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RQ-0368-jc



State of Texas
House of Representatives

David Counts
State Representative
March 27, 2001

Member:
Natural Resources, Chairman
State Affairs
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MAR 29 2001

OPINION COMMITTEE

District Office
P.O. Box 338
Knox City, Texas 79529
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The Honorable John Cornyn
Attorney General State of Texas
209 West 14th Street
P. O. Box 12548
Austin, Texas 78711-2548

FILE # ML 41937-01
I.D. # 41937

Dear Attorney General Cornyn:

At my request you issued Opinion No. JC-0220 on May 10, 2000 concerning the Garza County Hospital District. I am still working with the Board and their attorney to try to get legislation that will settle the issues with the hospital and the people of Garza County.

I have received a letter from W. Calloway Huffaker asking for clarification of the Opinion No. JC-0220. Mr. Huffaker asks three specific questions that he would like clarified. Please see the attached letter for details.

Thank you for your help in providing information for constituents in Garza County.

Sincerely,

David Counts
State Representative



HUFFAKER **HF** FURLOW

ATTORNEYS AT LAW
A PROFESSIONAL LIMITED LIABILITY COMPANY

W. Calloway Huffaker

Philip Mack Furlow

March 20, 2001

Honorable David Counts
State Representative
P.O. Box 2910
Austin, TX 78768-2910

Re: Garza County Hospital District

Dear David,

I have been requested by the Garza County Hospital District Board to request a clarification of the Attorney General's Opinion #JC-0220 issued May 10, 2000 concerning the Garza County Hospital District. A controversy has now arisen concerning the interpretation of the language of the opinion. Therefore, we request clarification from the Attorney General.

The opinion specifically states that the "District may through its contract offer medical care to non-indigent Garza County residents, provided the District charges those persons the *actual cost* of the services."

As you know the Garza County Hospital District has contracted with Covenant Hospital in Lubbock to provide medical services through the facilities owned by the Garza County Hospital District to its indigent and non-indigent residents in Post. The District pays \$300,000 annually for Covenant to provide these services. Covenant then pays the District approximately \$70,000.00 annually for the lease of facilities and equipment and payment of District employees for their services.

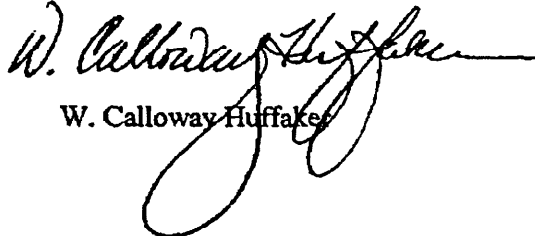
The Attorney General's opinion stated that the clinic may be operated by a private hospital system pursuant to a contract with the District. However, the opinion further stated that the District, in offering medical care to non-indigent county residents through the clinic must charge the *actual cost* of the service, thus the following issues have arisen:

1. Definition of *actual cost* for payment by the non-indigent resident 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 service administered to the non-indigent resident 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" benefiting the non-indigent residents of the District?

I would appreciate your assistance in obtaining clarification of this language as the controversy over this is causing a severe split among the Board and residents of the District, which is neither productive nor healthy in a small rural community.

Thanking you for your assistance, as always, I remain

Yours very truly,


W. Calloway Huffaker

WCH/ar