



February 18, 2013

Chairman

Commissioner
Eddie Arnold
Jefferson County

Chair Elect

Commissioner
Bobbie Mitchell
Denton County

Honorable Rick Perry
Governor
P.O. Box 12428
Austin, TX 78711

Honorable David Dewhurst
Lieutenant Governor
P.O. Box 12068
Austin, TX 78711

Honorable Joe Straus, III
Speaker of the House
P.O. Box 2910
Austin, TX 78711

Hand Delivered

Immediate Past Chair

Commissioner
Mike Cantrell
Dallas County

Vice-Chairmen

Comm. Tommy Adkisson
Bexar County

Judge Veronica Escobar
El Paso County

Comm. Fred Nardini
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Donald Lee

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Hunt ~ Jefferson
Johnson ~ Kaufman
Lubbock ~ McLennan
Midland ~ Nueces
Randall ~ Rockwall
San Patricio ~ Smith
Tarrant ~ Travis
Webb ~ Williamson
Wise*

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Austin, TX 78701

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Re: Please Don't Misdirect Local Hospital District Tax Dollars

Dear Governor Perry, Lt. Governor Dewhurst and Speaker Straus,

The Texas Conference of Urban Counties respectfully requests that you reject calls by private hospitals to hijack and misdirect county hospital district tax dollars. This private hospital initiative is not in the best interest of local taxpayers. It could be proposed soon as an amendment on HB 10 or another appropriations or Medicaid related bill.

For over two-decades a few large hospital districts in Texas have provided local tax dollars, at nearly one-half billion dollars per year, to draw down additional federal Medicaid dollars for hospitals across Texas, both public and private. This program is known as Disproportionate Share Hospital program or DSH.

The local tax dollars are available through voluntary transfer agreements between the State and the large counties. These voluntary agreements are necessary so that proper fiduciary responsibility is exercised over these tax dollars. Further, a compulsive transfer of funds would be subject to challenge as a State property tax.

Recently, the State and counties have embarked on an effort to improve Medicaid service delivery with greater accountability and increased Federal matching funds over what is available through DSH. It is the 1115 waiver process. This requires use of local dollars to fund these new efforts -- at an increased benefit to local taxpayers -- but results in less funds available for DSH.

Nevertheless, a group of private hospitals is demanding that urban counties be forced to prioritize transferring funds for DSH even though local officials have determined it is not in the best interest of local taxpayers. In fact, it is unavoidable that local property taxes will have to be higher under the private hospitals' proposed mandate.

We have reviewed the financial and statistical claims where private hospitals argue that they are not receiving public subsidy equal to their contribution of uncompensated care. They incorrectly count local county taxpayer dollars as compensation for care rather than the public subsidy it is. This apples-to-oranges comparison leaves their analysis flawed.

Any effort to remove local control of these transfers will be a big step towards mandating all counties transfer funds to the State. All urban counties whether

directly impacted by the current debate or not, stand as one against this private hospital effort to hijack local tax effort.

Please contact me if I can respond to any concerns or questions you may have.

Thank you for your service and assistance.

Sincerely,

A handwritten signature in black ink, appearing to read "DL", with a stylized flourish extending from the end.

Donald Lee
Executive Director

Cc: All members of the Texas Senate and Texas House of Representatives.