

**NUECES COUNTY HOSPITAL DISTRICT  
BOARD OF MANAGERS  
Board of Managers - Regular Meeting  
Tuesday, August 23, 2022 at 9:00 AM**

**AGENDA**

**1. WELCOME**

**2. ROLL CALL OF BOARD OF MANAGERS**

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

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

A. Call to order.

B. Establish quorum.

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

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

**4. 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. Fiscal Year 2023 Budget (October 1, 2022 - September 30, 2023) and related matters. 18

**5. 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.

**A. 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.

**B. 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:

- |                                                                                                                                                                      |    |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|
| 1. Approve Board of Managers Regular Meeting minutes of July 26, 2022.                                                                                               | 21 |
| 2. Receive listing of new vendors as of August 18, 2022; listing provided pursuant to Board of Managers Bylaws, §2.1.B and Texas Local Government Code, Chapter 176. | 32 |
| 3. Receive summary payment information on Nueces County health care disbursements for Fiscal Year 2022 year-to-date:                                                 | 33 |
| a. Salaries, benefits, supplies, and intergovernmental transfers at/for City of Corpus Christi/Nueces County Public Health District;                                 |    |
| b. Emergency medical services provided in unincorporated areas of Nueces County;                                                                                     |    |
| c. Supplemental and jail diversion program funding for Nueces Center for Mental Health and Intellectual Disabilities;                                                |    |
| d. Medical services provided at County correctional facilities:                                                                                                      |    |
| 1. Nueces County Jail; and                                                                                                                                           |    |
| 2. Nueces County Juvenile Detention Center;                                                                                                                          |    |
| e. Funding for alcohol and drug abuse treatment programs:                                                                                                            |    |
| 1. Cenikor (Charlie's Place);                                                                                                                                        |    |
| 2. Council on Alcohol and Drug Abuse; and                                                                                                                            |    |
| 3. Palmer Drug Abuse Program;                                                                                                                                        |    |

- f. Funding for diabetes prevention and supporting programs;
  - g. Public health grants; and
  - h. Legal and professional fees.
4. 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 July 31, 2022. 34
  5. 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. 35
  6. 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 July 31, 2022. 36
  7. 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. 40
  8. Receive summary report of cumulative estimated provider payments and actual intergovernmental transfers made in support of local and other healthcare providers participating in Medicaid supplemental and directed payment programs sponsored by the Texas Health and Human Services Commission (HHSC): 41
    - a. Directed Payment Programs - Medicaid managed care organization payments to healthcare providers that support overall Medicaid program goals and objectives:
      1. Comprehensive Hospital Increase Reimbursement Program (CHIRP);
      2. Network Access Improvement Program (NAIP);
      3. Texas Incentives for Physicians and Professional Services (TIPPS);
      4. Uniform Hospital Rate Increase Program (UHRIP); and
    - b. Supplemental Payment Programs - HHSC-directed payments made to hospitals for achieving certain goals or to support health care providers that see significant numbers of uninsured or persons without much money:
      1. Disproportionate Share Hospitals (DSH) program;

- 2. Graduate Medical Education (GME);
- 3. Hospital Uncompensated Care (UC) pool; and

c. Phase-Out Programs:

- 1. Delivery System Reform Incentive Payment (DSRIP) pool.

C. **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:

1. **Board of Managers Business:**

- a. Discuss and consider authorizing preparation of a plaque or other similar memorial recognition of Mr. Daniel W. Dain, former Chairman of the Board of Managers, and such recognition to be posted in the Board of Managers Meeting Room or lobby of the Hospital District's Administrative Offices. **(ACTION)**
- b. Discuss and consider canceling or rescheduling Board of Managers' September 27, 2022 meeting. **(ACTION)**

2. **Financial Statements:**

- a. Receive and approve unaudited financial statements for the month and fiscal year-to-date period ended July 31, 2022. **(ACTION)** 42

3. **Nueces Aid Program Enrollment:**

- a. Receive reports relating to Nueces Aid Program enrollment for the month-ended July 31, 2022:
  - 1. Total Persons and Households Enrolled; 49
  - 2. Enrollment Summary; 50
  - 3. Denials; 54
  - 4. Application Processing Summary; and 55
  - 5. Enrollment by Zip Code. **(INFORMATION)** 57

- b. Discuss Nueces Aid Program enrollment and related matters. **(INFORMATION)**

4. **Supplemental Payment Programs:**

- a. Discuss and approve continuation in the Medicaid Network Access Improvement Program sponsored by the Texas Health and Human Services Commission for the term September 1, 2022 - August 31, 2023 (HHSC Contract No. HHS001201800008); and authorize Administrator to execute contract. **(ACTION)** 60
- b. Discuss Delivery System Reform Incentive Payment (DSRIP) program-related intergovernmental transfer for the Corpus Christi-Nueces County Public Health District's October 2022 (final) DSRIP project submission.

***(INFORMATION)***

**5. Administrator's Actions:**

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

1. Personal Services Contract with Linda K. Wertz for consulting services and technical assistance relating to the Texas Health and Human Services Commission's planned September 30, 2022 discontinuation of the Delivery System Reform Incentive Payment Program (DSRIP) component of the Texas Medicaid 1115 Waiver; Contract term October 1, 2022 - September 30, 2023. ***(ACTION)*** 68

2. Engineering Services Agreement for Owner's Representative Services for Lessee's Hospital Demolition Project; Agreement with Hanson Professional Services provides for representation of the Hospital District's interests in the demolition project, including asbestos abatement, of Memorial Medical Center, a District-owned hospital building, and installation of green space on the demolition site; demolition project by CHRISTUS Spohn Health System Corporation; Agreement term August 1, 2022 - July 31, 2023. ***(ACTION)*** 117

3. Letter of Intent to participate in the planned Hospital Augmented Reimbursement Program (HARP), a statewide Medicaid supplemental payment program sponsored by the Texas Health and Services Commission (HHSC); HARP to serve as financial transition for historical providers in the Delivery System Reform Incentive Payment (DSRIP) program that will be discontinued by HHSC on September 30, 2022. ***(ACTION)*** 118

**6. Memorial Medical Center Demolition:**

a. Receive report from Owner's Representative on matters relating to the Memorial Medical Center demolition project by CHRISTUS Spohn Health System Corporation. ***(INFORMATION)***

**7. Nueces County:**

a. Discuss and consider approval of Interlocal Cooperation Agreement between Nueces County Hospital District and Nueces County relating to Hospital District's reimbursement of County's Public Health District and other public health-related expenses during Fiscal Year 2023; and authorize Administrator to execute 120

Agreement. (**ACTION**)

8. **COVID-19/Public Health:**

a. Discuss and consider approval of Grant Agreement with Amistad Community Health Center providing support for COVID-19 diagnostic testing and other health services for residents of the Hospital District during the period October 1, 2022 - September 30, 2023; and authorize Administrator to execute Agreement. (**ACTION**) 126

b. Discuss and consider approval of Grant Agreement with Coastal Bend Wellness Foundation providing support for COVID-19 diagnostic testing and other health services for residents of the Hospital District during the period October 1, 2022 - September 30, 2023; and authorize Administrator to execute Agreement. (**ACTION**) 130

9. **Federal Emergency Management Agency (FEMA) Cost Recovery:**

a. Receive update on Hagerty Consulting Project #1 (FEMA Public Assistance Project Application #674808) relating to recovery of Social Determinants of Health Study-related costs incurred in response to the COVID-19 pandemic. (**INFORMATION**)

b. Receive update on Hagerty Consulting Project #2 (FEMA Public Assistance Project Application #679441) relating to recovery of costs associated with assessment of potential Alternate Care Site, COVID testing, and other costs incurred in response to the COVID-19 pandemic. (**INFORMATION**)

10. **Administrator's Briefing:**

a. Next Board of Managers regular meeting (meeting's date, time, and location are subject to change):

1. Board of Managers: September 27, 2022, 10:00 AM in NCHD Board of Managers Meeting Room at 555 North Carancahua Street, Room 950-A, Corpus Christi, Texas 78401. Note: This meeting may be canceled or rescheduled. (**INFORMATION**)

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

considered in closed session(s), then the final action, final decision, or final vote shall be either: (a) in the open meeting covered by the Notice upon reconvening of the public meeting; or (b) at a subsequent public meeting of the Board upon notice thereof, as the Board shall determine pursuant to applicable laws:

1. Consult with attorneys on matters relating to DSRIP program-related intergovernmental transfer for the Corpus Christi-Nueces County Public Health District.
2. Consult with attorneys on matters relating to Administrator's Employment Agreement for the period October 1, 2022 - September 30, 2026.

6. **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.

7. Consider final action, decision, or vote on matters considered in the Closed Meeting:

A. Approve Administrator's Employment Agreement for the period October 1, 2022 - September 30, 2026 and authorize Board Vice-Chairman to execute Agreement. (**ACTION**)

B. Other action(s) as needed.

8. **ADJOURN** (in memory of Daniel W. Dain)



**Kara Sands**

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

**Main:** (361)888-0580

**Receipt:** 20220819000035

**Date:** 08/19/2022

**Time:** 10:22AM

**By:** Brenda R

**Station:** CLERK02

**Status:** ORIGINAL COPY

---

<u>Seq</u>	<u>Item</u>	<u>Document Description</u>	<u>Number</u>	<u>Number Of</u>	<u>Amount</u>	<u>Serial Number</u>
1	Public Notice	PBN	2022000431	9	\$0.00	
				<b>Order Total (1)</b>	\$0.00	

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



\*VG-12-2022-2022000431\*

Nueces County  
Kara Sands  
Nueces County Clerk

Instrument Number: 2022000431

Public Notice

PUBLIC NOTICES

Recorded On: August 19, 2022 10:22 AM

Number of Pages: 9

" Examined and Charged as Follows: "

Total Recording: \$0.00



STATE OF TEXAS  
Nueces County

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

Kara Sands  
Nueces County Clerk  
Nueces County, TX

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

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

**File Information:**

Document Number: 2022000431  
Receipt Number: 20220819000035  
Recorded Date/Time: August 19, 2022 10:22 AM  
User: Brenda R  
Station: CLERK02

**Record and Return To:**

NUECES COUNTY HOSPITAL DISTRICT

RECEIVED

AUG 19 2022

KARA SANDS  
CLERK OF THE COUNTY COURT  
NUECES COUNTY, TEXAS

**NOTICE OF PUBLIC MEETING**

**NUECES COUNTY HOSPITAL DISTRICT**

**BOARD OF MANAGERS**

**Board of Managers - Regular Meeting  
Tuesday, August 23, 2022 at 9:00 AM**

**Location:**

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

**MEETING IN-PERSON AND VIA VIDEOCONFERENCE**

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

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

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

**Attend via Videoconference, Join Zoom Meeting:**

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

Meeting ID: 574 676 5992

Passcode: 195957

**NUECES COUNTY HOSPITAL DISTRICT  
BOARD OF MANAGERS  
Board of Managers - Regular Meeting  
Tuesday, August 23, 2022 at 9:00 AM**

**AGENDA**

**1. WELCOME**

**2. ROLL CALL OF BOARD OF MANAGERS**

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

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

A. Call to order.

B. Establish quorum.

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

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. 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. Fiscal Year 2023 Budget (October 1, 2022 - September 30, 2023) and related matters.

**5. 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.

A. **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.

**B. 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:

1. Approve Board of Managers Regular Meeting minutes of July 26, 2022.
2. Receive listing of new vendors as of August 18, 2022; listing provided pursuant to Board of Managers Bylaws, §2.1.B and Texas Local Government Code, Chapter 176.
3. Receive summary payment information on Nueces County health care disbursements for Fiscal Year 2022 year-to-date:
  - a. Salaries, benefits, supplies, and intergovernmental transfers at/for City of Corpus Christi/Nueces County Public Health District;
  - b. Emergency medical services provided in unincorporated areas of Nueces County;
  - c. Supplemental and jail diversion program funding for Nueces Center for Mental Health and Intellectual Disabilities;
  - d. Medical services provided at County correctional facilities:
    1. Nueces County Jail; and
    2. Nueces County Juvenile Detention Center;
  - e. Funding for alcohol and drug abuse treatment programs:
    1. Cenikor (Charlie's Place);
    2. Council on Alcohol and Drug Abuse; and
    3. Palmer Drug Abuse Program;
  - f. Funding for diabetes prevention and supporting programs;

g. Public health grants; and

h. Legal and professional fees.

4. 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 July 31, 2022.

5. 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.

6. 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 July 31, 2022.

7. 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.

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

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

1. Comprehensive Hospital Increase Reimbursement Program (CHIRP);
2. Network Access Improvement Program (NAIP);
3. Texas Incentives for Physicians and Professional Services (TIPPS);
4. Uniform Hospital Rate Increase Program (UHRIP); and

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

1. Disproportionate Share Hospitals (DSH) program;
2. Graduate Medical Education (GME);
3. Hospital Uncompensated Care (UC) pool; and

c. Phase-Out Programs:

1. Delivery System Reform Incentive Payment (DSRIP) pool.

C. **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:

1. **Board of Managers Business:**

a. Discuss and consider authorizing preparation of a plaque or other similar memorial recognition of Mr. Daniel W. Dain, former Chairman of the Board of Managers, and such recognition to be posted in the Board of Managers Meeting Room or lobby of the Hospital District's Administrative Offices. (*ACTION*)

b. Discuss and consider canceling or rescheduling Board of Managers' September 27, 2022 meeting. (*ACTION*)

2. **Financial Statements:**

a. Receive and approve unaudited financial statements for the month and fiscal year-to-date period ended July 31, 2022. (*ACTION*)

3. **Nueces Aid Program Enrollment:**

a. Receive reports relating to Nueces Aid Program enrollment for the month-ended July 31, 2022:

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

b. Discuss Nueces Aid Program enrollment and related matters. (*INFORMATION*)

4. **Supplemental Payment Programs:**

a. Discuss and approve continuation in the Medicaid Network Access Improvement Program sponsored by the Texas Health and Human Services Commission for the term September 1, 2022 - August 31, 2023 (HHSC Contract No. HHS001201800008); and authorize Administrator to execute contract. (*ACTION*)

b. Discuss Delivery System Reform Incentive Payment (DSRIP) program-related intergovernmental transfer for the Corpus Christi-Nueces County Public Health District's October 2022 (final) DSRIP project submission. (*INFORMATION*)

5. **Administrator's Actions:**

a. Ratify Administrator's action(s) performed as part of his duties directing the affairs of the District and/or as required by the Board of Managers; duties

established pursuant to Texas Health and Safety Code, §281.026(e):

1. Personal Services Contract with Linda K. Wertz for consulting services and technical assistance relating to the Texas Health and Human Services Commission's planned September 30, 2022 discontinuation of the Delivery System Reform Incentive Payment Program (DSRIP) component of the Texas Medicaid 1115 Waiver; Contract term October 1, 2022 - September 30, 2023. *(ACTION)*

2. Engineering Services Agreement for Owner's Representative Services for Lessee's Hospital Demolition Project; Agreement with Hanson Professional Services provides for representation of the Hospital District's interests in the demolition project, including asbestos abatement, of Memorial Medical Center, a District-owned hospital building, and installation of green space on the demolition site; demolition project by CHRISTUS Spohn Health System Corporation; Agreement term August 1, 2022 - July 31, 2023. *(ACTION)*

3. Letter of Intent to participate in the planned Hospital Augmented Reimbursement Program (HARP), a statewide Medicaid supplemental payment program sponsored by the Texas Health and Services Commission (HHSC); HARP to serve as financial transition for historical providers in the Delivery System Reform Incentive Payment (DSRIP) program that will be discontinued by HHSC on September 30, 2022. *(ACTION)*

6. **Memorial Medical Center Demolition:**

a. Receive report from Owner's Representative on matters relating to the Memorial Medical Center demolition project by CHRISTUS Spohn Health System Corporation. *(INFORMATION)*

7. **Nueces County:**

a. Discuss and consider approval of Interlocal Cooperation Agreement between Nueces County Hospital District and Nueces County relating to Hospital District's reimbursement of County's Public Health District and other public health-related expenses during Fiscal Year 2023; and authorize Administrator to execute Agreement. *(ACTION)*

8. **COVID-19/Public Health:**

a. Discuss and consider approval of Grant Agreement with Amistad Community Health Center providing support for COVID-19 diagnostic testing and other health services for residents of the Hospital District during the period October 1, 2022 - September 30, 2023; and authorize Administrator to execute Agreement. *(ACTION)*

b. Discuss and consider approval of Grant Agreement with Coastal Bend Wellness Foundation providing support for COVID-19 diagnostic testing and

other health services for residents of the Hospital District during the period October 1, 2022 - September 30, 2023; and authorize Administrator to execute Agreement. **(ACTION)**

**9. Federal Emergency Management Agency (FEMA) Cost Recovery:**

a. Receive update on Hagerty Consulting Project #1 (FEMA Public Assistance Project Application #674808) relating to recovery of Social Determinants of Health Study-related costs incurred in response to the COVID-19 pandemic. **(INFORMATION)**

b. Receive update on Hagerty Consulting Project #2 (FEMA Public Assistance Project Application #679441) relating to recovery of costs associated with assessment of potential Alternate Care Site, COVID testing, and other costs incurred in response to the COVID-19 pandemic. **(INFORMATION)**

**10. Administrator's Briefing:**

a. Next Board of Managers regular meeting (meeting's date, time, and location are subject to change):

1. Board of Managers: September 27, 2022, 10:00 AM in NCHD Board of Managers Meeting Room at 555 North Carancahua Street, Room 950-A, Corpus Christi, Texas 78401. Note: This meeting may be canceled or rescheduled. **(INFORMATION)**

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

1. Consult with attorneys on matters relating to DSRIP program-related intergovernmental transfer for the Corpus Christi-Nueces County Public Health District.

2. Consult with attorneys on matters relating to Administrator's Employment Agreement for the period October 1, 2022 - September 30, 2026.

6. **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.

7. Consider final action, decision, or vote on matters considered in the Closed Meeting:

A. Approve Administrator's Employment Agreement for the period October 1, 2022 - September 30, 2026 and authorize Board Vice-Chairman to execute Agreement. (**ACTION**)

B. Other action(s) as needed.

8. **ADJOURN** (in memory of Daniel W. Dain)

NUECES COUNTY HOSPITAL DISTRICT  
 BUDGET - GENERAL FUND  
 FOR THE YEAR ENDING SEPTEMBER 30, 2023

	Column 1		Column 2		Column 3	Column 4		Column 5
	Fiscal 2023 Budget		Fiscal 2022 Budget		Budget 2023 vs. 2022	Fiscal 2022 Est. Actual		Est. Act vs F2023 Bud
Explanation								
<b>REVENUES</b>								
Property Taxes:								
1 Current	36,929,581	56.02%	36,780,945	77.78%	148,636	36,924,041	74.11%	5,540
2 Delinquent	(0)	0.00%	0	0.00%	(0)	357,567	0.72%	(357,567)
3 Penalties & Interest	369,296	0.56%	367,809	0.78%	1,486	313,516	0.63%	55,780
4 <b>Total Property Tax Revenue</b>	<b>37,298,876</b>	<b>56.58%</b>	<b>37,148,754</b>	<b>78.56%</b>	<b>150,122</b>	<b>37,595,124</b>	<b>75.45%</b>	<b>(296,248)</b>
5 Spohn Corporate Member Revenue	28,000,000	42.47%	9,883,929	20.90%	18,116,071	11,745,809	23.57%	16,254,191
6 Investment Income	378,116	0.57%	3,868	0.01%	374,249	196,961	0.40%	181,155
7 Other Income	250,000	0.38%	250,000	0.53%	0	287,109	0.58%	(37,109)
8 <b>Total Other Revenues</b>	<b>28,628,116</b>	<b>43.42%</b>	<b>10,137,797</b>	<b>21.44%</b>	<b>18,490,320</b>	<b>12,229,879</b>	<b>24.55%</b>	<b>16,398,237</b>
9 <b>TOTAL REVENUES</b>	<b>65,926,992</b>	<b>100%</b>	<b>47,286,551</b>	<b>100%</b>	<b>18,640,442</b>	<b>49,825,003</b>	<b>100%</b>	<b>16,101,989</b>
<b>OPERATING EXPENSES</b>								
10 Intergovernment Transfers	43,847,968	69.60%	29,233,513	61.55%	14,614,455	40,552,503	71.57%	3,295,465
11 County Healthcare Services	12,922,824	20.51%	12,574,925	26.48%	347,899	12,163,532	21.47%	759,292
12 Salaries	1,678,976	2.66%	1,529,940	3.22%	149,035	1,283,075	2.26%	395,901
13 Benefits	758,250	1.20%	738,570	1.56%	19,680	679,691	1.20%	78,559
14 Legal & Professional Fees	1,556,000	2.47%	1,470,500	3.10%	85,500	439,247	0.78%	1,116,753
15 Purchased Services	617,150	0.98%	588,000	1.24%	29,150	501,180	0.88%	115,970
16 Tax Assessor / Appraisal Collection Fees	757,000	1.20%	726,000	1.53%	31,000	706,593	1.25%	50,407
17 Supplies & Materials	21,500	0.03%	21,000	0.04%	500	18,136	0.03%	3,364
18 Rent & Leases	166,500	0.26%	151,500	0.32%	15,000	149,099	0.26%	17,401
19 Repairs & Maintenance	10,000	0.02%	9,000	0.02%	1,000	5,500	0.01%	4,500
20 Telephone & Utilities	48,000	0.08%	58,400	0.12%	(10,400)	46,702	0.08%	1,298
21 Insurance	30,800	0.05%	27,100	0.06%	3,700	23,919	0.04%	6,881
22 Administrative & General	432,500	0.69%	199,600	0.42%	232,900	67,807	0.12%	364,693
23 Capital Outlay	151,000	0.24%	163,000	0.34%	(12,000)	19,913	0.04%	131,087
24 Extraordinary	5,000	0.01%	5,000	0.01%	0	536	0.00%	4,464
25 <b>TOTAL EXPENDITURES</b>	<b>63,003,468</b>	<b>100%</b>	<b>47,496,048</b>	<b>100%</b>	<b>15,507,419</b>	<b>56,657,434</b>	<b>100%</b>	<b>6,346,034</b>
26 <b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER SOURCES &amp; USES</b>	<b>2,923,525</b>		<b>(209,498)</b>		<b>3,133,022</b>	<b>(6,832,431)</b>		<b>9,755,955</b>
<b>NON-OPERATING SOURCES (USES)</b>								
27 Operating Transfer In (Tobacco Fund)	600,000		550,000		50,000	667,000		(67,000)
28 Operating Transfer Out (Indigent Care Fund)	0				0	0		0
29 <b>TOTAL EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>3,523,525</b>		<b>340,502</b>		<b>3,183,022</b>	<b>(6,165,431)</b>		<b>9,688,955</b>
30 <b>FUND BALANCE, BEGINNING OF PERIOD</b>	<b>38,470,767</b>		<b>25,046,789</b>			<b>44,636,198</b>		
31 <b>FUND BALANCE, END OF PERIOD</b>	<b>41,994,292</b>		<b>25,387,291</b>			<b>38,470,767</b>		
32 <b>FUND BALANCE, END OF PERIOD (NET OF COMMITTED FUNDS)</b>	<b>30,054,335</b>		<b>21,553,576</b>			<b>29,876,142</b>		

NUECES COUNTY HOSPITAL DISTRICT  
CONSOLIDATED BUDGET - FOR THE GENERAL FUND, &  
SPECIAL REVENUE-TOBACCO & INDIGENT CARE FUNDS  
FOR THE YEAR ENDING SEPTEMBER 30, 2023

	Explanation	General Fund	Tobacco Fund	Indigent Care Fund	Total
	<b>REVENUES</b>				
1	Property Taxes	37,298,876	0	0	37,298,876
2	Spohn Corporate Member Revenue & LPPF Program	28,000,000	0	0	28,000,000
3	Investment Income	378,116	0	369,939	748,056
4	Other Income	250,000	0	0	250,000
5	Tobacco Income	0	600,000	0	600,000
6	<b>TOTAL REVENUES</b>	<b>65,926,992</b>	<b>600,000</b>	<b>369,939</b>	<b>66,896,932</b>
	<b>OPERATING EXPENSES</b>				
7	Intergovernmental Transfers	43,847,968	0	0	43,847,968
8	County Healthcare Services	12,922,824	0	0	12,922,824
9	Salaries	1,678,976	0	0	1,678,976
10	Benefits	758,250	0	0	758,250
11	Legal & Professional Fees	1,556,000	0	0	1,556,000
12	Purchased Services	617,150	0	0	617,150
13	Tax Assessor / Appraisal Collection Fees	757,000	0	0	757,000
14	Supplies & Materials	21,500	0	0	21,500
15	Rent & Leases	166,500	0	0	166,500
16	Repairs & Maintenance	10,000	0	0	10,000
17	Telephone & Utilities	48,000	0	0	48,000
18	Insurance	30,800	0	0	30,800
19	Administrative & General	432,500	0	0	432,500
20	Capital Outlay	151,000	0	0	151,000
21	Extraordinary/Tax Refund	5,000	0	0	5,000
22	Debt Service	0	0	0	0
23	<b>TOTAL EXPENDITURES</b>	<b>63,003,468</b>	<b>0</b>	<b>0</b>	<b>63,003,468</b>
24	<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER SOURCES &amp; USES</b>	<b>2,923,525</b>	<b>600,000</b>	<b>369,939</b>	<b>3,893,464</b>
	<b>NON-OPERATING SOURCES (USES)</b>				
25	Operating Transfers In	600,000	0	0	600,000
26	Operating Transfers Out	0	(600,000)	0	(600,000)
27	<b>TOTAL EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>3,523,525</b>	<b>0</b>	<b>369,939</b>	<b>3,893,464</b>
28	<b>FUND BALANCE, BEGINING OF PERIOD</b>	<b>38,470,767</b>	<b>0</b>	<b>56,745,387</b>	<b>95,216,154</b>
29	<b>FUND BALANCE, END OF PERIOD</b>	<b>41,994,292</b>	<b>0</b>	<b>57,115,326</b>	<b>99,109,618</b>
30	<b>FUND BALANCE, END OF PERIOD (NET OF COMMITTED FUNDS)</b>	<b>30,054,335</b>	<b>0</b>	<b>57,115,326</b>	<b>87,169,661</b>

Nueces County Hospital District  
 County Healthcare Department Expenditures  
 FY2022-FY2023

Program		Budget 2023	Budget 2022	Difference	Projected 2022	Difference Bud22 v. Proj
<b><u>Mental Healthcare Services</u></b>						
1	a MHID (State Match Program)	969,129	969,129	0	969,129	0
	b <u>MHID - Jail Programs</u>					
	Jail Diversion Program	1,840,000	1,990,250	(150,250)	1,669,569	320,681
	Forensic ACT	510,000	1,066,774	(556,774)	406,000	660,774
	Walk-in-Crisis	450,000	453,777	(3,777)	215,000	238,777
	Contingency	1,000,000	0	1,000,000	0	0
		<u>3,800,000</u>	<u>3,510,801</u>	<u>289,199</u>	<u>2,290,569</u>	<u>1,220,232</u>
	c <u>Mental Healthcare Services Department</u>					
	Cloud9 - Telehealth services	0	208,350	(208,350)	0	208,350
	PAARI - Officer training & overdose prevention	0	95,000	(95,000)	25,350	69,650
	Staff Salaries, Benefits, Expenses	273,000	266,650	6,350	272,000	(5,350)
		<u>273,000</u>	<u>570,000</u>	<u>(297,000)</u>	<u>297,350</u>	<u>272,650</u>
	Subtotal Mental Healthcare Services	5,042,129	5,049,930	(7,801)	3,557,048	1,492,882
2	<u>Health Department (Operating Expenditures)</u>					
	Health Department/Vector Control - Accrued	2,000,000	1,829,300	170,700	1,829,300	0
		<u>2,000,000</u>	<u>1,829,300</u>	<u>170,700</u>	<u>1,829,300</u>	<u>0</u>
3	<u>Emergency Medical Services</u>	650,000	550,000			
	City of Robstown				120,000	
	Emergency Services District #1				140,000	
	Emergency Services District #2				10,000	
	Emergency Services District #4				160,000	
	Emergency Services District #6				95,000	
		<u>650,000</u>	<u>550,000</u>	<u>100,000</u>	<u>525,000</u>	<u>25,000</u>
4	<u>Juvenile Detention Center-Health Services</u>	407,000	407,000	0	407,000	0
	Various Health-related Services					
5	<u>County Jail Healthcare Services</u>	4,478,695	4,408,695	70,000	4,413,000	(4,305)
	Armor Correctional Healthcare Services					
6a	Alcohol and Drug Rehabilitation Center (Cenikor)	60,000	60,000	0	60,000	0
6b	Council on Alcohol & Drug Abuse	50,000	50,000	0	50,000	0
7	County Juvenile and Adult Diabetes Program	50,000	50,000	0	50,000	0
8	HALO-Flight Funding	15,000	0	15,000	0	0
9	<u>Public Health Grants</u>					
	Coastal Bend Wellness Foundation	85,000	85,000	0	85,000	0
	Amistad Community Health Center	85,000	85,000	0	85,000	0
		<u>170,000</u>	<u>170,000</u>	<u>0</u>	<u>170,000</u>	<u>0</u>
<b>TOTALS</b>		<b>12,922,824</b>	<b>12,574,925</b>	<b>347,899</b>	<b>11,061,348</b>	<b>1,513,577</b>

**MINUTES  
BOARD OF MANAGERS  
NUECES COUNTY HOSPITAL DISTRICT  
REGULAR MEETING  
JULY 26, 2022**

---

---

The Nueces County Hospital District Board of Managers met at 10:00 a.m., Tuesday, July 26, 2022 in the NCHD Board Room, at 555 N. Carancahua, Suite 950 – A, Corpus Christi, Texas.

**HOSPITAL DISTRICT REPRESENTATIVES:**

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

**OTHERS PRESENT:**

Aidee Hernandez	Commissioners Court Manager
Barbara Canales	County Judge
Maggie Turner	Chief Executive to County Judge
Dr. Xavier Gonzales	Director of Mental Health
Andrea Kovarik	MHID – via Zoom
Mark Hendrix	MHID – via Zoom
Amy Kramer	MHID – via Zoom
Timothy S.	- via Zoom
Rebecca Rios	Christus Spohn – via Zoom
Sandra Santos	Commissioner Gonzalez’s Assistant – via Zoom
Aaron Diaz	Deputy Director of MHP – via Zoom

---

**MINUTES  
BOARD OF MANAGERS  
REGULAR MEETING  
JULY 26, 2022**

**1. WELCOME**

**2. ROLL CALL OF BOARD OF MANAGERS**

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

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

A. Call to order – Ms. Sylvia Tryon Oliver, Vice – Chairman  
The meeting was called to order by Ms. Oliver at 10:25 a.m.

B. Establish quorum – Ms. Oliver  
A quorum was present with five members in attendance.

**Sylvia Tryon Oliver, Vice – Chairman – PRESENT**  
**Belinda Flores, R.N., Member – PRESENT**  
**Vishnu V. Reddy, M.D., Member – PRESENT**  
**John E. Valls, M.B.A., Member – PRESENT**  
**Mariana Garza, J.D., Member – PRESENT - via Zoom @ 10:46 a.m.**  
**out @ 10:47 a.m. back @ 10:47 a.m. out @11:08 a.m.**  
**Daniel W. Dain, Chairman – ABSENT**  
**Efrain Guerrero, Jr., Member – 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. 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**

**MINUTES  
BOARD OF MANAGERS  
REGULAR MEETING  
JULY 26, 2022**

Workshop. Public comment will not be accepted during the Workshop Session.

- A. Fiscal Year 2023 Budget (October 1, 2022 - September 30, 2023) and related matters.
- B. Reimbursement of Nueces County's health care expenditures during Fiscal Year 2023, including reimbursement of the County's Public Health District-related expenses.
- C. Provision and allocation of funding for Mental Health Programs during Fiscal Year 2023.

**Ms. Oliver called for a short break at 11:25 a.m.**

**Ms. Oliver resumed meeting after short break at 11:36 a.m.**

**5. 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.

**A. 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 Canales  
Aidee Hernandez  
Mark Hendrix**

**B. 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:

**MINUTES  
BOARD OF MANAGERS  
REGULAR MEETING  
JULY 26, 2022**

1. Approve May 23, 2022 minutes of:
  - a. Board of Managers Regular Meeting; and
  - b. Public Hearing relating to mandatory Health Care Provider Participation Program payments.
2. Receive listing of new vendors as of July 20, 2022; listing provided pursuant to Board of Managers Bylaws, §2.1.B and Texas Local Government Code, Chapter 176.
3. Receive summary payment information on Nueces County health care disbursements for Fiscal Year 2022 year-to-date:
  - a. Salaries, benefits, supplies, and intergovernmental transfers at/for City of Corpus Christi/Nueces County Public Health District;
  - b. Emergency medical services provided in unincorporated areas of Nueces County;
  - c. Supplemental and jail diversion program funding for Nueces Center for Mental Health and Intellectual Disabilities;
  - d. Medical services provided at County correctional facilities:
    1. Nueces County Jail; and
    2. Nueces County Juvenile Detention Center;
  - e. Funding for alcohol and drug abuse treatment programs:
    1. Cenikor (Charlie's Place);
    2. Council on Alcohol and Drug Abuse; and
    3. Palmer Drug Abuse Program;
  - f. Funding for diabetes prevention and supporting programs;
  - g. Public health grants; and
  - h. Legal and professional fees. (*Finance Committee*)
4. 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 periods-ended May 31, 2022 and June 30, 2022.

MINUTES  
BOARD OF MANAGERS  
REGULAR MEETING  
JULY 26, 2022

*(Finance Committee)*

5. 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)*

6. 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 months-ended May 31, 2022 and June 30, 2022. *(Finance Committee)*

7. 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)*

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

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

1. Comprehensive Hospital Increase Reimbursement Program (CHIRP);
2. Network Access Improvement Program (NAIP);
3. Texas Incentives for Physicians and Professional Services (TIPPS);
4. Uniform Hospital Rate Increase Program (UHRIP); and

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

1. Disproportionate Share Hospitals (DSH) program;
2. Graduate Medical Education (GME);
3. Hospital Uncompensated Care (UC) pool; and

c. Phase-Out Programs:

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

MINUTES  
BOARD OF MANAGERS  
REGULAR MEETING  
JULY 26, 2022

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

C. **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:

1. **Finance Committee:**

a. **Financial Statements:**

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

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

b. **Investment Report:**

1. Receive Quarterly Investment Report for fiscal quarter-ended June 30, 2022. **(INFORMATION)**

c. **Investment Policy:**

1. Adopt Board of Managers Resolution relating to annual review of investment policy and investment strategies; adopt policy and strategies to be effective September 1, 2022; review and adoption pursuant to Texas Government Code, §2256.005(e). **(ACTION)**

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

2. Adopt Board of Managers Resolution relating to annual review and adoption of listing of qualified broker/dealers authorized to engage in investment transactions; adopted listing to be effective September 1, 2022; review and adoption pursuant to Texas Government Code, §2256.025. **(ACTION)**

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

d. **Nueces Aid Program Enrollment:**

1. Receive reports relating to Nueces Aid Program enrollment for the months-ended May 31, 2022 and June 30, 2022:
  1. Total Persons and Households Enrolled;

**MINUTES  
BOARD OF MANAGERS  
REGULAR MEETING  
JULY 26, 2022**

2. Enrollment Summary;
3. Denials;
4. Application Processing Summary; and
5. Enrollment by Zip Code. (*INFORMATION*)

**Dr. Reddy proposed that all Finance meetings be included in and with the Regular Board meetings until further notice, all members present agreed.**

**2. Federal Emergency Management Agency (FEMA):**

- a. Receive status report on Hagerty Consulting Project #1 (FEMA Public Assistance Project Application #674808) relating to recovery of Social Determinants of Health Study-related costs incurred in response to the COVID-19 pandemic. (*INFORMATION*)

**3. Memorial Medical Center Demolition:**

- a. Receive April 22, 2022 letter from CHRISTUS Spohn Health System Corporation relating to removal of Hospital District-owned equipment located at Memorial Medical Center, 2606 Hospital Boulevard, Corpus Christi, Texas; equipment removal to precede remediation and demolition of the Memorial Medical Center facility pursuant to the CHRISTUS Spohn Health System Corporation Membership Agreement between CHRISTUS Spohn Health System Corporation, CHRISTUS Health, and Hospital District. (*INFORMATION*)
- b. Receive May 20, 2022 letter to CHRISTUS Spohn Health System Corporation relating to requirements associated with CHRISTUS Spohn's demolition of the Memorial Medical Center Buildings and Infrastructure; requirements pursuant to Schedule 1, Section 3.5.4 of the CHRISTUS Spohn Health System Corporation Amended and Restated Membership Agreement between CHRISTUS Spohn Health System Corporation, CHRISTUS Health, and Hospital District. (*INFORMATION*)
- c. Receive July 14, 2022 letter from CHRISTUS Spohn Health System Corporation providing demolition plans relating to CHRISTUS Spohn's demolition of the Memorial Medical Center Buildings and Infrastructure; demolition requirements pursuant to Schedule 1, Section 3.5.4 of the CHRISTUS Spohn Health System Corporation Amended and Restated Membership Agreement between CHRISTUS Spohn Health System

MINUTES  
BOARD OF MANAGERS  
REGULAR MEETING  
JULY 26, 2022

Corporation, CHRISTUS Health, and Hospital District. (*INFORMATION*)

4. Nueces County:

a. Discuss and consider action relating to Nueces County's request for reimbursement from the Hospital District for the County's payment of sick

leave and vacation hours for County employees who worked at the Public Health District who were hired by the City of Corpus Christi after the Effective Date (March 1, 2022) of the Amended Cooperative Agreement for City-Operated Corpus Christi-Nueces County Public Health District. (*ACTION*)

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

b. Discuss proposed Interlocal Cooperation Agreement between Nueces County and Nueces County Hospital District relating to Hospital District's reimbursement of County's Public Health District-related expenses. (*INFORMATION*)

5. Community Mental Health Initiatives:

a. Receive and discuss information presented by Nueces County's Director of Mental Health Programs on Hospital District-funded and other mental health programs:

1. Receive Jail Diversion Programs Recommendation Report. (*INFORMATION*)

D. Administrator's Actions:

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

a. Extension of timeline for determining the Specified Annual Percentage for the period October 1, 2022 - September 30, 2023; process pursuant to Section 5.03 of the CHRISTUS Spohn Health System Corporation Amended and Restated Membership Agreement between CHRISTUS Spohn Health System Corporation, CHRISTUS Health, and Hospital District. (*ACTION*)

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

**MINUTES  
BOARD OF MANAGERS  
REGULAR MEETING  
JULY 26, 2022**

**E. ADMINISTRATOR'S BRIEFING:**

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

a. Finance Committee: August 23, 2022, 9:30 AM in NCHD Board of Managers Meeting Room at 555 North Carancahua Street, Room 950-A, Corpus Christi, Texas 78401; and

b. Board of Managers: August 23, 2022, 10:00 AM in NCHD Board of Managers Meeting Room at 555 North Carancahua Street, Room 950-A, Corpus Christi, Texas 78401. Meeting will include Board Workshop on Hospital District's Fiscal Year 2023 Budget. (**INFORMATION**)

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

1. Consult with attorneys on and/or deliberate evaluation of the Administrator.
2. Consult with attorneys on matters relating to the Administrator's Employment Agreement for the period October 1, 2022 - September 30, 2026.

**Ms. Oliver called for Close Meeting at 12:32 p.m.**

6. **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.

**Ms. Oliver called for Open Meeting at 12:52 p.m.**

**MINUTES  
BOARD OF MANAGERS  
REGULAR MEETING  
JULY 26, 2022**

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

**Motion by Mr. Valls re: Mr. Hipp's compensation.  
Base salary up to \$250,000.00 for next 4 years period.  
And authorize full bonus for current contract.  
Seconded by Ms. Flores. MOTION CARRIED.**

**8. ADJOURN**

**Motion to adjourn by Ms. Oliver. Motion by Mr. Valls  
and seconded by Ms. Flores.  
Meeting adjourned at 12:54 p.m.**

**MINUTES  
BOARD OF MANAGERS  
REGULAR MEETING  
JULY 26, 2022**

**PRESIDING OFFICER**

---

Sylvia Tryon Oliver, Vice – Chairman

**ATTEST:**

---

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

---

Wm Dewitt Alsup, General Counsel  
Nueces County Hospital District

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

<u>Vendor ID</u>	<u>Vendor Name</u>	<u>Address</u>	<u>City</u>	<u>State</u>	<u>ZIP</u>
2072	Villarreal, Delisa	1721 Harriett Drive	Corpus Christi	TX	78416
2073	S-Con Construction, LLC	1906 Comanche Street	Corpus Christi	TX	78408

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

	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Fiscal 2022 YTD	Budget 2022	Balance
	<u>Intergovernmental Transfers</u>														
Health Dept - County - IGT	0.00	0.00	0.00	76,662.34	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	76,662.34	887,000.00	810,337.66
<u>County Healthcare Services</u>															
Health Dept - County	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	942,300.00	942,300.00
Emergency Medical Services	0.00	0.00	0.00	127,200.00	0.00	0.00	120,300.00	0.00	0.00	113,400.00	0.00	0.00	360,900.00	550,000.00	189,100.00
NC MHID - Fund Matching	0.00	0.00	242,283.00	0.00	0.00	242,283.00	0.00	0.00	242,282.00	0.00	0.00	0.00	726,848.00	969,129.00	242,281.00
NC MHID - Jail Programs	0.00	0.00	174,265.51	120,600.82	151,341.38	252,573.50	257,018.81	0.00	187,338.20	142,162.75	0.00	0.00	1,285,300.97	3,510,801.00	2,225,500.03
Mental Healthcare Services Dept	134.48	214.02	0.00	71,439.23	0.00	0.00	0.00	0.00	0.00	144,224.10	0.00	0.00	216,011.83	570,000.00	353,988.17
Juvenile Center - Lab	1,474.67	1,651.74	1,514.95	1,134.27	1,758.93	1,897.55	1,936.09	1,632.38	2,454.12	1,825.46	0.00	0.00	17,280.16	407,000.00	
Juvenile Center - Doctors	13,334.40	23,070.35	17,982.20	17,141.35	20,756.24	29,758.95	23,298.36	53,889.33	55,573.52	45,983.37	350.00	0.00	301,140.07		
Juvenile Center - Pharmacy	583.97	1,256.12	669.67	587.05	66.33	2,223.01	31.92	40.65	4,012.69	616.29	0.00	0.00	10,087.70		
Juvenile Center - Other	435.80	1,970.46	124.48	289.48	912.60	561.82	1,228.96	2,242.26	180.00	476.03	0.00	0.00	8,421.89		
Subtotal	15,828.84	27,948.67	20,291.30	19,152.15	23,494.10	34,441.33	26,495.33	57,804.62	62,220.33	48,903.15	350.00	0.00	336,929.82	407,000.00	70,070.18
Nueces County Jail Services	353,224.55	370,829.92	353,224.55	357,129.95	353,224.55	353,224.55	353,224.55	369,677.20	393,063.88	369,169.88	353,224.55	0.00	3,979,218.13	4,408,695.00	429,476.87
Centikor	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	60,000.00	60,000.00
Council on Alcohol & Drug Abuse	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	50,000.00	50,000.00
Diabetes Program - County	0.00	0.00	0.00	88.64	0.00	0.00	0.00	0.00	0.00	15,098.86	0.00	0.00	15,187.50	50,000.00	34,812.50
County Public Health Grants	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	170,000.00	170,000.00
Totals	569,187.87	598,992.61	790,064.36	700,833.90	599,499.26	882,522.38	757,038.69	427,481.82	884,904.41	832,958.74	553,574.55	0.00	6,997,058.59	12,574,925.00	5,577,866.41

**Nueces County Hospital District  
Imputed Claims Experience for Calendar Year 2022  
As if Adjudicated January 1, 2022 through July 31, 2022**

<b>Service</b>	<b>Claims</b>	<b>Billed</b>	<b>Contract Amt.</b>	<b>Co Insurance</b>	<b>Net</b>
ER	2,368	13,859,192	1,665,106	75,119	1,589,987
ASU	477	7,921,600	684,459	30,830	653,629
Clinic	9,254	6,994,033	1,918,079	80,835	1,837,244
Obs	114	3,444,745	797,392	30,616	766,776
OP	6,071	26,432,501	6,432,691	279,169	6,153,522
Subtotal	18,284	58,652,071	11,497,727	496,569	11,001,158
IP	399	26,573,104	4,043,926	126,804	3,917,122
SNF	-	-	-	-	-
RX	67,663	25,733,388	9,831,144	283,857	9,547,287
Physician	31,339	10,180,778	3,207,440	106,227	3,101,213
<b>Total</b>	<b>117,685</b>	<b>121,139,341</b>	<b>28,580,237</b>	<b>1,013,457</b>	<b>27,566,780</b>

**NOTE:**

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

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

Member Revenue % 3.0%

	October	November	December	January	February	March	April	May	June	July	August	September	Totals
<u>Membership Revenue Deposits</u>													
Week 1	165,178.26	183,713.87	243,955.67	254,373.65	203,576.75	230,983.47	232,339.33	206,540.51	223,259.27	271,196.28	217,705.97		2,432,823.03
Week 2	269,943.70	144,144.12	293,334.36	261,243.73	242,771.93	247,322.51	207,626.47	216,345.83	226,428.79	182,609.35	244,002.69		2,535,773.48
Week 3	189,474.15	254,845.66	254,569.32	202,153.37	204,783.71	227,240.44	158,636.07	232,094.98	386,278.02	231,254.31			2,341,330.03
Week 4	251,640.56	204,063.64	282,539.21	178,046.34	186,845.25	235,735.15	290,899.77	249,808.76	302,176.76	216,807.37			2,398,562.81
Week 5	249,925.11			222,033.60			218,396.71			208,673.08			899,028.50
Subtotal	1,126,161.78	786,767.29	1,074,398.56	1,117,850.69	837,977.64	941,281.57	1,107,898.35	904,790.08	1,138,142.84	1,110,540.39	461,708.66	0.00	10,607,517.85



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

received  
08/11/22

PAGE 1 OF 4

TEMP-RETURN SERVICE REQUESTED

MB 01 001214 96668 H 4 A  
NUECES COUNTY HOSPITAL DISTRICT  
ATTN: JONNY HIPP  
555 NORTH CARANCAHUA ST. SUITE 950  
CORPUS CHRISTI TX 78401-0835

Account Number [REDACTED]  
Statement Period 07/01/2022 through 07/31/2022  
Account Title CHRISTUS SPOHN HEALTH SYSTEM CORP /  
NUECES COUNTY HOSPITAL DISTRICT  
CHRISTUS SPOHN / NUECES CNTY ESCROW

ADMINISTRATIVE OFFICER GCAS CLIENT SERVICE.  
13129923272 GCAS\_AMRS\_ESCROW\_CLIENT\_SERVIC  
E@BOFA.COM

ALTERNATE CONTACT CLIENT SERVICE.  
13129923272 GCAS\_AMRS\_ESCROW\_CLIENT\_SERVIC  
E@BOFA.COM

This is intended solely for the user of the intended recipient(s) and may contain information that is privileged, confidential or proprietary. If you are not an intended recipient, then please delete and destroy all copies and attachments, and be advised that any review or dissemination of, or undertaking of any action in reliance on, the information contained in or attached to this message is prohibited. In case of any discrepancy, please contact your client account manager immediately.

For further information about the compensation provided by the FSCS, refer to the FSCS website at [www.fscs.org.uk](http://www.fscs.org.uk)

PARTICIPATING PORTFOLIOS

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

PARTICIPATING PORTFOLIOS

PORTFOLIO NUMBER	PORTFOLIO NAME
[REDACTED]	[REDACTED]





**CASH AND EQUIVALENTS**

8,609,890.57	BLACKROCK TREASURY TRUST - CASH MANAGEMENT 0012	8,609,890.57	88,901.30
<b>TOTAL CASH AND EQUIVALENTS</b>		<b>8,609,890.57</b>	<b>88,901.30</b>

**TRANSACTION SUMMARY**

DESCRIPTION	INCOME CASH	PRINCIPAL CASH	COST
<b>BEGINNING BALANCE</b>	0.00	0.00	8,607,431.37
DIVIDENDS	0.00	0.00	0.00
INTEREST	0.00	2,459.20	0.00
OTHER INCOME	0.00	0.00	0.00
RECEIPTS & DEPOSITS	0.00	0.00	0.00
SALES & DISPOSITIONS	0.00	0.00	0.00
INTRA ACCOUNT TRANSFERS	0.00	0.00	0.00
DISTRIBUTIONS & WITHDRAWALS	0.00	0.00	0.00
PURCHASES & ACQUISITIONS	0.00	-2,459.20	2,459.20
FEES & EXPENSES	0.00	0.00	0.00
MISCELLANEOUS	0.00	0.00	0.00
<b>ENDING BALANCE</b>	<b>0.00</b>	<b>0.00</b>	<b>8,609,890.57</b>

**TRANSACTION DETAIL**

DATE	DESCRIPTION	INCOME CASH	PRINCIPAL CASH	COST
	<b>BEGINNING BALANCE</b>			<b>8,607,431.37</b>
07/01/22	INTEREST PAYMENT PAYABLE 07/01/22	0.00	0.00	
	BLACKROCK TREASURY TRUST - CASH MANAGEMENT 0012		2,459.20	

Please visit the web address <https://business.bofa.com/en-us/content/gcas-client-disclaimer.html> for important legal information and regulatory disclosures regarding this statement or report.



30/JUL/2022

CA

NUECES COUNTY HOSPITAL DISTRICT

07/01/2022 thru 07/31/2022





TRANSACTION DETAIL (continued)

DATE	DESCRIPTION	INCOME CASH	PRINCIPAL CASH	COST
07/01/22	SWEEP PURCHASE 2,459.2 SHARES TRADE 07/01/22 BLACKROCK TREASURY TRUST - CASH MANAGEMENT 0012		-2,459.20	2,459.20
	ENDING BALANCE	0.00	0.00	8,609,890.57

Please visit the web address <https://business.bofa.com/en-us/content/gcas-client-disclaimer.html> for important legal information and regulatory disclosures regarding this statement or report.

30/JUL/2022 CA NUECES COUNTY HOSPITAL DISTRICT 07/01/2022 thru 07/31/2022





You are solely responsible for making, and the content of, any required filings with any state or government agency, any self-regulatory organization or exchange and for the accuracy of the information contained therein. Bank of America does not act as a tax agent. Bank of America does not render any opinion or provide advice regarding legal, compliance, accounting, regulatory or tax matters and it is your responsibility to seek such legal, compliance, accounting, regulatory or tax advice as you deem necessary. The Information is not intended or written to be used, and cannot be used or relied upon for the purpose of avoiding tax penalties.

Please note the important regulatory disclosures which are accessible at the following website:

<https://business.bofa.com/en-us/content/gcas-client-disclaimer.html>

This website address appears at the foot of your reports and statements for your convenience.

Cash Sweep Clients

With respect to any "cash sweep vehicle", if applicable, Money Market Funds and Mutual Funds are not deposits within the meaning of the Federal Deposit Insurance Act (12 U.S.C. 1813 (j)), are not insured or guaranteed by the U.S. Government, the FDIC or any other government agency, are not insured, endorsed or guaranteed by Bank of America, are not obligations of Bank of America, and involve investment risk, including possible loss of principal. If a receiver were appointed for Bank of America, the client would have an ownership interest in the shares of the Money Market Fund or the Mutual Fund that Bank of America purchased on behalf of the client.



Nueces County Hospital District  
 Nueces LPPF Activity  
 Fiscal Year 2022

	October	November	December	January	February	March	April	May	June	July	August	September	Totals
Beginning Balan	17,763,074.64	25,618,451.58	32,852,981.60	51,846,575.63	50,419,827.17	44,619,075.29	44,619,537.37	44,620,197.49	28,813,418.17	17,532,304.33	16,880,209.12	10,091,583.17	17,763,074.64
<u>Deposits</u>													
Christus Spohn		7,234,287.00	7,234,287.00		7,234,287.00			7,234,287.00	17,186,006.50				46,123,154.50
CCMC	5,650,342.75		5,650,342.75		5,650,342.75			5,650,342.75	5,715,374.00	5,715,374.00			34,032,119.00
CC Rehab	244,647.50		244,647.50		244,647.50			244,647.50	261,256.50	261,256.50			1,501,103.00
Driscoll	4,669,067.75		4,669,067.75		4,669,067.75			4,669,067.75	4,689,720.50	9,379,441.00			32,745,432.50
PAM Specialty	299,980.75		299,980.75		299,980.75			299,980.75	341,892.50	341,892.50			1,883,708.00
PAM Rehab	268,249.75		268,249.75		268,249.75			268,249.75	340,715.25	340,715.25			1,754,429.50
S. TX Surgical	626,744.50		626,744.50		626,744.50			626,744.50	604,730.50	604,730.50			3,716,439.00
Subtotal	11,759,033.00	7,234,287.00	18,993,320.00	0.00	18,993,320.00	0.00	0.00	18,993,320.00	29,139,695.75	16,643,409.75	0.00	0.00	121,756,385.50
Interest	119.10	243.02	272.03	386.81	251.39	462.08	660.12	306.19	406.84	92.98			3,200.56
Transfers In													0.00
<b>Total Deposits</b>	<b>11,759,152.10</b>	<b>7,234,530.02</b>	<b>18,993,592.03</b>	<b>386.81</b>	<b>18,993,571.39</b>	<b>462.08</b>	<b>660.12</b>	<b>18,993,626.19</b>	<b>29,140,102.59</b>	<b>16,643,502.73</b>	<b>0.00</b>	<b>0.00</b>	<b>121,759,586.06</b>
<u>Inter-Governmental Transfers</u>													
UC	(3,903,775.16)			(1,427,133.27)	(24,794,323.27)					(9,817,344.67)			(28,698,098.43)
DSRIP													(11,244,477.94)
CHIRP								(34,294,607.97)	(39,827,931.42)		(6,788,625.95)		(80,911,165.34)
TIPPS								(355,797.54)	(593,285.01)				(949,082.55)
DSH										(7,478,253.27)			(7,478,253.27)
UHRIP													0.00
<b>Total IGT's</b>	<b>(3,903,775.16)</b>	<b>0.00</b>	<b>0.00</b>	<b>(1,427,133.27)</b>	<b>(24,794,323.27)</b>	<b>0.00</b>	<b>0.00</b>	<b>(34,650,405.51)</b>	<b>(40,421,216.43)</b>	<b>(17,295,597.94)</b>	<b>(6,788,625.95)</b>	<b>0.00</b>	<b>(129,281,077.53)</b>
Transfers Out								(150,000.00)					(150,000.00)
Bank Fees													0.00
<b>Ending Balance</b>	<b>25,618,451.58</b>	<b>32,852,981.60</b>	<b>51,846,573.63</b>	<b>50,419,827.17</b>	<b>44,619,075.29</b>	<b>44,619,537.37</b>	<b>44,620,197.49</b>	<b>28,813,418.17</b>	<b>17,532,304.33</b>	<b>16,880,209.12</b>	<b>10,091,583.17</b>	<b>10,091,583.17</b>	<b>10,091,583.17</b>

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

Provider	DSRIP	UC	DSH	UHRIP	NAIP	CHIRP	TIPPS	TOTALS
Christus Spohn - Corpus Christi	393,130,704	469,883,767	225,698,871	55,698,685	114,257,151	43,015,169	2,610,423	1,304,294,769
Christus Spohn Rural (Alice/Beeville/Kleberg)	48,398,858	171,637,909	0	15,020,682	0	10,399,451	0	245,456,900
Corpus Christi Medical Center	121,850,134	139,171,092	0	48,200,011	0	62,724,121	0	371,945,358
Driscoll Childrens Hospital	314,313,359	19,578,099	0	0	0	198,747,599	479,717	533,118,774
Detar Hospital	24,949,804	47,723,156	0	15,382,457	0	0	0	88,055,417
North Bay General Hospital	0	0	0	504,542	0	0	0	504,542
South Texas Surgical Hospital	0	0	0	904,786	0	0	0	904,786
Corpus Christ Rehab Hospital	0	0	0	296,670	0	0	0	296,670
PAM Specialty Hospital	0	0	0	1,330	0	0	0	1,330
PAM Rehab Hospital	0	0	0	147,501	0	0	0	147,501
Nueces County Health Dept	20,067,084	0	0	0	0	0	0	20,067,084
<b>TOTALS</b>	<b>922,709,943</b>	<b>847,994,023</b>	<b>225,698,871</b>	<b>136,156,663</b>	<b>114,257,151</b>	<b>314,886,339</b>	<b>3,090,140</b>	<b>2,564,793,129</b>

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

IGT Source	DSRIP	UC	DSH	UHRIP	NAIP	CHIRP	TIPPS	TOTALS
Nueces County Hospital District	337,517,127	303,167,058	80,170,663	59,437,427	44,778,759	0	0	825,071,034
Nueces LPPF	27,730,176	31,858,523	7,478,253	0	0	115,893,500	1,304,880	184,265,332
<b>TOTALS</b>	<b>365,247,303</b>	<b>335,025,581</b>	<b>87,648,916</b>	<b>59,437,427</b>	<b>44,778,759</b>	<b>115,893,500</b>	<b>1,304,880</b>	<b>1,009,336,366</b>

Nueces County Hospital District  
**Combined Balance Sheet - All Fund Types & Account Groups**  
 As of 7/31/2022  
 (In Whole Numbers)

	General Fund	Special Revenue Fund	Trust Fund	General Fixed Assets	General Long Term Debt	TOTAL
<b>Assets</b>						
Cash & Cash Equivalents	46,288,068 *	19,551,682	94,771	0	0	65,934,522
Investments	0	37,018,948	0	0	0	37,018,948
Accrued Interest	0	118,174	122	0	0	118,296
Taxes Receivable, Net of Allowance	3,845,708	0	0	0	0	3,845,708
Other Receivables	0	0	0	0	0	0
Due from Other Funds	26,278	0	0	0	0	26,278
Prepaid Expenditures	108,053	0	0	0	0	108,053
Restricted Cash & Cash Equivalents - LPPF	16,880,209	0	0	0	0	16,880,209
Fixed Assets	0	0	0	32,158,070	0	32,158,070
Amt to be Provided for Retirement of LT Debt	0	0	0	0	53,485	53,485
<b>Total Assets</b>	<u>67,148,317</u>	<u>56,688,805</u>	<u>94,893</u>	<u>32,158,070</u>	<u>53,485</u>	<u>156,143,570</u>
<b>Liabilities</b>						
Accounts Payable	2,283,639	0	0	0	0	2,283,639
Accrued Payroll & Related Liabilities	236,892	0	0	0	0	236,892
Intergovernmental Transfer Obligations	16,880,209	0	0	0	0	16,880,209
Due to Other Funds	0	0	26,278	0	0	26,278
Deferred Revenue	3,845,708	0	0	0	0	3,845,708
Long Term Paid Time Off	0	0	0	0	53,485	53,485
<b>Total Liabilities</b>	<u>23,246,449</u>	<u>0</u>	<u>26,278</u>	<u>0</u>	<u>53,485</u>	<u>23,326,211</u>
<b>Fund Equity</b>						
Fund Balance	35,940,306	0	68,615	32,158,070	0	68,166,991
Committed to:						
Intergovernmental Transfers	7,961,562	0	0	0	0	7,961,562
Indigent Care	0	56,688,060	0	0	0	56,688,060
Assigned to County Health Care	0	744	0	0	0	744
<b>Total Fund Equity</b>	<u>43,901,868</u>	<u>56,688,805</u>	<u>68,615</u>	<u>32,158,070</u>	<u>0</u>	<u>132,817,358</u>
<b>Total Liabilities &amp; Fund Equity</b>	<u>67,148,317</u>	<u>56,688,805</u>	<u>94,893</u>	<u>32,158,070</u>	<u>53,485</u>	<u>156,143,570</u>

\* General Fund Cash & Equivalents balance includes \$7,961,562 in committed funds.

Nueces County Hospital District  
 Statement of Revenues and Expenditures - All Governmental and Trust Funds  
 General Fund  
 From 7/1/2022 Through 7/31/2022  
 (In Whole Numbers)

	Current Period Actual	Current Year Actual
<b>Revenues</b>		
Taxes	107,813	37,231,609
Penalties & Interest - Taxes	24,537	298,516
Spohn Corporate Member Revenue	1,110,540	10,145,809
Investment Income	60,921	166,961
Other Income	87	287,009
Total Revenues	1,303,899	48,129,903
<b>Current Expenditures</b>		
Intergovernmental Transfers	11,229,997	38,705,181
County Healthcare Funding	778,963	7,716,904
Salaries	97,661	1,027,976
Benefits	48,775	528,080
Legal & Professional Fees	20,568	299,693
Purchased Services	54,146	1,021,269
Supplies & Materials	1,222	12,702
Rent & Leases	12,444	122,141
Repairs & Maintenance	125	2,260
Utilities	2,986	31,172
Insurance	1,936	19,049
Administrative & General	3,193	42,304
Capital Outlay	0	2,501
Total Current Expenditures	12,252,016	49,531,233
Excess of Revenues Over Expenditures Before Sources/Uses	(10,948,117)	(1,401,330)
<b>Other Financing Sources &amp; Uses</b>		
Operating Transfers In	0	(667,000)
Total Other Financing Sources & Uses	0	(667,000)
Excess of Revenues Over Expenditures After Sources & Uses	(10,948,117)	(734,330)
Fund Balance, Beginning of Year		44,636,198
FUND BALANCE, END OF YEAR		43,901,868

**UNAUDITED**

Nueces County Hospital District  
Statement of Revenues and Expenditures - All Governmental and Trust Funds  
Special Revenue Fund  
From 7/1/2022 Through 7/31/2022  
(In Whole Numbers)

	<u>Current Period Actual</u>	<u>Current Year Actual</u>
Revenues		
Investment Income	47,483	226,683
Tobacco Settlement Proceeds	<u>0</u>	<u>666,491</u>
Total Revenues	<u>47,483</u>	<u>893,175</u>
 Excess of Revenues Over Expenditures Before Sources/Uses	 <u>47,483</u>	 <u>893,175</u>
 Other Financing Sources & Uses		
Operating Transfers Out	<u>0</u>	<u>667,000</u>
Total Other Financing Sources & Uses	<u>0</u>	<u>667,000</u>
 Excess of Revenues Over Expenditures After Sources & Uses	 <u>47,483</u>	 <u>226,175</u>
 Fund Balance, Beginning of Year		56,462,630
 FUND BALANCE, END OF YEAR		<u><u>56,688,805</u></u>

**Nueces County Hospital District**  
**Statement of Revenues and Expenditures - All Governmental and Trust Funds**  
**Trust Fund**  
**From 7/1/2022 Through 7/31/2022**  
**(In Whole Numbers)**

	<u>Current Period Actual</u>	<u>Current Year Actual</u>
Revenues		
Investment Income	122	265
Total Revenues	<u>122</u>	<u>265</u>
Current Expenditures		
Benefits	1,432	17,544
Administrative & General	39	1,376
Total Current Expenditures	<u>1,471</u>	<u>18,920</u>
Excess of Revenues Over Expenditures Before Sources/Uses	<u>(1,350)</u>	<u>(18,654)</u>
Excess of Revenues Over Expenditures After Sources & Uses	<u>(1,350)</u>	<u>(18,654)</u>
Fund Balance, Beginning of Year		87,269
FUND BALANCE, END OF YEAR		<u><u>68,615</u></u>

Nueces County Hospital District  
Statement of Revenues and Expenditures - Actual v. Budget  
General Fund  
From 7/1/2022 Through 7/31/2022  
(In Whole Numbers)

UNAUDITED

	Current Period Actual	Current Period Budget	Current Period Budget Variance	Current Year Actual	YTD Budget	YTD Budget Variance
<b>Revenues</b>						
Taxes	107,813	0	107,813	37,231,609	36,780,945	450,664
Penalties & Interest - Taxes	24,537	41,755	(17,218)	298,516	287,099	11,417
Spohn Corporate Member Revenue	1,110,540	823,661	286,879	10,145,809	8,236,610	1,909,199
Investment Income	60,921	291	60,630	166,961	3,320	163,641
Other Income	87	0	87	287,009	100,000	187,009
Total Revenues	<u>1,303,899</u>	<u>865,707</u>	<u>438,192</u>	<u>48,129,903</u>	<u>45,407,974</u>	<u>2,721,929</u>
<b>Current Expenditures</b>						
Intergovernmental Transfers	11,229,997	2,780,397	(8,449,600)	38,705,181	28,252,233	(10,452,948)
County Healthcare Funding	778,963	934,548	155,585	7,716,904	9,818,846	2,101,942
Salaries	97,661	118,234	20,573	1,027,976	1,293,479	265,503
Benefits	48,775	59,125	10,350	528,080	620,335	92,255
Legal & Professional Fees	20,568	122,500	101,932	299,693	1,225,504	925,811
Purchased Services	54,146	87,617	33,471	1,021,269	1,139,096	117,827
Supplies & Materials	1,222	1,750	528	12,702	17,500	4,798
Rent & Leases	12,444	12,625	181	122,141	126,254	4,113
Repairs & Maintenance	125	751	626	2,260	7,510	5,250
Utilities	2,986	4,866	1,880	31,172	48,668	17,496
Insurance	1,936	2,258	322	19,049	22,584	3,535
Administrative & General	3,193	16,632	13,439	42,304	166,348	124,044
Capital Outlay	0	0	0	2,501	163,000	160,499
Extraordinary	0	417	417	0	4,170	4,170
Total Current Expenditures	<u>12,252,016</u>	<u>4,141,720</u>	<u>(8,110,296)</u>	<u>49,531,233</u>	<u>42,905,527</u>	<u>(6,625,706)</u>
Excess of Revenues Over Expenditures Before Sources/Uses	<u>(10,948,117)</u>	<u>(3,276,013)</u>	<u>(7,672,104)</u>	<u>(1,401,330)</u>	<u>2,502,447</u>	<u>(3,903,777)</u>
<b>Other Financing Sources &amp; Uses</b>						
Operating Transfers In	0	0	0	(667,000)	(550,000)	117,000
Total Other Financing Sources & Uses	<u>0</u>	<u>0</u>	<u>0</u>	<u>(667,000)</u>	<u>(550,000)</u>	<u>117,000</u>
Excess of Revenues Over Expenditures After Sources & Uses	<u>(10,948,117)</u>	<u>(3,276,013)</u>	<u>(7,672,104)</u>	<u>(734,330)</u>	<u>3,052,447</u>	<u>(3,786,777)</u>
Fund Balance, Beginning of Year				44,636,198	0	44,636,198
FUND BALANCE, END OF YEAR				<u>43,901,868</u>	<u>3,052,447</u>	<u>40,849,421</u>

Nueces County Hospital District  
Statement of Revenues and Expenditures - Actual v. Budget  
Tobacco Settlement Fund  
From 7/1/2022 Through 7/31/2022  
(In Whole Numbers)

UNAUDITED

	Current Period Actual	Current Period Budget	Current Period Budget Variance	Current Year Actual	YTD Budget	YTD Budget Variance
Revenues						
Investment Income	1	0	1	416	0	416
Tobacco Settlement Proceeds	0	0	0	666,491	550,000	116,491
Total Revenues	1	0	1	666,907	550,000	116,907
Excess of Revenues Over Expenditures Before Sources/Uses	1	0	1	666,907	550,000	116,907
Other Financing Sources & Uses						
Operating Transfers Out	0	0	0	667,000	550,000	(117,000)
Total Other Financing Sources & Uses	0	0	0	667,000	550,000	(117,000)
Excess of Revenues Over Expenditures After Sources & Uses	1	0	1	(93)	0	(93)
Fund Balance, Beginning of Year				837	0	837
FUND BALANCE, END OF YEAR				744	0	744

Nueces County Hospital District  
Statement of Revenues and Expenditures - Actual v. Budget  
Indigent Care Fund  
From 7/1/2022 Through 7/31/2022  
(In Whole Numbers)

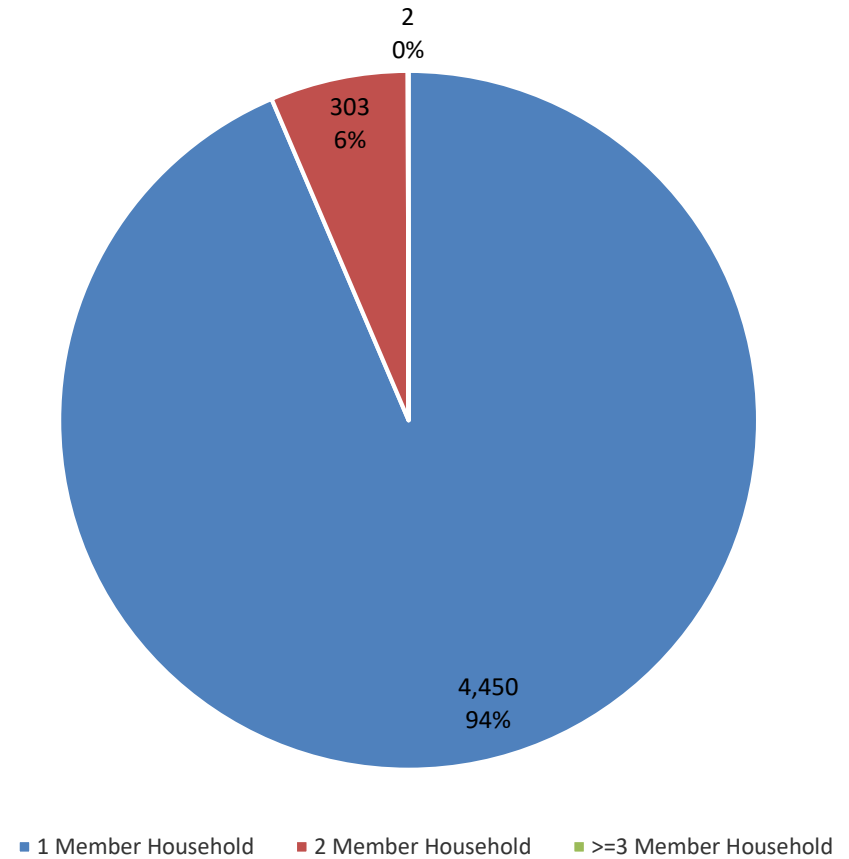
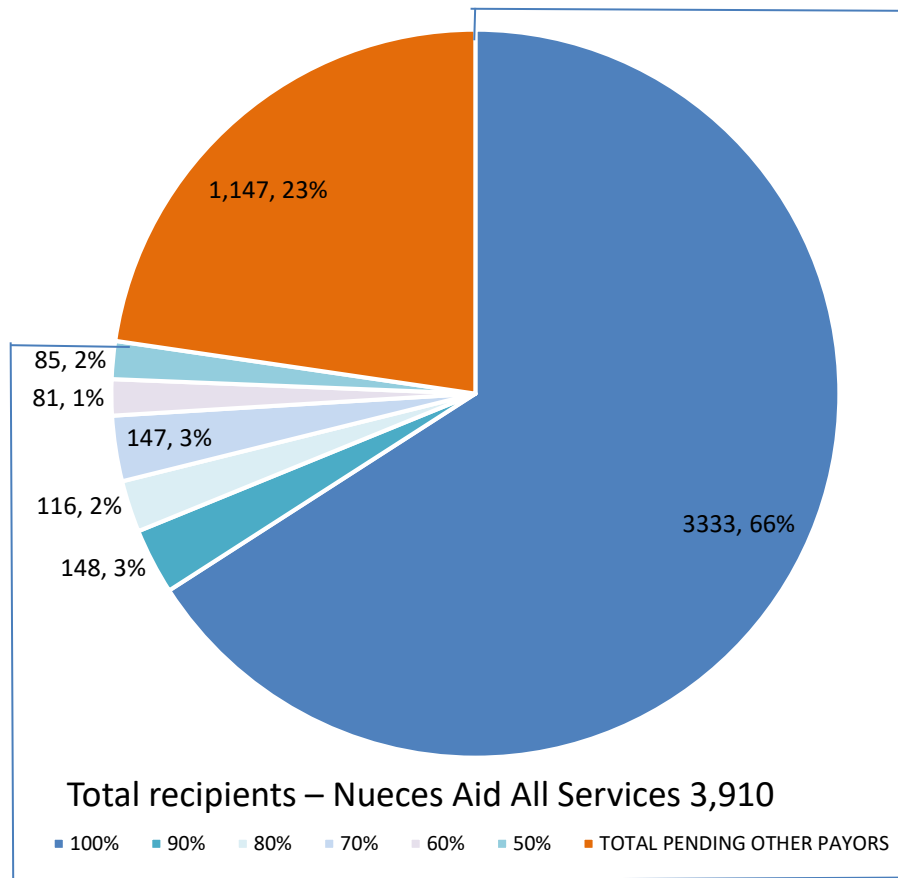
	<u>Current Period Actual</u>	<u>Current Period Budget</u>	<u>Current Period Budget Variance</u>	<u>Current Year Actual</u>	<u>YTD Budget</u>	<u>YTD Budget Variance</u>
Revenues						
Investment Income	<u>47,482</u>	<u>4,706</u>	<u>42,776</u>	<u>226,267</u>	<u>47,044</u>	<u>179,223</u>
Total Revenues	<u>47,482</u>	<u>4,706</u>	<u>42,776</u>	<u>226,267</u>	<u>47,044</u>	<u>179,223</u>
Excess of Revenues Over Expenditures Before Sources/Uses	<u>47,482</u>	<u>4,706</u>	<u>42,776</u>	<u>226,267</u>	<u>47,044</u>	<u>179,223</u>
Excess of Revenues Over Expenditures After Sources & Uses	<u>47,482</u>	<u>4,706</u>	<u>42,776</u>	<u>226,267</u>	<u>47,044</u>	<u>179,223</u>
Fund Balance, Beginning of Year				56,461,793	0	56,461,793
FUND BALANCE, END OF YEAR				<u>56,688,060</u>	<u>47,044</u>	<u>56,641,016</u>

# July 2022

## Nueces Aid Program Enrollment

Total Enrolled  
5,057

Total Households  
4,755







**NCHD  
Eligibility History**

	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sep	Oct	Nov	Dec	CY Total	Avg		
<b>2017</b>																
NCHD	6,018	5,963	5,969	5,961	5,966	5,951	5,905	5,798	5,769	5,789	5,696	5,593	70,378	5,865	-6%	
Pend	1,333	1,332	1,303	1,327	1,357	1,382	1,397	1,386	1,404	1,443	1,450	1,431	16,545	1,379	3%	
Total	7,351	7,295	7,272	7,288	7,323	7,333	7,302	7,184	7,173	7,232	7,146	7,024	86,923	7,244	-4%	
% of PY	97%	96%	96%	95%	96%	95%	95%	94%	94%	96%	97%	97%	96%	96%		
<b>2018</b>																
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%		
<b>2019</b>																
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%		
<b>2020</b>																
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%				
<b>2021</b>																
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%				
<b>2022</b>																
NCHD	3,781	3,711	3,738	3,755	3,805	3,869	3,910						26,569	3,796	-1%	
Pend	1,093	1,061	1,110	1,113	1,144	1,150	1,147						7,818	1,117	11%	
Total	4,874	4,772	4,848	4,868	4,949	5,019	5,057	-	-	-	-	-	34,387	4,912	1%	
% of PY	103%	104%	108%	109%	106%	103%	101%	0%	0%	0%	0%	0%				



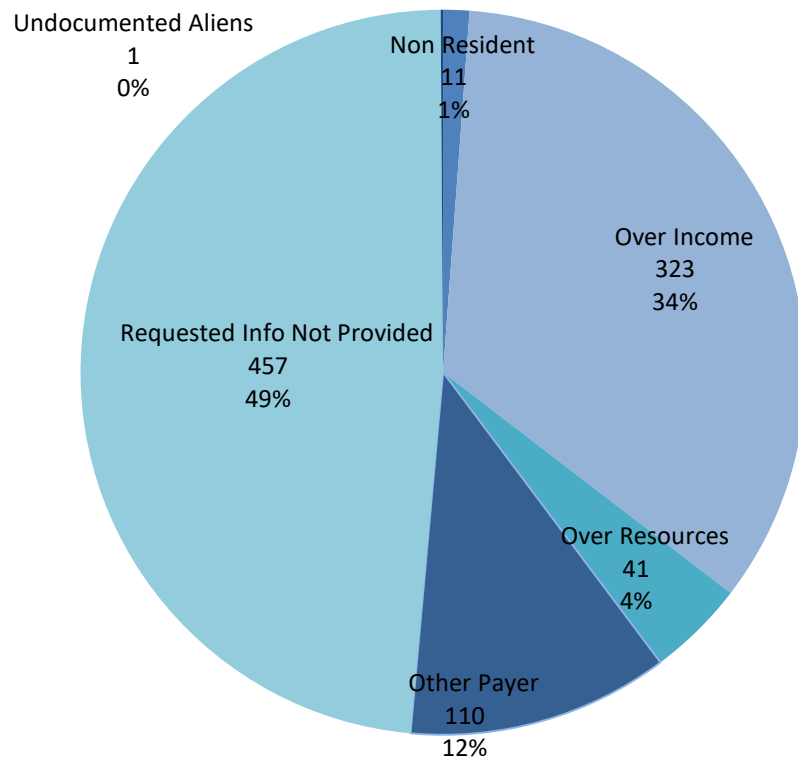
**Annual Comparative Enrollment Report  
Calendar Year 2022**

Month	Enrollment		Increase/(Decrease)	
	2022	2021	%	Enrollees
Jan	4,874	4,738	2.87%	136
Feb	4,772	4,599	3.76%	173
Mar	4,848	4,489	8.00%	359
Apr	4,868	4,485	8.54%	383
May	4,949	4,648	6.48%	301
Jun	5,019	4,866	3.14%	153
Jul	5,057	5,005	1.04%	52
Aug				
Sep				
Oct				
Nov				
Dec				

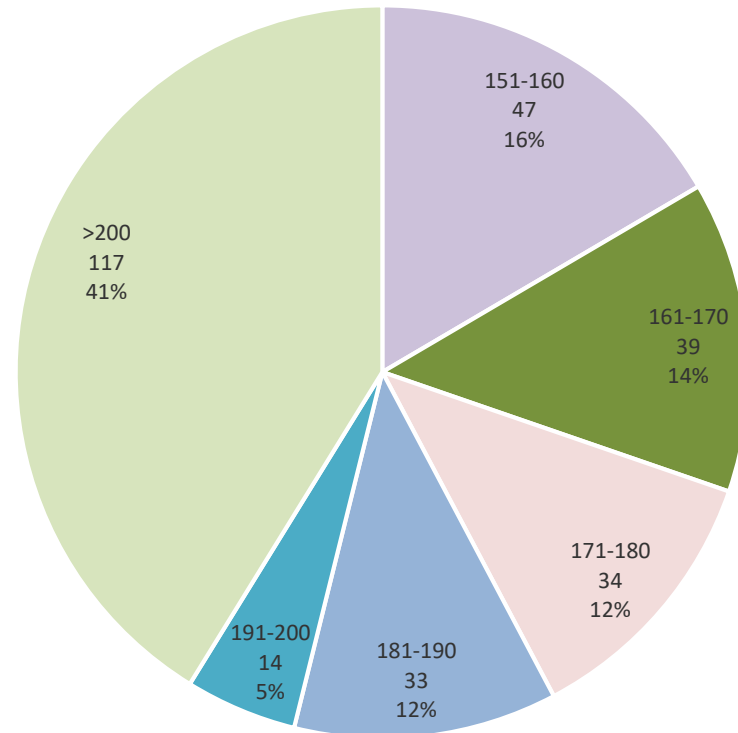
# NUECES AID DENIALS

Calendar Year 2022  
January-July

Denial Reasons



Comparison of Over Income Case to 2022 HHS Poverty Guidelines



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

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD 2022	Comments
<b>TOTAL APPLICATIONS</b>	849	838	1,007	884	924	854	576						5,932	
- Approved	725	728	865	747	752	726	746						5,289	
%	85.4%	86.9%	85.9%	84.5%	81.4%	85.0%							89.2%	Since FY 1999, the denial rate is based on all denied individuals in the household.
- Denied	124	110	142	137	172	128	130						943	
%	14.6%	13.1%	14.1%	15.5%	18.6%	15.0%							15.9%	
<b>APPROVALS BY PLAN TYPE</b>														
<b>NUECES AID - All Services</b>														
100%	511	540	612	530	503	497	519						3,712	
%	70.5%	74.2%	70.8%	71.0%	66.9%	68.5%	69.6%						70.2%	
90%	18	19	22	18	26	18	35						156	
%	2.5%	2.6%	2.5%	2.4%	3.5%	2.5%	4.7%						2.9%	
80%	17	18	25	17	19	13	23						132	
%	2.3%	2.5%	2.9%	2.3%	2.5%	1.8%	3.1%						2.5%	
70%	17	15	30	27	22	25	18						154	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%	2.1%	3.5%	3.6%	2.9%	3.4%	2.4%						2.9%	
60%	13	8	16	12	14	18	10						91	
%	1.8%	1.1%	1.8%	1.6%	1.9%	2.5%	1.3%						1.7%	
50%	11	11	15	16	13	12	15						93	
%	1.5%	1.5%	1.7%	2.1%	1.7%	1.7%	2.0%						1.8%	
<b>TOTAL</b>	587	611	720	620	597	583	620						4,338	
%	81.0%	83.9%	83.2%	83.0%	79.4%	80.3%	83.1%						82.0%	
<b>HOUSEHOLDS BY SIZE - APPROVED</b>														
1 Member Household	628	656	739	663	664	647	637						4,634	The percentage for each size household is calculated by dividing the number of households in the category by the total number of approved households.
%	92.8%	94.8%	92.0%	94.0%	93.8%	94.2%							93.4%	
2 Member Household	48	36	63	42	44	39	55						327	
%	7.1%	5.2%	7.8%	6.0%	6.2%	5.7%							6.6%	
3 or > Member Household	1	0	1	0	0	1	0						3	Households pending other payors are not included.
%	0.1%	0.0%	0.1%	0.0%	0.0%	0.1%							0.1%	
<b>TOTAL HOUSEHOLDS APPROVED</b>	677	692	803	705	708	687	692						4,964	

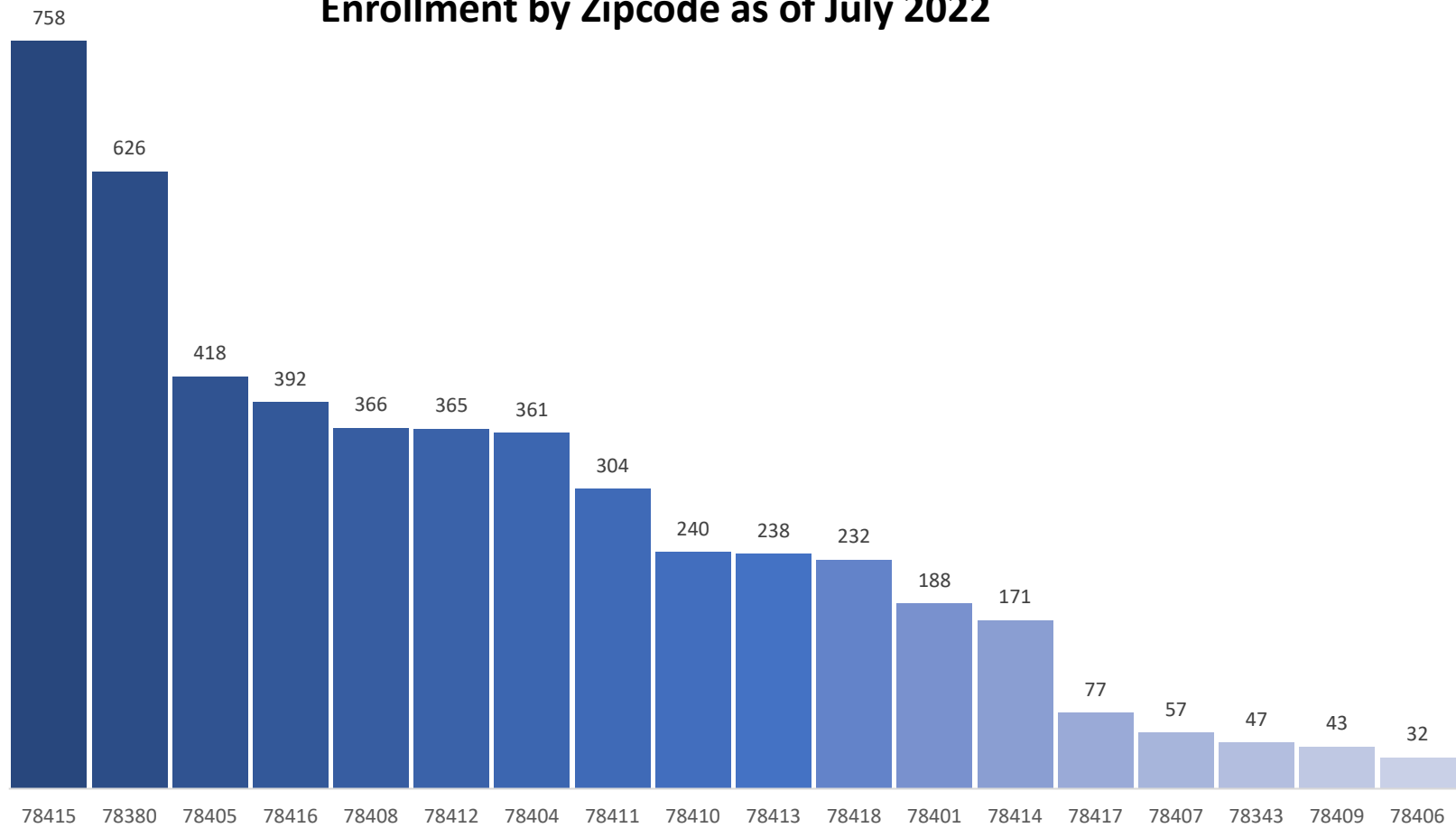
**Nueces Aid Program  
Application Processing Summary Calendar Year 2022**

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD 2022	Comments
<b>NCHD DENIALS - Reasons for Denials</b>														
Non Resident	0	0	4	2	3	0	2						11	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%	2.8%	1.5%	1.7%	0.0%	1.5%						1.2%	
Over Income	46	37	46	46	48	57	43						323	
%	37.1%	33.6%	32.4%	33.6%	27.9%	44.5%	33.1%						34.3%	
Over Resources	9	4	12	6	4	3	3						41	
%	7.3%	3.6%	8.5%	4.4%	2.3%	2.3%	2.3%						4.3%	
Other Payer	18	13	22	14	13	11	19						110	
%	14.5%	11.8%	15.5%	10.2%	7.6%	8.6%	14.6%						11.7%	
Requested Info Not Provided	51	56	58	69	103	57	63						457	
%	41.1%	50.9%	40.8%	50.4%	59.9%	44.5%	48.5%						48.5%	
Undocumented Aliens	0	0	0	0	1	0	0						1	Note: UA code eff 08/01/01
%	0.0%	0.0%	0.0%	0.0%	0.6%	0.0%	0.0%						0.1%	
<b>TOTAL DENIALS</b>	<b>124</b>	<b>110</b>	<b>142</b>	<b>137</b>	<b>172</b>	<b>128</b>	<b>130</b>						<b>943</b>	
<b>HOUSEHOLDS BY SIZE - DENIED</b>														
1 Member Household	85	90	121	115	133	94	100						738	The denial percentage for each size household is calculated by dividing the number for each household size by the total number of denied households.
%	79.4%	90.0%	91.7%	91.3%	86.4%	84.7%	87.0%						87.3%	
2 Member Household	18	10	11	11	19	17	15						101	
%	16.8%	10.0%	8.3%	8.7%	12.3%	15.3%	13.0%						12.0%	
3 or > Member Household	4	0	0	0	2	0	0						6	Households pending other payors are not included.
%	3.7%	0.0%	0.0%	0.0%	1.3%	0.0%	0.0%						0.7%	
<b>TOTAL HOUSEHOLDS DENIED</b>	<b>107</b>	<b>100</b>	<b>132</b>	<b>126</b>	<b>154</b>	<b>111</b>	<b>115</b>						<b>845</b>	
<b>PENDING APPLICATIONS</b>														
Pending documentation	95	83	123	136	89	101	92						103	The YTD number for incomplete applications is the average of the monthly incomplete applications.
TANF	19	10	30	14	22	20	14						14	
SSI-SSID	64	57	45	63	46	46	49						49	
Other Payor	55	40	70	50	87	77	63						63	



# Nueces County Hospital District

## Enrollment by Zipcode as of July 2022

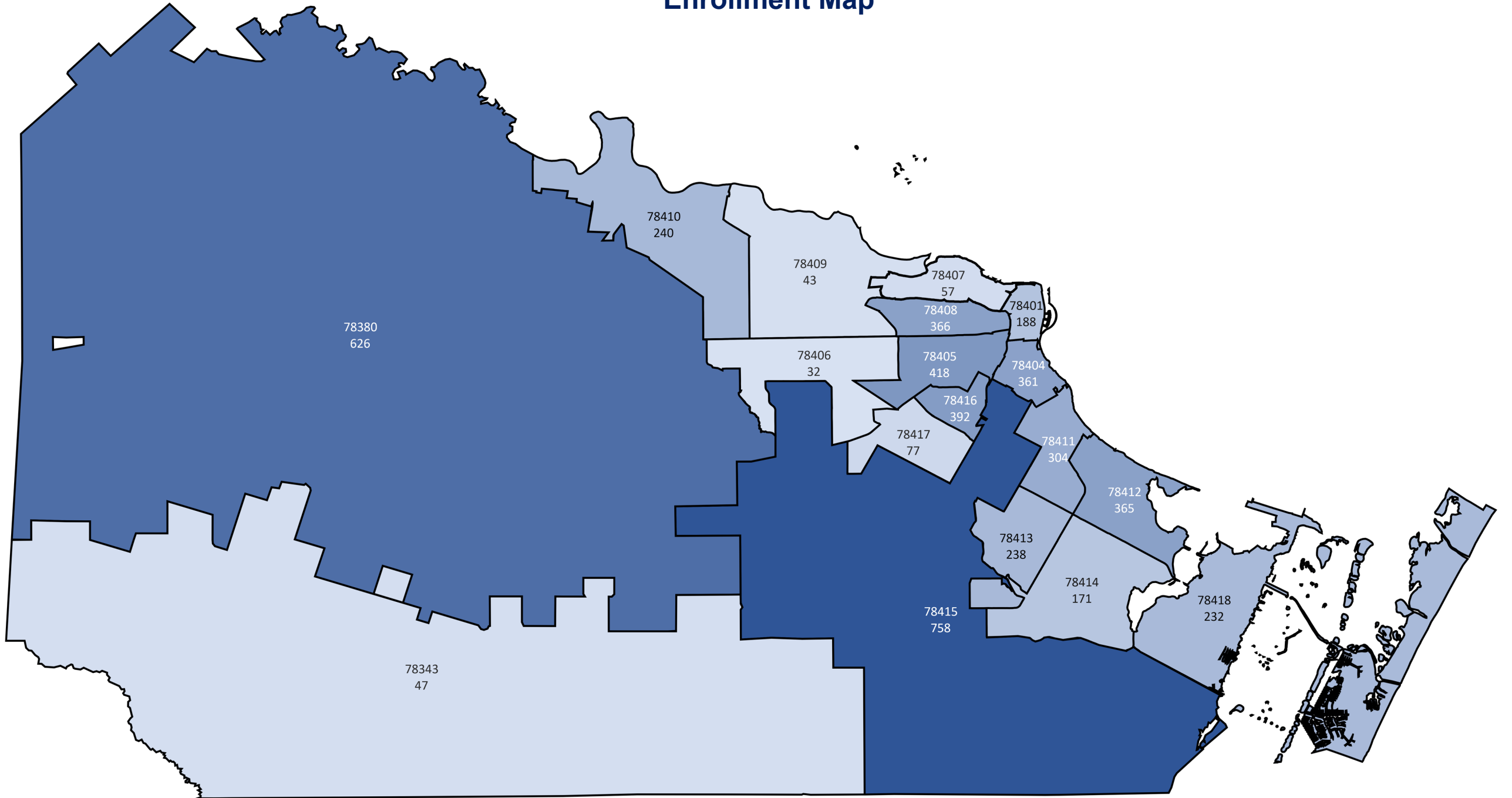


**Nueces County Hospital District  
Enrollment by Zip Code  
As of 7/31/2022**

<b>Zip Code</b>	<b>Description</b>	<b>Members</b>	<b>% to Total</b>
78415	CC:FM 665 to CR 61 to County Line to Weber & Crosstown	758	15%
78380	Robstown	626	12%
78405	CC:19th to Port Ave to Agnes, includes HPG	418	8%
78416	CC:Hwy 358 to Old Brownsville to Tarlton to Weber, includes Molina	392	8%
78408	CC:Hwy 358 to Lipan Between I-37 & Agnes	366	7%
78412	CC:Airline to Hwy 358 to Ennis Joslin to Ocean Drive	365	7%
78404	CC:Six Points	361	7%
78411	CC:Ocean Drive to So Staples to Hwy 358 to Weber to Kostoryz	304	6%
78410	CC:Annville and Calallen	240	5%
78413	CC:Weber to Holly rd to So Staples to Oso Pkwy	238	5%
78418	CC:Flour Bluff	232	5%
78401	CC:Downtown and Cargo Docks	188	4%
78414	CC:So Staples to Holly Rd to Cayo Del Oso to Oso Creek	171	3%
78417	CC:Old Brownsville to Ayers to Saratoga	77	2%
78407	CC: I-37 Up River Rd to South Port Ave to Joe Fulton Corridor	57	1%
78343	Bishop + FM 665 to CR 107 W to CR 57E	47	1%
78409	CC:Hwy 44 to Up River Rd to Rand Morgan E to Hwy 358	43	1%
78406	CC: Clarkwood and San Juan	32	1%
	Subtotal	4,915	97%
	Total	5,057	



# Nueces County Hospital District Enrollment Map



**IGT RESPONSIBILITY CONTRACT**  
**BETWEEN**  
**THE TEXAS HEALTH AND HUMAN SERVICES COMMISSION**  
**AND**  
**NON-STATE GOVERNMENTAL ENTITY**

This Contract is between the Texas Health and Human Services Commission (“**HHSC**”) and Nueces County Hospital District (“**Governmental Entity**”) (individually, a “**Party**” and collectively, “the **Parties**”).

**I. LEGAL AUTHORITY**

This Contract is entered into pursuant to Chapter 531 of the Texas Government Code.

**II. BACKGROUND AND PURPOSE**

- A. HHSC is the single state agency designated in Texas to administer the medical assistance program known as Medicaid.
- B. HHSC administers the Network Access Improvement Program (“**NAIP**”) through Medicaid managed care organizations (“**MCOs**”). The Centers for Medicare and Medicaid Services (“**CMS**”) has determined that NAIP payments meet the following definition of “pass-through payments” contained in 42 C.F.R. § 438.6(a):

[A]ny amount required by the State to be added to the contracted payment rates, and considered in calculating the actuarially sound capitation rate, between the MCO, PIHP, or PAHP and hospitals, physicians, or nursing facilities that is not for the following purposes: A specific service or benefit provided to a specific enrollee covered under the contract; a provider payment methodology permitted under paragraphs (c)(1)(i) through (iii) of this section for services and enrollees covered under the contract; a subcapitated payment arrangement for a specific set of services and enrollees covered under the contract; GME payments; or FQHC or RHC wrap around payments.

Under NAIP, MCOs will be required by HHSC to provide pass-through payments to eligible Public Hospitals.

- C. The purpose of this Contract is to:
  - 1. Provide terms and conditions for the Governmental Entity to transfer non-federal public funds to HHSC for use as the non-federal share of NAIP pass-through payments; and

2. Describe the process that will be used to reconcile the non-federal percentage of payments from HHSC to the MCOs with the amount of funds transferred to HHSC from the Governmental Entity.

### **III. DEFINITIONS**

For purposes of this Contract, the following terms have the meanings as described below:

- A. Intergovernmental Transfer (“**IGT**”) -- A transfer of Public Funds from a Non-state Governmental Entity to HHSC.
- B. Managed Care Organization (“**MCO**”) -- A Medicaid managed care organization contracted with HHSC to provide health care services to Medicaid recipients.
- C. Non-state Governmental Entity -- A hospital authority, hospital district, health district, city or county.
- D. Public Hospital -- The hospital located in Nueces County, Texas and qualifying as an urban public hospital as defined in Title 1, § 355.8065(b)(46) of the Texas Administrative Code, in which the Governmental Entity owns a membership interest (i.e. CHRISTUS Spohn Health System Corporation).
- E. Public Funds -- Funds derived from taxes, assessments, levies, investments, and other public revenues within the sole and unrestricted control of the Governmental Entity that owns a membership interest in the Public Hospital. Public funds do not include gifts, grants, trusts, or donations, the use of which is conditioned on supplying a benefit solely to the donor or grantor of the funds.

### **IV. PROGRAM PERIOD AND CONTRACT PERIOD**

- A. The term of this Contract (the “**Contract Period**”) begins on the latest date a Party signs the Contract and continues until the completion of the final reconciliation, which is described in Article VII below, but no later than August 31, 2025.
- B. The term of the NAIP initiative (the “**Program Period**”) begins on September 1, 2022, and ends on August 31, 2023.
- C. The term of the Program Period or Contract Period may be modified by written Contract between the Parties.

### **V. CONTRACT AMOUNT**

- A. For each Medicaid managed care program and service area in which the Public Hospital participates in a NAIP pass-through payment arrangement, HHSC's managed care contract with participating MCOs will require the MCOs to allocate a fixed percentage of the capitation rates to the Public Hospital’s NAIP payments (the “**NAIP Rate Component**”).

- B. The non-federal percentage of the NAIP Rate Component equals one-hundred percent minus the applicable Federal Medical Assistance Percentage for Medicaid for Texas in effect when HHSC incurs the expense.
- C. The Parties agree that the amount of this Contract will not exceed \$7,611,846.00 (SEVEN MILLION, SIX HUNDRED AND ELEVEN THOUSAND, EIGHT HUNDRED AND FORTY-SIX DOLLARS) (“**Contract Amount**”), which equals (1) the non-federal percentage of the pass-through payment amount plus ten percent, and (2) the non-federal percentage of the risk margin, administrative fee, and any other NAIP-related amounts HHSC is required to pay each applicable MCO pursuant to the associated managed care contract between HHSC and the MCO. The agreed maximum Contract Amount is subject to the provisions of Section V.IA. and Article VII.

**VI. STATEMENT OF SERVICES TO BE PERFORMED**

- A. Governmental Entity’s responsibilities under this Contract include the following:
  - 1. Beginning on August 10, 2022, and continuing-on the tenth day of each month through July 10, 2023, the Governmental Entity will transfer to HHSC an amount equal to at least one-twelfth of the estimated Contract Amount. If at any time during the Program Period HHSC determines that the Contract Amount is likely to exceed the amount described in Section V.C., HHSC will notify the Governmental Entity in writing of a revised amount that the Governmental Entity must transfer on the tenth day of each month remaining in the Program Period.
  - 2. The Governmental Entity will transfer to HHSC any shortfall amount calculated as described in Article VII. The Governmental Entity will complete the transfer within 30 days of receipt of HHSC’s notice regarding the shortfall.
- B. HHSC’s responsibilities under this Contract include the following:
  - 1. Prior to August 10, 2022, HHSC will provide the Governmental Entity with the NAIP Rate Component for each applicable MCO, Medicaid managed care program, and service area in which the Public Hospital participates in NAIP.
  - 2. HHSC will perform the reconciliation processes described in Article VII.

**VII. RECONCILIATION**

HHSC will complete the reconciliation in multiple parts:

- A. HHSC will confirm that the amount owed by the Governmental Entity under this Contract equals the amount actually paid by the Governmental Entity under this Contract by completing a reconciliation in multiple parts, as follows:
  - 1. For each Medicaid program and service area in which the Public Hospital participates in NAIP, HHSC will determine the non-federal percentage of the NAIP Rate Component expended by HHSC for the Program Period by multiplying the

NAIP Rate Component by the total member months included in the Program Period. Total member months include any adjustments to enrollment that occurred for the Program Period prior to the reconciliation.

2. HHSC will compare the amount transferred by the Governmental Entity to HHSC for the Program Period, to the non-federal percentage of the NAIP Rate Component expended by HHSC for the Program Period.
  - a. If the amount transferred by the Governmental Entity exceeds 102% of the non-federal percentage of the NAIP Rate Component expended by HHSC:
    - I. HHSC will refund the difference between the amount transferred and 102% of the amount expended by HHSC; and
    - II. HHSC will return any excess funds following the reconciliation described in Section VII.C.
  - b. If the amount transferred by the Governmental Entity is less than 102% of the non-federal percentage of the NAIP Rate Component expended by HHSC, HHSC will notify the Governmental Entity in writing of the amount of the shortfall and of a deadline for the Governmental Entity to transfer the shortfall to HHSC.
- B. HHSC may complete interim reconciliations between August 31, 2023, and August 31, 2025, as updated enrollment data for the Program Period, as reflected in adjusted member months, becomes available. HHSC will follow the process described in Section VII.A. for such interim reconciliations.
- C. HHSC will complete the final reconciliation no later than August 31, 2025, to ensure that payments under this Contract are based on final enrollment figures for the Program Period.
  1. For each Medicaid program and service area in which the Public Hospital participates in NAIP, HHSC will determine the non-federal percentage of the NAIP Rate Component expended by HHSC for the Program Period by multiplying the NAIP Rate Component by the total member months included in the Program Period. Total member months include any adjustments to enrollment that occurred subsequent to a reconciliation.
  2. HHSC will compare the amount transferred by the Governmental Entity to HHSC for the Program Period, to the non-federal percentage of the NAIP Rate Component expended by HHSC for the Program Period.
    - a. If the amount transferred by the Governmental Entity exceeds the non-federal percentage of the NAIP Rate Component expended by HHSC, HHSC will refund the excess and the amount retained under Section A.2.a.II. of this Article VII;

- b. If the amount transferred by the Governmental Entity is less than the non-federal percentage of the NAIP Rate Component expended by HHSC, HHSC will notify the Governmental Entity of the amount of the shortfall and of the 30-day deadline for the Governmental Entity to transfer the shortfall to HHSC.

### **VIII. TERMINATION**

- A. HHSC may terminate this Contract at any time at its discretion by providing written notice to the Governmental Entity through the individual identified in Section X.A.
- B. The Governmental Entity has no termination rights for the duration of the Contract Period.

### **IX. ADDITIONAL TERMS**

- A. The services specified above are necessary and authorized for activities that are properly within the statutory functions and programs of the Parties.
- B. The services contracted for are not required by Section 21 of Article XVI of the Constitution of Texas to be supplied under contract given to the lowest responsible bidder.
- C. The proposed arrangements serve the interest of efficient and economical administration of state government.
- D. All acts required under this Contract will be done in conformity with federal and state laws and regulations.
- E. If any portion of this Contract is held to be invalid or unenforceable, the remainder of the Contract remains valid and enforceable.
- F. The dispute resolution process provided for in Chapter 2260 of the Texas Government (Resolution of Certain Contract Claims Against the State) will be used by the Parties to attempt to resolve any claim for breach of the Contract.
- G. This Contract may only be amended or modified by written Contract of the Parties.
- H. Information related to the performance of this Contract may be subject to the Chapter 552 of the Texas Government Code (Public Information Act) and will be withheld from public disclosure or released to the public only in accordance therewith. The Governmental Entity shall make any information required under the Public Information Act available to the HHSC in portable document file (".pdf") format or any other format agreed between the Parties.
- I. This Contract and the rights and obligations of the Parties hereto shall be governed by, and construed according to, the laws of the State of Texas, exclusive of conflicts of law provisions. Venue of any suit brought under this Contract shall be in a court of competent jurisdiction in Travis County, Texas. The Governmental Entity irrevocably waives any objection, including any objection to personal jurisdiction or the laying of venue or based

on the grounds of forum non conveniens, which it may now or hereafter have to the bringing of any action or proceeding in such jurisdiction in respect of this Contract or any document related hereto. NOTHING IN THIS SECTION SHALL BE CONSTRUED AS A WAIVER OF SOVEREIGN IMMUNITY BY HHSC OR GOVERNMENTAL IMMUNITY BY THE GOVERNMENTAL ENTITY.

- J. If any provision contained in this Contract is held to be unenforceable by a court of law or equity, this Contract shall be construed as if such provision did not exist and the non-enforceability of such provision shall not be held to render any other provision or provisions of this Contract unenforceable.
- K. Neither Party shall assign or subcontract the whole nor any part of the Contract, including any right or duty required under it, without the other Party's prior written consent. Any assignment made contrary to this shall be void.

#### **X. NOTICE**

- A. All communications to the Governmental Entity under this Contract will be sent to:

Name: Jonny F. Hipp, ScD, FACHE  
Title: Administrator/Chief Executive Officer  
Address: Nueces County Hospital District  
555 North Carancahua St, Suite 950  
Corpus Christi, TX 78401-0835

- B. All communications to HHSC under this Contract will be sent to Victoria Grady, Director of Rate Analysis, Health and Human Services Commission, North Austin Complex, 4601 W. Guadalupe St., Austin, TX 78751.

#### **XI. SIGNATURE AUTHORITY**

Each Party represents and warrants that the person executing this Contract on its behalf has full power and authority to enter into this Contract. Any services or work performed by the Governmental Entity before this Contract is effective or after it ceases to be effective are performed at the sole risk of the Governmental Entity. By signing this Contract, the person signing on behalf of the Governmental Entity certifies that this Contract has not been altered, amended, or changed from the version of the Contract sent by HHSC to the Governmental Entity.

**SIGNATURE PAGE FOLLOWS**

REMAINDER OF PAGE INTENTIONALLY LEFT BLANK

**SIGNATURE PAGE FOR HHSC CONTRACT NO. HHS001201800008**

**Texas Health and Human Services  
Commission**

**Governmental Entity**

By: \_\_\_\_\_  
Stephanie Stephens  
Chief Medicaid and CHIP Services Officer  
Signature Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Signature Date: \_\_\_\_\_

**THE FOLLOWING ATTACHMENT IS HEREBY INCORPORATED BY REFERENCE:**

**ATTACHMENT A – SFY 2023 NAIP PROGRAM FINANCIAL ASSUMPTIONS**

**ATTACHMENT A – SFY 2023 NAIP PROGRAM FINANCIAL ASSUMPTIONS**

## Superior – Nueces County Hospital District

		September 1, 2022 - August 31, 2023								
<b>Program</b>	<b>SDA</b>	<b>All Funds</b>	<b>IGT (w/o 10% buffer)</b>	<b>FMAP</b>	<b>Net to Provider</b>	<b>TAXES</b>	<b>TAXES %</b>	<b>ADMIN</b>	<b>ADMIN %</b>	<i>Monthly IGT w/ 10% Margin</i>
STAR, STAR+Plus	Nueces	<b>5,791,065</b>	<b>2,289,787</b>	<b>60.46%</b>	5,675,244	101,344	1.75%	14,478	0.25%	209,897
STAR, STAR+Plus	Nueces	<b>4,508,781</b>	<b>1,782,772</b>	<b>60.46%</b>	4,418,605	78,904	1.75%	11,272	0.25%	163,421
		<b>10,299,846</b>	<b>4,072,559</b>		<b>10,093,849</b>	<b>180,247</b>		<b>25,750</b>		<b>373,318</b>

## United - Nueces County Hospital District

		September 1, 2022 - August 31, 2023								
<b>Program</b>	<b>SDA</b>	<b>All Funds</b>	<b>IGT (w/o 10% buffer)</b>	<b>FMAP</b>	<b>Net to Provider</b>	<b>TAXES</b>	<b>TAXES %</b>	<b>ADMIN</b>	<b>ADMIN %</b>	<i>Monthly IGT w/ 10% Margin</i>
STAR+Plus	Nueces	<b>5,791,065</b>	<b>2,289,787</b>	<b>60.46%</b>	5,675,244	101,344	1.75%	14,478	0.25%	209,897
STAR	Nueces	<b>1,410,000</b>	<b>557,514</b>	<b>60.46%</b>	1,381,800	24,675	1.75%	3,525	0.25%	51,105
		<b>7,201,065</b>	<b>2,847,301</b>		<b>7,057,044</b>	<b>126,019</b>		<b>18,003</b>		<b>261,003</b>

## **PERSONAL SERVICES CONTRACT**

THIS CONTRACT FOR PERSONAL SERVICES is made by and between the **NUECES COUNTY HOSPITAL DISTRICT**, hereinafter called “Hospital District” or “District” and **LINDA K. WERTZ**, hereinafter called “Contractor” for the purpose of contracting for the personal services described in this Contract.

### **WITNESSETH**

**WHEREAS**, in 2011, the federal Centers for Medicare and Medicaid Services (“CMS”) approved a Medicaid demonstration waiver titled “Texas Healthcare Transformation and Quality Improvement Program” (“1115 Waiver”). The 1115 Waiver enabled the State to expand its use of Medicaid managed care to achieve program savings, while also preserving locally funded supplemental payments to hospitals. The goals of the demonstration were to: (i) expand risk-based managed care statewide; (ii) support the development and maintenance of a coordinated care delivery system; (iii) improve outcomes while containing cost growth; and (iv) transition to quality-based payment systems across managed care and providers. The 1115 Waiver was initially approved through September 30, 2016 and subsequently renewed through September 30, 2022;

**WHEREAS**, the 1115 Waiver was organized and operated by the Texas Health and Human Services Commission (“HHSC”) and is based on Regional Healthcare Partnerships (“RHP”) and RHP 4 includes the Texas Coastal Bend-area counties of Aransas, Bee, Brooks, DeWitt, Duval, Goliad, Gonzales, Jackson, Jim Wells, Karnes, Kenedy, Kleberg, Lavaca, Live Oak, Nueces, Refugio, San Patricio, and Victoria;

**WHEREAS**, the 1115 Waiver included, in part, the Delivery System Reform Incentive Payment Program (“DSRIP Program”) that incentivized hospitals and other providers in RHP 4 and other RHPs to improve access to care and how care is delivered to Medicaid enrollees and low-income uninsured individuals in their regions;

**WHEREAS**, the Hospital District is the HHSC-designated Anchor Entity for RHP 4 (“Anchor Entity”) and provides 1115 Waiver and DSRIP Program-related assistance to the RHP 4 hospitals and other providers (“Performing Providers”) as a part of its Anchor Entity duties and responsibilities;

**WHEREAS**, CMS and HHSC were unable to reach agreement on continuation of the DSRIP Program beyond September 30, 2022, and as a result, HHSC will discontinue the Program on that date;

**WHEREAS**, as a result of the DSRIP Program’s discontinuation, the Anchor Entity will experience residual and cessation-related Program work with HHSC, the Performing Providers, and entities other than the Performing Providers through September 30, 2023;

**WHEREAS**, the Hospital District’s June 12, 2012 Letter Agreement with Health Management Associates, Inc. (“HMA”) for the services sought under this Agreement was mutually terminated effective November 1, 2019;

**WHEREAS**, Texas Local Government Code, Chapter 262.024, provides for the procurement of personal services; and

**WHEREAS**, the Hospital District desires to contract for personal services described as follows:

- A. Consulting services and technical assistance related to the Hospital District fulfilling its Anchor Entity responsibilities under the 1115 Waiver and DSRIP Program, including DSRIP Program discontinuation-related residual and cessation-related services and assistance;
- B. Consulting services and technical assistance to RHP 4's Performing Providers, as directed by the Hospital District, related to the 1115 Waiver and DSRIP Program, including DSRIP Program discontinuation-related residual and cessation-related services and assistance; and
- C. Information assistance to entities other than the Performing Providers, as directed by the Hospital District, related to the 1115 Waiver and DSRIP Program, including DSRIP Program discontinuation-related residual and cessation-related services and assistance.

**NOW, THEREFORE**, the Hospital District and the Contractor, in consideration of the mutual covenants and agreements herein contained, do hereby mutually agree as follows:

## **AGREEMENT**

### **ARTICLE 1 SCOPE OF SERVICES TO BE PROVIDED BY HOSPITAL DISTRICT AND CONTRACTOR**

Hospital District hereby agrees to perform those tasks and services described in Attachment A, which is attached hereto and made a part thereof this Contract.

Contractor hereby agrees to perform those tasks and services described in Attachment B, which is attached hereto and made part thereof of this Contract.

### **ARTICLE 2 CONTRACT PERIOD**

This Contract shall begin on October 1, 2022 and it shall terminate at the close of business on September 30, 2023, unless extended by supplement agreement duly executed by the Contractor and the Hospital District prior to the date of termination, as provided in Article 9 – Supplemental Agreements, or otherwise terminated, as provided in Article 16 – Termination. Any work performed, or cost incurred after the date of termination shall be ineligible for reimbursement.

**ARTICLE 3  
COMPENSATION AND METHOD OF PAYMENT**

The maximum amount payable under this Contract is \$100,000.00 (one hundred thousand dollars), unless modified as provided in Article 9 – Supplemental Agreements. Costs under this Contract will not exceed the aggregate amount of \$100,000.00 during the twelve (12)-month period commencing on October 1, 2022 and ending on September 30, 2023, inclusive of travel time and expenses.

Not later than the tenth (10<sup>th</sup>) day of each month during the Contract Period, the Contractor shall prepare and submit a monthly invoice, description of the work accomplished during the preceding month, and a progress report stating the status of the work accomplished during the preceding month to the Administrator/Chief Executive Officer of the Hospital District. The submitted invoice, description, and progress report shall be in a form and format prescribed by the District and properly classified and categorized into the tasks and functions identified in Attachment D as described in Attachment E. Contractor will be paid for the work that is completed as identified on the monthly invoice.

The Hospital District reserves the right to withhold payment pending verification of satisfactory work.

**The Hospital District assumes no liability for work performed or costs incurred prior to the effective date of this Contract, during periods when work is suspended, or after the Contract completion date.**

**ARTICLE 4  
WORK AUTHORIZATIONS**

**[Specifically Excluded]**

**ARTICLE 5  
PROGRESS**

The Contractor shall, from time to time during the progress of the work, confer with the Hospital District. The Contractor shall prepare and present such information as may be pertinent and necessary, or as may be requested by the District, in order to evaluate features of the work. Upon request by the District, the Contractor shall make presentations to the District.

At the request of the Hospital District or the Contractor, conferences shall be held at the Contractor's office, the District's offices, or at other locations designated by the District. These conferences shall also include an evaluation of the Contractor's services and work when requested by the District.

The Contractor shall promptly advise the Hospital District in writing of events which have a significant impact upon the progress of work, including:

- (1) problems, delays, or adverse conditions which will materially affect the ability to attain Contract objectives, prevent the meeting of time schedules and goals, or preclude the attainment of project work units by established time periods; this disclosure will be accompanied by a statement of the action taken, or contemplated, and any Hospital District assistance needed to resolve the situation; and
- (2) favorable developments or events which would enable meeting the work schedule goals sooner than anticipated.

## **ARTICLE 6 SUSPENSION**

The Hospital District may suspend the work, but not terminate the Contract, by giving written notice of a minimum of two (2) calendar days prior to the date of suspension. The two (2) day notice may be waived if approved in writing by both parties.

The work will be reinstated and resumed in full force and effect within ten (10) calendar days of receipt of written notice from the Hospital District to resume the work. The ten (10) day notice may be waived if approved in writing by both parties.

If the Hospital District suspends the work, the Contract period, as determined in Article 2 – Contract Period, is not affected and the Contract will terminate on the date specified unless the Contract is amended as provided in Article 9 – Supplemental Agreements.

## **ARTICLE 7 ADDITIONAL WORK**

If the Contractor determines that any work it has been directed to perform is beyond the scope of this Contract and constitutes extra work, it shall promptly notify the Hospital District by written notice to the District's Administrator. In the event the District determines that such work constitutes extra work and exceeds the maximum amount payable, the District shall so advise the Contractor and a supplemental agreement may be executed, as provided in Article 9 – Supplemental Agreements.

The Contractor shall not perform any additional work or incur any additional costs prior to the execution, by all parties, of a supplemental agreement. The Hospital District shall not be responsible for actions by the Contractor or any costs incurred by the Contractor relating to additional work not directly associated with the performance of the work authorized in this Contract or as amended.

**ARTICLE 8  
CHANGES IN WORK**

If the Hospital District finds it necessary to request changes to previously satisfactorily completed work or parts thereof which involve changes to the original scope of services or character of work under the Contract, the Contractor shall make such revisions if requested and as directed in writing by the District. This will be considered additional work and paid for as specified under Article 7 – Additional Work.

The Contractor shall make such revisions to the work to correct errors appearing therein, when required to do so by the Hospital District. No additional compensation will be paid for the correction of errors.

**ARTICLE 9  
SUPPLEMENTAL AGREEMENTS**

The terms of this Contract may be modified by supplemental agreement if the Hospital District determines that there has been a significant change in the scope, complexity, or character of the service to be performed, or the duration of the work. Additional compensation, if appropriate, shall be identified as provided in Article 3 – Compensation and Method of Payment.

Any supplemental agreement must be executed by both parties within the Contract period specified in Article 2 – Contract Period.

**No claim for extra work done shall be made by the Contractor until full execution of the supplemental agreement and authorization to proceed is issued by the Hospital District. The Hospital District reserves the right to withhold payment pending verification of satisfactory work performed.**

**ARTICLE 10  
PUBLIC INFORMATION ACT**

All data, and other documents created or collected under the terms of this Contract are the exclusive property of the Hospital District and shall be furnished to the District upon request. All documents prepared by the Contractor and all documents furnished to the Contractor by the District shall be delivered to the District upon completion or termination of this Contract. The Contractor, at its own expense, may retain copies of such documents or any other data which she has furnished the District under this Contract. Release of information will be in accordance with the Texas Public Information Act.

**ARTICLE 11  
SUBCONTRACTING**

The Contractor shall not assign, subcontract, or transfer any portion of the work under this Contract. All work under this Contract shall be personally performed by Contractor.

**ARTICLE 12  
EVALUATION OF WORK**

The Hospital District and its authorized representatives shall have the right at all reasonable times to review or otherwise evaluate the work performed or being performed hereunder. If a review or evaluation is being made on the premises of the Contractor, the Contractor shall provide all reasonable facilities and assistance for the safety and convenience of the District's representatives in the performance of their duties. If funds by other agencies or entities are to be used for payment of the services under this Contract, the Contractor's services and work may be subject to periodic review and approval by other agencies or entities, including city, county, state, and/or federal agencies.

**ARTICLE 13  
SUBMISSION OF REPORTS**

All applicable reports shall be submitted in preliminary form for review by the Hospital District before a final report is issued. The District's comments on the Contractor's preliminary report shall be addressed in the final report.

**ARTICLE 14  
COMPUTER DOCUMENTS AND INFORMATION EXCHANGE**

All computer files must be compatible with the Hospital District's computer systems without conversion or modifications.

All graphics media provided by the Contractor shall be delivered to the Hospital District.

**ARTICLE 15  
VIOLATION OF CONTRACT TERMS / BREACH OF CONTRACT**

Violation of the Contract terms or breach of contract by the Contractor shall be grounds for termination of the Contract and any increased cost arising from the Contractor's default, breach of contract, or violation of contract terms shall be paid by the Contractor. This agreement shall not be considered as specifying the exclusive remedy for any default, but all remedies existing at law and in equity may be availed of by either party and shall be cumulative.

**ARTICLE 16  
TERMINATION**

This Contract shall terminate at the close of business on September 30, 2023 unless extended as provided in Article 9 – Supplemental Agreements.

This Contract may be terminated before the stated termination date by any of the following conditions:

1. By mutual agreement and consent, in writing, of both parties;
2. By the Hospital District, by notice in writing to the Contractor as a consequence of failure by the Contractor to perform the services set forth herein in a satisfactory manner;
3. By either party, upon the failure of the other party to fulfill its obligations as set forth herein;
4. By the Hospital District, for reasons of its own and not subject to the mutual consent of the Contractor upon not less than thirty (30) calendar days written notice to the Contractor; and
5. By written notice from the Hospital District upon satisfactory completion of all services and obligations described herein.

Should the Hospital District terminate this Contract as herein provided, no fees other than fees due and payable at the time of termination shall thereafter be paid to the Contractor. In determining the value of the work performed by the Contractor prior to termination the District shall be the sole judge. Compensation for work at termination will be based on a percentage of the work completed at that time. Should the District terminate this Contract under Item 4 of the above paragraph, the amount charged during the thirty (30) calendar day notice period shall not exceed the amount charged during the preceding thirty (30) calendar days.

If the Contractor defaults in the performance of this Contract or if the Hospital District terminates this Contract for fault on the part of the Contractor, the District will give consideration to the actual costs incurred by the Contractor in performing the work to the date of default, the amount of work which was satisfactorily completed to the date of default, the value of the work which is usable to the District, the cost to the District of employing another to complete the work required and the time required to do so, and other factors which affect the value to the District of the work performed at the time of default.

The termination of this Contract and payment of an amount in settlement as prescribed above shall extinguish all rights, duties, and obligations of the Hospital District and the Contractor under this Contract except the obligations set forth in Articles 10, 12, 17, 18, 19, and 20 of this Contract. If the termination of this Contract is due to the failure of the Contractor to fulfill Contract obligations, the District may take over the project and prosecute the work to completion. In such case, the Contractor shall be liable to the District for any additional cost incurred by the Hospital District.

## **ARTICLE 17 COMPLIANCE WITH LAWS**

The Contractor shall comply with all applicable Federal, State, and local laws, statutes, codes, ordinances, rules, and regulations, and the orders and decrees of any court, or administrative bodies or tribunals, in any manner affecting the performance of this Contract, including, without

limitation, licensing laws and regulations. When required, the Contractor shall furnish the Hospital District with satisfactory proof of compliance.

**ARTICLE 18  
INDEMNIFICATION**

**THE CONTRACTOR SHALL SAVE HARMLESS THE HOSPITAL DISTRICT AND ITS OFFICERS AND EMPLOYEES FROM ALL CLAIMS AND LIABILITY DUE TO ACTIVITIES OF CONTRACTOR, ITS AGENTS, OR EMPLOYEES PERFORMED UNDER THIS CONTRACT AND WHICH ARE CAUSED BY OR RESULT FROM ERROR, OMISSION, OR NEGLIGENT ACT OF THE CONTRACTOR OR OF ANY PERSON EMPLOYED BY THE CONTRACTOR. THE CONTRACTOR SHALL ALSO SAVE HARMLESS THE HOSPITAL DISTRICT FROM ANY AND ALL EXPENSE, INCLUDING, BUT NOT LIMITED TO, ATTORNEY FEES WHICH MAY BE INCURRED BY THE HOSPITAL DISTRICT IN LITIGATION OR OTHERWISE RESISTING SAID CLAIM OR LIABILITIES WHICH MAY BE IMPOSED ON THE HOSPITAL DISTRICT AS A RESULT OF SUCH ERROR, OMISSION, OR NEGLIGENT ACTIVITY BY THE CONTRACTOR.**

**ARTICLE 19  
CONTRACTOR'S RESPONSIBILITY**

The Contractor shall be responsible for the accuracy of work and shall promptly make necessary revisions or corrections resulting from errors, omissions, or negligent acts without compensation for said revisions or corrections.

**ARTICLE 20  
RETENTION, AVAILABILITY OF RECORDS AND AUDIT REQUIREMENTS**

The Contractor shall maintain all books, documents, papers, accounting records, and other evidence pertaining to cost incurred and shall make such materials available at Contractor's office during the Contract period and for four (4) years from the date of final payment under this Contract or until pending litigation pertaining to this Contract has been completely and fully resolved, whichever occurs last. The Hospital District or any of its duly authorized representatives shall have access during normal business hours to all books, documents, papers, and records of the Contractor which are directly pertinent to this Contract for the purpose of making audits, examinations, excerpts, transcriptions, and for checking the amount of work performed by the Contractor.

**ARTICLE 21  
SUCCESSORS AND ASSIGNS**

The Contractor and the Hospital District do hereby bind themselves, their successors, executors, administrators, and assigns to each other party of this Contract and to the successors, executors, administrators, and assigns of such other party in respect to all covenants of this Contract.

The Contractor shall not assign, subcontract, or transfer interest in this Contract without the prior written consent of the Hospital District.

**ARTICLE 22  
SEVERABILITY**

In the event any one or more of the provisions contained in this Contract, for any reason, shall be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision thereof and; this Contract shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein.

**ARTICLE 23  
PRIOR CONTRACT SUPERSEDED**

This Contract constitutes the sole agreement of the parties hereto and supersedes any prior understandings or written or oral contracts between the parties respecting the subject matter defined herein.

**ARTICLE 24  
NOTICES**

All notices to either party by the other, required under this Contract, shall be personally delivered or mailed to such party at the following respective address:

Hospital District:

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

Contractor:

Linda K. Wertz  
119 Dan Moody Trail  
Georgetown, Texas 78633-4520

**[Remainder of page intentionally blank]**

**ARTICLE 25  
VENUE AND GOVERNING LAW**

Venue shall be in Nueces County. This Agreement shall be construed under and in accord with the laws of the State of Texas.

**NUECES COUNTY HOSPITAL DISTRICT:**

By: Jonny F. Hipp  
Digitally signed by Jonny F. Hipp  
DN: cn=Jonny F. Hipp, o=Nueces County Hospital  
District, ou=Administration,  
email=jonny.hipp@nhdcc.org, c=US  
Date: 2022.08.07 08:29:44 -0500  
Jonny F. Hipp, ScD, FACHE  
Administrator/Chief Executive Officer

Date: August 7, 2022

**CONTRACTOR:**

By: Linda K. Wertz  
Linda K. Wertz  
Contractor

Date: 8/7/22

**List of Attachments:**

- Attachment A – Services to be Provided by Hospital District**
- Attachment B – Services to be Provided by Contractor**
- Attachment C – 1115 Waiver Details**
- Attachment D – Classification of Invoiced Expenses**
- Attachment E – Cost Principles for Expenses**

**Attachment A - Services to be Provided by  
Hospital District**

- Provide overall designation, direction, prioritization, coordination, interpretation, and clarification of the Hospital District's goals and objectives to Contractor relating to fulfillment of its responsibilities under the 1115 Waiver, DSRIP Program, discontinuation of the DSRIP Program, and associated DSRIP Program residual and cessation-related matters;
- Provide overall designation, direction, prioritization, coordination, interpretation, and clarification of the Hospital District's goals and objectives relating to Contractor providing consulting services and technical assistance to the Performing Providers regarding the 1115 Waiver, DSRIP Program, discontinuation of the DSRIP Program, and associated DSRIP Program residual and cessation-related matters; and
- Provide overall designation, direction, prioritization, coordination, interpretation, and clarification of the Hospital District's goals and objectives relating to Contractor providing information assistance to entities other than the Performing Providers regarding the 1115 Waiver, DSRIP Program, discontinuation of the DSRIP Program, and associated DSRIP Program residual and cessation-related matters.

## Attachment B - Services to be Provided by Contractor

- Task 1. Consulting Services and Technical Assistance to Hospital District. Contractor will provide consulting services and technical assistance to the Hospital District relating to the District fulfilling its duties and responsibilities relating to the 1115 Waiver, DSRIP Program, discontinuation of the DSRIP Program, and associated DSRIP Program residual and cessation-related duties and responsibilities to meet RHP 4, federal, and state requirements. This will include promptly responding to District questions either by phone or email, participating in HHSC Anchor Entity calls, webinars, conferences, or meetings on behalf of the District, reviewing 1115 Waiver and DSRIP Program documents and making related compliance recommendations to the District, and advising the District on related requirements.
- Task 2. Consulting Services and Technical Assistance to Performing Providers. Contractor will provide consultation and technical assistance services, as determined by the Hospital District, to the Performing Providers concerning their duties and responsibilities relating to the 1115 Waiver, DSRIP Program, discontinuation of the DSRIP Program, and associated DSRIP Program discontinuation residual and cessation-related duties and responsibilities to meet RHP 4, federal, and state requirements. This will include promptly responding to Performing Provider's questions either by phone or email, participating in HHSC Anchor calls, webinars, conferences, or meetings, reviewing 1115 Waiver and DSRIP Program documents, conducting learning collaboratives, conferences, or webinars, and consulting with Performing Providers staff on related requirements.
- Task 3. Information Assistance to Entities Other Than Performing Providers. Contractor will provide information assistance to entities other than the Performing Providers relating to the 1115 Waiver, DSRIP Program, discontinuation of the DSRIP Program, and subsequent related matters as determined by the Hospital District. This will include promptly responding to entity questions either by phone or email, participating in HHSC Anchor calls, webinars, conferences, or meetings, reviewing 1115 Waiver and DSRIP Program documents, making inquiries, gathering and clarifying information, conducting research, conferences, or webinars, and consulting with HHSC and entity staff on related matters.
- Task 4. Technical Assistance Related to Final RHP 4 Plan Update. In the event a Final RHP 4 Plan Update is required by HHSC, Contractor will assist Hospital District with technical assistance with Performing Provider meetings, webinars, or conference calls for completion and submittal of the Final RHP 4 Plan Update to meet RHP 4, federal, and state requirements that may be due to HHSC on a date determined by HHSC. This will include promptly responding to District and Providers either by phone or email, participating in HHSC Anchor calls webinars, conferences, or meetings, reviewing 1115 Waiver and DSRIP Program documents, and consulting with District and Provider staff on related matters.

- Task 5. RHP 4 Annual or Final Report. In the event an RHP 4 Annual or Final Report is required by HHSC, Contractor will assist Hospital District with technical assistance with Performing Provider meetings, webinars, or conference calls for completion and submittal of the RHP 4 Annual or Final Report to meet RHP 4, federal, and state requirements that may be due to HHSC on a date determined by HHSC. This will include promptly responding to District and Provider either by phone or email, participating in HHSC Anchor calls webinars, conferences, or meetings, reviewing 1115 Waiver and DSRIP Program documents, and consulting with District and Provider staff on related matters.
- Task 6. Hospital District and RHP 4 Meetings. Contractor will assist Hospital District, as requested, to plan the agendas, gather relevant information, prepare materials, and execute District and RHP 4 meetings and public meetings to facilitate completion of 1115 Waiver and DSRIP Program's Anchor Entity requirements to meet RHP 4, federal, and state requirements.
- Task 7. Anchor Entity and Performing Provider Reporting Requirements. Contractor will provide written updates to the Hospital District, as requested, regarding 1115 Waiver and DSRIP Program Anchor Entity and Performing Provider reporting requirements.
- Task 8. Residual and Cessation Work. Contractor will provide written updates to the Hospital District, as requested, regarding progress on Anchor Entity and Performing Provider's compliance with 1115 Waiver and DSRIP Program-related residual and cessation work requirements.
- Task 9. Additional Duties and Activities. Any additional duties or activities, as requested by Hospital District necessary to assure success of the Anchor Entity and Performing Providers under the 1115 Waiver and DSRIP Program.
- Task 10. Other Tasks. Any other 1115 Waiver and DSRIP Program-related tasks for the Hospital District as requested.
- All Tasks. Compliance with Applicable Laws, Rules, Regulations, and Ordinances. Contractor must comply with all applicable federal, State, and local government laws, rules, regulations, and ordinances, which may be applicable to Contractor's performance of all Tasks under this Contract.

## Attachment C - 1115 Waiver Details

In 2011, the federal Centers for Medicare and Medicaid Services (“CMS”) approved a Medicaid demonstration waiver titled “Texas Healthcare Transformation and Quality Improvement Program” (“1115 Waiver”). The 1115 Waiver enabled the State to expand its use of Medicaid managed care to achieve program savings, while also preserving locally funded supplemental payments to hospitals. The goals of the demonstration were to: (i) expand risk-based managed care statewide; (ii) support the development and maintenance of a coordinated care delivery system; (iii) improve outcomes while containing cost growth; and (iv) transition to quality-based payment systems across managed care and providers. The 1115 Waiver was initially approved through September 30, 2016 and subsequently renewed through September 30, 2022

The 1115 Waiver included, in part, the Delivery System Reform Incentive Payment (“DSRIP”) Program that incentivized hospitals and other providers in RHP 4 and other RHPs to improve access to care and how care is delivered for Medicaid enrollees and low-income uninsured individuals in their regions;

The DSRIP Program was organized and operated by the Texas Health and Human Services Commission (“HHSC”) based on Regional Healthcare Partnerships (“RHP”). Each RHP either identified or HHSC designated a regional anchoring entity (RHP Anchor Entity) and the Hospital District is the HHSC-designated RHP Anchor Entity for RHP 4. RHP 4 includes the Texas Coastal Bend-area counties of Aransas, Bee, Brooks, DeWitt, Duval, Goliad, Gonzales, Jackson, Jim Wells, Karnes, Kenedy, Kleberg, Lavaca, Live Oak, Nueces, Refugio, San Patricio, and Victoria.

The HHSC-designated duties of an RHP Anchor Entity are:

1. Serving as the single point of contact with HHSC for the RHP;
2. Facilitating transparent and inclusive meetings among participants to discuss RHP activities;
3. Coordinating RHP activities to help ensure that participants properly address both the needs of the region and the requirements placed upon the RHP;
4. Developing the RHP needs assessment included in the RHP plan;
5. Compiling and submitting the RHP plan to HHSC;
6. Preparing and submitting an annual progress report on behalf of the RHP;
7. Ensuring that all confidential information obtained through its role as an anchor remains confidential as required by state and federal laws and regulations;
8. Ensuring that all waiver information provided to it in its capacity as anchor is distributed to the RHP participants;
9. Posting the most recent approved RHP plan and any proposed RHP plan modifications to the RHP website; and
10. Meeting all other requirements as specified in the Program Funding and Mechanics Protocol.

CMS and HHSC were unable to reach agreement on continuation of the DSRIP Program beyond September 30, 2022, and as a result, HHSC will discontinue the Program on that date.


## **Attachment D – Classification of Invoiced Expenses**

Contractor shall classify and categorize all charges and expenses submitted in the invoices to the Hospital District under this Contract for the purpose of assisting the District in obtaining reimbursement for 1115 Waiver and DSRIP Program Anchor Entity administration or other related costs from the Texas Health and Human Services Commission (“HHSC”), State of Texas, and/or the U.S. Department of Health and Human Services, Centers for Medicare and Medicaid Services (collectively, the “Reimbursement Agencies”). The Contractor shall first categorize each of the charges and expenses submitted in invoices to the District as allowable or non-allowable in accordance with the HHSC “Cost Principles for Expenses For the 1115 Waiver – Administrative Expenses” document (attached hereto and identified as Attachment E – Cost Principles for Expenses) (“Cost Principles for Expenses”) and the applicable rules and regulations issued from time to time by the Reimbursement Agencies. For any allowable charges or expenses, the Contractor shall sub-categorize the charges and expenses by the specific Anchor tasks and job functions described in the Cost Principles for Expenses document, as may be amended from time to time. This obligation shall apply to all invoices issued by the Contractor to the District during the term of this Contract. The Contractor’s allowable costs and expenses shall be classified into the following tasks and functions in accordance with the Cost Principles for Expenses document:

1. Provide accounting, human resources, and data management resources for the RHP;
2. Coordinate RHP annual reporting, as specified in the Program Funding and Mechanics Protocol, on the status of projects and the performance of Performing Providers in the region;
3. Provide RHP data management for purposes of evaluation;
4. Develop and facilitate one or more regional learning collaboratives;
5. Communicate with stakeholders in the region, including the public; and
6. Communicate on behalf of the RHP with HHSC.


**Attachment E – Cost Principles for Expenses**

Attach after this cover sheet the HHSC document titled: “Attachment A to the Texas Transformation and Quality Improvement Program 1115 Waiver: Agreement between Health & Human Services Commission and Anchor” showing effective date October 1, 2012, Version 1.0.

	<b>Attachment A</b> to the Texas Transformation and Quality Improvement Program 1115 Waiver: Agreement between Health & Human Services Commission and Anchor	PAGE <b>1 of 33</b>
	<b>Cost Principles for Expenses          for the 1115 Waiver - Administrative Services</b>	EFFECTIVE DATE <b>October 1, 2012</b>
		<b>Version 1.0</b>

**DOCUMENT HISTORY LOG**

STATUS <sup>1</sup>	DOCUMENT REVISION <sup>2</sup>	EFFECTIVE DATE	DESCRIPTION <sup>3</sup>
Baseline	1.0	October 1, 2012	<p>Initial version is broadly based on the Medicaid/CHIP managed care contract's Uniform Managed Care Manual, Chapter 6.1, Cost Principles, Version 2.2, which became effective for those contracts on Oct. 15, 2012. Note that this version applicable to the 1115 Waiver Anchor Administrative Services contracts has important differences from versions written for the HMO managed care contracts.</p> <p>The initial effective date corresponds to the beginning of Demonstration Year 2.</p>
<sup>1</sup> Status should be represented as "Baseline" for initial issuances, "Revision" for changes to the Baseline version, and "Cancellation" for withdrawn versions. <sup>2</sup> Revisions should be numbered in accordance according to the version of the issuance and sequential numbering of the revision. <sup>3</sup> Brief description of the changes to the document made in the revision.			

	<b>Attachment A</b> to the Texas Transformation and Quality Improvement Program 1115 Waiver: Agreement between Health & Human Services Commission and Anchor	PAGE <b>2 of 33</b>
	<b>Cost Principles for Expenses          for the 1115 Waiver - Administrative Services</b>	EFFECTIVE DATE <b>October 1, 2012</b>  <b>Version 1.0</b>

## **Cost Principles for Expenses for the 1115 Waiver – Administrative Services**

### **Applicability of Attachment A, Cost Principles for Expenses for the 1115 Waiver**

This Attachment A, Cost Principles for Expenses for the 1115 Waiver – Administrative Services (the “Attachment,” or, the “Cost Principles”), is incorporated by reference into the agreement (the “Contract”) between the Health and Human Services Commission (“HHSC”) and the Anchor (or “Contractor” or “Anchoring Entity”), with respect to the Texas Transformation and Quality Improvement Program 1115 Waiver (the “Waiver”). The Contract provides for a delegation of certain administrative functions to the Anchor by HHSC with respect to the implementation of the Waiver, and a mechanism for certain payments to the Anchor relating to the Anchor’s cost of these administrative functions. The terms of this Attachment are applicable to the costs reported by the Anchor and submitted to HHSC for reimbursement or other payment under the Contract. As such, the terms herein are also applicable to any costs incurred by any Affiliate of the Anchor, wherein such costs are included, directly or indirectly, in those submitted by the Anchor for reimbursement or payment by HHSC.


Not all types of costs that might be incurred by the Anchor in connection with the performance of its administrative functions under the Contract are allowable. It is the function of these Cost Principles for Expenses to clarify this issue.

While this Attachment was derived from similar cost principles used by HHSC with respect to managed care and other contracts, there are substantive differences. The specific terms of this Attachment are the definitive cost principles with respect to the Contract.

In spite of a specific cost being deemed allowable herein, such allowable costs, in aggregate, may be subject to a maximum limit, or cap, as defined in the Contract and its incorporated documents.

References to a cost being “reimbursed” does not imply that the recipient of such payment would then have no net cost (after reimbursement); the role of Inter-Governmental Transfers (IGT), as defined in the Contract, significantly alters the ultimate net financial impact to the Anchor.

The Anchor is a member of a Regional Healthcare Partnership (RHP), and may be a public hospital (or, alternately, is either a hospital district or other hospital authority, or a county government, or a state university). The Anchor is responsible under the Contract for coordinating RHP activities, and assisting HHSC in the performance of key oversight and reporting responsibilities.

	<b>Attachment A</b> to the Texas Transformation and Quality Improvement Program 1115 Waiver: Agreement between Health & Human Services Commission and Anchor	PAGE <b>3 of 33</b>
	<b>Cost Principles for Expenses          for the 1115 Waiver - Administrative Services</b>	EFFECTIVE DATE <b>October 1, 2012</b>  <b>Version 1.0</b>

**I. General**

**A. Introduction**


Cost Principles for Expenses contain principles to be applied in establishing the allowability or unallowability of expenses, including any subcontract expenses and affiliate expenses, related to the Contract. The allowability or unallowability of expenses impact the amount that may be paid or reimbursed to the Contractor by HHSC in accordance with the Contract’s requirements. These principles apply to both direct and indirect costs. A cost is allowable only to the extent of benefits received by HHSC under the Contract, and to the extent that the cost conforms to the policies, principles, and requirements of this Attachment.

All costs reported to HHSC for payment or reimbursement under the Contract are subject to the cost allowability requirements under the Cost Principles. Until audits, if applicable, are completed, amounts are subject to revision, according to the Cost Principles.

*Costs limited to specific functions.* Allowable costs under the Contract are limited to certain narrowly-defined tasks and job functions directly connected to the performance of the administrative efforts required and specified in the Contract, plus appropriate allocations for indirect support. The specific tasks and job functions required by the Contract consist of the following:

- Provide accounting, human resources, and data management resources for the RHP;
- Coordinate RHP annual reporting, as specified in the Program Funding and Mechanics Protocol, on the status of projects and the performance of Performing Providers in the region (as those terms are defined in the Contract or RFP);
- Provide RHP data management for purposes of evaluation;
- Develop and facilitate one or more regional learning collaboratives;
- Communicate with stakeholders in the region, including the public; and,
- Communicate on behalf of the RHP with HHSC.

Thus, many of the functions that might be allowable under other types of HHSC contracts, such as those with managed care operations, are not relevant to the scope of this Contract, and are therefore not allowed herein. Costs included in cost reports submitted by the contractor to HHSC for payment or reimbursement that are for other functions, or that do not support the above functions, are unallowable hereunder.

	<b>Attachment A</b> to the Texas Transformation and Quality Improvement Program 1115 Waiver: Agreement between Health & Human Services Commission and Anchor	PAGE <b>4 of 33</b>
	<b>Cost Principles for Expenses          for the 1115 Waiver - Administrative Services</b>	EFFECTIVE DATE <b>October 1, 2012</b>  <b>Version 1.0</b>

**B. Relevance of the Federal Acquisition Regulations ("FAR").**

All amounts reported to HHSC by the Contractor, including costs, fees, assessments, affiliate transactions, and Subcontract costs, are subject to the allowability tests and requirements as set forth in the FAR (48 C.F.R Part 31), except where HHSC specifically allows an exception as documented in the Cost Principles or other Contract language. Any such exception must be specifically noted as an exception to FAR. In case of any conflicts between the Contract (including the Attachment) and FAR and/or Generally Accepted Accounting Principles, the Contract will prevail. In any case where there may be a conflict between the principles, regulations, and/or requirements of Generally Accepted Accounting Principles (“GAAP”) versus those of FAR, then FAR will prevail.

Regulatory language involving a CMS exemption of applicability of FAR to Medicare will not be deemed to overrule these Cost Principles.

For purposes of applying FAR to the Contract, “at risk” will be deemed to be “Fixed Price” contracts in FAR terminology, whenever FAR distinguishes between Fixed Price and Cost Reimbursement contracts.


**C. Federal disallowance/recoupment.**

With respect to any payments made to the Contractor by HHSC under the Contract, if the federal government subsequently recoups money from the state for related expenses and/or costs (submitted by the Contractor) that became deemed unallowable by the federal government, the state has the right to, in turn, recoup payments made to the Contractor for these same expenses and/or costs. This applies even if such costs had not been previously disallowed by the state, and if such costs were indeed incurred by the Contractor. Any such expenses and/or costs would then be deemed unallowable by the state. If the state retroactively recoups money from the Contractor due to a federal disallowance, the state will recoup the entire amount paid to the Contractor for the specific expenses and/or costs that were federally disallowed, not just the federal portion.

**D. Affiliate transactions and Affiliate cost reporting**

The requirements of this section prevail over all FAR, GAAP, and any other regulatory or Contract language regarding “fair and equitable,” “reasonable,” or similar terms that refer to pricing between Affiliates.

For Contract cost reporting, profits made by an Affiliate due to the Contractor’s Contract may not be attributed as costs to the Contract, even if the profits are reasonable. Narrowly-defined exceptions to this rule are identified in [Subsection I\(D\)\(3\)](#), “Exceptions to Affiliate cost-based

	<b>Attachment A</b> to the Texas Transformation and Quality Improvement Program 1115 Waiver: Agreement between Health & Human Services Commission and Anchor	PAGE <b>5 of 33</b>
	<b>Cost Principles for Expenses          for the 1115 Waiver - Administrative Services</b>	EFFECTIVE DATE <b>October 1, 2012</b>  <b>Version 1.0</b>

reporting.” Any profits on the Contract made by the Contractor’s Affiliates must not be converted to a Contractor “cost” in reports submitted to HHSC.


For contract cost reporting, fees paid by the Contractor to an Affiliate are allowable only at the Affiliate’s cost, except as described in [Subsection I\(D\)\(3\)](#), below.

(1) Cost reporting requirements for Subcontractors, including Affiliates. Terms of the Attachment apply to any Subcontracts utilized by the Contractor in performing its required tasks under the Contract. Consistent with the Contractor’s affirmative duty to not include its own unallowable costs in reporting to HHSC, the Contractor is responsible for segregating any unallowable Affiliate costs for such reporting purposes. The “full cost” from an Affiliate does not generally include Affiliate profit labeled as a Contractor cost. Costs incurred by affiliated Subcontractors are subject to the same allowability tests as the Contractor’s costs, and therefore may be disallowed for cost reporting purposes.

HHSC’s right to obtain and review financial and cost documents extends to Subcontractors, including the right to (1) examine supporting documentation for cost build-up in Affiliate Subcontracts; (2) review a Subcontractor’s income statement; and (3) segregate, within the income statement, certain revenue and cost categories by those attributable to the Contract versus all other revenues and costs. At HHSC’s direction, the Contractor may be required to file a separate cost report for an affiliated Subcontractor, in order to provide further detail of Affiliate costs included and submitted by the Contractor to HHSC. Any findings by HHSC (or its auditors, if applicable) will not affect the Affiliate’s books, records, or financial reporting; such findings would only apply to the Contractor’s cost reporting to HHSC.

(2) Subcontract submission/notification: relevance to cost reporting allowability rules. Any review and/or approval of a Subcontract or Affiliate agreement by HHSC will not be construed as a determination that a cost or expense is allowable. Nor will HHSC’s review and/or approval of a Subcontract or Affiliate agreement be construed as a determination that a cost or expense is allowable under state or federal laws, rules, or regulations, or the requirements of the Contract, including these Cost Principles. Any approval by HHSC does not exempt the Subcontract from audit (if applicable); it still must conform to the Cost Principles.

Any approval of a Subcontract or Affiliate agreement by a regulatory agency other than HHSC does not overrule the terms of the Contract. For example, any approval of costs or transaction types by the Texas Department of Insurance (TDI) may be applied to the Contractor’s reporting to and compliance with TDI requirements, if any, but does not provide exemption from these Cost Principles.

	<b>Attachment A</b> to the Texas Transformation and Quality Improvement Program 1115 Waiver: Agreement between Health & Human Services Commission and Anchor	PAGE <b>6 of 33</b>
	<b>Cost Principles for Expenses          for the 1115 Waiver - Administrative Services</b>	EFFECTIVE DATE <b>October 1, 2012</b>  <b>Version 1.0</b>

(3) Exceptions to Affiliate cost-based reporting. An exception to the rule regarding Affiliate cost reporting may occur when an Affiliate has routine sales of the item in question to multiple unaffiliated third parties, selling standard items or services (“Comparable Unaffiliated Sales”). In such cases, external prices for interchangeable items or specific services would be comparable. Examples of standard items (comparable services) include conducting a vision exam, adjudicating a claim, filling a cavity, setting a broken leg, conducting a psych diagnostic interview, etc.


This exception does not apply to parental (or other Affiliate) administrative services agreements, or to Affiliate reinsurance.

Use of the Comparable Unaffiliated Sales exception in reporting of Affiliate costs to HHSC must receive HHSC’s prior written approval. To request the Comparable Unaffiliated Sales exception for cost reporting, the Contractor must submit supporting documentation to HHSC, such as names of specific unaffiliated entities that are sold to, prices to each, timeframe, and the comparability of the services, etc., being sold and priced. To make a determination, HHSC or its designee may require the Contractor to submit information regarding sales classifications, and price lists or contracts documenting pricing details.

In contrast to the exception for Comparable Unaffiliated Sales, in most cases, an invoking of the general concept of “fair market value” or being “market priced” will not overrule the requirements regarding reporting Affiliate costs to HHSC at only the Affiliate’s cost. Fair market value will only apply to goods or services that meet all the following criteria: 1) standardized, equivalent, easily measurable and comparable; 2) bought and sold widely, by numerous unrelated third party buyers and multiple unrelated third party sellers; and 3) have a readily available independent source for comparative market pricing data. Similarly, “commercial item status” will only apply to standardized items that are readily available to buyers off-the-shelf, with prices easily discernible. The above would require situations where there are directly comparable services that are provided and sold to multiple unaffiliated third parties, and wherein the price, terms, and details of service in these third party transactions are readily apparent (or can be provided to HHSC’s satisfaction).

If a Contractor has Affiliate costs that it believes meet the criteria stated herein of either fair market value or commercial item status, it must receive HHSC’s prior written consent prior to submission of the costs to HHSC for payment. The burden is on the Contractor to demonstrate to HHSC that the criteria are met; it is not the responsibility of HHSC (or its auditor, if applicable) to develop a market comparison analysis, etc.

Conducting studies (by third party experts or otherwise) to determine an “industry range” of percentage rates to assess for corporate overhead and services, or being “within market

	<b>Attachment A</b> to the Texas Transformation and Quality Improvement Program 1115 Waiver: Agreement between Health & Human Services Commission and Anchor	PAGE <b>7 of 33</b>
	<b>Cost Principles for Expenses          for the 1115 Waiver - Administrative Services</b>	EFFECTIVE DATE <b>October 1, 2012</b>  <b>Version 1.0</b>

standards” or “based on prevailing market terms” for pricing, etc., does not provide valid grounds to include in the cost report an Affiliate fee assessment in excess of the actual costs incurred by the Affiliate.

- (4) Affiliate vs. unaffiliated third party Subcontracts. Contractor may contract with Affiliates for various services in order to take advantage of economies of scale, potentially superior capabilities, and for other possible advantages or reasons. If the Contractor procures services outside of unaffiliated, true arm’s-length situations, then the components (i.e., the internal build-up or composition) of the subcontracted costs become subject to the Cost Principle’s allowability rules for reporting to HHSC.

Amounts paid to affiliated Subcontractors for goods and services rendered may be excluded from allowability for cost reporting purposes if they do not fall under an allowable category. Contractor costs that are unallowable in terms of cost reporting to HHSC may not become an allowable deduction by virtue of routing such costs through an Affiliate.


- (5) Administrative expense assessment “true-up.” Affiliate administrative services Subcontracts (e.g., a Subcontract with the Contractor’s parent for headquarter support functions) must be limited to allowable costs incurred by the Affiliate. In many cases, such Subcontracts may be initially paid monthly, based on a pre-determined formula, such as a percentage of the Contractor’s revenues, a per-unit-per-month amount, or a fixed flat monthly amount. When such a formula-based approach is used by an Affiliate, the Contractor must do an end-of-year “true-up” of the actual allowable charges incurred by the Affiliate, versus the amounts initially recorded on the submitted cost reports by the formula. The Contractor must modify the cost report accordingly to represent only allowable costs actually incurred by the Affiliate. Such a true-up must be done, and its impact included into the cost report, by no later than sixty calendar days after the end of each State Fiscal Year.

**E. Core CMS requirements for cost allowability**

In conjunction with the various specifics herein which detail allowable and unallowable costs, the Contractor must adhere to the following general principles as prescribed by the US Department of Health & Human Services’ Centers for Medicare and Medicaid Services (“CMS”), with respect to all costs submitted to HHSC hereunder:

Submitted costs must not be for efforts, services, or items that have been, should have been, or will be paid for through another federal funding source, or paid as part of a rate for direct medical services. Submitted costs must not be federally-funded under another program or contract, or used for any other federal matching purposes.

Submitted costs must not cover services or activities that are duplicated elsewhere, or should be provided by other entities, or through other programs.

	<b>Attachment A</b> to the Texas Transformation and Quality Improvement Program 1115 Waiver: Agreement between Health & Human Services Commission and Anchor	PAGE <b>8 of 33</b>
	<b>Cost Principles for Expenses          for the 1115 Waiver - Administrative Services</b>	EFFECTIVE DATE <b>October 1, 2012</b>  <b>Version 1.0</b>

Submitted costs must not represent expenditures for general public health initiatives that are made available to all persons, such as public health education campaigns.

Submitted costs cannot include the overhead costs of operating a provider facility, or otherwise include costs of direct medical services to beneficiaries; any such costs would be deemed as medical service costs, not plan administration costs. Costs submitted hereunder must all be for administrative services costs only.

Within the context of the services rendered under the Contract, all costs submitted hereunder must be necessary for the proper and efficient administration of the Medicaid State Plan, as so deemed by CMS.

To the extent cost allocations may be utilized, and such allocations are spread among the services rendered under this Contract and other programs, then the costs must be allocated in accordance with the relative benefits received by all programs, not just Medicaid. Any cost allocation methodology utilized must be an allocation methodology included under the applicable approved public assistance cost allocation plan (reference [45 CFR 95, Subpart E](#)). The allocation methodology must conform to the accounting principles and standards prescribed in Office of Management and Budget ([OMB Circular A-87](#)), and be compatible with the State plan for public assistance programs described in [45 CFR Chapter II, III and XIII](#), and [42 CFR Chapter IV Subchapters C and D](#).

In the case of any conflicts between what costs may be deemed allowable elsewhere in this document, vs. what costs are prohibited under this subsection, this subsection shall prevail.


The Contractor must comply with all Federal statutes and regulations with respect to costs submitted hereunder. Should an audit or other review of costs submitted hereunder find non-compliance with Federal statute, regulations, protocols, or guidance, the Contractor is at risk for loss of corresponding funds paid or deemed owed hereunder.

## II. Definitions

**Advertising Media** means magazines, newspapers, radio and television programs, billboards, bus and bench displays, banners, telephone books, outreach brochures, outreach exhibits, posters, stickers, decals, and internet advertisements. Advertising Media also includes promotional items and memorabilia, such as low-cost-per-item giveaways, souvenirs, and models.

**Advertising Costs** means the costs of Advertising Media and corollary administrative costs, including the Contractor's cost of events oriented specifically and narrowly at outreach to stakeholders and potential providers in Texas.

**Affiliate** means any individual or entity that meets any of the following criteria:


	<b>Attachment A</b> to the Texas Transformation and Quality Improvement Program 1115 Waiver: Agreement between Health & Human Services Commission and Anchor	PAGE <b>9 of 33</b>
	<b>Cost Principles for Expenses          for the 1115 Waiver - Administrative Services</b>	EFFECTIVE DATE <b>October 1, 2012</b>  <b>Version 1.0</b>

- (1) owns or holds more than a five percent (5%) interest in the Contractor (either directly, or through one or more intermediaries);
- (2) in which the Contractor owns or holds more than a five percent (5%) interest (either directly, or through one or more intermediaries);
- (3) any parent entity or subsidiary entity of the Contractor, regardless of the organizational structure of the entity;
- (4) any entity that has a common parent with the Contractor (either directly, or through one or more intermediaries);
- (5) any entity that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the Contractor; or
- (6) any entity that would be considered to be an affiliate by any Securities and Exchange Commission (SEC) or Internal Revenue Service (IRS) regulation, Federal Acquisition Regulations (FAR), or by another applicable regulatory body.

**Allocable Cost** means a cost that is allocable to this Contract if: (a) the goods or services involved are chargeable or assignable to the Contract in accordance with relative benefits received, (b) all activities which benefit from Contractor’s indirect cost will receive an appropriate allocation of indirect costs, (c) any cost allocable to this Contract under the principles provided for in this document may not be charged to other contracts to overcome deficiencies, to avoid restrictions imposed by law or terms of such contracts, or for other reasons.

**Allowable Expenses** means those costs or expenses defined as allowable in these Cost Principles. A designation of “allowable” or “unallowable” does not generally govern whether the Contractor can incur a cost or make a payment; allowability only reflects what is reportable on the cost reports submitted to HHSC. To be allowable, expenses must be incurred during the Contract term by the Contractor, in connection with providing services under the requirements of the Contract; must not be reimbursable or recoverable from another source; must not be listed as an unallowable type of expense herein; and, must conform to the further requirements of these Cost Principles, which include, but are not limited to, being reasonable and allocable.

**Direct Costs** means those costs that can be identified specifically with and are readily assignable to the objectives of this Contract. A particular type of cost may benefit one or more other activities of Contractor, but a portion of such cost may be readily assignable to this Contract and accordingly be treated as a direct cost. For example, a particular employee may perform services that benefit more than one activity; however, if the time spent on each of the activities can be identified and distributed to those activities through a personnel activity report, the amount of the employee's compensation distributed to each activity is a direct cost for that activity. Costs that

	<b>Attachment A</b> to the Texas Transformation and Quality Improvement Program 1115 Waiver: Agreement between Health & Human Services Commission and Anchor	PAGE <b>10 of 33</b>
	<b>Cost Principles for Expenses          for the 1115 Waiver - Administrative Services</b>	EFFECTIVE DATE <b>October 1, 2012</b>  <b>Version 1.0</b>

can be specifically identified with and assigned to the activities under this Contract are generally categorized as direct costs. However, any direct cost of a minor amount may be treated as an indirect cost for reasons of practicality where the accounting treatment for such costs is consistently applied to all activities of the Contractor.

**Indirect Costs** means those incurred for a common or joint purpose benefiting this Contract and one or more other activities of the Contractor and are not readily assignable to the activities specifically benefited, without effort disproportionate to the results achieved. To facilitate equitable distribution of indirect expenses to the activities benefited, it may be necessary to establish a number of pools of indirect costs within the various departments of the Contractor. Indirect cost pools should be distributed to activities benefited on a basis that will produce an equitable result in consideration of relative benefits derived. For the purposes of distributing indirect cost pools to this Contract, the Contractor is not allowed to include any indirect costs in a pool so distributed which do not benefit the objectives under this Contract.

**Marketing Expenses** means certain marketing-related expenses that are tied to outreach efforts, and do not include certain related other costs, such as general public relations, advertising for recruitment of personnel, etc. For more specific details, see "Marketing, Advertising, and Public Relations Costs" under [Section VI](#), "Cost Categories," below.


**Other Marketing Costs** means a limited set of marketing costs that do not fall under the categories of Advertising Costs or Public Relations Costs.

**Pre-implementation Costs** – see [Subsection VI\(36\)](#), Pre-implementation Costs, below.

**Public Relations Costs** means the Contractor's costs of community relations and those activities dedicated to maintaining the image of the Contractor, or maintaining or promoting understanding and favorable relations with the community, public at large, or any segment of the public. This includes Contractor news releases and Contractor press releases.

**Reasonable Cost** means a cost that, in its nature and amount, does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost. In determining reasonableness of a given cost, consideration must be given to all of the following:

- (a) whether the cost is of a type generally recognized as ordinary and necessary for the operation of the Contractor, or the performance of the services required under this Contract;
- (b) comparable market prices for similar goods or services; this includes examination of whether other businesses similar to Contractor pay significantly less, and, whether Contractor could procure goods or services from another recognized vendor at significantly lower prices;

	<b>Attachment A</b> to the Texas Transformation and Quality Improvement Program 1115 Waiver: Agreement between Health & Human Services Commission and Anchor	PAGE <b>11 of 33</b>
	<b>Cost Principles for Expenses          for the 1115 Waiver - Administrative Services</b>	EFFECTIVE DATE <b>October 1, 2012</b>  <b>Version 1.0</b>

(c) whether the reported cost represents more than the true net cost to the Contractor’s parent organization as a consolidated whole, after consideration of any related transactions or other factors;

(d) significant deviations from the established practices of the industry, or as compared to other companies similar to the Contractor, which may unjustifiably increase the cost incurred by the Contractor to provide the services required under this Contract;

(e) the restraints or requirements imposed by such factors as: true arms-length (non-affiliate) bargaining; whether a similar price would be paid to a different vendor who was not related to the Contractor; the presence of any retrocession or similar agreements with the vendor or an affiliate of the vendor; the impact or influence of other business that the Contractor or one of Contractor’s Affiliates may have with the vendor or an affiliate of the vendor; sound business practices; Federal, State and other laws and regulations; the terms and conditions of this Contract; and,

(f) whether the individuals concerned acted with prudence in the circumstances, and in an ethical, forthright manner that would bear public scrutiny, considering their responsibilities to the Contractor, its employees, taxpayers, and the State of Texas.


To be allowable, a “reasonable” cost still must meet other Cost Principles requirements, especially with respect to Affiliate transactions. Being “reasonable” is not sufficient, in and of itself, to be allowable.

**Subcontract** means any written agreement between the Contractor and another party, including an Affiliate, to fulfill certain requirements of the Contract.

**Subcontractor** means any individual or entity, including an Affiliate, which has entered into a Subcontract with the Contractor.

### III. Applicable Credits

Applicable credits refer to those receipts or reduction of expenditure-type transactions that offset or reduce expense items attributed to this Contract. Examples of such transactions are: purchase discounts; rebates or allowances; recoveries or indemnities on losses; insurance refunds or rebates; and adjustments of overpayments or erroneous charges. To the extent that such credits accruing to or received by the Contractor relate to allowable costs, they must be credited to this Contract either as a cost reduction or an increase in revenues, as appropriate.

	<b>Attachment A</b> to the Texas Transformation and Quality Improvement Program 1115 Waiver: Agreement between Health & Human Services Commission and Anchor	PAGE <b>12 of 33</b>
	<b>Cost Principles for Expenses          for the 1115 Waiver - Administrative Services</b>	EFFECTIVE DATE <b>October 1, 2012</b>  <b>Version 1.0</b>

#### IV. Composition of Administrative Costs

The total administrative expenses of this Contract are comprised of the allowable direct costs of the work on the Contract, plus the allocable portion of allowable indirect costs, less applicable credits. There is no universal rule for classifying certain costs as either direct or indirect under every accounting system. A cost may be direct with respect to some specific service or function of the Contractor but indirect with respect to the objectives under this Contract. Therefore, it is essential that each item of cost be treated consistently in like circumstances either as a direct or an indirect cost.

Fees based on profitability. Between affiliated entities, variable fees (or cost rates) that are dependent on the *level* of profitability are unallowable, except when HHSC grants a specific written exception, which will only be granted when it is in the best interest of HHSC and/or its constituents. Any Contractor desiring such an exception must submit a formal written request, demonstrating the reasonableness, the clear benefit to the Contract, the proposed methodology, and the financial implications.


#### V. Allocation of Indirect Costs

Unless specifically allowed by HHSC, indirect costs that are assessed or allocated by a parent company or Affiliate to the relevant operating subsidiary are only allowable to the extent that: (a) the costs clearly represent specifically identified operating services provided for the operating subsidiary; and (b) such services directly benefit HHSC and/or its clients/customers (e.g., Medicaid or CHIP members).

These specifically identified and directly beneficial services would include core operating functions (e.g., centralized accounting, billing, IT, etc.), but would not include or allow items such as: vague management allocations where there is no clear and direct identifiable benefit to the contract, or fees that are assessed in addition to total (direct and indirect) costs, or overhead expenditure levels deemed clearly unreasonable (e.g., travel by private jet). During any audit verification or prospective contract review, expenditures must be broken out separately by function and meet the test of reasonability, and other requirements described in these Cost Principles.


The Contractor must develop and retain a written allocation methodology policy prior to the submission of any costs based on the allocation. The allocation methodology must be forwarded to HHSC upon request; it may be reviewed in the course of any audit, and must allocate costs in a manner deemed appropriate by HHSC and/or its auditor.

See also “Administrative Expense ‘true-up’” and other portions of [Section I\(D\)](#) above.

	<b>Attachment A</b> to the Texas Transformation and Quality Improvement Program 1115 Waiver: Agreement between Health & Human Services Commission and Anchor	PAGE <b>13 of 33</b>
	<b>Cost Principles for Expenses          for the 1115 Waiver - Administrative Services</b>	EFFECTIVE DATE <b>October 1, 2012</b>  <b>Version 1.0</b>


## VI. Cost Categories

1. Accounting. The cost of establishing and maintaining accounting and other information systems is allowable.
2. Add-on Fees. Amounts paid to an Affiliate that are in excess of actual costs incurred by the Affiliate, or that do not represent a pass-through of the actual costs of the Affiliate, are unallowable for cost-reporting to HHSC. This includes profit, margin, or mark-ups added to, or included in, Affiliate costs. Certain exceptions may apply; see [Subsection I\(D\)\(3\)](#), “Exceptions to Affiliate cost-based reporting.”
3. Administrative Assessments. Certain parent company cost assessments for various administrative services provided to the Contractor are allowable. However, any administrative services fees paid to, or assessed by, a parent or other Affiliate, which are unsupported in terms of actual documented specific allowable costs incurred by the Affiliate, are unallowable for cost-reporting to HHSC.
4. Advisory Councils. Costs incurred by advisory councils or committees are allowable only as a direct cost and only where specifically approved in advance by HHSC.
5. Alcoholic Beverages. Costs of alcoholic beverages are unallowable.
6. Audit Services. The costs of audits are allowable provided that the audits were performed in accordance with Generally Accepted Auditing Standards promulgated by the American Institute of Certified Public Accountants.
7. Automatic Electronic Data Processing. The cost of data processing services is allowable.
8. Bad Debts. Any losses arising from uncollectible accounts and other claims, and related costs, are unallowable unless approved in advance by HHSC.
9. Bonding Costs. Costs of bonding employees and officials are allowable to the extent that such bonding is in accordance with sound business practice.
10. Bond issuance cost amortization. Amortization of the costs involved in issuing bonds is unallowable. Similarly, bond discounts and other costs of financing are also unallowable.
11. Budgeting. Costs incurred for the development, preparation, presentation, and execution of budgets are allowable.
12. Capital expenditures and capital investment. Expenditures or investment for equipment or buildings, and/or repairs that materially increase the value or useful life of buildings or equipment, should be capitalized, and are unallowable, in terms of being totally expensed

	<b>Attachment A</b> to the Texas Transformation and Quality Improvement Program 1115 Waiver: Agreement between Health & Human Services Commission and Anchor	PAGE <b>14 of 33</b>
	<b>Cost Principles for Expenses          for the 1115 Waiver - Administrative Services</b>	EFFECTIVE DATE <b>October 1, 2012</b>
		<b>Version 1.0</b>

when initially incurred. Depreciation of these capital expenditures, in accordance with Generally Accepted Accounting Principles (GAAP) or the Federal Acquisition Regulations (FAR), may be *allowable when* it can be clearly shown that the depreciation is *directly tied to, and in support of, the specific functions* and tasks required and performed under the Contract (see [Subsection IA](#), Costs limited to specific functions, above). See also [Subsection VI\(19\)](#), Depreciation and Amortization, below.

13. Communications. Costs of telephone, mail, messenger, and similar communication services are allowable.
14. Compensation for Personnel Services.
  - a. General. Compensation for personnel services includes all remuneration, paid currently or accrued, for services rendered during the period of performance under this Contract, including but not necessarily limited to wages, salaries, and fringe benefits. The costs of such compensation are allowable to the extent that they satisfy the specific requirements of this document, and that the total compensation for individual employees:
    1. Is reasonable for the services rendered and conforms to the established policy of the Contractor, consistently applied to all of its activities;
    2. Follows an appointment made in accordance with an the Contractor's policies, and meets merit system or other requirements required by Federal law, where applicable; and
    3. Is determined and supported as provided in [Subsection VI\(14\)\(h\)](#), Support of Salaries and Wages.
  - b. Reasonableness of compensation. Compensation for employees engaged in work on this Contract will be considered reasonable to the extent that it is consistent with that paid for similar work in other activities of the Contractor. In cases where the kinds of employees required for this Contract are not found in the other activities of the Contractor, compensation will be considered reasonable to the extent that it is comparable to that paid for similar work in the labor market in which the Contractor competes for the kind of employees involved. Compensation surveys providing data representative of the labor market involved will be an acceptable basis for evaluating reasonableness.
  - c. Unallowable Compensation-related Costs. Costs that are unallowable under other Sections of these Cost Principles will not be allowable under this Section solely on the basis that they constitute personnel compensation.


	<b>Attachment A</b> to the Texas Transformation and Quality Improvement Program 1115 Waiver: Agreement between Health & Human Services Commission and Anchor	PAGE <b>15 of 33</b>
	<b>Cost Principles for Expenses          for the 1115 Waiver - Administrative Services</b>	EFFECTIVE DATE <b>October 1, 2012</b>  <b>Version 1.0</b>

d. Fringe benefits.


1. Fringe benefits are allowances and services provided by employers to their employees as compensation in addition to regular salaries and wages. Fringe benefits include, but are not limited to, the costs of leave, employee insurance, pensions, and unemployment benefit plans. Except as provided elsewhere in these principles, the costs of fringe benefits are allowable to the extent that the benefits are reasonable or are required by law.
2. The cost of fringe benefits in the form of regular compensation paid to employees during periods of authorized absences from the job, such as for annual leave, vacation, sick leave, holidays, court leave, military leave, maternity leave, and other similar benefits, are allowable if: (a) they are provided under established written leave policies; (b) the costs are equitably allocated to all of the related activities of the Contractor; and (c) the basis of accounting utilized for costing each type of leave is consistently followed by the Contractor.
3. The accrual basis may be only used for those types of leave for which a liability as defined by Generally Accepted Accounting Principles (GAAP) exists when the leave is earned. When the Contractor uses the accrual basis of accounting in accordance with GAAP and complies with the other provisions of this Article, leave costs are allowable.
4. The cost of fringe benefits in the form of employer contributions or expenses for social security; employee life, health, unemployment, and worker's compensation insurance (except as indicated in [Section VI\(28\)](#), "Insurance and Indemnification"); pension plan costs (see [Subsection VI\(14\)\(e\)](#)); and other similar benefits are allowable, provided such benefits are granted under established written policies. Such benefits, whether treated as indirect costs or as direct costs, must be allocated to this Contract and all other activities of the Contractor in a manner consistent with the pattern of benefits attributable to the individuals or group(s) of employees whose salaries and wages are chargeable to this Contract and such other activities.

e. Pension Plan Costs. Pension plan costs may be computed using an acceptable actuarial cost method recognized by GAAP in accordance with established written policies of the Contractor.

1. Pension costs calculated using an actuarial cost-based method are allowable for a given fiscal year if they are funded for that year within six months after the end of that year. Costs funded after the six-month period (or a later period agreed to by HHSC) are allowable in the year funded.

	<b>Attachment A</b> to the Texas Transformation and Quality Improvement Program 1115 Waiver: Agreement between Health & Human Services Commission and Anchor	PAGE <b>16 of 33</b>
	<b>Cost Principles for Expenses          for the 1115 Waiver - Administrative Services</b>	EFFECTIVE DATE <b>October 1, 2012</b>  <b>Version 1.0</b>


2. Amounts funded by the Contractor in excess of the actuarially determined amount for a fiscal year may be used as the Contractor’s contribution in future periods.
  3. This Contract must receive an equitable share of any previously allowed pension costs (including earnings thereon) which revert or inure to the Contractor in the form of a refund, withdrawal, or other credit.
- f. **Post-Retirement Health Benefits.** Post-retirement health benefits (“PRHB”) refers to costs of health insurance or health services not included in a pension plan covered by [Subsection VI\(14\)\(e\)](#) for retirees and their spouses, dependents, and survivors. PRHB costs may be computed using an acceptable actuarial cost method recognized by GAAP in accordance with established written policies of the unit.
1. PRHB costs calculated using an actuarial cost method recognized by GAAP are allowable if they are funded for that year within six months after the end of that year. Costs funded after the six-month period (or a later period agreed to by HHSC) are allowable in the year funded.
  2. Amounts funded in excess of the actuarially determined amount for a fiscal year may be used as the Contractor’s contribution in a future period.
  3. To be allowable in the current year, the PRHB costs must be paid either by:
    - (a) The Contractor or other benefit provider as current year costs or premiums, or
    - (b) The Contractor or trustee to maintain a trust fund or reserve for the sole purpose of providing post-retirement benefits to retirees and other beneficiaries.
  4. This Contract must receive an equitable share of any amounts of previously allowed post-retirement benefit costs (including earnings thereon) that revert or inure to the Contractor in the form of a refund, withdrawal, or other credit.
- g. **Severance Pay.**
1. Payments in addition to regular salaries and wages made to workers whose employment is being terminated are *unallowable*.
  2. Severance payments associated with normal turnover are *unallowable*.
  3. Abnormal or mass severance pay is *unallowable*.
- h. **Support of Salaries and Wages.** These standards regarding time distribution are in addition to the standards for payroll documentation.

	<b>Attachment A</b> to the Texas Transformation and Quality Improvement Program 1115 Waiver: Agreement between Health & Human Services Commission and Anchor	PAGE <b>17 of 33</b>
	<b>Cost Principles for Expenses          for the 1115 Waiver - Administrative Services</b>	EFFECTIVE DATE <b>October 1, 2012</b>  <b>Version 1.0</b>


1. Charges to this Contract for salaries and wages, whether treated as direct or indirect costs, will be based on payrolls documented in accordance with generally accepted practice of the unit and approved by a responsible official(s) of the Contractor.
2. No further documentation is required for the salaries and wages of employees who work in a single indirect cost activity.
3. Where employees are expected to work solely on a single contract, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that contract for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having first hand knowledge of the work performed by the employee.
4. Where employees work on multiple activities (i.e., not all of a specific employee's work effort is dedicated to the Contract), a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation that meets the standards in [Subsection VI\(14\)\(h\)\(5\)](#) unless a substitute system has been approved by HHSC. Such documentary support will be required where employees work on multiple activities, wherein some activities fall within, and some outside, the scope of the Contract.
5. Personnel activity reports or equivalent documentation must meet the following standards:
  - (a) They must reflect an after-the-fact distribution of the actual activity of each employee,
  - (b) They must account for the total activity for which each employee is compensated,
  - (c) They must be prepared at least monthly and must coincide with one or more pay periods, and
  - (d) They must be signed by the employee.

Budget estimates or other distribution percentages determined before the services are performed do not qualify as support for charges to this Contract but may be used for interim accounting purposes, provided that:

- (a) The Contractor's system for establishing the estimates produces reasonable approximations of the activity actually performed; and

	<b>Attachment A</b> to the Texas Transformation and Quality Improvement Program 1115 Waiver: Agreement between Health & Human Services Commission and Anchor	PAGE <b>18 of 33</b>
	<b>Cost Principles for Expenses          for the 1115 Waiver - Administrative Services</b>	EFFECTIVE DATE <b>October 1, 2012</b>  <b>Version 1.0</b>

- (b) At least quarterly, comparisons of actual costs to budgeted distributions based on the monthly activity reports are made and adjustments to actual costs are recorded.
6. Substitute systems for allocating salaries and wages to this Contract may be used in place of activity reports. These systems are subject to approval by HHSC.
    - i. Employee Bonuses or Incentive Payments.
      1. Employee bonuses are *unallowable*.
      2. Bonuses paid or payable to an Affiliate are unallowable.
  15. Contingencies. Contributions to a contingency reserve or any similar provision, which is created to cover the costs of events or occurrences that cannot be foretold with certainty as to time, or intensity, or with an assurance of their happening, are unallowable. The term "contingency reserve" excludes self-insurance reserves (see [Subsection VI\(28\)\(d\)](#)), pension plan reserves (see [Subsection VI\(14\)\(e\)](#)), and post-retirement health and other benefit reserves (see [Subsection VI\(14\)\(f\)](#)) computed using acceptable actuarial cost methods.
  16. Contributions and Donations. Contributions and donations, including cash, property, and services, regardless of the recipient, are unallowable.
  17. Cost of capital. Expenses representing the cost of capital in any manner are unallowable.
  18. Defense and Prosecution of criminal proceedings, civil proceedings, and claims are generally unallowable.
    - a. An exception exists for a Contractor to identify, investigate and/or pursue recoveries relating to suspected Fraud, Abuse or Waste (as such terms may be defined in the Contract) of providers or unaffiliated Subcontractors providing services, wherein the costs for such services are incorporated, directly or indirectly, into one or more HHSC contracts, as well as to assist with the prosecution of suspected Fraud, Abuse or Waste with such providers or unaffiliated subcontractors. This exception includes reasonable associated costs incurred in:
      1. identifying, investigating and/or pursuing such Fraud, Waste, or Abuse that could impact the reported costs in HHSC contracts,
      2. any related cooperation with and/or assistance provided to any state or federal agency regarding such matters; and
      3. defense costs that arise as a result of such actions against providers and unaffiliated subcontractors.

	<b>Attachment A</b> to the Texas Transformation and Quality Improvement Program 1115 Waiver: Agreement between Health & Human Services Commission and Anchor	PAGE <b>19 of 33</b>
	<b>Cost Principles for Expenses          for the 1115 Waiver - Administrative Services</b>	EFFECTIVE DATE <b>October 1, 2012</b>  <b>Version 1.0</b>

Costs incurred under this exception do not have to result in actual recoveries in order to qualify.


- b. An exception exists for reasonable legal costs related to subrogation, third party recoveries, and provider credentialing matters, which are allowable if such costs are incurred directly in the administration of the Contract with HHSC.

No exception hereunder extends to the payment by the Contractor, or any Affiliate, of any fines, penalties, settlements, imposed court costs or attorney fees, sanctions, damages, interest, or related types of expenses. The costs of any such fines, penalties, etc., are unallowable.

In no case are legal or related costs allowable for prosecution of claims against a state or the Federal government or other governmental body; or in connection with any criminal, civil, or administrative proceeding commenced by a state or Federal government or any other governmental body.


19. Depreciation and Amortization.

- a. Depreciation and amortization are a means of allocating the cost of fixed assets and intangible assets to periods benefiting from asset use. Depreciation for a particular class of assets (e.g., buildings, office equipment, computer equipment, etc.) and amortization for a particular class of assets (e.g., patents, leasehold improvements, etc.) charged to this Contract must be determined on the same basis used for the entity-wide financial statements. Depreciation, in accordance with Generally Accepted Accounting Principles (GAAP) or the Federal Acquisition Regulations (FAR), may be *allowable when* it can be clearly shown that the depreciation is *directly tied to, and in support of, the specific functions* and tasks required and performed under the Contract (see [Subsection IA](#), Costs limited to specific functions, above).
- b. The computation of depreciation must be based on the acquisition cost of the assets involved, for acquisitions from non-affiliates. The computation must be based on the fair-market value at the time of acquisition, for acquisitions from Affiliates. The value of an asset donated to the Contractor must be its fair market value at the time of donation.
- c. Charges for depreciation and amortization must be supported by adequate property records, including the amount of depreciation and amortization taken each period.
- d. Charges for amortization of intangible assets are allowable only to the extent that they represent direct costs for the acquisition of proprietary processes (patents, copyrights, etc.) to be used exclusively in fulfilling the objectives of this Contract. Charges for amortization of intangible assets not related to proprietary processes, such as goodwill

	<p style="text-align: center;"><b>Attachment A</b> to the Texas Transformation and Quality Improvement Program 1115 Waiver: Agreement between Health &amp; Human Services Commission and Anchor</p>	<p>PAGE <b>20 of 33</b></p>
	<p style="text-align: center;"><b>Cost Principles for Expenses for the 1115 Waiver - Administrative Services</b></p>	<p>EFFECTIVE DATE <b>October 1, 2012</b></p> <p><b>Version 1.0</b></p>

and debt acquisition costs, are unallowable. Charges for amortization of intangible assets acquired from Affiliates are unallowable.

20. Employee Health and Welfare Costs. The costs of health or first-aid clinics and/or infirmaries, employee counseling services, employee information publications, and any related expenses incurred in accordance with the Contractor’s policy are allowable. Income generated from any of these activities will be offset against expenses.
21. Entertainment. Costs of entertainment, including amusement, diversion, and social activities and any costs directly associated with such costs (such as tickets to shows or sports events, meals, lodging, rentals, transportation, and gratuities) are unallowable.
22. Fines and Penalties. Fines, penalties, damages, and other settlements resulting from violations (or alleged violations) of, or failure of the unit to comply with, Federal, State, or local laws and regulations, are unallowable except when incurred as a result of compliance with specific provisions of this Contract or written instructions by HHSC authorizing such payments in advance.
23. Income taxes. Federal, state, and local taxes on income are unallowable. This includes excess profit taxes, corporate income taxes paid by a parent, and any other income taxes paid by a parent or other Affiliate.
24. Investment Management Costs. Costs of investment counsel and staff and similar expenses incurred to enhance income from investments are unallowable.
25. Liquidated Damages paid to the Health and Human Services Commission are unallowable.
26. Losses on Disposition of Depreciable Property and other capital assets are unallowable.
27. Idle Facilities and Idle Capacity.
  - a. As used in this Section the following terms have the meanings set forth below:
    1. Facilities means land and buildings or any portion thereof, equipment individually or collectively, or any other tangible capital asset, wherever located, and whether owned or leased by the Contractor.
    2. “Idle facilities” means completely unused facilities that are excess to the Contractor’s current needs.
    3. Idle capacity means the unused capacity of partially used facilities. It is the difference between (a) that which a facility could achieve under 100 percent operating time on a one-shift basis less operating interruptions resulting from time lost for repairs, setups, unsatisfactory materials, and other normal delays, and (b) the extent to which the

	<b>Attachment A</b> to the Texas Transformation and Quality Improvement Program 1115 Waiver: Agreement between Health & Human Services Commission and Anchor	PAGE <b>21 of 33</b>
	<b>Cost Principles for Expenses          for the 1115 Waiver - Administrative Services</b>	EFFECTIVE DATE <b>October 1, 2012</b>  <b>Version 1.0</b>


facility was actually used to meet demands during the accounting period. A multi-shift basis should be used if it can be shown that this amount of usage would normally be expected for the type of facility involved.

4. Cost of idle facilities or idle capacity means costs such as maintenance, repair, housing, rent, and other related costs, e.g., insurance, interest, and depreciation or use allowances.

b. The costs of idle facilities are unallowable.


28. Insurance and Indemnification.

- a. Costs of insurance required or approved and maintained, pursuant to this Contract are allowable.
- b. Costs of other insurance in connection with the general conduct of activities are allowable if the types and extent and cost of coverage are in accordance with the Contractor's policy and sound business practice.
- c. Actual losses that could have been covered by permissible insurance (through a self-insurance program or otherwise) are unallowable, unless expressly provided for in this Contract or as described below. Costs incurred because of losses not covered under nominal deductible insurance coverage provided in keeping with sound management practice, and minor losses not covered by insurance, such as spoilage, breakage, and disappearance of small hand tools which occur in the ordinary course of operations, are allowable.
- d. Contributions to a reserve for certain self-insurance programs including workers compensation, unemployment compensation, and severance pay are allowable subject to the following provisions:
  1. The type of coverage and the extent of coverage and the rates and premiums would have been allowed had insurance (including reinsurance) been purchased to cover the risks. However, provision for known or reasonably estimated self-insured liabilities, which do not become payable for more than one year after the provision is made, must not exceed the discounted present value of the liability. The rate used for discounting the liability must be determined by giving consideration to such factors as the settlement rate for those liabilities and its investment rate of return.
  2. Earnings or investment income on reserves must be credited to those reserves.
  3. Contributions to reserves must be based on sound actuarial principles using historical experience and reasonable assumptions. Reserve levels must be analyzed and

	<p align="center"><b>Attachment A</b> to the Texas Transformation and Quality Improvement Program 1115 Waiver: Agreement between Health &amp; Human Services Commission and Anchor</p>	<p align="center">PAGE <b>22 of 33</b></p>
	<p align="center"><b>Cost Principles for Expenses for the 1115 Waiver - Administrative Services</b></p>	<p align="center">EFFECTIVE DATE <b>October 1, 2012</b></p> <p align="center"><b>Version 1.0</b></p>

updated at least biennially for each major risk being insured and take into account any reinsurance, coinsurance, etc. Reserve levels related to employee-related coverage will normally be limited to the value of claims (a) submitted and adjudicated but not paid, (b) submitted but not adjudicated, and (c) incurred but not submitted. Reserve levels in excess of the amounts based on the above must be identified and justified in the cost allocation plan or indirect cost rate proposal.

4. Accounting records, actuarial studies, and cost allocations (or billings) must recognize any significant differences due to types of insured risk and losses generated by the various insured activities or agencies of the governmental unit. If the Contractor experiences significantly different levels of claims for a particular risk, those differences are to be recognized by the use of separate allocations or other techniques resulting in an equitable allocation.
5. Whenever funds are transferred from a self-insurance reserve to other accounts (e.g., general fund), refunds must be made to HHSC for its share of funds transferred, including earned or imputed interest from the date of transfer.
- e. Actual claims paid to or on behalf of employees or former employees for workers' compensation, unemployment compensation, severance pay, and similar employee benefits (e.g., post retirement health benefits), are allowable in the year of payment provided (1) the Contractor follows a consistent costing policy, and (2) they are allocated as a general administrative expense to all activities of the Contractor.
- f. Insurance refunds must be credited against insurance costs in the year the refund is received.
- g. Indemnification includes securing the Contractor against liabilities to third persons and other losses not compensated by insurance or otherwise. HHSC is obligated to indemnify the Contractor only to the extent expressly provided for in this Contract.
29. Interest. In general, interest expense is unallowable. This includes interest expense incurred by a parent or other Affiliate. Costs incurred for interest on borrowed capital or the use of the Contractor's own funds, however represented, are unallowable, except as provided in [Subsection VI\(41\)\(d\)](#) (regarding rental costs for certain leases). Interest expense incurred by a parent or other Affiliate may not be incorporated into an overhead assessment and included in costs assessed to the Contractor.
30. Lobbying. The cost of activities associated directly or indirectly with influencing local, state, or Federal legislation is an unallowable cost.

	<b>Attachment A</b> to the Texas Transformation and Quality Improvement Program 1115 Waiver: Agreement between Health & Human Services Commission and Anchor	PAGE <b>23 of 33</b>
	<b>Cost Principles for Expenses          for the 1115 Waiver - Administrative Services</b>	EFFECTIVE DATE <b>October 1, 2012</b>  <b>Version 1.0</b>

31. Maintenance, Operations, and Repairs. Unless prohibited by law, the cost of utilities, insurance, security, janitorial services, elevator service, upkeep of grounds, necessary maintenance, normal repairs and alterations, and the like are allowable to the extent that they: (1) keep property in an efficient operating condition, (2) do not add to the permanent value of property or appreciably prolong its intended life, and (3) are not otherwise included in rental or other charges for space. Costs that add to the permanent value of property or appreciably prolong its intended life must be treated as capital expenditures (see [Subsection VI\(12\)](#), Capital expenditures, above).

32. Marketing, Advertising, and Public Relations Costs.

a. Applicability


This Subsection describes the limited cost allowability (with respect to potential inclusion in the cost reports submitted to HHSC) for advertising, marketing, promotional, outreach, and public relations activities (collectively “marketing activities”) for expenditures that a Contractor may incur. For rules concerning *permissible* marketing activities, refer elsewhere, to the relevant portion of the Contract. Note that it is possible that a marketing activity may be permissible under Contract, but not an allowable expense for purposes of cost reporting. A communication from HHSC regarding what specific marketing practice may be permitted does not over-ride the rules in this Section regarding the allowability of expenses.

This Subsection describes the costs allowable for inclusion in cost reports submitted to HHSC.

b. Costs That Are Allowable as Marketing Expenses in the cost reports.


The following costs are allowable as deductible expenses in the cost reports, subject to the limitations as listed under [Subsection VI\(32\)\(d\)](#), Unallowable Marketing-related Costs, below. Contractor should record the following costs on the Marketing Expenses line item in the HHSC cost reports:

1. Advertising Costs, when incurred by the Contractor for outreach efforts, if all three of the following criteria are met:
  - (i) the expense is incurred by the Contractor in its role as an Anchor hereunder, and would not have otherwise been incurred;
  - (ii) the advertising (and related activity) is not in violation of other parts of the Contract which govern those activities that are permissible; and

	<b>Attachment A</b> to the Texas Transformation and Quality Improvement Program 1115 Waiver: Agreement between Health & Human Services Commission and Anchor	PAGE <b>24 of 33</b>
	<b>Cost Principles for Expenses          for the 1115 Waiver - Administrative Services</b>	EFFECTIVE DATE <b>October 1, 2012</b>  <b>Version 1.0</b>

- (iii) the primary target audience consists of relevant providers and stakeholders in the Anchor’s region within Texas.
2. Other Marketing Costs, when incurred by the Contractor for the following items:
- (i) provider or stakeholder surveys;
  - (ii) provider or stakeholder focus groups and advisory committees;
  - (iii) materials and/or events oriented specifically at provider or stakeholder education;  
or
  - (iv) reasonable payments for booth rentals at events attended by the Contractor for provider and/or stakeholder outreach purposes, which events are attended by stakeholders and/or prospective Texas providers.
- c. Related Costs That Are Allowable on HHSC cost reports, But Not as Marketing Expenses.
- The following costs are allowable as deductible expenses on HHSC cost reports, subject to the limitations as listed under [Subsection VI\(32\)\(d\)](#), “Unallowable Marketing-related Costs,” but should NOT be recorded on the Marketing Expenses line item on HHSC cost reports.
- 1. Mailing and printing costs for correspondence with current providers and/or stakeholders. These items are not considered to be Marketing Expenses, unless a specific effort is primarily oriented towards provider retention or provider renewal. Allowable costs associated with these items should be recorded in the same manner described above for directories, provider manuals, and handbooks.
  - 2. Certain non-marketing Advertising Costs, when incurred by the Contractor for:
    - (i) the recruitment of personnel to perform services for the Contract;
    - (ii) the procurement of directly-related goods and services for the Contract;
    - (iii) the disposal of any directly-related surplus materials directly by the Contractor; or
    - (iv) certain limited other cases, where the incurrence of Advertising Costs are necessary to meet the requirements of the Contract with HHSC.

Such non-marketing Advertising costs should be recorded as Other Administrative Expenses.
  - 3. Public Relations Costs incurred by the Contractor as a direct, non-allocated cost for public relations (“PR”) activities are allowable in the following circumstances:
    - (i) any PR activities that may be required by the Contract with HHSC; and

	<b>Attachment A</b> to the Texas Transformation and Quality Improvement Program 1115 Waiver: Agreement between Health & Human Services Commission and Anchor	PAGE <b>25 of 33</b>
	<b>Cost Principles for Expenses          for the 1115 Waiver - Administrative Services</b>	EFFECTIVE DATE <b>October 1, 2012</b>  <b>Version 1.0</b>

- (ii) costs related to the Contract with HHSC that are incurred to respond to inquiries on the Contractor’s policies and activities with respect to its duties and requirements under the Contract.

Any valid such Public Relations costs should be recorded in cost reports submitted to HHSC on appropriate line items similar to as described under website hosting costs, below.


- 4. Basic website costs, including home-site hosting, site maintenance, etc., *if such items are directly related to the Contractor’s role as Anchor hereunder, and would not have been incurred otherwise.* These items are not considered to be Marketing Expenses, unless the cost is dedicated to the procurement of internet advertising. Hosting and maintenance should be recorded under Salaries for that portion that represents in-house efforts, and to Outsourced Services for appropriate external fees, and otherwise to Other Administrative Expenses.

Note that any other related marketing and advertising type costs that are allowable per these Cost Principles and FAR, but excluded from being reported on the Marketing Expense line, should be reported in cost reports submitted to HHSC under Other Administrative Expenses if the Contractor determines that no other line item is appropriate.


d. Unallowable Marketing-related Costs

Advertising Costs, Public Relations Costs, and Other Marketing Costs that are not allowable expenses in cost reports submitted to HHSC include the following:

- 1. Any media or efforts that are not directly tied to the Contractor’s role as an Anchor hereunder. Likewise, any media or efforts that would have occurred even if Contractor had not taken on the duties and requirements under the Contract.
- 2. Any activity that is not in compliance with the Contract.
- 3. Any costs associated with any of the following:
  - (i) any written or oral statements containing material misrepresentations of fact or law, or that are in any manner determined by HHSC to be significantly misleading;
  - (ii) usage of “spam,” (i.e., unwanted commercial messages sent via email, text message, etc.);
  - (iii) materials used or efforts directed, in whole or in part, at anything unrelated to the Contract;

	<b>Attachment A</b> to the Texas Transformation and Quality Improvement Program 1115 Waiver: Agreement between Health & Human Services Commission and Anchor	PAGE <b>26 of 33</b>
	<b>Cost Principles for Expenses          for the 1115 Waiver - Administrative Services</b>	EFFECTIVE DATE <b>October 1, 2012</b>  <b>Version 1.0</b>

- (iv) activities outside the State of Texas;
  - (v) royalty fees or franchise fees;
  - (vi) gifts or gratuities;
  - (vii) charitable donations of any kind, including cash contributions to non-profit organizations, and paid sponsorships;
  - (viii) Value-Added Services, which is to say, costs associated with providing additional services beyond those specified and required in the Contract;
  - (ix) the costs of conventions, retreats, gatherings, parties, awards presentations, appreciation events, celebrations, entertainment, non-outreach activities, internal meetings, or events related to internal activities of the Contractor or its Affiliates;
  - (x) expenses related to events described in [Subsection VI\(32\)\(d\)\(3\)\(ix\)](#) immediately above, including costs associated with displays, demonstrations, and exhibits; costs of meeting rooms and hospitality suites; and any related airfare, lodging, meals, car rental, fuel, taxi, mileage, parking, laundry, entertainment, and other travel expenses;
  - (xi) unsolicited direct mail to members of the public; cold-calling; door-to-door marketing; or acquisition or development of mailing lists to private citizens;
  - (xii) fees (including assessments, allocations, overhead, or other charges) invoiced from a parent organization (or other Affiliate), for any advertising related costs, public relations related costs, or other marketing expenses. An exception to this would be where any such costs pertain directly and solely to the Contract, and represent only the direct net external payment to an unaffiliated third party.
4. Costs of memberships in civic or community organizations, including dues and expenses associated with country club and fraternal organizations.
  5. Political contributions or costs associated with lobbying, and any costs associated with elected officials or candidates.
  6. Any costs or activities that are not in compliance with the Federal Acquisition Regulations (FAR), including 42 C.F.R. 438.104.
  7. Certain other costs which may be allowable under other HHSC contracts, but are not allowable hereunder, including:
    - (i) non-cash promotional items and giveaways;

	<b>Attachment A</b> to the Texas Transformation and Quality Improvement Program 1115 Waiver: Agreement between Health & Human Services Commission and Anchor	PAGE <b>27 of 33</b>
	<b>Cost Principles for Expenses          for the 1115 Waiver - Administrative Services</b>	EFFECTIVE DATE <b>October 1, 2012</b>  <b>Version 1.0</b>


- (ii) Public Relations Costs, advertising, or other costs, when such costs are incurred to communicate with the public and press, including costs incurred to conduct general communication with news media;
- (iii) costs of Contractor participation in community service activities (e.g., blood bank drives, charity drives, disaster assistance, etc.);
- (iv) costs of professional and industry organizations, associations, and periodicals, including memberships, subscriptions, meeting costs, and associated dues, fees, contributions, reimbursements, etc.; and,
- (v) Marketing-related and Public Relations related overhead allocations (or assessments), from a parent (or other Affiliate). An exception to this disallowance would be for a cost that solely represents a direct net payment to an unaffiliated third party, wherein the payment is specifically for advertising which would have otherwise been allowable herein, had it been paid directly by the Contractor.

33. Materials and Supplies. The cost of directly-related materials and supplies is allowable *if such items are directly related to the Contractor's role as Anchor hereunder, and would not have been procured otherwise.* Purchases should be charged at their actual prices after deducting all cash discounts, trade discounts, rebates, and allowances received. Withdrawals from general stores or stockrooms should be charged at cost under any recognized method of pricing, consistently applied. Incoming transportation charges are a proper part of materials and supply costs.

34. Memberships, Subscriptions, and Professional Activities.

The following costs are allowable *if such items are directly related to the Contractor's role as Anchor hereunder.* Any expenditure within this Subsection that might be utilized for both an Anchor function and also some other business of the Contractor should be appropriately pro-rated.

- a. Costs of the Contractor's memberships in business, technical, and professional organizations are allowable.
- b. Costs of the Contractor's subscriptions to business, professional, and technical periodicals are allowable.
- c. Costs of meetings and conferences where the primary purpose is the dissemination of technical information, including meals, transportation, rental of meeting facilities, and other incidental costs are allowable, subject to the limitations of [Subsection VI\(47\)](#), "Travel Costs."

	<b>Attachment A</b> to the Texas Transformation and Quality Improvement Program 1115 Waiver: Agreement between Health & Human Services Commission and Anchor	PAGE <b>28 of 33</b>
	<b>Cost Principles for Expenses          for the 1115 Waiver - Administrative Services</b>	EFFECTIVE DATE <b>October 1, 2012</b>  <b>Version 1.0</b>

d. Costs of membership in civic and community social organizations are allowable as a direct cost only with the advance written approval of HHSC.

Costs of membership in organizations substantially engaged in lobbying are unallowable.

35. Motor Pools. The costs of a service organization that provides automobiles to the Contractor at a mileage or fixed rate and/or provides vehicle maintenance, inspection, and repair services are allowable *if such items are directly related to the Contractor's role as Anchor hereunder, and would not have been procured otherwise*.

36. Pre-implementation Costs. Pre-implementation costs are certain costs incurred between the date of tentative Contract award, and the Operational Date of the Contract (i.e., the date the first Contract services are commenced). *Pre-implementation costs are unallowable*.

Note that costs incurred prior to the notification of Contract award, which may be incurred in anticipation of the award of the Contract, or in connection with Contract negotiations, bid preparation, or RFP submission, etc., are also unallowable.

37. Professional Service Costs.

a. Professional services costs are the cost of professional and consultant services rendered by persons or organizations that are members of a particular profession or possess a special skill. Costs of professional and consultant services are allowable if they meet all of the following:

are rendered by such persons who are not directors, officers or employees of the Contractor, or are rendered by a person related by family to a director, officer, or employee of the Contractor;

are rendered by such organizations who are not owned (5% or more) or controlled, directly or indirectly, by one or more directors, officers or employees of the Contractor, or are owned or controlled by a person related by family to a director, officer, or employee of the Contractor;


are reasonable in relation to the services rendered;

are not contingent upon recovery of the costs from HHSC; and

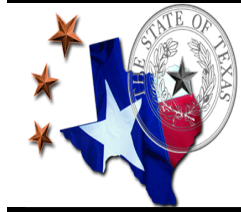
do not conflict with any other provisions of these Cost Principles.

b. Retainer fees supported by evidence of bona fide services available or rendered are allowable.

38. Proposal Costs. Costs of preparing proposals (responses to RFPs, etc.) for potential contracts are unallowable.

	<b>Attachment A</b> to the Texas Transformation and Quality Improvement Program 1115 Waiver: Agreement between Health & Human Services Commission and Anchor	PAGE <b>29 of 33</b>
	<b>Cost Principles for Expenses          for the 1115 Waiver - Administrative Services</b>	EFFECTIVE DATE <b>October 1, 2012</b>  <b>Version 1.0</b>

39. Publication and Printing Costs. Publication costs, including the costs of printing (including the processes of composition, plate-making, presswork, binding, and the end products produced by such processes), distribution, promotion, mailing, and general handling are allowable.
40. Rebates and profit sharing. Unless specifically allowed by the HHSC contract, any profit sharing or rebate arrangement between the Contractor and a subcontractor is unallowable. Likewise, any fees or assessments between the Contractor and an Affiliate company, which are not tied to specifically identified services that directly benefit the Contract, such that the fee is effectively a form of profit payment or rebate to the Affiliate, are unallowable unless specifically identified and allowed by the Contract.
41. Rental Costs.
- a. Subject to the limitations described in [Subsections VI\(41\)\(b\)](#) through 41(d) of this Section (immediately below), rental costs are allowable to the extent that the rates are reasonable in light of such factors as: rental costs of comparable property, if any; market conditions in the area; alternatives available; and the type, life expectancy, condition, and value of the property leased.
  - b. Rental costs under sale and leaseback arrangements are allowable only up to the amount that would be allowed had the Contractor continued to own the property.
  - c. Rental costs under Affiliate or other less-than-arms-length leases are allowable only up to the amount that would be allowed had the property been rented to the Contractor by a true unaffiliated third party. For this purpose, less-than-arms-length leases include, but are not limited to, those where:
    1. One party to the lease is able to control or substantially influence the actions of the other.
    2. Both parties are parts of the same parent company, or are otherwise Affiliates.
    3. The Contractor, or an Affiliate of the Contractor, creates or utilizes an affiliated entity to acquire and lease the facilities to the Contractor (and possibly to other parties).
  - d. Rental costs under leases required to be treated as capital leases under GAAP are allowable only up to the amount that would be allowed had the Contractor purchased the property on the date the lease agreement was executed. This amount would include expenses such as depreciation, interest, maintenance, and insurance. The provisions of Financial Accounting Standards Board Statement 13 must be used to determine whether a lease is a capital lease.

	<b>Attachment A</b> to the Texas Transformation and Quality Improvement Program 1115 Waiver: Agreement between Health & Human Services Commission and Anchor	PAGE <b>30 of 33</b>
	<b>Cost Principles for Expenses          for the 1115 Waiver - Administrative Services</b>	EFFECTIVE DATE <b>October 1, 2012</b>  <b>Version 1.0</b>


42. Retrocession Agreements. “Retrocession” refers to a transaction whereby a reinsurer cedes or transfers back to the insured or its designee all or part of the reinsurance that the reinsurer previously assumed. Thus, while the reinsurer is “providing” ongoing reinsurance to the insured in one contract, it is simultaneously relieving itself of all or part of that reinsurance obligation in another contract. In conjunction with this transfer of risk away from the reinsurer, a retrocession agreement may involve the return of reinsurance premiums back to the insured or its designee, or the remitting of other payments from the reinsurer to the insured or its designee, that have the effect of substantially offsetting or reducing the gross amount that had been paid to the reinsurer by the insured in the original reinsurance.

Any retrocession agreement that would impact cost reporting to HHSC and that fails to strictly meet the requirements of these Cost Principles prior to audit may be deemed a material breach of the Contract. A retrocession agreement may be permissible under the Contract only if it meets all the criteria listed below.

Any retrocession payments made by a reinsurer or its Affiliate that are related in any manner to the costs incurred or services performed under the Contract, and which payments are or may be received by the Contractor or an Affiliate, must be included in the cost reports submitted to HHSC as a “contra-cost,” or an offset to other reported costs, thus reducing overall expenses reported. Any retrocession payments that are contractually required due to activity in a given State Fiscal Year (SFY) must be reported in that SFY’s cost reporting, even if the payments are not received until a subsequent SFY. Retrocession agreements may not be utilized to shift reported profitability either between years or out of the Contractor.


Copies of all retrocession agreements relating to the Contractor’s submitted costs for performance under the Contract must be sent to HHSC, including any amendments or renewals. Such retrocession agreements, amendments, and renewals must receive HHSC’s prior written approval. These requirements also apply to any retrocession agreement (or payment) between an Affiliate and a third party, if such agreement (or payment) would affect the reported cost on the cost reports submitted to HHSC. These requirements apply to any “interests and liabilities contract” associated with any reinsurance agreement; “excess of loss reinsurance binder;” reinsurance-related “experience refunds;” and other arrangements that may affect similar mechanisms. These requirements also apply to any agreement or arrangement with a third party that wholly or partially negates, or significantly offsets, any reinsurance with the third party or any of its affiliates.

43. Risk Mitigation. Risk mitigation refers to the shifting of financial risk to another entity, in exchange for a payment. For purposes of cost reporting to HHSC, a reinsurance arrangement will be considered to have accomplished “risk mitigation” only to the extent that the

	<b>Attachment A</b> to the Texas Transformation and Quality Improvement Program 1115 Waiver: Agreement between Health & Human Services Commission and Anchor	PAGE <b>31 of 33</b>
	<b>Cost Principles for Expenses          for the 1115 Waiver - Administrative Services</b>	EFFECTIVE DATE <b>October 1, 2012</b>
		<b>Version 1.0</b>

arrangement shifts risk to a non-Affiliate. Further, any retrocession arrangements may have the effect of cancelling all or part of the risk mitigation.

44. Royalty Agreements (including associated fees, payments, expenses, and premiums). Payments to an Affiliate for any form of royalty are unallowable. This includes, but is not limited to, fees, payments, expenses, premiums, assessments, and overhead allocations to recognize the advantage or value of proprietary systems, business products, processes, and methodologies; intellectual property; brand name recognition; logos; experience and expertise; and ability to raise capital. Costs for these items are unallowable, regardless of whether they are labeled as royalty payments.
45. Taxes.
  - a. Income taxes and State franchise taxes are unallowable. In general, other taxes that the Contractor is legally required to pay are allowable.
  - b. Gasoline taxes, motor vehicle fees, and other taxes that are effectively user fees for benefits (such as the usage of highways) provided by the government are allowable.
  - c. Applicable Premium taxes and Maintenance taxes are an allowable charge to the Contract.
  - d. This provision does not restrict the authority of the State to identify taxes where participation by the State is inappropriate. Where the identification of the amount of unallowable taxes would require an inordinate amount of effort, the State may accept a reasonable approximation thereof.
46. Training. The cost of training provided for employee development is allowable.
47. Travel costs.
  - a. General. Travel costs are allowable only as a direct cost for expenses for transportation, lodging, subsistence, and related items incurred by employees traveling on official business specifically related to the Contract. Such costs may be charged on an actual cost basis, on a per diem or mileage basis in lieu of actual costs incurred, or on a combination of the two, provided the method used is applied to an entire trip, and results in charges consistent with those normally allowed in like circumstances in all other activities of the Contractor.
  - b. Lodging and subsistence. Costs incurred by employees and officers for travel, including costs of lodging, other subsistence, and incidental expenses, will be considered reasonable and allowable only to the extent such costs do not exceed charges normally allowed by the Contractor in its regular operations as a result of the Contractor 's policy. In the absence

	<b>Attachment A</b> to the Texas Transformation and Quality Improvement Program 1115 Waiver: Agreement between Health & Human Services Commission and Anchor	PAGE <b>32 of 33</b>
	<b>Cost Principles for Expenses          for the 1115 Waiver - Administrative Services</b>	EFFECTIVE DATE <b>October 1, 2012</b>  <b>Version 1.0</b>


of a written policy regarding travel costs, the rates and amounts of travel will be allowed only as part of a plan submitted in advance to HHSC.

- c. Commercial air travel. Airfare costs in excess of the customary standard (coach or equivalent) airfare are unallowable. Such costs are unallowable even if they conform to the Contractor’s written policy regarding travel costs.
- d. Air travel by other than commercial carrier. Cost of travel by Contractor -owned, -leased, or -chartered aircraft, as used in this Section, includes the cost of lease, charter, operation (including personnel costs), maintenance, depreciation, interest, insurance, and other related costs. Costs of travel via Contractor -owned, -leased, or -chartered aircraft are unallowable to the extent they exceed the cost of allowable commercial air travel, as provided for in [Subsection VI\(47\)\(c\)](#), immediately above.

**VII. Other Costs**

Failure to mention a particular item of cost in this document is not intended to imply that it is either allowable or unallowable; rather, determination of allowability in each case should be based on the treatment or standards provided for similar or related items of cost. To be allowable as expenses under this Contract, costs must meet the following general criteria:

- a. Be a reasonable cost under the provisions of this Contract and be necessary for proper and efficient performance and administration of this Contract.
- b. Be an allocable cost under the provisions of this Contract.
- c. Be authorized or not prohibited under state or local laws or regulations.
- d. Conform to any limitations or exclusions set forth in these principles, terms and conditions of this Contract, laws, or other governing regulations as to types or amounts of cost items.
- e. Be consistent with policies, regulations, and procedures that apply uniformly to both this Contract and other activities of the Contractor.
- f. Be accorded consistent treatment. A cost may not be assigned to this Contract as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to this Contract as an indirect cost.
- g. Except as otherwise provided for in this Contract, be determined in accordance with Generally Accepted Accounting Principles.
- h. Not be included as a reimbursable cost or used to meet cost sharing requirements of any other activity of the Contractor during the Contract term.

	<p align="center"><b>Attachment A</b> to the Texas Transformation and Quality Improvement Program 1115 Waiver: Agreement between Health &amp; Human Services Commission and Anchor</p>	<p align="center">PAGE <b>33 of 33</b></p>
	<p align="center"><b>Cost Principles for Expenses for the 1115 Waiver - Administrative Services</b></p>	<p align="center">EFFECTIVE DATE <b>October 1, 2012</b></p> <hr/> <p align="center"><b>Version 1.0</b></p>

- i. Be net of all applicable credits.
- j. Be adequately documented.
- k. Affiliate costs must meet the same allowability requirements as those for the Contractor.  
Other than the exceptions described in [Subsection I\(D\)](#), Affiliate costs must represent a pass-through of actual costs incurred by the Affiliate, with no mark-up, and must consist solely of allowable costs under these Cost Principles.

Any legal commitments to make any payments to other parties (or any actual payments made to other parties) do not overrule the requirements described in these Cost Principles. Even though a payment was made, and a Subcontract made that payment legally required, that cost may not be included in cost reports submitted to HHSC unless it is allowable under these Cost Principles.

Agenda Item: 5.C.5.2

This Agreement continues to be under legal review; it will be distributed to the Board prior to the meeting. Otherwise, we will ask the Board to defer the item to the August 29<sup>th</sup> meeting.



# Nueces County Hospital District

---

**Administrative Offices**

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

Office: (361) 808-3300

Fax: (361) 808-3274

[www.nchdcc.org](http://www.nchdcc.org)

August 19, 2022

Mr. Dan Tsai  
Deputy Administrator  
Director of Centers for Medicaid and CHIP  
Centers for Medicare and Medicaid Services  
U.S. Department of Health and Human Services  
7500 Security Blvd  
Baltimore, MD 21244

Mr. Rory Howe  
Director, Financial Management Group  
Centers for Medicaid and CHIP  
Centers for Medicare and Medicaid Services  
7500 Security Blvd  
Baltimore, MD 21244

Dear Mr. Tsai and Mr. Howe:

I am writing to confirm the intent of the Nueces County Hospital District to submit intergovernmental transfer funds (IGT) in support of the proposed public Hospital Augmented Reimbursement Program (HARP) if CMS approves State Plan Amendment (SPA) 21-0035. Based upon the estimates prepared by the Texas Health and Human Services Commission (HHSC), the Nueces County Hospital District intends to make an annual intergovernmental transfer in the amount of \$3,500,000 to support the HARP program.

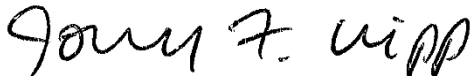
In response to the Center for Medicare and Medicaid Services' (CMS) request to the Health and Human Services Commission for certain information, I am submitting the following for your consideration:

1. The Nueces County Hospital District is a hospital district and has been in existence since 1967 and was formed under the authority conferred by Article IX, Section 4 of the Texas Constitution and Chapter 281 of the Texas Health and Safety Code.
2. The Nueces County Hospital District does have general taxing authority. Our annual tax collections are approximately \$37,000,000.
3. The Nueces County Hospital District does not receive appropriations from the state or other local governments.
4. The Nueces County Hospital District does have public funds from sources other than general taxes or appropriations. The approximate annual amount of public funds from sources other than general taxes or appropriations is expected to be \$28,000,000.

**Letter to Centers for Medicare and Medicaid Services**  
**Hospital Augmented Reimbursement Program**  
**August 19, 2022**  
**Page 2**

5. The Nueces County Hospital District attests to understanding Section 1903(w)(6), which restricts the Secretary's ability to limit the states' use of funds transferred from or certified by units of government, unless the funds are derived by the unit of government from donations or taxes that would not otherwise be recognized as the non-Federal share.
6. The Nueces County Hospital District attests to understanding 42 CFR 433.51, which permits the state to use appropriations or other public funds, including revenues derived from taxes, appropriations, user fees, and other public funds as the non-federal share, so long as the funds are not Federal funds, or are Federal funds authorized by Federal law to be used to match other Federal funds.

Respectfully,

A handwritten signature in black ink that reads "Jonny F. Hipp". The signature is written in a cursive, slightly slanted style.

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

**INTERLOCAL COOPERATION AGREEMENT BETWEEN  
NUECES COUNTY HOSPITAL DISTRICT AND NUECES COUNTY  
RELATING TO REIMBURSEMENT OF NUECES COUNTY'S  
PUBLIC HEALTH-RELATED EXPENSES**

**THE STATE OF TEXAS       §**

**COUNTY OF NUECES       §**

**THIS INTERLOCAL COOPERATION AGREEMENT** (“Agreement”) is made by and between **NUECES COUNTY HOSPITAL DISTRICT**, (“Hospital District”), acting by and through its duly authorized designee, Administrator/CEO, upon the authority of its governing body, the Nueces County Hospital District Board of Managers and **NUECES COUNTY** (“County”), acting by and through its duly authorized designee, Nueces County Judge upon the authority of its governing body, the Nueces County Commissioners Court (“Commissioners Court”) pursuant to and in accordance with the provisions of Chapter 791, as amended, Texas Government Code. Hospital District and County may sometimes hereafter be referred to collectively as “Parties.”

**WITNESSETH**

**WHEREAS**, on July 31, 1984, the County and the City of Corpus Christi (“City”) entered into a Cooperative Agreement To Operate A Public Health District (“Original Agreement”), which created the City of Corpus Christi-Nueces County Public Health District (“Public Health District”). The Public Health District was created for the purpose of providing local public health programs for the citizens of Corpus Christi and residents throughout Nueces County;

**WHEREAS**, effective March 01, 2022, the County and the City entered into an Amended Cooperative Agreement for City-Operated Corpus Christi-Nueces County Public Health District which supersedes the Original Agreement (“Amended Agreement”). The Amended Agreement reassigned operation of the Public Health District from both parties to sole management by the City over all operations of the Public Health District;

**WHEREAS**, as a cooperative member of the Public Health District and pursuant to the Amended Agreement, the County is responsible for a portion of the Public Health District’s operating expenses relating to the Public Health District’s provision of public health services to residents of Nueces County;

**WHEREAS**, Texas Health and Safety Code (“Health Code”) §281.002 authorizes the Hospital District to furnish medical aid and hospital care to indigent and needy persons residing within the Hospital District’s boundaries and as authorized by §281.094 of the Health Code, the Hospital District may fund public health services, with the approval of Commissioner’s Court;

**WHEREAS**, the County is authorized to provide public health services and has requested related reimbursement funding assistance from the Hospital District for the County’s Public Health District financial obligations and vector control services expenses, and expenses associated with other public health services programs operated by the County;

**WHEREAS**, the Hospital District desires to support the County by providing reimbursement funds to the County to be used by the County to support the County’s (i) provision

of public health services provided by the Public Health District, (ii) County's vector control services, and (iii) other public health services programs operated by the County ("County Public Health Expenditures");

**WHEREAS**, the Hospital District recognizes and acknowledges that its funding made available to the County for (i) public health services provided by the Public Health District, (ii) the County's vector control services, and (iii) other public health services programs operated by the County will benefit the residents of Nueces County; and

**WHEREAS**, Texas Government Code, §791.028 authorizes the Hospital District and County to enter into this Agreement.

**NOW, THEREFORE**, in consideration of the premises and of the mutual covenants and agreements of the parties hereto, to be by them respectively kept and performed as hereinafter set forth, the Hospital District and the County do hereby agree as follows:

## **AGREEMENT**

### **SECTION 1. PURPOSE.**

For purposes of this Agreement, it is the intent of the Hospital District to support the County by providing funding hereunder for reimbursement, exclusive of capital outlays, of the County's Public Health District obligation and vector control services expenses, and other public health programs operated by the County for benefit of Nueces County's residents.

### **SECTION 2. TERM.**

The term of this Agreement shall be for a period of one (1) year commencing on October 01, 2022 and ending on September 30, 2023 ("Term").

### **SECTION 3. SCOPE.**

- A. This Agreement is intended to enable the Hospital District to support the County by providing reimbursement funds, exclusive of capital outlays, to the County to be used by the County to support the (i) County's provision of public health services provided by the Public Health District, (ii) County's vector control services, and (iii) other public health services programs operated by the County (collectively the "County Public Health Expenditures").
- B. This Agreement does not and shall not be construed to apply to any funding requests related to the County's (e.g., County's Department 1377 or any other County Department applicable or pertaining to the DSRIP Program), participation in the Delivery System Reform Incentive Payment DSRIP Program ("DSRIP Program") operated by the Texas Health and Human Services Commission's ("Commission") Medicaid 1115 Waiver. Under this Agreement, the Hospital District does not and will not provide funding to the County for any items, charges, expenses, or intergovernmental transfers incurred by the County directly or through the Public Health District, related to or for benefit of the DSRIP Program.

- C. This Agreement does not and shall not be construed to apply to any funding requests related to the County's (e.g., any other County Department applicable or pertaining to the PHP-CCP), participation in the Public Health Provider-Charity Care Program ("PHP-CCP") operated by the Commission as part of the Medicaid 1115 Waiver. Under this Agreement, the Hospital District does not and will not provide funding to the County for any items, charges, expenses, or intergovernmental transfers incurred by the County directly or through the Public Health District, related to or for benefit of the PHP-CCP.

#### **SECTION 4. OBLIGATIONS OF HOSPITAL DISTRICT AND COUNTY.**

For and in consideration of the recitals, covenants and agreements of the Hospital District and County set forth herein, the Parties agree as follows:

##### **A. HOSPITAL DISTRICT:**

1. Under the terms of this Agreement, the Hospital District's maximum funding to the County during the Term shall not exceed Two Million Dollars (\$2,000,000.00) ("Maximum Funding Amount"). In the event that Hospital District's funding to the County under this Agreement reaches the Maximum Funding Amount during the Term, the Hospital District's funding obligations hereunder shall end and the Hospital District shall not provide any additional funding to County during the Term for purposes of this Agreement.
2. Upon receipt of copies of proof of payment and expense documentation for the County Public Health Expenditures, the Hospital District will review all said items and if appropriate, approve said items, exclusive of capital outlays, for payment and remit payment to County within 60 days.
3. Hospital District reserves the right to disapprove payment of any proof of payment and expense documentation submitted by the County for the County Public Health Expenditures, which Hospital District in its sole discretion, may deem to be questionable, unjustified, excessive, inappropriate, improper, misapplied, misclassified, or which in the Hospital District's sole judgment do not qualify as valid expenses.
4. Hospital District will provide prompt notice to the County within 15 days of any proof of payment and expense documentation items submitted by the County for the County Public Health Expenditures that are disapproved by the District.

##### **B. COUNTY:**

1. The County will strive to provide (i) public health services through its cooperative membership in the Public Health District, (ii) vector control services, or (iii) operate other public health services programs for benefit of Nueces County's residents.
2. When requesting disbursement of Hospital District funding for the County's portion of the Public Health District's operating expenses, exclusive of capital outlays, the County shall submit to the Hospital District copies of canceled

checks and associated detailed trial balance supporting payment from the County to the City.

3. When requesting disbursement of Hospital District funding for expenses, exclusive of capital outlays, associated with County vector control services, the County shall submit to the Hospital District an invoice and associated detailed trial balance or an invoice and copies of canceled checks.
4. When requesting disbursement of Hospital District funding for expenses, exclusive of capital outlays, associated with other public health services programs operated by the County, the County shall submit to the Hospital District an invoice and associated detailed trial balance or an invoice and copies of canceled checks.
5. County shall exercise reasonable care before submitting proof of payment and expense documentation relating to Sections 4.B.2 – 4.B.4 herein to the Hospital District to ensure that items submitted have been properly reviewed, screened, classified, authorized, do not contain amounts for capital outlays, and that all amounts reflected are for appropriate and proper public health services, vector control services, or other public health services programs operated by the County.
6. County shall submit proof of payment and expense documentation for each preceding quarter relating to Sections 4.B.2 – 4.B.4 herein to the Hospital District no later than 45 days after the end of each of the Hospital District's fiscal quarters. Proof of payment and expense documents submitted to the Hospital District later than 45 days after the end of any Hospital District fiscal quarter may be considered untimely and may not be processed for payment at the sole discretion of the Hospital District.
7. County shall respond to and provide the Hospital District with all reasonable information within 15 days, which the Hospital District may request regarding the underlying expense details supporting the proof of payment and expense documentation for the County Public Health Expenditures for which the County requested disbursement of Hospital District funding.
8. Nothing in this Agreement shall be construed by the County to require or cause the Hospital District to fund any amount more than the Maximum Funding Amount for the County Public Health Expenditures during the Term of this Agreement.

C. HOSPITAL DISTRICT AND COUNTY:

1. For purposes of this Agreement:
  - a. the term “public health services” shall have the meaning collectively ascribed to the terms (i) “Essential public health services” at §121.002(1), Health Code and (ii) “public health services” at §121.006(d), Health Code; and
  - b. the term “vector control” shall mean any method to limit or eradicate the mammals, birds, insects, or arthropods which transmit disease pathogens.

**SECTION 5. MISCELLANEOUS.**

- A. Payments. Any payment made by either party hereto for any of the services provided pursuant to this Agreement shall be made from current revenues available to the Hospital District and County as required by Chapter 791, Texas Government Code, or any other manner permitted by law, as permitted by and in accordance with §791.028, Texas Government Code, as amended.
- B. Severability. In the event any term, covenant or condition herein contained shall be held to be invalid by any court of competent jurisdiction, such invalidity shall not affect any other term, covenant, or condition herein contained, provided that such invalidity does not materially prejudice either Hospital District or County in their respective rights and obligations contained in the valid terms, covenants, or conditions hereof.
- C. Entire Agreement. This Agreement will constitute the sole agreement of the parties hereto and supersedes any prior understandings or any written or oral agreements between the parties with respect to the subject matter herein. This Agreement may not be modified or amended except by written instrument signed by both Parties hereto.
- D. Written Amendment. This Agreement may be modified or amended only by written instrument duly executed by both parties. The authorized representatives of the parties may execute minor amendments without obtaining prior approval from their respective governing bodies if the minor amendment does not change the term, the maximum amount to be paid herein, nor the responsibilities agreed to by either party under this original Agreement.
- E. Notices. All notices required or permitted must be in writing and given by hand delivery, registered or certified mail, postage prepaid; or overnight delivery. Notice shall be delivered or mailed to the Parties at the following addresses or at such other places as either party shall designate in writing:

HOSPITAL DISTRICT

Nueces County Hospital District  
Attn: Administrator/CEO  
555 N. Carancahua St., Suite 950  
Corpus Christi, Texas 78401

COUNTY

Nueces County  
Attn: Nueces County Judge  
901 Leopard St., Room 303  
Corpus Christi, Texas 78401

- F. Non-Waiver. Failure of any party hereto to insist on the strict performance of any of the agreements herein or to exercise any rights or remedies accruing hereunder upon default or failure of performance shall not be considered a waiver of the right to insist on, and to enforce by any appropriate remedy, strict compliance with any other obligation hereunder or to exercise any right or remedy occurring as a result of any future default or failure of performance.
- G. Successors. This Agreement shall bind and benefit the parties and their legal successors. This Agreement does not create any personal liability on the part of any board member, officer, agent, or employee of the Hospital District; or County Judge, or any County Commissioner, officer or agent or employee of the County.





**NOW, THEREFORE**, for and in consideration and exchange of mutual covenants and conditions contained herein to further the provision of COVID-19 pandemic-related public health services as well as other health care services in Nueces County, the District and Health Center hereby agree as follows:

I.

The Health Center will make available and perform community COVID-19 diagnostic testing and other health care services in Nueces County.

II.

The Health Center will provide access to or remove barriers to accessibility under the Americans with Disabilities Act to allow individuals with disabilities the opportunity to receive COVID-19 diagnostic testing services and other health care services administered by the Health Center under this Agreement.

III.

The Health Center will not discriminate by reason of age, disability, handicap, sex, sexual orientation, gender identity, race, color, marital status, national origin, or religion, against any person seeking COVID-19 diagnostic testing services or other health care services administered by the Health Center under this Agreement.

IV.

The Health Center agrees to make available and perform community COVID-19 diagnostic testing and other health care services supported by the District's funds under this Agreement. The Health Center agrees that COVID-19 diagnostic testing will be performed based on Federal Centers for Disease Control and Prevention guidelines for evaluating and testing persons for COVID-19. In addition, the Health Center agrees to promptly report results from the community COVID-19 diagnostic testing supported by the District's funds under this Agreement to the tested

patient, local public health authorities, and other entities as may be required by law, regulation, or order.

V.

The Health Center will submit at least quarterly reports to the District indicating activities by Health Center in performance of its obligations pursuant to this Agreement. The Health Center shall include in its reports a detailed accounting of expenditures of the District's funds, counts of the nasopharyngeal swab nucleic acid or antigen diagnostic tests performed, counts of serum antibody diagnostic tests performed, and locations where the diagnostic tests were performed. In addition, the Health Center shall include in its reports a detailed accounting of the expenditure of District's funds for administering other health care services under this agreement. Such reports shall be presented to the District's Board of Managers at a publicly-noticed meeting on a schedule established by the District.

VI.

The Health Center will endeavor to use its resources to provide community COVID-19 diagnostic testing and other health care services in Nueces County, based on need, availability, and suitability.

VII.

As payment for the services to be rendered during the 12-month term, October 1, 2022 – September 30, 2023, the District will provide a lump-sum payment of Eighty-Five Thousand Dollars (\$85,000.00) to the Health Center for performance of the Health Center's activities related to the purposes of this Agreement.

VIII.

The Health Center will cause the District's funding under this Agreement to be segregated from other funds used for activities of Health Center unrelated to the purposes of this Agreement.

IX.

All notices or communications to a party by the other party under this Agreement shall be personally delivered or mailed to such party at the following respective address:

**DISTRICT**

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

**HEALTH CENTER**

Amistad Community Health Center  
Attn: Chief Executive Officer  
1533 S. Brownlee Blvd.  
Corpus Christi, Texas 78404-3131

X.

This Agreement shall continue in force and effect until September 30, 2023. If the Health Center terminates its activities related to the purposes of this Agreement prior to the expiration of this Agreement, the balance of any remaining funds shall be returned to the District in the same proportion that District funds bear to the total funds received by or in the possession of the Health Center to conduct activities related to the purposes this Agreement.

WITNESS our hands on this \_\_\_\_ day of \_\_\_\_\_, 2022.

**NUECES COUNTY HOSPITAL DISTRICT**

By: \_\_\_\_\_  
Jonny F. Hipp, ScD, FACHE  
Administrator/ Chief Executive Officer

Date: \_\_\_\_\_

**AMISTAD COMMUNITY HEALTH CENTER**

By: \_\_\_\_\_  
Eric Baggerman, M.D.  
Chief Executive Officer

Date: \_\_\_\_\_

**GRANT AGREEMENT**

**NUECES COUNTY HOSPITAL DISTRICT/COASTAL BEND WELLNESS FOUNDATION**

**October 1, 2022 – September 30, 2023**

**STATE OF TEXAS** \*

\* **KNOW ALL MEN BY THESE PRESENTS**

**COUNTY OF NUECES** \*

This Grant Agreement (“Agreement”) is entered on the date of its execution as set forth below by and between Nueces County Hospital District (“District”) and the Coastal Bend Wellness Foundation (“Foundation”), a community-based non-profit organization located in Corpus Christi, Nueces County, Texas that provides gap health care services and entered into for the purposes of providing COVID-19 diagnostic testing and other health care services for residents of the District.

**WITNESSETH:**

**WHEREAS**, the District finds that the continuing COVID-19 pandemic constitutes a public health concern in Nueces County and that the Foundation provides community COVID-19 pandemic-related services as well as other health care services considered to be beneficial public health services during the pandemic; and

**WHEREAS**, the District finds the need for COVID-19 pandemic-related public health services in the form of COVID-19 diagnostic testing as well as other health care services which will benefit the residents of Nueces County; and

**WHEREAS**, Texas Health and Safety Code, §281.094 authorizes the District to use certain of its funds made available from non-tax sources to fund public health services.

**NOW, THEREFORE**, for and in consideration and exchange of mutual covenants and conditions contained herein to further the provision of COVID-19 pandemic-related public health services as well as other health care services in Nueces County, the District and Foundation hereby agree as follows:

I.

The Foundation will make available and perform community COVID-19 diagnostic testing and other health care services in Nueces County.

II.

The Foundation will provide access to or remove barriers to accessibility under the Americans with Disabilities Act to allow individuals with disabilities the opportunity to receive COVID-19 diagnostic testing services and other health care services administered by the Foundation under this Agreement.

III.

The Foundation will not discriminate by reason of age, disability, handicap, sex, sexual orientation, gender identity, race, color, marital status, national origin, or religion, against any person seeking COVID-19 diagnostic testing services or other health care services administered by the Foundation under this Agreement.

IV.

The Foundation agrees to make available and perform community COVID-19 diagnostic testing and other health care services supported by the District's funds under this Agreement. The Health Center agrees that COVID-19 diagnostic testing will be performed based on Federal Centers for Disease Control and Prevention guidelines for evaluating and testing persons for COVID-19. In addition, the Foundation agrees to promptly report results from the community COVID-19 diagnostic testing supported by the District's funds under this Agreement to the tested

patient, local public health authorities, and other entities as may be required law, regulation, or order.

V.

The Foundation will submit at least quarterly reports to the District indicating activities by Foundation in performance of its obligations pursuant to this Agreement. The Foundation shall include in its reports a detailed accounting of expenditures of the District's funds, counts of the nasopharyngeal swab nucleic acid or antigen diagnostic tests performed, counts of serum antibody diagnostic tests performed, and locations where the diagnostic tests were performed. In addition, the Foundation shall include in its reports a detailed accounting of the expenditure of District's funds for administering other health care services. Such reports shall be presented to the District's Board of Managers at a publicly-noticed meeting on a schedule established by the District.

VI.

The Foundation will endeavor to use its resources to provide community COVID-19 diagnostic testing and other health care services in Nueces County, based on need, availability, and suitability.

VII.

As payment for the services to be rendered during the 12-month term October 1, 2022 – September 30, 2023, the District will provide a lump-sum payment of Eighty-Five Thousand Dollars (\$85,000.00) to the Foundation for performance of the Foundation's activities related to the purposes of this Agreement.

VIII.

The Foundation will cause the District's funding under this Agreement to be segregated from other funds used for activities of Foundation unrelated to the purposes of this Agreement.

IX.

All notices or communications to a party by the other party under this Agreement shall be personally delivered or mailed to such party at the following respective address:

**DISTRICT**

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

**FOUNDATION**

Coastal Bend Wellness Foundation  
Attn: Chief Executive Officer  
2882 Holly Road  
Corpus Christi, Texas 78415-4106

X.

This Agreement shall continue in force and effect until September 30, 2023. If the Foundation terminates its activities related to the purposes of this Agreement prior to the expiration of this Agreement, the balance of any remaining funds shall be returned to the District in the same proportion that District funds bear to the total funds received by or in the possession of the Foundation to conduct activities related to the purposes this Agreement.

WITNESS our hands on this \_\_\_\_ day of \_\_\_\_\_, 2022.

**NUECES COUNTY HOSPITAL DISTRICT**

By: \_\_\_\_\_  
Jonny F. Hipp, ScD, FACHE  
Administrator/ Chief Executive Officer

Date: \_\_\_\_\_

**COASTAL BEND WELLNESS FOUNDATION**

By: \_\_\_\_\_  
Bill J. Hoelscher  
Chief Executive Officer

Date: \_\_\_\_\_