

DRAFT: 6/5/07

Kirsten Argueta, MHS
Public Health Analyst
Division of Health Center Management
Bureau of Primary Health Care/HRSA/HHS
5600 Fishers Lane, Room 15C-04
Rockville, MD 20857

Dear Ms. Argueta,

The City of Austin (City) and Travis County Healthcare District (District) request that the Health Resources Services Administration (HRSA) approve the successor-in-interest transfer of the City's public entity Federally Qualified Health Center (FQHC) Section 330 grantee designation to the District, and that such transfer become effective on February 28, 2009. The City and District also request that HRSA modify its records to reflect the District as the recipient of record.

The City of Austin City Council and the Travis County Healthcare District Board of Managers have approved resolutions regarding this requested transfer. Both resolutions express the governing bodies' concurrence that HRSA approve the transfer and modify its records to reflect the District as the 330 grantee recipient of record.

Additionally, the City Council resolution stipulates that the City will relinquish all of its rights, interests and obligations under the Section 330 grants to the District upon the effective date of the approved transfer of the FQHC designation.

The District Board of Managers resolution accepts the transfer of the City's 330 grantee status designation and authorizes the District to enter into two agreements with the Central Texas Community Health Centers, a Texas 501(c)(3) non-profit corporation, for the operation of the FQHC clinic system:

- 1) a Co-Applicant Agreement, and
- 2) an Administrative, Equipment and Facilities Agreement.

The City and District have agreed to transfer medical equipment and clinic furnishings that have not yet been conveyed, as well as certain clinic real estate interests, as required by state law and as agreed to in the current Interlocal Agreement between the City and District. Additionally, there will be Travis County clinic properties that the District will lease from the County for the clinic portion of the facilities.

The City and the District stipulate that the transfer of the FQHC designation will be properly effected in accordance with applicable laws.

Attached is a Table of Contents detailing the required information and support documents for this successor-in-interest transfer.

Please feel free to contact David Vliet or Trish Young if you have questions or need additional information.

Sincerely,

Travis County Healthcare District

By: _____

Title: _____

City of Austin

By: _____

Title: _____

Attachment A

Background

In 1992, the City received public entity Federally Qualified Health Center Look-Alike status for its system of primary care, dental care, and family planning clinics. The City received a Section 330 grant from the Bureau of Primary Health Care, HRSA, in 2001 and has been a Section 330 grantee since that time. This designation was applied both to those clinics owned or leased by the City and to some rural health clinics owned or leased by Travis County which were operated and staffed by City employees. These facilities have been collectively referred to as the Austin/Travis County Community Health Centers.

Creation of District

In Texas, the state constitution allows counties to create hospital districts which assume the responsibility for funding and providing or arranging for the provision of healthcare services for the indigent residents of the district. On May 15, 2004, an election was held among Travis County residents regarding the possibility of creating a hospital district in the county. That ballot measure passed, and on August 2, 2004, the nine members of the Board of Managers of the Travis County Hospital District began their terms. The Board of Managers voted to change the name to Travis County Healthcare District on April 26, 2006.

Both the Texas Constitution and Chapter 281 of the Texas Health and Safety Code, the statute under which the District was created, require the District to furnish medical and hospital care to indigent and needy persons residing in the District service area, which is co-extensive with Travis County. Additionally, under Texas law, once created, a district is the only entity that can tax for these purposes. Prior to the District's creation, the City and Travis County were the primary funding sources for the Community Health Center. Both the City and Travis County transferred the tax revenue that they had collected for the purposes of indigent health care to the District upon the District's creation. Additionally, the District assumed certain contracts for medical and hospital services from both the City and County.

Current Status

The City has been managing the Community Health Center clinics on behalf of the District since October 1, 2004, pursuant to an Interlocal Agreement between the City and the District, and plan to complete the transition of that clinic management from the City to the District on February 28, 2009. A copy of the Interlocal Agreement and its amendments are attached as Exhibit ____*. During the time period following the creation of the District, the Federally Qualified Health Center Board has continued to fulfill its statutory obligations and relationship with the City through the Board's Bylaws and Memoranda of Understanding with the City.

In order to better secure the long-term viability of the Community Health Center clinics and align the interests of the clinics and its Board of Directors with the governmental entity responsible for funding and providing health care, the City and the District request that HRSA transfer the City's FQHC designation from the City to the District as of February 28, 2009. The District is eligible to hold grantee status, as it meets the definition of a "public entity" under the applicable federal regulations. The District will assume the obligations that the City currently has with regard to the Community Health Center clinics.

The City hereby stipulates that it will relinquish all of its rights, interests and obligations under the Section 330 grants listed on Exhibit ____* to the District upon the effective date of the approved transfer of the FQHC designation.

Additional Transfer Information

The City and District share the goal of seamless continuity of clinic services and management. It is anticipated that the City employees currently employed in the Community Care Services Department (CCSD), who work in and support the Community Health Centers, will accept jobs with the District, or the 501(c)(3) Texas non-profit corporation created by the District to manage the clinics, resulting in full staffing of the clinics by experienced employees. Some employees may choose to obtain available City jobs. The City and the District are working collaboratively on the issues related to the transfer of the CCSD employees.

In August of 2005, the City conveyed title to clinic medical equipment and certain furnishings to the District, as required by Chapter 281. Pursuant to Chapter 281 and the Interlocal Agreement, the City's clinic real estate interests will be handled as follows:

1. Title to the David Powell Clinic and the Montopolis Clinic, which are the two clinics owned by the City and used solely for health clinic purposes, will be transferred to the District by special warranty deed upon receipt by the City of notice from the District's Board of Managers that the transfer will not jeopardize the clinics' FQHC status. This notice is required by Chapter 281.

2. The District will enter into long-term leases with the City for those clinics which are used by the City for other City purposes in addition to the clinic purposes, and such leases will cover the portion of each property that is used as a health clinic. (*Rosewood-Zaragosa; East Austin; South Austin, and the ARCH clinics*).

3. The District will assume the leases for those clinics that are leased from third parties by the City at the time of transfer, or will enter into subleases with the City. (*RBJ Dental and Northeast Clinic*).

| *Exhibit order to be determined

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