



Hidalgo County Health and Human Services Department

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Health Authority / Chief Physician

Eduardo Olivarez
Chief Administrative Officer

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Dear Mr. Govind:

We understand that Knapp Medical Center ("Knapp") intends to return \$4,755,273 in fiscal year ("FY") 2011 upper payment limit ("UPL") payments to the Texas Health and Human Services Commission ("HHSC"). The UPL payment to Knapp was generated by a \$1,875,479.67 intergovernmental transfer ("IGT") that was approved by Hidalgo County Commissioners Court in 2011. The IGT was funded as part of an effort to improve access, delivery, efficiency and funding for our local healthcare safety-net system.

It is our understanding that HHSC generally returns the non-federal share of the returned UPL payments when a recoupment is identified. With respect to our current situation, however, we understand that Knapp is in a position to access additional FY 2012/Demonstration Year ("DY 1") Uncompensated Care ("UC") payments. Given that the South Texas Border region has a disproportionately high volume of patients that participate in Medicaid and that are unable to access insurance, it appears more appropriate that we utilize the non-federal share that might otherwise be returned for the purpose of helping Knapp--a major local safety-net hospital--access the additional DY 1 UC payments. Specifically, **Hidalgo County hereby requests that the \$1,875,479.67 in non-federal share funding from Knapp's return of FY 2011 UPL payments (1) not be returned to Hidalgo County, and (2) be used by HHSC as the non-federal share of DY 1 UC payments to Knapp.**

Historically, Hidalgo County has provided funding for supplemental payments to all eligible Hidalgo County hospitals on a pro rata basis. In other words, funding provided by Hidalgo County has been used to fund supplemental payments to all Hidalgo County hospitals in proportion to each hospital's ability to receive those payments. In this case, we understand that some other hospitals (namely, Mission Regional Medical Center ("Mission")) in Hidalgo also would be eligible to receive additional DY1 UC payments. However, Mission informed Hidalgo County that it does not wish to receive additional DY 1 UC payments at this time. (Please let us know if you wish to see written confirmation of this issue.) Thus, Hidalgo County desires that all of the \$1,875,479.67 in non-federal share funding associated with Knapp's return of FY 2011 UPL payments be used to fund the non-federal share of DY 1 UC payments to Knapp.

We are grateful for HHSC's continued support of our local safety-net. This solution is the right one because it helps keep federal funds in our community, and it does so without creating \$1 of additional expense to Hidalgo County.

Please let me know if you have any questions.

Respectfully,

Ramon Garcia,
Hidalgo County Judge