



December 20, 2019

The Honorable Ken Paxton
Texas Attorney General
P.O. Box 12528, Capital Station
Austin, Texas 78711-3548

Dear Attorney General Paxton:

The Texas Health and Safety Code, §311.045, requires nonprofit hospitals and hospital systems to report community benefits and charity care information to the Center for Health Statistics located in the Department of State Health Services (DSHS). It also requires DSHS to submit this information to the state Attorney General and Comptroller, by November 1st of each year. DSHS was granted a deadline extension, by both agencies, to accommodate technology-related delays of our data analysis.

Texas Health and Safety Code §311.045 outlines three standards that are used by non-Disproportionate Share Hospitals (DSH) to demonstrate that they have provided community benefits:

- A) providing charity care and government-sponsored indigent health care at a level that is "reasonable in relation to community needs;"
- B) providing charity care and government-sponsored indigent health care at a level of 100 percent of tax-exempt benefits; or
- C) providing charity care and community benefits that equal at least five percent of net patient revenue, provided that charity care and government-sponsored indigent care constitute at least four percent of net patient revenue.

Hospitals and hospital systems that participated in the Medicaid DSH program, during the 2018 reporting period or in either of its previous two fiscal years, are deemed to have met the community benefits requirement in accordance with Section 311.045 of the Health and Safety Code. DSHs are still statutorily required to submit financial data. For each reporting hospital, the attached documents show whether or not it participates in DSH program,

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and, if not, which standard it chose to demonstrate sufficient community benefits for 2018.

DSHS is also required to report entities that have not met the community benefits requirements. The 2018 Annual Statement of Community Benefits form includes the state addendum of the 2018 Annual Survey of Hospitals. Four facilities that reported (see accompanying documentation, for which only the state addendum pages are included) indicated that they are neither a DSH nor did they meet one of the statutory standards. These hospitals include:

1. Devereux Texas Treatment Network in Lufkin
2. Montgomery County Mental Health Treatment Facility in Conroe
3. PAM Specialty Hospital of Lufkin in Lufkin
4. Reagan Memorial Hospital in Big Lake

The report is available on the DSHS website, <https://dshs.texas.gov/legislative/Reports-2019.aspx>. If you would like more information, or have questions, Lara Lamprecht, Assistant Deputy Commissioner is the lead for this issue. Dr. Lamprecht can be reached by phone at 512-776-7792 and at Lara.Lamprecht@dshs.texas.gov.

Sincerely,



John Hellerstedt, M.D.
Commissioner

cc: Christopher Krhovjak, Charitable Trust Section

Attachments (5)

1. CharRept18.xls includes (18)Tabs, (1)NP18-TOC, (2)NP18-Std A, (3)NP18-Std B, (4)NP18-Std C(Ind), (5)NP18-Std C(Sys), (6)NP18-

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DSH(I2), (7)NP18-NonStd, (8)NP18-NonRpt, (9)NP18-ExplNotes,
(10)NP18-Exempt, (11)NP18-Report

2. 2018 Texas State Supplement- Devereux Texas Treatment Network in Lufkin.pdf
3. 2018 Texas State Supplement- Montgomery County Mental Health Treatment Facility in Conroe.pdf
4. 2018 Texas State Supplement- PAM Specialty Hospital of Lufkin in Lufkin.pdf
5. 2018 Texas State Supplement-Reagan Memorial Hospital in Big Lake.pdf