

January 11, 2022

The Honorable Ken Paxton  
Texas Attorney General  
P.O. Box 12548, Capital Station  
Austin, Texas 78711-2548

Dear General Paxton:

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

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

1. providing charity care and government-sponsored indigent health care at a level that is "reasonable in relation to community needs;"
2. providing charity care and government-sponsored indigent health care at a level of 100 percent of tax-exempt benefits; or
3. 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 Disproportionate Share Hospital program during the 2020 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. Disproportionate Share Hospitals are still statutorily required to submit financial data. For each reporting hospital, the attached documents show whether or not it participates in Disproportionate Share Hospitals program, and if not, which standard it chose to demonstrate sufficient community benefits for 2020.

The Honorable Ken Paxton

January 11, 2022

Page 2

DSHS is also required to report entities that have not met the community benefits requirements. The 2020 Annual Statement of Community Benefits form includes the state addendum of the 2020 Annual Survey of Hospitals.

Three facilities reported that they are neither a Disproportionate Share Hospital, nor did they meet one of the statutory standards. These hospitals are:

1. Grace Medical Center in Lubbock
2. Montgomery County Mental Health Treatment Facility in Conroe
3. Wise Health Surgical Hospital in Fort Worth

Please see accompanying documentation, for which we include only the state addendum pages. The report is available on the DSHS website at [dshs.texas.gov/Legislative/Reports-2021.aspx](https://dshs.texas.gov/Legislative/Reports-2021.aspx)

Please let me know if you have any questions or need additional information. Dwayne Collins, Planner for Hospital Data, serves as the lead staff on this matter. He can be reached by telephone at (512) 776-3312 or by email at [Dwayne.Collins@dshs.texas.gov](mailto:Dwayne.Collins@dshs.texas.gov).

Sincerely,



John Hellerstedt, M.D.

cc: Christopher Krhovjak, Charitable Trust Section

#### Attachments

1. CharRept20.xls includes (20)Tabs, (1)NP20-TOC, (2)NP20-Std A, (3)NP20-Std B, (4)NP20-Std C(Ind), (5)NP20-Std C(Sys), (6)NP20-DSH(I2), (7)NP20-NonStd, (8)NP20-NonRpt, (9)NP20-ExpNotes, (10)NP20-Exempt, (11)NP20-Required
2. 2020 Texas State Supplement-Grace Medical Center in Lubbock.pdf

The Honorable Ken Paxton

January 11, 2022

Page 3

3. 2020 Texas State Supplement-Montgomery County Mental Health Treatment Facility in Conroe.pdf
4. 2020 Texas State Supplement- Wise Health Surgical Hospital in Fort Worth.pdf