

Exhibit “A”



**Office of the Attorney General
State of Texas**

August 17, 1983

Honorable Harold R. Schmidt Mason County Attorney Courthouse Mason, Texas 76856	Opinion No. JM-65 Re: Whether a county may contribute funds to a privately owned hospital
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Dear Mr. Schmidt:

You have asked if Mason County may provide funds for the general operating expenses of a hospital that is owned and operated by a private, non-profit corporation. You have also inquired about the extent and manner in which the county may compensate a privately owned hospital for the care of indigents and for services associated with the operation of a volunteer county ambulance program. Mason County does not have a county hospital, a hospital authority, or a hospital district. We believe that the county may not make a donation or gift of its funds to a privately owned hospital's general operating expenses, but the county may contract with a hospital to perform services or functions that the county is authorized to provide.

It is well established that a county may not make a contribution of public funds to a facility owned and operated or controlled by a private, non-profit corporation. Tex. Const. art. III, s 52; art. XI, s 3. See Attorney General Opinions MW-329 (1981); MW-36 (1979); H-1189, H-1123 (1978); H-520 (1975); H-397 (1974); M-661 (1970); WW-630 (1959). However, it also is well established that a county may contract with private corporations and others to carry out its statutory duties to provide for public or governmental purposes. See Attorney General Opinions H-1123 (1978); H-912 (1976); H-675 (1975); H-127 (1973); M-843 (1971); M-605 (1970); C-334, C-246 (1964).

A county commissioners court has only the powers that the constitution and statutes have conferred on it. Therefore, the authority of the commissioners court to make a contract on the county's behalf is strictly limited to the power conferred either expressly or by reasonable implication by the constitution and

statutes. See Tex. Const. art. V, s 18; *Canales v. Laughlin*, 214 S.W.2d 451, 453 (Tex. 1948); *Anderson v. Wood*, 152 S.W.2d 1084, 1085 (Tex. 1941); Attorney General Opinions MW-329 (1981); H-1280 (1978); H-912 (1976); H-367 (1974); C-772 (1966); WW-630 (1959); V-173 (1947).

Since a county may contract with a private corporation to perform services that the county is authorized to perform itself, a primary issue is whether the county has authority to perform the specific service. Without that authority, an expenditure by the county constitutes a donation of the county's funds in violation of the constitution. See Attorney General Opinions MW-329 (1981); H-1123 (1978); H-127 (1973). You mention the responsibility of the county to provide for the care of indigents and services associated with an ambulance program. It is well established that the county must provide necessary medical care for its indigents. V.T.C.S. art. 2351, s 11; V.T.C.S. art. 4438; Attorney General Opinion MW-33 (1979). We believe that it also is well established that a county may provide ambulance service pursuant to its power regarding public health. See V.T.C.S. art. 4418f; Attorney General Opinions H-976 (1977); M-845 (1971); M-806 (1971); M-385 (1969). See also V.T.C.S. art. 2372t.

Article 4418f, V.T.C.S., grants to the commissioners court of any county 'the authority to appropriate and expend money from the general revenues of its County for and in behalf of public health and sanitation within its County.' The authority conferred by that statute on the commissioners court to expend the county's general revenues for public health and sanitation is general in its scope. Since article 4418f provides no detailed direction to guide the commissioners court in the exercise of this power, it must be guided largely by its sound discretion. Prior opinions of this office interpreting article 4418f have approved funding by the county of numerous services that the commissioners courts have determined would aid the sick or deal with public health or sanitation problems, including ambulance services, county health units, public health clinics, outpatient medical treatment, preventive units, garbage disposal, storm sewer connection to a county hospital, and control of noxious aquatic weed. Attorney General Opinions H-1280 (1978); H-912 (1976); M-806 (1971); M-385 (1969); C-772 (1966); O-5670 (1944); O-2580-A (1940). The factual determination of specific conditions that create a threat to public health and sanitation within the meaning of article 4418f should be made by the commissioners court.

When the commissioners court is granted a power or charged with a duty, it has implied authority to exercise broad discretion to accomplish the intended purpose. *Anderson v. Wood*, supra; *Madison County v. Wallace*, 15 S.W.2d 535, 537 (Tex. 1929). The terms and conditions of a contract, such as whether a contract should provide for payment of a specified amount or reimbursement of documented expenses, can be determined by the commissioners court in light of the facts known to it.

However, it is not our opinion that the authority of a county is unbridled with respect to the terms of a contract to provide for indigents or public health. The extent of the county's expenditure under such an agreement cannot contravene the limitations of article III, section 52 of the Texas Constitution. The commissioners court may not expend county funds in a manner that amounts to

a virtual donation. In return for its expenditure, the county must receive an adequate consideration, such as a public benefit or a service the county has a duty to provide. See *Sullivan v. Andrews County*, 517 S.W.2d 410, 413 (Tex. Civ. App.--El Paso 1974, writ ref'd n.r.e.); *Llano County v. Knowles*, 29 S.W. 549, 553 (Tex. Civ. App. 1895, no writ). We believe that such a contract should indicate clearly that a public purpose is being served.

SUMMARY

A county may not donate county funds for the operating expense of a privately owned and operated hospital but may contract with the hospital to perform services that the county is authorized to provide. The commissioners court has discretionary authority to determine the terms and conditions for such a contract that provide for adequate consideration to the county and do not contravene the limitations of article III, section 52 of the Texas Constitution.

Very truly yours,



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Office of the Attorney General State of Texas

February 17, 1988

Honorable Dudley Harrison Chairman Agriculture and Livestock Committee Texas House of Representatives P. O. Box 2910 Austin, Texas 78769	Opinion No. JM-858 Re: Responsibility of a hospital district to provide medical care for the needy inhabitants of the district and related questions (RQ-1199)
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Dear Representative Harrison:

You have asked several questions regarding the responsibility of a hospital district to provide medical care for the needy inhabitants of the district. You pose three questions regarding the Presidio County Hospital District, which we restate as follows:

1. What are the definitions of 'needy' and 'inhabitant of the district' as those terms are used in the constitutional and statutory provisions applicable to the Presidio County Hospital District?
2. Who sets the standards to determine whether someone is 'needy'?
3. May the Presidio County Hospital District fund capital expenditures for a hospital located outside the district?

The Presidio County Hospital District is a countywide hospital district created under authority of article IX, section 9, of the Texas Constitution. Acts 1965, 59th Leg., ch. 643, at 1455. See V.T.C.S. art. 4494q. Article IX, section 9, of the Texas Constitution provides in part:

The Legislature may by law provide for the creation, establishment, maintenance and operation of hospital districts . . . with power to issue bonds for the purchase, construction, acquisition, repair or renovation of buildings and improvements and equipping same, for hospital purposes . . . providing that any district so created shall assume full responsibility for providing medical and hospital care for its needy inhabitants . . . providing that after its creation no

other municipality or political subdivision shall have the power to levy taxes or issue bonds or other obligations for hospital purposes or for providing medical care within the boundaries of the district. . . .

The statute creating the Presidio County Hospital District provides in part:

Sec. 3. The District authorized to be created by this Act is charged with the responsibility of establishing a hospital or a hospital system within its boundaries to furnish hospital and medical care to the residents of the District. . . . This District shall provide all necessary hospital and medical care for the needy inhabitants of the District.

Acts 1965, 59th Leg., ch. 643, at 1455.

Other relevant constitutional and statutory provisions are found in article IX, section 9A, of the Texas Constitution and the Indigent Health Care and Treatment Act (article 4438F, V.T.C.S.).

The Indigent Health Care and Treatment Act (the act) provides for the medical care and treatment of indigents. Definitions of residency and procedures for resolving residency disputes are governed by sections 1.03 and 1.04 of the act. Section 1.05(b) of the act prohibits a hospital district from denying or reducing medical assistance to an eligible resident due to the person's inability or refusal to contribute to the cost of the assistance rendered.

According to the act, a hospital district must provide the health care services required under the Texas Constitution and the statute creating the district, and a hospital district is liable for such services as may be required by the constitution and its enabling statute. Secs. 11.01 and 12.01(b). A hospital district may arrange to provide health care services through another health care provider. Sec. 11.03(a). A hospital district may also affiliate with other public hospitals or hospital districts or with a governmental entity to provide regional administration and delivery of health care services. Sec. 11.03(b).

The Texas Constitution was amended by adding article IX, section 9A, in 1985 to permit the legislature to determine the health care services a hospital district must provide, the requirements a resident of the district must satisfy to qualify for service, and any other provisions necessary to regulate health care to hospital residents. However, no legislation has been adopted pursuant to this constitutional amendment.

Your first question concerns the meaning of the terms 'needy' and 'inhabitant of the district' as those terms are used in the pertinent constitutional and statutory provisions. This office addressed this question in Attorney General Opinion H-703 (1975). That opinion equated a 'needy inhabitant' with an 'indigent resident.' Indigency, the opinion noted, cannot be translated into precise income levels without resolving factual matters. Such a determination is not appropriate to the opinion process. Since the enactment of the Indigent Health Care Act, hospital districts have been provided with necessary guidelines to determine residency within the hospital district. V.T.C.S. art. 4438f, ss 1.03, 1.04.

The answer to your second question was also addressed in Attorney General Opinion H-703. The opinion stated that the initial determination of indigency is to be made by the hospital district. Section 14 of the district's enabling statute provides:

Sec. 14. A person who resides within the District is entitled to receive necessary medical and hospital care whether he has the ability to pay for the care or not. The Board shall by rule or regulation adopt a procedure for determining the ability of a patient to pay for his medical and hospital care and for determining the amount each patient shall be required to pay.

Acts 1965, 59th Leg., ch. 643, at 1460. Additional guidance for the district in determining a resident's indigent status is offered by section 1.06 of the Indigent Health Care Act. While this provision is not applicable to a hospital district, it may be useful to the district in establishing its own eligibility standards.

Finally, you inquire about the authority of the Presidio County Hospital District to make capital expenditures for a hospital located outside of the district's boundaries. As we understand it, no hospital facilities have been established within the boundaries of the Presidio Hospital District since its creation approximately twenty years ago. We note that the creation of the district triggered the constitutional and statutory prohibition against a municipality or political subdivision within the district levying a tax or issuing bonds for the purpose of providing medical care services within the district's boundaries. See Tex. Const. art. IX, s 9; Acts 1965, 59th Leg., ch. 643, s 3, at 1455.

Presidio County Hospital District has an absolute obligation to provide medical services, but the district has failed to establish the facilities within its boundaries to accomplish this duty. Rather, residents of Presidio County travel to a hospital that is operated by another hospital district in an adjacent county to receive medical treatment. The district is liable for the medical expenses of its indigents. Attorney General Opinion Nos. JM-540 (1986); JM-487, JM-257 (1984); H-703 (1975); M-171 (1967).

The Presidio County Hospital District is now being asked by the other hospital district to assist in funding construction and repairs of its facility. Standing alone, the Presidio County Hospital District's enabling legislation appears to limit the use of taxes collected by the district to the purposes enumerated in sections 3 and 9 of the enabling statute. Providing funding for capital improvements for a hospital located outside the district would not appear to come within the prescribed uses for the district's taxes. However, the district's enabling legislation must be read and harmonized, if possible, with the later adoption of the Indigent Health Care and Treatment Act. In accordance with section 11.03 of the Indigent Health Care and Treatment Act, a hospital district 'may affiliate with other public hospitals or hospital districts or with a governmental entity to provide regional administration and delivery of health care services.' Identical authorization for affiliation by counties is provided by section 3.02(b) of the act.

To 'affiliate' means to associate as a member. Webster's Ninth New Collegiate

Dictionary 61, (1985). Thus, the legislature, in enacting a comprehensive scheme for the delivery of medical care to the state's indigent residents, recognized the disparities in available facilities throughout the state. To assist the affected governmental entities which are required to provide indigent health care, the legislature authorized regional service among the affected entities.

In our opinion, this authority to affiliate contemplates a broad range of possible agreements between the entities involved. We cannot say that an affiliation that results in one hospital district funding capital expenditures for a second hospital district in exchange for the provision of health care services is beyond the scope of arrangements intended by the legislature. In our opinion, therefore, section 11.03 of the Indigent Health Care and Treatment Act authorizes the Presidio County Hospital District to affiliate with a neighboring hospital district in a manner that allows Presidio District to fund construction and repairs for the second district's agreement to provide medical care to the needy inhabitants of Presidio County.

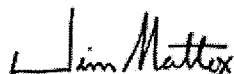
SUMMARY

The terms 'needy' and 'inhabitant' found in Texas Constitution article IX, section 9, and in the enabling legislation for the Presidio County Hospital District are equivalent to the terms 'indigent' and 'resident.'

Absent legislative action pursuant to article IX, section 9A, of the Texas Constitution establishing eligibility requirements, the Presidio County Hospital District must determine whether a county resident is indigent.

Presidio County Hospital District may affiliate with another hospital district to provide medical care to the needy inhabitants of Presidio County. The agreement between the affiliating entities may provide for Presidio County Hospital District to fund capital expenditures for the other hospital district.

Very truly yours,



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Office of the Attorney General - State of Texas
John Cornyn

May 10, 2000

<p>The Honorable David Counts Chair, Committee on Natural Resources Texas House of Representatives P.O. Box 2910 Austin, Texas 78768-2910</p>	<p>Opinion No. JC-0220</p> <p>Re: Whether a hospital district may continue to levy a tax after closing its hospital and related questions (<u>RQ-0149-JC</u>)</p>
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Dear Representative Counts:

You request an opinion regarding the powers and duties of the Garza Hospital District (the "District"), a county-wide hospital district, that no longer operates a hospital, but continues to levy and collect hospital district taxes. Specifically, we understand you to ask⁽¹⁾ the following questions: first, whether the District was authorized to close its hospital; second, whether the District was authorized to lease its hospital facilities to a private hospital system for operation of a clinic to provide medical care to county residents; third, whether the District may continue to levy a tax after closing the hospital; fourth, if it may continue to tax, whether the tax proceeds may be used to make payments under a contract with a private hospital system to provide medical care for county residents; and fifth, whether the District may be dissolved at an election called and held for that purpose.

We conclude that the District was authorized to close its hospital if the District's Board of Directors determined that closing the hospital was in the best interest of the District's residents and the Board otherwise complied with the statutory procedures. Similarly, we conclude that the District was authorized to lease its hospital facilities to a private hospital system for the operation of a clinic to provide hospital and medical care to the District's needy inhabitants if the District Board of Directors determined that the lease was in the best interest of the District residents. In answer to your third and fourth questions, we conclude that because closure of the hospital does not relieve the District of its responsibility to provide and pay for hospital and medical care to its needy residents, the District may continue to levy a tax and use the proceeds to make payments under a contract to provide that care. With respect to your second and fourth questions, we also conclude that the District may through this contract offer medical care to nonindigent Garza County residents, provided the District charges those persons the actual cost of the services. Finally, we conclude that the District may not be dissolved pursuant to an election because there is no statutory authority to call and hold a dissolution election with respect to the District.



Office of the Attorney General - State of Texas
John Cornyn

November 21, 2001

<p>The Honorable David Counts Chair, Natural Resources Committee Texas House of Representatives P.O. Box 2910 Austin, Texas 78768-2910</p>	<p>Opinion No. JC-0434</p> <p>Re: Determination of "actual costs" a hospital district must charge nonindigent district residents and related questions: clarification of Attorney General Opinion JC-0220 (2000) (<u>RQ-0368-JC</u>)</p>
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Dear Representative Counts:

On behalf of the Garza County Hospital District (the "District"), which no longer operates its own hospital facility, you ask about contract payments made by the District to a private hospital system to provide medical care services to the District's nonindigent residents.⁽¹⁾ These questions are a follow-up to Attorney General Opinion JC-0220 issued last year in response to a request from you on behalf of the District. As a result of legislation passed in the last legislative session, we conclude that the District must charge nonindigent residents the "reasonable and customary cost of [medical] services" provided rather than their "actual cost." Additionally, we conclude that payment for those charges may be made directly to the District or to the contract medical provider. Finally, we conclude that annual contract payments made by the District to the contract medical provider are not, as a matter of law, an "illegal subsidy." Attorney General Opinion JC-0220 is modified to the extent it suggests that "actual cost" requires a hospital board of directors to include in the amount charged for nonindigent medical care services all possible hospital district costs of providing the services, including capital investments and depreciation.

We begin by providing some background. The District is a county-wide hospital district that was created and established pursuant to article IX, section 9 of the Texas Constitution and its special enabling legislation ("Enabling Act"). *See* Act of May 17, 1967, 60th Leg., R.S., ch. 502, § 1, 1967 Tex. Gen. Laws 1132. Under the constitutional provision and its Enabling Act, the District is authorized to issue bonds or other obligations to purchase or acquire facilities for hospital purposes; required to assume responsibility for providing

medical and hospital care for its needy inhabitants; and authorized to levy a tax on all taxable property in the District to pay for bond debt service and maintenance and operating expenses.⁽²⁾ Additionally, Garza County and any city in the county are prohibited from levying a tax or issuing bonds for hospital purposes or for providing medical care within the District's boundaries.⁽³⁾ So, even though the District no longer operates a hospital, it remains responsible for providing hospital and medical care to its needy residents, and it chooses to do so by contracting with a private hospital organization.

In Attorney General Opinion JC-0220, after an extensive examination of article IX, section 9, the Enabling Act, and provisions of the Health and Safety Code applicable to the District, we concluded that: (1) the District is authorized to contract with a private hospital or health system for the operation of a clinic to provide hospital and medical care to the District's needy inhabitants; (2) the District may continue to levy a tax and use the proceeds to make payments under the contract to provide that care; and (3) it may through this contract offer medical care to nonindigent county residents, provided the District charges those persons the actual cost of the services. *See* Tex. Att'y Gen. Op. No. JC-0220 (2000).

Apparently, "[a] controversy has now arisen concerning the interpretation" of the opinion in light of the District's particular contractual arrangement for the provision of medical care services to District residents. *See* District Letter, *supra* note 1, at 1. The District has leased its facilities to Covenant Hospital ("the Hospital") and contracted with the Hospital to provide medical care services to the District residents. *See id.* Under the contract, the District pays the Hospital \$300,000 annually to provide the medical services. *See id.* The Hospital, in turn, pays the District approximately \$70,000 annually for the lease of the District facilities and equipment and for District employee services. *See id.* While neither you nor the District informs us of the controversy regarding the contract, we surmise, based on correspondence received from a District board member and a District resident, that some District residents believe that the annual contract payments to the Hospital are excessive or illegal. *See id.*⁽⁴⁾

In view of this controversy, the District now asks:

1. Definition of *actual cost* for payment by the non-indigent resident[s] for medical services provided. Is the proportionate cost of the contract with the private hospital system the *actual cost*, or is the cost of the medical services administered to the non-indigent resident[s] the *actual cost*?
2. Must the payments for actual cost be made directly to the District or may they be paid to the contract medical provider?
3. Is the payment to the medical provider under the contract an

"illegal subsidy" benefitting the non-indigent residents of the District?

District Letter, *supra* note 1, at 2 (emphasis in original).

The District, in effect, asks about the application of Attorney General JC-0220's legal conclusions to the terms of its particular contract to resolve an apparently ongoing controversy regarding the necessity or propriety of the District's contractual arrangement. *See* Resident Letters, *supra* note 4; *see also* Tex. Att'y Gen. Op. No. JC-0220 (2000) at 1, n.1 (setting out sources of questions raised regarding the District's authority), at 3 (discussing background to request). The opinion process is ill-equipped to resolve such controversies. Nonetheless, in an effort to provide guidance to the District and to clarify Attorney General Opinion JC-0220, we answer, to the extent we can, the District's questions.

Attorney General Opinion JC-0220's conclusion that the District must charge nonindigent residents the "actual cost" of medical care services provided has been superseded by statute. In the 2001 legislative session, the legislature amended the District's Enabling Act to specifically provide as follows: "The board of directors may provide access to medical care to nonindigent residents of Garza County if the nonindigent residents are charged the reasonable and customary cost of services." *See* Act of May 23, 2001, 77th Leg., R.S., ch. 1115, § 7, 2001 Tex. Gen. Laws 2330, 2334. This provision became effective September 1, 2001. Thus, the District must charge nonindigent residents the "reasonable and customary cost of [medical care] services." What constitutes "reasonable and customary cost" is a determination that must be made by the District's board of directors in the first instance, subject to judicial review for abuse of discretion. *See* Act of May 17, 1967, 60th Leg., R.S., ch. 502, § 4, 1967 Tex. Sess. Law Serv. 1132, 1134 (management and control of District is vested in its board of directors). We cannot, in an attorney general opinion, determine, as a matter of law, how the "reasonable and customary cost" of medical care services must be calculated or what it must include.

While "actual cost" no longer applies to the District's provision of medical care services to nonindigent residents, we take this opportunity to clarify our prior opinion. The District asks whether "actual cost" charged a nonindigent resident must include a proportionate share of the District's annual contractual payments to the private hospital system.⁽⁵⁾ This question, as well as the District's third question regarding "illegal subsidy," appear premised on a view that Attorney General Opinion JC-0220 requires the District to recover from nonindigent residents as "actual cost" the District's full cost of providing medical care services such as the contract payments. We modify Attorney General Opinion JC-0220 to the extent it suggests that "actual cost" *requires* a hospital district board of directors to include in the amount charged for nonindigent resident medical care services all possible hospital district costs of

providing the services, including capital investments and depreciation.

Attorney General Opinion JC-0220 deals with the question of whether the District may provide hospital or medical care to nonindigent residents. It concludes that the District may do so, provided the District charges the nonindigent residents the "actual costs" of the services rendered, relying on an earlier opinion of this office, Attorney General Opinion C-382. The latter opinion states:

It must also be noted that, when a patient has been admitted who is fully able to pay, the Administrator may not permit him to pay less than the full and actual cost of his care and maintenance. An excellent discussion of the effect of failure to charge the full and actual costs when a patient has been found able to pay may be found in Goodall vs. Brite, 54 P.2d 510 (Calif. D.C. App. 1936). Permitting such patients to pay less than the actual cost of their care would constitute a donation of public funds, in contravention of Article III, Section 51, Texas Constitution.

Tex. Att'y Gen. Op. No. C-382 (1965) at 2.

Goodall v. Brite, cited in Texas Attorney General Opinion C-382, requires "actual cost" to reflect a governmental entity's "true cost" of providing medical care services, such as capital investments and depreciation. In that case, the California District Court of Appeals held that treating patients for free or charging them only \$3.00 per day when those patients could afford available private hospital care exceeded the county's police powers and constituted a gift of public funds. *See Goodall*, 54 P.2d 510 (Cal. Dist. Ct. App., 1936). The court noted that the \$3.00 amount charged some nonindigent patients did not take into account "capital investment of several hundred thousand dollars, nor of depreciation." *Id.* at 514. The court also stated that:

The method used in reaching the daily cost per patient was so inaccurate and unbusinesslike that the result could not reflect the true daily cost to the county of any one patient. This must have resulted in gifts of county money to at least those patients who paid nothing and to those who paid only \$3 per day and who were serious operative cases.

Id. We do not believe that the *Goodall* court's analysis, incorporated by reference in Attorney General Opinion C-382, applies to hospital districts' provision of medical care services to its nonindigent residents under Texas law.

First, Attorney General Opinion C-382's requirement that the nonindigent residents be charged not less than the "actual costs" for medical care services, including, as it suggests, capital costs, is not derived from article IX, section 9, which does not speak to this issue.⁽⁶⁾ Rather, it is based on the prohibition

against gifts or grants of public funds in article III, section 51 of the Texas Constitution. *See* Tex. Att'y Gen. Op. No. C-382 (1965) at 2. We believe Attorney General Opinion C-382's construction of article III, section 51 to require a hospital district to recoup essentially every penny spent in providing the nonindigent resident medical care is incorrect, and that its reliance on the California case, *Goodall v. Brite*, is misplaced.

Article III, sections 51 and 52 of the Texas Constitution limit the legislature's authority to appropriate public funds to private individuals and corporations, either directly or by statutes authorizing expenditures by state or local entities. Section 51 provides that the "Legislature shall have no power to make any grants or authorize the making of a grant of public moneys to any individual, association of individuals, municipal or other corporations whatsoever." Tex. Const. art. III, § 51. Similarly, section 52 prohibits the legislature from authorizing any political corporation or subdivision of the state "to lend its credit or to grant public money or thing of value in aid of, or to any individual, association or corporation whatsoever. *Id.* § 52(a). The purpose of article III, sections 51 and 52 is the same: to prevent the gratuitous application of public funds or resources for private purposes. *See Byrd v. City of Dallas*, 6 S.W.2d 738, 740 (Tex. 1928); *Graves v. Morales*, 923 S.W.2d 754, 757 (Tex. App.-Austin 1996, writ denied). But these provisions do not bar governmental expenditures or use of governmental resources for the direct accomplishment of a legitimate purpose of the political subdivision. *See Byrd*, 6 S.W.2d at 740; Tex. Att'y Gen. Op. No. JM-1255 (1990) at 2 (and authorities cited therein). An expenditure "for a public purpose, with a clear public benefit received in return, does not amount to a lending of credit or grant of public funds in violation of article III, sections 51 and 52." *Edgewood Indep. Sch. Dist. v. Meno*, 917 S.W.2d 717, 740 (Tex. 1995).

Providing hospital and medical care to residents of a hospital district is a constitutionally authorized purpose of a hospital district in this state. *See* Tex. Const. art. IX, § 9; Tex. Att'y Gen. Op. No. JC-0220 (2000) at 10 (article IX, § 9 contemplates that hospital district will provide medical care to nonindigent residents). Hospital district funds expended for these purposes are expenditures for public purposes; there is no lending of credit or grant of public funds in violation of article III, sections 51 and 52. *See Meno*, 917 S.W.2d at 740. Thus, a hospital district is not *required* by article III, sections 51 and 52 to charge the actual cost of providing medical care to nonindigent residents. Unless a statute--as here--provides otherwise, it is within the discretion of the board of directors of a hospital district to determine, in the first instance, the method for charging nonindigent residents and whether that method serves the hospital district's public purpose. *See, e.g., Cmty. Mem'l Hosp. v. County of Ventura*, 56 Cal. Rptr. 2d 732, 737 (Cal. Ct. App., 1996) (determining that county in offering discounts for medical services to nonindigent patients as revenue generating device did not make "gift" of public funds).

The District also asks: "Must the payments for actual cost be made directly to the District or may they be paid to the contract medical provider?" District Letter, *supra* note 1, at 2. As stated earlier, the District must charge nonindigent residents the "reasonable and customary cost of [medical care] services," rather than the "actual cost." *See* Act of May 23, 2001, 77th Leg., R.S., ch. 1115, § 7, 2001 Tex. Sess. Law Serv. 2330, 2334. Payments for these charges, in our opinion, may reasonably be made directly to the District or to the contract medical provider. Nothing in the District's Enabling Act or another law that we know of requires the payments to be made directly to the District. *Cf.* Tex. Att'y Gen. Op. No. DM-37 (1991) at 1-2 (hospital district's powers and duties are determined by looking at authorizing constitutional provision, its Enabling Act, and provisions of Health and Safety Code applicable to hospital districts generally). The law simply requires the District to charge nonindigent residents the "reasonable and customary cost" of the medical care services provided. Here, those services are provided by the District through its contract with the medical provider. Which entity collects the nonindigent medical care service charges and how they are accounted for under the contract appear to be business or financial determinations entrusted to the District's board of directors in the first instance. *See* Act of May 17, 1967, 60th Leg., R.S., ch. 502, § 4, 1967 Tex. Gen. Laws 1132, 1134 (management and control of District is vested in its board of directors). As long as the nonindigent residents are charged the "reasonable and customary cost" of the services provided, and the amounts collected inure to the benefit of the District in some way, it appears to us legally immaterial which entity physically receives the funds.

Finally, the District asks: "Is the payment to the medical provider under the contract an 'illegal subsidy' benefitting the nonindigent residents of the Districts?" We are somewhat perplexed by this question. Neither the District Letter nor the Resident Letters set out a legal basis for the perceived illegality. But we note that the District's contract with the medical provider states that the District will pay \$25,000 "per month to subsidize losses resulting from the operation of Clinic," or \$300,000 each year. Rural Health Clinic Operation Agreement, at 3 (Jan. 13, 1998) (attachment to Tobias Letter *supra*, note 4). We are unaware of any authority that would render the annual payments illegal as a matter of law.

Although we are unclear as to the legal theory for the perceived illegality, it cannot be, in our opinion, that the contract payments violate article III, sections 51 and 52 simply because nonindigent residents do not pay a pro rata share of those payments. Again, providing medical care to indigents *and* nonindigent residents is a public purpose of a hospital district. *See supra* at p. 6. An expenditure for the direct accomplishment of a legitimate public purpose is not a lending of credit or grant of public funds in violation of article III, sections 51 and 52. *See supra* at p. 5.

Additionally, we do not believe the contract payments violate article IX,

section 9 of the Texas Constitution or the District's Enabling Act. Neither article IX, section 9 nor the District's Enabling Act limits the amount the District may pay under a contract to provide medical care or precludes the District from providing medical care to nonindigent residents pursuant to such a contract.⁽⁷⁾ Furthermore, neither provision precludes the District from agreeing to "subsidize" the medical provider's losses in operating the clinic.⁽⁸⁾ We note that without the annual payments, it may not be possible for the District to induce an entity to operate a clinic and provide *any* medical care services.

Whether the medical care services provided under the District's contract with the medical provider are necessary, the contractual payments excessive, or the District's particular arrangement a cost-effective method of providing medical care to indigent District residents is a determination involving questions of fact and policy outside the scope of the opinion process.

S U M M A R Y

Garza County Hospital District must charge nonindigent residents the "reasonable and customary cost of [medical care] services." Payment for those charges may be made directly to the District or to the contract medical provider. Annual contract payments made by the District to a contract medical provider are not, as a matter of law, an "illegal subsidy."

Attorney General Opinion JC-0220 (2000) is modified by statute.

Yours very truly,



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Footnotes

1. You do not ask us any specific questions, but refer us to questions posed by W. Calloway Huffaker on the request of the Board of Directors of the Garza County Hospital District. *See* Letter from Honorable David Counts, Chair, Natural Resources Committee, Texas House of Representatives, to Honorable John Cornyn, Texas Attorney General (Mar. 27, 2001) (on file with Opinion Committee) [hereinafter Request Letter]; Letter from W. Calloway Huffaker, Huffaker Furlow, P.C., to Honorable David Counts (Mar. 20, 2001) (on file with Opinion Committee) [hereinafter District Letter].

2. *See* Tex. Const. art. IX, § 9; Act of May 17, 1967, 60th Leg., R.S., ch. 502, §§ 2, 5, 6, 12, 1967 Tex. Gen. Laws 1132, 1133, 1134-35, 1136, 1137; *see generally* Tex. Att'y Gen. Op. No. JC-0220 (2000) at 2-3.

3. *See id.*

4. *See also* Letter from Wesley W. Burnett, to Susan Gusky, Chair, Opinion Committee, Office of the Attorney General (Apr. 19, 2001); Letter from Carol Tobias, Garza Hospital District Board Member, to Susan Gusky (Apr. 30, 2001) [hereinafter Tobias Letter] (on file with Opinion Committee) [hereinafter jointly referred to as Resident Letters].

5. *See* District Letter *supra*, note 1, at 2 ("Is the proportionate cost of the contract with the private hospital system the *actual cost*, or is the cost of the medical services administered to the non-indigent resident the *actual cost*?" (emphasis in original)).

6. The hospital district enabling statute at issue in Attorney General Opinion C-382 required a hospital district to collect from those patients who are able to pay for their care "a specified sum per week, in proportion to their financial ability, but such sum shall *not exceed* the actual per capita cost of maintenance." *See* Tex. Att'y Gen. Op. No. C-382 (1965) at 1-2.

7. *See* Tex. Const. art. IX, § 9; Act of May 17, 1967, 60th Leg., R.S., ch. 502, § 5(a), 1967 Tex. Gen. Laws 1132, 1134 (Enabling Act); Act of May 23, 2001, 77th Leg., R.S., ch. 1115, 2001 Tex. Sess. Law Serv. 2330, 2334 (amending Enabling Act).

8. *See supra* note 7.

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A hospital district's powers and duties are determined by looking at the authorizing constitutional provision, its enabling act, and provisions of the Health and Safety Code applicable to hospital districts generally. Tex. Att'y Gen. Op. No. DM-37 (1991) at 1-2. As a special district, the District may exercise only those powers that are expressly delegated to it by the legislature, or which exist by clear and unquestioned implication. *Tri-City Fresh Water Supply Dist. No. 2 v. Mann*, 142 S.W.2d 945, 946 (Tex. 1940); *Jackson County Hosp. Dist. v. Jackson County Citizens for Continued Hosp. Care*, 669 S.W.2d 147, 154 (Tex. App.-Corpus Christi 1984, no writ).

The Garza Hospital District was created and established pursuant to article IX, section 9 of the Texas Constitution and special enabling legislation. *See* Act of May 17, 1967, 60th Leg., R.S., ch. 502, § 1, 1967 Tex. Gen. Laws 1132. Article IX, section 9 of the Texas Constitution provides in part:

The Legislature may by general or special law provide for the creation, establishment, maintenance and operation of hospital districts composed of one or more counties or all or any part of one or more counties with power to issue bonds for the purchase, construction, acquisition, repair or renovation of buildings and improvements and equipping same, *for hospital purposes*; providing for the transfer to the hospital district of the title to any land, buildings, improvements and equipment located wholly within the district which may be jointly or separately owned by any city, town or county, providing that any *district so created shall assume full responsibility for providing medical and hospital care for its needy inhabitants* and assume the outstanding indebtedness incurred by cities, towns and counties for hospital purposes prior to the creation of the district, . . . *providing that after its creation no other municipality or political subdivision shall have the power to levy taxes or issue bonds or other obligations for hospital purposes or for providing medical care within the boundaries of the district*; providing for the levy of *annual taxes* at a rate not to exceed seventy-five cents (75¢) on the One Hundred Dollar valuation of all taxable property within such district for the purpose of meeting the requirements of the *district's bonds, the indebtedness assumed by it and its maintenance and operating expenses*

Tex. Const. art. IX, § 9 (emphasis added).

Pursuant to article IX, section 9, the legislature enacted House Bill 1325, Act of May 17, 1967, 60th Leg., R.S., ch. 502, 1967 Tex. Gen. Laws 1132 (the "Enabling Act"), authorizing the creation and establishment of the District with boundaries coextensive with Garza County, subject to voter approval. *See id.* Under the Enabling Act, the District has the "powers and responsibilities provided by" article IX, section 9. *Id.* § 1. The District is directed to assume "full responsibility for providing medical and hospital care for the needy persons residing within the district[.]" *Id.* § 2. Garza County and any city in the county are prohibited from levying a tax for hospital purposes after the District's organization, because the District "shall be deemed to have assumed full responsibility for the furnishing of medical and hospital care for the needy and indigent persons residing in said hospital district from the date that taxes are collected for the hospital district." *Id.* § 12.

Garza Hospital District apparently owned and operated a hospital and levied a tax on all taxable property in the District pursuant to article IX, section 9 and the Enabling Act. The District also apparently continues to levy the tax. You explain, however, that the District Board of Directors closed the District hospital and contracted with Methodist Hospital, presumably a private hospital or health system, for the operation of a clinic located in the District's facilities. *See* Request Letter. District residents, you tell us, now question the need for the District given that it no longer provides "hospital care." *Id.* In particular, residents question the District's authority to levy a tax when it no longer provides hospital services. *Id.*

We begin our analysis with your fifth question: whether the District may order an election to dissolve the District upon receipt of a petition by the District residents. Neither the Enabling Act nor any other provision applicable to the District that we have found authorizes an election to dissolve the District. We conclude that in the absence of statutory authorization, the District has no authority to call and hold a dissolution election.

While article IX, section 9 authorizes the legislature to provide for the dissolution of a hospital district, the legislature has not done so with respect to the District. Article IX, section 9 provides that the "*Legislature* may also provide for the dissolution of hospital districts *provided that a process is afforded by statute* for: (1) determining the desire of a majority of the qualified voters within the district to dissolve it; (2) disposing of or transferring the assets, if any, of the district; and (3) satisfying the debts and bond obligations, if any, of the district . . ." Tex. Const. art. IX, § 9 (emphasis added). By its terms, this provision is not self-executing; it authorizes the legislature to provide for dissolution of a hospital district subject to voter approval. *Cf.* Tex. Att'y Gen. Op. No. JM-859 (1988) at 3 ("Article IX, section 9, of the Texas Constitution . . . confers authority, not on the governing bodies of hospital districts, but rather on the legislature."). The District's Enabling Act does not authorize a dissolution election.

Nor does a provision of the Health and Safety Code applicable to the District authorize a dissolution election. Section 286.102 of the Health and Safety Code authorizing a hospital district board of directors to order a dissolution election on receipt of a petition by the district residents, *see* Tex. Health & Safety Code Ann. § 286.102 (Vernon 1992), applies only to a hospital district created under that chapter. *See id.* §§ 286.001(2) ("District' means a hospital district created under this chapter."), 286.002 (authorizing creation of general law hospital district under chapter 286). The District, of course, is created under the Enabling Act, not under chapter 286 of the Health and Safety Code. *See* Act of May 17, 1967, 60th Leg., R.S., ch. 502, § 1, 1967 Tex. Gen. Laws 1132.

The authority to hold an election is dependent on authority conferred by law. Tex. Att'y Gen. Op. No. DM-172 (1992) at 2 (and cases cited therein). As Attorney General Opinion C-380 states, "It is basic to our chosen form of government that the people of this State have no right to vote or hold an election in the absence of some statutory or constitutional provision which provides therefor." Tex. Att'y Gen. Op. No. C-380 (1965) at 2 (citing *Smith v.*

Morton Indep. Sch. Dist., 85 S.W.2d 853 (Tex. Civ. App.-1935, writ dismissed) and *Trustees of Indep. Sch. Dist. v. Elbon*, 223 S.W.10 (Tex. Civ. App. 1920)). Accordingly, Attorney General Opinion C-380 concluded that a county commissioners court did not have authority to call an election to abolish a special law hospital district nor did precincts comprising the hospital district in the absence of statutory or constitutional provision authorizing such an election. *Id.*

We next address your first question: whether the District was authorized to close its hospital. Again, neither article IX, section 9 nor the District's Enabling Act address closure of the District's hospital. But section 285.051(a) of the Health and Safety Code specifically authorizes the governing body of a hospital district to order by resolution "the sale, lease, or closing of all or part of a hospital owned and operated by the hospital district, including real property" upon a finding that it is in the best interest of the residents of the hospital district. Tex. Health & Safety Code Ann. § 285.051(a) (Vernon 1992). Section 285.051(b) and section 285.052 provide that the governing body must conduct an election on the sale or closing of a hospital if petitioned to do so by ten percent of the qualified voters of the hospital district before the 31st day after the date the governing body orders the sale or closing. *Id.* §§ 285.051(b), .052. These provisions clearly authorize a hospital district's governing body to order the closing of its hospital if it finds that the closing is in the best interest of the district's residents. Tex. Att'y Gen. Op. Nos. DM-37 (1991) at 1; JM-864 (1988) at 5. Because sections 285.051 and 285.052 are not limited in their application to a particular type of hospital district, they apply to the District. *See* Tex. Health & Safety Code Ann. §§ 285.051, .052 (Vernon 1992). Accordingly, assuming the District's governing body made the requisite finding and otherwise complied with section 285.051, it had the authority to close the District's hospital.

Similarly, assuming the District's Board of Directors made the requisite finding under section 285.051, the District was authorized to lease its hospital facilities to a private hospital system for the operation of a clinic to provide hospital and medical care to the District's needy inhabitants. Tex. Const. art. IX, § 9; Tex. Health & Safety Code Ann. § 285.051(a) (Vernon 1992); Tex. Att'y Gen. Op. Nos. DM-131 (1992), DM-66 (1991). Again, section 285.051(a) of the Health and Safety Code specifically authorizes the governing body of a hospital district to order by resolution "the sale, *lease*, or closing of all or part of a hospital owned and operated by the hospital district, including real property" upon a finding that it is in the best interest of the residents of the hospital district. Tex. Health & Safety Code Ann. § 285.051(a) (Vernon 1992) (emphasis added). To be permissible, however, a hospital district facilities lease must also serve a hospital district purpose consistent with article IX, section 9, requiring a hospital district to provide medical care, particularly hospital and medical care to needy hospital district residents. *See* Tex. Att'y Gen. Op. No. DM-66 (1991) at 3 (stating that statutory authority to lease hospital building does not end analysis, must also consider whether hospital district's lease plan would serve hospital purpose consistent with article IX, § 9); *see also* Tex. Att'y Gen. Op. No. DM-131 (1992) at 1; Tex. Att'y Gen. LO-97-068, at 2-3.

In our opinion, lease of hospital district facilities for the operation of a clinic to provide medical care to county residents, including the needy, is entirely consistent with the requirements of article IX, section 9 of the Texas Constitution. *See* Tex. Const. art. IX, § 9; Tex. Att'y Gen. Op. No. DM-131 (1992) at 1-2 (hospital district authorized to lease part of its facility for private operation of adolescent drug treatment facility, provided facility treats needy as well as other adolescents); Tex. Att'y Gen. Op. No. DM-66 (1991) at 3-4 (hospital district lease for operation of private dialysis clinic permissible because clinic would provide cost-effective renal services, primarily serve Medicare and Medicaid patients, and would be conveniently located adjacent to hospital). *Cf.* Tex. Att'y Gen. Op. No. JM-258 (1984) at 3 (hospital district not permitted to lease office space to private physicians because "offices for the private practice of medicine are not 'hospital purposes' or the provision of 'medical or hospital care for the needy'").

Because the authority to continue to levy a tax depends on the purposes for which that tax is authorized, we address your third and fourth questions together: whether the District may continue to levy a tax after closing its hospital and, if it may do so, whether the tax proceeds may be used to pay for a contract with a private health care system to provide medical care to county residents. We first determine that the District's maintenance and operating expense tax proceeds may be used for providing indigent medical and hospital care. We then conclude that because closure of the hospital does not relieve the District of its responsibility to provide and pay for indigent hospital and medical care, the District may continue to levy the tax and use the proceeds to make payments under a contract with a private hospital to provide that care. We also conclude that the District may through this contract offer medical care to nonindigent Garza county residents.

Hospital district taxes may be levied and used only for the purposes authorized in article IX, section 9 of the constitution and a hospital district's enabling legislation. *See Bexar County Hosp. Dist. v. Crosby*, 327 S.W.2d 445 (Tex. 1959) (article IX, section 9 tax levied for bond debt service may only be used for that purpose); *Tri-City Fresh Water Supply Dist. No. 2 v. Mann*, 142 S.W.2d 945, 948 (Tex. 1940) (taxing power may be exercised only for purposes distinctly included in constitutional or legislative provision); Tex. Att'y Gen. LO-97-004, at 1 (use of hospital district taxes limited to purposes set out in constitution); LO-95-088, at 1 (same).

Article IX, section 9 authorizes a hospital district tax to be levied to meet the requirements of (1) debt service on district bonds issued for construction and improvement of hospital facilities and on obligations assumed by the hospital district that were incurred by cities, towns, or a county within the hospital district before its creation for hospital purposes; and (2) the district's maintenance and operating expenses. *See* Tex. Const. art. IX, § 9. The article IX, section 9 hospital district tax is expressly authorized to pay debt service on bonds issued by a hospital district for hospital facilities or on hospital purpose obligations assumed by the district. The debt service tax may be levied to make those payments until the bonds and assumed obligations secured by the tax are retired. Thus, the tax may be levied for such purpose as long as the bonds and

obligations are outstanding. Accordingly, if bonds and obligations secured by hospital district taxes are outstanding after the closing of a hospital, a hospital district may continue to levy the tax to make the required debt service payments. The contract payments for medical care at issue, however, are not debt service payments on outstanding District bonds or assumed obligations, and we do not understand you to ask about the District's authority to continue levying taxes for debt service.

Besides debt service payments, the hospital district tax is only expressly authorized to pay a *district's maintenance and operating expenses*. See *El Paso County Hosp. Dist. v. Gilbert*, 4 S.W.2d 66, 72 (Tex. App.-El Paso 1999, pet. filed) (hospital district ad valorem tax revenues generated for two enumerated purposes-payment of debt service and payment of maintenance and operation expenses). Consequently, the District may continue to levy the tax and use the proceeds to make the contract payments for medical care only if such purpose is encompassed within "maintenance and operating expenses." Article IX, section 9 does not define these expenses. Nor have we found any Texas cases that do so for the purposes of article IX section 9. Based on the language and purpose of article IX, section 9, however, we conclude that "maintenance and operation expenses" necessarily encompass expenses related to providing medical care to a hospital district's needy residents. See *Republican Party v. Dietz*, 940 S.W.2d 86, 89 (Tex. 1997) (in construing state constitution, effect will be given to its plain language, considering purpose of provision, its historical context, and the collective intent of the framers and people who adopted it).

The tax is authorized for the *district's* maintenance and operating expenses, not those of a *hospital*. Thus it is not limited to maintenance and operation expense of a physical hospital, but instead relates more broadly to the lawful expenses of the hospital district. Cf. Tex. Tax Code Ann. § 26.012(16) (Vernon 1992) ("Maintenance and operation' means any lawful purpose other than debt service for which a taxing unit may spend property tax revenues."); *Gilbert*, 4 S.W.2d at 72 (in discussing hospital district's adopted tax rate, referring to Tax Code section 26.012(16) definition of "maintenance and operation"); *id.* (referring to hospital district "main-tenance and operation fund" as its "general fund").

The most significant lawful hospital district expense is that for indigent medical care. (In this regard we note, that "needy inhabitants" is equivalent to "indigent residents," and we use those terms interchangeably for the purposes of this opinion. See Tex. Att'y Gen. Op. No. H-703 (1975) (equating "needy inhabitant" as used in article IX, section 9 to "indigent resident" in article IX, section 4).) Article IX, section 9 was adopted to maintain or improve public health care and facilities, especially for indigent persons and shift the financial burden of providing the care and facilities from cities and counties to hospital districts. Tex. Const. art. IX, § 9; George D. Braden, *The Constitution of the State of Texas: An Annotated and Comparative Analysis*, Art. IX, § 9 (History and Explanation); see also Tex. Att'y Gen. Op. No. C-382 (1965) at 2 (primary function of hospital district is furnishing of medical and hospital care for indigent and needy of county and such function takes precedence over all

others). Thus under this constitutional provision, a hospital district is directed to assume responsibility for providing hospital and medical care to its needy inhabitants; and, moreover, other political subdivisions within the district are prohibited from providing or raising revenues for hospital or medical care once a district is created. *See* Tex. Const. art. IX, § 9. Because of its absolute duty to provide medical and hospital care for its needy inhabitants, a hospital district is responsible for those medical expenses.⁽²⁾ *See, e.g.*, Tex. Att'y Gen. Op. Nos. JM-864 (1988), JM-858 (1988), JM-540 (1986), JM-257 (1984), H-703 (1975), M-171 (1967).

The only constitutionally authorized stream of hospital district revenues available to discharge a hospital district's responsibility is the ad valorem property tax levied for maintenance and operating expenses. It must necessarily be available to discharge that responsibility. If it is not, a district cannot carry out its constitutional duty to provide hospital and medical care to its needy inhabitants. And, moreover, no other political entity within the district can provide that care. *See* Tex. Const. art. IX, § 9. The result would be that no medical care would be or could be provided to the needy residents of all or part of a county. This result, in our opinion, is contrary to the manifest purpose of article IX, section 9 to provide for indigent medical care. *See Dietz*, 940 S.W.2d at 89 (in construing state constitution, effect will be given to its plain language, considering purpose of provision, its historical context, and the collective intent of the framers and people who adopted it). Accordingly, we construe the article IX, section 9 "maintenance and operating expenses" to encompass a hospital district's expenses for providing indigent hospital and medical care. *See id.* This does not, however, end our enquiry. Because the District's powers and duties are also derived from its Enabling Act, we must also examine that act's provision.

The Enabling Act authorizes the District's Board of Directors to levy a tax for the following purposes: (1) paying debt service on "warrants, which may be issued by the hospital district for hospital purposes as herein provided"; (2) providing for operation and maintenance of the *hospital or hospital system*; and (3) for making further improvements and additions to the hospital system and acquiring sites. *See* Act of May 17, 1967, 60th Leg., R.S., ch. 502, § 5(a), 1967 Tex. Gen. Laws 1132, 1134. First, unlike article IX, section 9, the Enabling Act authorizes taxes for debt service on District "warrants" rather than on "bonds"; second, the Enabling Act does not expressly authorize the tax to pay debt service on any obligations issued by the county or city within the district for hospital purposes and assumed by the District; and third, and most important, the Enabling Act authorizes the tax for operation and maintenance expenses of the *hospital or hospital system* rather than of the District. Nonetheless, we construe these provisions consistently with article IX, section 9 and with reference to other provisions in the Enabling Act to authorize a tax for the same purposes as the constitutional provision, for the following reasons.

The legislature cannot enact an enabling statute inconsistent with article IX, section 9's provisions regarding the powers and duties of a hospital district. By its own terms, the constitutional provision limits the legislature's authority to do so by providing the purposes for which the legislature may authorize the

creation of a hospital district and the purposes for which the legislature may authorize a hospital district tax. *See* Tex. Const. art. IX, § 9; *see also City of Fort Worth v. Howerton*, 236 S.W.2d 615, 618 (Tex. 1951) (legislature cannot enact any law contrary to constitutional provision).

Additionally, we do not believe the legislature intended to provide powers and duties in the Enabling Act inconsistent with article IX, section 9. Legislative intent is to be determined from the entire act and not simply from isolated portions of the act. *Jones v. Fowler*, 969 S.W.2d 429, 432 (Tex. 1998); *accord Sayre v. Mullins*, 681 S.W.2d 25, 27 (Tex. 1984) (in determining meaning of statutory language, statute to be read as whole giving consideration to entire act, its nature and object, and consequences that would follow from particular construction). Accordingly, we look at other provisions of the Enabling Act keeping in mind the taxing provisions. First, notwithstanding the authority to levy a tax to pay debt service on "warrants which may be issued by the hospital district for hospital purposes as herein provided," the Enabling Act authorizes the District only to issue "bonds" for hospital purposes. *See* Act of May 17, 1967, 60th Leg., R.S., ch. 502, § 6(a), 1967 Tex. Gen. Laws 1132, 1135. Thus, authority to levy a tax for debt service may be exercised only with respect to District bonds. It would be absurd to read the tax authority to be limited to "warrants," when no warrants can be authorized or issued by the District. Second, notwithstanding the absence of authority to tax for assumed indebtedness, the Enabling Act specifically provides for the District to assume "all outstanding bonds and indebtedness heretofore issued by Garza County and by any city or town within said county for hospital purposes." *Id.* § 2. In fact, the Enabling Act specifically requires the assumption language to be printed on the ballot presented to the District voters for approving the creation of the District. *Id.* If the District is to assume all such obligations, it must pay them; it can do that only if the tax is available for that purpose. Third, while the taxes are authorized for paying maintenance and operation expenses of the *hospital or hospital system*, the Enabling Act expressly provides that the District "shall assume full responsibility for providing medical and hospital care for the needy persons residing within the district[.]" *Id.* § 2. Furthermore, the Enabling Act states that:

After the hospital district has been organized pursuant to this Act, neither Garza County nor any city therein shall levy any tax for hospital purposes; and such hospital district shall be deemed to have assumed full responsibility for the furnishing of medical and hospital care for the needy and indigent persons residing in said hospital district *from the date that taxes are collected for the hospital district.*

Id. § 11 (emphasis added). Again, if the District has the responsibility for indigent medical care, it must pay for it; it can only reasonably do that if the tax is available for that purpose. And, the latter-quoted provision by tying the prohibition against county or city levying a tax to the date the District collects the tax clearly contemplates that the tax will be used to pay for the medical services. Finally, the Enabling Act provides that the District "shall have the powers and responsibilities provided" by article IX, section 9. *Id.* § 1. By its own terms, provisions of the Enabling Act dealing with the powers and

obligations of the District must comport with those in article IX, section 9.

Based on the foregoing construction of article IX, section 9 and the Enabling Act taxing provisions, we conclude that the District's maintenance and operating expense taxes may be levied and used to provide and pay for the District's needy residents' hospital and medical care.

Authority to levy and use the proceeds for the District's needy residents' hospital and medical care is neither limited to nor contingent on ownership or operation of a physical hospital. Clearly, a hospital district may provide hospital and medical care to its indigent residents through its own hospital facility. But it must provide that care even if it does not own or operate a hospital facility. Tex. Att'y Gen. Op. Nos. JM-858 (1988) at 2, JM-864 (1988) at 5-6; *see also* Tex. Att'y Gen. Op. No. DM-37 (1991) at 1. Specifically, a hospital district's closure of its hospital does not relieve the district of its responsibility for providing and paying for the district's indigent residents' medical care. Tex. Att'y Gen. Op. No. JM-864 (1988) at 5-6; *see also* Tex. Att'y Gen. Op. No. DM-37 (1991) at 1. In Attorney General Opinion JM-864, this office advised that:

Regardless of the method chosen by the hospital district to provide services to its eligible recipients, the district is liable for the health care services as provided by the constitution and its statute. . . . Thus, the sale, closure, or lease of the Northwest Texas Hospital will have no effect on the legal responsibility that the [City of Amarillo Hospital District] has towards the persons it serves.

Tex. Att'y Gen. Op. No. JM-864 (1988) at 5-6; *see also* Tex. Att'y Gen. Op. No. DM-37 (1991) at 1 (closure of hospital under section 285.051 of the Health and Safety Code does not relieve hospital district of liability for paying for indigents residents' health care services). Thus, a hospital district must arrange and pay for medical care even when it does not own or operate a hospital.

As Attorney General Opinion JM-864 indicates, a hospital district may fulfill its obligation to provide medical care by various methods. Tex. Att'y Gen. Op. No. JM-864 (1988) at 5. While the District's Enabling Act does not contain any provision expressly authorizing the District to contract for medical care, the Indigent Health Care and Treatment Act, Tex. Health & Safety Code Ann. ch. 61 (Vernon 1992 & Supp. 2000), applicable to the District, does contain such a provision. Under that act, a hospital district may arrange to provide health care services through other public health facilities, through a contract with a private provider, or through the purchase of insurance for eligible residents. *Id.* § 61.056(a) (Vernon 1992); Tex. Att'y Gen. Op. No. JM-864 (1988) (hospital district may use these various methods to provide indigent medical care). The district may also affiliate with other public hospitals, other hospital districts, or a governmental entity to provide regional administration and delivery of health care services. Tex. Health & Safety Code Ann. § 61.056(b) (Vernon 1992); Tex. Att'y Gen. Op. No. JM-858 (1988) at 2 (hospital district may affiliate with another hospital district to provide medical care to needy district inhabitants). Thus, the District is authorized to provide hospital and medical care to its needy inhabitants through a contract with a private hospital system.

In sum, the District's maintenance and operating expense taxes may be levied and used to pay for needy inhabitants' hospital and medical care expenses after closure of the District's hospital. Because that care may be provided through a contract with a private hospital system, proceeds of the maintenance and operating tax may be used to make payments under that contract.

Finally, we address an issue implicit in your second and fourth questions, namely, whether the District may through its contract with the private hospital system provide medical care to county residents who are not indigent. In other words, may nonindigent Garza County residents be treated in the clinic operated by the private hospital system? Based on the constitutional and statutory scheme for providing hospital and medical care, we conclude that the District may offer medical care to nonindigent Garza County residents provided it collects from these persons the cost of the medical services.

Neither article IX, section 9 nor the Enabling Act specifically authorizes the District to provide medical care to District residents generally or prohibits the district from doing so. Both, however, contain provisions that implicitly contemplate that the District will furnish hospital and medical care to nonindigent District residents. *See* David B. Brooks, 36 Texas Practice: County and Special District Law § 26.28 (1989) (Article IX, section 9 hospital district is authorized, but not required, to provide medical services to nonindigent patients.). Article IX, section 9 requires a hospital district to take over existing hospital facilities owned by a city or county within the hospital district. *See* Tex. Const. art. IX, § 9. A county hospital established under chapter 263 of the Health and Safety Code (formerly article 4478 of the Texas Revised Civil Statutes), for instance, is "for the care and treatment of *persons* who are sick or injured," *see* Tex. Health & Safety Code Ann. § 263.021(a) (Vernon 1992) (emphasis added), not just indigent county residents. Thus, article IX, section 9 contemplates that a hospital district may continue to provide the services rendered by those facilities. *See* Tex. Const. art. IX, § 9; Tex. Att'y Gen. Op. No. C-382 (1965) (hospital district taking over county hospital established under article 4478, Tex. Rev. Civ. Stat. Ann., takes over all duties and obligations county previously had for care of persons). Additionally, article IX, section 9 prohibits any city or political subdivision in the district from providing *any medical care*, not just indigent medical care. Tex. Const. art. IX, § 9; *see also* Tex. Att'y Gen. Op. No. JM-1052 (1989) at 6 n.1 (obligation placed on hospital district to assume responsibility for needy resident's medical care is narrower than prohibition on other political subdivision against spending money on medical care generally, not just for indigents). This prohibition in the context of article IX, section 9 can only reasonably be construed as contemplating that the hospital district may offer the requisite medical care because no other political entity may do so. Otherwise, the result of this prohibition would have absurd results. For instance, nonindigent county residents in a rural county-wide hospital district with no private medical care facility might have to travel to another county for hospital care simply because they could pay for the care.

Consistent with the article IX, section 9 provision, the Enabling Act also prohibits Garza County or any city therein from levying taxes for *hospital*

purposes. See Act of May 17, 1967, 60th Leg., R.S., ch. 502, § 12, 1967 Tex. Gen. Laws 1132, 1137. Moreover, section 13 of the Enabling Act further provides that:

Whenever a patient claiming indigence has been admitted to the facilities of the hospital district, the directors shall cause inquiry to be made as to his circumstances, and of the relatives of such patients legally liable for his support. If it is found that such patient or said relatives are liable to pay for his care and treatment in whole or in part, an order shall be made directing such patient, or said relatives, to pay . . . for the support of such patient a specified sum per week, in proportion to their financial ability, but such sum shall not exceed the actual per capita cost of maintenance. . . . If the agent designated by the district to handle such affairs finds that such patient or said relatives are not able to pay, either in whole or in part, for his care and treatment in such hospital, the same shall become a charge upon the hospital district.

Id. § 13, 1967 Tex. Gen. Laws at 1137 (emphasis added). This provision clearly contemplates that persons who are able to pay for their medical care may be admitted to the District's hospital and furnished medical care. *See* Tex. Att'y Gen. Op. No. C-382 (1965) at 2.

Looking at provisions similar to the Enabling Act's section 13 and a statutory requirement virtually identical to the article IX, section 9 requirement that a hospital district take over existing county hospital system, Attorney General Opinion C-382 determined that these provisions clearly contemplated that paying patients could be admitted to hospital district facilities. Tex. Att'y Gen. Op. No. C-382 (1965) at 2. Attorney General Opinion C-382 then concluded that a hospital district may admit patients to its facility that are neither needy nor indigents: "[A] patient should not be refused admittance to the hospital facilities simply because he may be able to pay for his care, either in whole or in part." *Id.* The opinion emphasized that "when a patient has been admitted who is fully able to pay, the Administrator may not permit him to pay less than the full and actual cost of his care and maintenance." *Id.*

We believe care provided through the clinic operated by the private hospital system pursuant to a contract with the District here is analogous to the care provided through a hospital district facility. Both the constitutional provision and the Enabling Act contemplate that the District's hospital facilities may serve nonindigents. The clinic serves the same function as did the District's hospital, which presumably admitted nonindigent patients. Accordingly, we conclude that the District may offer medical care to nonindigent county residents through the clinic, provided the District charges those persons the actual cost of the services.

S U M M A R Y

Garza Hospital District was authorized to close its hospital if the District's Board of Directors determined that closing the hospital was in the best interest of the District's residents and the Board otherwise complied with the statutory procedures. Similarly, the District was authorized to lease its hospital facilities

to a private hospital system for the operation of a clinic to provide hospital and medical care to the District's needy inhabitants if the District Board of Directors determined that the lease was in the best interest of the District's residents. Because closure of the hospital does not relieve the District of its responsibility to provide and pay for needy residents' hospital and medical care, the District may continue to levy a tax and use the proceeds to make payments under a contract to provide that care. The District may through this contract offer medical care to nonindigent Garza County residents, provided the District charges those persons the actual cost of the services. The District may not be dissolved pursuant to an election because there is no statutory authority to call and hold a dissolution election with respect to the District.

Yours very truly,



JOHN CORNYN
Attorney General of Texas

ANDY TAYLOR
First Assistant Attorney General

CLARK KENT ERVIN
Deputy Attorney General - General Counsel

ELIZABETH ROBINSON
Chair, Opinion Committee

Sheela Rai
Assistant Attorney General - Opinion Committee

Footnotes

1. You do not ask specific questions in your request, but rather refer us to unanswered questions asked of the District by a Garza County newspaper regarding the District's closure of its hospital and contract with Methodist Hospital for the operation of the clinic located in the District's facilities. *See* Letter from Honorable David Counts, Chair, Committee on Natural Resources, Texas House of Representatives, to Honorable John Cornyn, Texas Attorney General (Jan. 3, 2000) (on file with Opinion Committee) [hereinafter "Request Letter"]; Letter from Wesley W. Burnett, Publisher, The Post Dispatch, to Jack Alexander, President, Garza Hospital District Board of Directors and Board Members (June 5, 1998) (asking questions raised by District's Enabling Act);

Letter from W. Calloway Huffaker, Esq., to Maritta Reed, Garza Hospital District Board (June 16, 1998) (addressing questions asked by The Post Dispatch).

2. We do not address in this opinion any rights or obligations of nonprofit hospitals in providing indigent health care.

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Exhibit “B”

Winnie-Stowell Hospital District
Transactions by Account
As of January 25, 2017

Type	Date	Num	Adj	Name	Memo	Cir	Split	Debit	Credit	Balance
100 Prosperity Bank -Checking										
Liability Check	12/15/2016			QuickBooks Payroll ...	Created by P ...	X	Direct Deposit ...			1,980,882.02
Bill Pmt -Check	12/15/2016	2127		American Express	0-51003	X	Accounts Paya...	2,658.20		1,978,223.82
Bill Pmt -Check	12/15/2016	2128		Benckenstein & Oxf...	Inv 48277 - S...	X	Accounts Paya...	44.33		1,978,179.49
Bill Pmt -Check	12/15/2016	2129		Brookshire Brothers	Nov IC Rx's	X	Accounts Paya...	18,757.50		1,959,421.99
Bill Pmt -Check	12/15/2016	2130		Carroll R Hand Insu...	Bond Renew...	X	Accounts Paya...	2,333.24		1,957,088.75
Bill Pmt -Check	12/15/2016	2131		David Slicker	CPA Inv 19195	X	Accounts Paya...	50.00		1,957,038.75
Bill Pmt -Check	12/15/2016	2132		Durbin & Company	Inv 6562- Inte...	X	Accounts Paya...	3,250.00		1,953,788.75
Bill Pmt -Check	12/15/2016	2133		Hometown Press	Inv Public Nol...	X	Accounts Paya...	15,000.00		1,938,788.75
Bill Pmt -Check	12/15/2016	2134		Hubert Oxford	1/2 Retainer...	X	Accounts Paya...	23.04		1,938,765.71
Bill Pmt -Check	12/15/2016	2135		Indigent Healthcare ...	Inv 63446	X	Accounts Paya...	500.00		1,938,265.71
Bill Pmt -Check	12/15/2016	2136		Josh Heinz	1/2 Retainer...	X	Accounts Paya...	1,059.00		1,937,206.71
Bill Pmt -Check	12/15/2016	2137		Tony King	Dec 15 Budg...	X	Accounts Paya...	500.00		1,936,706.71
Bill Pmt -Check	12/15/2016	2138		Wilcox Pharmacy	Nov IC Rx's	X	Accounts Paya...	100.00		1,936,606.71
Bill Pmt -Check	12/15/2016	2139		Quill Corporation	C7769473	X	Accounts Paya...	1,137.57		1,935,469.14
Bill Pmt -Check	12/15/2016	2140		Star Graphics-Contr...	3A0064	X	Accounts Paya...	182.37		1,935,286.77
Paycheck	12/16/2016	DD1030		Jimenez, Deyanira	Direct Deposit	X	Accounts Paya...	0.00		1,935,286.77
Paycheck	12/16/2016	DD1031		Norris, Shemie	Direct Deposit	X	-SPLIT-	41.45		1,935,245.32
Check	12/16/2016			Star Graphics Lease	ACH Paymen...	X	-SPLIT-	0.00		1,935,245.32
Check	12/16/2016			IRS	ACH Paymen...	X	573 Admin-Co...	133.42		1,935,111.90
Check	12/16/2016			Time Warner Cable	ACH Paymen...	X	504 Admin-Ad...	1,723.20		1,933,388.70
Liability Check	12/29/2016			QuickBooks Payroll ...	Created by P ...	X	576 Admin-Tel...	171.30		1,933,217.40
Paycheck	12/30/2016	DD1032		Jimenez, Deyanira	Direct Deposit	X	Direct Deposit ...	2,658.20		1,930,559.20
Paycheck	12/30/2016	DD1033		Norris, Shemie	Direct Deposit	X	-SPLIT-	0.00		1,930,559.20
Deposit	12/31/2016			ECISD	Accr Earning ...	X	-SPLIT-	0.00		1,930,559.20
Check	01/06/2017	995013		Google	Check	X	405 Investmen...	469.32		1,931,028.52
Deposit	01/09/2017			QuickBooks Payroll ...	ACH Deposit ...	M	600 East Cha ...	0.97		1,916,028.52
Liability Check	01/12/2017			Jimenez, Deyanira	Created by P ...	M	572 Admin-We...			1,916,029.49
Paycheck	01/13/2017	DD1034		Norris, Shemie	Direct Deposit	X	Direct Deposit ...	0.00		1,913,369.29
Paycheck	01/13/2017	DD1035		IRS	Direct Deposit	X	-SPLIT-	0.00		1,913,369.29
Deposit	01/13/2017			Time Warner Cable	ACH Deposit ...	M	-SPLIT-	0.00		1,913,369.29
Check	01/13/2017			Function 4 (fka Star ...	ACH Paymen...	M	400 Sales Tax ...	42,497.88		1,955,867.17
Check	01/17/2017				ACH Paymen...	M	504 Admin-Ad...			1,953,282.37
Check	01/18/2017				ACH Paymen...	M	576 Admin-Tel...	171.30		1,953,111.07
Total 100 Prosperity Bank -Checking								42,968.17	70,872.54	1,952,977.65
TOTAL								42,968.17	70,872.54	1,952,977.65

Winnie-Stowell Hospital District
Profit & Loss Budget vs. Actual
 January through December 2016

	Jan - Dec 16	Budget	\$ Over Budget	% of Budget
Income				
400 Sales Tax Revenue	566,688.46	560,000.00	6,688.46	101.2%
405 Investment Income	7,199.15	5,800.00	1,399.15	124.1%
409 Tobacco Settlement	8,882.36	9,000.00	-117.64	98.7%
410 Other Revenue	671.70	0.00	671.70	100.0%
415 Nursing Home - MPAP Program	21,286,794.48	21,500,000.00	-213,205.52	99.0%
790 - Proceeds - Sale of Assets	315,537.26	315,500.00	37.26	100.0%
Total Income	22,185,773.41	22,390,300.00	-204,526.59	99.1%
Expense				
500 Admin-Administrative Salary	46,562.96	45,000.00	1,562.96	103.5%
501 Admin-Security	1,100.00	1,200.00	-100.00	91.7%
502 Admin-Administrative Assnt	1,595.00	1,600.00	-5.00	99.7%
504 Admin-Administrators PR Tax	4,723.70	5,000.00	-276.30	94.5%
505 Administrative Exp - Travel	0.00	0.00	0.00	0.0%
515 Admin-Bank Service Charges	300.00	350.00	-50.00	85.7%
520 Admin-Consulting Fees	12,952.73	13,000.00	-47.27	99.6%
521 Professional Fees - Acctng	25,202.75	30,000.00	-4,797.25	84.0%
522 Professional Fees-Auditing	21,500.00	25,000.00	-3,500.00	86.0%
523 Professional Fees - Legal	103,667.45	110,000.00	-6,332.55	94.2%
550 Admin-D&O / Liability Ins.	14,291.00	14,300.00	-9.00	99.9%
560 Admin-Cont Ed, Travel	9,251.48	10,000.00	-748.52	92.5%
561 Admin-Cont Ed-Medical Pers.	0.00	0.00	0.00	0.0%
562 Admin-Travel&Mileage Reimb.	610.74	1,000.00	-389.26	61.1%
569 Admin-Meals	263.33	500.00	-236.67	52.7%
570 Admin-District/County Prom	0.00	0.00	0.00	0.0%
571 Admin-Office Supplies/Post	3,298.09	3,500.00	-201.91	94.2%
572 Admin-Web Site	452.81	500.00	-47.19	90.6%
573 Admin-Copier Lease/Contract	1,612.26	1,500.00	112.26	107.5%
575 Admin-Cell Phone Reimburse	1,200.00	1,000.00	200.00	120.0%
576 Admin-Telephone/Internet	2,040.65	2,000.00	40.65	102.0%
590 Admin-Election Cost	0.00			
591 Admin-Notices & Fees	108.12	100.00	8.12	108.1%
600 East Chambers ISD Partnersh	180,000.00	180,000.00	0.00	100.0%
601 IC-Pmt to Hosp-Equip	0.00	0.00	0.00	0.0%
602 IC-WCH 1115 Waiver Prog	513,028.19	515,000.00	-1,971.81	99.6%
603 IC-Pharmaceutical Costs	47,739.92	45,000.00	2,739.92	106.1%
604 IC-Non Hosp. Cost	114.93	300.00	-185.07	38.3%
605 Admin-Board Bonds	700.00	300.00	400.00	233.3%
605 IC-Office Supplies/Postage	182.99	100.00	82.99	183.0%
611 IC-Indigent Care Dir Salary	23,173.00	25,000.00	-1,827.00	92.7%
612 IC-Payroll Taxes -Ind Care	1,653.44	2,400.00	-746.56	68.9%
615 IC-Software	12,828.00	12,000.00	828.00	106.9%
616 IC-Travel	286.41	500.00	-213.59	57.3%
617 Bulding- Interest	3,338.06	3,500.00	-161.94	95.4%
626 Building-Principal Payments	294,051.33	295,000.00	-948.67	99.7%
630 NH Program-Mgt Fees	7,366,263.12	7,370,000.00	-3,736.88	99.9%
631 NH Program-IGT	10,470,878.14	9,975,000.00	495,878.14	105.0%
633 NH Program-Acctg Fees	0.00	20,000.00	-20,000.00	0.0%
634 NH Program-Legal Fees	35,960.00	50,000.00	-14,040.00	71.9%
635 NH Program-LTC Fees	2,235,619.99	2,236,000.00	-380.01	100.0%
636 NH Program-Bonds	0.00	0.00	0.00	0.0%
637 NH Program-Interest Expense	1,482,468.72	1,645,000.00	-162,531.28	90.1%
638 NH Program-Bank Fees & Misc	186.41	200.00	-13.59	93.2%
675 Building-Property Expenses	138.93	150.00	-11.07	92.6%
676 Building-Property Insurance	476.29	500.00	-23.71	95.3%
800 Contigency	0.00	0.00	0.00	0.0%
902 - Pmts of Short Term Loans	0.00	0.00	0.00	0.0%
999 Undistributed	0.00			
Payroll Expenses	0.00			
Total Expense	22,919,820.94	22,641,500.00	278,320.94	101.2%
Net Income	-734,047.53	-251,200.00	-482,847.53	292.2%

Winnie-Stowell Hospital District

01/25/17

Balance Sheet

Accrual Basis

As of January 25, 2017

	<u>Jan 25, 17</u>
ASSETS	
Current Assets	
Checking/Savings	
100 Prosperity Bank -Checking	1,952,977.65
102 Prosperity Bank - CD#0447	104,325.25
105 TexStar	654,500.35
106 WF 7180 WSHD Transfer	126,721.87
107 Graham InterBank	2,325,791.01
Total Checking/Savings	<u>5,164,316.13</u>
Total Current Assets	5,164,316.13
Fixed Assets	
120 Equipment	140,654.96
125 Accumulated Depreciation	-113,810.64
Total Fixed Assets	<u>26,844.32</u>
Other Assets	
110 Sales Tax Receivable	116,206.43
117 NH - UPL Prog Receivable	8,111,492.29
118 Prepaid Expense	1,675.00
Total Other Assets	<u>8,229,373.72</u>
TOTAL ASSETS	<u><u>13,420,534.17</u></u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable	25,933.49
Total Accounts Payable	25,933.49
Other Current Liabilities	
190 NH Payable - Accruals	3,365,558.95
190.01 MMW - Due to/from	15,584.30
190.03 GV - Due to/from	431.85
190.05 OLM - Due to/from	5,930.01
190.06 OM - Due to/from	8,384.54
190.07 SB - Due to/from	12,107.49
190.08 CB - Due to/from	8,524.46
190.09 TW - Due to/from	40,473.66
190.11 H - Due to/from	13,221.82
190.12 MM - Due to/from	1,521.73
190.13 HP - Due to/from	19,650.03
200 NH Accounts Payable - LTC	3,143,141.64
202 Interest Payable - NHP	49,985.75
210.09 Loan Payable #9	3,620,000.00
225 FUTA Tax Payable	97.43
Direct Deposit Liabilities	2.40
Payroll Liabilities	3,468.00
Total Other Current Liabilities	<u>10,308,084.06</u>
Total Current Liabilities	<u>10,334,017.55</u>
Total Liabilities	10,334,017.55

4:40 PM

01/25/17

Accrual Basis

Winnie-Stowell Hospital District

Balance Sheet

As of January 25, 2017

	<u>Jan 25, 17</u>
Equity	
300 Net Assets, Capital, net of	59,503.44
310 Net Assets-Unrestricted	3,815,914.02
Retained Earnings	-734,047.53
Net Income	-54,853.31
	<hr/>
Total Equity	3,086,516.62
	<hr/>
TOTAL LIABILITIES & EQUITY	13,420,534.17
	<hr/> <hr/>

Winnie-Stowell Hospital District

01/25/17

Profit & Loss

Accrual Basis

January 1 - 25, 2017

	<u>Jan 1 - 25, 17</u>
Income	
400 Sales Tax Revenue	42,497.88
Total Income	<u>42,497.88</u>
Expense	
500 Admin-Administrative Salary	2,000.00
501 Admin-Security	100.00
504 Admin-Administrators PR Tax	2,829.60
521 Professional Fees - Acctng	1,937.50
523 Professional Fees - Legal	16,425.00
562 Admin-Travel&Mileage Reimb.	0.00
572 Admin-Web Site	504.03
573 Admin-Copier Lease/Contract	147.19
575 Admin-Cell Phone Reimburse	75.00
576 Admin-Telephone/Internet	171.30
600 East Chambers ISD Partnersh	15,000.00
603 IC-Pharmaceutical Costs	5,838.89
605 Admin-Board Bonds	50.00
611 IC-Indigent Care Dir Salary	1,200.00
615 IC-Software	1,059.00
616 IC-Travel	0.00
634 NH Program-Legal Fees	0.00
637 NH Program-Interest Expense	49,985.75
Payroll Expenses	27.93
Total Expense	<u>97,351.19</u>
Net Income	<u><u>-54,853.31</u></u>

**Winnie-Stowell Hospital District
Open Invoices for Approval
As of January 25, 2017**

<u>Date</u>	<u>Num</u>	<u>Memo</u>	<u>Due Date</u>	<u>Open Balance</u>
American Express 01/25/2017			02/04/2017	44.33
Total American Express				44.33
Benckenstein & Oxford 01/25/2017	Inv # 48316-Oct 2016		02/04/2017	15,425.00
Total Benckenstein & Oxford				15,425.00
Brookshire Brothers 01/25/2017	IC Dec 2016 Rx's		02/04/2017	4,689.71
Total Brookshire Brothers				4,689.71
Carroll R Hand Insurance Agency 01/25/2017	Bond Fee R Espinosa		02/04/2017	50.00
Total Carroll R Hand Insurance Agency				50.00
David Sticker 01/25/2017	Inv #19233		02/04/2017	1,937.50
Total David Sticker				1,937.50
Function 4 (fka Star Graphics-Contract) 01/25/2017	Inv # 507447		02/04/2017	13.77
Total Function 4 (fka Star Graphics-Contract)				13.77
Hubert Oxford 01/25/2017	1/2 Legal Retainer		02/04/2017	500.00
Total Hubert Oxford				500.00
Indigent Healthcare Solutions, LTD 01/25/2017	Inv # 63588		02/04/2017	1,059.00
Total Indigent Healthcare Solutions, LTD				1,059.00
Josh Heinz 01/25/2017	1/2 Legal Retainer		02/04/2017	500.00
Total Josh Heinz				500.00
Lisa Rae Photo & Web Services 01/25/2017	Inv #1091		02/04/2017	465.00
Total Lisa Rae Photo & Web Services				465.00
Tony King 01/25/2017	Jan 2017 RM		02/04/2017	100.00
Total Tony King				100.00
Wilcox Pharmacy 01/25/2017	IC Dec 2016 Rx's		02/04/2017	1,149.18
Total Wilcox Pharmacy				1,149.18
TOTAL				25,933.49



Blue for Business®
 WINNIE STOWELL HOSPI
 JOHN E HENRY SR
 Closing Date 01/11/17 Next Closing Date 02/08/17



Account Ending 0-51003

New Balance	\$44.33
Minimum Payment Due	\$35.00
Payment Due Date	02/05/17[‡]

[‡] **Late Payment Warning:** If we do not receive your Minimum Payment Due by the Payment Due Date of 02/05/17, you may have to pay a late fee of up to \$38.00 and your APRs may be increased to the Penalty APR of 27.74%.

Membership Rewards® Points
 Available and Pending as of 11/30/16
45,552
 For up to date point balance and full program details, visit membershipewards.com

Account Summary

Previous Balance	\$44.33
Payments/Credits	-\$44.33
New Charges	+\$44.33
Fees	+\$0.00
Interest Charged	+\$0.00

Minimum Payment Warning: If you make only the minimum payment each period, you will pay more in interest and it will take you longer to pay off your balance. For example:

If you make no additional charges and each month you pay...	You will pay off the balance shown on this statement in about...	And you will pay an estimated total of...
Only the Minimum Payment Due	2 months	\$45

New Balance	\$44.33
Minimum Payment Due	\$35.00

Credit Limit	\$15,500.00
Available Credit	\$15,455.67
Cash Advance Limit	\$3,100.00
Available Cash	\$3,100.00
Days in Billing Period:	31

If you would like information about credit counseling services, call 1-888-733-4139.

See page 2 for important information about your account.

Account cancelled at your request.

See Page 5 for an important Privacy Notice and the following pages for important notices about Billing Dispute Procedures, Electronic Fund Transfer Error Resolution and a notice for WA residents.

Customer Care

Pay by Computer
open.com/pbc

Customer Care **Pay by Phone**
 1-877-258-3254 1-800-472-9297

See page 2 for additional information.

Continued on page 3

↓ Please fold on the perforation below, detach and return with your payment ↓

Payment Coupon
 Do not staple or use paper clips

Pay by Computer
open.com/pbc

Pay by Phone
 1-800-472-9297

Account Ending 0-51003
 Enter 15 digit account # on all payments.
 Make check payable to American Express.

JOHN E HENRY SR
 WINNIE STOWELL HOSPI
 PO BOX 304
 WINNIE TX 77665-0304

Payment Due Date	02/05/17
New Balance	\$44.33
Minimum Payment Due	\$35.00

Check here if your address or phone number has changed. Note changes on reverse side.

AMERICAN EXPRESS
 P.O. BOX 650448
 DALLAS TX 75265-0448

\$ _____
 Amount Enclosed

0000349992195946734 000004433000003500 07 H

BENCKENSTEIN & OXFORD, L.L.P.

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FAX: (409) 833-8819

Hubert Oxford, IV

hoxfordiv@benoxford.com

January 23, 2017

Mr. Edward Murrell
President
Winnie Stowell Hospital District
825 State Hwy 124
Winnie Texas 77665

Re: Winnie Stowell Hospital District; Billable Invoice for October 2016 less Retainer;
Our File No. 87250.

Dear President Murrell,

Attached, please find the invoice for Benckenstein & Oxford, LLP for work performed in October 2016. The invoice is for \$16,425.00; however, we have reduced this invoice by \$1,000.00 to account for the retainer previously paid bringing the balance owed to \$15,425.00. We request that this invoice be paid at either the upcoming January 25, 2017 Regular meeting.

If you have any questions or concerns about the invoice, please do not hesitate to ask me. Otherwise, we would respectfully request payment of fees incurred less the retainer for October 2016 totaling \$15,425.00.

With best wishes, I am

Sincerely,

BENCKENSTEIN & OXFORD, L.L.P.

By: 

Hubert Oxford, IV

Enclosure

Benckenstein & Oxford, L.L.P.

3535 Calder Avenue
Suite 300
Beaumont, TX 77706

January 23, 2017

Winnie-Stowell Hospital District
P.O. Box 1997
Winnie, TX 77665

INVOICE #: 48316 HOIV
Billed through: October 31, 2016
Client/Matter #: WSHD 87250

RE: Winnie-Stowell Hospital District

PROFESSIONAL SERVICES RENDERED

10/04/16	HOIV	Worked with Genesis counsel on revisions to the sub-operator opinion letters for Clairmont and the Woodland's facilities.	0.80 hrs
10/04/16	HOIV	Exchanged eight (8) e-mails with the District's lender regarding their name change and participated in multiple conference calls with Lender and LTC Group to confirm that the two parties; and also checked Secretary of State's Web page to confirm ownership of new Lender entity.	1.80 hrs
10/05/16	HOIV	Worked with Neches Capital to secure documents confirming change of payor to LTC Capital, LLC by exchanging multiple e-mails; researching the Secretary of State's Corporate Web page; and participating in a conference call with Neches Capital regarding the assignment of loans.	2.40 hrs
10/05/16	HOIV	Received and reviewed a number of HUD documents for the Garrison facility prepare by Caring Healthcare and participated in a conference call with Caring Healthcare to explain the status of the Genesis facility documents in order to be able to utilize these documents as forms for other HUD transactions.	1.60 hrs
10/10/16	HOIV	Conference call with Genesis counsel regarding the DACA and DAISA agreements and drafted e-mail to Neches Capital explaining that the HUD Loans were ready to move forward and the District needed their consent.	0.90 hrs
10/10/16	HOIV	Worked with counsel for Genesis to provide bank account information for the Woodlands and Clairmont facilities in order to establish new governmental receivable and depository accounts.	0.80 hrs
10/10/16	HOIV	Worked with the lawyers for Genesis by exchanging four (4) e-mails to confirm the list of closing documents needed to close the HUD loans for the Clairmont and Woodlands facilities.	0.60 hrs
10/11/16	HOIV	Reviewed DACA Agreement and prepared a cash flow process for non-HUD homes and HUD homes for approval by Genesis.	2.30 hrs
10/11/16	HOIV	Exchanged three (3) e-mails with Genesis counsel discussing the District's current depository accounts for Clairmont and the Woodlands.	0.30 hrs

Client-	WSHD 87250	Invoice # 48316	PAGE 2
10/11/16	HOIV	Exchanged fifteen (15) e-mails with counsel for the District's Lender to advise him of the status of the HUD transactions for Clairmont and the Woodlands and researched and responded to a number questions by the Lender.	1.80 hrs
10/12/16	HOIV	Conference call with Genesis counsel regarding documents submitted for review and bank accounts.	0.30 hrs
10/12/16	HOIV	Conference call with CPA and Administrator requesting various documents; located the documents; and prepared an e-mail response.	1.20 hrs
10/12/16	HOIV	Submitted cash flow process for Clairmont and the Woodlands to the District's lender in an e-mail to satisfy agreements set forth in loan documents.	0.30 hrs
10/12/16	HOIV	Received close to final version of complete sets of Genesis HUD Loan documents for Woodlands and Clairmont and reviewed the documents in order to verify all documents listed in the e-mail were attached.	0.70 hrs
10/12/16	HOIV	Began review of close to final HUD documents submitted to Genesis.	0.80 hrs
10/13/16	HOIV	Received April 2016 MPAP spreadsheet from the State of Texas and reconciled the MPAP funds to be received with the Timeline Spreadsheet.	1.00 hrs
10/14/16	HOIV	Gathered documents and prepared draft set of minutes and submitted to Board for review.	4.00 hrs
10/17/16	HOIV	Participated in weekly Genesis conference call regarding HUD loans for Clairmont and the Woodlands.	0.40 hrs
10/17/16	HOIV	Received red-line version of the Woodland's HUD loan documents as modified after initial review by Genesis counsel and began review of the five (5) documents.	2.40 hrs
10/18/16	HOIV	Conference call with Genesis regarding the closing of HUD transactions for Woodlands and Clairmont.	0.50 hrs
10/18/16	HOIV	Conference call with staff and hospital to discuss Special Meeting and other matters of concern.	1.60 hrs
10/18/16	HOIV	Began drafting extensive letter agreement with LTC Capital, LLC to allow the District to open new depository accounts for the Clairmont and Woodlands facilities as a result of the HUD loan requirements.	4.50 hrs
10/18/16	HOIV	Prepared cash flow charts for the Clairmont and Woodlands facilities post HUD transactions and revised cash flow chart for non-HUD facilities.	2.60 hrs
10/19/16	HOIV	Continued to draft agreement with LTC Capital regarding the removal of DACA requirements for the Clairmont and Woodlands facilities; and exchanged multiple e-mails with counsel for LTC Capital regarding the Agreement.	2.50 hrs
10/19/16	HOIV	Worked with CPA on revising budgets for 2014-2016 to reflect cash accrual basis; made revisions to comprehensive nursing home spreadsheet to account for MPAP income and expenses for 2014, 2015, 2016.	3.00 hrs

Client-	WSHD 87250	Invoice # 48316	PAGE	3
10/19/16	HOIV	Prepared for and attended October 19, 2016 Regular Monthly meeting.	3.20 hrs	
10/20/16	HOIV	Revised budget and monthly financial statement post meeting.	1.10 hrs	
10/20/16	HOIV	Conference calls with CPA and District Administrator to discuss budget and plan for revising budget.	0.70 hrs	
10/21/16	HOIV	Prepared draft agenda for Special Meeting on October 26, 2016.	0.30 hrs	
10/21/16	HOIV	Exchanged six (6) e-mails with Genesis counsel regarding status of HUD loan agreements for the Clairmont and Woodlands facilities.	0.60 hrs	
10/24/16	HOIV	Conference calls with Board members to re-arrange Special Meeting and to answer calls.	2.00 hrs	
10/24/16	HOIV	Received and reviewed draft report by Hospital and made revisions.	1.20 hrs	
10/24/16	HOIV	Researched executive sessions and ability to go into executive session to discuss consultant's reports that need to remain confidential pursuant to Section 534.101, Health and Safety Code and notified Board of this statute in order to postpone upcoming Special Meeting to properly post meeting.	1.40 hrs	
10/25/16	HOIV	Conference call with Genesis regarding HUD documents and exchanged multiple e-mails with Counsel for Genesis after reviewing various documents and attachments to be submitted to HUD for Clairmont and the Woodlands.	1.30 hrs	
10/25/16	HOIV	Read, reviewed, and compared thirteen nearly final Genesis HUD documents to prior documents that had been altered to make sure final documents were the same.	6.00 hrs	
10/26/16	HOIV	Exchanged eight (8) e-mails with District's Lender and staff concerning repayment date of Loan 8.	0.40 hrs	
10/26/16	HOIV	Received QIPP concept paper; reviewed paper; and exchanged e-mails with LTC regarding questions about the program and issues to be addresses.	1.60 hrs	
10/26/16	HOIV	Received e-mail from LTC regarding upcoming payment for March and April 2016 and exchanged conference call with LTC and staff regarding the payment and timing of the payment.	0.60 hrs	
10/26/16	HOIV	Exchanged seven (7) e-mails and a conference call with Caring Healthcare regarding the status of Genesis HUD documents and provided copies of the documents approved by HUD for Caring to review.	1.20 hrs	
10/27/16	HOIV	Exchanged seven (7) e-mails with counsel for Genesis and regarding a relationship questionnaire with CMS and reviewed questionnaire to assist Genesis with finalizing the information in the questionnaire.	0.60 hrs	
10/28/16	HOIV	Prepare for and attended Special Meeting.	4.00 hrs	
10/28/16	HOIV	Conference call with Genesis counsel regarding status of HUD transaction.	0.40 hrs	
		Total fees for this matter		\$16,425.00

BILLING SUMMARY:

Oxford, IV Hubert	65.70 hrs @	\$250.00 /hr	\$16,425.00
TOTAL FEES			\$16,425.00
TOTAL CHARGES FOR THIS INVOICE			\$16,425.00
RETAINER			\$1,000.00 CR
TOTAL BALANCE NOW DUE			\$15,425.00

Federal ID# 74-1646478

Invoice Terms: Net 10 Days Upon Receipt
Please Reference Invoice Number on Your Check

GL Totals

Winnie Stowel Hospital District Indigent Healthcare Services
 Batch Dates 01/25/17-01/25/17

Brookshire Bros. Phar. (winnie)
 P.o. Box 1359
 Winnie, TX 77665

Vendor #: 65460

GL #	Description	Amount
WSHD	Wshd	4,689.71
	Expenditures	4,689.71
	Reimb/Adjustments	0.00
	Grand Total	4,689.71

26 total invoices

GL Totals Detail

Invoice #	GL #	Date in	Amt Billed	Amt Paid	Posted
036-2475*65460*14	WSHD	12/14/16	22.31	22.31	
036-2475*65460*14	WSHD	12/09/16	5.00	5.00	
036-2749*65460*19	WSHD	12/19/16	40.00	40.00	
036-2749*65460*19	WSHD	12/19/16	25.00	25.00	
036-2749*65460*19	WSHD	12/20/16	197.21	127.07	
036-2811*65460*15	WSHD	12/08/16	1,103.56	930.83	
036-2811*65460*15	WSHD	12/14/16	217.00	217.00	
036-2811*65460*15	WSHD	12/15/16	601.46	507.44	
036-2856*65460*4	WSHD	12/15/16	15.00	15.00	
036-3217*65460*18	WSHD	12/01/16	179.77	179.77	
036-3217*65460*18	WSHD	12/28/16	179.77	179.77	
036-3217*65460*18	WSHD	12/30/16	54.82	54.82	
036-3363*65460*8	WSHD	12/22/16	12.00	12.00	
036-3413*65460*14	WSHD	12/05/16	32.77	32.77	
036-3426*65460*19	WSHD	12/01/16	29.91	29.91	
036-3426*65460*19	WSHD	12/01/16	15.00	15.00	
036-3426*65460*19	WSHD	12/09/16	27.50	26.38	
036-3426*65460*19	WSHD	12/09/16	5.00	5.00	
036-3432*65460*11	WSHD	12/23/16	30.00	30.00	
036-3432*65460*11	WSHD	12/23/16	24.70	24.70	
036-3432*65460*11	WSHD	12/23/16	10.00	10.00	
036-3432*65460*11	WSHD	12/29/16	5.00	5.00	
036-3432*65460*11	WSHD	12/29/16	5.00	5.00	
036-3424*65460*8	WSHD	12/12/16	5.00	5.00	
1011*65460*11	WSHD	12/15/16	31.64	31.64	
1011*65460*11	WSHD	12/02/16	28.51	28.51	
1011*65460*11	WSHD	12/02/16	56.96	56.96	
1012*65460*4	WSHD	12/22/16	68.79	54.67	
1013*65460*9	WSHD	12/16/16	220.57	129.26	
1014*65460*1	WSHD	12/09/16	13.75	13.75	
1014*65460*1	WSHD	12/09/16	32.72	32.72	
1016*65460*8	WSHD	12/07/16	7.77	7.77	
1016*65460*8	WSHD	12/07/16	22.01	22.01	
1016*65460*8	WSHD	12/07/16	15.77	13.17	

©IHS
 Issued 01/19/17

GL Totals

Winnie Stowel Hospital District Indigent Healthcare Services
 Batch Dates 01/25/17-01/25/17

Brookshire Bros. Phar. (winnie)
 P.o. Box 1359
 Winnie, TX 77665

Vendor #: 65460

Invoice #	GL #	Date in	Amt Billed	Amt Paid	Posted
1016*65460*8	WSHD	12/07/16	12.00	12.00	
1016*65460*8	WSHD	12/15/16	12.00	12.00	
1017*65460*5	WSHD	12/15/16	29.70	29.70	
1018*65460*7	WSHD	12/03/16	98.00	98.00	
1018*65460*7	WSHD	12/05/16	25.00	25.00	
1018*65460*7	WSHD	12/03/16	43.05	43.05	
1019*65460*6	WSHD	12/02/16	439.53	369.80	
1021*65460*6	WSHD	12/19/16	23.70	23.70	
1022*65460*3	WSHD	12/21/16	24.37	24.37	
1024*65460*5	WSHD	12/12/16	15.51	15.51	
1024*65460*5	WSHD	12/12/16	5.00	5.00	
1024*65460*5	WSHD	12/02/16	44.60	44.60	
1024*65460*5	WSHD	12/12/16	13.53	13.53	
1024*65460*5	WSHD	12/02/16	14.90	14.90	
1024*65460*5	WSHD	12/12/16	8.49	8.49	
1030*65460*5	WSHD	12/09/16	20.32	20.32	
1030*65460*5	WSHD	12/09/16	5.00	5.00	
1030*65460*5	WSHD	12/14/16	94.97	94.97	
1030*65460*5	WSHD	12/07/16	10.00	10.00	
1030*65460*5	WSHD	12/07/16	7.50	7.50	
1032*65460*3	WSHD	12/01/16	4.44	4.44	
1032*65460*3	WSHD	12/01/16	5.00	5.00	
1032*65460*3	WSHD	12/01/16	39.60	39.60	
1036*65460*2	WSHD	12/01/16	30.96	30.96	
1036*65460*2	WSHD	12/30/16	30.96	30.96	
1036*65460*2	WSHD	12/13/16	5.00	5.00	
1038*65460*1	WSHD	12/02/16	59.18	59.18	
1038*65460*1	WSHD	12/02/16	231.20	231.20	
1038*65460*1	WSHD	12/02/16	426.03	354.93	
1039*65460*1	WSHD	12/06/16	64.30	64.30	
1039*65460*1	WSHD	12/19/16	78.75	78.75	
1039*65460*1	WSHD	12/06/16	12.72	12.72	
	***		5,276.58	4,689.71	
	***		5,276.58	4,689.71	

66 records listed.
 26 total invoices

Winnie Stowell Hospital District
P.O. Box 1997
Winnie TX 77665

Date Printed: JAN 4 2017

Invoice Number: 13360
CLIENT#: 2133

Due Date: FEB 11 2017
Total amount due: \$50.00

Remit To:

Carroll R. Hand Insurance Agency
P O Drawer 1000
Anahuac, TX 77514

RECEIVED
JAN - 6 2017

Amount of remittance: \$ _____

Please return this portion with payment

Invoice Date: FEB 11 2017
Type: A

Invoice # 13360

Trans Code	Coverage Eff Date	Policy#	Line of Business	Description	Amount
RE	FEB 11 2017	TX805103	Surety Bonds	Renewal Raul Espinoza Bond	\$50 00

TOTAL AMOUNT DUE: \$50 00

Carroll R. Hand Insurance Agency
P O Drawer 1000
Anahuac, TX 77514

PHONE : (409) 267-3115

FAX: (409) 267-3451

Winnie Stowell Hospital District
P.O. Box 1997
Winnie, TX 77665

David Sticker & Co. P.C.
Certified Public Accountant
2180 Eastex Freeway
Beaumont, TX 77703
(409) 899-3000

Invoice
submitted to:

Winnie Stowell Hospital District
PO Box 1997
Winnie, TX 77665

01/20/2017

Invoice # 19233

Professional Services

	<u>Amount</u>
01/19/17 12-13-16 Review books and reconciliations. Make adjustments as necessary. 3.50 Hours	1,937.50
12-15-16 Complete reports, review transactions and correspondence. Attend meeting. 5.50 Hours	
1-12-17 Send additional information to auditor and accounting work as necessary. Compute required payroll tax deposit. 6.50 Hours	
Total Hours = 15.50 @ \$125 = \$1,937.50	
For professional services rendered	<u>\$1,937.50</u>
Balance due	<u><u>\$1,937.50</u></u>

Invoices Due Upon Receipt



CONTRACT INVOICE

Invoice Number: INV507447
 Invoice Date: 01/18/2017

Bill To: Winnie - Stowell Hospital District
 PO Box 1997
 Winnie, TX 77665

Customer: Winnie - Stowell Hospital District
 538 Broadway
 Winnie, TX 77665

Account No	Payment Terms	Due Date	Invoice Total	Balance Due	
3A0064	Net 30	02/17/2017	\$13.77	\$13.77	
Contract Number	Contact	Contract Amount	P.O. Number	Start Date	Exp. Date
4457-01		\$12.72		01/26/2016	01/25/2021
Remarks					

Summary:

Contract base rate charge for this billing period \$0.00
 Contract overage charge for the 12/26/2016 to 01/25/2017 overage period \$12.72 **
 See overage details below **\$12.72

Detail:

Equipment included under this contract

KM/227

Number	Serial Number	Base Adj.	Location						
3A2812	A7AK011001716	\$0.00	Winnie - Stowell Hospital District 538 Broadway Winnie, TX 77665						
Meter Type	Meter Group	Begin Meter	End Meter	Credits	Total	Covered	Billable	Rate	Overage
B\W	3A2812 - B\W	25,633	26,789		1,156	0	1,156	\$0.011000	\$12.72 \$12.72

Please include Invoice number on check.
 Remit Payment To:
 12560 Reed Rd, Suite 200
 Sugar Land, TX 77478

Invoice SubTotal	\$12.72
Tax:	\$1.05
Invoice Total	\$13.77
Balance Due:	\$13.77

BENCKENSTEIN & OXFORD, L.L.P.

ATTORNEYS AT LAW

BBVA COMPASS BANK BUILDING

3535 CALDER AVENUE, SUITE 300

Hubert Oxford, IV

BEAUMONT, TEXAS 77706

hoxfordiv@benoxford.com

TELEPHONE:(409) 833-9182

FAX: (409) 833-8819

January 10, 2016

Mr. Edward Murrell

President

Winnie Stowell Hospital District

825 State Hwy 124

Winnie Texas 77665

Re: Draft Minutes for December 15, 2016 Public Hearing and Regular Minutes; Our File No. 87250.

Dear President Murrell,

Attached, please find the minutes for the December 15, 2016 Public hearing and Regular Meeting. After you have had a chance to review these minutes, please let me know there are any changes that need to be made.

Also, please allow this letter to serve as a *partial invoice* for \$1,000.00 representing the retainer for work performed in December 2016. We would request that you put this invoice in line for payment at the December 15, 2016 Regular meeting.

Would you please pay the December 2016 retainer of \$1,000.00 retainer and we will give the District credit for the \$1,000.00 payment when we submit the remainder of the invoice with time entries for December 2016? If so, please draft a check in the amount of \$500.00 checks payable to Josh Heinz and a second check for \$500.00 to Hubert Oxford, IV.

With best wishes, I am

Sincerely,

BENCKENSTEIN & OXFORD, L.L.P.



Hubert Oxford, IV

Indigent Healthcare Solutions, Ltd.
2040 North Loop, 336 West, Suite 304
Conroe, TX 77304

Invoice # 63588

Phone # (800) 834-0560
Fax # (936) 756-6741

RECEIVED
JAN - 3 2017

Date: 1/1/2017

WINNIE STOWELL HOSPITAL DISTRICT
P O BOX 1997
WINNIE, TX 77665

Terms: Net receipt of invoice

Professional services for the month of February 2017

1,059.00

Total

\$1,059.00

PLEASE REMIT PAYMENT TO
INDIGENT HEALTHCARE SOLUTIONS, LTD
ATTN: KELLEY ASTOLOS
3011 ARMORY DRIVE, SUITE 190
NASHVILLE, TN 37204

THANK YOU FOR YOUR BUSINESS!!!

IHS

Lisa Rae Photo & Web Services
 PO Box 159
 Winnie, TX 77665
 (409)267-9985
 lisa@stramecki.com
 www.lisaraephoto.com

RECEIVED
 JAN - 5 2017



INVOICE

BILL TO

Winnie Stowell Hospital District
 P.O. Box 1997
 Winnie, TX 77665

INVOICE # 1091

DATE 01/05/2017

DUE DATE 01/05/2017

ACTIVITY	DATE	QTY	RATE	AMOUNT
Web Services In office meeting with Sherrie regarding website	08/16/2016	1	25.00	25.00
Web Services Test contact page to ensure emails are successful - Received call from office asking to test the page - test was successful	08/16/2016	1	25.00	25.00
Web Services Website update - Created section in footer linking to Public Notice page for elections	08/17/2016	1	25.00	25.00
Web Services In office meeting regarding Rose Mobile Mammography Program	11/03/2016	2	25.00	50.00
Web Services In office meeting with Yony regarding placement and needs to update website for Rose Mobile Mammography Program	11/10/2016	2	25.00	50.00
Web Services Update website with content for Rose Mobile Mammography Program - Create new page for program and future events (added to menu as Events) - Create homepage blurb linking to events page	11/15/2016	2	25.00	50.00
Web Services Hosting fees for 2017 - Monthly fee for hosting of website - renews hosting through December 31, 2017	01/05/2017	12	20.00	240.00

Please make checks payable to Lisa Rae Photo or Lisa Stramecki Mail to
PO Box 159 Winnie Texas 77665

BALANCE DUE

\$465.00

©IHS
 Issued 01/19/17

GL Totals
 Winnie Stowel Hospital District Indigent Healthcare Services
 Batch Dates 01/25/17-01/25/17

Wilcox Pharmacy
 P. O. Box 1850
 Winnie, TX 77665

Vendor #: 18651

GL #	Description	Amount
WSHD	Wshd	1,149.18
	Expenditures	1,149.18
	Reimb/Adjustments	0.00
	Grand Total	1,149.18

8 total invoices

GL Totals Detail

Invoice #	GL #	Date in	Amt Billed	Amt Paid	Posted
036-2778*18651*24	WSHD	12/02/16	159.21	75.67	
036-2783*18651*67	WSHD	12/23/16	81.87	39.84	
036-2783*18651*67	WSHD	12/23/16	177.06	177.06	
036-2833*18651*83	WSHD	12/02/16	379.66	300.03	
036-3068*18651*47	WSHD	12/14/16	75.00	33.78	
036-3364*18651*34	WSHD	12/12/16	54.86	54.86	
036-3364*18651*34	WSHD	12/12/16	20.00	20.00	
036-3364*18651*34	WSHD	12/12/16	24.00	24.00	
036-3364*18651*34	WSHD	12/12/16	16.23	9.02	
036-3364*18651*34	WSHD	12/12/16	22.85	22.85	
1020*18651*6	WSHD	12/14/16	177.06	177.06	
1034*18651*2	WSHD	12/07/16	26.41	10.05	
1034*18651*2	WSHD	12/07/16	159.21	75.67	
1040*18651*1	WSHD	12/27/16	275.03	129.29	
	***		1,648.45	1,149.18	
	***		1,648.45	1,149.18	

14 records listed.
 8 total invoices

Exhibit “C”

Issued 02/16/17

Source Totals Report
 Winnie Stowel Hospital District Indigent Healthcare
 Services
 Batch Dates 01/25/2017 through 01/25/2017
 For Vendor: All Vendors

Source	Description	Amount Billed	Amount Paid
02	Prescription Drugs	6,925.03	5,838.89
21	Wch Clinic	4,858.00	1,991.78
24	Wch Er	10,360.00	4,247.60
27	Wch Labs	2,004.00	821.64
28	Wch Xray	281.00	115.21
29	Wch Ultrasound	392.00	160.72
Expenditures		24,820.03	13,175.84
Reimb/Adjustments		0.00	0.00
Grand Total		24,820.03	13,175.84

Source Totals Report Detail

Invoice #	Source	DOS	Amount Billed	Amount Paid
036-2778*18651*24	02	12/02/2016	159.21	75.67
036-2833*18651*83	02	12/02/2016	379.66	300.03
036-2856*65460*4	02	12/15/2016	15.00	15.00
036-3068*18651*47	02	12/14/2016	75.00	33.78
036-3363*65460*8	02	12/22/2016	12.00	12.00
036-3413*65460*14	02	12/05/2016	32.77	32.77
036-3424*65460*8	02	12/12/2016	5.00	5.00
1012*65460*4	02	12/22/2016	68.79	54.67
1013*65460*9	02	12/16/2016	220.57	129.26
1017*65460*5	02	12/15/2016	29.70	29.70
1019*65460*6	02	12/02/2016	439.53	369.80
1020*18651*6	02	12/14/2016	177.06	177.06
1021*65460*6	02	12/19/2016	23.70	23.70
1022*65460*3	02	12/21/2016	24.37	24.37
1040*18651*1	02	12/27/2016	275.03	129.29
036-2475*65460*14	02	12/14/2016	22.31	22.31
036-2475*65460*14	02	12/09/2016	5.00	5.00
036-2783*18651*67	02	12/23/2016	81.87	39.84
036-2783*18651*67	02	12/23/2016	177.06	177.06
1014*65460*1	02	12/09/2016	13.75	13.75
1014*65460*1	02	12/09/2016	32.72	32.72
1034*18651*2	02	12/07/2016	159.21	75.67
1034*18651*2	02	12/07/2016	26.41	10.05
036-2749*65460*19	02	12/19/2016	40.00	40.00
036-2749*65460*19	02	12/19/2016	25.00	25.00
036-2749*65460*19	02	12/20/2016	197.21	127.07
036-2811*65460*15	02	12/08/2016	1,103.56	930.83
036-2811*65460*15	02	12/14/2016	217.00	217.00
036-2811*65460*15	02	12/15/2016	601.46	507.44
036-3217*65460*18	02	12/01/2016	179.77	179.77
036-3217*65460*18	02	12/28/2016	179.77	179.77
036-3217*65460*18	02	12/30/2016	54.82	54.82
1011*65460*11	02	12/02/2016	28.51	28.51
1011*65460*11	02	12/02/2016	56.96	56.96

1011*65460*11	02	12/15/2016	31.64	31.64
1018*65460*7	02	12/05/2016	25.00	25.00
1018*65460*7	02	12/03/2016	98.00	98.00
1018*65460*7	02	12/03/2016	43.05	43.05
1032*65460*3	02	12/01/2016	39.60	39.60
1032*65460*3	02	12/01/2016	5.00	5.00
1032*65460*3	02	12/01/2016	4.44	4.44
1036*65460*2	02	12/13/2016	5.00	5.00
1036*65460*2	02	12/30/2016	30.96	30.96
1036*65460*2	02	12/01/2016	30.96	30.96
1038*65460*1	02	12/02/2016	426.03	354.93
1038*65460*1	02	12/02/2016	231.20	231.20
1038*65460*1	02	12/02/2016	59.18	59.18
1039*65460*1	02	12/06/2016	64.30	64.30
1039*65460*1	02	12/06/2016	12.72	12.72
1039*65460*1	02	12/19/2016	78.75	78.75
036-3426*65460*19	02	12/01/2016	29.91	29.91
036-3426*65460*19	02	12/01/2016	15.00	15.00
036-3426*65460*19	02	12/09/2016	27.50	26.38
036-3426*65460*19	02	12/09/2016	5.00	5.00
036-3364*18651*34	02	12/12/2016	20.00	20.00
036-3364*18651*34	02	12/12/2016	54.86	54.86
036-3364*18651*34	02	12/12/2016	22.85	22.85
036-3364*18651*34	02	12/12/2016	24.00	24.00
036-3364*18651*34	02	12/12/2016	16.23	9.02
036-3432*65460*11	02	12/23/2016	30.00	30.00
036-3432*65460*11	02	12/23/2016	24.70	24.70
036-3432*65460*11	02	12/23/2016	10.00	10.00
036-3432*65460*11	02	12/29/2016	5.00	5.00
036-3432*65460*11	02	12/29/2016	5.00	5.00
1016*65460*8	02	12/07/2016	15.77	13.17
1016*65460*8	02	12/07/2016	7.77	7.77
1016*65460*8	02	12/07/2016	12.00	12.00
1016*65460*8	02	12/07/2016	22.01	22.01
1016*65460*8	02	12/15/2016	12.00	12.00
1030*65460*5	02	12/07/2016	10.00	10.00
1030*65460*5	02	12/07/2016	7.50	7.50
1030*65460*5	02	12/09/2016	20.32	20.32
1030*65460*5	02	12/09/2016	5.00	5.00
1030*65460*5	02	12/14/2016	94.97	94.97
1024*65460*5	02	12/02/2016	14.90	14.90
1024*65460*5	02	12/02/2016	44.60	44.60
1024*65460*5	02	12/12/2016	5.00	5.00
1024*65460*5	02	12/12/2016	15.51	15.51
1024*65460*5	02	12/12/2016	13.53	13.53
1024*65460*5	02	12/12/2016	8.49	8.49

34 invoices, 80 line items

6,925.03

5,838.89

1013*63057*5	21	12/16/2016	203.00	83.23
1014*63057*1	21	12/09/2016	371.00	152.11
1016*63057*10	21	12/07/2016	378.00	154.98
1029*63057*3	21	12/13/2016	136.00	55.76
1037*63057*1	21	12/16/2016	308.00	126.28
1030*63057*4	21	12/07/2016	136.00	55.76
1030*63057*4	21	12/09/2016	136.00	55.76
1030*63057*4	21	12/14/2016	203.00	83.23
036-2749*63057*12	21	12/07/2016	69.00	28.29
036-2749*63057*12	21	12/14/2016	149.00	61.09

036-2749*63057*12	21	12/21/2016	69.00	28.29
036-2749*63057*12	21	12/28/2016	69.00	28.29
1036*63057*2	21	12/01/2016	203.00	83.23
1036*63057*2	21	12/13/2016	136.00	55.76
1024*63057*5	21	12/02/2016	242.00	99.22
1024*63057*5	21	12/12/2016	136.00	55.76
036-2856*63057*4	21	12/15/2016	203.00	83.23
036-3426*63057*16	21	12/09/2016	344.00	141.04
1034*63057*2	21	12/01/2016	30.00	12.30
1034*63057*2	21	12/07/2016	203.00	83.23
1017*63057*6	21	12/15/2016	171.00	70.11
1017*63057*6	21	12/19/2016	309.00	126.69
1017*63057*6	21	12/20/2016	194.00	79.54
1017*63057*6	21	12/27/2016	257.00	105.37
1011*63057*10	21	12/15/2016	203.00	83.23

14 invoices, 25 line items

4,858.00 1,991.78

1024*63057*5	24	12/11/2016	5,626.00	2,306.66
1019*63057*8	24	12/24/2016	4,734.00	1,940.94

2 invoices, 2 line items

10,360.00 4,247.60

036-2856*63057*4	27	12/15/2016	370.00	151.70
036-3426*63057*16	27	12/09/2016	110.00	45.10
1034*63057*2	27	12/01/2016	418.00	171.38
1017*63057*6	27	12/15/2016	110.00	45.10
1017*63057*6	27	12/28/2016	110.00	45.10
1011*63057*10	27	12/01/2016	886.00	363.26

5 invoices, 6 line items

2,004.00 821.64

1017*63057*6	28	12/27/2016	281.00	115.21
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1 invoices, 1 line items

281.00 115.21

1036*63057*2	29	12/15/2016	392.00	160.72
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1 invoices, 1 line items

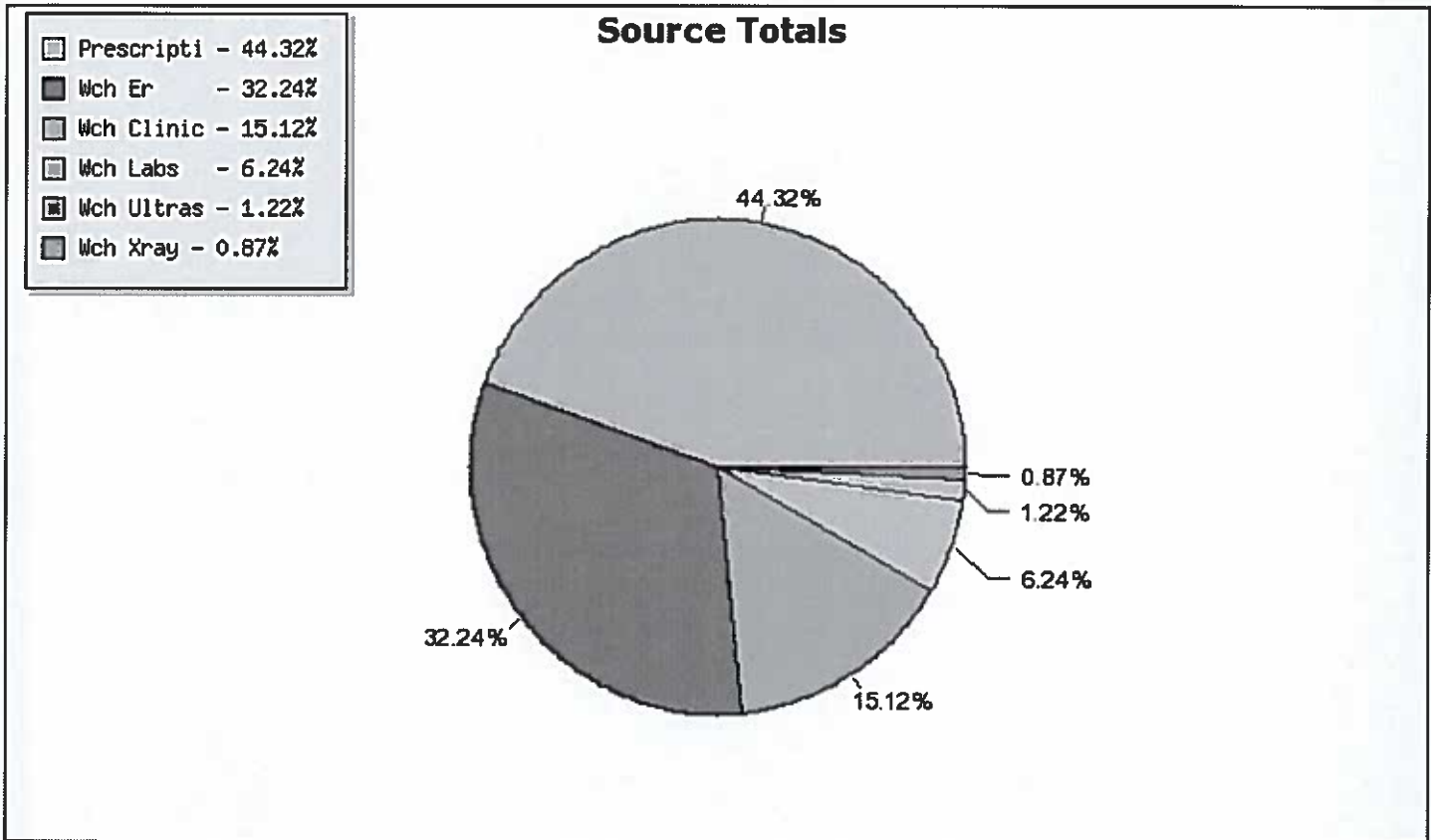
392.00 160.72

Grand Totals 24,820.03 13,175.84

**49 invoices listed.
115 line items listed.**

Source Totals for Batch Dates 01/01/2017 through 01/31/2017

Prescription Drugs	44.32%	\$5,838.89
Wch Er	32.24%	\$4,247.60
Wch Clinic	15.12%	\$1,991.78
Wch Labs	6.24%	\$821.64
Wch Ultrasound	1.22%	\$160.72
Wch Xray	0.87%	\$115.21
Total Expenditures		\$13,175.84



Entry Statistics for Entry Dates 01/01/2017 through 01/31/2017

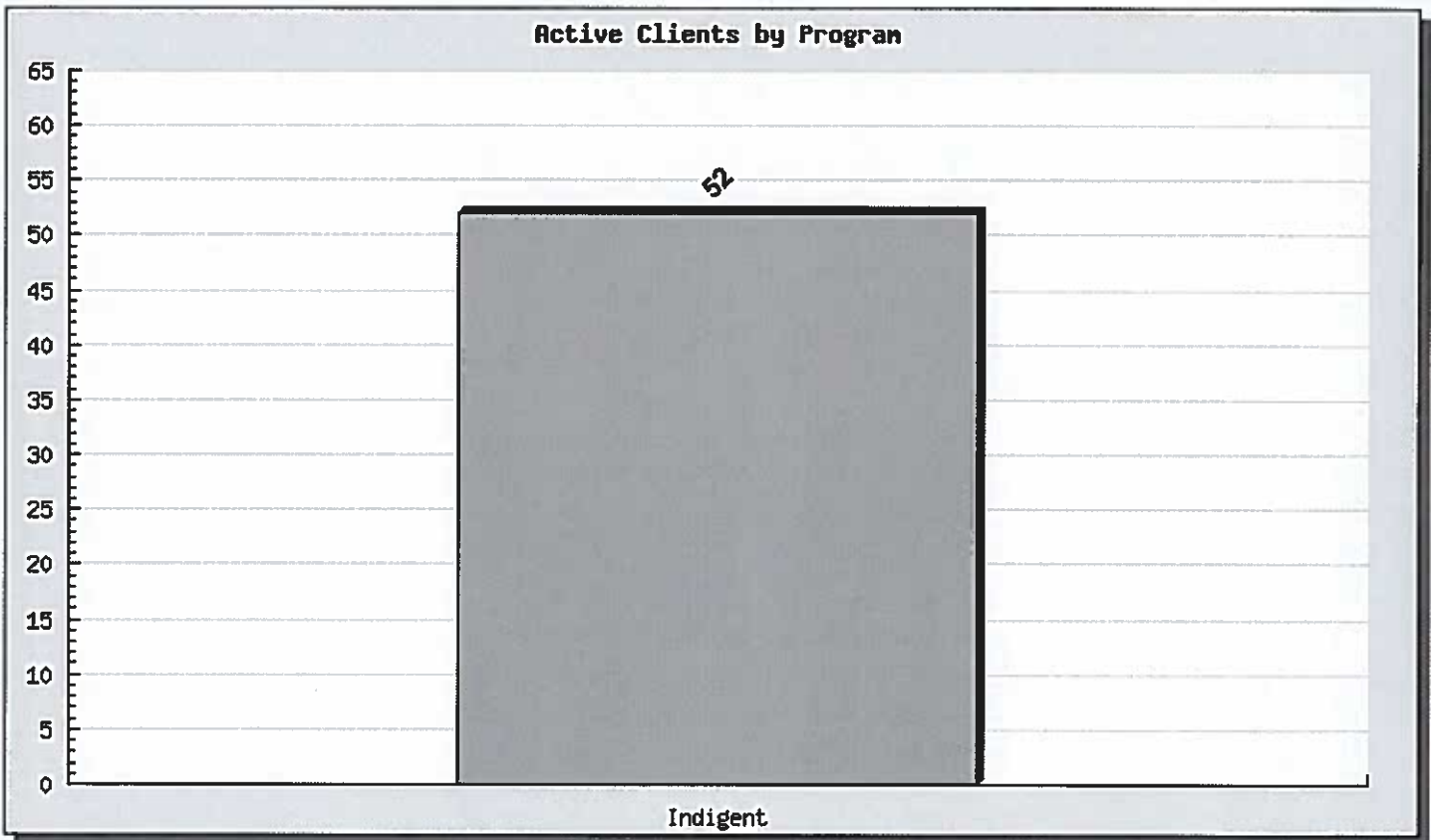
Clients Entered	1
Rapid Reg. Entered	1
Vendors Entered	0
Worksheets Entered	8
Invoices Entered	49

Void Statistics for Void Dates 01/01/2017 through 01/31/2017

Clients Voided	0
Vendors Voided	0
Rapid Reg. Voided	0
Invoices Voided	0

Active Clients by Program for Eligibility Dates 01/01/2017 through 01/31/2017

Indigent	52
Total Clients By Program	52



Appointments Scheduled by Type for Appointment Dates 01/01/2017 through 01/31/2017

New Appointment	0
Renewal	11
Total Appointments Scheduled	11

©IHS

Issued 01/25/17

Source Totals ReportWinnie Stowel Hospital District Indigent Healthcare
Services

Batch Dates 01/25/2017 through 01/25/2017

For Vendor: WINNIE COMMUNITY HOSPITAL

Source	Description	Amount Billed	Amount Paid
21	Wch Clinic	4,858.00	1,991.78
24	Wch Er	10,360.00	4,247.60
27	Wch Labs	2,004.00	821.64
28	Wch Xray	281.00	115.21
29	Wch Ultrasound	392.00	160.72
Expenditures		17,895.00	7,336.95
Reimb/Adjustments		0.00	0.00
Grand Total		17,895.00	7,336.95

Source Totals Report Detail

Invoice #	Source	DOS	Amount Billed	Amount Paid
1013*63057*5	21	12/16/2016	203.00	83.23
1014*63057*1	21	12/09/2016	371.00	152.11
1016*63057*10	21	12/07/2016	378.00	154.98
1029*63057*3	21	12/13/2016	136.00	55.76
1037*63057*1	21	12/16/2016	308.00	126.28
1030*63057*4	21	12/07/2016	136.00	55.76
1030*63057*4	21	12/09/2016	136.00	55.76
1030*63057*4	21	12/14/2016	203.00	83.23
036-2749*63057*12	21	12/07/2016	69.00	28.29
036-2749*63057*12	21	12/14/2016	149.00	61.09
036-2749*63057*12	21	12/21/2016	69.00	28.29
036-2749*63057*12	21	12/28/2016	69.00	28.29
1036*63057*2	21	12/01/2016	203.00	83.23
1036*63057*2	21	12/13/2016	136.00	55.76
1024*63057*5	21	12/02/2016	242.00	99.22
1024*63057*5	21	12/12/2016	136.00	55.76
036-2856*63057*4	21	12/15/2016	203.00	83.23
036-3426*63057*16	21	12/09/2016	344.00	141.04
1034*63057*2	21	12/01/2016	30.00	12.30
1034*63057*2	21	12/07/2016	203.00	83.23
1017*63057*6	21	12/15/2016	171.00	70.11
1017*63057*6	21	12/19/2016	309.00	126.69
1017*63057*6	21	12/20/2016	194.00	79.54
1017*63057*6	21	12/27/2016	257.00	105.37
1011*63057*10	21	12/15/2016	203.00	83.23
14 invoices, 25 line items			4,858.00	1,991.78
1024*63057*5	24	12/11/2016	5,626.00	2,306.66
1019*63057*8	24	12/24/2016	4,734.00	1,940.94
2 invoices, 2 line items			10,360.00	4,247.60
036-2856*63057*4	27	12/15/2016	370.00	151.70
036-3426*63057*16	27	12/09/2016	110.00	45.10

1034*63057*2	27	12/01/2016	418.00	171.38
1017*63057*6	27	12/15/2016	110.00	45.10
1017*63057*6	27	12/28/2016	110.00	45.10
1011*63057*10	27	12/01/2016	886.00	363.26
5 invoices, 6 line items			2,004.00	821.64
1017*63057*6	28	12/27/2016	281.00	115.21
1 invoices, 1 line items			281.00	115.21
1036*63057*2	29	12/15/2016	392.00	160.72
1 invoices, 1 line items			392.00	160.72
Grand Totals			17,895.00	7,336.95

15 invoices listed.
35 line items listed.

Exhibit “D”

Winnie-Stowell Hospital District			
Executive Summary of Nursing Home Monthly Site Visits			
December 2016			
Facility	Operator	# of Lic. Beds	Comments
Marshall Manor (MM)	Caring Healthcare	179	Census: 113, Up 2. The facility had their annual survey on June 9 th 2016. The facility has had their plan of correction accepted by the state. No reportable incidents since the last visit. The facility is participating in a meals on wheels program which will help the facility to conserve manpower and fuel. The facility is having renovations done to A and B halls.
Highland Park Care Center (HPCC)	Carling Healthcare	64	Census: 46, No change. The facility has hired a new activities director. She is bilingual and it is really benefiting the Spanish speaking residents. The facility had a Christmas party and has an angel tree so that every resident will receive a present. There were no reportable incidents since the last visit. The facility had their annual survey in April and it was fairly positive with only 7 tags. The facility is working with the state to clear the tags with a desk review.
Marshall Manor West (MMW)	Caring Healthcare	118	Census: 75, No change. Facility had their full survey at the end of January and received a deficiency free survey. No reportable incidents since the last visit. The facility is doing a great job including activities for the secure wing, they are receiving very positive feedback from residents. The new housekeeping service continues to do a good job.
Golden Villa (GV)	Caring Healthcare	120	Census: 90, No change. The survey took place in February, the state has cleared the facility via desk review. There have been no reportable incidents since the last visit. The facility has finished plans for a new therapy gym to be built next year. The city road construction project is no longer creating a traffic issue at the facility.
Rose Haven Retreat (RHR)	Caring Healthcare	108	Census 51, No change. The facility had their annual survey at the end of June and received two tags, the plan of correction has been accepted by the state. No reportable incidents since the last visit. The facility has hired a new administrator as well as a new DON. The holiday parties went really well with the residents and were very well attended.

Spring Branch Transitional Care Center (SBTCC)	Caring Healthcare	198	Census: 190, Down 5. The facility had its annual survey in April, the facility has had its plan of correction accepted by the state. Two reportable incidents since the last visit, both unsubstantiated and uncited. The facility has hired a new administrator who has almost 40 years in the healthcare industry. The facility is presenting well and there is special care taken to ensure it stays that way.
Garrison Nursing Home and Rehabilitation Center	Caring Healthcare	93	Census 85, Up 4. The facility had their annual survey in June. The facility has had their plan of correction accepted by the state. No reportable incidents were reported since the last visit. Facility decorated very festively for the holidays and were in the process of setting up for a Christmas party during the visit. The facility has hired a new marketing director with ties to local-area hospitals to drive up the Medicare census.
Clairmont Beaumont (CB)	Genesis	148	Census 105, Up 1. Facility recently upgraded to a 4-star rating. Improvements continue to be made to the facility. The facility appears very nice. No reportable incidents since the last visit. There are some staffing issues that are leading to the facility having to pay overtime, they are working on hiring staff to fill the shifts.
The Woodlands Healthcare Center (WHC)	Genesis	214	Census: 148, Down 10. Director of Nursing provided the tour of the facility. Survey was in May and all tags cleared. There was one reportable incident since the last visit, a resident fractured a rib that has an unknown origin, the state has not yet investigated. There were no compliance issues noticed during the visit. No major injuries from falls this month, the facility is making improvements through education and training.
Monument Hill Rehabilitation and Nursing Center (MHRNC)	Genesis	108	Census: 61, No change. The facility had their annual survey in September, the administrator is expecting 8 minor tags from the survey. One reportable incident since the last visit, there were ants in a resident's room and the resident had ant bites, the state investigated but had no findings. The facility is putting in procedures to maintain healthy living weight for all its residents. The facility is anticipating a CNA class in January 2017, to help with staffing issues.
Oakland Manor Nursing Center (OKLD)	Genesis	120	Census: 54, Up 6. The facility presents well and the staff is doing a good job. There were no reportable incidents since the last visit. The facility had their full-book survey at the end of November, they received tags for quality of life and infection control, none of which were major. The staffing situation continues to improve at the facility.
Hallettsville Rehabilitation and Nursing Center (HRNC)	Genesis	120	Census: 69, Up 1. Facility appeared neat and the residents appeared happy and well kept. The facility is in their survey window. There were two reportable incidents since the last visit, both were investigated and uncited by the state. The

			facility is currently having to use agency staffing to make-up for some staffing needs.
Oak Manor Nursing Center (OMNC)	Genesis	82	Census: 38, Down 5. There were three reportable incidents since the last visit, all were investigated and uncited by the state. The DON and assistant DON are both resigning at the end of December, there was no mention of who will replace them at the facility. The facility had their federal survey in early November and received four tags. The facility is working to fix the tags.

Exhibit “E”

1115 Uncompensated Care Program			
Year	IGT Date	District's IGT	Uncompensated Care Payment
DY 2			
First Payment	June 17, 2013	\$1,378.92	\$3,388.01
Second Payment	June 4, 2014	\$176,813.00	\$434,429.98
Total		\$178,191.92	\$437,817.99
DY 3			
First Payment	November 14, 2014	\$71,074.50	\$172,051.56
Second Payment	June 3, 2015	\$83,752.27	\$202,740.91
Total		\$154,826.77	\$374,792.47
DY 4			
First Payment	October 5, 2015	\$48,867.10	\$116,488.92
Second Payment	February 3, 2016	\$211,857.30	\$505,023.37
Total		\$260,724.40	\$621,512.29
DY 5			
First Payment	April 4, 2016	\$61,492.71	\$143,440.00
Second Payment	August 30, 2016	\$239,678.18	\$559,081.36
Total		\$301,170.89	\$702,521.36
DY 6			
First Payment	February 2, 2017		
Second Payment			
Total		\$0.00	\$0.00
Grand Total		\$894,913.98	\$2,136,644.11

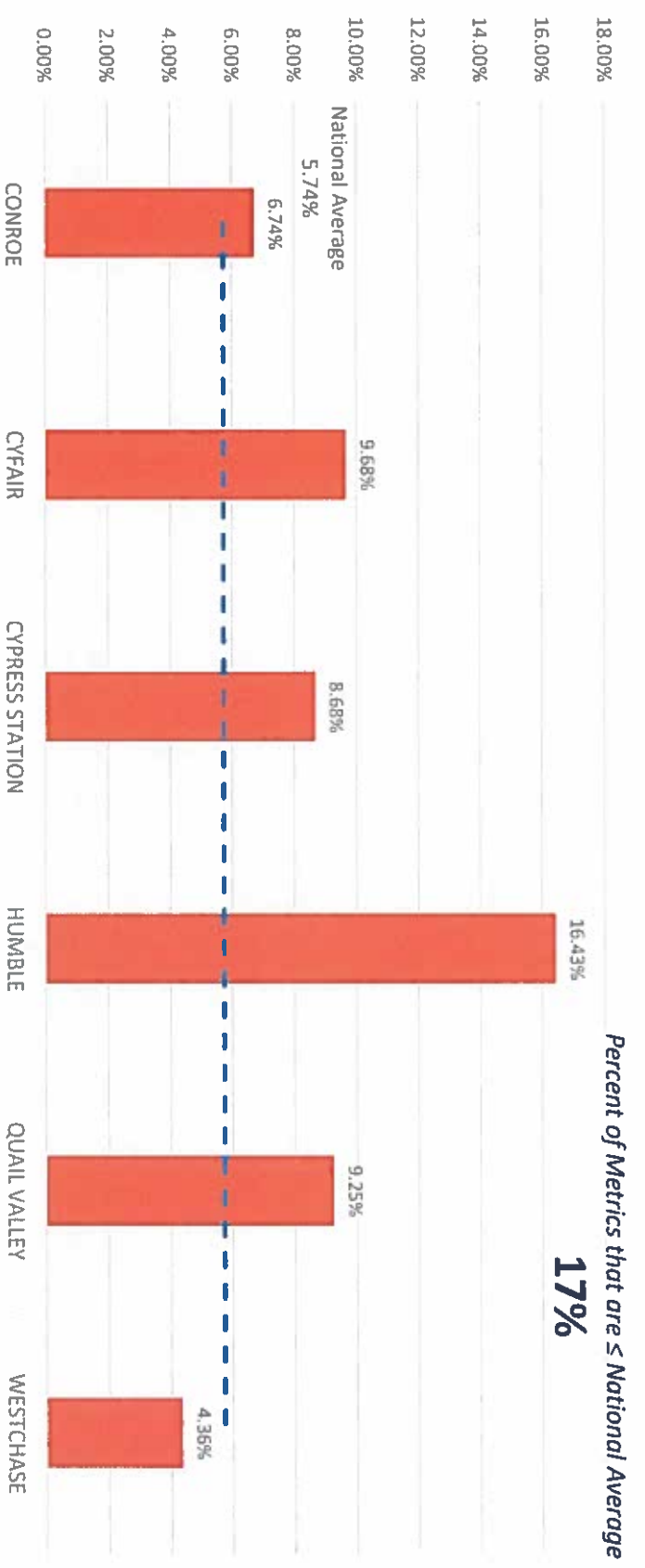
District Expenditures in 2017 Calendar Year-\$275,000.00			
DY 6 First Payment	February 2, 2017		
DY 6 Second Payment			
		\$0.00	\$0.00

*Per HHSC, the actual IGT is expected to be between \$90,000.00 to \$100,000.00.

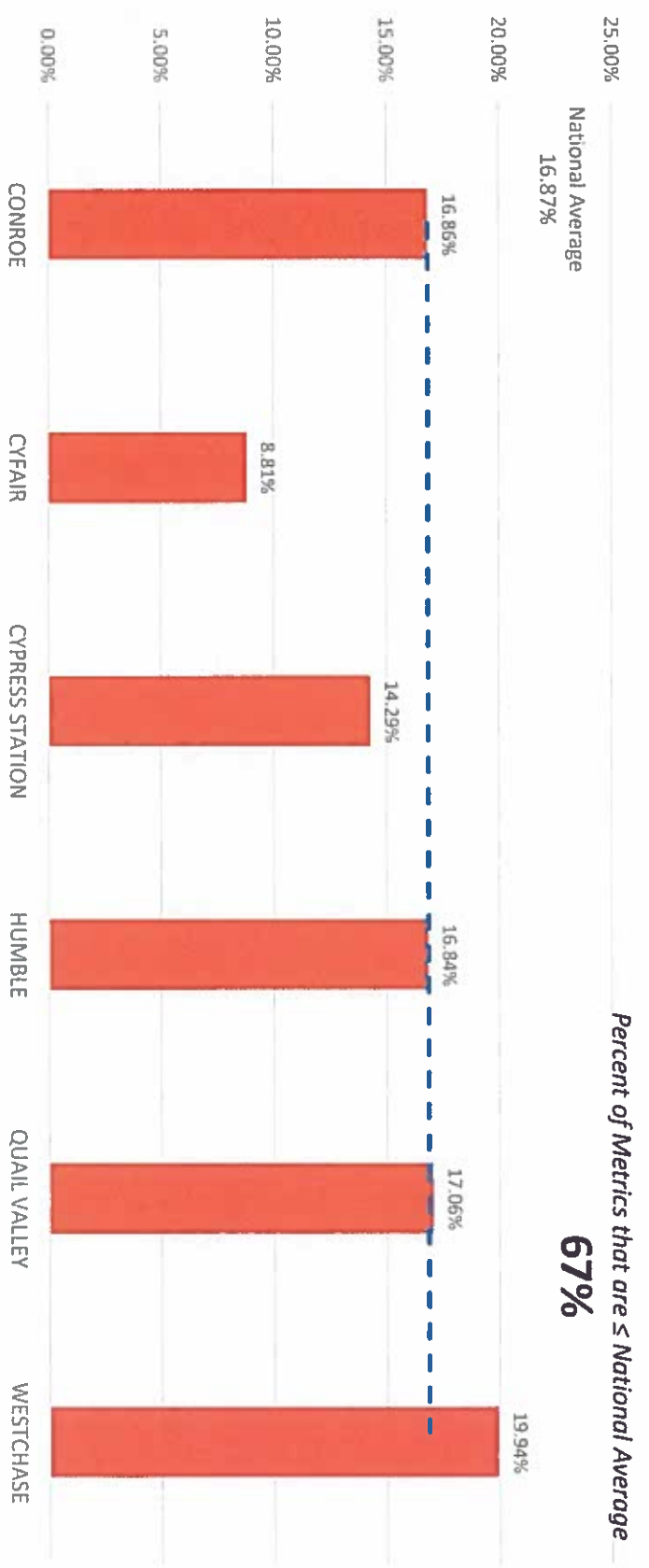
1st Payment Averages: \$45,703.31
2nd Payment Averages: \$178,025.19

Exhibit “F”

QIPP Quality Metrics – Pressure Ulcers

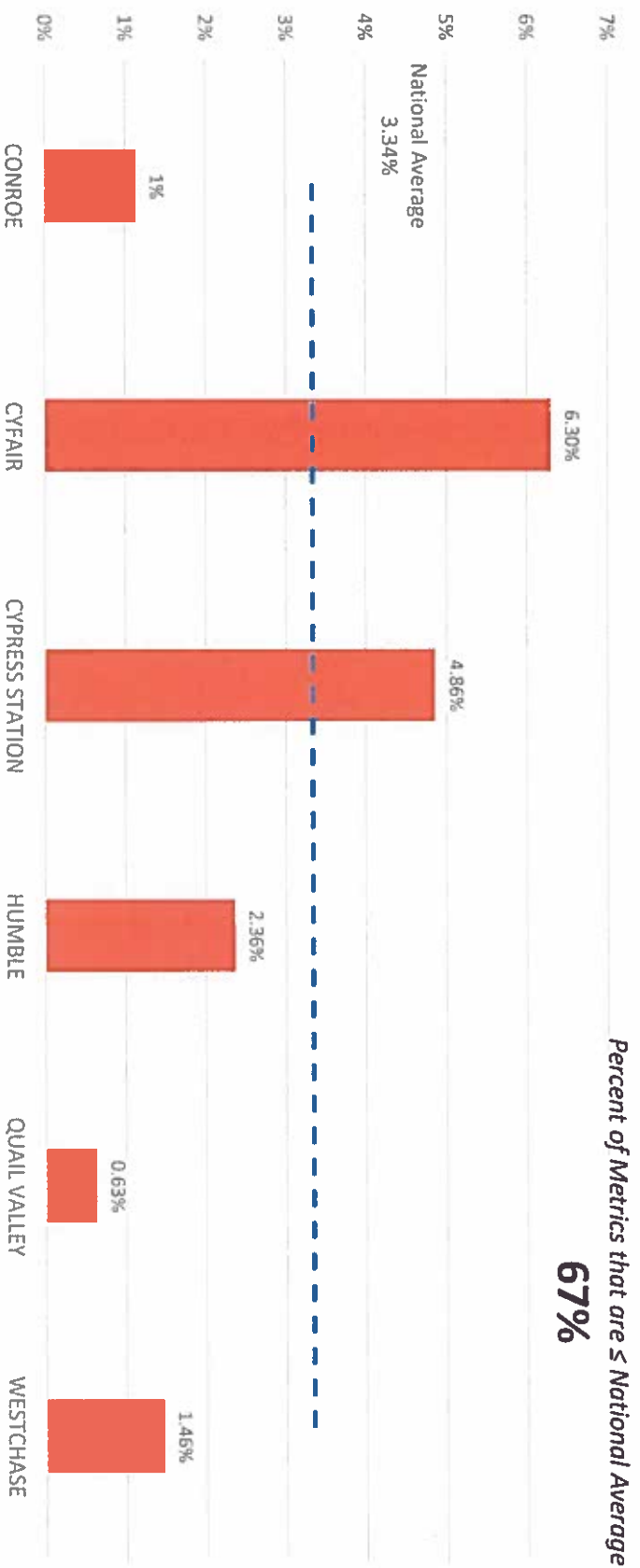


QIPP Quality Metrics – Antipsychotics



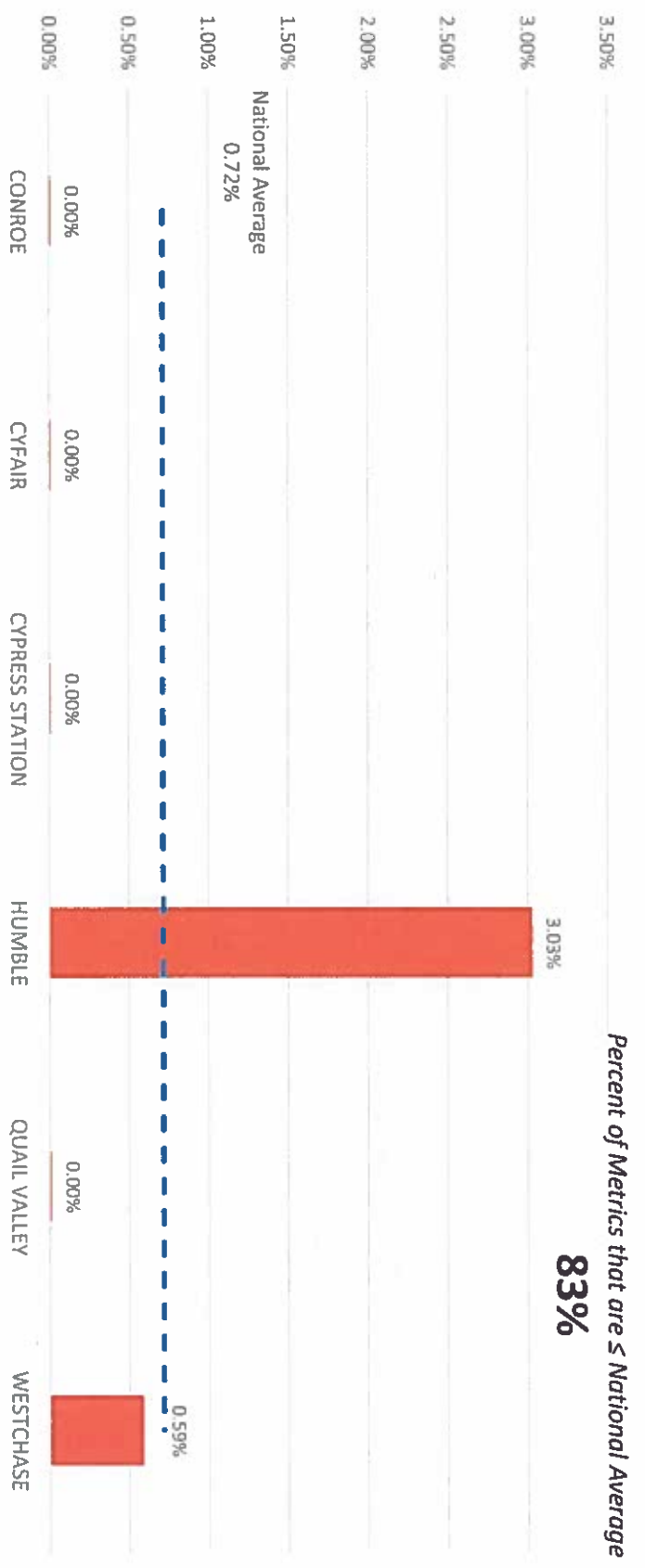


QIPP Quality Metrics – Falls w/Injury





QIPP Quality Metrics – Restraints



Unverified Annual Profit Loss QIPP Statement (Proposed for Five Years)

Profit Loss Estimates for 13 Homes-Includes 10% from IGT				
	100%	50%	75%	85%
District Gross	\$3,974,117.00	\$1,987,058.50	\$2,980,587.75	\$3,377,999.45
Oversight Cost	\$889,200.00	\$889,200.00	\$889,200.00	\$889,200.00
	\$3,084,917.00	\$1,097,858.50	\$2,091,387.75	\$2,488,799.45
Interest 10 Month				
12.8%	\$998,677.55	\$998,677.55	\$998,677.55	\$998,677.55
Net Revenue at 12.8%	\$2,086,239.45	\$99,180.95	\$1,092,710.20	\$1,490,121.90
14.8%	\$1,154,720.91	\$1,154,720.91	\$1,154,720.91	\$1,154,720.91
Net Revenue at 14.8%	\$1,930,196.09	-\$56,862.41	\$936,666.84	\$1,334,078.54
16.8%	\$1,310,764.28	\$1,310,764.28	\$1,310,764.28	\$1,310,764.28
Net Revenue at 16.8%	\$1,774,152.72	-\$212,905.78	\$780,623.47	\$1,178,035.17
Profit Loss Estimates for 19 Homes-Includes 10% from IGT				
	100%	50%	75%	85%
District Gross	\$5,873,553.00	\$2,936,776.50	\$4,405,164.75	\$4,992,520.05
Oversight Cost	\$1,299,600.00	\$1,299,600.00	\$1,299,600.00	\$1,299,600.00
	\$4,573,953.00	\$1,637,176.50	\$3,105,564.75	\$3,692,920.05
Interest 10 Month				
12.8%	\$1,462,152.11	\$1,462,152.11	\$1,462,152.11	\$1,462,152.11
Net Revenue at 12.8%	\$3,111,800.89	\$175,024.39	\$1,643,412.64	\$2,230,767.94
14.8%	\$1,690,613.37	\$1,690,613.37	\$1,690,613.37	\$1,690,613.37
Net Revenue at 14.8%	\$2,883,339.63	-\$53,436.87	\$1,414,951.38	\$2,002,306.68
16.8%	\$1,919,074.64	\$1,919,074.64	\$1,919,074.64	\$1,919,074.64
Net Revenue at 16.8%	\$2,654,878.36	-\$281,898.14	\$1,186,490.11	\$1,773,845.41
<p>*Based on assumption that the increased number of public homes participating (500 homes); private homes participating (150 private homes) and \$660,000,000.00 gross funds available in program per MPAP.</p> <p>**Need to verify that interest calculations are correct and they take into consideration more than one loan interest payment is often paid each month.</p> <p>***Need to verify benefit incorporates extra 10% return on IGT.</p> <p>****Need to confirm payment to Caring is based on Modified Management Agreement terms.</p>				

Automatic Achievement

Source

<https://www.medicare.gov/nursinghomecompare/search.html?#>

Lower Percentages are good.

Caring HealthCare Facility	<u>Pressure Ulcers</u>	<u>Antipsychotic Medication</u>	<u>One or More Falls with Major Injury</u>	<u>Residents Restrained</u>	
NATIONAL AVERAGE	5.74%	16.87%	3.34%	0.72%	
Garrison Nursing Facility	5.70%	19.00%	1.50%	0.00%	75.00%
Golden Villa	3.30%	7.70%	3.10%	0.00%	100.00%
Highland Park	4.30%	32.40%	9.80%	0.00%	50.00%
Marshal Manner	3.60%	10.20%	2.20%	1.10%	75.00%
Marshal Manner West	10.90%	32.80%	8.60%	0.00%	25.00%
Rosehaven	2.90%	32.60%	4.30%	0.00%	50.00%
Spring Branch	4.80%	48.30%	0.60%	0.60%	75.00%
Overall Average	5.36%	24.25%	4.13%	0.31%	64.29%
	6 of 7	2 of 7	4 of 7	6 of 7	18 of 28

Genesis	<u>Pressure Ulcers</u>	<u>Antipsychotic Medication</u>	<u>One or More Falls with Major Injury</u>	<u>Residents Restrained</u>	
NATIONAL AVERAGE	5.74%	16.87%	3.34%	0.72%	
Clairmont Beaumont	7.40%	25.90%	4.00%	0.90%	0.00%
Hallettsville	4.60%	10.30%	4.30%	0.00%	75.00%
Monument Hill	3.70%	12.60%	12.60%	0.40%	75.00%
Oak Manor	3.30%	11.90%	5.00%	0.00%	75.00%
Oakland Manor	17.30%	6.90%	5.80%	0.00%	50.00%
The Woodlands	5.00%	23.40%	3.90%	0.00%	50.00%
Overall Average	6.72%	15.41%	5.56%	0.29%	54.17%
	4 of 6	4 of 6	0 of 6	5 of 6	13 of 24%

HMG	<u>Pressure Ulcers</u>	<u>Antipsychotic Medication</u>	<u>One or More Falls with Major Injury</u>	<u>Residents Restrained</u>	
NATIONAL AVERAGE	5.74%	16.87%	3.34%	0.72%	
Conroe	6.74%	16.86%	1.00%	0.00%	75.00%
CyFair	9.68%	8.81%	6.30%	0.00%	50.00%
Cypress Station	8.68%	14.29%	4.86%	0.00%	50.00%
Humble	16.43%	16.84%	2.36%	3.03%	50.00%
Quail Valley	9.25%	17.06%	0.63%	0.00%	50.00%
Westchase	4.36%	19.94%	1.46%	0.59%	75.00%
Overall Average	8.99%	15.64%	3.52%	0.46%	58.33%
	1 of 6	4 of 6	4 of 6	5 of 6	14 of 24

Ways to Achieve Metric Payments:

1. "Automatic Achievement": If a facility is at or below the national average for a category, the facility has achieved 100% of the metric. Currently, Caring has automatically achieved 17 of 28 metrics for our seven (7) homes based on September 2016, or 64%. In addition, Caring is close in four categories to achieving 100% of the metric. If they do, the overall achievement of 100% achievement would increase to 75%.

2. "Earned 5% Improvement": The second way to achieve 100% of the metric for the category, if the facility doesn't automatically achieve a metric, is by improving 5% of the benchmark number as determined by the state in August 2017 compared to the first quarter of the program, September 2017 to November 2017.

3. "Earned 1% Improvement": If a facility improves by 1% of the benchmark, we would get 35% of the metric funds.

*The time period that the state is going to develop benchmark levels for each facility is going to be the most recent CMS data in

**This does not account for improvements that can be made during the first quarter of measurement which is September 2017- November 2017.