March 11, 2002

Members of the Legislative Audit Committee:

The University of Texas Medical Branch at Galveston (Medical Branch) is in compliance with the criteria in Article II, Rider 56, page II-43, the General Appropriations Act (77th Legislature). Rider 56 regulates the reimbursements that the Medical Branch can receive for the cost of indigent care from the State Owned Multi-Categorical Teaching Hospital Account (Account), which the Department of Health maintains. Rider 56 requires that (1) reimbursements from the Account be based upon a rate equal to 90 percent of the Medicaid fee-for-service rate at the time of service and (2) that the Medical Branch not be reimbursed for patient co-payments received.

The Medical Branch has a sound process in place to ensure that its reimbursement requests meet criteria specified in Rider 56. We verified that reimbursements from the Account did not exceed the appropriate rates and our testing found no inappropriate reimbursements of co-payments. For the 2000-2001 biennium, the Medical Branch provided $78 million in indigent care—$38 million more than it can receive in reimbursements from the Account, which is capped at $40 million.

Both the Medical Branch and the Department of Health reviewed and concurred with the outcome of the audit. If you have any questions, please contact Ron Franke, Audit Manager, at (512) 936-9500.

Sincerely,

Lawrence F. Alwin, CPA
State Auditor

cbg

cc: Eduardo J. Sanchez, M.D., Commissioner of Health, Texas Department of Health
Chair and Members, Texas Board of Health
Ms. Linda Cloud, Executive Director, Texas Lottery Commission
Chair and Commissioners
John Stobo, M.D., President, The University of Texas Medical Branch at Galveston
The University of Texas System Board of Regents