



TEXAS DEPARTMENT OF STATE HEALTH SERVICES

JOHN HELLERSTEDT, M.D.
COMMISSIONER

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

Dear Attorney General Paxton:

The Texas Health and Safety Code, §311.045, requires nonprofit hospitals and hospital systems to report community benefits and charity care information to the Center for Health Statistics located in the Department of State Health Services (DSHS). It also requires DSHS to submit this information to the Attorney General and Comptroller, by November 1 of each year. DSHS was granted an extension by both agencies to the deadline due to delays caused by (1) the DSHS website going offline several weeks and (2) late responses from hospitals.

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

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

Hospitals and hospital systems that participated in the Medicaid DSH program during the 2015 reporting period or in either of its previous two fiscal years are deemed to have met the community benefits requirement in accordance with Section 311.045 of the Health and Safety Code. DSH hospitals are still statutorily required to submit financial data. For each reporting hospital, the attached documents show whether or not it participates in DSH program, and if not, which standard it chose to demonstrate sufficient community benefits for 2015.

DSHS is also required to report entities that have not met the community benefits requirements. The Annual Statement of Community Benefits Form 2015, includes the state addendum of the 2015 Annual Survey of Hospitals. Seven facilities reported (see accompanying documentation,

only the state addendum pages are included), but indicated that they are not a (DSH) hospital nor did they meet one of the statutory standards. These hospitals are:

- ContinueCare Hospital at Hendrick Medical Center in Abilene
- Devereux Texas Treatment Network in League City
- CHI St Luke's Health Memorial Specialty Hospital in Lufkin
- The Menninger Clinic in Houston
- TIRR Memorial Hermann in Houston
- ContinueCare Hospital of Midland in Midland
- Palacios Community Medical Center in Palacios

The report is available on the DSHS website at www.dshs.state.tx.us/Legislative/Reports-2016.aspx. If you would like more information, or have questions, Mike Maples, Assistant Deputy Commissioner serves as lead staff on this issue. Mr. Maples can be reached by phone at 512-776-7792 or at Mike.Maples@dshs.state.tx.us.

Sincerely,

John Hellerstedt, M.D.
Commissioner

cc: Susan Downman, Charitable Trust Section

Attachments (8)

1. CharRept15.xls includes (15)Tabs, (1)NP15-TOC, (2)NP15-Std A, (3)NP15-Std B, (4)NP15-Std C(Ind), (5)NP15-Std C(Sys), (6)NP15-DSH(I2), (7)NP15-NonStd, (8)NP15-NonRpt, (9)NP15-ExplNotes, (10)NP15-Exempt, (11)NP15-Report
2. 2015 Texas State Supplement-ContinueCare Hospital at Hendrick Medical Center in Abilene.pdf
3. 2015 Texas State Supplement-Devereux Texas Treatment Network in League City.pdf
4. 2015 Texas State Supplement -CHI St Luke's Health Memorial Specialty Hospital in Lufkin.pdf
5. 2015 Texas State Supplement-The Menninger Clinic in Houston.pdf
6. 2015 Texas State Supplement-TIRR Memorial Hermann in Houston.pdf
7. 2015 Texas State Supplement-ContinueCare Hospital of Midland in Midland.pdf
8. 2015 Texas State Supplement-Palacios Community Medical Center in Palacios.pdf