUND BALANCE, BEGINNING OF PERIOD	79,318,697		57,334,764			81,846,052		
32 FUND BALANCE, END OF PERIOD	57,993,002		46,965,202			79,318,697		
33 FUND BALANCE, END OF PERIOD (NET OF COMMITTED FUNDS)	45,239,260		28,514,599			44,318,697		

NUECES COUNTY HOSPITAL DISTRICT
CONSOLIDATED BUDGET - FOR THE GENERAL FUND, &
SPECIAL REVENUE-TOBACCO & INDIGENT CARE FUNDS
FOR THE YEAR ENDING SEPTEMBER 30, 2026

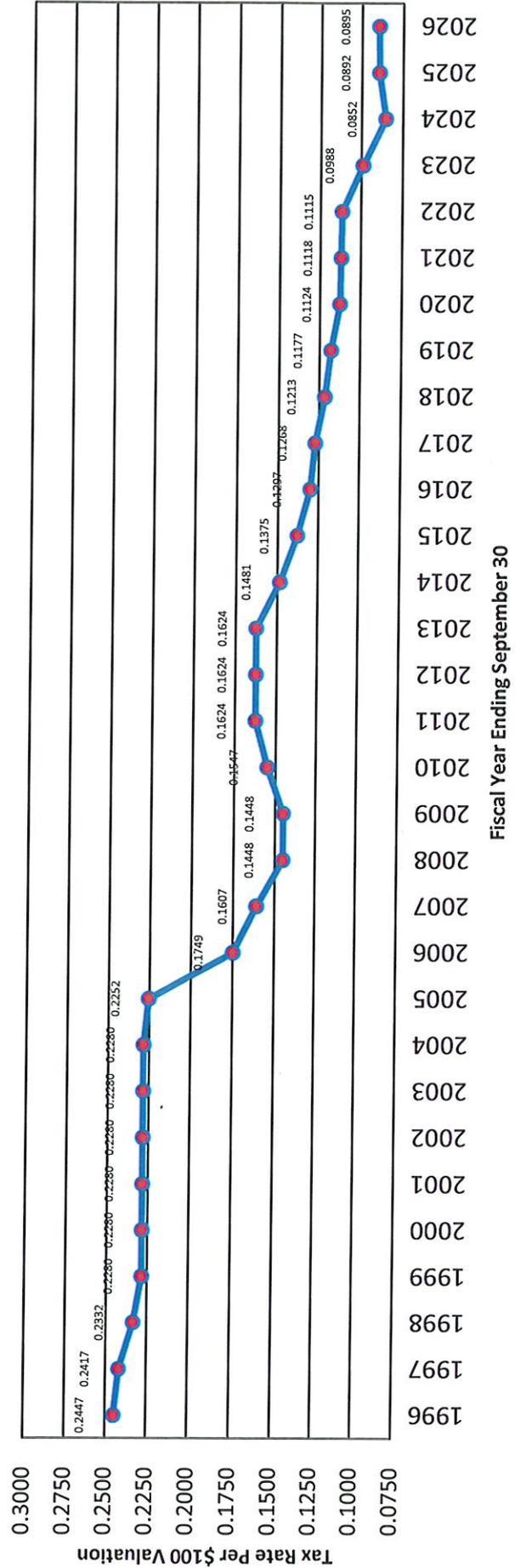
Tax Rate: 0.089495 (No-New-Revenue Rate)

	Explanation	General Fund	Tobacco Settlement Fund	Opioid Settlement Fund	Indigent Care Fund	Total
	REVENUES					
1	Property Taxes	40,893,104	0	0	0	40,893,104
2	Spohn Corporate Membership Revenue	95,200,000	0	0	0	95,200,000
3	Investment Income	1,111,518	0	34,351	943,306	2,089,176
4	Other Income	150,000	0	0	0	150,000
5	Tobacco Settlement Proceeds	0	700,000	0	0	700,000
6	Opioid Settlement Proceeds	0	0	0	0	0
7	TOTAL REVENUES	137,354,623	700,000	34,351	943,306	139,032,280
	OPERATING EXPENSES					
8	Intergovernmental Transfers	135,159,558	0	0	0	135,159,558
9	Emergency Residency Program Support	3,198,125	0	0	0	3,198,125
10	County Healthcare Services	14,421,894	0	0	0	14,421,894
11	Salaries	2,235,456	0	0	0	2,235,456
12	Benefits	1,121,884	0	0	0	1,121,884
13	Legal & Professional Fees	891,500	0	0	36,000	927,500
14	Purchased Services	731,000	0	1,200,000	0	1,931,000
15	Tax Assessor / Appraisal Collection Fees	830,000	0	0	0	830,000
16	Supplies & Materials	26,000	0	0	0	26,000
17	Rent & Leases	159,000	0	0	0	159,000
18	Repairs & Maintenance	14,000	0	0	0	14,000
19	Telephone & Utilities	102,400	0	0	0	102,400
20	Insurance	48,500	0	0	0	48,500
21	Administrative & General	226,000	0	0	0	226,000
22	Capital Outlay	210,000	0	0	0	210,000
23	Extraordinary/Tax Refund	5,000	0	0	0	5,000
24	Debt Service	0	0	0	0	0
25	TOTAL EXPENDITURES	159,380,317	0	1,200,000	36,000	160,616,317
26	EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER SOURCES & USES	(22,025,695)	700,000	(1,165,649)	907,306	(21,584,037)
	NON-OPERATING SOURCES (USES)					
27	Operating Transfers In	700,000	0	0	0	700,000
28	Operating Transfers Out	0	(700,000)	0	0	(700,000)
29	TOTAL EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(21,325,695)	0	(1,165,649)	907,306	(21,584,037)
30	FUND BALANCE, BEGINNING OF PERIOD	79,318,697	0	2,922,883	62,800,375	145,041,955
31	FUND BALANCE, END OF PERIOD	57,993,002	0	1,757,234	63,707,682	123,457,917
32	FUND BALANCE, END OF PERIOD (NET OF COMMITTED FUNDS)	45,239,260	0	1,757,234	63,707,682	110,704,176

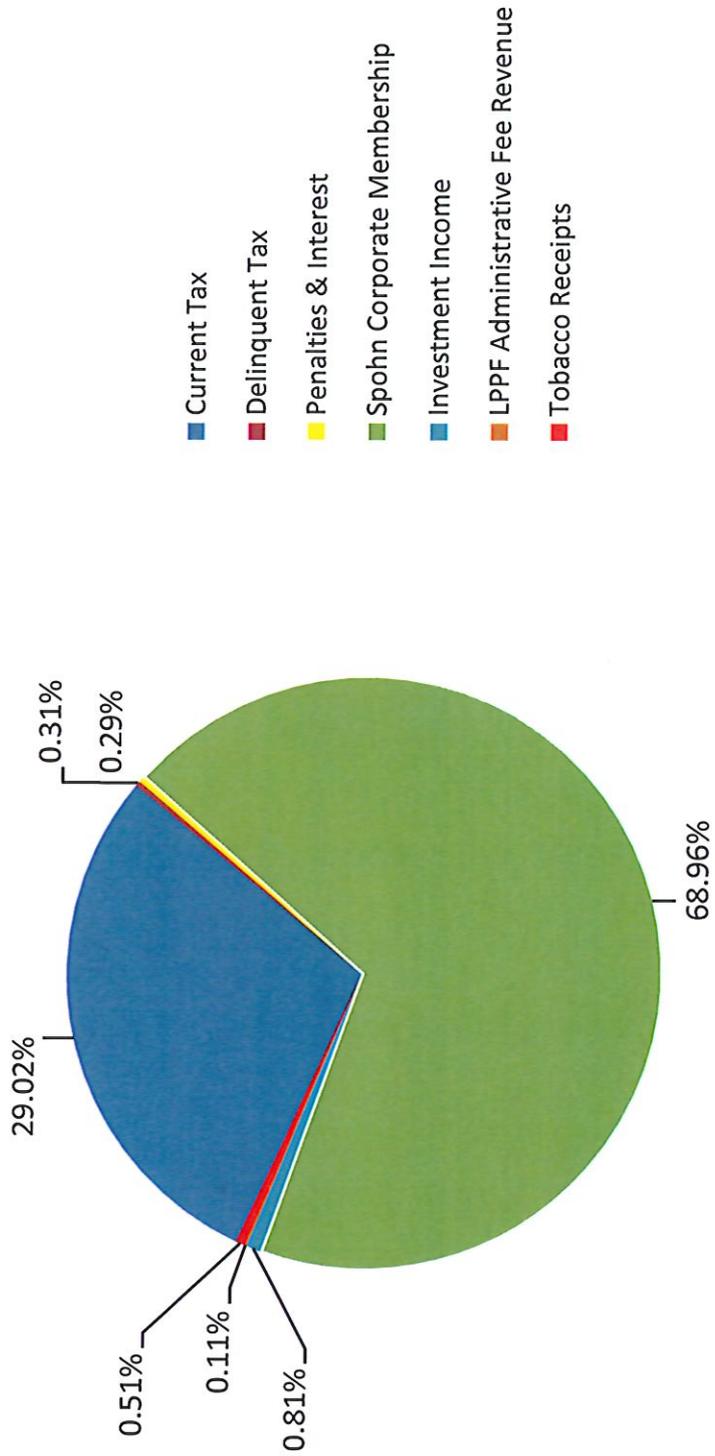
Nueces County Hospital District
 County Healthcare Department Expenditures
 Fiscal Year 2026

Program	Budget 2026	%	Budget 2025	Difference	Projected 2025	Difference Bud26 v. Proj
<u>Mental Healthcare Services</u>						
1 a MHID (State Match Program)	969,129	6.7%	969,129	0	969,129	0
b MHID - Jail Programs	1,500,000	10.4%	2,550,000	(1,050,000)	2,449,701	(949,701)
Subtotal Mental Healthcare Services	2,469,129	17.1%	3,519,129	(1,050,000)	3,418,830	(949,701)
<u>2 Health Department (Operating Expenditures)</u>						
Health Department	1,800,000	12.5%	1,765,296	34,704	1,765,296	34,704
Robstown Public Health Salaries & Benefits	0	0.0%	38,000	(38,000)	38,000	(38,000)
Mobile Clinic	60,000	0.4%	60,000	0	60,000	0
	1,860,000	12.9%	1,863,296	(3,296)	1,863,296	(3,296)
<u>3 Emergency Medical Services</u>						
City of Robstown	650,000		650,000		650,000	
City of Port Aransas						
Emergency Services District #1 (Annaville)						
Emergency Services District #2 (Flour Bluff)						
Emergency Services District #4 (Bluntzer)						
Emergency Services District #6 (Bishop)						
	650,000	4.5%	650,000	0	650,000	0
<u>4 Juvenile Detention Center-Health Services</u>						
Various Health-related Services	474,000	3.3%	474,000	0	474,000	0
<u>5 County Jail Healthcare Services</u>						
Armor/Wexford Correctional Healthcare Services	8,532,015	59.2%	5,202,850	3,329,165	6,284,541	2,247,474
6a Cenikor	60,000	0.4%	60,000	0	60,000	0
6b Council on Alcohol & Drug Abuse	50,000	0.3%	50,000	0	50,000	0
7 County Diabetes Awareness Program	60,000	0.4%	50,000	10,000	50,000	10,000
8 HALO-Flight Funding	15,750	0.1%	15,000	750	15,000	750
<u>9 Public Health Grants</u>						
Coastal Bend Wellness Foundation	85,000	0.6%	85,000	0	85,000	0
Amistad Community Health Center	0	0.0%	85,000	(85,000)	85,000	(85,000)
Nueces County Jail Medivan	101,000	0.7%	0	101,000	0	101,000
Area Health Education Center (AHEC)	65,000	0.5%	60,000	5,000	60,000	5,000
	251,000	1.7%	230,000	21,000	230,000	21,000
TOTALS	14,421,894	100.0%	12,114,275	2,307,619	13,095,667	1,326,227

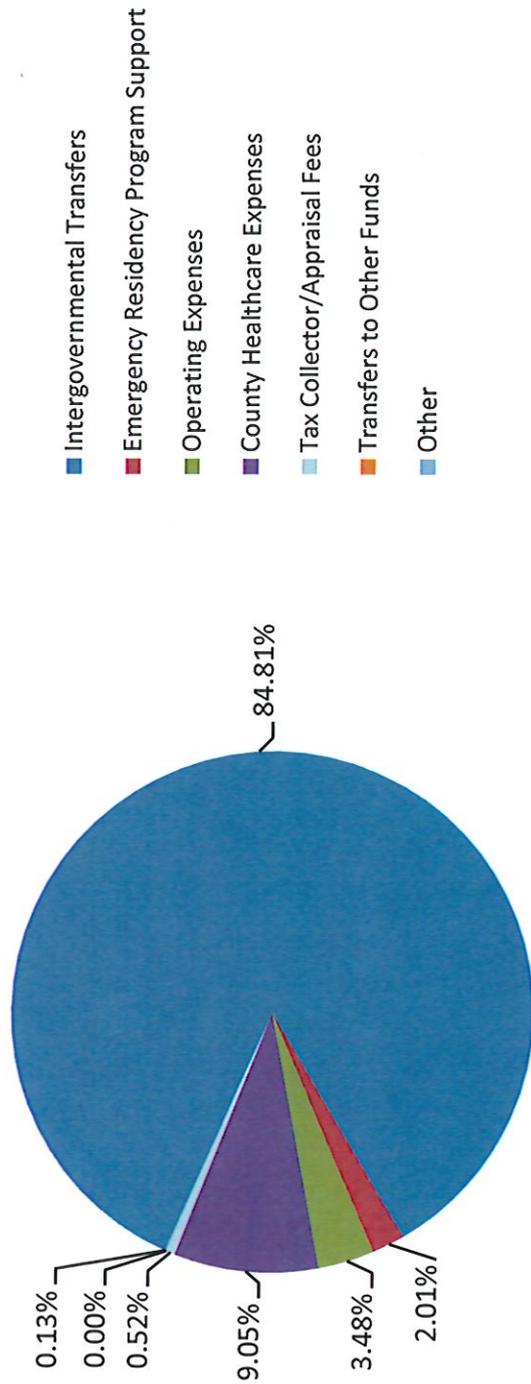
Nueces County Hospital District Tax Rate History FY 1996-2026



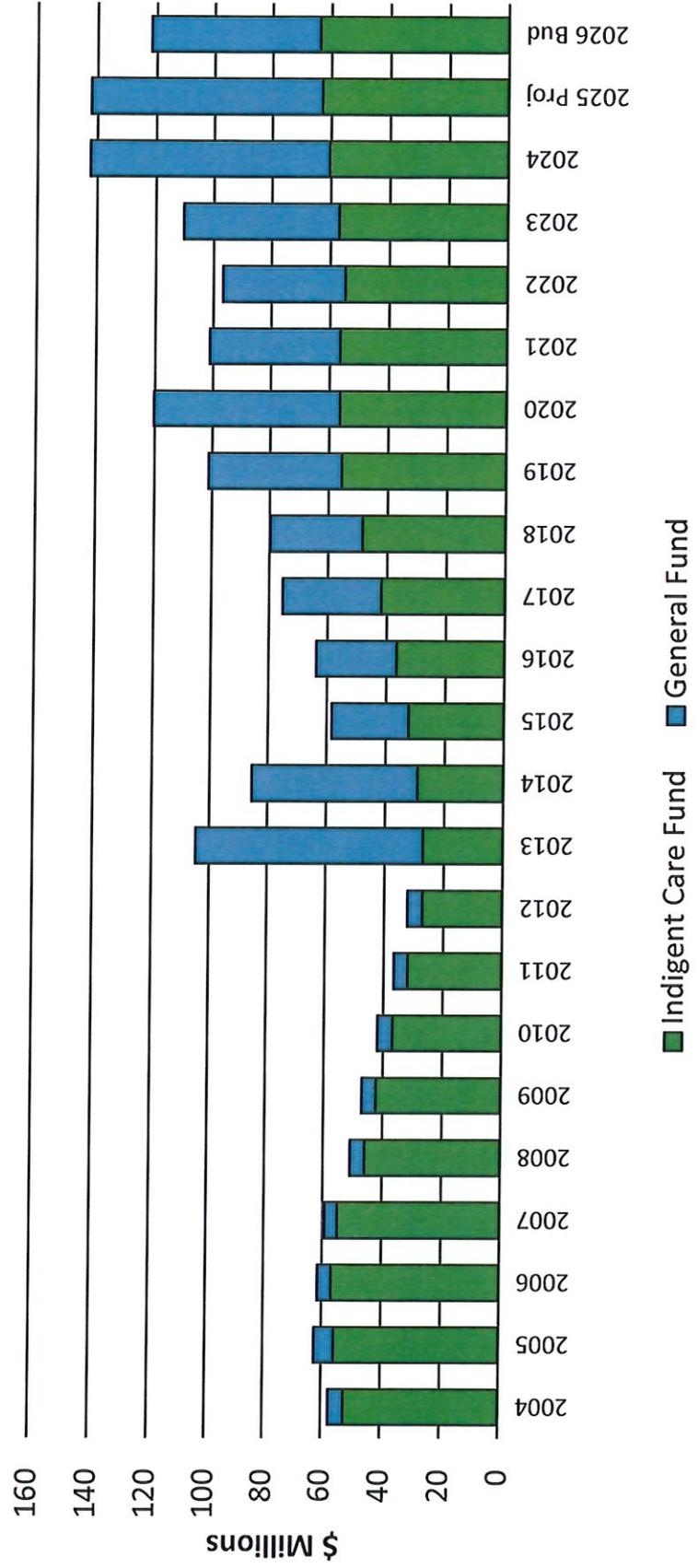
Nueces County Hospital District General Fund FY 2026 Revenue Sources



Nueces County Hospital District General Fund FY 2026 Expenditures



**Nueces County Hospital District
FY 2004- 2026
Indigent Care & General Fund**





VG-12-2025-2025000374

Nueces County
Kara Sands
Nueces County Clerk

Instrument Number: 2025000374

Public Notice

PUBLIC NOTICES

Recorded On: August 22, 2025 09:15 AM

Number of Pages: 4

" 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:

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Receipt Number: 20250822000020
Recorded Date/Time: August 22, 2025 09:15 AM
User: Lorena G
Station: CLERK04.nuecescc.local

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: 20250822000020

Date: 08/22/2025

Time: 09:15AM

By: Lorena G

Station: CLERK04.nuecescc.local

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	2025000374	4	\$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
AUG 22 2025
KARA SANDS
CLERK OF THE COUNTY COURT
NUECES COUNTY, TEXAS



Nueces County Hospital District

NOTICE OF PUBLIC MEETING

BOARD OF MANAGERS

**Finance Committee - Workshop Meeting
Tuesday, August 26, 2025 at 10:00 AM**

Location:

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

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 the meeting are set forth on the accompanying page(s). Agenda item(s) are not necessarily considered in the order listed.

The specified NCHD Board of Managers meeting will be held in-person and via videoconference call. Public participation will be available in-person as well as via videoconference call as allowed under the Texas Open Meetings Act ("Act"). It is the intent that a quorum of the Board of Managers or Committee as required for the specified meeting will be physically present at the meeting 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 meeting location posted in this meeting notice. Any member of the Board of Managers participating by videoconference call will be visible and audible to the public whenever the member is speaking; Board member participation by audio-only is not permitted. Any member of the public wishing to observe or participate in the meeting via videoconference call may do so through the videoconference call meeting Internet link shown on this meeting notice below and via NCHD's BoardBook meeting management system at <https://meetings.boardbook.org/Public/Organization/1886>.

The 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. NCHD will use Zoom to conduct the meeting via videoconference call; Zoom is a cloud-based communications platform that allows users to connect with video, audio, phone, and chat. Using Zoom requires an Internet connection and a supported device.

The agenda for this meeting and its supporting materials are available at: <https://meetings.boardbook.org/Public/Organization/1886>.

The Meeting may be attended in-person or via videoconference call:

Videoconference Call:

Click the link below or copy and paste the link into a supported web browser address bar.

<https://nchdcc-org.zoom.us/j/5746765992?pwd=T2RVWFBoZGJYdHYyQmp1VUdZeUc3Zz09>

Meeting ID: 574 676 5992

Passcode: 195957

Telephone:

Dial any telephone number below and enter the Meeting ID and Passcode above if required.

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)

Find your local number: <https://nchdcc-org.zoom.us/u/kbKxLl8Eq4>



**BOARD OF MANAGERS
Finance Committee - Workshop Meeting
Tuesday, August 26, 2025 at 10:00 AM**

AGENDA

1. WELCOME

2. ROLL CALL OF COMMITTEE MEMBERS

- ___ Georgia Neblett, Chair
- ___ Sylvia Tryon Oliver
- ___ Karen O'Connor Urban

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

- 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.

4. WORKSHOP SESSION – The Workshop Session is an open meeting convened solely for the purposes of information gathering and discussion between the Committee and staff regarding the listed agenda item(s). No action will be taken on the listed item(s) during the Workshop, and public comment will not be accepted.

- A. Fiscal Year 2026 Health Care Provider Participation Program (October 1, 2025 - September 30, 2026).
- B. Fiscal Year 2026 Budget (October 1, 2025 - September 30, 2026).

5. ADJOURN

6. Public Notice Posting Receipt