

Wednesday, February 11, 2026

9:00 AM

BOARD ROOM

4800 Fournace Place, Bellaire, TX 77401

The meeting may be viewed online: <http://harrishealthtx.swagit.com/live>.

*Notice: Some Board Members may participate by videoconference.

Mission

Harris Health is a public, integrated health system dedicated to improving the health of our communities by delivering high-quality, person-centered care in collaboration with community and academic partners.

AGENDA

I. Call to Order and Record of Attendance	Ms. Carol Paret	2 min
II. Approval of the Minutes of Previous Meeting	Ms. Carol Paret	2 min
<ul style="list-style-type: none">• Board Meeting – December 18, 2025 [Revised]• Board Meeting – January 14, 2026		
III. Announcements / Special Presentations	Ms. Carol Paret	15 min
A. CEO Report Including Special Announcements – <i>Dr. Esmaeil Porsa</i>		(10 min)
<ul style="list-style-type: none">• Topping Off Ceremony of John M. O’Quinn Hospital on LBJ Campus• Ben Taub Expansion Update		
B. Board Member Announcements Regarding Board Member Advocacy and Community Engagements		(5 min)
IV. Public Comment	Ms. Carol Paret	3 min
V. Executive Session	Ms. Carol Paret	30 min
A. Report Regarding Quality of Medical and Healthcare, Pursuant to Tex. Occ. Code Ann. §§151.002, 160.007 and Tex. Health & Safety Code Ann. §161.032 to Receive Peer Review and/or Medical Committee Report, Including Report of the Medical Executive Board in Connection with the Evaluation of the Quality of Medical and Healthcare Services, and also the Harris Health Quality, Safety Performance Measures, Good Catch Recipients, Centers for Medicare and Medicaid Services Quality Reporting, Including Possible Action Regarding this Matter Upon Return to Open Session – Dr. Thomas Cummins		(10 min)
B. Medical Executive Board Report and Credentialing Discussion, Pursuant to Tex. Occ. Code Ann. §§151.002, 160.007 and Tex. Health & Safety Code Ann. §161.032 to Receive Peer Review and/or Medical Committee Report, Including Consideration of Approval of Credentialing Changes for Members of the Harris Health Medical Staff Upon Return to Open Session – Dr. Kunal Sharma and Dr. Asim Shah		(10 min)

<p>C. <u>Report Regarding Harris Health Correctional Health Quality of Medical and Healthcare, with Credentialing Discussion and Operational Updates, Pursuant to Tex. Occ. Code Ann. §§151.002, 160.007, Tex. Health & Safety Code Ann. §161.032 and Tex. Gov’t Code Ann. §551.071 to Receive Peer Review and/or Medical Committee Report, Including Consideration of Approval of Credentialing Changes for Members of the Correctional Health Medical Staff Upon Return to Open Session – Dr. O. Reggie Egins</u></p>		<p>(10 min)</p>
<p>VI. Reconvene to Open Meeting</p>	<p>Ms. Carol Paret</p>	<p>2 min</p>
<p>VII. General Action Item(s)</p>	<p>Ms. Carol Paret</p>	<p>6 min</p>
<p>A. General Action Item(s) Related to Quality: Medical Staff</p>		<p>(4 min)</p>
<p>1. <u>Consideration of Approval of Credentialing Changes for Members of Harris Health Medical Staff – Dr. Kunal Sharma</u></p>		
<p>2. <u>Consideration of Approval of Harris Health’s Maternal Health and Neonatal Program Redesignation – Dr. Thomas Cummins</u></p>		
<p>B. General Action Item(s) Related to Quality: Correctional Health Medical Staff</p>		<p>(2 min)</p>
<p>1. <u>Consideration of Approval of Credentialing Changes for Members of Harris Health Correctional Health Medical Staff – Dr. O. Reggie Egins</u></p>		
<p>VIII. Strategic Discussion</p>	<p>Ms. Carol Paret</p>	<p>25 min</p>
<p>A. Harris Health Strategic Plan Initiatives</p>		
<p>1. <u>Presentation Regarding Harris Health’s Financial Assistance and Eligibility Programs Overview – Ms. Pollie Martinez [Pillar 6: Access]</u></p>		<p>(10 min)</p>
<p>2. <u>Presentation Regarding Harris Health’s Strategic Capital and Financial Plan – Mr. Louis Smith, Mr. Patrick Casey and Ms. Victoria Nikitin [Pillar 5: System Optimization]</u></p>		<p>(10 min)</p>
<p>B. <u>Committee Report</u></p>		<p>(5 min)</p>
<ul style="list-style-type: none"> • January 27, 2026 – Quality Committee 		
<p>IX. New Items for Board Consideration</p>	<p>Ms. Carol Paret</p>	<p>30 min</p>
<p>A. <u>Consideration of Approval of a Resolution Authorizing Proceedings to Issue and Sell Harris County Hospital District, Limited Tax Bonds, Series 2026; Authorizing the Preparation of all Financing and Offering Documents; Approving the Engagement of Professionals in Connection with the Issuance and Sale of the Bonds; and Making Other Provisions Regarding Such Bonds and Matters Incident Thereto – Ms. Victoria Nikitin</u></p>		<p>(10 min)</p>
<p>B. <u>Presentation Regarding the Harris Health Independent Auditor’s Report and Overview for the Year Ended September 30, 2025 – Mr. Chris Clark, Forvis Mazars</u></p>		<p>(10 min)</p>
<p>1. <u>Consideration of Acceptance of the Harris Health Single Audit Report of Federal and State Award Programs for the Year Ended September 30, 2025 – Mr. Chris Clark, Forvis Mazars</u></p>		<p>(5 min)</p>

2. [Consideration of Acceptance of the Harris Health Independent Auditor’s Report and Financial Statements for the Year Ended September 30, 2025 – Mr. Chris Clark, Forvis Mazars](#) (5 min)

X. Consent Agenda Items **Ms. Carol Paret** **5 min**

A. Consent Purchasing Recommendations

1. [Consideration of Approval of Purchasing Recommendations \(Items A1 through A9 of the Purchasing Matrix\) – Ms. Kimberly Williams and Mr. Jack Adger, Harris County Purchasing Office](#)
(See Attached Expenditure Summary: February 11, 2026)

B. Consent Grant Recommendations

1. [Consideration of Approval of Grant Recommendations \(Items B1 through B4 of the Grant Matrix\) – Ms. Taylor McMillan \(B1\), Dr. Jackie Brock \(B2-B3\) and Dr. Jennifer Small \(B4\)](#)
(See Attached Grant Matrix: February 11, 2026)

C. Consent Reports and Updates to the Board

1. [Updates Regarding Pending State and Federal Legislative and Policy Issues Impacting Harris Health – Mr. R. King Hillier](#)

[End of Consent Agenda]

XI. Item(s) Related to the Health Care for the Homeless Program **Ms. Carol Paret** **15 min**

- A.** [Review and Acceptance of the Following Reports for the Health Care for the Homeless Program \(HCHP\) as Required by the United States Department of Health and Human Services, which Provides Funding to the Harris County Hospital District d/b/a/Harris Health to Provide Health Services to Persons Experiencing Homelessness under Section 330\(h\) of the Public Health Service Act – Ms. Binta Baudy and Ms. Tracey Burdine](#) (13 min)

- HCHP February 2026 Operational Update

- B.** Consideration of Approval of a Change in Scope to Add the Emancipation Clinic as a New Fixed Service Delivery Site Under HCHP (1 min)
– Ms. Binta Baudy and Ms. Tracey Burdine

- C.** [Consideration of Approval of the HCHP Financial and Grant Management Policy Updates – Ms. Binta Baudy and Ms. Tracey Burdine](#) (1 min)

XII. Executive Session **Ms. Carol Paret** **45 min**

- D.** [Review of the Health Care for the Homeless Program Uniform Data System \(UDS\) Report, Pursuant to Tex. Occ. Code Ann. §151.002 and Tex. Health & Safety Code §161.032, Including Possible Action Upon Return to Open Session – Ms. Binta Baudy and Ms. Tracey Burdine](#) (5 min)

- E. [Consultation with Attorney Regarding Lawsuits, Actions, Petitions, or any Submissions to any State or Federal Administrative or Executive Agency, on Behalf of Harris Health as Necessary or Prudent in Connection with any Claims or Assertions Made by or on Behalf of Linda Patton, Pursuant to Tex. Gov't Code Ann. §551.071, Including Possible Action Upon Return to Open Session](#) (10 min)
– Ms. Ebon Swofford and Mr. Michael Fritz

- F. [Consultation with Attorney Regarding Authority to File any Lawsuit, Action, or Petition, or to Make any Submissions to any State or Federal Administrative or Executive Agency, on Behalf of Harris Health as Necessary or Prudent to Collect Payment for Claims Owed to Harris Health by Amerigroup, Wellpoint, Elevance Health, Integranet, Van Lang or any of their Owners, Operators, Delegates or Affiliated Entities, Pursuant to Tex. Gov't Code Ann. §551.071, Including Possible Action Upon Return to Open Session](#) (10 min)
– Ms. Ebon Swofford and Mr. Michael Fritz

- G. Report by the Executive Vice President, Chief Compliance and Risk Officer, Regarding Compliance with Medicare, Medicaid, HIPAA and Other Federal and State Health Care Program Requirements, Including Status of Fraud and Abuse Investigations, Pursuant to Tex. Gov't Code Ann. §551.071 and Tex. Health & Safety Code Ann. §161.032, and Possible Action Regarding this Matter Upon Return to Open Session – ***Ms.Carolynn Jones*** (10 min)

- H. [Consultation with Attorney Regarding Harris Health's Proposed Acquisition by Eminent Domain of Approximately 8.9 Acres of Hermann Park Adjacent to Ben Taub Hospital for the Redevelopment and Expansion of Ben Taub Hospital and Related Legal Matters, Pursuant to Tex. Gov't Code Ann. §551.071](#) (10 min)
– Ms. Sara Thomas

XIII. Reconvene	Ms. Carol Paret	4 min
XIV. Adjournment	Ms. Carol Paret	1 min

MINUTES OF THE HARRIS HEALTH BOARD OF TRUSTEES
Board Meeting
Thursday, December 18, 2025
11:00 A.M.

AGENDA ITEM	DISCUSSION	ACTION/RECOMMENDATION
I. Call to Order and Record of Attendance	The meeting was called to order at 11:02 AM by Dr. Andrea Caracostis, Chair. A quorum was present, and the attendance was recorded. Some Board members attended in person, while others joined via video conference in accordance with state law and Harris Health’s videoconferencing policy. Only participants scheduled to speak were provided dial-in information. All others wishing to view the meeting were advised to access the meeting online through the Harris Health website: http://harrishealthtx.swagit.com/live .	A copy of the attendance is appended to the archived minutes.
II. Approval of the Minutes of Previous Meeting	<ul style="list-style-type: none"> Board Meeting – October 23, 2025 	Motion No. 25.12-136 Moved by Ms. Libby Viera-Bland, seconded by Ms. Carol Paret, and unanimously passed that the Board approve the minutes of October 23, 2025, Board meeting. Motion carried.
	<ul style="list-style-type: none"> Special Call Board: HRSA Meeting – November 13, 2025 	Motion No. 25.12-137 Moved by Mr. Paul Puente, seconded by Ms. Libby Viera - Bland, and unanimously passed that the Board approve the Special Call HRSA minutes of November 13, 2025, Board meeting. Motion carried.
	<ul style="list-style-type: none"> Special Call Board: Strategic Planning Meeting – November 13, 2025 <p>Copies of the minutes are available in the permanent record.</p>	Motion No. 25.12-138 Moved by Ms. Carol Paret, seconded by Ms. Libby Viera - Bland, and unanimously passed that the Board approve the Special Call Strategic Planning minutes of November 13, 2025, Board meeting. Motion carried.

III. Announcements/ Special Presentations		
	<p>A. CEO Report Including Special Announcements</p> <ul style="list-style-type: none"> • New Harris Health Leadership <p>Dr. Esmael Porsa, President and Chief Executive Officer (CEO), recognized Dr. Thomas Cummins as the new Executive Vice President and Chief Medical Executive for Harris Health.</p>	As Presented.
	<p>B. Board Member Announcements Regarding Board Member Advocacy and Community Engagements</p> <p>There were no Board member announcements.</p>	
IV. Public Comment	There were no citizens present to address the Board.	
V. Executive Session	At 11:07 AM, Dr. Caracostis stated that the Board would enter Executive Session for Items V. ‘A through D’ as permitted by law under Tex. Occ. Code Ann. §§151.002, 160.007, Tex. Health & Safety Code Ann. §161.032, and Tex. Gov’t Code Ann. §§551.071, 551.072, 551.085.	
	A. Discussion Regarding Expansion of Clinical Service Lines and Deliberation of Purchase, Exchange, Lease or Value of Real Property, Pursuant to Tex. Gov’t Code Ann. §§551.072, 551.085	No action taken.
	<p>B. Report Regarding Quality of Medical and Healthcare, Pursuant to Tex. Occ. Code Ann. §§151.002, 160.007 and Tex. Health & Safety Code Ann. §161.032 to Receive Peer Review and/or Medical Committee Report, Including Report of the Medical Executive Board in Connection with the Evaluation of the Quality of Medical and Healthcare Services, and also the Harris Health Quality, Safety Performance Measures, Good Catch Recipients, Centers for Medicare and Medicaid Services Quality Reporting with Possible Action Regarding this Matter Upon Return to Open Session</p> <p>Dr. Hooli was recused from discussion on this item related to Baylor College of Medicine.</p>	No action taken.
	<p>C. Medical Executive Board Report and Credentialing Discussion, Pursuant to Tex. Occ. Code Ann. §§151.002, 160.007 and Tex. Health & Safety Code Ann. §161.032 to Receive Peer Review and/or Medical Committee Report, Including Consideration of Approval of Credentialing Changes for Members of Harris Health Medical Staff Upon Return to Open Session</p> <p>Dr. Hooli was recused from discussion on this item related to Baylor College of Medicine.</p>	No action taken.

	D. Report Regarding Harris Health Correctional Health Quality of Medical and Healthcare, Including Credentialing Discussion and Operational Updates, Pursuant to Tex. Occ. Code Ann. §§151.002, 160.007, Tex. Health & Safety Code Ann. §161.032 and Tex. Gov’t Code Ann. §551.071 to Receive Peer Review and/or Medical Committee Report with Possible Action Upon Return to Open Session	No action taken.
VI. Reconvene to Open Meeting	At 11:40 AM, Dr. Caracostis reconvened the meeting in open session, noting that a quorum was present and no action was taken during Executive Session.	
VII. General Action Item(s)		
	A. General Action Item(s) Related to Quality: Medical Staff	
	<p>1. Approval of Credentialing Changes for Members of the Harris Health Medical Staff</p> <p>Dr. Asim Shah, Vice Chair of the Medical Executive Board, presented credentialing changes for members of the Harris Health Medical Staff for December 2025. He reported that there were 32 initial appointments, 26 reappointments, 6 changes or additions of privileges, and 44 resignations. Dr. Hooli was recused from this item related to Baylor College of Medicine. Copies of the credentialing report were available in the permanent record.</p>	<u>Motion No. 25.12-139</u> Moved by Ms. Libby Viera - Bland, seconded by Mr. Paul Puente, and unanimously passed that the Board approve agenda item VII.A.1. Motion carried.
	<p>2. Approval of Changes to the Critical Care and Pulmonary Medicine Clinical Privileges</p> <p>Dr. Shah presented the proposed revisions to the Critical Care and Pulmonary Medicine clinical privileges for the Harris Health Medical Staff. He stated that a request was made to add Percutaneous Ultrasound Guided Gastrostomy Privileges to the Pulmonary Medicine and Critical Care Clinical Privileges document. A copy of the Clinical Privileges is available in the permanent record.</p>	<u>Motion No. 25.12-140</u> Moved by Ms. Libby Viera - Bland, seconded by Ms. Carol Paret, and unanimously passed that the Board approve agenda item VII.A.2. Motion carried.
	<p>3. Approval of Revisions to the Medical Staff Bylaws</p> <p>Dr. Shah also presented the revisions to the Medical Staff Bylaws. A copy of the Bylaws is available in the permanent record.</p>	<u>Motion No. 25.12-141</u> Moved by Ms. Libby Viera - Bland, seconded by Ms. Carol Paret, and unanimously passed that the Board approve agenda item VII.A.3. Motion carried.

	<p>4. Review and Discussion Regarding the Harris Health Staffing Advisory Committee’s Semi-Annual Evaluation of the Nurse Staffing Plan and Aggregate Staffing Variance</p> <p>Dr. Jackie Brock, Executive Vice President and Chief Nursing Executive, led discussion regarding the Harris Health Staffing Advisory Committee’s Semi-Annual Evaluation of the Nurse Staffing Plan and Aggregate Staffing Variance. The report assessed nurse staffing levels across clinical units, compliance with the approved plan, and trends in staffing variances. Overall staffing remained aligned with patient acuity despite workforce challenges. Supplemental staffing strategies, including float pools, overtime, and agency staff, were reviewed. Discussion included ongoing recruitment, retention initiatives, and workforce pipeline development. The plan was determined to remain appropriate with continued monitoring recommended. Copies of the nursing staff plans are available in the permanent record.</p>	<p>For information only.</p>
<p>B. General Action Item(s) Related to Quality: Correctional Health Medical Staff</p>		
	<p>1. Approval of Credentialing Changes for Members of the Harris Health Correctional Health Medical Staff</p> <p>Dr. Otis Egins, Chief Medical Officer of Harris Health Correctional Health, presented credentialing changes for December 2025. He reported 18 initial appointments. Copies of the credentialing report were available in the permanent record.</p>	<p><u>Motion No. 25.12-142</u> Moved by Ms. Libby Viera - Bland, seconded by Mr. Paul Puente, and unanimously passed that the Board approve agenda item VII.B.1. Motion carried.</p>
<p>C. General Action Item(s) Related to Community Health Choice</p>		
	<p>1. Approval of the Appointment of Jessica Mantel to the Boards of Directors (“Board”) of Community Health Choice, Inc. and Community Health Choice Texas, Inc. (Collectively, “Community”)</p> <p>Ms. Lisa Wright, President and CEO of Community Health Choice, presented the appointment of Jessica Mantel to the Board of Directors.</p>	<p><u>Motion No. 25.12-143</u> Moved by Ms. Carol Paret, seconded by Dr. Shubhada Hooli, and unanimously passed that the Board approve agenda item VII.C.1. Motion carried.</p>
	<p>2. Approval of the Reappointment of Members to the Community Health Choice, Inc. (CHC) and Community Health Choice Texas, Inc. (CHCT), collectively “Community”, Board of Directors</p> <p>Ms. Wright also presented the reappointment of Members to the Community Health Choice, Inc. (CHC) and Community Health Choice Texas, Inc. (CHCT), collectively “Community”, Board of Directors.</p>	<p><u>Motion No. 25.12-144</u> Moved by Ms. Libby Viera - Bland, seconded by Ms. Carol Paret, and unanimously passed that the Board approve agenda item VII.B.1. Motion carried.</p>

	<p>3. Community Health Choice Notification of Retirement of Board Member, Elena Marks</p> <p>Ms. Wright provided an update on the retirement of Board Member Elena Marks, recognizing her years of dedicated service and contributions to governance and strategic initiatives.</p>	<p>For information Only.</p>
<p>VIII. New Items for Board Consideration</p>	<p>A. Board Officer Elections for the Positions of Chair, Vice Chair and Secretary for the 2026 Calendar Year</p> <p>The Board conducted elections for officer positions for the 2026 calendar year, including Chair, Vice Chair, and Secretary. Ms. Carol Paret presented the nomination for Chair, while Dr. Andrea Caracostis presented the nominations for Vice Chair and Secretary. The election process included a formal roll-call vote, with each Board member announcing their vote aloud to ensure transparency and compliance with Harris Health policies.</p> <p><u>Board Chair:</u></p> <ol style="list-style-type: none"> 1. Marlen Trujillo – Aye 2. Carol Paret – Aye 3. Ingrid Robinson – Absent 4. Libby Viera – Bland – Aye 5. Paul Puente – Aye 6. Dr. Shubhada Hooli – Aye 7. Dr. Andrea Caracostis – Aye 8. Sima Ladjevardian – Aye 9. Philip Sun – Aye <p>There were 8 yes votes in favor of electing Dr. Andreas Caracostis to the Office of Board Chair.</p> <p><u>Board Vice Chair:</u></p> <ol style="list-style-type: none"> 1. Marlen Trujillo – Aye 2. Carol Paret – Aye 3. Ingrid Robinson – Absent 4. Libby Viera – Bland – Aye 5. Paul Puente – Aye 6. Dr. Shubhada Hooli – Aye 7. Dr. Andrea Caracostis – Aye 8. Sima Ladjevardian – Aye 9. Philip Sun – Aye <p>There were 8 yes votes in favor of electing Ms. Carol Paret to the Office of Board Vice Chair.</p>	<p><u>Motion No. 25.12-145</u> Ms. Paret motioned for a roll-call vote for the Office of Chair with no nominations made from the floor, Dr. Caracostis was re-elected Board Chair by unanimous vote.</p> <p><u>Motion No. 25.12-146</u> Dr. Caracostis motioned for a roll call vote for the Office of Vice Chair with no nominations made from the floor, and Ms. Paret was re-elected Board Vice Chair by unanimous vote.</p>

	<p>Board Secretary:</p> <ol style="list-style-type: none"> 1. Marlen Trujillo – Aye 2. Carol Paret – Aye 3. Ingrid Robinson – Absent 4. Libby Viera – Bland – Aye 5. Paul Puente – Aye 6. Dr. Shubhada Hooli – Aye 7. Dr. Andrea Caracostis – Aye 8. Sima Ladjevardian – Aye 9. Philip Sun – Aye <p>There were 9 yes votes in favor of electing Ms. Libby Viera – Bland to the Office of Board Secretary.</p> <p>Following the votes, the Board unanimously approved Dr. Andrea Caracostis as Chair, Ms. Libby Viera-Bland as Vice Chair, and Ms. Carol Paret as Secretary for the 2026 calendar year. Dr. Caracostis thanked all Board members for their participation and emphasized the importance of leadership continuity for Harris Health.</p>	<p>Motion No. 25.12-147 Dr. Caracostis motioned for a roll call vote for the Office of Vice Chair with no nominations made from the floor, and Ms. Paret was re-elected Board Secretary by unanimous vote.</p>
	<p>B. Approval of the Appointment of 2026 Committees and Membership</p> <p>Following the officer elections, the Board reviewed the proposed 2026 committee appointments and membership. Dr. Caracostis noted that committee assignments were carefully aligned to board members’ expertise and the strategic needs of Harris Health. After discussion, the Board unanimously approved the 2026 committee appointments, confirming members for each standing committee to ensure effective oversight, accountability, and operational engagement. A copy of the 2026 committees and membership list is available in the permanent record.</p>	<p>Motion No. 25.12-148 Moved by Ms. Libby Viera - Bland, seconded by Ms. Carol Paret, and unanimously passed that the Board approve agenda item VIII.B. Motion carried.</p>
	<p>C. Approval of the Harris Health 2026 Board of Trustees Calendar</p> <p>Ms. Olga Rodriguez, Senior Vice President of Community Engagement, Corporate Communications, and Board Services, presented the proposed 2026 Harris Health Board of Trustees meeting calendar. She highlighted that regular Board meetings would shift to the second Wednesday of each month, pending approval, to allow flexibility for rescheduling, reduce conflicts with the Commissioners Court, and streamline internal reporting. Ms. Rodriguez noted that this change would provide greater consistency and predictability for Board members. Copies of the proposed calendar were included in the Board packet and are maintained in the permanent record.</p>	<p>Motion No. 25.12-149 Moved by Ms. Libby Viera - Bland, seconded by Ms. Carol Paret, and unanimously passed that the Board approve agenda item VIII.C. Motion carried.</p>

IX. Strategic Discussion	<p>A. Committee Report(s)</p> <ul style="list-style-type: none"> • November 13, 2025, Joint Conference Committee <p>Dr. Caracostis stated that the Joint Conference Committee met on November 13th, 2025. Physician leadership and Chiefs of Staff provided updates highlighting system-wide progress, including advancements in clinical research, ongoing LBJ campus and ACS expansions, improvements in patient safety and satisfaction, and increased physician engagement. The Committee also discussed revisions to the Medical Staff Bylaws, which will be considered for final approval at the December Board meeting. Overall, the meeting underscored our continued commitment to quality care, collaboration across departments, and strategic alignment across the Harris Health system.</p> <ul style="list-style-type: none"> • November 13, 2025, Compliance & Audit Committee <p>Ms. Carol Paret, Trustee, reported that the Compliance and Audit Committee met on November 13, 2025. Mr. Chris Clark with Forvis Mazars presented the Harris Health Independent Auditor’s pre-audit communication for the fiscal year ending September 30, 2025. The Committee received the Internal Audit Annual Update. Ms. Sharon Brantley – Smith, Chief Assistant County Auditor, reported that Internal Audit met its FY 2026 goals for audit plan completion and post-engagement survey ratings, and provided an overview of the team’s structure, healthcare audit experience, and professional certifications. Internal Audit is 75 percent completed for the FY 2025 audit plan, with 12 engagements completed and four in progress. Completed engagements included purchase order processes, cybersecurity training compliance, sterile processing follow-up, and parking cash handling. The Committee also reviewed the status of outstanding management action plans and recommended approval of the 2026 Internal Audit Charter and the 2026–2029 Internal Audit Strategic Plan.</p> <ul style="list-style-type: none"> • November 13, 2025, Budget & Finance Committee <p>Ms. Paret reported that the Budget and Finance Committee met on November 13, 2025, to review key financial reports and items. Ms. Victoria Nikitin, Executive Vice President and CFO, presented the Fourth Quarter Fiscal Year 2025 Investment Report, the Third Quarter Calendar Year 2025 Pension Plan Report, and the September 2025 Quarterly Financial Report, subject to audit. The Committee recommended approval of the 2026 budgets and insurance renewals by the Board of Trustees.</p>	<p>As reported.</p>
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	<ul style="list-style-type: none"> November 18, 2025, Governance Committee <p>Ms. Paret reported that the Governance Committee met on November 18, 2025, and discussed preparations for the December election of Board officers. Key discussions focused on Board member attendance and quorum requirements, including concerns about meeting disruptions caused by insufficient in-person attendance and the importance of accountability and proactive communication. The Committee also reviewed Board member re-appointment processes, upcoming refinements to the Board’s Standard Operating Procedures, and new member orientation and trustee certification opportunities through Texas Healthcare Trustees. Additional updates included the 2025 Board self-assessment, the proposed 2026 Board calendar, and expectations regarding time commitment for new Trustees. Lastly, there was a discussion on strengthening governance effectiveness, engagement, and continuity.</p>	
X. Consent Agenda Items		
	A. Consent Purchasing Recommendations	
	<ol style="list-style-type: none"> Approval of Purchasing Recommendations (Items A1 through A10 of the Purchasing Matrix) <p>Mr. Jack Adger, Assistant Purchasing Agent, Harris County, presented the purchasing recommendations for the Board’s review and approval. A copy of the purchasing agenda is available in the permanent record.</p>	<p><u>Motion No. 25.12-150</u> Moved by Ms. Libby Viera - Bland, seconded by Ms. Carol Paret, and unanimously passed that the Board approve the purchasing recommendations (Items A1 through A10 of the Purchasing Matrix). Motion carried.</p>
	B. Consent Committee Recommendations	
	<ol style="list-style-type: none"> Acceptance of the Harris Health Fourth Quarter Fiscal Year 2025 Investment Report 	<p><u>Motion No. 25.12-151</u> Moved by Ms. Libby Viera - Bland, seconded by Ms. Carol Paret, and unanimously passed that the Board approve agenda items X.B. through E. Motion carried.</p>
	<ol style="list-style-type: none"> Acceptance of the Harris Health Third Quarter Calendar Year 2025 Pension Plan Report 	<p><u>Motion No. 25.12-151</u> Moved by Ms. Libby Viera - Bland, seconded by Ms. Carol Paret, and unanimously passed that the Board approve agenda items X.B. through E. Motion carried.</p>

	<p>3. Acceptance of the Harris Health September 2025 Quarterly Financial Report Subject to Audit</p>	<p><u>Motion No. 25.12-151</u> Moved by Ms. Libby Viera - Bland, seconded by Ms. Carol Paret, and unanimously passed that the Board approve agenda items X.B. through E. Motion carried.</p>
	<p>4. Recommendation for Approval of the Harris Health 2026 Internal Audit Charter to the Harris Health Board of Trustees</p>	<p><u>Motion No. 25.12-151</u> Moved by Ms. Libby Viera - Bland, seconded by Ms. Carol Paret, and unanimously passed that the Board approve agenda items X.B. through E. Motion carried.</p>
	<p>5. Recommendation for Approval of the Harris Health 2026-2029 Internal Audit Strategic Plan to the Harris Health Board of Trustees</p>	<p><u>Motion No. 25.12-151</u> Moved by Ms. Libby Viera - Bland, seconded by Ms. Carol Paret, and unanimously passed that the Board approve agenda items X.B. through E. Motion carried.</p>
	<p>C. Consent Grant Recommendations</p>	
	<p>1. Approval of Grant Recommendations (Item C1 through C2 of the Grant Matrix)</p> <p>Dr. Hooli was recused from this item (Item C1 of the Grant Matrix) related to Baylor College of Medicine.</p>	<p><u>Motion No. 25.12-151</u> Moved by Ms. Libby Viera - Bland, seconded by Ms. Carol Paret, and unanimously passed that the Board approve agenda items X.B. through E. Motion carried.</p>

	D. New Consent Items for Board Approval	
	1. Acceptance of the Harris Health October 2025 Financial Report Subject to Audit	Motion No. 25.12-151 Moved by Ms. Libby Viera - Bland, seconded by Ms. Carol Paret, and unanimously passed that the Board approve agenda items X.B. through E. Motion carried.
	E. Consent Reports and Updates to the Board	
	1. Updates Regarding Pending State and Federal Legislative and Policy Issues Impacting Harris Health	For information only.
XI. Item(s) Related to the Health Care for Homeless Program		
	<p>A. Review and Acceptance of the Following Reports for the Health Care for the Homeless Program (HCHP) as Required by the United States Department of Health and Human Services, which Provides Funding to the Harris County Hospital District d/b/a/Harris Health to Provide Health Services to Persons Experiencing Homelessness under Section 330(h) of the Public Health Service Act</p> <ul style="list-style-type: none"> HCHP December 2025 Operational Update <p>Dr. Nelson Gonzalez, Grants Project Manager for HCHP, presented the operational update for December 2025, which included a discussion of program activities, patient volumes, and outreach efforts. He highlighted recent expansions in access to primary care, behavioral health, and preventive services for people experiencing homelessness. Dr. Gonzalez also presented the proposed change in scope of services, which would allow HCHP to expand behavioral health counseling and chronic disease management at select outreach locations, and he also reviewed updates to the Eligibility for Financial Assistance policy to streamline intake, clarify documentation requirements, and ensure equitable access for patients. Additionally, social services initiatives supporting patient engagement and linkage to community resources were described.</p> <p>Dr. Gonzalez also presented proposed Changes in Scope of Services to Form 5A, as follows:</p> <ul style="list-style-type: none"> Psychiatry Change in Scope: A change in scope is needed to remove specialty services—psychiatry—from Form 5A, Column II (Formal Written Contract/Agreement – Health Center Pays), as the health center no longer maintains a contract for this service. 	<p>Motion No. 25.12-152 Moved by Ms. Libby Viera - Bland, seconded by Ms. Carol Paret, and unanimously passed that the Board approve agenda items XI.A. Motion carried.</p>

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	<ul style="list-style-type: none"> • Transportation Change in Scope: A change in scope is needed to add transportation services to Form 5A, Column I (Direct), as the health center directly pays for bus tokens and taxi services for patients. <p>In addition, Dr. Gonzalez reviewed updates to the Eligibility for Financial Assistance policy, intended to streamline intake processes, clarify documentation requirements, and ensure equitable access for patients. He also described social services initiatives supporting patient engagement and linkage to community resources.</p> <p>Ms. Jaden Jacobs, Quality Assurance Coordinator for HCHP, presented the HCHP Quality Management Report. She reviewed performance metrics, including patient outcomes, adherence to quality measures, staff training, and corrective actions for identified issues. Ms. Jacobs highlighted improvements in follow-up care, reductions in missed appointments, and increased reporting of patient safety incidents. A copy of the presentation is available in the permanent record.</p> <p>Note: Items A – D were presented together.</p>	
	<p>B. Approval of the HCHP Change in Scope of Services</p>	<p><u>Motion No. 25.12-153</u> Moved by Ms. Libby Viera - Bland, seconded by Ms. Carol Paret, and unanimously passed that the Board approve agenda items XI.B. Motion carried.</p>
	<p>C. Approval of the Eligibility for Financial Assistance for the Health Care for the Homeless Program Policy</p>	<p><u>Motion No. 25.12-154</u> Moved by Ms. Libby Viera - Bland, seconded by Ms. Carol Paret, and unanimously passed that the Board approve agenda items XI.C. Motion carried.</p>
	<p>D. Approval of the HCHP Quality Management Report</p>	<p><u>Motion No. 25.12-155</u> Moved by Ms. Libby Viera - Bland, seconded by Dr. Shubhada Hooli, and unanimously passed that the Board approve agenda items XI.D. Motion carried.</p>

XII. Executive Session	At 12:46 PM., Dr. Andrea Caracostis stated that the Board would enter into Executive Session for Items XII. ‘E through K’ as permitted by law under Tex. Occ. Code Ann. §151.002, Tex. Health & Safety Code Ann. §161.032, and Tex. Gov’t Code Ann. §§418.183, 551.071, 551.085, 551.089.	
	<p>E. Consultation with Attorney Regarding Litigation, Pursuant to Tex. Gov’t Code Ann. §§551.071, 551.085, Including Consideration of Approval of Community Health Choice’s Settlement of Certain Litigation Upon Return to Open Session</p> <p>Motion: Approval of settlement of Community Health Choice Litigation as presented in Executive Session.</p>	<p>Motion No. 25.12-156 Moved by Ms. Libby Viera - Bland, seconded by Mr. Paul Puente, and unanimously passed that the Board approve agenda items XII.E. Motion carried.</p>
	<p>F. Review of the Community Health Choice, Inc. and Community Health Choice Texas, Inc. Financial Performance for the Ten Months Ending October 31, 2025, Pursuant to Tex. Gov’t Code Ann. §551.085</p>	<p>No action taken.</p>
	<p>G. Consideration of Approval of the Committee Reviewed Items, Pursuant to Tex. Occ. Code Ann. §151.002, Tex. Health & Safety Code Ann. §161.032, and Tex. Gov’t Code Ann. §§418.183, 551.089, and 551.085 Upon Return to Open Session:</p> <p>[Budget & Finance Committee]</p> <p>1. Review of the Community Health Choice, Inc. and Community Health Choice Texas, Inc. Financial Performance for the Nine Months Ending September 30, 2025, Pursuant to Tex. Gov’t Code Ann. §551.085</p> <p>2. Consideration of Approval of the 2026 Operating and Capital Budget for Community Health Choice Texas, Inc. and Community Health Choice, Inc.</p> <p>Motion: Approval of the 2026 Operating and Capital Budget for Community Health Choice Texas, Inc. and Community Health Choice, Inc. as presented.</p> <p>3. Consideration of Approval of the 2026 Insurance Renewals for Community Health Choice Texas, Inc. and Community Health Choice, Inc.</p> <p>Motion: Approval of the 2026 Insurance Renewals Community Health Choice Texas, Inc. and Community Health Choice, Inc. as presented.</p>	<p>No action taken.</p> <p>Motion No. 25.12-157 Moved by Ms. Libby Viera - Bland, seconded by Ms. Carol Paret, and unanimously passed that the Board approve agenda items XII.G.2. Motion carried.</p> <p>Motion No. 25.12-158 Moved by Ms. Libby Viera - Bland, seconded by Mr. Paul Puente, and unanimously passed that the Board approve agenda items XII.G.3. Motion carried.</p>

	<p>[Compliance & Audit Committee]</p> <p>4. Consideration of Approval of the Harris Health Fiscal Year 2026 Internal Audit Plan, Compliance Program Audit Plan, and Internal Quality Audit Plan</p> <p>Motion: Approval of the Harris Health Fiscal Year 2026 Internal Audit Plan, Compliance Program Audit Plan, and Internal Quality Audit Plan as presented.</p>	<p>Motion No. 25.12-159 Moved by Ms. Libby Viera - Bland, seconded by Dr. Shubhada Hooli, and unanimously passed that the Board approve agenda items XII.G.4. Motion carried.</p>
	<p>H. Consultation with Attorney Regarding Subsidy Payments, Pursuant to Tex. Gov’t Code Ann. §551.071, Including Consideration of Approval of Subsidy Payments to Community Health Choice, Inc. for the Health Insurance Marketplace Non-Federal Premium Payments for Eligible Harris Health Patients for Calendar Year 2026 Upon Return to Open Session</p> <p>Motion: Approval of Subsidy Payments to Community Health Choice, Inc. for the Health Insurance Marketplace Non-Federal Premium Payments for Eligible Harris Health Patients for Calendar Year 2026 as presented.</p>	<p>Motion No. 25.12-160 Moved by Ms. Libby Viera - Bland, seconded by Dr. Shubhada Hooli, and unanimously passed that the Board approve agenda items XII.H. Motion carried.</p>
	<p>I. Discussion with Attorney Regarding Litigation and Real Property Matters, Pursuant to Tex. Gov’t Code Ann. §551.071</p>	<p>No action taken.</p>
	<p>J. Report by the Executive Vice President, Chief Compliance and Risk Officer, Regarding Compliance with Medicare, Medicaid, HIPAA and Other Federal and State Health Care Program Requirements, Including Status of Fraud and Abuse Investigations, Pursuant to Tex. Gov’t Code Ann. §551.071 and Tex. Health & Safety Code Ann. §161.032, and Possible Action Regarding this Matter Upon Return to Open Session</p>	<p>No action taken.</p>
	<p>K. Consultation with Attorney Regarding Contracts Related to Gifts and Naming of Facilities, Pursuant to Tex. Gov’t Code Ann. §551.071</p>	<p>No action taken.</p>
XII. Reconvene	<p>At 1:36 PM Dr. Andrea Caracostis, reconvened the meeting in open session and confirmed that a quorum remained present. She noted that no action was taken in Executive Session. The Board took action on items XII. “E, G and H” of the Executive Session Agenda.</p>	
X. Adjournment	<p>There being no further business to come before the Board, the meeting adjourned at 1:39 PM.</p>	

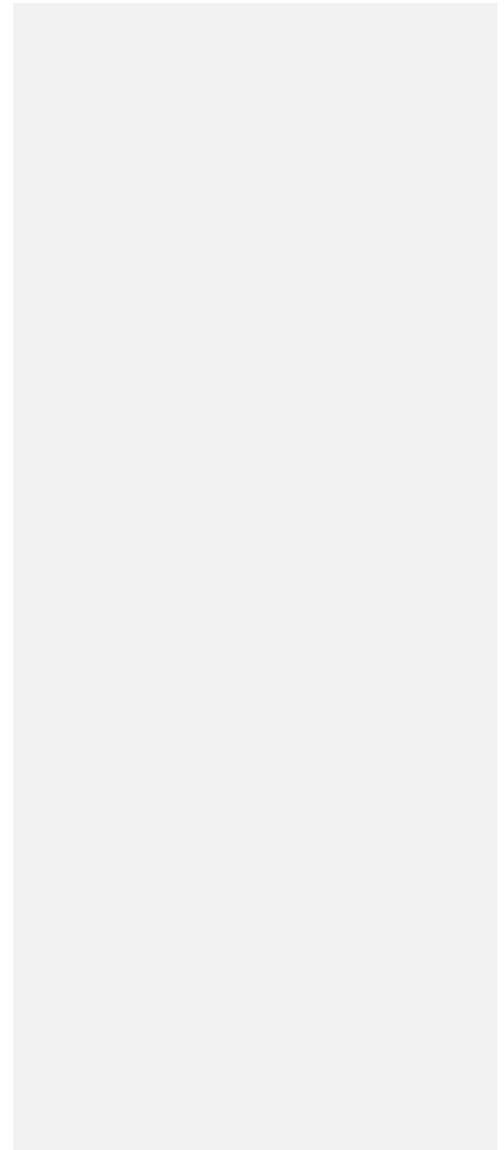
I certify that the foregoing are the Minutes of the Harris Health Board of Trustees Meeting held on December 18, 2025.

Respectfully Submitted,

Andrea Caracostis, MD, MPH, Chair

Libby Viera – Bland, AICP, Secretary

Minutes transcribed by Cherry A. Joseph, MBA



Thursday, December 18, 2025
Harris Health Board of Trustees Board Meeting Attendance

BOARD MEMBERS PRESENT	BOARD MEMBERS ABSENT
Dr. Andrea Caracostis (<i>Chair</i>)	Ingrid Robinson
Carol Paret (<i>Vice Chair</i>)	
Libby Viera-Bland (<i>Secretary</i>)	
Dr. Marlen Trujillo	
Paul Puente	
Philip Sun	
Dr. Shubhada Hooli	
Sima Ladjevardian	

EXECUTIVE LEADERSHIP/STAFF/ SPECIAL INVITED GUESTS	
Alexander Barrie	Jaden Jacobs
Dr. Amy Smith	Dr. Jennifer Small
Anna Mateja (<i>CFO, Community Health Choice</i>)	Jennifer Zarate
Anthony Williams	Jerald Summers
Dr. Asim Shah	Jessey Thomas
Carolynn Jones	John Matcek
Cherry Joseph	Dr. Joseph Kunisch
Chris Buley (<i>CLO, Community Health Choice</i>)	Kiki Teal
Daniel Smith	Lindsey “Katie” Rutherford (<i>Harris County Attorney’s Office</i>)
Derek Curtis	Lisa Wright (<i>CEO, Community Health Choice</i>)
DeWight Dosplauf	Maria Cowles
Ebon Swofford (<i>Harris County Attorney’s Office</i>)	Dr. Matasha Russell
Dr. Esmail Porsa (<i>President & CEO, Harris Health</i>)	Matthew Schlueter
Dr. Glorimar Medina	Micah Rodriguez
Habeebat Are	Dr. Michael Nnadi
Jack Adger (<i>Harris County Purchasing Office</i>)	Dr. Nelson Gonzalez
Dr. Jackie Brock	Dr. O. Reggie Egins

Virtual Attendee Notice: *If you joined as a group and would like to be counted as present, please submit an email to: BoardofTrustees@harrishealth.org before close of business the day of the meeting.*

EXECUTIVE LEADERSHIP/STAFF/ SPECIAL INVITED GUESTS	
Omar Reid	Taylor McMillan
Pamela Russell	Tekhesia Phillips
Randy Manarang	Dr. Thomas Cummins
Sam Karim	Dr. Tien Ko
Dr. Sandeep Markan	Tiffani Dusang
Sara Thomas <i>(Harris County Attorney's Office)</i>	Victoria Nikitin
Shawn DeCosta	Dr. Yashwant Chathampally

Virtual Attendee Notice: *If you joined as a group and would like to be counted as present, please submit an email to: BoardofTrustees@harrishealth.org before close of business the day of the meeting.*

MINUTES OF THE HARRIS HEALTH BOARD OF TRUSTEES
Board Meeting
Wednesday, January 14, 2026
9:00 A.M.

AGENDA ITEM	DISCUSSION	ACTION/RECOMMENDATION
I. Call to Order and Record of Attendance	<p>The meeting was called to order at 9:03 AM by Dr. Andrea Caracostis, Chair. A quorum was present, and the attendance was recorded. Some Board members attended in person, while others joined via video conference in accordance with state law and Harris Health’s videoconferencing policy. Only participants scheduled to speak were provided dial-in information. All others wishing to view the meeting were advised to access the meeting online through the Harris Health website: http://harrishealthtx.swagit.com/live.</p>	<p>A copy of the attendance is appended to the archived minutes.</p>
II. Approval of the Minutes of Previous Meeting	<ul style="list-style-type: none"> • Board Meeting – December 18, 2025 	<p><u>Motion No. 26.01-01</u> Moved by Ms. Carol Paret, seconded by Ms. Sima Ladjevardian, and unanimously passed that the Board approve the minutes of December 18, 2025, Board meeting. Motion carried.</p>
III. Announcements/ Special Presentations		
	<p>A. CEO Report Including Special Announcements</p> <ul style="list-style-type: none"> • New Harris Health Leadership <p>Dr. Esmail Porsa, President and Chief Executive Officer (CEO), began by thanking Board members for their participation in community town halls, noting that several members attended multiple sessions. He introduced a five-minute video explaining the expansion proposal for Ben Taub Hospital, emphasizing the necessity of additional hospital capacity for public health.</p> <p>Board members expressed appreciation for Dr. Porsa’s presentations and the engagement of the public in town halls, noting the importance of transparency and effective communication. Members acknowledged the ongoing challenges related to hospital construction within existing facilities due to limited space and the necessity of maintaining Level 1 trauma status. Dr. Porsa and Board members discussed the importance of strategic planning and community support for expansion efforts.</p>	<p>As Presented.</p>

AGENDA ITEM	DISCUSSION	ACTION/RECOMMENDATION
	<p>B. Board Member Announcements Regarding Board Member Advocacy and Community Engagements</p> <p>There were no Board member announcements.</p>	
<p>IV. Public Comment</p>	<p>There were no citizens present to address the Board.</p>	
<p>V. Executive Session</p>	<p>At 9:18 AM, Dr. Caracostis stated that the Board would enter Executive Session for Items V. ‘A through C’ as permitted by law under Tex. Health & Safety Code Ann. §161.032, Tex. Occ. Code Ann. §§151.002, 160.007, and Tex. Gov’t Code Ann. §551.071.</p>	
	<p>A. Report Regarding Quality of Medical and Healthcare, Pursuant to Tex. Occ. Code Ann. §§151.002, 160.007 and Tex. Health & Safety Code Ann. §161.032 to Receive Peer Review and/or Medical Committee Report, Including Report of the Medical Executive Board in Connection with the Evaluation of the Quality of Medical and Healthcare Services, and also the Harris Health Quality, Safety Performance Measures, Good Catch Recipients, Centers for Medicare and Medicaid Services Quality Reporting with Possible Action Regarding this Matter Upon Return to Open Session</p>	<p>No action taken.</p>
	<p>B. Medical Executive Board Report and Credentialing Discussion, Pursuant to Tex. Occ. Code Ann. §§151.002, 160.007 and Tex. Health & Safety Code Ann. §161.032 to Receive Peer Review and/or Medical Committee Report, Including Consideration of Approval of Credentialing Changes for Members of Harris Health Medical Staff Upon Return to Open Session</p> <p>Dr. Hooli was recused from discussion on this item related to Baylor College of Medicine.</p>	<p>No action taken.</p>
	<p>C. Report Regarding Harris Health Correctional Health Quality of Medical and Healthcare, Including Credentialing Discussion and Operational Updates, Pursuant to Tex. Occ. Code Ann. §§151.002, 160.007, Tex. Health & Safety Code Ann. §161.032 and Tex. Gov’t Code Ann. §551.071 to Receive Peer Review and/or Medical Committee Report with Possible Action Upon Return to Open Session</p>	<p>No action taken.</p>
<p>VI. Reconvene to Open Meeting</p>	<p>At 9:27 AM, Dr. Caracostis reconvened the meeting in open session, noting that a quorum was present and no action was taken during Executive Session.</p>	

VII. General Action Item(s)		
	A. General Action Item(s) Related to Quality: Medical Staff	
	<p>1. Approval of Credentialing Changes for Members of the Harris Health Medical Staff</p> <p>Dr. Kunal Sharma, Chair of the Medical Executive Board, presented credentialing changes for members of the Harris Health Medical Staff for January 2026. He reported that there were 15 initial appointments, 0 reappointments, 2 changes or additions of privileges, and 25 resignations. Dr. Hooli was recused from this item related to Baylor College of Medicine. Copies of the credentialing report were available in the permanent record.</p>	<p><u>Motion No. 26.01-02</u> Moved by Ms. Sima Ladjevardian, seconded by Ms. Libby Viera - Bland, and unanimously passed that the Board approve agenda item VII.A.1. Motion carried.</p>
	<p>2. Approval of the 2026-2027 Harris Health Utilization Review Plan</p> <p>Dr. Sharma also presented the 2026-2027 Harris Health Utilization Review Plan, noting minor grammatical, capitalization, and regulatory updates. A copy of the Utilization Review Plan is available in the permanent record.</p>	<p><u>Motion No. 26.01-03</u> Moved by Ms. Libby Viera - Bland, seconded by Ms. Marlen Trujillo, and unanimously passed that the Board approve agenda item VII.A.2. Motion carried.</p>
	B. General Action Item(s) Related to Quality: Correctional Health Medical Staff	
	<p>1. Approval of Credentialing Changes for Members of the Harris Health Correctional Health Medical Staff</p> <p>Dr. Otis Ekins, Chief Medical Officer of Harris Health Correctional Health, presented the Correctional Health Medical Staff credentialing report detailing 6 initial appointments. Copies of the credentialing report were available in the permanent record.</p>	<p><u>Motion No. 26.01-04</u> Moved by Ms. Libby Viera - Bland, seconded by Dr. Shubhada Hooli, and unanimously passed that the Board approve agenda item VII.B.1. Motion carried.</p>
VIII. New Items for Board Consideration	<p>A. Approval of a Gift Agreement and Acceptance of the Donation for the Naming of the New Hospital on the LBJ Campus in Accordance with Harris Health Strategic Fund's Healthier Harris County Capital Campaign</p> <p>Ms. Taylor McMillan, Senior Vice President, Chief Development Officer, introduced a video highlighting construction progress, including a 12-story, 1.3 million square foot facility with 330 private patient rooms, a potential expansion to 450 rooms, 15 operating rooms, and a rooftop helipad. She emphasized safety measures, workforce diversity, local economic impact, and minority- and women-owned business participation. Ms. McMillan requested board approval to accept a \$30 million grant in support of Harris Health's strategic facilities plan, bringing the donor's total commitment to \$40 million. The board expressed gratitude for the donor's partnership and the strategic fund team's leadership. A copy of the gift agreement is available in the permanent record.</p>	<p><u>Motion No. 26.01-05</u> Moved by Ms. Sima Ladjevardian, seconded by Mr. Paul Puente, and unanimously passed that the Board approve agenda item VIII.A. Motion carried.</p>
IX. Strategic Discussion		

	A. Harris Health Strategic Plan Initiatives	As reported.
	<p>1. Presentation Regarding the New Ambulatory Care Services (ACS) Clinic Site Selection Recommendation, Including Consideration of Approval of a Lease Agreement Between Harris Health and Culinary Facilities of Georgia, LLC, for a Health Center within the Greater Alief Area</p> <p>Dr. Jennifer Small, CEO ACS, and Mr. Patrick Casey, Senior Vice President, Facilities Construction & Systems Engineering, presented recommendations for New Ambulatory Care Services (ACS) clinic site selection, including consideration of a lease agreement with Culinary Facilities of Georgia, LLC, for a health center in the Greater Alief area, aligning with Pillar 6: Access. A copy of the presentation is available in the permanent record.</p>	<p>Motion No. 26.01-06 Moved by Ms. Paul Puente, seconded by Ms. Sima Ladjevardian, and unanimously passed that the Board approve agenda item IX.A.1. Motion carried.</p>
X. Consent Agenda Items		
	A. Consent Purchasing Recommendations	
	<p>1. Approval of Purchasing Recommendations (Items A1 through A4 of the Purchasing Matrix)</p> <p>Mr. Jack Adger, Assistant Purchasing Agent, Harris County, presented the purchasing recommendations and the Fourth Quarter Fiscal Year 2025 Premier Spend Report for informational purposes. A copy of the purchasing agenda is available in the permanent record.</p>	<p>Motion No. 26.01-07 Moved by Ms. Libby Viera - Bland, seconded by Ms. Carol Paret, and unanimously passed that the Board approve the purchasing recommendations (Items A1 through A4 of the Purchasing Matrix). Motion carried.</p>
	2. Harris Health Fourth Quarter of Fiscal Year 2025 Premier Spend Report	For Information Only
	B. Consent Grant Recommendations	
	1. Approval of Grant Recommendation (Item B1 of the Grant Matrix)	<p>Motion No. 26.01-08 Moved by Ms. Libby Viera - Bland, seconded by Ms. Carol Paret, and unanimously passed that the Board approve agenda items X.B. through D. Motion carried.</p>
	C. Consent Contract Recommendations	
	1. Approval of Contract Recommendations (Items C1 through C3 of the Contract Matrix)	<p>Motion No. 26.01-08 Moved by Ms. Libby Viera - Bland, seconded by Ms. Carol Paret, and unanimously passed that the Board approve agenda items X.B. through D. Motion carried.</p>

	<p>D. New Consent Items for Board Approval</p>	
	<p>1. Acceptance of the Harris Health November 2025 Financial Report Subject to Audit</p> <p style="text-align: center;"><i>[End of Consent Agenda]</i></p>	<p>Motion No. 26.01-08 Moved by Ms. Libby Viera - Bland, seconded by Ms. Carol Paret, and unanimously passed that the Board approve agenda items X.B. through D. Motion carried.</p>
<p>XI. Item(s) Related to the Health Care for Homeless Program</p>		
	<p>A. Review and Acceptance of the Following Reports for the Health Care for the Homeless Program (HCHP) as Required by the United States Department of Health and Human Services, which Provides Funding to the Harris County Hospital District d/b/a/Harris Health to Provide Health Services to Persons Experiencing Homelessness under Section 330(h) of the Public Health Service Act</p> <ul style="list-style-type: none"> • January 2026 Operational Update <p>Ms. Tracey Burdine, Director of Ambulatory Care Services (ACS), presented the Health Care for the Homeless Program operational update, including patient volume, Consumer Advisory Council activities, the Sliding Fee Discount Program evaluation, and a change in scope for behavioral health services.</p> <p>During the month of November, the Health Care for the Homeless Program served 6,544 duplicated patients, resulting in a total of 27,474 completed visits. Ms. Burdine advised the Board that due to changes in Board presentation deadlines and reporting timelines, volume data will now be presented on a quarterly basis. This adjustment is necessary because complete data is not available prior to the submission deadline for Board materials, which results in reports being approximately two months behind the reporting period.</p> <p>Ms. Burdine provided an update on the Consumer Advisory Council (CAC), reporting continued growth with the addition of two new members. Activities conducted by the Council from August 2025 through October 2025 included updates on the Open Door Mission (ODM) Clinic renovation, which significantly expanded and improved the clinic space.</p> <p>Ms. Burdine invited Board members to visit the renovated clinic upon reopening. The Council also reviewed plans for a new dental satellite clinic at Star of Hope Cornerstone, which is intended to improve access for children residing at the shelter. Children represent a small percentage of the HCHP population, and locating services onsite is expected to reduce access barriers and create a</p>	<p>Motion No. 26.01-09 Moved by Ms. Libby Viera - Bland, seconded by Ms. Sima Ladjevardian, and unanimously passed that the Board approve agenda items XI.A. Motion carried.</p>

	<p>more welcoming environment. Additional CAC discussions included review of a new injectable epinephrine and insulin policy and acknowledgment of quality badges awarded to the program.</p> <p>Ms. Burdine then presented highlights of the Sliding Fee Discount Program (SFDP) evaluation, which is conducted annually. She reported that the majority of HCHP patients are at or below 100 percent of the Federal Poverty Level, and most remain uninsured, reinforcing the importance of the discount program. There are no access barriers under the current SFDP, and fee waivers are available for patients unable to pay. While a decline in services was observed in 2024 due to operational challenges and provider vacancies, the program maintained its core mission of providing equitable access to care. Services across medical, dental, and mental health disciplines continue to increase.</p> <p>In response to Board questions regarding insurance coverage, Ms. Burdine confirmed that eligibility specialists, citizenship workers, and social workers actively assist patients in applying for any available coverage. However, many patients do not qualify despite their homeless status.</p> <p>Ms. Burdine reported a change in scope related to behavioral health services. While psychiatry services had previously been approved by the Board, preparation for the upcoming HRSA Operational Site Visit revealed that Form 5A incorrectly reflected behavioral health services as being provided through a contractual arrangement. This was accurate historically; however, approximately two years ago all behavioral health therapists and Licensed Drug Counselors were brought in-house as Harris Health employees. The change in scope updates Form 5A to accurately reflect direct service delivery for behavioral health, mental health, and psychiatry services and removes outdated contractual references.</p> <p>Ms. Burdine also addressed prior Board questions related to dental sealants for children served by the HCHP. Children represent approximately 3.5 percent of the total HCHP patient population, with 41 children ages 6–12 falling within the dental sealant reporting category. Many of these children had already received sealants. Medical exam rooms are not equipped to safely apply sealants due to equipment requirements; therefore, services are appropriately delivered in dental facilities. The planned dental satellite clinic at Star of Hope Cornerstone is expected to further improve access for pediatric patients. Ms. Burdine confirmed that future presentations will clearly document follow-up responses to Board questions. A copy of the presentation is available in the permanent record.</p> <p>Note: Items A – D were presented together.</p>	
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	B. Approval of the HCHP Consumer Advisory Council Report	Motion No. 26.01-10 Moved by Ms. Libby Viera - Bland, seconded by Dr. Shubhada Hooli, and unanimously passed that the Board approve agenda items XI.B. Motion carried.
	C. Approval of the HCHP Sliding Fee Discount Program Evaluation	Motion No. 26.01-11 Moved by Ms. Libby Viera - Bland, seconded by Ms. Sima Ladjevardian, and unanimously passed that the Board approve agenda items XI.C. Motion carried.
	D. Approval of the HCHP Change in Scope	Motion No. 26.01-12 Moved by Ms. Carol Paret, seconded by Dr. Shubhada Hooli, and unanimously passed that the Board approve agenda items XI.D. Motion carried.
XII. Executive Session	At 10:10 AM., Dr. Andrea Caracostis stated that the Board would enter Executive Session for Items XII. 'D through H' as permitted by law under Tex. Health & Safety Code Ann. §161.032, and Tex. Gov't Code Ann. §§551.074 and 551.085.	
	D. Review of the Health Care for the Homeless Program Director's Performance Evaluation, Pursuant to Tex. Gov't Code Ann. §551.085, Including Consideration of Approval of the Performance Evaluation Upon Return to Open Session Motion: Approval of the Performance Evaluation as Presented	Motion No. 26.01-13 Moved by Ms. Libby Viera - Bland, seconded by Ms. Sima Ladjevardian, and unanimously passed that the Board approve agenda items XII.D. Motion carried.
	E. Review of the Community Health Choice, Inc. and Community Health Choice Texas, Inc. Financial Performance for the Eleven Months Ending November 30, 2025, Pursuant to Tex. Gov't Code Ann. §551.085	No action taken.

	<p>F. Consultation with Attorney Regarding Settlement of Claims, Pursuant to Tex. Gov. Code §551.071 and Possible Action Upon Return to Open Session</p> <p>Motion: Approval of the Settlement of claims with Marthe Voltaire in the amount of \$75,000.00. President/CEO of Harris Health or his designee is authorized to execute any agreement, release, or any other necessary documents to effect this settlement</p>	<p>Motion No. 26.01-14 Moved by Ms. Libby Viera - Bland, seconded by Ms. Sima Ladjevardian, and unanimously passed that the Board approve agenda items XII.F. Motion carried.</p>
	<p>G. Report by the Executive Vice President, Chief Compliance and Risk Officer, Regarding Compliance with Medicare, Medicaid, HIPAA and Other Federal and State Health Care Program Requirements, Including Status of Fraud and Abuse Investigations, Pursuant to Tex. Gov’t Code Ann. §551.071 and Tex. Health & Safety Code Ann. §161.032, and Possible Action Regarding this Matter Upon Return to Open Session</p>	<p>No action taken.</p>
	<p>H. Discussion with Attorney Regarding Litigation and Real Property Matters, Pursuant to Tex. Gov’t Code Ann. §551.071</p>	<p>No action taken.</p>
<p>XIII. Reconvene</p>	<p>At 10:49 AM Dr. Andrea Caracostis, reconvened the meeting in open session and confirmed that a quorum remained present. She noted that no action was taken in Executive Session. The Board took action on items XII. “D and F” of the Executive Session Agenda.</p>	
<p>XIV. Adjournment</p>	<p>There being no further business to come before the Board, the meeting adjourned at 10:50 AM.</p>	

I certify that the foregoing are the Minutes of the Harris Health Board of Trustees Meeting held on January 14, 2026.

Respectfully Submitted,

Andrea Caracostis, MD, MPH, Chair

Libby Viera – Bland, AICP, Secretary

Minutes transcribed by Cherry A. Joseph, MBA

**Board of Trustees
Board Meeting Attendance
Wednesday, January 14, 2026**

BOARD MEMBERS PRESENT	BOARD MEMBERS ABSENT
Dr. Andrea Caracostis (<i>Chair</i>)	Ingrid Robinson
Carol Paret (<i>Vice Chair</i>)	
Libby Viera-Bland (<i>Secretary</i>)	
Dr. Marlen Trujillo	
Paul Puente	
Philip Sun	
Dr. Shubhada Hooli	
Sima Ladjevardian	

EXECUTIVE LEADERSHIP/STAFF/ SPECIAL INVITED GUESTS	
Dr. Amy Smith	Jay Aiyer (<i>Harris County Attorney's Office</i>)
Anna Mateja (<i>CFO, Community Health Choice</i>)	Dr. Jennifer Small
Anthony Williams	Jennifer Zarate
Dr. Asim Shah	Jerald Summers
Barron Wallace (<i>Bond Counsel, Bracewell, LLP</i>)	Jessey Thomas
Carolynn Jones	John Matcek
Cherry Joseph	Dr. Joseph Kunisch
Daniel Smith	Kiki Teal
Derek Curtis	Dr. Kunal Sharma
DeWight Dosplauf	Lindsey "Katie" Rutherford (<i>Harris County Attorney's Office</i>)
Ebon Swofford (<i>Harris County Attorney's Office</i>)	Louis Smith
Dr. Esmail Porsa (<i>President & CEO, Harris Health</i>)	Maria Cowles
Dr. Glorimar Medina	Dr. Matasha Russell
Jack Adger (<i>Harris County Purchasing Office</i>)	Matthew Schlueter
Dr. Jackie Brock	Michael Fritz (<i>Harris County Attorney's Office</i>)
Jacqueline Preston	Dr. Michael Nnadi

Virtual Attendee Notice: *If you joined as a group and would like to be counted as present, please submit an email to: BoardofTrustees@harrishealth.org before close of business the day of the meeting.*

EXECUTIVE LEADERSHIP/STAFF/ SPECIAL INVITED GUESTS	
Nathan Bac <i>(Harris County Attorney's Office)</i>	Shawn DeCosta
Dr. O. Reggie Egin	Taylor McMillan
Olga Rodriguez	Tekhesia Phillips
Omar Reid	Dr. Thomas Cummins
Paige Abernathy <i>(Harris County Attorney's Office)</i>	Dr. Tien Ko
Patrick Casey	Tracey Burdine
Dr. Sandeep Markan	Victoria Nikitin

Virtual Attendee Notice: *If you joined as a group and would like to be counted as present, please submit an email to: BoardofTrustees@harrishealth.org before close of business the day of the meeting.*

Public Comment Registration Process

Pursuant to Texas Government Code Ann. §551.007, members of the public are invited to attend the regular meetings of the Harris Health Board of Trustees and may address the Board during the public comment segment regarding an official agenda item that the Board will discuss, review, take action upon, or regarding a subject related to healthcare or patient care rendered at Harris Health. Public comment will occur prior to the consideration of all agenda items.

If you have signed up to attend as a virtual Public Speaker, a meeting link will be provided within 24-48 hours of the scheduled meeting. Notice: Virtual public speakers will be removed from the meeting after speaking and have the option to join the meeting live via <http://harrishealthtx.swagit.com/live>. *You must click the "Watch Live" hyperlink in the blue bar, located on the top left of the screen.*

How to Request to Address the Board of Trustees

Members of the public must register in advance to speak at the Harris Health Board of Trustees Board meetings. To register, members of the public may contact the Board of Trustees Office during core business hours, Monday through Friday between 8:00 a.m. to 4:00 p.m. Members of the public must submit registration no later than 4:00 p.m. on the day before the scheduled meeting using one of the following manners:

1. Providing the requested information located in the "Speak to the Board" tile found at <https://www.harrishealth.org/about-us-hh/board/Pages/registerForm.aspx>
2. Printing and completing the downloadable registration form found at <https://www.harrishealth.org/about-us-hh/board/Documents/Public%20Comment%20Registration%20Form.pdf>
 - 2a. A hard copy may be emailed to BoardofTrustees@harrishealth.org
 - 2b. A hard copy may be mailed to 4800 Fournace Pl., Ste. E618, Bellaire, TX 77401
3. Contacting a Board of Trustees staff member at (346) 426-1524 to register verbally or by leaving a voicemail with the required information denoted on the registration form

Prior to submitting a request to address the Harris Health Board of Trustees, please take a moment to review the rules to be observed during the Public Comment Period.

Rules During Public Comment Period

The presiding officer of the Board of Trustees or the Board Secretary shall keep the time for speakers.

Time Limits

A speaker whose subject matter, as submitted, relates to an identifiable item of business on the agenda, will be requested by the presiding officer to come to the podium where they will be provided with three (3) minutes to speak. A speaker whose subject matter, as submitted, does not relate to an identifiable item of business on the agenda, will be provided with one (1) minute to speak. A member of the public who addresses the body through a translator will be given at least twice the amount of time as a member of the public who does not require the assistance of a translator.

Meeting of the Board of Trustees

Wednesday, February 11, 2026

Executive Session

Report Regarding Quality of Medical and Healthcare, Pursuant to Tex. Occ. Code Ann. §§151.002, 160.007 and Tex. Health & Safety Code Ann. §161.032 to Receive Peer Review and/or Medical Committee Report, Including Report of the Medical Executive Board in Connection with the Evaluation of the Quality of Medical and Healthcare Services, and also the Harris Health Quality, Safety Performance Measures, Good Catch Recipients, Centers for Medicare and Medicaid Services Quality Reporting, Including Possible Action Regarding this Matter Upon Return to Open Session.



Dr. Yashwant Chathampally
Associate Chief Medical Officer, Senior Vice President – Quality & Patient Safety

- Pages 33 – 34 Were Intentionally Left Blank -

Meeting of the Board of Trustees

Wednesday, February 11, 2026

Executive Session

Medical Executive Board Report and Credentialing Discussion, Pursuant to Tex. Occ. Code Ann. §§151.002, 160.007 and Tex. Health & Safety Code Ann. §161.032 to Receive Peer Review and/or Medical Committee Report, Including Consideration of Approval of Credentialing Changes for Members of the Harris Health Medical Staff Upon Return to Open Session.



Dr. Yashwant Chathampally
Associate Chief Medical Officer & SVP
Quality & Patient Safety

- Pages 36 – 49 Were Intentionally Left Blank -

Meeting of the Board of Trustees

Wednesday, February 11, 2026

Executive Session

Report Regarding Harris Health Correctional Health Quality of Medical and Healthcare, with Credentialing Discussion and Operational Updates, Pursuant to Tex. Occ. Code Ann. §§151.002, 160.007, Tex. Health & Safety Code Ann. §161.032 and Tex. Gov't Code Ann. §551.071 to Receive Peer Review and/or Medical Committee Report, Including Consideration of Approval of Credentialing Changes for Members of the Correctional Health Medical Staff Upon Return to Open Session.



O. Reggie Ekins, MD, CCHP-CP
Chief Medical Officer - Correctional Health

- Pages 51 – 54 Were Intentionally Left Blank -

Wednesday, February 11, 2026

Consideration of Approval Regarding Credentialing Changes for Members of the
Harris Health Medical Staff

The Harris Health Medical Executive Board approved the attached credentialing changes for the members of the Harris Health Medical Staff on January 13, 2026.

The Harris Health Medical Executive Board requests the approval of the Board of Trustees.

Thank you.



Dr. Yashwant Chathampally
Associate Chief Medical Officer, Senior Vice President – Quality & Patient Safety

Board of Trustees



February 2026 Medical Staff Credentials Report

Medical Staff Initial Appointments: 11
BCM Medical Staff Initial Appointments - 4
UT Medical Staff Initial Appointments - 6
HCHD Medical Staff Initial Appointments - 1

Medical Staff Reappointments: 0
BCM Medical Staff Reappointments - 0
UT Medical Staff Reappointments - 0
HCHD Medical Staff Reappointments - 0

BCM/UT/Harris County Hospital District (Harris Health) Medical Staff Changes in Clinical Privileges: 2

BCM/UT/HCHD Medical Staff Resignations: 28

Other Business

For Information

Temporary Privileges Awaiting Board Approval - 9
Urgent Patient Care Need Privileges Awaiting Board Approval - 2
Leave of Absence - 2

BCM/UT/Harris County Hospital District (Harris Health) Medical Staff Files for Discussion: 1
Medical Staff Initial Appointment Files for Discussion - 1
Medical Staff Reappointment Files for Discussion - 0

Meeting of the Board of Trustees

Wednesday, February 11, 2026

Consideration of Approval of Harris Health's Maternal Health and Neonatal
Program Redesignation

Attached for your review and consideration is a summary of the Maternal & Neonatal Program Redesignation Reports. The reports were reviewed during the Board meeting of December 18, 2025, and accreditation regulations require the Board to formally approve the reports annually.

Administration recommends Board approval for the Maternal & Neonatal Program Redesignation Reports as presented.

Thank you.



Dr. Yashwant Chathampally

Associate Chief Medical Officer, Senior Vice President – Quality & Patient Safety

Board of Trustees
Quality & Patient Safety Executive Summary – Maternal & Neonatal Programs
Board Approval Required
February 11, 2026



Please refer to the reports included in Diligent for the Quality Committee Meeting Executive Session of November 11, 2025, for additional details.

Maternal & Neonatal Program (Redesignation Reports)

The Maternal and Neonatal Programs at Ben Taub and Lyndon B. Johnson hospitals were submitted to the Board of Trustees for review and approval. Texas established new rules in 2016 and 2019 for neonatal and maternal care, requiring hospitals to be designated for Medicaid reimbursement. As part of the compliance process, the Board of Trustees is responsible for reviewing the reports and plans associated with these programs. This oversight ensures that both hospitals continue to meet all rules and guidelines mandated by relevant agencies, supporting the ongoing provision of high-quality care for maternal and neonatal patients.

CONFIDENTIAL & PRIVILEGED INFORMATION

Confidential, legally privileged, and protected from disclosure pursuant to Chapter 161 of the Texas Health and Safety Code and Chapters 151 and 160 of the Texas Occupations Code.

STATE OF TEXAS
COUNTY OF HARRIS

MOTION NO. _____

On February 11, 2026, the Harris County Hospital District d/b/a Harris Health Board of Trustees convened in regular session at its regular meeting place. The following members of the Board were present:

		Present	Absent
Andrea Caracostis, MD, MPH	Chair	<input type="checkbox"/>	<input type="checkbox"/>
Carol Paret, BS	Vice Chair	<input type="checkbox"/>	<input type="checkbox"/>
Libby Viera-Bland, AICP	Secretary	<input type="checkbox"/>	<input type="checkbox"/>
Ingrid Robinson, MBA	Board Member	<input type="checkbox"/>	<input type="checkbox"/>
Marlen Trujillo, PhD, MBA, CHW	Board Member	<input type="checkbox"/>	<input type="checkbox"/>
Paul Puente	Board Member	<input type="checkbox"/>	<input type="checkbox"/>
Philip Sun, AIA, ACHA, NCARB	Board Member	<input type="checkbox"/>	<input type="checkbox"/>
Shubhada Hooli, MD, MPH	Board Member	<input type="checkbox"/>	<input type="checkbox"/>
Sima Ladjevardian, JD	Board Member	<input type="checkbox"/>	<input type="checkbox"/>

The Board determined that a quorum was present. Among other business, a resolution on the following matter was considered:

Consideration of Approval of Harris Health’s Maternal Health and Neonatal Program Redesignation

_____ introduced the resolution and made a motion that it be adopted. _____ seconded the motion for adoption. The motion, carrying with it the adoption of the resolution, prevailed by the following vote:

	Yes	No	Abstain	Absent
Andrea Caracostis, MD, MPH	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Carol Paret, BS	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Libby Viera-Bland, AICP	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ingrid Robinson, MBA	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Marlen Trujillo, PhD, MBA, CHW	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Paul Puente	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Philip Sun, AIA, ACHA, NCARB	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Shubhada Hooli, MD, MPH	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sima Ladjevardian, JD	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The adopted resolution reads as follows:

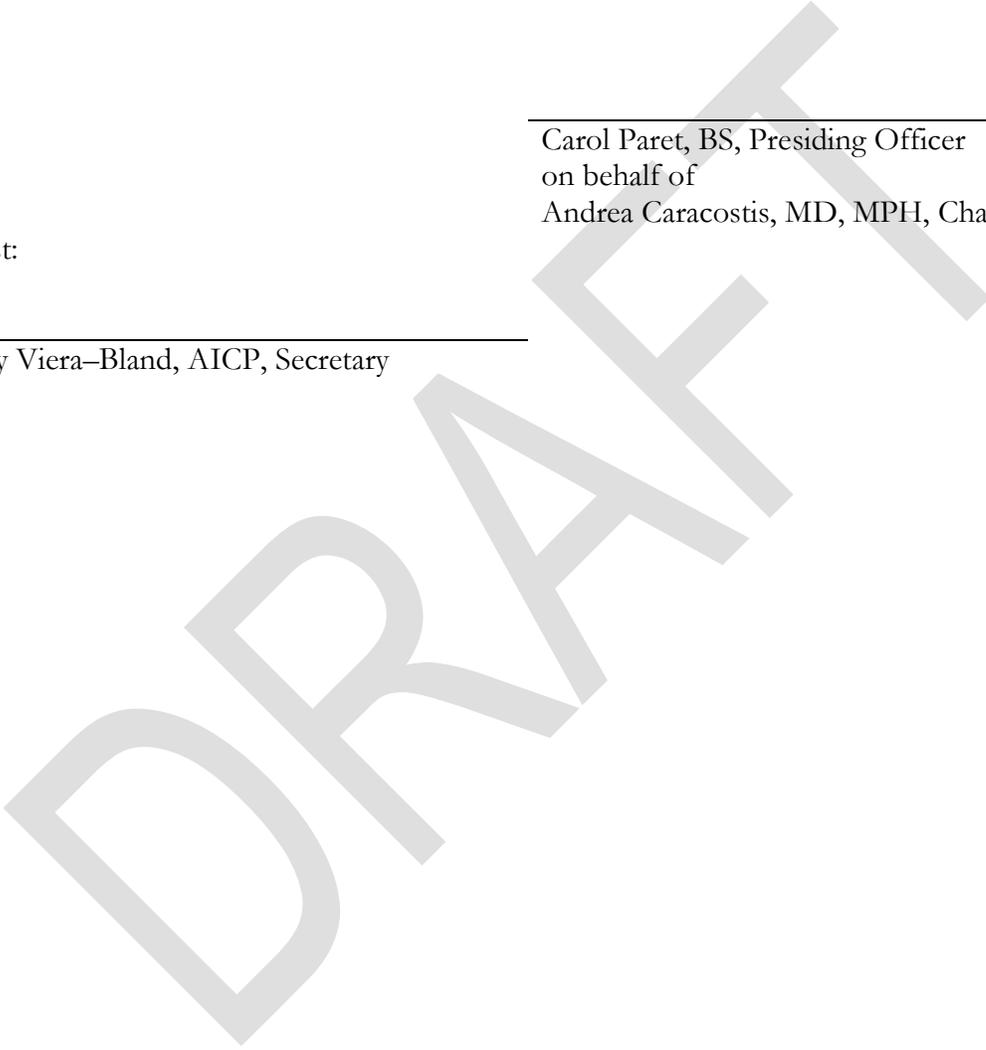
Harris Health, by and through its Board of Trustees, hereby authorizes approval of Harris Health’s Maternal Health and Neonatal Program Redesignation.

PASSED AND APPROVED this 11th of February, 2026.

Carol Paret, BS, Presiding Officer
on behalf of
Andrea Caracostis, MD, MPH, Chair

Attest:

Libby Viera–Bland, AICP, Secretary



Meeting of the Board of Trustees

Wednesday, February 11, 2026

Consideration of Approval of Credentialing Changes for Members of the Harris Health
Correctional Health Medical Staff

The Harris Health Correctional Health Medical Executive Committee approved the attached credentialing changes for the members of the Harris Health Medical Staff on January 16, 2026.

The Harris Health Correctional Health Medical Executive Committee requests the approval of the Board of Trustees.



O. Reggie Ekins, MD, CCHP-CP
Chief Medical Officer - Correctional Health

February 2026 Correctional Health Credentials Report

Medical Staff Initial Appointments: 5

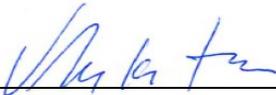
Medical Staff Reappointments: 0

Medical Staff Resignations: 2

Medical Staff Files for Discussion: 1

Wednesday, February 11, 2026

Presentation Regarding Harris Health's Financial Assistance and Eligibility
Programs Overview



Victoria Nikitin
EVP – Chief Financial Officer



Harris Health Financial Assistance and Eligibility Programs Overview

Pollie Martinez, MSN, RN SVP Revenue Cycle

HARRISHEALTH

- 
- Harris Health Financial Assistance Program (FAP)
 - Health Care for the Homeless Eligibility
 - Medicaid Application Assistance
 - ACA Marketplace 2026 Policy Changes and Impact on Harris Health

Harris Health Financial Assistance Program (FAP)

Who Qualifies?

- Harris County Residents
 - Applicants do not need to be a current patient of Harris Health
- Household Income <150% of Federal Poverty Level
- Are not in the country with certain active visa types
 - Example: Visitor Visa B1/B2, F1/F2 (Academic Student or Spouse of Academic Student, WB (Visa Waiver Program))
- Must apply for any other insurance programs that they are potentially eligible for
- Must provide a completed Harris Health Financial Assistance application and all necessary verification documents

Harris Health Financial Assistance Program Application Information

harrishealth.org/access-care/patient-eligibility

- Link to applications that can be printed (available in English, Spanish and Vietnamese)
- Link to the online application portal
- Financial Assistance Program Frequently Asked Questions
- Video demonstrating how to apply for the FAP

For both **routine renewals and new applications**, patients can apply by doing one of the following:

- Apply online by using the following link: <https://ola.veritysource.com/harris>
- Mail the completed application along with the required documents to:
Harris Health Financial Assistance Program
P.O. Box 300488 Houston, TX 77230
- Drop off the completed application along with the required documents to one of the health centers listed on website at the designated drop box at each of the locations

Harris Health Financial Assistance Program Application Process

New

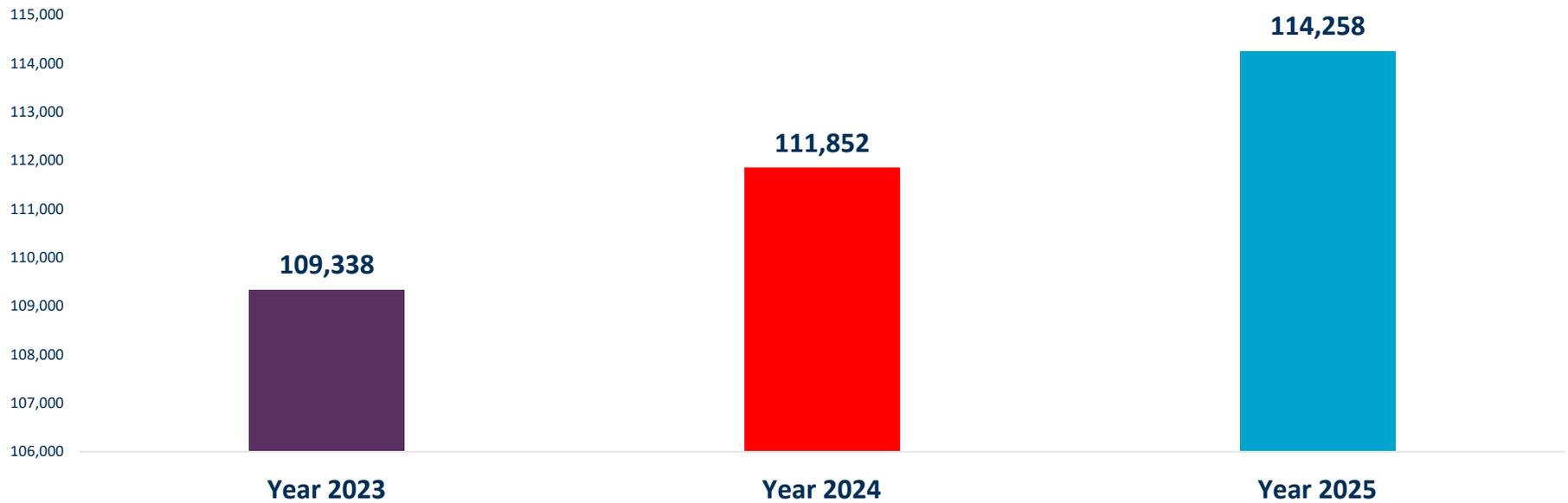
- Harris Health Financial Assistance Program applications submitted with all required proofs are processed on average within 8 to 10 days
- Expedited applications are processed within one business day and in most cases, they are completed on the same day
- Harris Health collaborates with community partners to assist with the eligibility process for low-income residents of the county

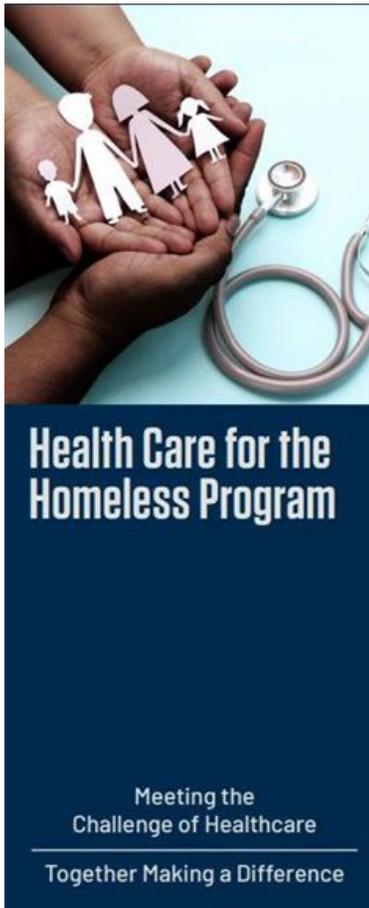
Renewal

- Patient is sent outcome notifications which provides their expiration date
- Text message reminders (60 days prior to expiration)
- Renewal letter with most recent application (approx. 45 days prior to expiration)
- Registration staff remind patients at their appointments

Harris Health Financial Assistance Program Enrollments

FAP Individual Enrollments





7

Health Care for the Homeless

Who Qualifies?

- Any person experiencing homelessness in Houston or Harris County.
- Household Income <200% of Federal Poverty Level

What is needed to apply?

- Harris Health Homeless application
- Proof of ID for applicant
- Homeless Letter or
- Shelter Letter or
- Agency Letter signed by an authorized Case Manager or Social Worker from Harris Health, or by authorized staff listed on the Agency Signature Authority List for the Homeless

What is the Processing time ?

- Face to Face Interviews with real time outcome.
 - Patient will be pended if not all information is provided at time of interview
- Portal and drop off applications that have all required information are processed within 24 - 48 hours.

Payment Schedule:

HRSA mandates we follow a sliding fee scale but currently we do not charge a co-pay for HCHP services as we are developing a waiver program for homeless patients.

Hours of Operation:

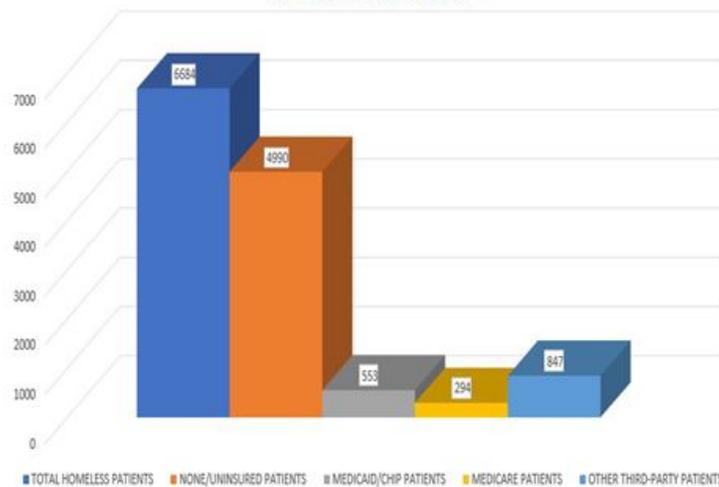
- Monday- Friday (7:30 a.m. - 4:30 p.m.)

Contact Number:

- 346-426-1212

Health Care for the Homeless Eligibility

Harris Health - Health Care for the Homeless Program
Insurance Data



12

Evaluation Period: January 1- December 31, 2024

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Insurance Challenges

- Inability to provide required documentation
- Does not meet Texas Medicaid eligibility requirements
 - **From the 6684 patients, 4,371 (65%) were male and 2,313 (35%) were female. Most patients fell within the 25-64 age range.*
- Non-compliance with application process
- Does not qualify for Marketplace coverage due to not having a verifiable address

Medicaid Application Assistance

Outpatient Medicaid Assistance

- OB & Pedi accounts reviewed **5–7 days** before visits; eligible patients are flagged for applications.
- Patients complete an applications **during the visit**; forms sent daily and submitted to HHSC within **48 hours**.
- HHSC provides a determination within **15 days**; team assists with **CHIP/Perinatal plan selection** when eligible.

EC & Inpatient Medicaid Applications

- Financial Counselors determine whether patients qualify for **Emergency, Traditional, or SSI-related** Medicaid.
- Traditional and Emergency Medicaid applications are submitted to **HHSC within 48 hours**; decisions take **15 days** for Traditional and **1–3 months** for Emergency.
- For SSI, **RCA** supports patients with disability applications and tracks cases that may take **up to 2 years** for a determination.

Conversion Rates:

Mom and baby Medicaid conversion rate is 98%.
Overall Medicaid conversion rate is 89%.

ACA Marketplace 2026 Policy Changes and Impact on Harris Health

Elimination of Enhanced APTC

- No Enhanced Advance Premium Tax Credits (APTC): Premiums will increase, resulting in higher costs for most Marketplace plans which may result in fewer individuals enrolling outside of the Harris Health subsidy program.

Removal of Special Enrollment Period for Income <150% FPL

- No Special Enrollment Period (SEP) based on income for households under 150% FPL: This may be reinstated later but will exclude Premium Tax Credits (PTCs).
- FAP patients may see fewer SEP enrollments; however, patients will continue to receive services under FAP.
- Historically, 12% of annual enrollments ($\approx 2,100$ individuals) stem from SEPs; actual Impact smaller due to other qualifying events.

ACA Marketplace 2026 Policy Changes and Impact on Harris Health

Changes for Certain Lawfully Present Immigrants (LPR)

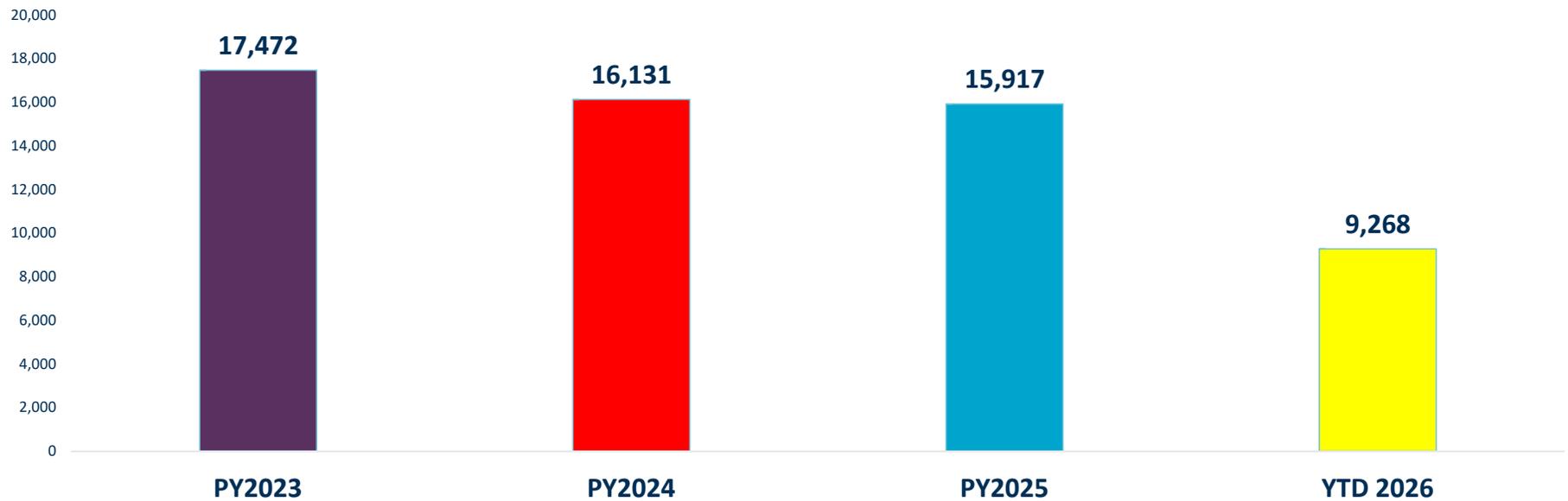
- Certain LPRs with income below 100% FPL will lose Premium Tax Credit (PTC) eligibility but can still enroll in Qualified Health Plans (QHPs) without PTCs and remain eligible for the Financial Assistance Program.

Estimated impact:

- **Renewals:** 5,400 individuals (39%) that had coverage in 2025 will no longer be eligible for federal subsidies in 2026.
- **New enrollments:** Of the 5,300 new referrals for Marketplace PY2026, 2,600 (49%) did not qualify under the 2026 update.

ACA Marketplace Enrollments

Market Place Enrollments Yearly Avg.



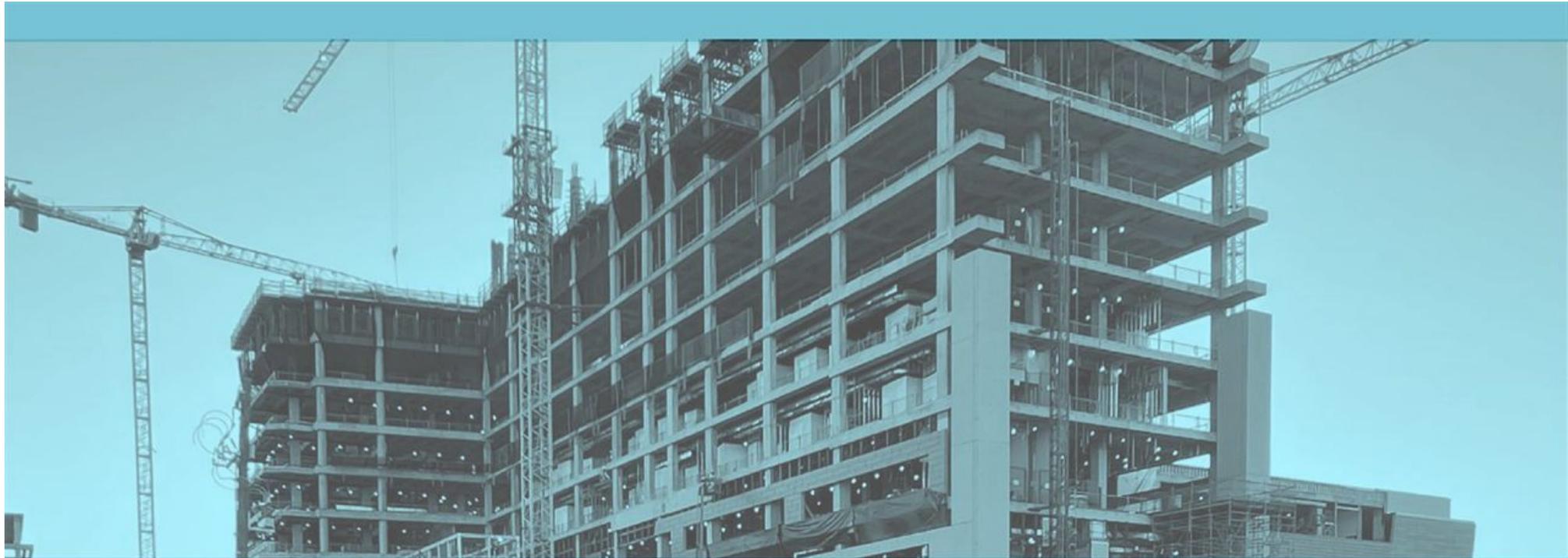
Meeting of the Board of Trustees

Wednesday, February 11, 2026

Presentation Regarding Harris Health's Strategic Capital and Financial Plan


Patrick Casey
SVP, Facilities Construction & Systems
Engineering


Louis G. Smith, Jr.
Sr. EVP/Chief Operating Officer



Strategic Capital and Financial Plan

Q1 2026

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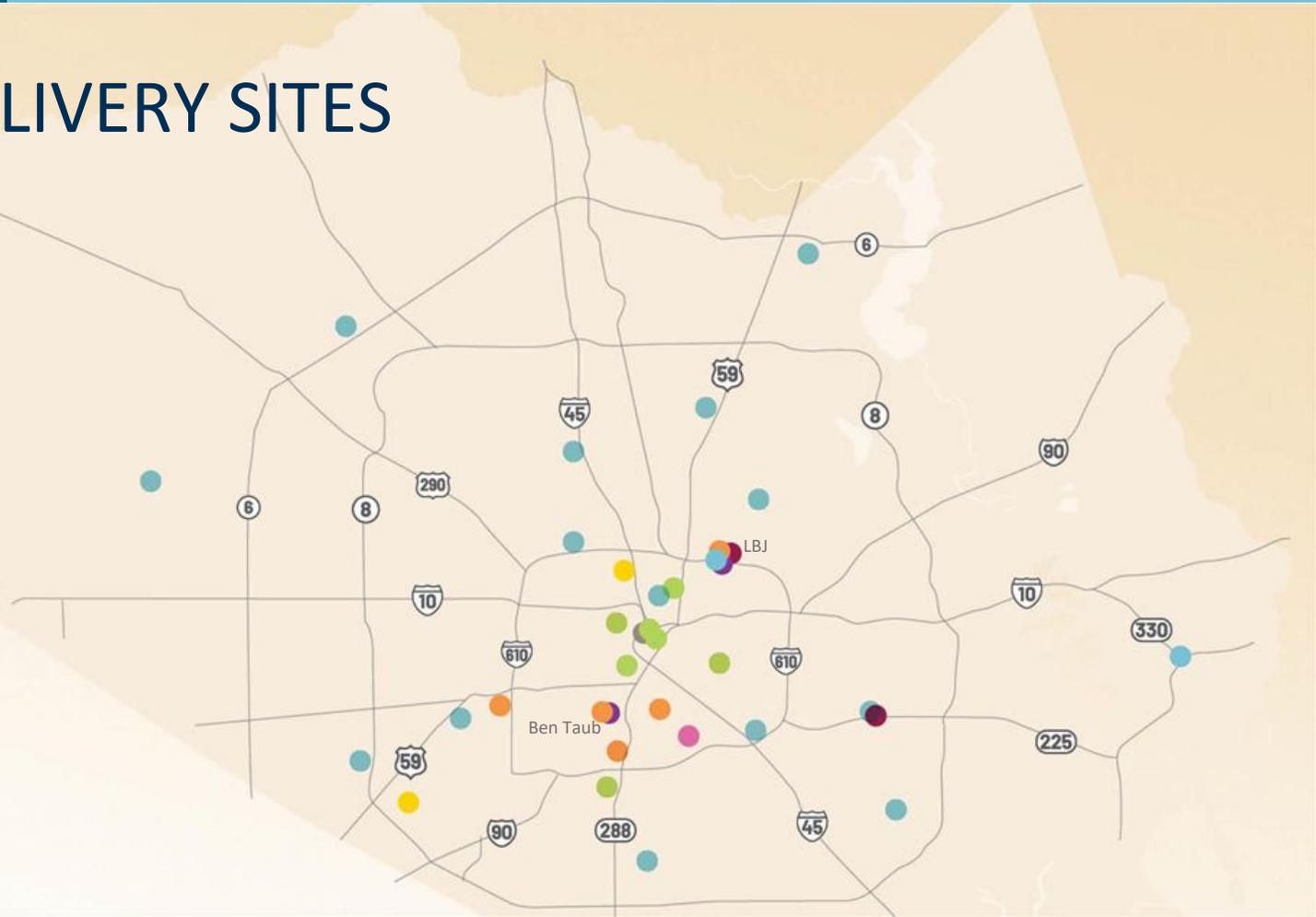


Index

- Summary of Harris Health Locations
- Community Engagement
- Summary of Strategic Capital Program Summary
- Summary of Bond Issuance
- LBJ Campus Expansion Update
- Appendix
 - Strategic Capital Program Projects by Completion Date
 - Pasadena Square Project Update

OUR CARE DELIVERY SITES

- 16 community health centers
- 7 homeless shelter clinics
- 5 large specialty clinics
- 2 same-day clinics
- 2 hospitals
- 2 urgent care clinics
- 1 free-standing dental center
- 1 correctional health center and multiple mobile units





157 Public Community Outreach Events

5,617 Total Participants/Attendees

5,636 Project Stakeholder Registry

2,342 Evaluations/Surveys

81% Survey respondents agreed with building new Hospital



5 Neighborhood bus tours Participants from the community and community leaders rode alongside members from the project team and Harris Health leadership- Collaboration with METRO, Community Leaders, non-profit organizations and agencies.

15 Town Hall Meetings

222 Neighborhoods and Area Zip Codes Reached

(Acres Home, Fifth Ward Trinity/Kashmere Gardens, Settegast, Rosewood, Linwood, Magnolia, Pleasantville and Denver Harbor/East End and the surrounding areas)

72% Bond Referendum Passed

141,129 Touches via Website, Events & Project Contact/Call Center

Source: PPG Global, LLC©2025- Harris Health LBJ Hospital Project Data

Strategic Capital Program (SCP) Summary

Pavilion	SCP Program Estimate as of 1/2023	Total Projected Bond as of 1/2026	Bond Issuance Spent Thru 12/2025	Total Other Funding Sources as of 1/2026*	Total Program Estimate as of 1/2026
Ambulatory Care Services (ACS)	\$ 504,500,000	\$ 310,148,517	\$ 4,800,469	\$ 179,884,968	\$ 490,033,485
Ben Taub (BT) Campus	\$ 410,000,000	\$ 157,871,674	\$ 3,763,950	\$ 293,918,259	\$ 451,789,934
Lyndon B. Johnson (LBJ) Campus	\$ 2,033,000,000	\$ 2,031,979,809	\$ 658,686,100	\$ 10,264,304	\$ 2,042,244,112
Grand Total	\$ 2,947,500,000	\$ 2,500,000,000	\$ 667,250,520	\$ 484,067,531	\$ 2,984,067,531

* **Other Funding Sources:** Philanthropy, Cash on Hand, Interest from Bond proceeds
 See appendix for summary of projects

Summary of Bond Issuance

Pavilion	SCP Program Estimate as of 1/2023	Total Projected Bond as of 1/2026*	Bond Issuance Spent Thru 12/2025	Bond Issuance 2025 Spend Forecast	Bond Issuance 2026 Spend Forecast**	Bond Issuance TBD Spend Forecast**
Ambulatory Care Services (ACS)	\$ 504,500,000	\$ 310,148,517	\$ 4,800,469	\$ 7,537,748	\$ 75,626,332	\$ 226,984,438
Ben Taub (BT) Campus	\$ 410,000,000	\$ 157,871,674	\$ 3,763,950	\$ 4,907,776	\$ 28,601,134	\$ 124,362,765
Lyndon B. Johnson (LBJ) Campus	\$ 2,033,000,000	\$ 2,031,979,809	\$ 658,686,100	\$ 827,554,476	\$ 725,772,535	\$ 478,652,797
Grand Total	\$ 2,947,500,000	\$ 2,500,000,000	\$ 667,250,520	\$ 840,000,000	\$ 830,000,000	\$ 830,000,000

* Interest from Bond proceeds not included

** Amount pending financial advisor determination and governance approval.

John M. O'Quinn Hospital on LBJ Campus

Q1 2026

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Construction Completion Timeline for LBJ Campus Expansion



Construction Update

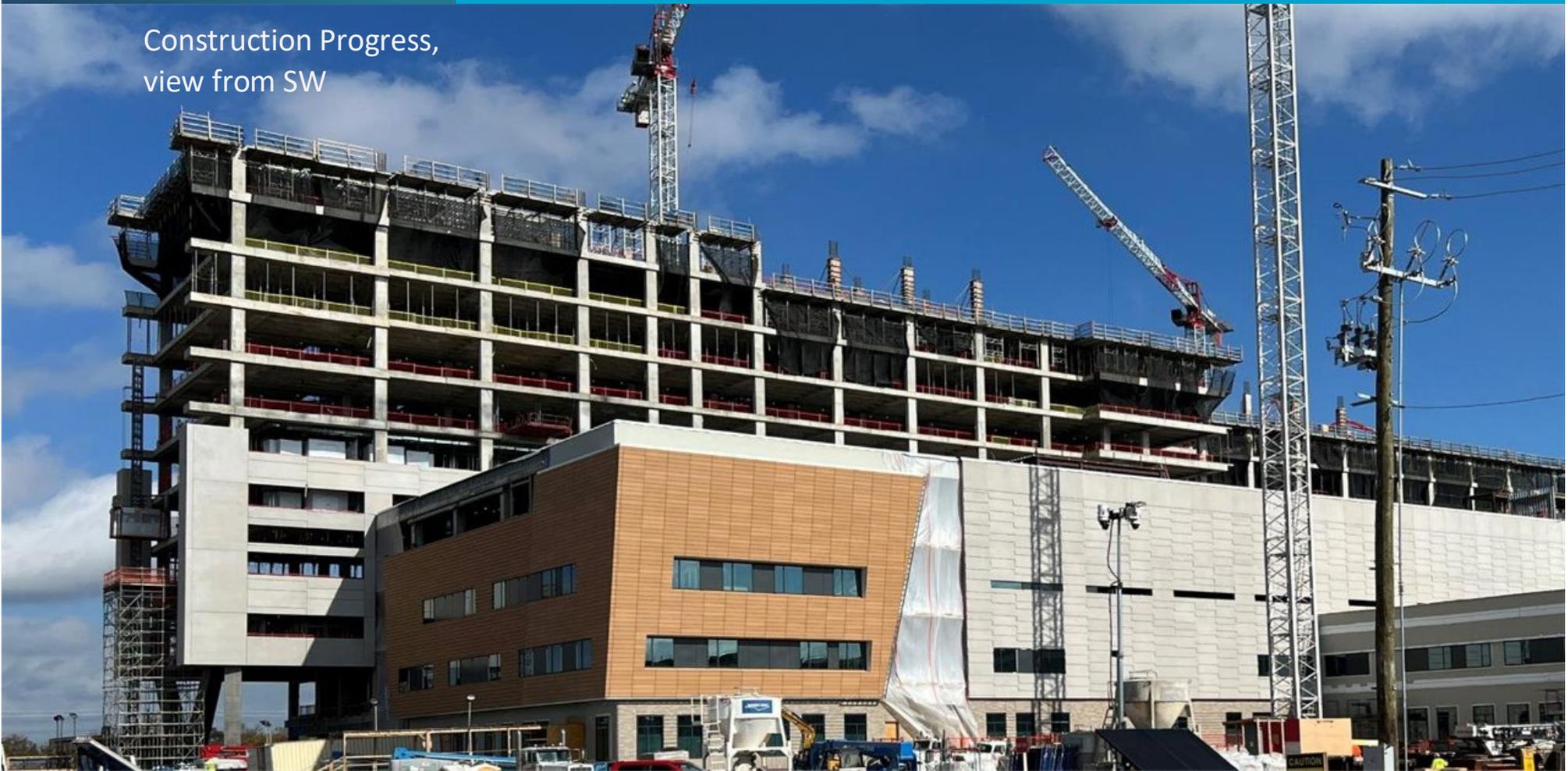
Progress Highlights:

- **1.1M man-hours** completed
- **Interior walls & MEP** progressing on **Levels 1–7**
- **Level 4** major piping & MEP rough-in underway
- **Utility Tunnel** work ongoing
- **Buck-hoists** operating to Level 7
- **Perimeter & elevator steel** advancing
- **Stair installation** in progress
- **Legacy Bridge foundations** complete
- **Level 12 deck pours** underway
- **Precast panels, brickwork, and windows** ongoing
- **Prefabricated Bathroom pods** delivered to Levels 6–7
- **Temporary roofing** at podium complete



Q1 2026

Construction Progress,
view from SW





John M. O'Quinn Hospital on LBJ Campus

Updates on the Project - www.nextlevelharrishealth.org/lbj



Construction Webcam: <https://app.oxblue.com/open/mccarthy/lbjhospital>



Thank You

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Appendix

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Strategic Capital Program Projects by Completion Date

Pavilion	Forecast Completion Date	Project Name	Total Projected Bond as of 1/2026	Bond Issuance Spent Thru 12/2025	Total Other Funding Sources as of 1/2026*	Total Project Estimate as of 1/2026
ACS	2025 Q3	SCP ACS INFRASTRUCTURE REPLACE WATER HEATERS - EFL, ACRES, SETTEGAST & BAYTOWN	\$ 152,416.73	\$ 152,416.73	\$ 2,499.63	\$ 154,916.36
ACS	2025 Q3	SCP ACS INFRASTRUCTURE SC REPLACEMENT OF EXHAUST FANS (FY24)	\$ -	\$ -	\$ 123,637.00	\$ 123,637.00
ACS	2025 Q3	SCP ACS SC BONE DENSITY MACHINE	\$ 93,887.04	\$ 93,887.04	\$ -	\$ 93,887.04
ACS	2025 Q3	SCP ACS SC MAMMOGRAPHY UNIT REPLACEMENT (MAMMO 1-6)	\$ -	\$ -	\$ 2,552,424.00	\$ 2,552,424.00
ACS	2026 Q1	SCP ACS INFRASTRUCTURE ALDINE ROOFTOP UNITS	\$ 1,154,361.19	\$ 837,972.10	\$ 1,011,143.00	\$ 2,165,504.19
ACS	2026 Q1	SCP ACS INFRASTRUCTURE NW RTUS 3 AND 6	\$ 84,137.00	\$ 84,137.00	\$ -	\$ 84,137.00
ACS	2026 Q2	SCP ACS INFRASTRUCTURE NW FIRE ALARM PANEL AND RELATED EQUIPMENT	\$ 152,902.10	\$ 2,094.24	\$ 10,672.90	\$ 163,575.00
ACS	2026 Q2	SCP ACS MLK RTU AND LEIBERT UNIT REPLACEMENT (FY24)	\$ 687,931.24	\$ 527,989.95	\$ 204,332.76	\$ 892,264.00
ACS	2026 Q3	SCP ACS INFRASTRUCTURE SMITH CLINIC FIRE PANEL UPGRADE	\$ 128,706.00	\$ 1,047.13	\$ -	\$ 128,706.00
ACS	2026 Q3	SCP ACS SC PET CT REPLACEMENT AND MOBILE UNIT IMPROVEMENTS	\$ 4,736,454.65	\$ 446,488.26	\$ 851,805.35	\$ 5,588,260.00
ACS	2026 Q4	SCP ACS INFRASTRUCTURE UPGRADE AT BY, GG, AC (COMBINED)	\$ 694,281.00	\$ 5,863.38	\$ -	\$ 694,281.00
ACS	2027 Q4	SCP ACS LAND ACQUISITIONS (4 SITES)	\$ 10,000,000.00	\$ -	\$ -	\$ 10,000,000.00
ACS	2027 Q4	SCP ACS SC CT SCANS (1-3) AND CT SIMULATOR REPLACEMENT	\$ 7,922,647.98	\$ 101,445.32	\$ 470,252.02	\$ 8,392,900.00
ACS	2027 Q4	SCP ACS SC MRI SCAN1.5T REPLACEMENT (MRI 1&3)	\$ 6,832,671.50	\$ 150,026.03	\$ 527,328.50	\$ 7,360,000.00
ACS	2027 Q4	SCP ACS SUNSET HEIGHTS URGENT CARE CONSTRUCTION AND BUILDOUT	\$ 13,211,249.68	\$ 270,894.38	\$ 61,007.32	\$ 13,272,257.00
ACS	2028 Q2	SCP ACS SAREEN SAME DAY CLINIC CONSTRUCTION AND BUILDOUT ON EL FRANCO LEE CAMPUS	\$ 6,519,359.00	\$ 133,648.49	\$ -	\$ 6,519,359.00
ACS	2028 Q2	SCP ACS SC LINEAR ACCELERATORS REPLACEMENT (LINEAR 1-2)	\$ 17,725,276.00	\$ 55,435.05	\$ 603,000.00	\$ 18,328,276.00
ACS	2028 Q2	SCP ACS SC RAD FLUOROSCOPY REPLACEMENT (RF ROOMS 1,2)	\$ 2,127,483.79	\$ 117,550.85	\$ 113,723.21	\$ 2,241,207.00
ACS	2028 Q2	SCP ACS SC RADIOGRAPHIC REPLACEMENT (RAD ROOM 1)	\$ 422,793.28	\$ -	\$ 29,476.72	\$ 452,270.00
ACS	2028 Q4	SCP ACS GREATER ALIEF	\$ 8,000,000.00	\$ 714,128.10	\$ -	\$ 8,000,000.00
ACS	2029 Q1	SCP ACS HARRIS HEALTH GARAGE (SERVING BT, QM, SMITH)	\$ 60,000,000.00	\$ -	\$ -	\$ 60,000,000.00
ACS	2029 Q1	SCP ACS RADIATION ONCOLOGY AT LBJ	\$ 71,629,500.00	\$ -	\$ 770,500.00	\$ 72,400,000.00
ACS	2029 Q4	SCP ACS CYPRESS CLINIC	\$ 40,211,254.75	\$ 145,091.16	\$ 4,788,745.25	\$ 45,000,000.00
ACS	2029 Q4	SCP ACS VALLBONA MAIN RENOVATION, CAMPUS, ANNEX AND ROBINDELL SAME DAY CLINIC	\$ 26,925,675.58	\$ 276,533.71	\$ 4,774,324.42	\$ 31,700,000.00
ACS	2030 Q2	SCP ACS ACRES HOME AGE FACILITY REPLACEMENT AND EXPANSION	\$ 30,580,529.79	\$ 528,822.02	\$ 27,319,470.21	\$ 57,900,000.00
ACS	2032 Q2	SCP ACS MOBILE MAMMO VAN (REFRESH IN 7-8 YEARS)	\$ -	\$ -	\$ 1,999,632.00	\$ 1,999,632.00
ACS	2032 Q4	SCP ACS NET NEW HEALTH CENTER (NUMBER 3)	\$ 68,243.51	\$ 68,243.51	\$ 79,931,756.49	\$ 80,000,000.00
ACS	2033 Q4	SCP ACS NORTHWEST AGE FACILITY REPLACEMENT	\$ 86,754.98	\$ 86,754.98	\$ 53,739,237.02	\$ 53,825,992.00
ACS Total			\$ 310,148,516.80	\$ 4,800,469.43	\$ 179,884,967.79	\$ 490,033,484.59

Strategic Capital Program Projects by Completion Date

Pavilion	Forecast Completion Date	Project Name	Total Projected Bond as of 1/2026	Bond Issuance Spent Thru 12/2025	Total Other Funding Sources as of 1/2026*	Total Project Estimate as of 1/2026
BT	2027 Q2	SCP BT DATA CENTER EXPANSION AND IDR PHASE 1	\$ 5,394,572.00	\$ 141,146.47	\$ 275,000.00	\$ 5,669,572.00
BT	2027 Q2	SCP BT FAN COIL UNIT REPLACEMENTS	\$ 489,600.00	\$ 6,324.54	\$ -	\$ 489,600.00
BT	2027 Q2	SCP BT LOADING DOCK AND SUPPLY CHAIN CONSTRUCTION AND EXPANSION	\$ 2,237,262.85	\$ 108,964.40	\$ -	\$ 2,237,262.85
BT	2027 Q3	SCP BT NPC AIR HANDLING UNITS REPLACEMENT (MASTERPLAN)	\$ 10,742,653.98	\$ 120,132.78	\$ 407,195.51	\$ 11,149,849.49
BT	2028 Q1	SCP BT CCU RENOVATION AND RECONFIGURATION	\$ 8,337,765.96	\$ 246,272.78	\$ 28,542.50	\$ 8,366,308.46
BT	2028 Q3	SCP BT GI (ENDOSCOPY) DEPARTMENT RELOCATION AND CONSTRUCTION	\$ 269,052.00	\$ -	\$ -	\$ 269,052.00
BT	2029 Q1	SCP BT TRAUMA/SURGICAL ICU RENOVATION AND RECONFIGURATION	\$ 716,741.25	\$ -	\$ 32,558.75	\$ 749,300.00
BT	2029 Q2	SCP BT IP PUBLIC ADDRESS UPGRADE	\$ 5,884,013.00	\$ 9,882.09	\$ -	\$ 5,884,013.00
BT	2029 Q3	SCP BT IP TELEVISION UPGRADE	\$ 2,961,461.77	\$ -	\$ 566,492.23	\$ 3,527,954.00
BT	2030 Q2	SCP BT ISOLATION VALVE REPLACEMENT	\$ 17,338,861.89	\$ 408,150.00	\$ 6,108,160.06	\$ 23,447,021.95
BT	2031 Q4	SCP BT BED TOWER ADDITION	\$ 103,499,689.78	\$ 2,723,076.74	\$ 286,500,310.22	\$ 390,000,000.00
BT Total			\$ 157,871,674.49	\$ 3,763,949.80	\$ 293,918,259.26	\$ 451,789,933.75
LBJ	2025 Q1	SCP LBJ HOSPITAL EXPANSION SITE ENABLING	\$ 3,536,461.56	\$ 3,536,461.56	\$ -	\$ 3,536,461.56
LBJ	2025 Q3	SCP LBJ FARM RELOCATION	\$ 56,089.22	\$ 56,089.22	\$ -	\$ 56,089.22
LBJ	2025 Q4	SCP LBJ REAL PROPERTY ACQUISITION	\$ 8,644,407.88	\$ 8,644,407.88	\$ 3,369,126.73	\$ 12,013,534.61
LBJ	2026 Q1	SCP LBJ ENTRANCE CONSTRUCTION AND RELOCATION	\$ 837,842.21	\$ 807,250.64	\$ -	\$ 837,842.21
LBJ	2026 Q2	SCP LBJ PATIENT PARKING LOT B AWNING	\$ 42,862.60	\$ -	\$ 25,021.50	\$ 67,884.10
LBJ	2026 Q3	SCP LBJ LEGACY HOSPITAL MASTER PLAN	\$ 173,000.00	\$ 85,388.00	\$ -	\$ 173,000.00
LBJ	2027 Q2	SCP LBJ HOSPITAL EXPANSION - NEW PARKING GARAGE	\$ 50,642,891.38	\$ 22,842,443.90	\$ 41,603.60	\$ 50,684,494.98
LBJ	2028 Q4	SCP LBJ HOSPITAL EXPANSION CENTRAL UTILITY PLANT (CUP)	\$ 153,651,232.75	\$ 52,975,115.44	\$ -	\$ 153,651,232.75
LBJ	2029 Q1	SCP LBJ HOSPITAL EXPANSION	\$ 1,814,395,021.11	\$ 569,738,943.82	\$ 6,828,551.79	\$ 1,821,223,572.90
LBJ Total			\$ 2,031,979,808.71	\$ 658,686,100.46	\$ 10,264,303.62	\$ 2,042,244,112.33
Grand Total			\$ 2,500,000,000.00	\$ 667,250,519.69	\$ 484,067,530.67	\$ 2,984,067,530.67

* Other Funding Sources: Philanthropy, Cash on Hand, Interest from Bond proceeds

Pasadena Square Update

New Construction under Ambulatory Care Services

- **Scope:**
 - Renovation of ~60,000 SF to house Monroe Same Day Clinic, Strawberry Health Center, and Pasadena Pediatric Center
- **Current Progress:**
 - Design is underway
 - First funding tranche (\$5M) received from Harris County
 - 15 CMAR proposals submitted; selection committee is evaluating to award construction services
- **Project Schedule:**

Milestone	Target Date
Design Completion	October 2026
Construction Start	December 2026
Construction Completion	October 2028



Pasadena Square Preliminary Master Plan

[Wednesday, February 11, 2026](#)

[Committee Report](#)

Committee Meeting:

- [Quality Committee – January 27, 2026](#)
 - HRO Safety Message: A Minute for Medicine video was displayed regarding “Adopting a High Reliability Mindset”.
 - Industries like aviation and nuclear power succeed in high-risk environments due to a strong culture of high reliability, and healthcare is now adopting similar approaches to improve patient safety. The Joint Commission identifies three key areas for healthcare organizations to focus on: leadership commitment to zero patient harm, fostering a safety culture, and utilizing process improvement tools. These principles and tools, embraced by high reliability organizations (HROs) are explored throughout the video.

Meeting of the Board of Trustees

Wednesday, February 11, 2026

Consideration of Approval of a Resolution Authorizing Proceedings to Issue and Sell Harris County Hospital District, Limited Tax Bonds, Series 2026; Authorizing the Preparation of all Financing and Offering Documents; Approving the Engagement of Professionals in Connection with the Issuance and Sale of the Bonds; and Making Other Provisions Regarding Such Bonds and Matters Incident Thereto

► Overview:

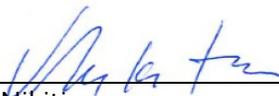
Board approval of the proposed Resolution is necessary for Harris Health Finance Working Group to initiate the formal bond issuance process, including appointing all firms necessary to execute transactions, including legal and underwriting firms.

► Background and Specifics:

- In November 2003, Harris County voters approved \$2.5 billion to fund facility improvements including renovations at the Lyndon B. Johnson (LBJ) Hospital, Ben Taub Hospital, and Harris Health clinics and health centers and levying a tax to repay the bonds.
- Since January 2024, the Harris Health/County finance working group has worked to refine appropriation and cash flow requirements to finance the LBJ Expansion Project.
- In May 2025, Harris Health made the first issuance of voter approved bonds in the amount of \$840 million.
- In May 2026, Harris Health plans to make the second issuance of voter approved bonds in an amount not to exceed \$850 million.
- As required by state statute, Harris County Commissioners Court must approve the issuance of the bonds in addition to Harris Health's approval.

► Request:

Administration requests the Board's Approval of the Resolution Authorizing Proceedings to Issue and Sell Harris County Hospital District, Limited Tax Bonds, Series 2026; Authorizing the Preparation of all Financing and Offering Documents; Approving the Engagement of Professionals in Connection with the Issuance and Sale of the Bonds; and Making Other Provisions Regarding Such Bonds and Matters Incident Thereto prior to submission to the Harris County Commissioners Court for its approval.



Victoria Nikitin
EVP – Chief Financial Officer



Harris County Hospital District

Limited Tax Bonds, Series 2026

February 11, 2026

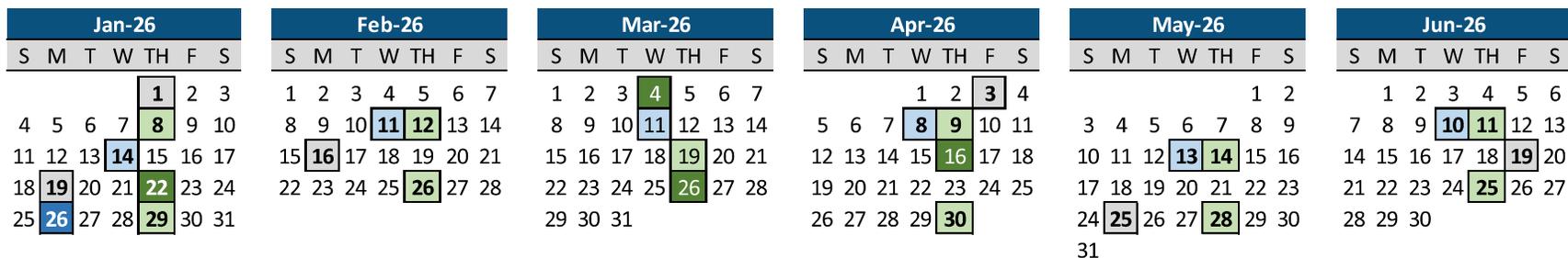
Executive Summary



Harris Health in collaboration with Harris County is seeking to issue its second tranche of voter-approved hospital district bonds in May/June 2026

- November 2023, Harris County voters approved \$2.5 billion to fund facility improvements including renovations at the Lyndon B. Johnson (LBJ) Hospital, Ben Taub Hospital, and district clinics and health centers and levying a tax to repay the bonds.
- Since January 2024, the Harris Health/County finance working group has worked to refine appropriation and cash flow requirements to finance the LBJ Expansion Project
- May 2025, Harris Health undertook the first issuance of voter approved bonds in a par amount of \$808,510,000, producing \$840,000,000 of project proceeds
- Timing of the expected future issuances to be determined in consultation with the County, tentatively May/June 2026 and October 2027 (TBD)
- As required by state statute, Harris County Commissioners Court must approve the issuance of the bonds in addition to Harris Health's Board of Trustee approval
- Refunding the existing variable rate series 2010 revenue bonds and fixed rate series 2016 revenue bonds is also being considered

Condensed Timeline



HC - Commissioner's Court
 HH - Board Meeting
 Holiday

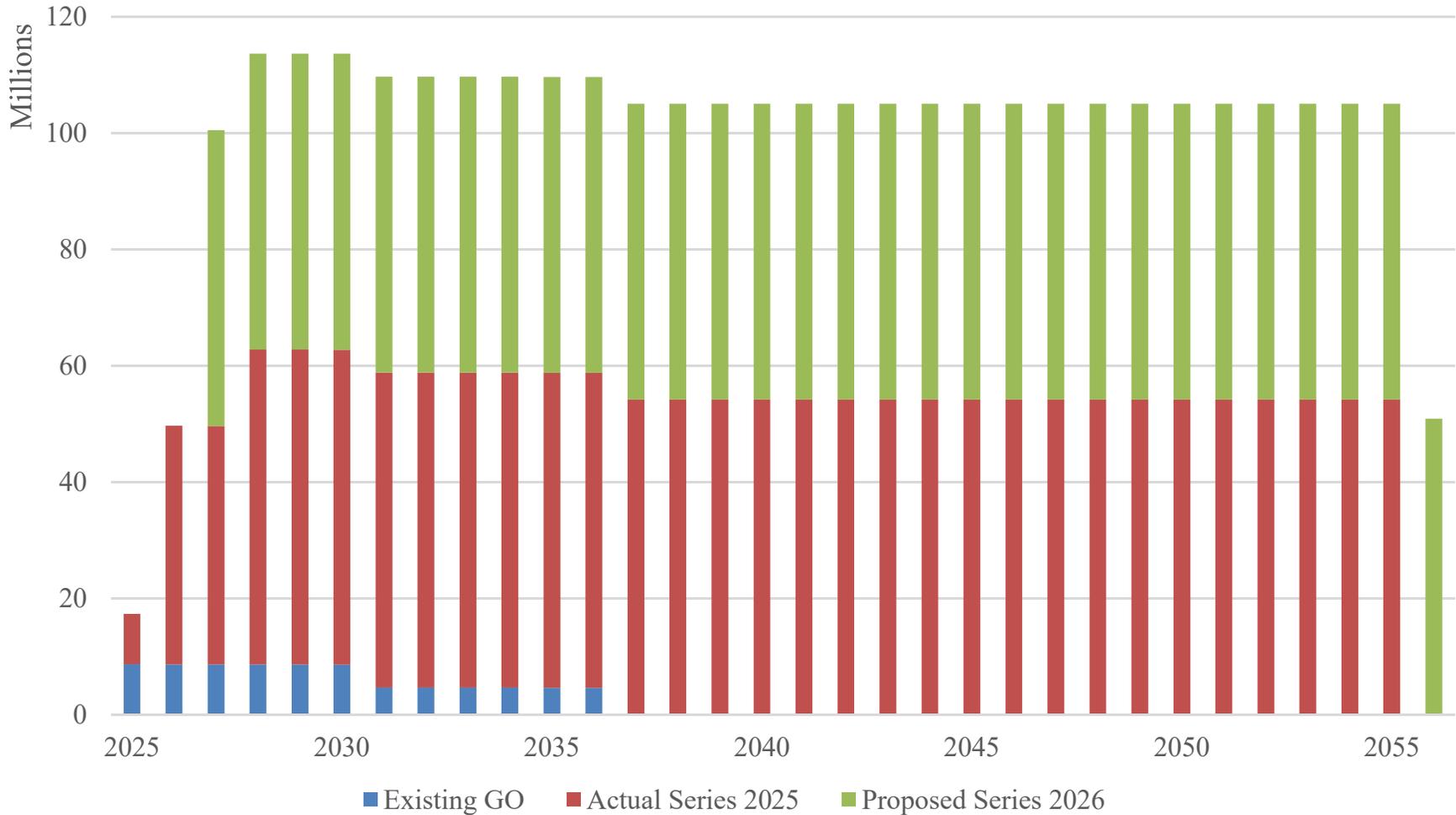
 HC - Business Court
 HH - Budget & Finance Meeting

Date	Action
Mon – Feb 16	Kickoff Call
Mon – Feb 23	First draft of POS/Bond Order
Tue – Feb 24	First draft of Rating Deck
Thu – Feb 26	Harris Co Commissioners Court Meeting – Go Forward
Fri – Feb 27	Initiate Bond Validation Suit
Tue – Mar 10	Documents Due for Hospital District Board Meeting on 3/26
Thu – Mar 12	Submit POS attachment to Harris Health Board Packet
Tue – Mar 17	Distribute second draft of POS & Rating Deck
Wed – Mar 25	Documents due to Harris County OMB for 4/9 Commissioners Court Consideration
Wed – Apr 1	Distribute credit package to KBRA & Moody's
TBD	KBRA & Moody's Rating meetings (virtual)
Thu – Ap 16	Commissioners Court – Considers approval of the sale of the bonds
Tue – Apr 28	Complete Bond Validation Suit
Wed – May 20	Post POS
Thu – June 4	Pricing
Fri – Jun 12	Post Final OS
Tue – June 23	Closing

Pro Forma Debt Service – 2026 Bonds



Pro Forma Debt Service



Preliminary / subject to change. Interest rates as of January 13, 2026

RESOLUTION AUTHORIZING PROCEEDINGS TO ISSUE AND SELL HARRIS COUNTY HOSPITAL DISTRICT, LIMITED TAX BONDS, SERIES 2026; AUTHORIZING THE PREPARATION OF ALL FINANCING AND OFFERING DOCUMENTS; APPROVING THE ENGAGEMENT OF PROFESSIONALS IN CONNECTION WITH THE ISSUANCE AND SALE OF THE BONDS; AND MAKING OTHER PROVISIONS REGARDING SUCH BONDS AND MATTERS INCIDENT THERETO

WHEREAS, the Harris County Hospital District, d/b/a Harris Health (the “District”), is a duly constituted hospital district operating pursuant to Article IX, Section 4 of the Texas Constitution, Chapter 281, Texas Health and Safety Code, as amended (“Chapter 281”), and an election held on November 20, 1965;

WHEREAS, pursuant to the laws of the State of Texas (the “State”), including particularly Chapter 281 and Chapter 1371, Texas Government Code, as amended, and an election held within the District on November 7, 2023, the Commissioners Court of Harris County, Texas (“Commissioners Court”) is authorized and has to the power to issue limited tax bonds, in the District's name on the District's faith and credit, to acquire, construct, equip, or enlarge District hospitals or the hospital system;

WHEREAS, the Board of Trustees of the District (the “Board”) has determined that it is in its best interest to request that the Commissioners Court authorize the issuance of Harris County Hospital District, Limited Tax Bonds, Series 2026 (the “Bonds”), for the purpose of financing the acquisition, construction, equipment, and/or enlargement of the District hospitals or the hospital system; and the potential refunding of existing District Revenue Bonds.

WHEREAS, to proceed with the issuance of the Bonds, the Board hereby acknowledges and affirms that (i) such legal services require specialized expertise and experience in municipal finance, federal tax law and federal and state securities laws and therefore cannot be adequately performed by the attorneys and supporting personnel of the District, (ii) such legal services cannot be reasonably obtained from attorneys in private practice under a contract providing for the payment of hourly fees without contingency because the District will not be obligated to pay any legal fees until the successful closing of the contemplated transaction, and (iii) entering into a contingent fee contract for legal services is in the best interest of the residents of the District because Co-Bond Counsel (defined herein) and Co-Disclosure Counsel (defined herein) will only be paid in the event that the contemplated transaction is completed and the Bonds successfully issued and delivered; and

WHEREAS, the Board further wishes to approve (1) the preparation of all financing, authorizing and offering documents, as required or appropriate, to be used in the public offering of the Bonds, (2) the engagement of Co-Bond Counsel, Co-Disclosure Counsel and the underwriting syndicate, all in connection with the issuance and sale of the Bonds, and (3) request the County's approval of such actions.

NOW, THEREFORE, BE IT RESOLVED, BY THE BOARD OF TRUSTEES OF HARRIS COUNTY HOSPITAL DISTRICT THAT:

ARTICLE I

AUTHORIZING PREPARATION OF FINANCING DOCUMENTS AND OFFERING DOCUMENTS

Section 1.1: The Board hereby authorizes the preparation of all necessary agreements, certificates, instruments and other documents, including without limitation, authorizing orders, resolutions, and a preliminary official statement, together with all ancillary, financing and offering documents that may be necessary or desirable for the issuance and sale of one or more series of Bonds in an aggregate new money amount not to exceed Eight Hundred Fifty Million Dollars (\$850,000,000). The Board reserves the right to amend such amounts in the order authorizing such Bonds, and to include in such orders the right to tax any and all administrative or judicial measures to ensure the sale, issuance and delivery of the Bonds.

ARTICLE II

ENGAGEMENT OF PROFESSIONALS

Section 2.1: Engagement of Professionals. The Board hereby approves the engagement of (1) Bracewell LLP and Bratton & Associates, PLLC, as Co-Bond Counsel (“Co-Bond Counsel”), and (2) McCall, Parkhurst & Horton L.L.P. and Levi Benton & Associates PLLC, as Co-Disclosure Counsel (“Co-Disclosure Counsel”). The District hereby waives all conflicts of interest it may have to legal representation by these firms under the terms to be set out by the Harris County Attorney. The Chief Executive Officer of the District or any designee thereof is hereby authorized to enter into letter agreements with the named Co-Bond Counsel and Co-Disclosure Counsel in the form reviewed and approved to by the Harris County Attorney. The prior engagement of Hilltop Securities Inc. and Masterson Advisors LLC, as Co-Financial Advisors to the District in connection with the Bonds, is hereby recognized and confirmed.

Section 2.2: Approval of Underwriting Syndicate. The District hereby approves the engagement of the underwriting syndicate in connection with the sale of the Bonds, as set forth in Exhibit A.

ARTICLE III

MISCELLANEOUS

Section 3.1: Authorization of Ratings and Other Matters Relating Thereto. The Chief Executive Officer and Chief Financial Officer, or any one or more of such officials of the District (the “Officials”) are hereby authorized and directed by the Board to do and perform all acts and things and to execute, acknowledge and deliver in the name, under the seal and on behalf of the District, all certificates, financing statements, instruments and other documents, whether or not herein mentioned, as are necessary or desirable to carry out the terms and provisions of this Resolution, including seeking ratings on the Bonds from one or more of Moody’s Investor Service, Inc and Kroll Bond Rating Agency, LLC, or any other nationally recognized rating agency for municipal securities, if necessary, with the fees for such ratings not to exceed a maximum aggregate amount of \$200,000.00.

The Officials and such other officials and employees of the District as may be designated by the Officials are authorized to incur reasonable and necessary expenses in connection with the sale and delivery of the Bonds (and all other matters described herein), and for presentations to rating agencies,

bond insurance companies, any other credit providers and prospective purchasers of the Bonds, if any. Necessary travel of the Officials and such other officials and employees of the District is hereby affirmed and approved. The expenditure of a portion of the proceeds of the Bonds for travel expenditures of the aforementioned is hereby affirmed and approved. All such persons shall be entitled to reimbursement by the District, as appropriate.

Section 3.2: Further Proceedings. The Officials are hereby authorized and directed to do any and all things necessary and/or convenient to carry out the terms of this Resolution and any other related documents. During the term of the Bonds, the Officials are further authorized to act on behalf of the District in exercising any and all rights and options provided to the District and performing all obligations of the District pursuant to the terms of the Bonds.

Section 3.3: Severability. If any section, paragraph, clause or provision of this Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution.

Section 3.4: Open Meeting. It is hereby found, determined and declared that a sufficient written notice of the date, hour, place and subject of the meeting at which this Order was adopted was posted at a place convenient and readily accessible at all times to the general public for the time required by law preceding this meeting, as required by the Open Meetings Law, Chapter 551, Texas Government Code, and that this meeting has been open to the public as required by law at all times during which this Resolution and the subject matter thereof has been discussed, considered and formally acted upon. The District further ratifies, approves and confirms such written notice and the contents and posting thereof.

Section 3.5: Repealer. All orders, resolutions and ordinances, or parts thereof, inconsistent herewith are hereby repealed to the extent of such inconsistency.

Section 3.6: Effective Date. This Resolution shall be in force and effect upon ratification and approval by the Commissioners Court.

[Remainder of Page Intentionally Left Blank]

PASSED AND APPROVED this 11th day of February, 2026.

**HARRIS COUNTY HOSPITAL
DISTRICT**

ATTEST:

Carol Paret, Presiding Officer
Vice Chair, Board of Trustees
On behalf of
Dr. Andrea Caracostis
Chair, Board of Trustees

Libby Viera-Bland
Secretary, Board of Trustees

(SEAL) Attachments:

Exhibit A Underwriting Syndicate

EXHIBIT A
UNDERWRITING SYNDICATE

Book Runner:
RBC

Co-Senior Managers:
Ramirez
Cabrera

Co-Managers:
Estrada
SAMCO
TD Securities
Truist
Morgan Stanley

CERTIFICATE OF SECRETARY

THE STATE OF TEXAS §
COUNTY OF HARRIS §
HARRIS COUNTY HOSPITAL DISTRICT §

I, the undersigned Secretary of the Board of Trustees of the Harris County Hospital District, hereby certify as follows:

1. The Board of Trustees of the Harris County Hospital District, convened in a regular meeting on February 11, 2026, at the regular meeting place thereof, and the roll was called of the duly constituted officers and members of said Board, to wit:

Andrea Caracostis	Board Chair
Carol Paret	Vice Chair
Libby Viera-Bland	Secretary
Ingrid Robinson	Trustee
Marlen J. Trujillo	Trustee
Paul J. Puente	Trustee
Philip Patrick Sun	Trustee
Shubhada Hooli	Trustee
Sima Ladjevardian	Trustee

and all of said persons were present, except the following absentee(s): , thus constituting a quorum. Whereupon, among other business, the following was transacted at said meeting: a written

RESOLUTION AUTHORIZING PROCEEDINGS TO ISSUE AND SELL HARRIS COUNTY HOSPITAL DISTRICT, LIMITED TAX BONDS, SERIES 2026; AUTHORIZING THE PREPARATION OF ALL FINANCING AND OFFERING DOCUMENTS; APPROVING THE ENGAGEMENT OF PROFESSIONALS IN CONNECTION WITH THE ISSUANCE AND SALE OF THE BONDS; AND MAKING OTHER PROVISIONS REGARDING SUCH BONDS AND MATTERS INCIDENT THERETO

was duly introduced for the consideration of said Board. It was then duly moved and seconded that said resolution be adopted; and, after due discussion, said motion, carrying with it the adoption of said resolution prevailed and carried by the following vote:

_____ Member(s) shown present voted "Aye."
_____ Member(s) shown present voted "No."
_____ Member(s) shown present abstained from voting.

2. A true, full and correct copy of the aforesaid resolution adopted at the meeting described in the above and foregoing paragraph is attached to and follows this certificate; that said resolution has been duly recorded in said Board's minutes of said meeting; that the above and

foregoing paragraph is a true, full and correct excerpt from said Board's minutes of said meeting pertaining to the adoption of said resolution; that the persons named in the above and foregoing paragraph are the duly chosen, qualified and acting officers and members of said Board as indicated therein; that each of the officers and members of said Board was duly and sufficiently notified officially and personally, in advance, of the date, hour, place and purpose of the aforesaid meeting, and that said resolution would be introduced and considered for adoption at said meeting, and each of said officers and members consented, in advance, to the holding of said meeting for such purpose; that said meeting was open to the public as required by law; and that public notice of the date, hour, place and subject of said meeting was given as required by Chapter 551, Texas Government Code, as amended.

SIGNED AND SEALED this 11th day of February, 2026.

[SEAL]

Secretary, Board of Trustees
Harris County Hospital District

THE STATE OF TEXAS §
 §
COUNTY OF HARRIS §

The Commissioners Court of Harris County, Texas, convened at a regular meeting of such Court at the Harris County Administration Building in the City of Houston, Texas, on _____, 2026, and the roll was called of the duly constituted members of such Commissioners Court, to-wit

Lina Hidalgo	County Judge
Rodney Ellis	Commissioner, Precinct No. 1
Adrian Garcia	Commissioner, Precinct No. 2
Tom Ramsey, P.E.	Commissioner, Precinct No. 3
Lesley Briones	Commissioner, Precinct No. 4

and all of such persons were present, except, _____ thus constituting quorum, when among other business, the following was transacted:

ORDER AUTHORIZING PROCEEDINGS TO ISSUE AND SELL HARRIS COUNTY HOSPITAL DISTRICT, LIMITED TAX BONDS, SERIES 2026; APPROVING THE PREPARATION OF ALL FINANCING DOCUMENTS, OFFERING DOCUMENTS, AND THE ENGAGEMENT OF PROFESSIONALS IN CONNECTION WITH THE ISSUANCE AND SALE OF THE BONDS; AND MAKING OTHER PROVISIONS REGARDING SUCH BONDS AND MATTERS INCIDENT THERETO

Commissioner _____ introduced the order and made a motion that the same be adopted. Commissioner _____ seconded the motion for adoption of the order. The motion, carrying with it the adoption of the order, prevailed by the following vote:

	Yes	No	Abstain
Judge Lina Hidalgo			
Comm. Rodney Ellis			
Comm. Adrian Garcia			
Comm. Tom Ramsey P.E.			
Comm. Lesley Briones			

The County Judge thereupon announced that the motion had duly and lawfully carried and that the order had been duly and lawfully adopted. The order thus adopted follows:

ORDER AUTHORIZING PROCEEDINGS TO ISSUE AND SELL HARRIS COUNTY HOSPITAL DISTRICT, LIMITED TAX BONDS, SERIES 2026; APPROVING THE PREPARATION OF ALL FINANCING DOCUMENTS, OFFERING DOCUMENTS, AND THE ENGAGEMENT OF PROFESSIONALS IN CONNECTION WITH THE ISSUANCE AND SALE OF THE BONDS; AND MAKING OTHER PROVISIONS REGARDING SUCH BONDS AND MATTERS INCIDENT THERETO

WHEREAS, the Harris County Hospital District, d/b/a Harris Health (the "District") has requested, pursuant to a resolution of its Board of Trustees (the "Board") passed on February 11, 2026, which is attached hereto as Exhibit A, that the Commissioners Court issue limited tax bonds in the name of the District and on the faith and credit of the District;

WHEREAS, pursuant to the laws of the State of Texas (the "State"), including particularly Chapter 281, Texas Health and Safety Code, as amended ("Chapter 281"), Chapter 1371, Texas Government Code, as amended ("Chapter 1371"), and an election held within the District on November 7, 2023 (the "Election"), the Commissioners Court of Harris County, Texas (the "Commissioners Court") is the appropriate entity to, is authorized, and has to the power to issue limited tax bonds, in the name and on the faith and credit of the District, to acquire, construct, equip, or enlarge District hospitals or the hospital system;

WHEREAS, the Commissioners Court has determined that the issuance of the limited tax bonds for the purpose of financing the acquisition, construction, equipment, and/or enlargement of the District facilities and any potential refunding of District Revenue Bonds is in the best interests of the citizens of the District; and

WHEREAS, the Commissioners Court now proposes to issue Harris County Hospital District, Limited Tax Bonds, Series 2026 (the "Bonds"), pursuant to the provisions of Chapter 281, Chapter 1371, and the Election, to accomplish all or part of the purpose described in the preceding recital.

NOW, THEREFORE, BE IT ORDERED, ADJUDGED AND DECREED BY THE COMMISSIONERS COURT OF HARRIS COUNTY, TEXAS THAT:

ARTICLE I

APPROVAL AND RATIFICATION OF DISTRICT RESOLUTION

Section 1.1: The Commissioners Court hereby ratifies and approves the resolution of the Board of the District passed on February 11, 2026, which is attached hereto as Exhibit A, and such approval hereby authorizes the preparation of the financing documents, offering document and the selection of professionals to carry out the sale, issuance and delivery of the Bonds.

ARTICLE II

MISCELLANEOUS

Section 2.1: Authorization of Other Matters Relating Thereto. The County Judge, the County Clerk, the County Budget Officer, the Deputy Executive Director, Office of Management and Budget, or any one or more of such officials of the County (the "Officials") are hereby authorized and directed by the Commissioners Court to do and perform all acts and things and to execute, acknowledge and deliver in the name, under the seal and on behalf of the County, all certificates, financing statements, instruments and other documents, whether or not herein mentioned, as are

necessary or desirable to carry out the terms and provisions of this Order in coordination and conjunction with any authorized District officials.

The Officials and such other officials and employees of the County as may be designated by the Officials are authorized to incur reasonable and necessary expenses in connection with the sale and delivery of the Bonds (and all other matters described herein), and for presentations to rating agencies, bond insurance companies, any other credit providers, if any, and prospective purchasers of the Bonds. Necessary travel of the Officials and such other officials and employees of the County is hereby affirmed and approved. The expenditure of a portion of the proceeds of the Bonds for travel expenditures of the aforementioned is hereby affirmed and approved. All such persons shall be entitled to reimbursement by the County or the District, as appropriate.

Section 2.2: Further Proceedings. The Officials are hereby authorized and directed to do any and all things necessary and/or convenient to carry out the terms of this Order and the exhibit attached hereto. During the term of the Bonds, the Officials are further authorized to act on behalf of the County and, if appropriate, the District, in exercising any and all rights and options provided to the County and performing all obligations of the County pursuant to the terms of the Bonds.

Section 2.3: Severability. If any section, paragraph, clause or provision of this Order shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Order.

Section 2.4: Open Meeting. It is hereby found, determined and declared that a sufficient written notice of the date, hour, place and subject of the meeting of the Commissioners Court at which this Order was adopted was posted at a place convenient and readily accessible at all times to the general public for the time required by law preceding this meeting, as required by the Open Meetings Law, Chapter 551, Texas Government Code, and that this meeting has been open to the public as required by law at all times during which this Order and the subject matter thereof has been discussed, considered and formally acted upon. The Commissioners Court further ratifies, approves and confirms such written notice and the contents and posting thereof.

Section 2.5: Repealer. All orders, resolutions and ordinances, or parts thereof, inconsistent herewith are hereby repealed to the extent of such inconsistency.

Section 2.6: Effective Date. This Order shall be in force and effect from and after its passage on the date shown below, and the Resolution of the District, attached hereto as Exhibit A, shall take contemporaneous effect with the passage of this Order.

[Remainder of Page Intentionally Left Blank]

PASSED AND ADOPTED this ___ day of _____, 2026.

HARRIS COUNTY, TEXAS

County Judge Lina Hidalgo

ATTEST:

County Clerk Teneshia Hudspeth

(SEAL) Attachments:

Exhibit A Resolution of the Board of Trustees of the Harris County Hospital District

EXHIBIT A

**RESOLUTION OF THE BOARD OF TRUSTEES OF THE HARRIS COUNTY
HOSPITAL DISTRICT**

THE STATE OF TEXAS §
 §
COUNTY OF HARRIS §

I, the undersigned, the duly elected, qualified and acting County Clerk and Ex Officio Clerk of the Commissioners Court of Harris County, Texas, do hereby specify that the attached and foregoing is a true and correct copy of an order entitled:

ORDER AUTHORIZING PROCEEDINGS TO ISSUE AND SELL HARRIS COUNTY HOSPITAL DISTRICT, LIMITED TAX BONDS, SERIES 2026; AUTHORIZING THE PREPARATION OF ALL FINANCING AND OFFERING DOCUMENTS; APPROVING THE ENGAGEMENT OF PROFESSIONALS IN CONNECTION WITH THE ISSUANCE AND SALE OF THE BONDS; AND MAKING OTHER PROVISIONS REGARDING SUCH BONDS AND MATTERS INCIDENT THERETO

adopted by such Commissioners Court at a regular meeting, open to the public, held on _____, 2026, together with an excerpt from the minutes of such meeting showing the adoption thereof, as same appears of record in the official minutes of such Commissioners Court on file in my office.

I further certify that the written notice of the date, hour, place and subject of the meeting of the Commissioners Court of Harris County, Texas, at which the foregoing order was adopted, was posted on a bulletin board located at a place convenient to the public in the Harris County Administration Building and readily accessible to the general public at the earliest possible time, pursuant to Chapter 551, Texas Government Code, as amended.

WITNESS MY HAND AND THE OFFICIAL SEAL OF SUCH COURT, this _____ day of _____, 2026.

TENESHIA HUDSPETH, County Clerk
and Ex Officio Clerk of the Commissioners
Court of Harris County, Texas

County Clerk Teneshia Hudspeth

[SEAL]

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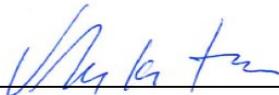
Meeting of the Board of Trustees

Wednesday, February 11, 2026

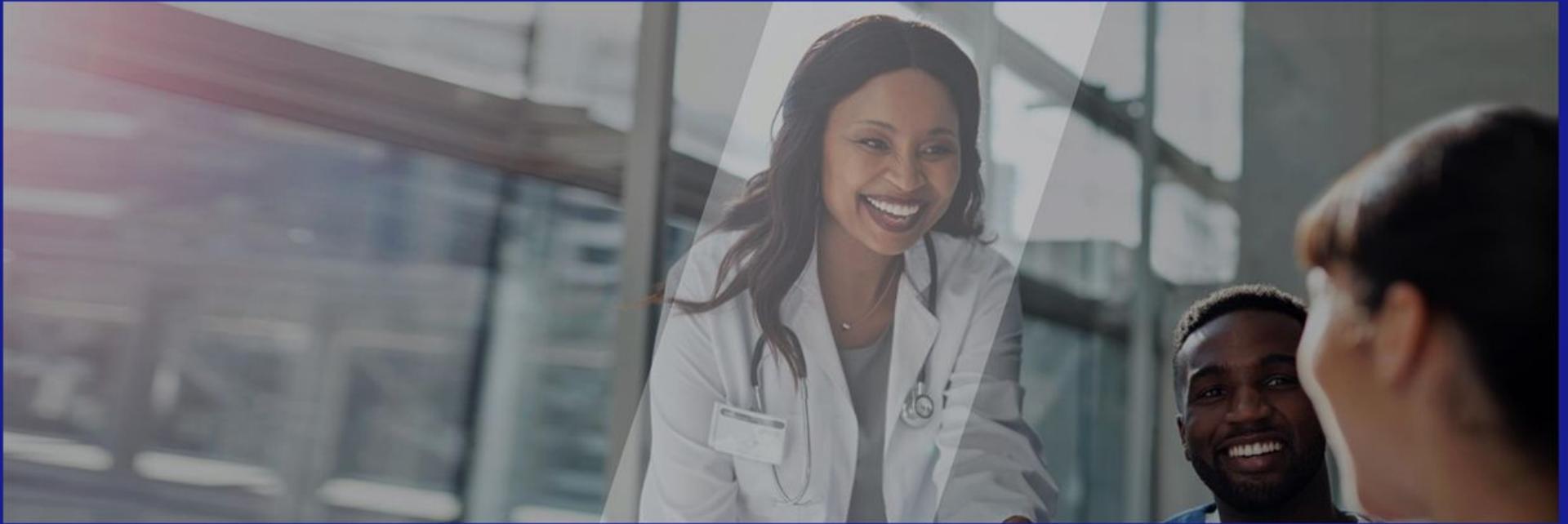
Presentation Regarding the Harris Health Independent Auditor's Report and Overview for the Year Ended September 30, 2025

A representative from the external audit firm, Forvis Mazars, will provide an overview of the results for the Harris Health audit reports.

A copy of the presentation is attached for your review.



Victoria Nikitin
EVP – Chief Financial Officer



Harris County Hospital District d/b/a Harris Health

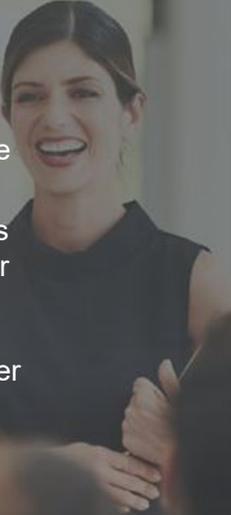
2025 Audit Presentation

forv/s
mazars

Sharing Our Results

Forvis Mazars' audit opinion is based on the evidence gathered.

Professional standards drive the content of our opinion & the required communication about any deficiencies & other items we may identify during the audit.



4

Forvis Mazars Responsibility & Opinion

UNMATCHED CLIENT
EXPERIENCE



Financial Statement Audit

- Draft Report is presented for board consideration
- Audit procedures are complete
- Forvis Mazars is prepared to issue an unmodified opinion
- No material weaknesses or significant deficiencies
- Component unit consideration



Audit Coordination

- Forvis Mazars received full cooperation and assistance from the management and finance teams in completing the audit engagement

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forvis
mazars

Audit Risk Areas & Key Disclosures



Significant Judgements & Accounting Estimates

- Allowances for contractual adjustments and uncollectible accounts
- Estimated third-party payer settlements, including Medicaid Waiver and supplemental funding related settlements
- Net pension liability
- Other postemployment benefit liability

Financial Disclosures

- Revenue
- Supplemental Medicaid funding programs
- Net pension liability
- Other postemployment benefit liability

Financial Statement Adjustments



Recorded Audit Adjustments
Recorded - None

Unrecorded Audit Adjustments
Other postemployment benefits liability –
census data correction

Statements of Revenues and Expenses (in thousands)

	7 Mo Ended				
	<u>2/28/2022</u>	<u>9/30/2022</u>	<u>9/30/2023</u>	<u>9/30/2024</u>	<u>9/30/2025</u>
Net patient service revenue	\$ 822,096	\$ 396,517	\$ 753,635	\$ 748,066	\$ 762,431
Medicaid supplemental programs revenue	561,109	583,321	719,270	697,728	729,931
Other revenue	<u>42,552</u>	<u>61,422</u>	<u>130,799</u>	<u>119,178</u>	<u>147,024</u>
	<u>1,425,757</u>	<u>1,041,260</u>	<u>1,603,704</u>	<u>1,564,972</u>	<u>1,639,386</u>
Expenses					
Salaries and employee benefits	1,052,089	631,301	1,223,621	1,246,447	1,307,143
Supplies and other	922,249	556,908	966,407	1,047,054	1,119,838
Depreciation	<u>61,159</u>	<u>42,402</u>	<u>74,434</u>	<u>87,748</u>	<u>96,248</u>
	<u>2,035,497</u>	<u>1,230,611</u>	<u>2,264,462</u>	<u>2,381,249</u>	<u>2,523,229</u>
Operating Loss	(609,740)	(189,351)	(660,758)	(816,277)	(883,843)
Ad valorem tax revenue, net	814,846	-	822,755	874,155	1,023,302
Provider Relief Fund revenue	34,027	20,893	-	-	-
Capital Gifts	45,900	-	9,500	-	4,000
Other revenue (expense)	<u>9,235</u>	<u>20,841</u>	<u>80,454</u>	<u>81,623</u>	<u>69,111</u>
Change in Net Position	<u>\$ 294,268</u>	<u>\$ (147,617)</u>	<u>\$ 251,951</u>	<u>\$ 139,501</u>	<u>\$ 212,570</u>

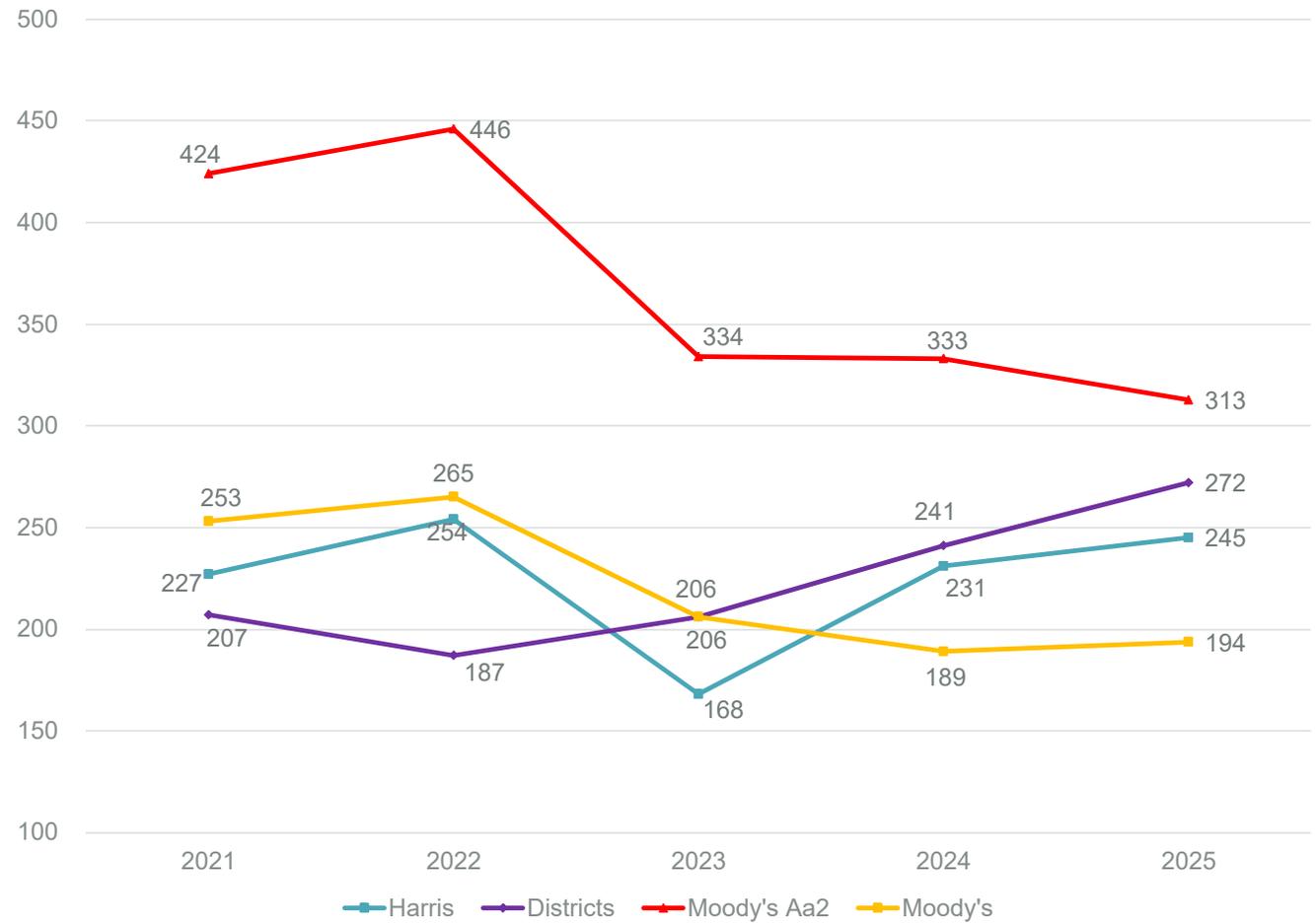
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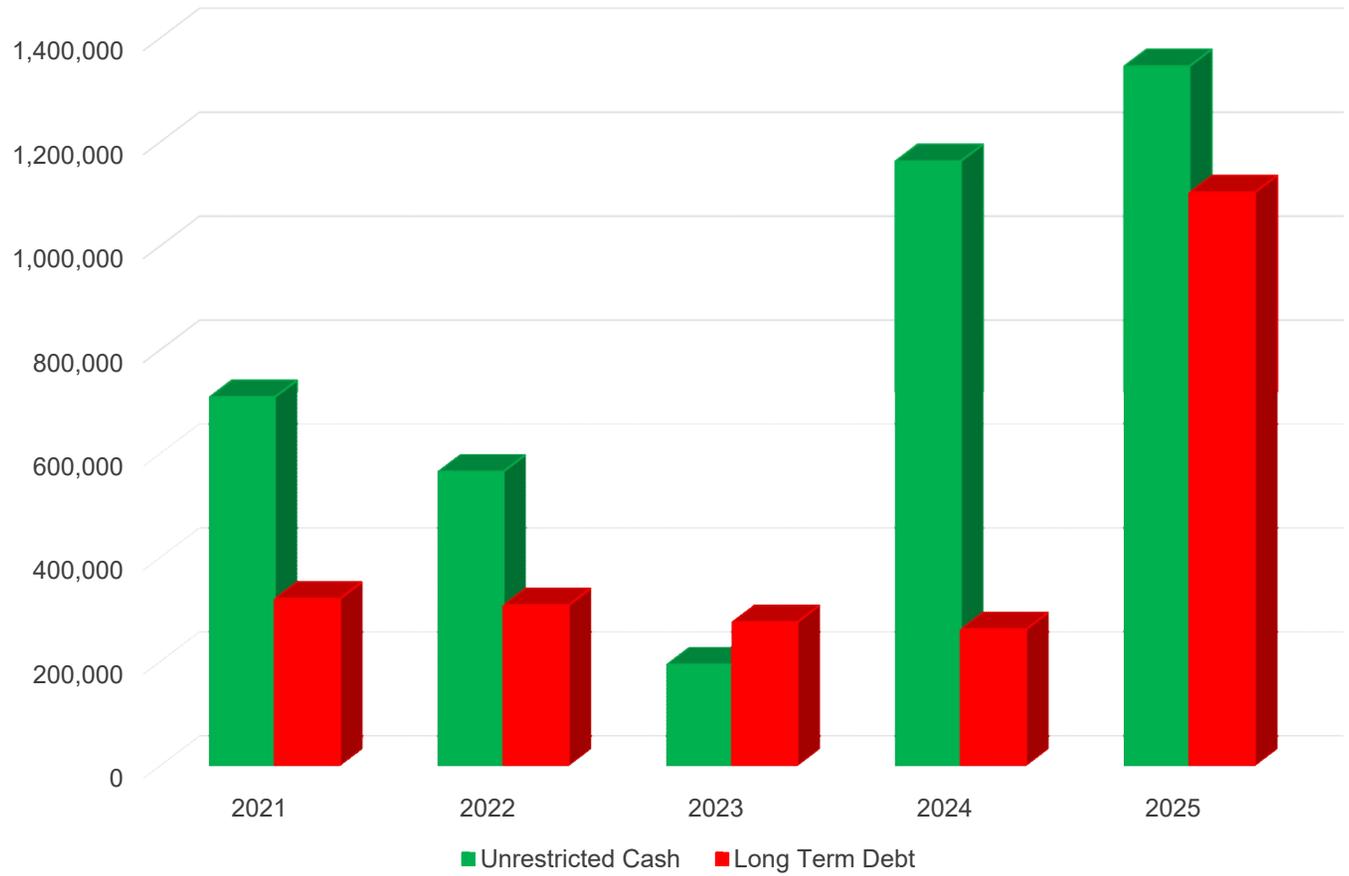
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mazars

Statements of Net Position (in thousands)

	<u>2/28/2022</u>	<u>9/30/2022</u>	<u>9/30/2023</u>	<u>9/30/2024</u>	<u>9/30/2025</u>
Current Assets					
Cash and short-term investments	\$ 1,232,924	\$ 822,808	\$ 1,012,630	\$ 1,462,216	\$ 1,647,849
Patient accounts receivable, net	127,653	114,899	181,545	160,502	149,569
Other current assets	<u>388,502</u>	<u>666,377</u>	<u>553,340</u>	<u>197,057</u>	<u>278,237</u>
	1,749,079	1,604,084	1,747,515	1,819,775	2,075,655
Noncurrent Cash and Investments	84,787	78,375	88,713	67,103	532,072
Capital Assets, Net	560,291	586,683	670,357	792,232	1,241,151
Lease and Subscription Assets, Net	-	47,888	42,465	36,641	36,548
Other Assets	9,441	11,180	17,179	18,036	21,242
Deferred Outflows of Resources	<u>160,212</u>	<u>195,717</u>	<u>241,358</u>	<u>188,286</u>	<u>144,168</u>
	<u>\$ 2,563,810</u>	<u>\$ 2,523,927</u>	<u>\$ 2,807,587</u>	<u>\$ 2,922,073</u>	<u>\$ 4,050,836</u>
Current Liabilities	\$ 314,517	\$ 394,213	\$ 389,648	\$ 476,413	\$ 622,248
Postemployment Health Benefit Liability	445,471	445,471	432,130	453,056	477,106
Net Pension Liability	155,191	155,191	344,235	235,438	169,519
Long-term Debt	320,877	308,580	275,833	262,043	1,102,717
Lease and Subscription Liabilities	-	40,335	37,033	31,872	31,620
Deferred Inflows of Resources	218,695	218,695	115,315	110,354	82,162
Net Position	<u>1,109,059</u>	<u>961,442</u>	<u>1,213,393</u>	<u>1,352,897</u>	<u>1,565,464</u>
	<u>\$ 2,563,810</u>	<u>\$ 2,523,927</u>	<u>\$ 2,807,587</u>	<u>\$ 2,922,073</u>	<u>\$ 4,050,836</u>

Days Cash on Hand (Harris Health Only)





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Peer Comparisons

	Total Assets	Total Debt	NPSR+ Supplemental	Unrestricted Cash/ Investments	DCOH	Cash to Debt %
Harris (9.30.25)	\$ 4,051,000	\$ 1,103,000	\$ 1,492,000	\$ 1,648,000	245	148%
Dallas (9.30.25)	4,800,000	526,000	2,389,000	1,459,000	182	277%
El Paso (9.30.25)	1,300,000	626,000	997,000	180,000	18	29%
Tarrant (9.30.25)	3,190,000	447,000	1,139,000	1,293,000	175	459%
Bexar (12.31.24)	5,326,000	1,361,000	1,817,000	2,061,721	335	152%

	Current Year		Prior Year	
	Pension Funded Status	Pension Measurement Date	Pension Funded Status	Pension Measurement Date
Harris	86.03%	12/31/2024	80.11%	12/31/2023
Dallas	72.14%	12/31/2024	70.55%	12/31/2023
El Paso	96.45%	12/31/2024	93.55%	12/31/2023
Tarrant	103.05%	9/30/2024	88.01%	9/30/2023
Bexar	76.32%	12/31/2023	71.58%	12/31/2022

Industry Highlights

1 Waiver Extension-
9/30/30

2 One Big Beautiful Bill
Act (OBBBA)

3 340B Drug Pricing
Program New Rebate
Model Changes

4 AI Transformation

5 Cybersecurity & data
breaches

Contact

Forvis Mazars

Thank you!

Chris Clark, Managing Partner
chris.clark@us.forvismazars.com
469.341.0790

The information set forth in this presentation contains the analysis and conclusions of the author(s) based upon his/her/their research and analysis of industry information and legal authorities. Such analysis and conclusions should not be deemed opinions or conclusions by Forvis Mazars or the author(s) as to any individual situation as situations are fact-specific. The reader should perform their own analysis and form their own conclusions regarding any specific situation. Further, the author(s)' conclusions may be revised without notice with or without changes in industry information and legal authorities.

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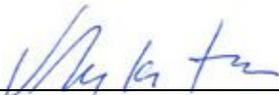
Wednesday, February 11, 2026

Consideration of Acceptance of the Harris Health Single Audit Report of Federal and State Award Programs for the Year Ended September 30, 2025

A representative from the external audit firm, Forvis Mazars, will provide an overview of the results for the Harris Health Single Audit Report of Federal and State Award Programs.

A copy of the draft report is attached for your review.

Management recommends the acceptance of the Harris Health Single Audit Report of Federal and State Award Programs for the Year Ended September 30, 2025.



Victoria Nikitin
EVP – Chief Financial Officer



Harris County Hospital District dba Harris Health

(A Component Unit of Harris County, Texas)

Single Audit Reports

September 30, 2025

Draft
1/30/26

**Harris County Hospital District dba Harris Health
(A Component Unit of Harris County, Texas)
Contents
September 30, 2025**

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Based on an Audit of Financial Statements Performed in Accordance With *Government
Auditing Standards* – Independent Auditor’s Report 4**

**Report on Compliance for Each Major Federal and State Program; Report on Internal
Control Over Compliance; and Report on Schedule of Expenditures of Federal and State
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Draft
1/30/26

**Harris County Hospital District dba Harris Health
(A Component Unit of Harris County, Texas)
Schedule of Expenditures of Federal and State Awards
Year Ended September 30, 2025**

Federal Grantor/Pass-Through Grantor/Federal Program Title	Assistance Listing Number	Grantor Number	Grant Period	Expenditures	Amount Paid to Subrecipients
U.S. Department of Health and Human Services					
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	5H79TI084352-03	9/30/24–9/29/25	\$ 591,877	\$ -
<i>Coordinated Services and Access to Research for Women, Infants, Children and Youth</i>					
Ryan White Title IV WICY and A	93.153	H12HA24800-12-00	8/1/24–7/31/25	386,902	-
Ryan White Title IV WICY and A	93.153	H12HA24800-13-00	8/1/25–7/31/26	42,045	-
Total ALN 93.153				428,947	-
Health Center Program Cluster					
<i>Health Center Program (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)</i>					
HOMELESS CARRYOVER GYE 12/25	93.224	H80CS00038-24-01	1/1/25–12/31/25	491,489	-
HOMELESS CARRYOVER GYE 12/24	93.224	H80CS00038-23-05	1/1/24–12/31/24	502,859	-
HOMELESS ENDING HIV EPIDEMIC GYE 08/24	93.224	H80CS00038-22-06	9/1/23–12/31/24	14,027	-
HOMELESS – DENTAL GYE12/24	93.224	H80CS00038-23-02	1/1/24–12/31/24	81,874	-
HOMELESS – DENTAL GYE12/25	93.224	H80CS00038-24-00	1/1/25–12/31/25	206,508	-
HOMELESS PRIMARY GYE 12/24	93.224	H80CS00038-23-02	1/1/24–12/31/24	921,540	-
HOMELESS PRIMARY GYE 12/25	93.224	H80CS00038-24-00	1/1/25–12/31/25	2,723,339	-
HOMELESS – QIAUDS+	93.224	H80CS00038-23-06	5/30/24–12/31/24	18,905	-
HOMELESS – PRIMARY CARE HIV PREVENTION	93.224	H80CS00038-23-13	1/1/24–12/31/24	36,068	-
Total ALN 93.224				4,996,609	-
<i>Grants for New and Expanded Services under the Health Center Program</i>					
HOMELESS FY 2023 BRIDGE ACCESS PROGRAM	93.527	H8LCS51798-01-00	9/1/23–12/31/24	34,182	-
Total Health Center Program Cluster				5,030,791	-
<i>Grants for Capital Development in Health Centers</i>					
COVID-19 American Rescue Plan – Capital	93.526	C8ECS44701-01-00	9/15/21–9/14/25	185,291	-
<i>Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease</i>					
Ryan White Part C GYE2024	93.918	H76HA00128-33	1/1/24–12/31/24	273,148	-
Ryan White Part C GYE2025	93.918	H76HA00128-34	1/1/25–12/31/25	605,790	-
Total ALN 93.918				878,938	-
<i>Maternal Opioid Misuse Model</i>					
Maternal Opioid Misuse Model	93.687	HHS0008683000001	1/1/24–12/31/24	124,649	-
Maternal Opioid Misuse Model	93.687	HHS0008683000001	1/1/25–12/31/25	541,473	-
Total ALN 93.687				666,122	-
<i>Passed Through Harris County Public Health Department</i>					
HIV Emergency Relief Project Grants	93.914	24GEN0400	3/1/24–2/28/25	4,332,528	-
HIV Emergency Relief Project Grants	93.914	25GEN0400	3/1/25–2/28/25	4,437,046	-
Total ALN 93.914				8,769,574	-
<i>Passed Through the City of Houston</i>					
HIV Prevention Activities – Health Department Based	93.940	24-RTN-1809	1/1/24–12/31/24	81,837	-
HIV Prevention Activities – Health Department Based	93.940	25-RTN-1809	1/1/25–5/31/25	119,140	-
HIV Prevention Activities – Health Department Based	93.940	25-RTN-1809	6/1/25–5/31/25	74,815	-
Total ALN 93.940				275,792	-
<i>Passed Through Texas Health & Human Services Commission</i>					
Cancer Prevention & Control Program for State, Territorial and Tribal Organizations (Fee-for-Service)	93.898	HHS 000734600039	9/1/24–8/31/25	298,661	-
<i>Passed Through JSI Research & Training Institute</i>					
Special Projects of National Significance					
HIV Telehealth Strategies to Maximize HIV Care	93.928	35529-02	8/1/24–7/31/25	178,363	-
<i>Passed Through Univ. of Texas HSC at San Antonio</i>					
Block Grants for Prevention and Treatment of Substance Abuse					
Medication Asst. Treatment Alcohol and other substances (MAT-AUD)	93.959	HHS001196700002	9/1/24–8/31/25	179,843	-
Total U.S. Department of Health and Human Services				17,484,199	-
U.S. Department of Treasury					
<i>Passed Through Harris County Office of County Administration</i>					
COVID-19 Coronavirus State and Local Fiscal Recovery Funds					
ARPA – GI Lab	21.027	SLFRFP1966	12/29/23–12/31/26	6,536,214	-
ARPA Food Pharmacy	21.027	SLFRF	12/19/23–12/16/25	519,735	-
Total U.S. Department of Treasury				7,055,949	-
U.S. Department of Justice					
<i>Passed Through Texas Office of the Governor-Criminal Justice Division</i>					
Crime Victim Assistance	16.575	GA-07154-03	10/1/24–9/30/25	69,950	-
Total U.S. Department of Justice				69,950	-
The accompanying notes are an integral part of this Schedule.					
Total Expenditures of Federal Awards				\$ 24,610,098	\$ -

**Harris County Hospital District dba Harris Health
(A Component Unit of Harris County, Texas)
Schedule of Expenditures of Federal and State Awards
Year Ended September 30, 2025**

(Continued)

Federal Grantor/Passthrough Grantor/State Grantor/Program Title	Grantor Number	Grantor Period	Expenditures	Amount Paid to Subrecipients
Office of the Texas Governor				
Enhancement of Community SAFE-Ready Facility	3942105	9/1/24–8/31/25	\$ 47,185	\$ -
Enhancement of Community SAFE-Ready Facility	3942107	9/1/25–8/31/26	4,025	-
Total Office of the Texas Governor			<u>51,210</u>	<u>-</u>
Texas Department of State Health Services				
AIDS Drug – Assistance Program Eligibility	25HHS00SS	9/1/24–8/31/25	141,253	-
AIDS Drug – Assistance Program Eligibility	26HHS00SS	9/1/25–8/31/26	6,520	-
Total Texas Department of State Health Services			<u>147,773</u>	<u>-</u>
Texas Health and Human Services Commission				
ACS Epilepsy Program	HHS000701500003	9/1/24–8/31/25	117,631	-
Colorectal Grant	HHS001457100001	4/16/25–8/31/25	23,494	-
Family Planning Grant Program (Fee-for-Service)	HHS000734600039	9/1/24–8/31/25	7,214,712	-
Family Planning Grant Program (Fee-for-Service)	HHS001647700001	9/1/25–8/31/26	2,140	-
Family Planning Grant Program (Cost Reimbursement)	HHS001647700001	9/1/25–8/31/26	62,306	-
Total Family Planning Grant Program (Fee-for-Service)			<u>7,279,158</u>	<u>-</u>
Health Texas Women's Grant Program	HHS000734600039	9/1/24–8/31/25	89,116	-
Health Texas Women's Grant Program	HHS001654000001	9/1/25–8/31/26	4,975	-
Total Health Texas Women's Grant Program			<u>94,091</u>	<u>-</u>
Healthy Texas Women – Patient Navigator	HHS000734600039	9/1/24–8/31/25	83,106	-
Healthy Texas Women – Patient Navigator	HHS001653900001	9/1/25–8/31/26	4,037	-
Total Healthy Texas Women – Patient Navigator			<u>87,143</u>	<u>-</u>
Breast & Cervical Cancer Control Program (Fee-for-Service)	HHS000734600039	9/1/24–8/31/25	(9,538)	-
Breast & Cervical Cancer Control Program (Cost Reimb)	HHS0001534400012	9/1/25–8/31/26	15,719	-
Total Breast & Cervical Cancer Control Program			<u>6,181</u>	<u>-</u>
Total Texas Health and Human Services Commission			<u>7,607,698</u>	<u>-</u>
Cancer Prevention and Research Institute of Texas				
<i>Passed through University of Texas MD Anderson Cancer Center</i>				
Colorectal Screening and Follow-up Among Urban Medically Underserved Population	PP210007	8/31/25–8/30/26	21,954	-
Colorectal Screening and Follow-up Among Urban Medically Underserved Population	PP210007	8/31/24–8/30/25	261,951	-
Total Colorectal Screening and Follow-up Among Urban Medically Underserved Population			<u>283,905</u>	<u>-</u>
Expanding a Community Network for Cancer Prevention to Increase HPV Vaccine Uptake and Tobacco Prevention in a Medically Underserved Pediatric Population	PP220038	8/31/25–8/30/26	18,136	-
Expanding a Community Network for Cancer Prevention to Increase HPV Vaccine Uptake and Tobacco Prevention in a Medically Underserved Pediatric Population	PP220038	8/31/24–8/30/25	270,171	-
Total Expanding a Community Network for Cancer Prevention to Increase HPV Vaccine Uptake and Tobacco Prevention in a Medically Underserved Pediatric Population			<u>288,307</u>	<u>-</u>
Primary HR-HPV Testing YR 1	PP240017	3/1/24–2/28/25	94,631	-
Primary HR-HPV Testing YR 2	PP240017	3/1/25–2/28/26	56,838	-
Total Primary HR-HPV Testing			<u>151,469</u>	<u>-</u>
MDA Be Well LBJ Farm	176441-42919	9/1/24–8/31/25	47,736	-
<i>Passed through University of Texas Health Science Center – Houston</i>				
CTN-0139 – Collaborative Care for Polysubstance	SA0004190	6/1/24–2/28/25	87,712	-
<i>Passed through University of Texas Southwestern Medical Center</i>				
CTN-0139 – Collaborative Care for Polysubstance	GMO250416	3/1/25–2/28/26	132,344	-
Total CTN-0139 – Collaborative Care for Polysubstance			<u>220,056</u>	<u>-</u>
Total Cancer Prevention and Research Institute of Texas			<u>991,473</u>	<u>-</u>
Total Expenditures of State Awards			<u>\$ 8,798,154</u>	<u>\$ -</u>

The accompanying notes are an integral part of this Schedule.

**Harris County Hospital District dba Harris Health
(A Component Unit of Harris County, Texas)
Notes to Schedule of Expenditures of Federal and State Awards
Year Ended September 30, 2025**

Note 1. Basis of Presentation

The schedule of expenditures of federal and state awards (Schedule) includes the federal and state award activity of Harris County Hospital District dba Harris Health (Harris Health) under programs of the federal and State of Texas governments for the year ended September 30, 2025. The information in this Schedule is presented in accordance with the requirements of the Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the Texas Grant Management Standards (TxGMS). Because the Schedule presents only a selected portion of the operations of Harris Health, it is not intended to and does not present the financial position, changes in net position, or cash flows of Harris Health.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in the Uniform Guidance or TxGMS, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3. Indirect Cost Rate

Harris Health has elected not to use the de minimis indirect cost rate allowed under the Uniform Guidance.

Note 4. Federal Loan Programs

Harris Health did not have any federal or state loan programs during the year ended September 30, 2025.

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

Independent Auditor's Report

Board of Trustees
Harris County Hospital District
dba Harris Health
Houston, Texas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the business-type activities and the aggregate discretely presented component units of Harris County Hospital District dba Harris Health (Harris Health), a component unit of Harris County, Texas, as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise Harris Health's basic financial statements, and have issued our report thereon dated February 10, 2026, which includes reference to other auditors who audited the financial statements of Harris County Hospital District Foundation and an other matter paragraph regarding the omission of required supplementary information. The financial statements of the Harris County Hospital District Foundation, Community Health Choice, Inc., and Community Health Choice Texas, Inc., the discretely presented component units included in Harris Health's financial statements, were not audited in accordance with *Government Auditing Standards* and, accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with these discretely presented component units.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Harris Health's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Harris Health's internal control. Accordingly, we do not express an opinion on the effectiveness of Harris Health's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Harris Health's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Dallas, Texas
February __, 2026

Draft
1/30/26

Report on Compliance for Each Major Federal and State Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal and State Awards Required by the Uniform Guidance and the Texas Grant Management Standards

Independent Auditor's Report

Board of Trustees
Harris County Hospital District
dba Harris Health
Houston, Texas

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited Harris County Hospital District dba Harris Health's (Harris Health) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the *Texas Grant Management Standards* (TxGMS) that could have a direct and material effect on each of Harris Health's major federal and state programs for the year ended September 30, 2025. Harris Health's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Harris Health's complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended September 30, 2025.

Basis for Opinion on Each Major Federal and State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and TxGMS. Our responsibilities under those standards, the Uniform Guidance and TxGMS are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Harris Health and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of Harris Health's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Harris Health's federal and state programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Harris Health's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and TxGMS will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Harris Health's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and TxGMS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Harris Health's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Harris Health's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and TxGMS, but not for the purpose of expressing an opinion on the effectiveness of Harris Health's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and TxGMS. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal and State Awards Required by the Uniform Guidance and TxGMS

We have audited the financial statements of the business type activities and the aggregate discretely presented component units of Harris Health as of and for the year ended September 30, 2025 and the related notes to the financial statements, which collectively comprise Harris Health's basic financial statements. We issued our report thereon dated February __, 2026, which contained unmodified opinions on those financial statements, a reference to other auditors, and an other matter paragraph regarding omission of required supplementary information. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by the Uniform Guidance and TxGMS and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal and state awards is fairly stated in all material respects in relation to the financial statements as a whole.

Dallas, Texas
February __, 2026

**Harris County Hospital District dba Harris Health
(A Component Unit of Harris County, Texas)
Schedule of Findings and Questioned Costs
Year Ended September 30, 2025**

Section I – Summary of Auditor’s Results

Financial Statements

1. Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

- Unmodified Qualified Adverse Disclaimer

2. Internal control over financial reporting:

Material weakness(es) identified? Yes No

Significant deficiency(ies) identified? Yes None reported

3. Noncompliance material to the financial statements noted? Yes No

Federal Awards

4. Internal control over major federal programs:

Material weakness(es) identified? Yes No

Significant deficiency(ies) identified? Yes None reported

5. Type of auditor’s report issued on compliance for major federal program:

- Unmodified Qualified Adverse Disclaimer

6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes No

7. Identification of major federal programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
93.224 and 93.527	Health Center Program Cluster

8. Dollar threshold used to distinguish between Type A and Type B programs: \$1,000,000.

9. Auditee qualified as a low-risk auditee? Yes No

**Harris County Hospital District dba Harris Health
 (A Component Unit of Harris County, Texas)
 Schedule of Findings and Questioned Costs
 Year Ended September 30, 2025**

State Awards

10. Internal control over major state programs:

- Material weakness(es) identified? Yes No
 Significant deficiency(ies) identified? Yes None reported

11. Type of auditor's report issued on compliance for major state program:

- Unmodified Qualified Adverse Disclaimer

12. Any audit findings disclosed that are required to be reported in accordance with TxGMS?

- Yes No

13. Identification of major federal programs:

Name of State Program or Cluster

Family Planning Grant Program

14. Dollar threshold used to distinguish between Type A and Type B programs: \$1,000,000.

Section II – Financial Statement Findings

Reference Number	Finding
	No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

Reference Number	Finding
	No matters are reportable.

Section IV – State Award Findings and Questioned Costs

Reference Number	Finding
	No matters are reportable.

**Harris County Hospital District dba Harris Health
(A Component Unit of Harris County, Texas)
Summary Schedule of Prior Audit Findings
Year Ended September 30, 2025**

Reference Number	Summary of Finding	Status
	No matters are reportable.	

Draft
1/30/26

Meeting of the Board of Trustees

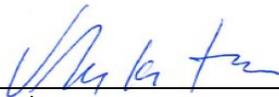
Wednesday, February 11, 2026

Consideration of Acceptance of the Harris Health Independent Auditor's Report and
Financial Statements for the Year Ended September 30, 2025

A representative from the external audit firm, Forvis Mazars, will provide an overview of the results for the Harris Health Independent Auditor's Report and Financial Statements.

A copy of the draft report is attached for your review.

Management recommends the acceptance of the Harris Health Independent Auditor's Report and Financial Statements for the Year Ended September 30, 2025.



Victoria Nikitin
EVP – Chief Financial Officer

**Harris County Hospital
District d/b/a Harris Health
A Component Unit of Harris County,
Texas**

**Independent Auditor's Report, Financial Statements,
and Supplementary Information**

September 30, 2025 and 2024

**Harris County Hospital District d/b/a Harris Health
A Component Unit of Harris County, Texas
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September 30, 2025 and 2024**

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Draft 2.3.20

Independent Auditor's Report

Board of Trustees
Harris County Hospital District d/b/a Harris Health
Houston, Texas

Opinions

We have audited the financial statements of the business-type activities and the aggregate discretely presented component units of Harris County Hospital District d/b/a Harris Health (System), a component unit of Harris County, Texas, as of and for the years ended September 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the System's basic financial statements, as listed in the table of contents.

In our opinion, based on our audits and the report of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the System as of September 30, 2025 and 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended, in accordance with accounting principles generally accepted in the United States of America (GAAP).

We did not audit the financial statements of the Harris County Hospital District Foundation (Foundation) or the Harris County Hospital District Strategic Fund (Strategic Fund), discretely presented component units of the System, which represent 4.22% and 4.13% of total assets, 7.01% and 8.44% of net position, and 0.09% and 0.04% of operating revenues of the aggregate discretely presented component units as of and for the years ended September 30, 2025 and 2024, respectively. Those statements were audited by other auditors, whose report has been furnished to us, and our opinions, insofar as it relates to the amounts included for the Foundation, are based solely on the report of the other auditors.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the System and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the System's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the System's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

GAAP requires that the pension and other postemployment benefit information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted management's discussion and analysis information that GAAP requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Dallas, Texas
February __, 2026

**Harris County Hospital District d/b/a Harris Health
A Component Unit of Harris County, Texas
Statements of Net Position
September 30, 2025 and 2024
(In Thousands)**

	2025					2024				
	Harris Health	Component Units			Harris Health	Component Units				
		Foundation February 28, 2025	Strategic Fund December 31, 2024	Community Health Choice, Inc. December 31, 2024		Community Health Choice Texas, Inc. December 31, 2024	Foundation February 29, 2024	Strategic Fund December 31, 2023	Community Health Choice, Inc. December 31, 2023	Community Health Choice Texas, Inc. December 31, 2023
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES										
Current Assets										
Cash and cash equivalents	\$ 1,345,342	\$ 122	\$ 11,776	\$ 84,219	\$ 606,672	\$ 1,162,829	\$ 122	\$ 6,011	\$ 37,475	\$ 555,512
Short-term investments	302,507	-	-	-	-	299,387	-	-	-	-
Accounts receivable, net of allowance for uncollectible accounts; 2025 – \$57,853, 2024 – \$78,757	149,569	-	-	-	-	160,502	-	-	-	-
Inventories	10,391	-	-	-	-	11,179	-	-	-	-
Medicaid supplemental programs receivable	39,171	-	-	-	-	43,972	-	-	-	-
Prepaid expenses and other current assets	55,460	451	1,185	385,916	126,649	45,194	2,097	-	331,247	48,008
Due from Community Health Choice, Inc.	19,445	-	-	-	8,515	13,527	-	-	-	65,471
Restricted cash and cash equivalents	137,511	-	-	-	-	59,115	-	-	-	-
Current portion of assets limited as to use or restricted	16,259	-	-	-	-	24,067	-	-	-	-
Total Current Assets	2,075,655	573	12,961	470,135	741,836	1,819,772	2,219	6,011	368,722	668,991
Assets Limited as to Use or Restricted, Net of Current Portion										
Debt service	16,260	-	-	-	-	8,468	-	-	-	-
Capital gift proceeds	57,247	-	-	-	-	55,028	-	-	-	-
Series 2020 capital asset fund	408	-	-	-	-	1,218	-	-	-	-
Series 2025 capital asset fund	456,038	-	-	-	-	-	-	-	-	-
Other	2,119	30,727	-	-	-	2,389	28,152	-	-	-
Total Assets Limited as to Use or Restricted, Net	532,072	30,727	-	-	-	67,103	28,152	-	-	-
Capital Assets										
Land and improvements	60,290	-	-	-	-	59,611	-	-	-	-
Buildings and fixed equipment	937,177	-	-	1,053	-	878,788	-	-	-	-
Major movable equipment	544,789	-	-	-	-	495,595	-	-	-	-
Less accumulated depreciation	(947,648)	-	-	(81)	-	(893,260)	-	-	-	-
Total Depreciable Capital Assets, Net	594,608	-	-	972	-	540,734	-	-	-	-
Construction in progress	646,543	-	-	-	-	251,498	-	-	869	-
Capital Assets, Net	1,241,151	-	-	972	-	792,232	-	-	869	-

See Notes to Financial Statements

**Harris County Hospital District d/b/a Harris Health
A Component Unit of Harris County, Texas
Statements of Net Position
September 30, 2025 and 2024
(In Thousands)**

(Continued)

	2025					2024				
	Component Units					Component Units				
	Harris Health	Foundation February 28, 2025	Strategic Fund December 31, 2024	Community Health Choice, Inc. December 31, 2024	Community Health Choice Texas, Inc. December 31, 2024	Harris Health	Foundation February 29, 2024	Strategic Fund December 31, 2023	Community Health Choice, Inc. December 31, 2023	Community Health Choice Texas, Inc. December 31, 2023
Lease Assets, Net	\$ 31,397	\$ -	\$ -	\$ 10,511	\$ -	\$ 35,496	\$ -	\$ -	\$ 564	\$ -
Subscription Assets, Net	5,151	-	-	362	-	1,145	-	-	45	-
Other Assets										
Ad valorem taxes receivable, net of allowance for uncollectible taxes; 2025 – \$62,383, 2024 – \$56,435	8,866	-	-	-	-	8,262	-	-	-	-
Derivative asset	728	-	-	-	-	-	-	-	-	-
Contributions receivable, net	-	-	9,287	-	-	-	-	8,317	-	-
Other assets	11,648	460	-	-	-	9,774	55	-	-	-
Total Other Assets	21,242	460	9,287	-	-	18,036	55	8,317	-	-
Total Assets	3,906,668	31,760	22,248	481,980	741,836	2,733,784	30,426	14,328	370,200	668,991
Deferred Outflows of Resources										
Resources related to pension	57,938	-	-	-	-	87,142	-	-	-	-
Resources related to OPEB	80,863	-	-	-	-	93,597	-	-	-	-
Derivative financial instrument	-	-	-	-	-	1,598	-	-	-	-
Loss on refunding revenue bonds	5,367	-	-	-	-	5,949	-	-	-	-
Total Deferred Outflows of Resources	144,168	-	-	-	-	188,286	-	-	-	-
Total Assets and Deferred Outflows of Resources	\$ 4,050,836	\$ 31,760	\$ 22,248	\$ 481,980	\$ 741,836	\$ 2,922,070	\$ 30,426	\$ 14,328	\$ 370,200	\$ 668,991

See Notes to Financial Statements

**Harris County Hospital District d/b/a Harris Health
A Component Unit of Harris County, Texas
Statements of Net Position
September 30, 2025 and 2024
(In Thousands)**

(Continued)

	2025					2024				
	Component Units					Component Units				
	Harris Health	Foundation February 28, 2025	Strategic Fund December 31, 2024	Community Health Choice, Inc. December 31, 2024	Community Health Choice Texas, Inc. December 31, 2024	Harris Health	Foundation February 29, 2024	Strategic Fund December 31, 2023	Community Health Choice, Inc. December 31, 2023	Community Health Choice Texas, Inc. December 31, 2023
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION										
Current Liabilities										
Accounts payable and accrued liabilities	\$ 263,455	\$ 1,592	\$ 7	\$ 37,877	\$ 36,575	\$ 197,232	\$ 1,109	\$ 1	\$ 24,113	\$ 54,683
Interest payable	5,944	-	-	-	-	884	-	-	-	-
Current portion of employee compensation and related benefit liabilities	55,062	-	-	-	-	50,280	-	-	-	-
Postemployment health benefit liability	22,292	-	-	-	-	20,514	-	-	-	-
Compensated absences	84,053	-	-	-	-	67,631	-	-	-	-
Intergovernmental transfer obligation	132,511	-	-	-	-	72,917	-	-	-	-
Medical claims liability	-	-	-	89,262	313,659	-	-	-	109,932	268,901
Premium deficiency reserve	-	-	-	-	4,140	-	-	-	-	24,545
Experience rebate payable	-	-	-	-	6,706	-	-	-	-	346
Liabilities related to the <i>Affordable Care Act</i>	-	-	-	1,160	-	-	-	-	1,990	-
Due to Harris Health System	-	-	-	18,830	-	-	-	-	15,379	-
Due to Community Health Choice Texas, Inc.	-	-	-	8,515	-	-	-	-	65,471	-
Estimated third-party payor settlements	37,286	-	-	-	-	30,349	-	-	-	-
Current portion of long-term debt	14,365	-	-	-	-	29,494	-	-	-	-
Current portion of subscription liabilities	600	-	-	-	-	513	-	-	-	-
Current portion of lease liabilities	6,680	-	-	-	-	6,599	-	-	-	-
Total Current Liabilities	622,248	1,592	7	155,644	361,080	476,413	1,109	1	216,885	348,475
Other Long-Term Liabilities										
Postemployment health benefit liability	477,106	-	-	-	-	453,056	-	-	-	-
Net pension liability	169,519	-	-	-	-	235,438	-	-	-	-
Lease liabilities	27,525	-	-	11,527	-	31,360	-	-	567	-
Subscription liabilities	4,095	-	-	117	-	512	-	-	39	-
Borrowing payable	5,803	-	-	-	-	6,432	-	-	-	-
Derivative liability	-	-	-	-	-	1,598	-	-	-	-
Arbitrage liability	12	-	-	-	-	239	-	-	-	-
Total Other Long-Term Liabilities	684,060	-	-	11,644	-	728,635	-	-	606	-

See Notes to Financial Statements

**Harris County Hospital District d/b/a Harris Health
A Component Unit of Harris County, Texas
Statements of Net Position
September 30, 2025 and 2024
(In Thousands)**

(Continued)

	2025					2024				
	Harris Health	Component Units				Harris Health	Component Units			
		Foundation February 28, 2025	Strategic Fund December 31, 2024	Community Health Choice, Inc. December 31, 2024	Community Health Choice Texas, Inc. December 31, 2024		Foundation February 29, 2024	Strategic Fund December 31, 2023	Community Health Choice, Inc. December 31, 2023	Community Health Choice Texas, Inc. December 31, 2023
Long-Term Debt										
Series 2010 refunding revenue bonds	\$ 68,700	\$ -	\$ -	\$ -	\$ -	\$ 55,931	\$ -	\$ -	\$ -	\$ -
Series 2016 refunding revenue bonds – including premium of \$7,351 and \$8,149 for 2025 and 2024, respectively	127,646	-	-	-	-	133,569	-	-	-	-
Series 2016 certificates of obligation – including premium of \$2,636 and \$3,104 for 2025 and 2024, respectively	41,271	-	-	-	-	44,789	-	-	-	-
Series 2020 certificates of obligation – including premium of \$1,300 and \$1,855 for 2025 and 2024, respectively	15,740	-	-	-	-	19,485	-	-	-	-
Series 2025 limited tax bonds – including premium of \$35,040 and \$0 for 2025 and 2024, respectively	843,545	-	-	-	-	-	-	-	-	-
	<u>1,096,902</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>253,774</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>2,403,210</u>	<u>1,592</u>	<u>7</u>	<u>167,288</u>	<u>361,080</u>	<u>1,458,822</u>	<u>1,109</u>	<u>1</u>	<u>217,491</u>	<u>348,475</u>
Deferred Inflows of Resources										
Derivative financial instrument	728	-	-	-	-	-	-	-	-	-
Resources related to OPEB	81,434	-	-	-	-	110,354	-	-	-	-
Total Deferred Inflows of Resources	<u>82,162</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>110,354</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Position										
Net investment in capital assets	477,103	-	-	-	-	469,289	-	-	-	-
Restricted for debt service	32,519	-	-	-	-	32,536	-	-	-	-
Restricted by donors for capital acquisitions	57,247	-	-	-	-	55,028	-	-	-	-
Restricted – other	2,119	26,345	22,080	-	-	2,389	25,740	14,327	-	-
Unrestricted	996,476	3,823	161	314,692	380,756	793,652	3,577	-	152,709	320,516
Total Net Position	<u>1,565,464</u>	<u>30,168</u>	<u>22,241</u>	<u>314,692</u>	<u>380,756</u>	<u>1,352,894</u>	<u>29,317</u>	<u>14,327</u>	<u>152,709</u>	<u>320,516</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 4,050,836</u>	<u>\$ 31,760</u>	<u>\$ 22,248</u>	<u>\$ 481,980</u>	<u>\$ 741,836</u>	<u>\$ 2,922,070</u>	<u>\$ 30,426</u>	<u>\$ 14,328</u>	<u>\$ 370,200</u>	<u>\$ 668,991</u>

See Notes to Financial Statements

Harris County Hospital District d/b/a Harris Health
A Component Unit of Harris County, Texas
Statements of Revenues, Expenses, and Changes in Net Position
Years Ended September 30, 2025 and 2024
(In Thousands)

	2025					2024				
	Component Units					Component Units				
	Harris Health	Foundation February 28, 2025	Strategic Fund December 31, 2024	Community Health Choice, Inc. December 31, 2024	Community Health Choice Texas, Inc. December 31, 2024	Harris Health	Foundation February 29, 2024	Strategic Fund December 31, 2023	Community Health Choice, Inc. December 31, 2023	Community Health Choice Texas, Inc. December 31, 2023
Operating Revenues										
Net patient service revenue	\$ 762,431	\$ -	\$ -	\$ -	\$ -	\$ 748,066	\$ -	\$ -	\$ -	\$ -
Medicaid supplemental programs revenue	729,931	-	-	-	-	697,728	-	-	-	-
Premium revenue	-	-	-	1,097,148	1,646,675	-	-	1,186,598	1,750,349	-
Other operating revenues	147,024	2,403	-	401	-	119,178	1,148	-	468	-
Total Operating Revenues	1,639,386	2,403	-	1,097,549	1,646,675	1,564,972	1,148	-	1,187,066	1,750,349
Operating Expenses										
Salaries, wages, and benefits	1,307,143	526	520	23,831	76,218	1,246,447	506	-	21,896	68,649
Pharmaceuticals and supplies	328,172	-	-	4,495	13,186	322,272	-	-	2,321	13,781
Physician services	475,860	-	-	-	-	443,730	-	-	-	-
Medical claims expense	-	-	-	812,452	1,441,596	-	-	-	1,027,450	1,599,758
Purchased services and other	315,806	4,300	306	93,698	77,510	281,052	5,282	89	85,751	83,650
Depreciation and amortization	96,248	-	-	549	149	87,748	-	-	766	2,366
Total Operating Expenses	2,523,229	4,826	826	935,025	1,608,659	2,381,249	5,788	89	1,138,184	1,768,204
Operating Income (Loss)	(883,843)	(2,423)	(826)	162,524	38,016	(816,277)	(4,640)	(89)	48,882	(17,855)
Nonoperating Revenues (Expenses)										
Ad valorem tax revenues, net	1,023,302	-	-	-	-	874,155	-	-	-	-
Tobacco settlement revenues	18,977	-	-	-	-	15,210	-	-	-	-
Investment income	78,330	3,274	299	2,223	22,226	76,779	5,321	-	2,032	35,094
Contribution revenue	-	-	8,441	-	-	-	-	14,416	-	-
Interest expense	(27,316)	-	-	(2,764)	(2)	(13,679)	-	-	(3,381)	(66)
Other, net	(880)	-	-	-	-	3,313	-	-	-	-
Total Nonoperating Revenues (Expenses), Net	1,092,413	3,274	8,740	(541)	22,224	955,778	5,321	14,416	(1,349)	35,028
Income Before Capital Gifts	208,570	851	7,914	161,983	60,240	139,501	681	14,327	47,533	17,173
Capital Gifts	4,000	-	-	-	-	-	-	-	-	-
Changes in Net Position	212,570	851	7,914	161,983	60,240	139,501	681	14,327	47,533	17,173
Net Position, Beginning of Year	1,352,894	29,317	14,327	152,709	320,516	1,213,393	28,636	-	105,176	303,343
Net Position, End of Year	\$ 1,565,464	\$ 30,168	\$ 22,241	\$ 314,692	\$ 380,756	\$ 1,352,894	\$ 29,317	\$ 14,327	\$ 152,709	\$ 320,516

See Notes to Financial Statements

**Harris County Hospital District d/b/a Harris Health
A Component Unit of Harris County, Texas
Statements of Cash Flows
Years Ended September 30, 2025 and 2024
(In Thousands)**

	<u>2025</u>	<u>2024</u>
Cash Flows From Operating Activities		
Receipts from and on behalf of patients	\$ 781,363	\$ 788,624
Receipts from Medicaid supplemental programs	715,930	1,088,611
Receipts from incentive programs and grants	21,122	29,091
Receipts from other revenues	122,758	109,677
Payments to suppliers	(1,131,332)	(1,040,928)
Payments to employees and for employee benefits	(1,314,434)	(1,287,193)
Net Cash Used in Operating Activities	<u>(804,593)</u>	<u>(312,118)</u>
Cash Flows From Noncapital Financing Activities		
Contributions and other, net	2,148	2,726
Ad valorem taxes, net	1,013,893	862,242
Interest paid	(747)	(900)
Repayment of long-term debt	(2,195)	(2,091)
Tobacco settlement revenues	18,977	15,210
Net Cash Provided by Noncapital Financing Activities	<u>1,032,076</u>	<u>877,187</u>
Cash Flows From Capital and Related Financing Activities		
Receipt of property taxes for debt service	8,764	8,940
Acquisitions and construction of capital assets	(473,805)	(183,385)
Contributions restricted for the acquisition and construction of capital assets	4,000	-
Proceeds from issuance of long-term debt	840,031	-
Interest paid on long-term debt, lease liabilities, and subscription arrangement liabilities	(20,090)	(14,704)
Principal paid on long-term debt, lease liabilities, and subscription arrangement liabilities	(20,032)	(18,683)
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>338,868</u>	<u>(207,832)</u>
Cash Flows From Investing Activities		
Receipts of investment income – including realized gains and losses	65,591	87,915
Net changes in cash equivalents included in assets limited as to use or restricted	(465,429)	115
Purchases of investment securities	(425,000)	(333,350)
Proceeds from sale and maturities of investment securities	441,000	856,456
Net Cash Provided by (Used in) Investing Activities	<u>(383,838)</u>	<u>611,136</u>
Net Increase in Cash and Cash Equivalents	182,513	968,373
Cash and Cash Equivalents, Beginning of Year	<u>1,162,829</u>	<u>194,456</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,345,342</u>	<u>\$ 1,162,829</u>

See Notes to Financial Statements

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**Harris County Hospital District d/b/a Harris Health
A Component Unit of Harris County, Texas
Statements of Cash Flows
Years Ended September 30, 2025 and 2024
(In Thousands)**

(Continued)

	<u>2025</u>	<u>2024</u>
Reconciliation of Operating Loss to Net Cash Used in Operating Activities		
Operating loss	\$ (883,843)	\$ (816,277)
Adjustments to reconcile operating loss to net cash used in operating activities		
Depreciation and amortization	96,248	87,748
Changes in operating assets and liabilities		
Accounts receivable	10,933	21,043
Inventories	788	(1,997)
Medicaid supplemental programs receivable	(14,001)	390,883
Prepaid expenses and other assets	(15,355)	(1,306)
Estimated third-party payor settlements receivable	-	2,839
Accounts payable and accrued liabilities	(431)	31,651
Net pension liability	(65,919)	(108,797)
Employee compensation and related benefit liabilities	4,782	(11,315)
Compensated absences	16,422	5,595
Estimated third-party payor settlements payable	6,937	13,456
Postemployment health benefit liability	25,828	22,522
Deferred inflows of resources – pension	-	(1,192)
Deferred outflows of resources – pension	29,204	71,312
Deferred inflows of resources – OPEB	(28,920)	(1,036)
Deferred outflows of resources – OPEB	12,734	(17,247)
Total adjustments	<u>79,250</u>	<u>504,159</u>
Net Cash Used in Operating Activities	<u>\$ (804,593)</u>	<u>\$ (312,118)</u>
Supplemental Disclosures of Noncash Operating, Capital, Financing, and Investing Activities		
Unrealized gain (loss) on investments	\$ 2,363	\$ (12,378)
Amounts related to acquisition of capital assets in accounts payable and accrued liabilities	\$ 120,111	\$ 53,457
Lease obligations incurred for lease assets	\$ 3,476	\$ 2,544
Subscription obligations incurred for subscription assets	\$ 5,915	\$ 220

In May 2025, Harris Health issued Limited Tax Bonds, Series 2025. Proceeds of \$5,292 were deposited immediately for the payment of the related issuance costs.

**Harris County Hospital District d/b/a Harris Health
A Component Unit of Harris County, Texas
Notes to Financial Statements
September 30, 2025 and 2024**

Note 1. Organization and Mission

Harris County Hospital District d/b/a Harris Health (Harris Health or the System), a component unit of Harris County, Texas, was created by authorization of the legislature of the State of Texas and subsequent approval by the voters of Harris County, Texas, in November 1965. The System provides patient care to the indigent population of Harris County and receives property taxes levied by Harris County for the provision of this care. Harris Health operates two acute care hospitals with a total of 617 licensed beds. The System also operates a large outpatient services care platform that includes 16 primary care health centers, seven homeless shelter health clinics, four large multi-specialty clinics, three same day clinics, an urgent care clinic, a freestanding dental center, and a mobile immunization and medical outreach program. Through a cooperative arrangement with Harris County, Harris Health also provides the correctional healthcare services within the Harris County Jail, which is the third largest jail in the U.S. The System is exempt from federal income taxes.

The System is a component unit of Harris County, Texas (legally separate from Harris County, Texas), since the members of the System's governing board are appointed by the Harris County Commissioners' Court. The Harris County Commissioners' Court approves the System's tax rate and annual operating and capital budget. Harris County, Texas, does not provide any funding to the System, hold title to any of the System's assets, or have any rights to any surpluses of the System.

The System's primary mission is to provide quality preventive, medical, hospital, and emergency care to the indigent and needy of Harris County and to others with the ability to pay. All activities conducted by the System are directly associated with the furtherance of this mission and are, therefore, considered to be operating activities.

The Harris County Hospital District Foundation (Foundation) was organized in 1993. The Foundation is a nonprofit, tax-exempt corporation organized under Section 501(c)(3) of the Internal Revenue Code whose primary purpose is to raise funds to support the operations and activities of the System. Although the System does not control the timing or amount of receipts from the Foundation, the majority of resources (or income thereon) that the Foundation holds and invests is restricted to the activities of the System by the donor. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the System, the Foundation is considered a component unit of the System and is included in the System's financial statements. The Foundation is reported as a discretely presented component unit of the System. Financial reports for the Foundation can be obtained from the Harris County Hospital District Foundation, 4800 Fournace Place, Bellaire, Texas 77401. Attention: Jeffrey Baker, Executive Director (jeffrey.baker@harrishealth.org).

The Harris County Hospital District Strategic Fund (Strategic Fund) is a nonprofit, tax-exempt corporation organized under Section 501(c)(3) of the Internal Revenue Code whose primary purpose is to lead the private fundraising efforts for the implementation of the System's strategic plan. Although the System does not control the timing or amount of receipts from the Strategic Fund, the majority of the resources (or income thereon) that the Strategic Fund holds and invests is restricted to the support of the System's strategic plan. Because these restricted resources held by the Strategic Fund can only be used by, or for the benefit of, the System, the Strategic Fund is considered a component unit of the System and is included in the System's financial statements. The Strategic Fund is reported as a discretely presented component unit of the System. Financial reports of the Strategic Fund can be obtained from the Harris Health Strategic Fund, 4800 Fournace Place, Bellaire, Texas 77401. Attention: Taylor McMillan, Executive Director (taylor.mcmillan@harrishealth.org).

Community Health Choice, Inc. (CHC) and Community Health Choice Texas, Inc. (CHCT) (collectively, HMOs) are Texas nonprofit corporations organized under Section 501(c)(4) of the Internal Revenue Code to operate as health maintenance organizations. CHC was incorporated on May 8, 1996, licensed by the Texas Department of Insurance on February 27, 1997, and as of December 31, 2024, offered four Medicaid insurance products as well as individual health insurance on the Health Insurance Marketplace. CHCT was formed in August 2016 to allow the Health Insurance Marketplace and the Medicaid insurance products to be provided and served by separate corporations. CHC is the Health Insurance Marketplace and commercial HMO with 110,756 enrollees as of December 31, 2024,

**Harris County Hospital District d/b/a Harris Health
A Component Unit of Harris County, Texas
Notes to Financial Statements
September 30, 2025 and 2024**

and CHCT is the Medicaid Managed Care HMO with 292,322 enrollees as of December 31, 2024. The HMOs are reported as discretely presented component units of the System since the Board of Directors are appointed by the System's Board of Trustees (Board) and the System can impose its will on the HMOs. The differences in amounts due to the System and due from the HMOs in the accompanying statements of net position are primarily due to the presentation of the HMOs' financials based on their fiscal year-end of December 31. Financial reports for the HMOs can be obtained from Community Health Choice, Inc., 2636 South Loop West, Ste. 125, Houston, Texas 77054, Attention: Anna Mateja, Chief Financial Officer (anna.mateja@communityhealthchoice.org).

Unless otherwise noted, the following notes do not include the Foundation, Strategic Fund, or the HMOs.

The accompanying statements of revenues, expenses, and changes in net position of the System reflect its activities for the years ended September 30, 2025 and 2024. The financial statements of the Foundation are as of and for the years ended February 28, 2025 and February 29, 2024. The financial statements of the HMOs and Strategic Fund are as of and for the years ended December 31, 2024 and 2023. These years are the most recent fiscal years ended for these component units.

Note 2. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting using the economic resources measurement focus. Revenues, expenses, gains, losses, assets, liabilities, and deferred inflows and outflows of resources from exchange and exchange-like transactions are recognized when the exchange transaction takes place, while those from government-mandated or voluntary nonexchange transactions (principally federal and state grants and ad valorem tax revenues) are recognized when all applicable eligibility requirements are met. Operating revenues and expenses include exchange transactions and program-specific, government-mandated, or voluntary nonexchange transactions. Government-mandated or voluntary nonexchange transactions that are not program-specific, ad valorem taxes, investment income, and interest on capital asset-related debt are included in nonoperating revenues and expenses.

Method of Accounting

Under the provisions of the American Institute of Certified Public Accountants' *Audit and Accounting Guide, Health Care Organizations*, the System is considered a governmental organization and is subject to the pronouncements of the Governmental Accounting Standards Board (GASB).

In accordance with GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, the System's financial statements include the statement of net position; statement of revenues, expenses, and changes in net position; and statement of cash flows.

The statement of net position requires that total net position be reported in three components (a) net investment in capital assets, (b) restricted, and (c) unrestricted.

- Net investment in capital assets consists of capital, lease, and subscription assets, net of accumulated depreciation and amortization, reduced by the amount outstanding for any bonds, notes, or other financing liabilities that were incurred related to the acquisition, use, construction, or improvement of those assets.
- Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to the assets and are primarily for debt service and capital asset acquisition.
- Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

**Harris County Hospital District d/b/a Harris Health
A Component Unit of Harris County, Texas
Notes to Financial Statements
September 30, 2025 and 2024**

When an expense is incurred for purposes for which there are both restricted and unrestricted net position available, it is the System's practice to apply that expense to restricted net position to the extent such are available and then to unrestricted.

The Foundation is a private nonprofit organization that reports under Financial Accounting Standards Board pronouncements. As such, certain revenue recognition criteria and presentation features are different from that of GASB. The Foundation's financial statement formats were modified to make them compatible with the System's financial statement formats.

The HMOs are licensed only in the state of Texas and report under GASB pronouncements. The HMOs' financial statement formats were modified to make them compatible with the System's financial statement formats.

Reporting Entity

The financial statements include the accounts of the System, Foundation, Strategic Fund, and HMOs, as described in Note 1. In accordance with GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – An Amendment of GASB Statements Nos. 14 and 34*, the System reports these entities as discretely presented component units in its financial statements. Management of the System believes the separate presentation of the System's statements and each of the discretely presented component unit to be the most reflective of the System's activities.

Transactions between the System and its component units include the following:

The System provides certain administrative services to the HMOs, including employment of all individuals who perform the day-to-day requirements of the business functions of the HMOs. The HMOs reimburse the System for such salaries, wages, and benefits, and these costs are reflected as expenses of the HMOs.

An additional fee for indirect costs approximating \$5 million and \$4 million for the years ended September 30, 2025 and 2024, respectively, is included as a revenue and expense in the System's financial statements. The System pays a portion of the premiums for enrollees to CHC for insurance coverage under the insurance plans that are offered as part of the HMOs' mission. Premiums paid on behalf of enrollees were approximately \$7 million and \$9 million for the years ended September 30, 2025 and 2024, respectively, which is included as revenue in the HMOs' financial statements and expense in the System's financial statements.

The System supports the Strategic Fund and Foundation with payments for goods and services, which are recognized in the financial data as in-kind contributions and expenses. The Strategic Fund and Foundation provide support to the System for projects and capital expansion.

The Strategic Fund staff began forming in 2024, including hiring its first executive director. In 2025, the System began reporting the Strategic Fund as a discretely presented component unit as the value of the Strategic Fund's assets continued to increase in the Strategic Fund's fiscal year ended December 31, 2024. The System's 2024 financial statements were revised to include the financial statements of the Strategic Fund as of and for the year ended December 31, 2023.

Cash, Cash Equivalents, and Investments

Cash and cash equivalents include cash and investments that are highly liquid with maturities of less than three months when purchased and excludes cash and cash equivalents that are restricted or limited as to use. For the year ended September 30, 2025, the System held restricted cash and cash equivalents of approximately \$133 million related to the Local Provider Participation Fund (LPPF), which is restricted under state law for provider assessments, and \$5 million received from the County under an Interlocal Agreement (ILA), which is contractually restricted for specific program purposes. For the year ended September 30, 2024, the System held restricted cash and cash equivalents of approximately \$59 million related to LPPF.

**Harris County Hospital District d/b/a Harris Health
A Component Unit of Harris County, Texas
Notes to Financial Statements
September 30, 2025 and 2024**

Short-term investments are investments with maturities in excess of three months but less than a year when purchased. The System's and HMOs' cash, cash equivalents, and investments are invested in fully collateralized time deposits, commercial paper, money market mutual funds, investment pools, and government securities as authorized by Chapter 281 of the *Texas Health and Safety Codes* and Chapter 116 of the *Texas Local Government Code*, except as disclosed in Note 6. Such total collateralization and insurance coverage are required by the Board of the System. The Foundation's investments, however, are not subject to these laws.

Investments are reported at amortized cost or fair value, with realized and unrealized gains and losses included in investment income in the statements of revenues, expenses, and change in net position.

Foundation Net Position

Gifts of cash and other assets received without donor stipulations are reported as unrestricted revenue and net position. Gifts received with a donor stipulation that limits their use are reported as restricted net position. When a donor-stipulated time restriction ends or purpose restriction is accomplished, restricted net position is reclassified to unrestricted net position. The majority of pledges recorded are externally imposed on the System's expansion projects. Pledges are included in other assets on the statements of net position.

Inventories

Inventories are valued at the lower of cost, using the first-in, first-out method, or market and consist principally of pharmaceuticals.

Capital Assets

Property, plant, and equipment are carried at cost or acquisition value at the time of donation and include expenditures for new facilities and equipment and expenditures that substantially increase the useful life of existing capital assets. Ordinary maintenance and repairs are charged to expense when incurred. Capitalization is limited to assets with a cost of \$5,000 or greater.

Disposals are removed at carrying cost less accumulated depreciation, with any resulting gain or loss included in other nonoperating revenue and expenses. Depreciation is recorded on the straight-line method over the estimated useful lives of the assets.

Estimated useful lives for buildings are up to 40 years and for equipment are 2 to 25 years.

Lease Assets

Lease assets are initially recorded at the initial measurement of the lease liability, plus lease payments made at or before the commencement of the lease term, less any incentives received from the lessor at or before the commencement of the lease, plus initial direct costs that are ancillary to place the asset in service. Lease assets are amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset. The System has a capitalization policy to only record lease assets related to leases with more than \$5,000 of payments over the lease term.

Subscription Assets

Subscription assets are initially recorded at the initial measurement of the subscription liability, plus subscription payments made at or before the commencement of the subscription-based information technology arrangement (SBITA) term, less any SBITA vendor incentives received from the SBITA vendor at or before the commencement of the SBITA term, plus capitalizable initial implementation costs. Subscription assets are amortized on a straight-line basis over the shorter of the SBITA term or the useful life of the underlying IT asset. The System has a capitalization policy to only record SBITA assets related to agreements with more than \$5,000 of payments over the agreement term.

**Harris County Hospital District d/b/a Harris Health
A Component Unit of Harris County, Texas
Notes to Financial Statements
September 30, 2025 and 2024**

Capital, Lease, and Subscription Asset Impairment

The System evaluates capital, lease, and subscription assets for impairment whenever events or circumstances indicate a significant, unexpected decline in the service utility of a capital, lease, or subscription asset has occurred. If a capital, lease, or subscription asset is tested for impairment and the magnitude of the decline in service utility is significant and unexpected, accumulated depreciation or amortization is increased by the amount of the impairment loss. No material asset impairment was recognized during the years ended September 30, 2025 and 2024.

Deferred Outflows and Inflows of Resources

The System reports the consumption of net assets and an acquisition of net assets that is applicable to a future reporting period as deferred outflows and inflows of resources, respectively, in a separate section of its statement of net position.

Risk Management

The System is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; medical malpractice; and employee health, dental, and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters other than medical malpractice and employee health claims. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

The System is self-insured for a portion of its exposure to risk of loss from medical malpractice and employee health claims. Annual estimated provisions are accrued for the self-insured portion of medical malpractice and employee health claims and include an estimate of the ultimate costs for both reported claims and claims incurred but not yet reported.

Compensated Absences

The System's policies permit most employees to accumulate vacation and sick leave benefits that may be realized as paid time off or, in limited circumstances, as a cash payment. A liability is accrued for compensated absences as the benefits are earned if the leave is more likely than not to be used for time off or settled in cash.

Compensated absence liabilities are computed using the regular pay and termination pay rates, as applicable, in effect at the balance sheet date plus an additional amount for salary-related payments, such as Social Security and Medicare taxes, computed using rates in effect at that date.

Classification of Revenues and Expenses

Operating revenues include those generated from direct patient care and related support services. Nonoperating revenues consist of those revenues that are related to financing and investing types of activities and result from nonexchange transactions or investment income. Operating expenses include those related to direct patient care and related support services. Nonoperating expenses include interest expense and other expenses that are not considered operating.

Net Patient Service Revenue and Accounts Receivable

Net patient service revenue is reported as the estimated net realized amounts from patients, third-party payors, and others for services rendered and includes estimated retroactive revenue adjustments under reimbursement agreements with third-party payors. In recognizing net patient service revenue, estimates are used in recording allowances for contractual adjustments and uncollectible accounts. Allowances for uncollectible accounts are estimated using historical experience, current trend information, aged account balances, and a collectibility analysis.

**Harris County Hospital District d/b/a Harris Health
A Component Unit of Harris County, Texas
Notes to Financial Statements
September 30, 2025 and 2024**

The System’s financial assistance program for uninsured patients classified as self-pay determines expected payments based on the Medicare allowable reimbursement.

Charges in excess of the expected payment are reflected as an administrative uninsured discount. The allowance for uncollectible accounts was estimated at \$58 million and \$79 million as of September 30, 2025 and 2024, respectively. The System provides services under contract to patients covered under the Medicare and Medicaid programs. Net revenues from these programs are included in patient service revenue at estimated reimbursement based on customary billing charges, predetermined rates of reimbursement, plus certain adjustments. The amounts due to or from these programs are subject to final review and settlement by the program administrative contractor.

Retroactive adjustments under third-party reimbursement agreements are considered in the recognition of revenue on an estimated basis in the year the related services are rendered, and such amounts are adjusted in future years as adjustments become known. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. As a result, it is reasonably possible that these estimates could differ from actual settlements and thus change in the near term by material amounts.

Charity Care Policy

The System accepts all Harris County residents as patients regardless of their ability to pay. Harris County residents may qualify for partial financial assistance on a sliding scale. The extent to which a resident will be financially responsible is determined based upon pre-established financial criteria, which utilize family income and size as it relates to the federal poverty guidelines set by the U.S. Department of Health and Human Services. Charity services are defined as those services for which no payment is anticipated. These amounts are not reported as revenue. The System maintains records to identify and monitor the level of charity care it provides. These records include the amount of charges foregone for services and supplies furnished under the System’s Financial Assistance program. The cost of charity care is estimated by applying the ratio of cost to gross charges to the gross charity care charges. The following information measures the level of charity care provided during the years ended September 30 (in thousands):

	<u>2025</u>	<u>2024</u>
Charges foregone, based on established rates	\$ 1,173,450	\$ 1,049,019
Cost of foregone charges, estimated	\$ 804,984	\$ 713,528

Premium Revenue

Premium revenue is recognized as revenue by the HMOs during the coverage period of the subscriber agreement. Under these agreements, the HMOs received monthly premium payments based on the number of participants. Notification is received throughout the year of any new, removed, or revised members and the date of eligibility for coverage. The date of notification may be subsequent to the date of eligibility. The HMOs believe premium revenue has been appropriately recognized for the years ended December 31, 2024 and 2023, the HMOs’ fiscal year-end.

Medical and Hospital Claims Expenses and Claim Adjustment Expenses

The HMOs’ contract with various healthcare providers for the provision of medical care to its members. The HMOs compensate hospitals on either a discounted fee-for-service or per diem basis and compensate physicians and other healthcare providers primarily on a discounted fee-for-service basis. The cost to the HMOs for healthcare services provided by providers is accrued in the period in which it is provided to members, based in part on estimates, including accruals for medical services provided but not billed and estimates of claims incurred but not yet reported to the HMOs. Medical and hospital expenses and claims adjustment expenses, net of reinsurance recoveries represent management’s best estimate of the ultimate net cost of all reported and unreported claims incurred through the years ended December 31, 2024 and 2023.

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The estimate for unpaid medical expenses, claims payable, and unpaid claims adjustment expenses is actuarially determined based on historical claims payment experience. The estimates are continually reviewed and adjusted as necessary as experience develops or new information becomes known; such adjustments are included in current operations. Although considerable variability is inherent in such estimates, management believes the reserves for unpaid claims are appropriate.

Changes in the HMOs' aggregate liability for medical claims are as follows for the years ended December 31 (in thousands):

	<u>2024</u>	<u>2023</u>
Balance, beginning of year	\$ 378,833	\$ 437,060
Current year claims incurred and changes in estimates	2,327,007	2,630,707
Claims paid	<u>2,302,919</u>	<u>2,688,934</u>
Balance, end of year	<u>\$ 402,921</u>	<u>\$ 378,833</u>

Contracts are evaluated to determine if it is probable that a loss will be incurred and a premium deficiency reserve is recognized when it is probable that expected future claims, including maintenance costs, will exceed existing reserves plus anticipated future premiums and reinsurance recoveries, without consideration of anticipated investment income. For purposes of determining premium deficiency reserves, contracts are grouped in a manner consistent with the method of acquiring, servicing, and measuring the profitability of such contracts. As of December 31, 2024 and 2023, the HMOs' fiscal year-end, CHCT recognized a premium deficiency reserve for the Health Insurance Marketplace business of \$4 million and \$25 million, respectively.

CHCT is subject to a premium experience rebate based on the excess of allowable Medicaid revenue over related expenses. As of December 31, 2024 and 2023, CHCT recorded an experience rebate liability of \$7 million and \$346 thousand, respectively. Additionally, CHCT recorded a receivable related to prior state fiscal year overpayments for the premium experience rebate of \$10 million and \$9 million as of December 31, 2024 and 2023, respectively, which is included in prepaid expenses and other current assets on the accompanying statements of net position.

In the fiscal year ended December 31, 2024, the HMOs in aggregate paid \$1,903 million in claims related to the current fiscal year and \$400 million in claims related to the prior fiscal year. In the fiscal year ended December 31, 2023, the HMOs in aggregate paid \$2,299 million in claims related to the current fiscal year and \$390 million in claims related to the prior fiscal year.

Reinsurance

CHC is party to a reinsurance agreement that limits losses on cumulative inpatient hospital claims. Under the terms of the agreement, CHC is reimbursed 30%, subject to certain limitations as specified in the contract, of the cost of each member's annual inpatient hospital services. CHC carries reinsurance coverage for which the reinsurer reimburses CHC 70% of each member's annual medical services in excess of \$1,000,000, up to a limitation of \$1,666,667 per member per agreement period for the year.

CHCT carries reinsurance coverage for which the reinsurer reimburses the Company 90% of each member's annual services in excess of a \$1,000,000 deductible for CHIP, Perinate, STAR Plus, and DSNP and \$1,100,000 for STAR, up to a limitation of \$5,000,000 per member per agreement period.

The HMOs remain obligated for amounts ceded in the event that the reinsurances do not meet their obligations. Reinsurance contracts do not relieve the HMOs from obligations to policyholders.

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Patient Protection and ACA

CHC participates in the federally facilitated health insurance exchange in 20 southeast Texas counties. The exchange was created pursuant to the *Patient Protection and Affordable Care Act (ACA)* under regulations established by the U.S. Department of Health and Human Services (HHS). Under these rules, HHS pays CHC a portion of the policy premium, in the form of the Advanced Premium Tax Credit (APTC). HHS also administers certain risk management programs as detailed below.

CHC recognizes premiums received from its exchange members and the APTC received from HHS as premium revenue when earned and cost-sharing reductions (CSR) offset healthcare costs when incurred. CHC recognized APTC amounts of approximately \$675 million and \$798 million for 2024 and 2023, respectively. CHC did not record an allowance for the APTC as of December 31, 2024 and 2023.

CHC is currently involved in a dispute with the United States government regarding the payment of CSR for the year 2018. The U.S. Court of Appeals for the Federal Circuit ruled in favor of CHC for unpaid CSR payments for benefit years ended December 31, 2018 through December 31, 2020. As of December 31, 2024, the Company recorded a receivable of approximately \$65 million, which is included in prepaid expenses and other current assets on the accompanying statements of net position.

The ACA established a permanent risk adjustment program, which adjusts the premiums that commercial, individual, and small group health insurance issuers receive based on the demographic factors and health status of each member as derived from current year medical diagnosis as reported throughout the year. This program transfers funds from lower-risk plans to higher-risk plans with similar plans in the same state. The risk adjustment program is applicable to commercial, individual, and small group health plans (except certain exempt and grandfathered plans) operating both inside and outside of the exchange. A risk score is determined for the entire subject population for each market in each state. Plans with an average risk score below the state average will pay into a pool, and health insurance issuers with an average risk score that is greater than the state average risk score will receive money from that pool. CHC issues individual plans and is, therefore, subject to the risk adjustment program.

The risk adjustment program contains an inherent degree of risk dependent upon the Centers for Medicare & Medicaid Services' (CMS) ability to collect payments under the program from other participating plans in the state of Texas. Under this program, CHC recorded a risk adjustment receivable in the amount of approximately \$253 million and \$243 million at December 31, 2024 and 2023, respectively, which is reflected in prepaid expenses and other current assets in the accompanying statements of net position.

The risk adjustment program was amended beginning for the 2018 benefit year in order to incorporate a high-cost risk pool (HCRP) calculation. The HCRP program funds an insurer's costs for members with claims above \$1,000,000 while assessing a fee to all insurers using membership and standard charge percentages based on premiums. At December 31, 2024 and 2023, CHC recorded a payable of approximately \$656 thousand and a receivable of \$10 million, respectively, related to this program, which is reflected in prepaid expenses and other current assets in the accompanying statements of net position.

The ACA contains a provision where insurers are required to pay rebates to policyholders when minimum medical loss ratio (MLR) thresholds are not met or exceeded over a cumulative three-year period. For the year ended December 31, 2024, the Company recorded a rebate liability of \$9 million for the policy years ended December 31, 2020, 2019, and 2018 due to the impact of the CSR settlement for the year ended December 31, 2018, which is included in accounts payable and accrued liabilities in the accompanying statements of net position. At December 31, 2024 and 2023, CHC met the minimum MLR threshold for its commercial individual and large group lines of business.

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Ad Valorem Tax Revenues, Net

Ad valorem tax revenues are recorded in the year for which the taxes are levied, net of provisions for uncollectible amounts, collection expenses, and appraisal fees. Harris County Commissioners' Court levies a tax for the System as provided under state law. The taxes are collected by the Harris County Tax Assessor-Collector and are remitted to the System as received. On January 1, at the time of assessment, an enforceable lien is attached to the property for property taxes. Taxes are levied and become collectible from October 1 to January 31 of the succeeding year. Subsequent adjustments to the tax rolls, made by the County Assessor, are included in revenues in the year such adjustments are made by the County Assessor. Harris County also enters into property tax abatement agreements with local businesses under the state *Property Redevelopment and Tax Abatement Act* (PRTAA), Chapter 312, as well as its own guidelines and criteria, which is required under the PRTAA.

Tobacco Settlement Revenues

The System receives a portion of the funds from the settlement between various counties and hospital districts in Texas and the tobacco industry for tobacco-related healthcare costs. Under the program guidelines, the System is free to use the funds in either the immediate or future years without restriction. The System recognizes all funds received from the settlement as nonoperating revenue in the year funds are allocated.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Plan, and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefits payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Postemployment Benefits Other Than Pensions

The System has a single-employer defined benefit other postemployment benefit (OPEB) plan. For purposes of measuring the net OPEB liability, deferred outflows and deferred inflows of resources related to OPEB and OPEB expense have been determined on the same basis as they are reported by the OPEB plan. For this purpose, the System recognizes benefit payments when due and payable in accordance with the benefit terms.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, deferred inflows and outflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Note 3. Net Patient Service Revenue

The System has agreements with third-party payors that provide for payments to the System at amounts different from its established rates. The amounts by which the established billing rates exceed the amounts recoverable from these programs are written off and accounted for as contractual allowances. A summary of the payment arrangements with major third-party payors follows.

Medicare – Inpatient acute care services and defined capital costs related to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Medicare outpatient services are reimbursed on fee schedules and on a prospective basis through ambulatory payment classifications, which are based on clinical

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resources used in performing the procedures. The System's Medicare cost reports have been audited by the Medicare administrative contractor through September 30, 2022.

Medicaid – Inpatient services rendered to Medicaid program beneficiaries are paid at prospectively determined rates per discharge similar to those of the Medicare inpatient program. Medicaid outpatient services are paid by fee schedules for specific services, including outpatient surgery, imaging, and laboratory services. Other outpatient services are reimbursed on reasonable cost based on a percentage from the System's most recent Medicaid cost report tentative settlement as of March 1, 2013. The System's Medicaid cost reports have been settled by the Medicaid administrative contractor through February 28, 2018.

Cash received from the Medicare program accounted for approximately 49% and 53% of the System's total cash collections for net patient service revenue for the years ended September 30, 2025 and 2024, respectively. Cash received from the Medicaid program (including managed Medicaid) accounted for approximately 22% and 20% of the System's total cash collections for net patient service revenue for the years ended September 30, 2025 and 2024, respectively.

Compliance with laws and regulations governing the Medicare and Medicaid programs can be subject to future government review and interpretation as well as significant regulatory action, including fines, penalties, and exclusion from the Medicare and Medicaid programs.

Note 4. Medicaid Supplemental Programs

The Disproportionate Share III (DSH) program was created in fiscal 1992 by the State of Texas to access additional federal matching funds. These funds are distributed to selected hospitals that provide services to low-income and uninsured patients. Revenue recognized related to the DSH program was approximately \$212 million in 2025 and \$96 million in 2024 and is recognized as a component of Medicaid supplemental funding programs revenue in the accompanying statements of revenues, expenses, and changes in net position.

The Upper Payment Limit (UPL) program was created in May 2002 with an effective date of July 2001. The UPL program used federal matching funds to raise state Medicaid reimbursement rates to 100.0% of equivalent Medicare rates for certain public hospital systems.

In December 2011, Texas received federal approval to redirect the funding it would have received under the UPL program. The 1115 Waiver allowed the state to expand Medicaid managed care, improve Medicaid services, and reward performance. Federal funding that would have been received by hospitals if managed care was not expanded is to be preserved. The UPL program was replaced with two new pools of funding, the uncompensated care (UC) pool and the delivery system reform incentive payment (DSRIP) pool. The UC pool directs more funding to hospitals that serve large numbers of uninsured patients, and the DSRIP pool provided incentive payments for healthcare providers based on improvements in quality of care. Revenue recognized related to the UC pool was approximately \$338 million in 2025 and \$430 million in 2024 and is recognized as a component of Medicaid supplemental funding programs revenue in the accompanying statements of revenues, expenses, and changes in net position.

On April 22, 2022, CMS approved an extension of the Waiver through September 30, 2030. The extension provides for the continuation of the UC Pool. The DSRIP pool funding ended on September 30, 2021 and was not renewed as part of the extension. CMS has also approved an expansion of directed payment programs, which transitioned participating hospitals away from the DSRIP program, which is discussed more fully below.

In 2022, the System began participating in the Public Hospital Augmented Reimbursement Program (HARP). HARP is a statewide supplemental program that provides Medicaid payments to hospitals for inpatient and outpatient services that serve Texas Medicaid fee-for-service patients. The program also serves as a financial transition for

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providers that participated in the DSRIP program and provides additional funding to hospitals to assist in offsetting the costs hospitals incur while providing Medicaid services. HARP revenue was approximately \$93 million in 2025 and \$89 million in 2024 and is recognized as a component of Medicaid supplemental funding programs revenue in the accompanying statements of revenues, expenses, and changes in net position.

The System also receives supplemental payments through the Public Hospital Medicaid Graduate Medical Education (GME) program. The GME program provides reimbursement to support teaching hospitals that operate approved medical residency training programs in recognition of the higher costs incurred by teaching hospitals. Revenue recognized related to the GME program was approximately \$24 million in 2025 and \$26 million in 2024 and is recognized as a component of Medicaid supplemental funding programs revenue in the accompanying statements of revenues, expenses, and changes in net position.

The System is also a participant in the Network Access Improvement Program (NAIP). NAIP aims to increase the availability and effectiveness of primary care for Medicaid beneficiaries by providing incentive payments to participating health-related institutions (HRI). Participation is voluntary and requires HRIs to create a proposal in partnership with a managed care organization (MCO). When the proposal is approved by HHSC, costs incurred with the incentive payments are added to the monthly capitation rates paid to the MCO and the MCOs are responsible for making payments to the HRIs, such as the System. This program runs through 2027. Revenue recognized related to NAIP was approximately \$27 million in 2025 and \$24 million in 2024 and is recognized as a component of Medicaid supplemental funding programs revenue in the accompanying statements of revenues, expenses, and changes in net position.

The System also participates in the Comprehensive Hospital Increased Reimbursement Program (CHIRP), which added a quality component to the existing Uniform Hospital Rate Increase Program (UHRIP), a directed payment program that ended on August 31, 2021. Participating hospitals may opt into this second component. Under CHIRP, HHSC directs managed care organizations in a service delivery area to provide a uniform percentage rate increase to all hospitals within a particular class of hospitals. CHIRP will require annual approval by CMS and has been approved through August 31, 2026. Both programs also include additional payment and recoupment provisions based on certain quality measures. Revenue related to UHRIP and CHIRP was approximately \$27 million in 2025 and \$32 million in 2024 and is recognized as a component of Medicaid supplemental funding programs revenue in the accompanying statements of revenues, expenses, and changes in net position.

Beginning on September 1, 2024, HHSC provided for a third component to CHIRP, Alternative Participating Hospital Reimbursement for Improving Quality Award (APHRIQA), which provides an additional pay-for-performance component open to urban and children's hospitals for state fiscal year 2025. APHRIQA revenue was approximately \$10 million and \$0 in 2025 and 2024, respectively, and is recognized as a component of Medicaid supplemental funding programs revenue in the accompanying statements of revenues, expenses, and changes in net position.

The System recognizes all funds received under these programs as operating revenues in the year applicable to the funds. Any amounts related to that year that are not received as of fiscal year-end are recorded as receivables and reflected in other current assets in the accompanying statements of net position. These receivables can be subject to adjustments that are reflected in the year they become known. The System recorded no material adjustments for the year ended September 30, 2025 for prior years' programs. The System's financial statements reflect receivables of approximately \$39 million and \$44 million at September 30, 2025 and 2024, respectively, related to these programs.

The System also participates in an LPPF in Harris County. The System acts as the administrator of the LPPF by assessment and collection of mandatory payments from hospitals in Harris County. These payments are to be used to fund intergovernmental transfers representing the state's share of supplemental Medicaid funding programs. As the System acts as a conduit for these funds, the receipts and intergovernmental transfers are not recognized as revenue and expense in the statements of revenues, expenses, and changes in net position. As of September 30, 2025 and 2024, the System held approximately \$133 million and \$59 million, respectively, in LPPF funds, which is

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reported as restricted cash in the statements of net position. At September 30, 2025 and 2024, the System had approximately \$133 million and \$73 million, respectively, in intergovernmental transfer liability, of which approximately \$133 million and \$59 million, respectively, related to LPPF, and the residual related to intergovernmental transfers required for private providers.

Note 5. Assets Limited as to Use or Restricted

Assets limited as to use or restricted represent those assets whose use has been legally restricted related to the 2010 and 2016 refunding and revenue bond issues (50.0% of the greatest debt service requirement scheduled to occur); unspent bond proceeds; funds restricted by donors; or funds designated by the Board for other uses. Investments in U.S. Treasury, agency, and instrumentality obligations are carried at fair value and investments in non-negotiable certificates of deposit are carried at amortized cost.

The System also invests in Texas CLASS and Lone Star Investment pools (collectively, investment pools), both of which are state investment pools that are considered investments for financial reporting. Investments must be in compliance with the *Texas Public Funds Investment Act (PFIA)* and include obligations of the United States or its agencies, direct obligation of the State of Texas or its agencies, certificates of deposit, and repurchase agreements. The System has an undivided beneficial interest in the pool of assets held by the investment pools. The fair value of the position in these pools is the same as the value of the shares in each pool.

Texas CLASS pool is rated AAAM by Standard & Poor's. Lone Star Investment pool is rated AAAM by Standard & Poor's. Investments in external investment pools qualifying for amortized cost under GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, are carried at amortized cost per share.

All other investments are recorded at fair value. The fair values of securities are based on appropriate valuation methodologies by third parties, quoted market prices, and information available to management as of September 30, 2025 and 2024.

The components of assets limited as to use or restricted are as follows at September 30 (in thousands).

Description of Assets	Total	Restricted Debt Service	Capital Gift Proceeds	Series 2025 Capital Asset Fund	Series 2020 Capital Asset Fund	Restricted Cash and Cash Equivalents	Other
2025							
Money market mutual funds	\$ 627,832	\$ 32,103	\$ 1,078	\$ 456,038	\$ 3	\$ 137,511	\$ 1,099
Investment pools	58,010	416	56,169	-	405	-	1,020
	685,842	32,519	57,247	456,038	408	137,511	2,119
Less funds required for current liabilities	(153,770)	(16,259)	-	-	-	(137,511)	-
	<u>\$ 532,072</u>	<u>\$ 16,260</u>	<u>\$ 57,247</u>	<u>\$ 456,038</u>	<u>\$ 408</u>	<u>\$ -</u>	<u>\$ 2,119</u>
2024							
Money market government funds	\$ 60,530	\$ -	\$ -	\$ -	\$ -	\$ 59,115	\$ 1,415
Investment pools	57,618	398	55,028	-	1,218	-	974
United States Treasury obligations	32,137	32,137	-	-	-	-	-
	150,285	32,535	55,028	-	1,218	59,115	2,389
Less funds required for current liabilities	(83,182)	(24,067)	-	-	-	(59,115)	-
	<u>\$ 67,103</u>	<u>\$ 8,468</u>	<u>\$ 55,028</u>	<u>\$ -</u>	<u>\$ 1,218</u>	<u>\$ -</u>	<u>\$ 2,389</u>

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Foundation – Assets limited as to use of approximately \$31 million and \$28 million at February 28, 2025 and 2024, respectively, are restricted subject to donor-imposed stipulations that will be met by actions of the Foundation or the passage of time.

Note 6. Investment Risk

GASB Statement No. 40, *Deposit and Investment Risk Disclosures – an Amendment of GASB Statement No. 3*, requires disclosures related to credit risk, concentration of credit risk, interest rate risk, and foreign currency risk associated with interest-bearing investments.

Credit Risk and Concentration of Credit Risk – Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization (NRSRO).

The System, HMOs, and Foundation each have formal investment policies adopted by their governing boards, which limit investment in securities based on an NRSRO credit rating. The System's investments are also subject to the PFIA and Texas Administrative Code Section 2256, and the investments of the HMOs are also subject to regulations enumerated in Title 28, Chapter 11, of the Texas Administrative Code and Chapter 20A of the Texas Insurance Code. The Foundation's investments are not subject to these laws.

The System's investment policy is to be reviewed and approved annually by the Board and the Commissioners' Court. The investment policy includes a list of authorized investment instruments, a maximum allowable stated maturity by fund type, and the maximum weighted-average maturity of the overall portfolio. Guidelines for diversification and risk tolerance are also detailed within the policy.

Additionally, the policy includes specific investment strategies for fund groups that address each group's investment options and describes the priorities for suitable investments.

The System's investment policy establishes minimum acceptable credit ratings for certain investment instruments. Securities of states, agencies, counties, cities, and other political subdivisions located in the United States must not be rated less than A, or its equivalent, by a nationally recognized investment-rating firm. Money market mutual funds and public funds investment pools must be rated AAA or its equivalent. Commercial paper with a stated maturity of 270 days or less from the date of issuance, as authorized by the PFIA, must be rated A-1 or P-1 or its equivalent.

Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The System mitigates these risks by emphasizing the importance of a diversified portfolio. All funds must be sufficiently diversified to eliminate the risk of loss resulting from over-concentration of assets in a specific maturity, a specific issuer, or a specific class of securities. In particular, no more than 25% of the overall portfolio may be invested in time deposits, including certificates of deposit, of a single issuer. Concentration by issuer for other investment instruments is not specifically addressed in the investment policy. However, the policy does specify that acceptable investment instruments must have high-quality credit ratings.

GASB Statement No. 40 also provides that securities with split ratings, or a different rating assignment between NRSROs, are disclosed using the rating indicative of the greatest degree of risk.

The following tables indicate the value and maturity amount of the System's restricted and unrestricted cash equivalents, assets limited as to use, and investments summarized by security type, as well as the percentage of

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total portfolio, the credit rating of the investment, and the modified duration in years for each summarized security type as of September 30 (in thousands):

Security	Fair Value	Percentage of Portfolio	Maturity Amount	Modified Duration (Years)	Credit Rating S&P/Moody's
2025					
Investment Pools					
Texas CLASS – Pool (Corporate)	\$ 269,682	12.37 %	\$ 269,683	0.003	AAAm
Lone Star – Pool (Corporate)	211,239	9.69	211,239	0.003	AAAm
United States Treasury obligations	119,779	5.49	120,000	0.048	Aaa/AA+
Commercial paper					
Nestlé Finance International Ltd. (NFI)	24,955	1.14	25,000	0.047	Aa3/AA-/A+
Money market mutual funds	1,554,400	71.31	1,554,400	0.003	AAAm/Aaa-mf/AAAmf
Total cash equivalents, assets limited as to use, and investments	<u>\$ 2,180,055</u>	<u>100.00 %</u>	<u>\$ 2,180,322</u>	<u>0.006</u>	
2024					
Investment Pools					
Texas CLASS – Pool (Corporate)	\$ 259,892	17.16 %	\$ 259,892	0.003	AAAm
Lone Star – Pool (Corporate)	201,858	13.33	201,858	0.003	AAAf
United States Treasury obligations	211,526	13.97	212,850	0.165	Aaa/AA+
Commercial paper					
Barclays Bk PLC US DISC CP	23,819	1.57	24,000	0.166	A1+/P1
DNB Bank ASA DCP	96,178	6.35	96,500	0.068	A1+/P1
Money market mutual funds	720,914	47.62	720,914	0.003	AAAm/Aaa-mf/AAAmf
Total cash equivalents, assets limited as to use, and investments	<u>\$ 1,514,187</u>	<u>100.00 %</u>	<u>\$ 1,516,014</u>	<u>0.032</u>	

Custodial Credit Risk – Custodial credit risk for deposits is the risk that in the event of failure of a depository financial institution the System will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that in the event of the failure of the counterparty to a transaction the System will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

Chapter 2257 of the Texas Government Code is known as the *Public Funds Collateral Act*. This act provides guidelines for the amount of collateral that is required to secure the deposit of public funds. Federal Deposit Insurance Corporation (FDIC) insurance is available for funds deposited at any one financial institution up to a maximum of \$250 thousand each for demand deposits, time and savings deposits, and deposits pursuant to indenture.

The *Public Funds Collateral Act* requires that the deposit of public funds be collateralized in an amount not less than the total deposit, reduced by the amount of FDIC insurance available. The System's deposits are not exposed to custodial credit risk since all deposits are either covered by FDIC insurance or collateralized with securities held by the System or its agent in the System's name, in accordance with the *Public Funds Collateral Act*.

Interest Rate Risk – All investments carry the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the System manages its exposure to interest rate risk is by purchasing a combination of shorter and longer-term investments and by matching cash flows from maturities so that a portion of the portfolio is maturing evenly over time as necessary to provide the cash flow and liquidity needed for operations.

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According to the System’s investment policy, no more than 50.0% of the portfolio, excluding those investments held for future capital expenditures, debt service payments, bond fund reserve accounts, and capitalized interest funds, may be invested beyond 36 months. Additionally, at least 15.0% of the portfolio, with the previous exceptions, is invested in overnight instruments or in marketable securities that can be sold to raise cash within one day’s notice. Overall, the average maturity of the portfolio, with the previous exceptions, shall not exceed three years. The System is also prohibited from investing more than 25.0% of the overall portfolio in the time deposits, including certificates of deposit, of a single issuer. As of September 30, 2025 and 2024, the System was in compliance with these guidelines.

Foreign Currency Risk – Foreign currency risk is the risk that fluctuations in the exchange rate will adversely affect the value of investments denominated in a currency other than the U.S. dollar. The System’s investment policy does not list securities denominated in a foreign currency among the authorized investment instruments. Consequently, the System is not exposed to foreign currency risk.

The following table indicates the fair value and maturity amount of the cash equivalents, assets limited as to use, and investments of CHC as of December 31, 2024 and 2023, summarized by security type. Also demonstrated are the percentage of total portfolio and the modified duration in years for each summarized security type (in thousands):

Security	Fair Value	Percentage of Portfolio	Maturity Amount	Modified Duration (Years)	Credit Rating S&P
December 31, 2024					
Money market mutual funds	\$ 84,219	100.00 %	\$ 84,219	0.003	AAAm
	<u>\$ 84,219</u>	<u>100.00 %</u>	<u>\$ 84,219</u>	<u>0.003</u>	
December 31, 2023					
Money market mutual funds	\$ 37,475	100.00 %	\$ 37,475	0.003	AAAm
	<u>\$ 37,475</u>	<u>100.00 %</u>	<u>\$ 37,475</u>	<u>0.003</u>	

The following table indicates the fair value and maturity amount of the cash equivalents, assets limited as to use, and investments of CHCT as of December 31, 2024 and 2023, respectively, summarized by security type. Also demonstrated are the percentage of total portfolio and the modified duration in years for each summarized security type (in thousands):

Security	Fair Value	Percentage of Portfolio	Maturity Amount	Modified Duration (Years)	Credit Rating S&P/Moody's
December 31, 2024					
Money market mutual funds	\$ 606,672	100.00 %	\$ 606,672	0.003	AAAm
	<u>\$ 606,672</u>	<u>100.00 %</u>	<u>\$ 606,672</u>	<u>0.003</u>	
December 31, 2023					
Money market mutual funds	\$ 555,512	100.00 %	\$ 555,512	0.003	AAAm
	<u>\$ 555,512</u>	<u>100.00 %</u>	<u>\$ 555,512</u>	<u>0.003</u>	

The System categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 are quoted prices in an

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active market for identical assets, Level 2 are significant other observable inputs, and Level 3 are significant unobservable inputs.

Investments in external investment pools qualifying for amortized cost under GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, are carried at amortized cost per share, thus, they are excluded from fair value reporting below.

The following is a summary of the hierarchy of the fair value of cash equivalents, assets limited as to use, investments, and derivative instruments (Note 8) of the System as of September 30 (in thousands):

	Total Fair Value	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
2025				
Assets				
Commercial paper	\$ 24,955	\$ -	\$ 24,955	\$ -
United States Treasury obligations	119,779	119,779	-	-
Money market mutual funds	1,554,400	1,554,400	-	-
Total cash equivalents, assets limited as to use, and investments by fair value	<u>\$ 1,699,134</u>	<u>\$ 1,674,179</u>	<u>\$ 24,955</u>	<u>\$ -</u>
Derivative instruments				
Derivative financial instrument	<u>\$ 728</u>	<u>\$ 728</u>	<u>\$ -</u>	<u>\$ -</u>
2024				
Assets				
Commercial paper	\$ 119,997	\$ -	\$ 119,997	\$ -
United States Treasury obligations	211,526	211,526	-	-
Money market mutual funds	720,914	720,914	-	-
Total cash equivalents, assets limited as to use, and investments by fair value	<u>\$ 1,052,437</u>	<u>\$ 932,440</u>	<u>\$ 119,997</u>	<u>\$ -</u>
Derivative instruments				
Derivative financial instrument	<u>\$ (1,598)</u>	<u>\$ (1,598)</u>	<u>\$ -</u>	<u>\$ -</u>

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The following is a summary of the hierarchy of the fair value of investments and cash equivalents of CHC as of December 31 (in thousands):

	Fair Value Measurements Using			
	Total Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2024				
Assets				
Money market mutual funds	\$ 84,219	\$ 84,219	\$ -	\$ -
Total investments and cash equivalents by fair value level	<u>\$ 84,219</u>	<u>\$ 84,219</u>	<u>\$ -</u>	<u>\$ -</u>
December 31, 2023				
Assets				
Money market mutual funds	\$ 37,475	\$ 37,475	\$ -	\$ -
Total investments and cash equivalents by fair value level	<u>\$ 37,475</u>	<u>\$ 37,475</u>	<u>\$ -</u>	<u>\$ -</u>

The following is a summary of the hierarchy of the fair value of investments and cash equivalents of CHCT as of December 31 (in thousands):

	Fair Value Measurements Using			
	Total Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2024				
Assets				
Money market mutual funds	\$ 606,672	\$ 606,672	\$ -	\$ -
Total investments and cash equivalents by fair value level	<u>\$ 606,672</u>	<u>\$ 606,672</u>	<u>\$ -</u>	<u>\$ -</u>
December 31, 2023				
Assets				
Money market mutual funds	\$ 555,512	\$ 555,512	\$ -	\$ -
Total investments and cash equivalents by fair value level	<u>\$ 555,512</u>	<u>\$ 555,512</u>	<u>\$ -</u>	<u>\$ -</u>

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Note 7. Capital and Lease Assets

The System's capital assets activity consists of the following for the years ended September 30 (in thousands):

	<u>Beginning Balance</u>	<u>Additions/ Transfers</u>	<u>Retirements</u>	<u>Ending Balance</u>
2025				
Land and improvements	\$ 59,611	\$ 1,479	\$ (800)	\$ 60,290
Buildings and fixed equipment	878,788	66,442	(8,053)	937,177
Major movable equipment	495,595	78,335	(29,141)	544,789
Total historical cost	<u>1,433,994</u>	<u>146,256</u>	<u>(37,994)</u>	<u>1,542,256</u>
Less accumulated depreciation				
Land and improvements	(18,187)	(830)	513	(18,504)
Buildings and fixed equipment	(513,260)	(37,094)	4,192	(546,162)
Major moveable equipment	(361,813)	(49,663)	28,494	(382,982)
Total accumulated depreciation	<u>(893,260)</u>	<u>(87,587)</u>	<u>33,199</u>	<u>(947,648)</u>
Construction in progress	<u>251,498</u>	<u>395,045</u>	<u>-</u>	<u>646,543</u>
Capital assets, net	<u>\$ 792,232</u>	<u>\$ 453,714</u>	<u>\$ (4,795)</u>	<u>\$ 1,241,151</u>
2024				
Land and improvements	\$ 58,781	\$ 830	\$ -	\$ 59,611
Buildings and fixed equipment	825,426	53,362	-	878,788
Major movable equipment	473,945	56,665	(35,015)	495,595
Total historical cost	<u>1,358,152</u>	<u>110,857</u>	<u>(35,015)</u>	<u>1,433,994</u>
Less accumulated depreciation				
Land and improvements	(17,359)	(828)	-	(18,187)
Buildings and fixed equipment	(478,933)	(34,327)	-	(513,260)
Major moveable equipment	(351,774)	(44,274)	34,235	(361,813)
Total accumulated depreciation	<u>(848,066)</u>	<u>(79,429)</u>	<u>34,235</u>	<u>(893,260)</u>
Construction in progress	<u>160,271</u>	<u>91,227</u>	<u>-</u>	<u>251,498</u>
Capital assets, net	<u>\$ 670,357</u>	<u>\$ 122,655</u>	<u>\$ (780)</u>	<u>\$ 792,232</u>

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The System's lease assets activity consists of the following for the years ended September 30 (in thousands):

	<u>Beginning Balance</u>	<u>Additions/ Transfers</u>	<u>Retirements</u>	<u>Ending Balance</u>
2025				
Buildings	\$ 49,324	\$ 3,330	\$ -	52,654
Equipment	4,769	146	(1,371)	3,544
Total lease assets	<u>54,093</u>	<u>3,476</u>	<u>(1,371)</u>	<u>56,198</u>
Less accumulated amortization				
Buildings	(16,092)	(6,569)	-	(22,661)
Equipment	(2,505)	(783)	1,148	(2,140)
Total accumulated amortization	<u>(18,597)</u>	<u>(7,352)</u>	<u>1,148</u>	<u>(24,801)</u>
Lease assets, net	<u>\$ 35,496</u>	<u>\$ (3,876)</u>	<u>\$ (223)</u>	<u>\$ 31,397</u>
2024				
Buildings	\$ 46,874	\$ 2,516	\$ (66)	\$ 49,324
Equipment	7,118	28	(2,377)	4,769
Total lease assets	<u>53,992</u>	<u>2,544</u>	<u>(2,443)</u>	<u>54,093</u>
Less accumulated amortization				
Buildings	(9,722)	(6,436)	66	(16,092)
Equipment	(3,347)	(1,265)	2,107	(2,505)
Total accumulated amortization	<u>(13,069)</u>	<u>(7,701)</u>	<u>2,173</u>	<u>(18,597)</u>
Lease assets, net	<u>\$ 40,923</u>	<u>\$ (5,157)</u>	<u>\$ (270)</u>	<u>\$ 35,496</u>

Note 8. Long-Term Debt

Long-term debt of the System consists of various issues of Revenue Bonds and Combination Tax and Revenue Certificates of Obligation (Certificates). Revenue Bonds are payable from the pledged revenue generated by the System. Combination Tax and Revenue Certificates of Obligation are payable from the levy and collection of an ad valorem tax, levied on taxable property within the System. Although taxes are levied and collected by Harris County for the System, the Certificates are direct obligations of the System, and the holders are not entitled to demand payment from any tax revenue or other revenues of Harris County.

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The following is a summary of long-term debt transactions for the years ended September 30:

	Beginning Balance	Additions	Amortization	Reductions	Ending Balance
2025					
Series 2010 Refunding Revenue Bonds	\$ 74,575	\$ -	\$ -	\$ (2,875)	\$ 71,700
Series 2016 Refunding Revenue Bonds	130,300	-	-	(4,880)	125,420
Series 2016 Refunding Revenue Bonds premium	8,149	-	(798)	-	7,351
Series 2016 Certificate of Obligation Bonds	44,615	-	-	(2,930)	41,685
Series 2016 Certificate of Obligation Bonds premium	3,104	-	(468)	-	2,636
Series 2020 Certificate of Obligation Bonds	20,670	-	-	(3,040)	17,630
Series 2020 Certificate of Obligation Bonds premium	1,855	-	(555)	-	1,300
Series 2025 Limited Tax Bonds	-	808,505	-	-	808,505
Series 2025 Limited Tax Bonds premium	-	36,818	(1,778)	-	35,040
	<u>\$ 283,268</u>	<u>\$ 845,323</u>	<u>\$ (3,599)</u>	<u>\$ (13,725)</u>	<u>\$ 1,111,267</u>
Current portion					\$ 14,365
Long-term portion					<u>1,096,902</u>
					<u>\$ 1,111,267</u>
2024					
Series 2010 Refunding Revenue Bonds	\$ 77,325	\$ -	\$ -	\$ (2,750)	\$ 74,575
Series 2016 Refunding Revenue Bonds	134,950	-	-	(4,650)	130,300
Series 2016 Refunding Revenue Bonds premium	8,977	-	(828)	-	8,149
Series 2016 Certificate of Obligation Bonds	47,405	-	-	(2,790)	44,615
Series 2016 Certificate of Obligation Bonds premium	3,603	-	(499)	-	3,104
Series 2020 Certificate of Obligation Bonds	23,565	-	-	(2,895)	20,670
Series 2020 Certificate of Obligation Bonds premium	2,497	-	(642)	-	1,855
	<u>\$ 298,322</u>	<u>\$ -</u>	<u>\$ (1,969)</u>	<u>\$ (13,085)</u>	<u>\$ 283,268</u>
Current portion					\$ 29,494
Long-term portion					<u>253,774</u>
					<u>\$ 283,268</u>

Revenue Bonds

On October 3, 2007, the System issued two series of Harris County Hospital District Senior Lien Refunding Revenue Bonds. The Series 2007A Bonds, in the amount of \$199 million, were sold to provide funding for expansion and renovation projects, to refund the System's outstanding commercial paper, to fund the Debt Service Reserve Fund, and to pay costs of issuance. The Series 2007B Bonds, in the amount of \$103 million, were used to refund the Series 2000 revenue bonds and to pay costs of issuance. The Series 2007 Bonds were insured by municipal bond insurance policies and secured by a lien on the pledged revenue of the System and certain funds established pursuant to the bond order.

In October 2016, the System refunded and refinanced the Series 2007A Bonds by issuing the \$160 million Series 2016 Senior Lien Refunding Revenue Bonds at a premium of \$15 million. In February 2017, the System paid the non-refunded principal balance due and related interest. The bonds were issued as serial bonds in the amount of \$106 million maturing February 15, 2036 and \$54 million in term bonds maturing February 15, 2042. The bonds maturing on or after February 15, 2027 are subject to optional redemption on or after February 15, 2026. The term bonds are additionally subject to mandatory sinking fund redemption. The refunding resulted in a net present value economic gain of \$37 million.

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The Series 2007B Bonds had a final maturity date of February 1, 2042 and were initially issued as 28-day taxable auction-rate paper, convertible to tax-exempt on August 16, 2010. In April 2008, these bonds were converted from auction-rate securities and reoffered as variable rate bonds bearing interest at a term rate during a term period. The 2007B Bonds Series were hedged with a forward starting swap effective upon the tax-exempt conversion of the bonds.

In August 2010, the System refunded and refinanced the Series 2007B Bonds by issuing Series 2010 Refunding and Revenue Bonds in the amount of \$104 million. The refunding resulted in a loss of \$22 million, which includes \$16 million deferred loss on refunding related to the interest rate swap, which has been deferred and is being amortized over the life of the Series 2007B Bond issue. The remaining loss on refunding has been deferred and is being amortized to interest expense over the life of the Series 2010 Bond issue. The primary components of this loss were the write-offs of unamortized deferred financing costs and bond premiums, the net deferred amount related to the hedging derivative instrument associated with the 2007B Bonds, and the difference between amounts funded for the defeasance and the principal due on the 2007B Bonds. The financial statements reflect deferred outflows – unamortized debt refunding loss of \$5.4 million and \$5.9 million at September 30, 2025 and 2024, respectively. The bonds are secured by an irrevocable letter of credit issued by JPMorgan Chase Bank.

The Series 2010 Refunding and Revenue Bonds in the amount of \$104 million are variable rate demand bonds maturing through February 15, 2042. The bonds are subject to purchase on the demand of the owner at a price equal to purchase price on any given business day upon irrevocable notice by electronic means to the System's tender agent and remarketing agent.

Under an irrevocable letter of credit (LOC) issued by JPMorgan Chase Bank, only the tender agent is entitled to draw an amount sufficient to pay the principal amount of the bonds when due or to pay the portion of the purchase price corresponding to the principal amount upon certain tenders. The letter of credit facility expires on August 11, 2028. Unreimbursed advances will accrue interest at the higher of (i) the Prime Rate, (ii) one-month, or (ii) 7.5% per annum. The System is also required to pay to the JPMorgan Chase Bank an annual facility fee for the LOC of 0.9% per annum of the outstanding principal amount of the bonds. No amounts were outstanding on the LOC as of September 30, 2025 and 2024.

In addition, the System is required to pay the remarketing agent an annual fee of \$1.00 per \$1,000 of principal amount of the bonds actually remarketed.

Pursuant to the terms of the LOC, any drawing made under the LOC on the stated expiration date as a result of the expiration may be repaid by the System in quarterly installments commencing on the date that is the first day of the month following the stated expiration date and on the first day of each third month thereafter, with the final installment in the amount equal to the entire then outstanding principal amount due and payable on the date that is one year after the stated expiration date. Based on these terms, one quarter of the outstanding balance of the Series 2010 Refunding and Revenue Bonds was reflected in the statements of net position as a current liability as of September 30, 2024 due to an LOC expiration date of August 12, 2025. On July 25, 2025, the expiration date of the LOC was extended to August 11, 2028. As of September 30, 2025, only principal amounts maturing prior to October 1, 2026 are reflected as a current liability.

Compliance

The System is in compliance with its debt covenants at September 30, 2025 and 2024.

Interest Rate Swap

Related Bonds – On September 25, 2007, the System entered into an interest rate swap agreement in connection with its \$104 million Harris County Hospital District Senior Lien Revenue and Refunding Bonds, Series 2007B with the settlement date on October 3, 2007. On August 12, 2010, when the System refunded and refinanced the Series 2007B Bonds by issuing Series 2010 Bonds, the interest rate swap was redesignated and associated with the new

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debt. The derivative contained an off-market element equal to the value of the swap associated with the Series 2007B Bonds on August 12, 2010. In accordance with GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, this off-market element is recorded as a borrowing payable and is amortized as an adjustment to interest expense over the life of the swap agreement.

Objective of the Swap – The intention of the swap was to effectively reduce the impact of the System’s variable interest rate exposure on the Related Bonds to a synthetic fixed rate of 4.2%.

Swap terms

Trade date	September 12, 2007
Effective date	August 16, 2010
Termination date	February 15, 2042
Initial notional amount	\$103,500,000
District pays fixed	4.218%
Counterparty pays floating	SIFMA Municipal Swap Index
Payment dates	Monthly on the 15th calendar day of every month

As further defined in the confirmation to the swap agreement, the System is subject to an “Annual Counterparty Ceiling,” which limits the maximum payment, inclusive of collateral, made by the System in any fiscal year to \$40 million. Subject to cash settlement, the System has the right to terminate the agreement, in whole or in part, on the Effective Date, August 16, 2010, and on any Business Day (as observed by New York and London financial markets) thereafter.

The effectiveness of the interest rate swap has been measured using the regression analysis method. The System has concluded that the transactions are effective.

Fair Value – The redesignated swap that is associated with the new debt had a zero fair value at its inception date and a fair value of \$728 thousand and \$(1.6) million at September 30, 2025 and 2024, respectively, and is reported as a derivative asset and liability, respectively, in the statements of net position. The fair value of the swap was determined by calculating the present value of the anticipated future cash flows for both the floating portion and the stated fixed rate portion using discount factors derived from the Securities Industry and Financial Markets Association (SIFMA) swap index.

Interest Rate Risk – The System is exposed to interest rate risk in that as the variable rates on the swap agreements decrease the System’s net payment in the swap agreement could increase.

Basis Risk – The System is exposed to basis risk when the variable interest rate paid to the holders of its variable rate demand obligations is not equivalent to the variable interest rate received from its counterparties on the related swap agreements. When exposed to basis risk, the net interest expense incurred on the combination of the swap agreement and the associated variable rate debt may be higher or lower than anticipated.

Collateral Posting Risk – The risk that the System will be required to secure its obligations under the swap agreement. Any securities posted as collateral would not be available for the System’s expenditure or reserve needs, which could adversely impact credit ratings and overall liquidity and budgetary efforts. The System was not exposed to collateral posting risk as of September 30, 2025 and 2024.

Credit Risk – The risk of a change in the credit quality or credit rating of the System and/or its counterparty. At September 30, 2025, the swap counterparty was rated A by Standard & Poor’s, A1 by Moody’s Investor Services, and A- by Fitch. At September 30, 2025, the System was rated AA- by Standard & Poor’s, Aa1 by Moody’s Investor Services, and AA- by Fitch.

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Rollover Risk – The System is exposed to rollover risk only on swaps that mature or may be terminated at the counterparty’s option prior to the maturity of the associated debt. As of September 30, 2025 and 2024, the System was not exposed to rollover risk.

Termination Risk – The System’s swap agreements do not contain any out-of-the-ordinary termination events that would expose it to significant termination risk. In keeping with market standards, the System or the counterparty may terminate each swap if the other party fails to perform under the terms of the contract. In addition, the swap documents allow either party to terminate in the event of a significant loss of creditworthiness. If at the time of the termination a swap has a negative value, the System would be liable to the counterparty for a payment equal to the fair value of such swap. As of September 30, 2025 and 2024, termination of the original swap agreement would create a liability of \$6 million and \$9 million, respectively, and would result in a reversal of the derivative liability related to the redesignated swap, the borrowing payable amount, and the unamortized loss on refunding. Any resulting net change would be recorded through nonoperating expenses.

Swap Payments – Using interest rates as of the years ended September 30, 2025 and 2024, debt service requirements of the System’s outstanding fixed and variable-rate debt and net swap payments on the variable-rate debt were as follows (in thousands). As rates vary, variable rate interest rate payments on the bonds and net swap payments will change.

Annual scheduled debt service requirements of the revenue bonds to maturity are as follows as of September 30, 2025 (in thousands):

Years ending September 30	<u>Principal</u>	<u>Interest</u>	<u>Swaps, Net</u>	<u>Total</u>
2026	\$ 8,125	\$ 8,115	\$ (75)	\$ 16,165
2027	8,510	7,763	(81)	16,192
2028	8,900	7,415	(72)	16,243
2029	9,310	7,009	(73)	16,246
2030	9,755	6,606	(68)	16,293
2031–2035	55,135	26,348	(271)	81,212
2036–2040	66,825	13,490	(136)	80,179
2041–2042	30,560	1,203	(10)	31,753
Total	\$ 197,120	\$ 77,949	\$ (786)	\$ 274,283

Hybrid Instrument Borrowings – The System’s interest rate swap includes fixed rates that were off market at the execution of the interest rate swap. For financial reporting purposes, the interest rate swap is considered a hybrid instrument and is bifurcated between borrowings, with an aggregate original amount of \$18 million reflecting the fair value of the instrument at its execution and an interest rate swap with a fixed rate that was considered at the market at execution.

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Activity for the hybrid instrument borrowings was as follows for the years ended September 30 (in thousands).

	<u>2025</u>	<u>2024</u>
Beginning balance	\$ 6,432	\$ 7,085
Reductions	<u>(629)</u>	<u>(653)</u>
Ending balance	<u>\$ 5,803</u>	<u>\$ 6,432</u>

The following table sets forth the amortization of the hybrid instrument borrowings for the next five years and thereafter as of September 30, 2025 (in thousands):

Years ending September 30,	
2026	\$ 604
2027	577
2028	550
2029	521
2030	490
2031–2035	1,962
2036–2040	1,010
2041–2042	<u>89</u>
Total	<u>\$ 5,803</u>

Certificates of Obligation, Series 2016

In August 2016, the System issued Combination Tax and Revenue Certificates of Obligation, Series 2016 in the principal amount of \$63 million. The funds were used to expand the operative suites and supporting services at Ben Taub Hospital necessary to maintain the facility's Level 1 Trauma status. The bonds mature in February 2036. The System's financial statements reflect \$42 million and \$45 million in outstanding principal and \$3 million in unamortized premium related to this debt at September 30, 2025 and 2024, respectively. Principal and interest totaling \$3 million was paid in both the years ended September 30, 2025 and 2024.

Certificates of Obligation, Series 2020

In April 2020, the System issued the combination tax and revenue Certificates of Obligation, Series 2020 (2020 certificates of obligation) in the amount of \$31 million. The 2020 certificates of obligation mature in various amounts annually starting February 15, 2021 through February 15, 2030, with a stated coupon rate of 5.0%. The 2020 Certificates are collateralized by a levy of ad valorem tax revenue and lien on and pledge of surplus revenues. Proceeds from the 2020 Certificates are being used to fund the construction and equipping of certain facilities at Ben Taub Hospital and the purchase and installation of certain medical equipment in Harris County's jail facilities as well as the purchase and installation of an upgraded electronic medical record system, among other facility improvements. The System's financial statements reflect \$18 million and \$21 million in outstanding principal and \$1 million and \$2 million in unamortized premium related to this debt at September 30, 2025 and 2024, respectively. Principal and interest totaling \$4 million was paid in both the years ended September 30, 2025 and 2024.

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Annual debt service requirements of the certificates of obligation to maturity are as follows as of September 30, 2025 (in thousands):

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Years ending September 30,			
2026	\$ 6,240	\$ 2,384	\$ 8,624
2027	6,520	2,080	8,600
2028	6,845	1,746	8,591
2029	7,190	1,395	8,585
2030	7,550	1,026	8,576
2031–2035	20,460	2,668	23,128
2036	4,510	90	4,600
	<u>\$ 59,315</u>	<u>\$ 11,389</u>	<u>\$ 70,704</u>

Limited Tax Bonds, Series 2025

In May 2025, the System issued the Limited Tax Bonds, Series 2025 (2025 bonds) in the aggregate principal amount of \$809 million. The 2025 bonds mature annually on February 15 in various amounts beginning February 15, 2028 through February 15, 2055, with stated coupon rates ranging from 5.0% to 5.50%. Certain maturities are subject to optional redemption on or after February 15, 2035 at par, and the term bonds maturing in 2050 and 2055 are subject to mandatory sinking fund redemption.

Proceeds of the 2025 Bonds were used to (i) acquire, construct, equip and enlarge the System's hospital system, including improvements to and development of the Lyndon B. Johnson Hospital campus, including a replacement facility with Level 1 capable trauma center, improvements to the Ben Taub Hospital campus, enhancements to System clinics and health centers, and acquisition of land for authorized system purposes, and (ii) pay costs of issuance of the Bonds. At September 30, 2025, the System's financial statements reflect \$809 million in outstanding principal related to the 2025 Bonds, and \$35 million, in unamortized bond premium. Initial interest payments totaling approximately \$9 million were made during the year ended September 30, 2025.

Annual debt service requirements of the limited tax bonds to maturity are as follows as of September 30, 2025 (in thousands):

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Years ending September 30,			
2026	\$ -	\$ 41,035	\$ 41,035
2027	-	41,035	41,035
2028	13,485	40,697	54,182
2029	14,180	40,006	54,186
2030	14,905	39,279	54,184
2031–2035	86,810	184,113	270,923
2036–2040	111,470	159,451	270,921
2041–2045	143,130	127,785	270,915
2046–2050	184,930	85,987	270,917
2050–2055	239,595	31,319	270,914
	<u>\$ 808,505</u>	<u>\$ 790,707</u>	<u>\$ 1,599,212</u>
Total	<u>\$ 808,505</u>	<u>\$ 790,707</u>	<u>\$ 1,599,212</u>

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Anticipated Issuance of Additional Limited Tax Debt

The System is authorized under applicable Texas statutes to levy an ad valorem tax, within established limits, for the payment of principal and interest on its limited tax bonds and for other authorized purposes. During November 2023, the voters of Harris County approved the System's request for authorization to issue up to \$2.5 billion of limited tax bonds to finance its long-term Strategic Facilities Plan, including the replacement of the Lyndon B. Johnson Hospital, renovations to Ben Taub Hospital, and expansion of outpatient clinics across Harris County.

The System anticipates the issuance of additional limited tax debt over the next three years pursuant to this authorization. Any such issuance will be subject to approval by governance, project readiness, market conditions, and statutory and contractual requirements. Debt issued under this authorization will be secured by the System's ad valorem tax levy and, if applicable, surplus revenues, consistent with the terms of existing limited tax obligations.

As of September 30, 2025, the System has issued approximately \$840 million (2025 Bonds) of the voter-authorized \$2.5 billion. Additional issuances under the remaining authorization will increase the System's overall debt obligations and may be structured on parity with existing limited tax debt. The System cannot predict the timing, amount, or terms of future issuances but will comply with all applicable legal and disclosure requirements.

Line of Credit

In 2022, the HMOs obtained a \$115 million unsecured revolving line of credit and a \$15 million swingline note with an expiration date of December 31, 2026. The line of credit and note will be used to pay claims and assist with liquidity. The interest rate on the line of credit and note are subject to change based on changes in independent indexes of which is the highest of either the Prime Rate in effect on such day, the Federal Funds Rate in effect on such day plus 0.50%, or the adjusted Term Secured Overnight Financing Rate (SOFR) for a one-month term in effect on such day plus 2.00%. At December 31, 2024 and 2023, the interest rate was 8% and 9%, respectively, per annum. As of December 31, 2024 and 2023, there were no amounts borrowed against the line of credit or amounts drawn down on the swingline note.

Note 9. Employee Benefit Plans

The System currently maintains two benefit plans allowing employees to plan and save for retirement: a defined contribution plan and a defined benefit plan. In October 2006, the Board amended the defined benefit pension plan to close enrollment. The amended plan offers employees hired prior to January 1, 2007 a choice to either (1) continue with their current pension plan or (2) elect to participate in the System's enhanced 401(k) retirement savings plan with a match, effective July 2007, of up to 5.0% of participant's compensation provided by the System. All new hires and rehires after December 31, 2006 are only eligible for the System's 401(k) retirement savings plan with a match of up to 5.0%. The change was designed to safeguard individuals approaching retirement, who had accumulated a large pension benefit in the current plan, while providing employees who planned to work many more years an option for better flexibility and portability in the System's enhanced 401(k) plan.

The System administers the Harris County Hospital District Pension Plan and the Harris County Hospital District 401(k) Plan. The System issues publicly available financial reports that include financial statements and required supplementary information. The financial reports may be obtained by writing to Harris Health, Human Resources Department, 4800 Fournace Place, Bellaire, Texas 77401.

Defined Contribution Plan

The System has a defined contribution 401(k) plan (which qualifies as a tax-exempt employee benefit plan under Section 401(a) of the Internal Revenue Code) (401(k) Plan) open to all full-time and part-time employees of the System who meet the plan's requirements. It is a single-employer, self-administered, trustee plan to which contributions are made by participants on a bi-weekly basis not to exceed the statutory maximum. Effective July

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2007, the System enhanced the 401(k) Plan with an employer match up to 5.0% of the participant’s compensation for eligible employees, which is 100.0% vested with three or more years of service. The 401(k) Plan is a governmental plan and, as such, is specifically exempt from the reporting and disclosure requirements of Title I of the *Employee Retirement Income Security Act of 1974* (ERISA). Total participant contributions were \$68 million and \$65 million for the years ended September 30, 2025 and 2024, respectively. Total System contributions were \$33 million and \$29 million for the years ended September 30, 2025 and 2024, respectively.

Forfeitures under the 401(k) Plan for a plan year will be applied to reduce the System’s obligation to make future matching contributions or to pay 401(k) Plan administrative expenses for the 401(k) Plan year. During the years ended September 30, 2025 and 2024, System contributions were reduced by \$3 million and \$4 million, respectively, from forfeited nonvested accounts.

Pension Plan

The System has a noncontributory, defined benefit pension plan (Plan). It is a single-employer, self-administered, trustee plan for which a separate stand-alone financial report is issued. The Plan is administered by an Administrative Committee appointed by the Board, which is responsible for administering the Plan under the terms that are established. The Board approves amendments to the Plan. State Street Bank & Trust Co., serves as the trustee and custodian for the Plan. As a unit of local government, the Plan is not covered by ERISA. The Plan is funded through actuarially determined contributions by the System. The entry age normal method is used to determine both the funding and the pension benefit obligation.

Each participant shall have a monthly benefit payable for life equal to the greater of (a) the number of years of service multiplied by 1.5% of average monthly compensation (average base compensation received in five highest consecutive calendar years out of the 10 complete calendar years prior to retirement) or (b) the accrued monthly retirement benefit determined as of January 1, 1989, plus the number of years of future service earned after January 1, 1989, multiplied by 1.5% of average monthly compensation, subject to a minimum equal to the benefit earned under the Plan prior to the adoption of the 6th Amendment as of September 30, 1991 (applies to non-highly compensated employees only).

Monthly benefit payments are subject to a minimum based on the number of years of service multiplied by \$6 and a maximum provision permitted to be paid under Section 415 of the Internal Revenue Code. Participants may also elect to receive their benefits in other optional forms approved by the Administrative Committee.

The following employees were covered by the benefit terms as of December 31 (measurement dates):

	<u>2024</u>	<u>2023</u>
Inactive employees or beneficiaries currently receiving benefits	3,672	3,647
Inactive employees entitled to but not yet receiving benefits	1,264	1,289
Active employees	1,484	1,549
	<u>6,420</u>	<u>6,485</u>

The Board establishes the contribution requirements of the System based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. For the years ended September 30, 2025 and 2024, the System contributed \$69 million, or 53%, and \$68 million, or 54%, respectively, of covered payroll.

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Net Pension Liability

The System's net pension liability was measured as of December 31, 2024 and 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates. Actuarial assumptions and methods used in the actuarial valuations are as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Valuation date	January 1, 2024	January 1, 2023
Measurement date	December 31, 2024	December 31, 2023
Actuarial cost method	Entry age normal	Entry age normal
Equivalent single amortization period	20 years, closed	20 years, closed
Asset valuation method	Market value	Market value
Actuarial assumptions		
Inflation	2.5%	2.5%
Investment rate of return (net of expenses)	5.75	5.75
Projected salary increases (ultimate rate)		
Initial rate	5.25	5.25
Ultimate rate	3.00	3.00
Mortality rates		
Healthy	Pub-2010 Total Dataset Mortality Table, with generational mortality improvements projected after year 2010 using Scale MP-2021	Pub-2010 Total Dataset Mortality Table, with generational mortality improvements projected after year 2010 using Scale MP-2021
Disabled	Pub-2010 Disability Mortality Table, with generational mortality improvements projected after year 2010 using Scale MP-2021	Pub-2010 Disability Mortality Table, with generational mortality improvements projected after year 2010 using Scale MP-2021

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset

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allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table as of December 31, 2024:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity-large cap	26 %	7.05 %
Domestic equity-small/mid cap	4	7.62
International equity	25	7.72
Core fixed income	30	4.10
Bank loans	5	5.52
Hedge funds	5	6.13
Real estate funds	5	6.24
	<u>100 %</u>	

The discount rate used to measure the total pension liability was 5.75%, net of expenses, as of December 31, 2024 and 2023. The projection of cash flows used to determine the discount rate assumed that System contributions would be made at rates equal to the actuarially determined contribution, and the Plan's fiduciary net position is projected to cover benefit payments and administrative expenses. Changes in the net pension liability are as follows (in thousands):

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at December 31, 2023	\$ 1,183,781	\$ 948,343	\$ 235,438
Changes for the year			
Service cost	9,795	-	9,795
Interest	67,925	-	67,925
Differences between expected and actual experience	16,925	-	16,925
Contributions – employer	-	69,000	(69,000)
Net investment income	-	94,028	(94,028)
Benefit payments	(65,338)	(65,338)	-
Administrative expense and other	-	(2,464)	2,464
Net changes	<u>29,307</u>	<u>95,226</u>	<u>(65,919)</u>
Balances at December 31, 2024	<u>\$ 1,213,088</u>	<u>\$ 1,043,569</u>	<u>\$ 169,519</u>

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	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at December 31, 2022	\$ 1,165,437	\$ 821,202	\$ 344,235
Changes for the year			
Service cost	9,705	-	9,705
Interest	66,288	-	66,288
Differences between expected and actual experience	6,480	-	6,480
Contributions – employer	-	68,000	(68,000)
Net investment income	-	125,601	(125,601)
Benefit payments	(64,129)	(64,129)	-
Administrative expense and other	-	(2,331)	2,331
Net changes	<u>18,344</u>	<u>127,141</u>	<u>(108,797)</u>
Balances at December 31, 2023	<u>\$ 1,183,781</u>	<u>\$ 948,343</u>	<u>\$ 235,438</u>

Sensitivity of the net pension liability to changes in the discount rate – the following presents the net pension liability of the System, calculated using the discount rate of 5.75%, as well as what the System’s net pension liability would be if it were calculated using a discount rate that is 1.0 percentage point lower (4.75%) or 1.0 percentage point higher (6.75%) than the current rate (in thousands):

	1% Decrease	Current Discount	1% Increase
System's net pension liability	\$ 308,064	\$ 169,519	\$ 52,285

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the years ended September 30, 2025 and 2024, the System recognized pension expense of \$31 million and \$32 million, respectively. The System reported deferred outflows and deferred inflows of resources related to pensions from the following sources at September 30 (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
2025		
Differences between expected and actual experience	\$ 5,006	\$ -
Net difference between projected and actual earnings on pension plan investments	198	-
Employer contributions remitted subsequent to the measurement date	<u>52,734</u>	<u>-</u>
Total	<u>\$ 57,938</u>	<u>\$ -</u>

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	Deferred Outflows of Resources	Deferred Inflows of Resources
2024		
Differences between expected and actual experience	\$ 2,352	-
Net difference between projected and actual earnings on pension plan investments	31,975	-
Employer contributions remitted subsequent to the measurement date	<u>52,815</u>	<u>-</u>
Total	<u>\$ 87,142</u>	<u>\$ -</u>

At September 30, 2025 and 2024, the System reported approximately \$53 million as deferred outflows of resources related to pensions resulting from System contributions made subsequent to the measurement date that will be recognized as a reduction of the net pension liability.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (in thousands):

Years ending September 30	
2026	\$ 16,972
2027	18,214
2028	(22,606)
2029	(7,376)
2030	<u>-</u>
	<u>\$ 5,204</u>

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Plan financial report.

Deferred Compensation

The System has a deferred compensation plan for the benefit of its eligible employees under Section 457 of the Internal Revenue Code of 1954. The assets in the deferred compensation plan, which are not recorded in the accompanying statements of net position, are not subject to creditors. The deferred compensation plan assets at September 30, 2025 and 2024 were approximately \$194 million and \$178 million, respectively.

Note 10. Other Postemployment Benefits (OPEB) Healthcare Plan

Plan Description and Benefits Provided

The OPEB is sponsored by the System, which provides certain healthcare benefits for retired employees. The System's employees may become eligible for those benefits upon completing 10 years of service. Retiree medical plan participants are provided benefits under the System's self-insured medical plan. The contribution requirements of plan members and the System are established by and may be amended by the System's Board. The System

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funds these benefits on a pay-as-you-go basis, meaning that the System will pay benefits as they come due. For both the years ended September 30, 2025 and 2024, the System contributed \$23 million to the Plan for current premiums and administrative costs. Plan members receiving benefits during both the years ended September 30, 2025 and 2024 contributed \$5 million, or approximately 17.2% and 17.9%, respectively, of the total premiums through their required contribution. The OPEB does not issue a separate report that includes financial statements.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. In an amendment approved by the Board on January 25, 2018, employees hired after June 1, 2018 are no longer eligible to participate in the OPEB.

The following employees were covered by the benefit terms at September 30 (measurement date):

	<u>2025</u>	<u>2024</u>
Inactive employee or beneficiaries currently receiving benefits	2,366	2,204
Active employees	4,466	4,848
	<u>6,832</u>	<u>7,052</u>

Total OPEB Liability

The System's total OPEB liability of \$499 million and \$474 million was measured as of October 1, 2024 and 2023 for the years ended September 30, 2025 and 2024, respectively, was determined by an actuarial valuation as of those dates and rolled forward to the measurement date of September 30, 2025 and 2024.

The total OPEB liability in the actuarial valuation report was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all years included in the measurement, unless otherwise specified.

	<u>2025</u>	<u>2024</u>
Salary increases	3% to 5.25%	3% to 5.25%
Discount rate	4.50%	4.06%
Healthcare cost trend rates	7.00% for 2024, decreasing to 6.60% over 3 years and following the Getzen model thereafter	7.00% for 2023, decreasing to 5.60% over 3 years and following the Getzen model thereafter

The discount rate used to measure the total OPEB liability was 4.50%, which is based on the S&P Municipal Bond 20 Year High Grade Rate Index.

Mortality rates for healthy pre-commencement and post-participants were based on PubG-2010 Headcount with generational mortality improvement projected using scale MP-2021. Rates for disabled participants were based on Pri-2012 Disability Mortality Table with generational mortality improvement projected using Scale MP-2021.

No formal actuarial experience studies have been performed.

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Changes in the Total OPEB Liability (In Thousands)

	<u>2025</u>	<u>2024</u>
Total OPEB liability, beginning of year	\$ 473,570	\$ 451,048
Changes for the year		
Service cost	9,400	4,622
Interest	18,664	21,080
Experience gain	28,154	(33,817)
Change of assumptions	(7,121)	53,441
Benefit payments	(23,269)	(22,804)
Net changes	<u>25,828</u>	<u>22,522</u>
Total OPEB liability, end of year	<u>\$ 499,398</u>	<u>\$ 473,570</u>

Sensitivity of the System's Total OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trend Rates

The total OPEB liability has been calculated using a discount rate of 4.50%. The following table presents the total OPEB liability of the System using a discount rate 1.0% higher and 1.0% lower than the current discount rate (in thousands):

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 559,972	\$ 499,398	\$ 448,396

The following presents the total System's OPEB liability, as well as what the System's OPEB liability would be if it were calculated using healthcare cost trend rates that are 1.0% higher and 1.0% lower than the current healthcare cost trend rates (in thousands):

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trends Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 440,698	\$ 499,398	\$ 570,247

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OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The System recognized OPEB expense of \$32 million and \$26 million during the years ended September 30, 2025 and 2024, respectively. The System reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources at September 30 (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
2025		
Changes of assumptions	\$ 54,852	\$ 52,606
Differences between expected and actual experience	26,011	28,828
Total	\$ 80,863	\$ 81,434
2024		
Changes of assumptions	\$ 89,771	\$ 69,797
Differences between expected and actual experience	3,826	40,557
Total	\$ 93,597	\$ 110,354

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows at September 30, 2025 (in thousands):

Years ending September 30,	
2026	\$ (758)
2027	(16,928)
2028	4,497
2029	6,309
2030	6,309
Thereafter	-
	\$ (571)

Note 11. Concentrations of Credit Risk

The System provides services to its patients, most of whom are local residents and may be insured under third-party payor agreements, in accordance with its charity care policy (see Note 2). Patient service revenues (see Note 3) and the related accounts receivable are reflected in the System's financial statements net of charges for charity care provided.

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The mix of net receivables from self-pay patients and third-party payors is as follows at September 30:

	<u>2025</u>	<u>2024</u>
Medicaid	20%	15%
Medicare	47%	51%
Commercial	19%	21%
Self-pay patient	14%	13%
	<u>100%</u>	<u>100%</u>

Note 12. Commitments and Contingencies

At September 30, 2025 and 2024, the System was a defendant in certain pending civil litigation and has notice of certain claims that have been asserted against it. The System is covered under the *Texas Tort Claims Act* (TTCA). Under the TTCA, any claims and recoveries from pending or possible litigation due to personal injuries are limited to \$100 thousand per person and \$300 thousand per single occurrence of bodily injury or death. Professional liability claims have been asserted by various claimants. The claims are in various stages of processing, and some may ultimately be brought to trial. There are also other known and unknown incidents that have occurred through September 30, 2025 and 2024 that may result in the assertion of additional claims.

The System provides medical care in the Harris County Jail. Detainees can bring claims against the System under state or federal law for constitutional violations. The TTCA does not protect the System against these claims and such claims are not subject to formal limitations, such as damages caps.

The System covers its exposure for asserted and unasserted claims through a program of self-insurance and has accrued its best estimate of these contingent losses. In the opinion of the System's management, the outcomes of these actions will not have a material adverse effect on the financial statements of the System.

The System has self-insurance programs for the payment of hospital professional and general liability claims, workers' compensation, and employee health claims. Liabilities related to these programs are accrued utilizing actuarial analyses based on historical claims experience and are undiscounted.

Changes in these self-insurance programs are as follows for the years ended September 30 (in thousands):

	<u>Beginning of Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>End of Year Liability</u>
Hospital professional and general liability				
2025	\$ 3,774	\$ 10,357	\$ 8,549	\$ 5,582
2024	\$ 2,242	\$ 6,397	\$ 4,865	\$ 3,774
Workers' compensation liability				
2025	\$ 1,439	\$ 1,820	\$ 1,743	\$ 1,516
2024	\$ 1,351	\$ 1,720	\$ 1,632	\$ 1,439
Employee healthcare benefits liability				
2025	\$ 15,411	\$ 191,265	\$ 189,399	\$ 17,277
2024	\$ 14,875	\$ 169,355	\$ 168,819	\$ 15,411

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The reserve for hospital professional and general liability, including malpractice, and the reserve for workers' compensation claims are included in accounts payable and accrued liabilities on the accompanying statements of net position. The reserve for incurred but unreported employee health claims is included in employee compensation and related benefit liabilities in the accompanying statements of net position.

The System is also exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. It is the System's policy to purchase commercial insurance for the risks of these losses. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

At September 30, 2025 and 2024, the System had commitments outstanding in the amount of \$1,327 million and \$467 million, respectively, related to improvements at existing facilities and \$2 million and \$1 million, respectively, related to information technology projects.

The System receives financial awards from federal and state agencies in the form of grants. Expenditures of funds under those programs require compliance with the grant agreements and are subject to audit. Any disallowed expenditures resulting from such audits become a liability of the System. In the opinion of management, such adjustments, if any, are not expected to materially affect the financial condition or operations of the System.

Note 13. Lease Liabilities

The System, as lessee, leases equipment and office space, the terms of which expire in various years through 2033. Various leases include escalation in payments on the anniversary of the commencement of the lease at various intervals. The leases were measured using the System's incremental borrowing rate as of the lease commencement, which ranged from 1.10% to 6.54% based on the commencement date and term of the lease.

During the years ended September 30, 2025 and 2024, the System recognized \$21 million and \$16 million, respectively, of rental expense for variable payments not previously included in the measurement of the lease liability.

The following is a schedule by year of payments under the leases as of September 30, 2025 (in thousands):

Years Ending September 30,	Total to be Paid	Principal	Interest
2026	\$ 7,804	\$ 6,680	\$ 1,124
2027	7,243	6,352	891
2028	6,376	5,705	671
2029	6,171	5,702	469
2030	6,263	6,001	262
2031–2033	3,955	3,765	190
	\$ 37,812	\$ 34,205	\$ 3,607

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The System's lease liability activity consists of the following for the years ended September 30 (in thousands):

	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
2025					
Lease liabilities	\$ 37,959	\$ 3,476	\$ (7,230)	\$ 34,205	\$ 6,680
2024					
Lease liabilities	\$ 42,481	\$ 2,544	\$ (7,066)	\$ 37,959	\$ 6,599

Note 14. Ongoing Risk and Uncertainties Contingencies

On July 3, 2025, the U.S. Congress enacted the *One Big Beautiful Bill Act (OBBBA)*, a comprehensive budget reconciliation law introducing significant changes to federal healthcare programs, tax policy, and energy-related incentives. The legislation includes substantial reductions in Medicaid funding, modifications to provider tax structures, and new eligibility and cost-sharing requirements for Medicaid beneficiaries. The OBBBA has no impact on the results of operations and financial condition as of and for the year ended September 30, 2025. The System is currently evaluating what impact the OBBBA may have on the financial results, cash flows, and financial position for future periods.

Note 15. GASB Statements Issued But Not Yet Effective

GASB Statement No. 103, *Financial Reporting Model Improvements*, improves the financial reporting model by standardizing the presentation for various matters within governmental financial statements. The purpose is to eliminate diversity in practice and improve comparability. Impacted areas include management's discussion and analysis, unusual or infrequent items, the definitions and presentation of operating and nonoperating revenues and expenses, the proprietary fund statements, and presentation of major component units. While GASB 103 does not impact the timing of recognition and measurement of revenue, it could affect the presentation and geographical location of certain healthcare-specific revenues within the financial statements. The requirements of this Statement are effective for the System's fiscal year ending September 30, 2026 and all reporting periods thereafter. Changes are required to be made retroactively to the earliest period presented.

Required Supplementary Information

Draft 2.3.26

**Harris County Hospital District d/b/a Harris Health
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Schedule of Changes in the System's Net Pension Liability and Related Ratios (Unaudited)
December 31,
(Dollar Amounts in Thousands)**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability										
Service cost	\$ 9,795	\$ 9,705	\$ 9,567	\$ 8,601	\$ 8,036	\$ 8,057	\$ 8,280	\$ 6,803	\$ 7,232	\$ 7,795
Interest	67,925	66,288	65,269	64,147	64,307	63,183	60,495	61,427	59,397	57,482
Difference between expected and actual experience	16,925	6,480	28,224	1,782	3,807	243	8,000	1,718	(4,063)	4,637
Changes of assumptions	-	-	(2,611)	61,527	50,545	23,528	15,748	10,709	-	-
Benefit payments	(65,338)	(64,129)	(56,576)	(53,264)	(50,184)	(47,367)	(44,712)	(42,563)	(40,178)	(44,023)
Net change in total pension liability	29,307	18,344	43,873	82,793	76,511	47,644	47,811	38,094	22,388	25,891
Total pension liability – beginning	1,183,781	1,165,437	1,121,564	1,038,771	962,260	914,616	866,805	828,711	806,323	780,432
Total pension liability – ending (a)	1,213,088	1,183,781	1,165,437	1,121,564	1,038,771	962,260	914,616	866,805	828,711	806,323
Plan fiduciary net position										
Contributions – employer	69,000	68,000	60,000	57,000	53,778	33,621	30,984	29,433	32,693	31,759
Net investment income	94,028	125,601	(146,104)	88,725	138,087	119,362	(35,426)	107,519	37,401	(4,891)
Benefit payments	(65,338)	(64,129)	(56,576)	(53,264)	(50,184)	(47,367)	(44,712)	(42,563)	(40,178)	(44,023)
Administrative expense	(2,464)	(2,331)	(2,491)	(2,725)	(2,366)	(3,010)	(2,442)	(2,478)	(232)	(2,389)
Net change in plan fiduciary net position	95,226	127,141	(145,171)	89,736	139,315	102,606	(51,596)	91,911	29,684	(19,544)
Plan fiduciary net position – beginning	948,343	821,202	966,373	876,637	737,322	634,716	686,312	594,401	564,717	584,261
Plan fiduciary net position – ending (b)	1,043,569	948,343	821,202	966,373	876,637	737,322	634,716	686,312	594,401	564,717
System's net pension liability – ending (a) – (b)	\$ 169,519	\$ 235,438	\$ 344,235	\$ 155,191	\$ 162,134	\$ 224,938	\$ 279,900	\$ 180,493	\$ 234,310	\$ 241,606
Plan fiduciary net position as a percentage of the total pension liability	86.03%	80.11%	70.46%	86.16%	84.39%	76.62%	69.40%	79.18%	71.73%	70.04%
Covered payroll	\$ 130,224	\$ 126,784	\$ 150,963	\$ 148,657	\$ 156,479	\$ 163,835	\$ 169,885	\$ 173,272	\$ 182,060	\$ 197,360
System's net pension liability as a percentage of covered payroll	130.17%	185.70%	228.03%	104.40%	103.61%	137.30%	164.76%	104.17%	128.70%	122.42%

Notes to Schedule

Changes of assumptions – In 2017, amounts reported as changes of assumptions resulted primarily from adjustments to assumed life expectancies as a result of adopting the MP-2017 scale and rate of return on investments from 7.5% to 7.0%.

Changes of assumptions – In 2018, amounts reported as changes of assumptions resulted primarily from adjustments to assumed life expectancies as a result of adopting the RP-2014 total dataset mortality tables with generational mortality improvement projected after 2006 using Scale MP-2018 for purposes of developing mortality rates and change in inflation rate from 3.0% to 2.5%.

Changes of assumptions – In 2019, amounts reported as changes of assumptions resulted primarily from adjustments to assumed life expectancies as a result of adopting the Pri-2012 total dataset mortality tables with generational mortality improvement projected after 2012 using Scale MP-2019 for purposes of developing mortality rates and change in investment return rate from 7.0% to 6.75%.

Changes of assumptions – In 2020, amounts reported as changes of assumptions resulted primarily from adjustments to assumed life expectancies as a result of adopting the Pri-2012 total dataset mortality tables with generational mortality improvement projected after 2012 using Scale MP-2020 for purposes of developing mortality rates and change in investment return rate from 6.75% to 6.25%.

Changes of assumptions – In 2021, amounts reported as changes of assumptions resulted primarily from adjustments to assumed life expectancies as a result of adopting the Pri-2012 total dataset mortality tables with generational mortality improvement projected after 2012 using Scale MP-2021 for purposes of developing mortality rates and change in investment return rate from 6.25% to 5.75%.

Changes of assumptions – In 2022, amounts reported as changes of assumptions resulted primarily from adjustments to assumed life expectancies as a result of adopting the Pub-2010 total dataset mortality and disability tables based on the 2022 Experience Study.

Changes of assumptions – In 2023 and 2024, there were no changes in plan provisions, actuarial assumptions, or actuarial methods.

**Harris County Hospital District d/b/a Harris Health
A Component Unit of Harris County, Texas
Schedule of System Pension Contributions (Unaudited)
September 30,
(Dollar Amounts in Thousands)**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	\$ 36,930	\$ 38,610	\$ 38,858	\$ 36,225	\$ 36,056	\$ 33,621	\$ 30,984	\$ 29,433	\$ 32,693	\$ 31,759
Contributions in relation to the actuarially determined contribution	69,000	68,000	60,000	57,000	53,778	33,621	30,984	29,433	32,693	31,759
Contribution deficiency (excess)	<u>\$ (32,070)</u>	<u>\$ (29,390)</u>	<u>\$ (21,142)</u>	<u>\$ (20,775)</u>	<u>\$ (17,722)</u>	<u>\$ -</u>				
Covered payroll	\$ 130,224	\$ 126,784	\$ 150,518	\$ 148,657	\$ 156,479	\$ 163,835	\$ 169,885	\$ 173,272	\$ 182,060	\$ 197,360
Contributions as a percentage of covered payroll	52.99%	53.63%	39.86%	38.34%	34.37%	20.52%	18.24%	16.99%	17.96%	16.09%

Notes to Schedule

Valuation date

Actuarially determined contribution rates are calculated as of January 1, one year prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates

Actuarial cost method	Entry age normal
Amortization method	Layered over a closed 20-year period
Asset valuation method	Market value, five-year smoothing
Inflation	2.5%
Salary increases	5.25% initial rate 3.0% ultimate rate
Investment rate of return	5.75%, net of pension plan investment expense, including inflation
Retirement age	Various – Expected retirement ages are adjusted to more closely reflect actual experience
Mortality	Pub-2010 Mortality Tables, with generational mortality improvements projected after year 2010 using Scale MP-2021

**Harris County Hospital District d/b/a Harris Health
A Component Unit of Harris County, Texas
Schedule of Changes in the System's Total OPEB Liability and Related Ratios (Unaudited)
September 30,
(Dollar Amounts in Thousands)**

	2025	2024	2023	2022	2021	2020	2019
Total OPEB liability							
Service cost	\$ 9,400	\$ 4,622	\$ 7,480	\$ 13,425	\$ 9,895	\$ 9,424	\$ 9,746
Interest	18,664	21,080	12,713	7,067	11,990	15,195	13,820
Experience gains	28,154	(33,817)	(8,328)	7,652	(3,056)	(30,004)	-
Changes of assumptions	(7,121)	53,441	(2,542)	(136,205)	100,078	63,631	-
Benefit payments	(23,269)	(22,804)	(20,803)	(18,017)	(16,731)	(16,137)	(20,173)
Net change in total OPEB liability	25,828	22,522	(11,480)	(126,078)	102,176	42,109	3,393
Total OPEB liability – beginning	473,570	451,048	462,528	588,606	486,430	444,321	440,928
Total OPEB liability – ending	<u>\$ 499,398</u>	<u>\$ 473,570</u>	<u>\$ 451,048</u>	<u>\$ 462,528</u>	<u>\$ 588,606</u>	<u>\$ 486,430</u>	<u>\$ 444,321</u>
Covered employee payroll	\$ 398,751	\$ 413,101	\$ 417,272	\$ 432,158	\$ 449,724	\$ 514,871	\$ 491,810
System's total OPEB liability as a percentage of covered payroll	125.24%	114.64%	108.09%	107.03%	130.88%	94.48%	90.34%

Notes to Schedule

This schedule is presented as of the measurement date.

In an amendment approved by the Board on January 25, 2018, employees hired after June 1, 2018 are no longer eligible to participate in the OPEB.

Changes of assumptions – Change in discount rate from 4% in 2018 to 3.21% in 2019.

Changes of assumptions – In 2020, amounts reported as changes of assumptions resulted primarily from adjustments to assumed life expectancies as a result of adopting the Pri-2012 total dataset mortality table projected with Improvement Scale MP-2019 as of February 29, 2020. Additionally, the discount rate was changed to 2.50% and the medical trend assumption was updated from 6.50% grading uniformly to 4.75% over seven years to 7.50% grading uniformly to 6.75% over three years and following the Getzen model thereafter.

Changes of assumptions – In 2021, amounts reported as changes of assumptions resulted primarily from changing the mortality improvement assumption to the Improvement Scale MP-2020. Additionally, the discount rate was changed to 1.21% and the medical trend assumption was updated from 7.50% grading uniformly to 6.75% over three years to 6.50% grading uniformly to 5.75% over three years and following the Getzen model thereafter.

Changes of assumptions – In 2022, amounts reported as changes of assumptions resulted primarily from changing the mortality improvement assumption to the Improvement Scale MP-2021. Additionally, the discount rate was changed to 2.83% and the medical trend assumption was updated from 6.50% grading uniformly to 5.75% over three years to 6.25% grading uniformly to 5.50% over three years and following the Getzen model thereafter.

Changes of assumptions – In 2023, amounts reported as changes of assumptions resulted primarily from a change in the discount rate to 4.87% and the medical trend assumption was updated to 6.50% grading uniformly to 5.20% over three years and following the Getzen model thereafter. Additionally, no further migration of existing retirees to the Plan is assumed (prior assumption was 50%).

Changes of assumptions – In 2024, amounts reported as changes of assumptions resulted primarily from a change in the discount rate to 4.06% and the medical trend assumption was updated to 7.00% grading uniformly to 5.60% over three years and following the Getzen model thereafter. In addition, mortality, termination, retirement, and salary scale rates were updated to be consistent with the 2022 pension plan experience study.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.

Changes of assumptions – In 2025, amounts reported as changes of assumptions resulted primarily from a change in the discount rate to 4.50% and the medical trend assumption was updated to 7.00% grading uniformly to 6.60% over three years and following the Getzen model thereafter.



Kimberly J. Williams, JD
Harris County Purchasing Agent

January 29, 2026

Board of Trustees Office
Harris Health

RE: Board of Trustees Meeting – February 11, 2026
Budget and Finance Agenda Items

The Office of the Harris County Purchasing Agent recommends review of the attached procurement actions:

- A. Approvals

All recommendations are within the guidelines established by Harris County and Harris Health.

Sincerely,

Kimberly J. Williams, JD
Purchasing Agent

JA/ea
Attachments

Budget and Finance Agenda Items for the Harris County Hospital District dba Harris Health System - Board of Trustees Report

Expenditure Summary: February 11, 2026 (Approvals)

No.	Vendor	Description Justification Contract	Action Basis of Recommendation Term	Project Owner	Previous Amount	Current Estimated Cost
A1	Varian Medical Systems, Inc. MWBE Goal: Exempt Sole Source	Linear Accelerators for Harris Health - To replace two (02) linear accelerators (LINAC) that are no longer supported by the current manufacturer at Smith Clinic. <i>Sole Source Exemption</i>	Purchase Sole Source Exemption	Teong Chai		\$ 8,110,500
A2	Continental American Insurance dba Aflac Group MWBE Goal: 5%	Long-Term and Short-Term Disability Coverage and Administration Services for Harris Health - To provide long-term and short-term disability coverage and additional administration services for Harris Health. <i>Job No. 250075</i>	Award Best proposal meeting requirements One (1) year initial term with six (6) one-year renewal options	Jamie Lard		*
A3	J.T. Vaughn Construction, LLC. MWBE Goal: 33.07%	Construction and Buildout of New Cathlab Suits at Ben Taub Hospital for Harris Health - Additional funds are to increase contingency from the original \$750,000 to \$1,528,428 due to the extent of unforeseen mechanical, electrical, and plumbing conditions encountered during the project, as well as additional scope changes deemed necessary to complete the project. <i>Job No. 230353</i>	Additional Funds Award	Babak Zare	\$ 5,695,000	\$ 778,428
A4	O'Donnell Snider Construction, LLC. (HCHD-1803) MWBE Goal: 20.11%	Renovation of the Imaging and Radiology Space at Lyndon B. Johnson Hospital for Harris Health - To provide all labor, materials, equipment and incidental for the renovation of imaging and radiology space at Lyndon B. Johnson Hospital. The owner contingency provides for coverage of unanticipated costs throughout the construction project. <i>Job No. 250337</i>	Award Best proposal meeting requirements	Babak Zare		\$ 756,618
A5	Advantage USAA Inc. MWBE Goal: 100%	Roof and Skylight Replacement at Aldine Health Center for Harris Health - To provide all labor, materials, equipment and incidental for the Roof and Skylight Replacement at Aldine Health Center. The owner contingency provides for coverage on unanticipated costs throughout the construction project. <i>Job No. 250343</i>	Award Best proposal meeting requirements	Lacey Spells		\$ 734,200
A6	Haemonetics Corporation (HCHD-1668) MWBE Goal: Exempt Sole Source	TEG Consumable Products - To provide Harris Health with hemostasis and trauma citrated cartridge <i>Sole Source Exemption</i>	Award Sole Source Exemption One-year initial term with four (4) four-year renewal options	Michael Nnadi		\$ 478,396
A7	Azteca Enterprise, Inc. MWBE Goal: 26.21%	Renovation of Existing Radiology Room at Ben Taub Hospital for Harris Health - To provide all labor, materials, equipment and incidentals for the renovation of the exiting radiology room at Ben Taub Hospital. The owner contingency provides for coverage of unanticipated costs through the construction project. <i>Job No. 250341</i>	Award Best proposal meeting requirements	Joel Lazo		\$ 300,000

No.	Vendor	Description Justification Contract	Action Basis of Recommendation Term	Project Owner	Previous Amount	Current Estimated Cost
A8	Laborie Medical Technologies Corp. MWBE Goal: Exempt Sole Source	Urodynamic Measurement Systems for Harris Health - This project is replacing two (2) existing urodynamic measurement systems that are no longer supported by the manufacturer at the urology clinic at Ben Taub Hospital. Sole Source Exemption	Purchase Sole Source Exemption	Arun Mathew		\$ 278,204
A9	McCarthy Building Companies, Inc. MWBE Goal: 21%	Construction Manager at Risk for the Construction of the Lyndon B. Johnson Oncology and Infusion Center for Harris Health System - To provide a Construction Manager at Risk for Lyndon B. Johnson Oncology and Infusion Center for Harris Health System. 250299	Award Most qualified vendor(s) meeting requirements	Babak Zare		*
					Total Expenditures	\$ 14,919,032
					Total Revenue	\$ (0)

Wednesday, February 11, 2026

Consideration of Approval of Grant Recommendations
(Items B1 through B4 of the Grant Matrix)

Grant Recommendations:

B1. Grant Agreement

- Grantor: Harris Health Strategic Fund
Funded by a donation from the Dakri Family
- Term: Funds to be Distributed from 2026 - 2028
- Award Amount: \$ 1,000,000.00
- Project Owner: Taylor McMillan

B2. Grant Agreement

- Grantor: Texas Office of the Governor
Funded by the SAFE-Ready Facilities Program
- Term: September 1, 2026 – August 31, 2027
- Award Amount: \$ 250,000.00
- Project Owner: Jackie Brock

B3. Grant Agreement

- Grantor: Harris County Hospital District Foundation
- Term: Two Years
- Award Amount: \$ 200,000.00
- Project Owner: Jackie Brock

B4. Grant Award Renewal

- Grantor: United States Department of Health Resources and Services Administration
Funded by Part C of the Ryan White HIV/AIDS Treatment Extension Act of 2009
- Term: January 1, 2026 – December 31, 2026
- Award Amount: \$ 375,492.00
- Project Owner: Jennifer Small

Grant Agenda Items for the Harris County Hospital District dba Harris Health, Board of Trustees Report

Grant Matrix: February 11, 2026

No.	Grantor	Description/Justification	Action, Basis of Recommendation	Term	Project Owner	Award Amount
B1	Harris Health Strategic Fund, <i>funded by a donation from the Dakri Family</i>	Consideration of Approval of a Grant Agreement between Harris Health and the Harris Health Strategic Fund, through a donation from the Dakri Family to support the Strategic Facilities Plan described in the Harris Health Strategic Fund's Healthier Harris County Capital Campaign.	Grant Agreement	Funds to be Distributed from 2026 - 2028	Taylor McMillan	\$ 1,000,000.00
B2	Texas Office of the Governor, <i>funded by the SAFE-Ready Facilities Program</i>	Consideration of Approval of a Grant Agreement between Harris Health and the Texas Office of the Governor to fund Forensic Nursing Services through the Enhancement of a Community SAFE-Ready Facility (FY2027) grant. The total of this grant shall not exceed \$250,000.00.	Grant Agreement	September 1, 2026 through August 31, 2027	Jackie Brock	\$ 250,000.00
B3	Harris County Hospital District Foundation	Consideration of Approval of a Grant Agreement between Harris Health and the Harris County Hospital District Foundation, benefiting Harris Health's Reach for the Stars Nursing (RFTS) Scholarship Fund. This program is an opportunity for current Harris Health System employees interested in pursuing a professional career in nursing. As determined by Harris Health Department of Nursing Services, the scholarship will cover the cost of tuition, fees, books, and other required supplies (e.g., uniforms, shoes, stethoscope, parking, and other eligible materials noted in the RFTS program guidelines).	Grant Agreement	Two Years	Jackie Brock	\$ 200,000.00
B4	United States Department of Health Resources and Services Administration (HRSA), <i>funded by Part C of the Ryan White HIV/AIDS Treatment Extension Act of 2009</i>	Consideration of Approval of a Grant Award Renewal from the United States Department of Health Resources and Services Administration (HRSA), funded by Part C of the Ryan White HIV/AIDS Treatment Extension Act of 2009 and the Harris County Hospital District d/b/a Harris Health to Provide Early Intervention Primary Medical Care to HIV Positive Patients of Harris Health	Grant Award Renewal	January 1, 2026 through December 31, 2026	Jennifer Small	\$ 375,492.00
TOTAL AMOUNT:						\$ 1,825,492.00

Wednesday, February 11, 2026

Updates Regarding Pending State and Federal Legislative and Policy Issues
Impacting Harris Health



R. King Hillier
SVP, Public Policy & Government Relations

February 2026**Board of Trustees Bi-monthly Legislative Report****FEDERAL UPDATE**

Both chambers returned in early January to kick off the second session of the 119th Congress. Below is a brief snapshot of the status of several key legislative priorities.

Appropriations: The latest intel emerging from negotiations between the White House and Senate Democrats is that the Senate will pass a five bill FY26 spending package including Defense, Labor/HHS/Education, Transportation/HUD, State/Foreign Ops, and Financial Services/General Government. The Homeland Security bill will be converted to a Continuing Resolution and renegotiated with input from White House Border Czar Tom Homan in the aftermath of the Minnesota shooting. Democrats objected to the current iteration of the Homeland Security bill and presented a list of demands to the White House. The White House acquiesced and agreed to consider a number of those demands and we are currently awaiting confirmation of the length of the CR. The five bill package plus Homeland CR will need to be sent back to the House for approval after it passes the Senate, and the Speaker will need President Trump to provide air cover with recalcitrant Freedom Caucus members to ensure passage.

On January 22nd, the House passed the Consolidated Appropriation Act (HR 7148). The bill included no action on ACA Market Place EPTCs; however, it did include provisions to eliminate the scheduled cuts to the Medicaid DSH in 2026 and 2027, extension of the Medicare telehealth waivers until Dec. 31, 2027, and a five-year extension of the Hospital at Home waiver through FY 2030.

Affordable Care Act (ACA) Enhanced Premium Tax Credits (EPTCs) – Discharge Petition: Health care votes are expected when Congress returns in January following a successful Democratic-led discharge petition. After the House passed Republican leadership’s *Lower Health Care Premiums for All Americans Act* (H.R. 6703)—which did not reauthorize ACA premium tax credits that expired at the end of 2025—Reps. Brian Fitzpatrick (R-PA), Mike Lawler (R-NY), Rob Bresnahan (R-PA), and Ryan Mackenzie (R-PA) joined a discharge petition to force consideration of a “clean” three-year extension of the credits. The measure is on track to pass the House, assuming these four Republicans vote in favor of the extension. However, prospects in the Senate remain dismal, absent from a shift in position from GOP leadership or the White House.

A group of GOP senators has proposed a deal to address the enhanced premium tax credits that expired at the end of 2025, Sen. Bernie Moreno (R-OH) is leading negotiations on the issue. Moreno said he sent proposed bill text to four Democratic colleagues who have been involved in negotiations and is waiting to hear back from them. Moreno has not solicited the rest of the

Senate GOP conference on the proposed plan, arguing his priority is trying to get some agreement across the aisle.

The draft proposal would extend the subsidies for one year and give enrollees an option to use a health savings account (HSA) structure rather than the subsidy structure. It would also extend the open enrollment period until March 31, implement \$5 minimum premiums, impose \$100,000 fines to insurance companies who deliberately sign enrollees up for coverage, implement an income cap limiting the subsidies to those who make 700% of the federal poverty level or less, appropriate cost sharing reductions (CSRs) and audit insurance companies to ensure they are not using federal funding for abortion services, with penalties implemented if insurers are using federal funding for these services.

STATE UPDATE

Sunset Staff Meeting: Pursuant to the Texas Sunset Commission's review of the Texas Health and Human Services Commission (HHSC), Harris Health and Community Health Choice leadership met with Sunset Commission staff in Austin to discuss priorities for the review process and subsequent legislation.

Sitting with similarly situated hospital district plans from across the state, we agreed with suggested upgrades to HHSC's Medicaid provider enrollment system and stressed the importance of protecting our health plans' ability to continue serving Medicaid and Affordable Care Act recipients in our respective communities.

We will continue regular communication with Sunset staff as we engage with other critical stakeholders in the Sunset process. That process will continue through the remainder of the 2026 interim and into 2027's 90th Texas Legislative Session.

Interim Charge Engagement: In even numbered years, state lawmakers consider and report on Interim Charges in an open process where lawmakers choose what policies and issues to debate with an eye toward introducing key legislation in the next regular legislative session. This process also gives stakeholders an opportunity to offer feedback well before lawmakers can file bills on any given topic.

Harris Health government relations are actively working with our trade associations on these Interim Charges as legislative leadership in the Texas House and Senate consider the final contours of what their respective chambers will study. The Speaker of the House has directed state representatives to submit their proposed Interim Charges by February 2nd, and the Lt. Governor has directed state senators to submit theirs by February 9th. Once charges are announced, committees in each chamber will hold interim hearings and solicit stakeholder feedback discussing the chosen topics.

Meeting of the Board of Trustees

Wednesday, February 11, 2026

Review and Acceptance of the Following Report for the Healthcare for the Homeless Program as Required by the United States Department of Health and Human Services Which Provides Funding to the Harris County Hospital District d/b/a/Harris Health to Provide Health Services to Persons Experiencing Homelessness under Section 330(h) of the Public Health Service Act

Attached for review and acceptance:

- **HCHP February 2026 Operational Updates**

Administration recommends that the Board accept the Healthcare for the Homeless Program Report as required by the United States Department of Health and Human Services which provides funding to the Harris County Hospital District d/b/a/ Harris Health to provide health services to persons experiencing homelessness under Section 330 (h) of the Public Health Service Act.



Jennifer Small, AuD, MBA, CCC-A
Chief Executive Officer – Ambulatory Care Services

Health Care for the Homeless Monthly Update Report – February 2026

Jennifer Small AuD, MBA, CCC-A, Chief Executive Officer, Ambulatory Care Services

Tracey Burdine, Director, Health Care for the Homeless Program

HARRISHEALTH



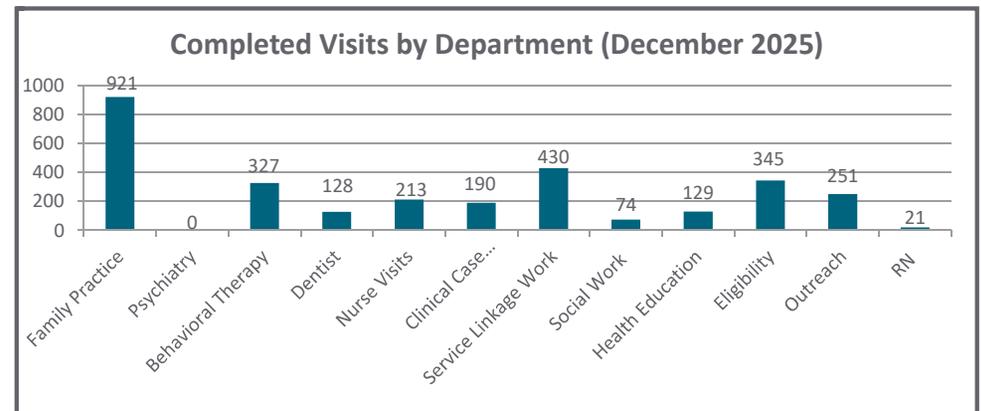
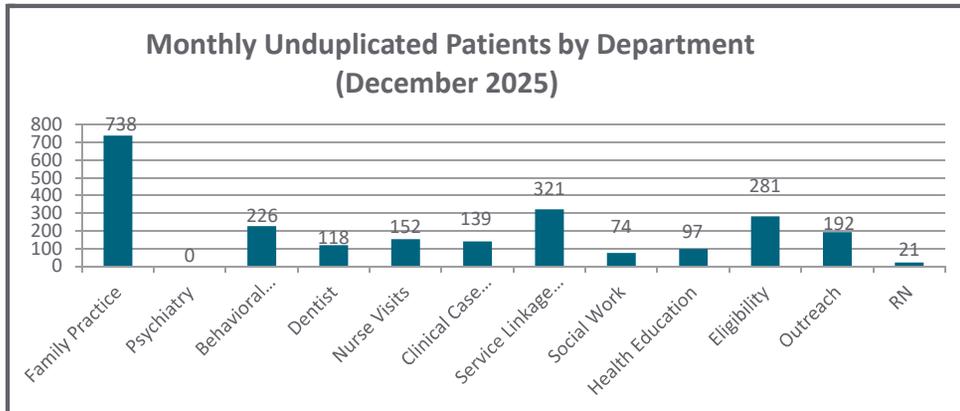
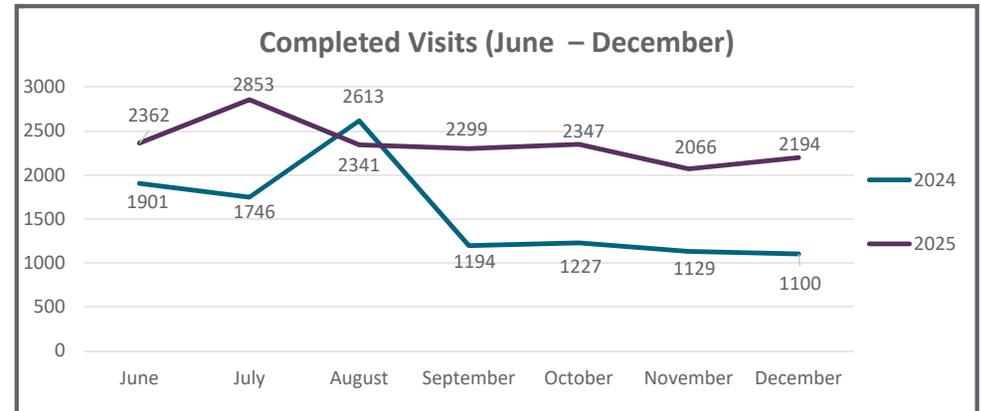
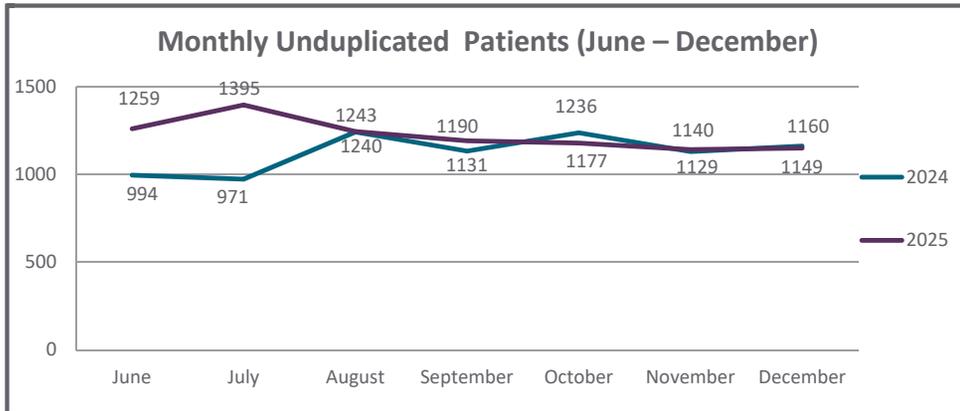
Agenda

- Operational Update
 - Productivity Report
 - Change In Scope - 419 Emancipation Clinic
 - Financial & Grant Management Policy Updates

Patients Served December 2025

HRSA Unduplicated Patients Target:	HRSA Completed Visit Patients Target:
7,250	30,496
YTD Unduplicated Patients:	YTD Total Completed Visits:
7,032	29,923

Operational Update



Change in Scope – 419 Emancipation Clinic



What Is Changing

Addition of a new fixed clinic site for the Health Care for the Homeless Program

Clinic Hours: 7:30am-4:30pm

Clinic Address: 419 Emancipation Avenue,
Houston, TX 77003



Reason for Change

To expand access to primary care services for individuals experiencing homelessness

To strengthen service capacity and geographic coverage within the HCHP network

To respond to community need in an underserved area of Houston



Impact Assessment

Increased access points for primary care and supportive services

Enhances continuity of care and service availability for the target population

Supports Harris Health's mission of access, equity, and community-based care



Board Action Requested

Approve the Change in Scope to add the Emancipation Clinic as a new fixed service delivery site under HCHP

Financial & Grant Management Policy Updates

Monica Jaster, Director of Grant Accounting

HARRISHEALTH

Financial & Grant Management Policy

Purpose of Policy:

To establish standardized financial and grant management practices that ensure responsible stewardship of federal and organizational funds, compliance with all applicable regulatory requirements, accurate financial reporting, and strong internal controls supporting the Health Care for the Homeless Program's operational and clinical mission.

Key Policy Changes & Enhancements:

- Regulatory Alignment
 - Updated all policy references to current federal standards (2 CFR Part 200 and 45 CFR Part 75).
- Budget Governance
 - Formalized budget development roles and Board approval prior to HRSA submission.
- Financial Transparency
 - Leadership now has real-time access to Balance Available Summary (BAS) and Grant Transaction Detail (GTD) reports.
- Funds Control
 - Drawdowns restricted to reimbursement-only method with dual-approval safeguards.
- Compliance Expansion
 - Clarified allowable cost restrictions and strengthened Hyde Amendment compliance.

Wednesday, February 11, 2026

Consideration of Approval of the HCHP Financial and Grant Management Policy Updates

Attached for review and approval:

- **HCHP Financial and Grant Management Policy Updates**

Administration recommends that the Board approve the Healthcare for the Homeless Program Financial and Grant Management Policy Updates as required by the United States Department of Health and Human Services which provides funding to the Harris County Hospital District d/b/a/ Harris Health to provide health services to persons experiencing homelessness under Section 330 (h) of the Public Health Service Act.



Jennifer Small, AuD, MBA, CCC-A
Chief Executive Officer – Ambulatory Care Services



Origination 12/6/2018
Last 12/10/2025
Approved
Effective 12/10/2025
Last Revised 12/10/2025
Next Review 12/9/2028

Owner [Monica Jaster: Document Owner](#)
Area [Financial Services](#)
References [Nikitin, Victoria](#)

Financial and Grant Management – Health Care for the Homeless Program_5.05

PURPOSE:

To outline the guidelines, processes, and procedures ~~to be used by~~ [for the financial and grant management of](#) Harris Health ~~System for the financial and grant management of the Harris's~~ Health ~~System Health~~ Care for the Homeless Program.

POLICY STATEMENT:

In accordance with regulations governing the receipt of funding from the United States Department of Health and Human Services - Health Resources and Services Administration (HRSA), Harris Health ~~System (Harris Health) implements the following~~ [implemented](#) guidelines, processes, and procedures for the financial and grant management of funding under the Harris Health Health Care for Homeless Program (HCHP).

POLICY ELABORATIONS:

HRSA routinely awards federal grant funding to health centers for outpatient primary care services, case management, outreach, and other services to the Homeless Population.

I. DEFINITIONS:

- A. **HARRIS HEALTH – HEALTH CARE FOR THE HOMELESS PROGRAM (HCHP):** A program that provides outreach services to the Homeless Population through Harris Health's Ambulatory Care Services. The HCHP also provides comprehensive primary health services through shelter-based clinics and through mobile health and mobile dental units, on-site case management, financial eligibility determination, and registration for services, as well as, on-site mental health counseling, substance

abuse counseling, and residential treatment through referrals.

- B. **HEALTH BENEFITS COVERAGE:** The package of services covered by a managed care provider or organization pursuant to a contract or other arrangement.
- C. **HEALTH CARE ENTITY:** Any individual physician or other health care professional, a hospital, a provider-sponsored organization, a health maintenance organization, a health insurance plan, or any other kind of ~~health care~~healthcare facility, organization, or plan.
- D. **330(H) HOMELESS POPULATION:** A population comprised of individuals:
 - 1. Who lack housing (without regard to whether the individual is a member of a family);
 - 2. Whose primary residence during the night is a supervised public or private facility that provides temporary living accommodations;
 - 3. Who reside in transitional housing;
 - 4. Who reside in permanent supportive housing or other housing programs that are targeted to homeless populations;
 - 5. Who met any of the criteria above and was enrolled in the HCHP as a Participant during the preceding 12 months but are no longer homeless as a result of becoming a resident in permanent housing; or
 - 6. Who are children, youth, or veterans at risk of homelessness.

II. ANNUAL BUDGET REPORTING REQUIREMENTS:

- A. Harris Health ~~shall submit~~ submits an annual budget to HRSA that identifies the portion of the HCHP's projected costs to be supported by HRSA awards and the portion to be supported by Harris Health.
- B. The HCHP annual budget ~~shall also reflect~~ reflects the total projected costs of operations, expenses, and revenues, including anticipated fees, premiums, reimbursements and third party payments generated from the delivery of services, to accomplish the HCHP Service Delivery Plan submitted to HRSA.
- C. With the assistance of the Director of Grant Accounting, the HCHP annual budget ~~shall be~~ is developed by the following members of HCHP management:
 - 1. HCHP Financial Analyst;
 - 2. HCHP Director; and
 - 3. HCHP Grants Program Manager.
- D. Prior to submission to HRSA, the annual budget for the HCHP ~~shall be~~ is approved by the members of HCHP management identified in II.C.1-3, above, and then submitted to the Harris Health ~~System~~ Board of Trustees for approval.

III. RECORDING OF REVENUES AND EXPENDITURES:

- A. The financial management system allows Harris Health to account for all funds, property, and assets associated with the HCHP. It ~~shall identify~~ identifies the source and application of funds for federally funded activities and ~~contain~~ contains related

documentation pertaining to authorizations, obligations, unobligated balances, assets, expenditures, income, and interest.

- B. All HCHP expenditures of Public Health Service Act grant funds ~~shall be~~are separately accounted for from other non-grant funds and ~~be~~are consistent with the annual budget and any additional applicable HRSA approvals that have been requested and received.
- C. The accounting methodology followed ~~shall be~~is the accrual basis as required by U.S. Government Accounting Standards Board Principles.
- D. Revenue ~~shall be~~are recognized when earned, and expenses ~~will be~~are recorded when incurred.
- E. A chart of accounts ~~shall be~~is maintained by Harris Health's Financial Accounting Department under the direction of the Harris Health Vice President - Controller.

IV. FINANCIAL STATEMENTS:

- A. Balance Available Summary (BAS) and Grant Transaction Detail (~~GTD~~) Reports ~~shall be~~are prepared by Harris Health's Grant Accounting Department and ~~shall~~include an itemized list of all grant expenditures for the HCHP.
- B. ~~By the fifteenth (15th) of every month,~~Both the BAS ~~shall be sent~~& ~~GTD are available~~ electronically ~~and at will~~ to the Director of the HCHP or designee.
- C. All expenses and revenues of the HCHP ~~shall be~~are included in the financial statements of Harris Health.

V. PATIENT ACCOUNTING:

- A. Third Party Health Benefits Coverage Identification and Billing:
 - 1. ~~Individuals fitting the~~The 330(H) Homeless Population ~~definition will be~~are screened for third party Health Benefits Coverage in the process of completing the HCHP eligibility process (i.e., prior to enrollment in the HCHP), upon checking in for a ~~health care~~healthcare visit, and again via an external vendor following the completion of a ~~health care~~healthcare visit for verifying retro-active coverages; and
 - 2. Bills for any individual enrolled in the HCHP ("HCHP Patient") ~~and having~~with third party Health Benefits Coverage ~~will be~~are submitted to the HCHP Patient's third party payor.
- B. Patient Fee Collections:
 - 1. A HCHP Patient will not be asked to make payment at the time of service ~~due to security concerns;~~
 - 2. HCHP Patients ~~will instead be~~are billed for services rendered in accordance with Harris Health billing practices; ~~and~~
 - 3. HCHP Patients who express ~~that~~ they are unable to pay for services will receive and be instructed to complete a Request to Waive Fees form; ~~and~~
 - 4. Any charge not paid by the HCHP Patient ~~shall be~~is contractually adjusted to zero at the end of each HRSA Grant Program Year.

C. Billing:

1. All billing for grants awarded to the HCHP ~~shall be performed~~ is done by Harris Health's Grant Accounting Department, including drawdowns of federal funds; and
2. All billing for third party Health Benefits Coverage, such as Medicaid, Medicare, and private insurance ~~shall be~~ is done by Harris Health's Patient Financial Services Department.

VI. **FINANCIAL AUDITS:**

FINANCIAL AUDITS:

- A. The HCHP ~~shall be~~ is subject to both external and internal audits and review.
- B. The HCHP ~~shall~~ must promptly respond to audits by oversight agencies, including HRSA.

~~The expenditures of Public Health Service Act grant funds will be subject to Harris Health's annual 45 C.F.R Part 75, Subpart F audit.~~

Note: The expenditures of Public Health Service Act grant funds will be subject to Harris Health's annual 2 CFR Part 200, Subpart JF audit.

VII. **INSURANCE:**

- A. Insurance coverage for assets such as the Dental Unit and the Mobile Medical Units ~~shall be~~ is purchased and maintained by Harris Health.
- B. Medical malpractice insurance for the Medical Director and other physicians participating in the HCHP ~~shall be~~ is obtained and maintained by ~~the Harris Health Care Entity that employs the Medical Director~~ if employed by Harris Health.
- C. Medical malpractice insurance for clinical staff employed by the HCHP ~~shall be~~ is covered by Harris Health as a self-insured entity.

VIII. **COMPETITIVE PROCUREMENT PROCESS:**

All goods and services ~~which~~ that support HCHP activities ~~shall~~ must be competitively procured pursuant to the procurement procedures set forth in ~~45 C2 CFR Part 200.F.R. § 75.329~~ and in a manner that ensures openness, fairness, and integrity as stated in the Harris County Hospital District Purchasing Manual.

IX. **TRAVEL:**

Expenses incurred for travel associated with or in support of the HCHP ~~shall be~~ are reimbursed in accordance with Harris Health Policy 2580 Travel Guidelines and Expense Reimbursement ~~and, for.~~ For lodging and subsistence charges, reimbursements are processed only if supported by the documentation described in 45 C.F.R. § 75.474.

X. **DRAWDOWN OF FEDERAL GRANT FUNDS AWARD:**

Harris Health ~~System~~ will minimize the time elapsed between the transfer of the Federal award funds from the US Treasury HRSA and the disbursement of these funds by Harris Health. The procedures related to ~~draw-down~~drawdown are attached as Appendix A to this policy.

XI. **ALLOWABLE COSTS:**

Harris Health ~~System~~ will assure that expenditures of federal awards will be allowable, allocable, and reasonable in accordance with the terms and conditions of the federal award and with federal cost principles. Appendix B to this policy sets forth the procedures for determining whether costs are allowable.

XII. **FRAUD, WASTE OR ABUSE:**

1. Harris Health has established a confidential telephone hotline for reporting Fraud, Waste, Abuse, or Wrongdoing. The Compliance Hotline can be reached either by calling a toll-free telephone number (1-800-500-0333) that is available to all Workforce members 24 hours a day, seven days a week, or by accessing the hotline through the Ethicspoint website (<https://secure.ethicspoint.com/domain/media/en/gui/78122/index.html>).
2. Workforce members are encouraged to use the Compliance Hotline to report potential or suspected compliance concerns. Individuals reporting to the Compliance Hotline may remain anonymous or may request their information be kept confidential.
3. The OIG maintains a hotline for receiving information concerning fraud, waste, or abuse in HRSA programs, including grants and cooperative agreements. HHS OIG keeps the reports confidential. Callers may choose to remain anonymous. Harris Health will post information in plain sight of staff and the public. <https://oig.hhs.gov/fraud/report-fraud/>

REFERENCES/BIBLIOGRAPHY:

42 C.F.R. § 254b - Health centers

~~45 CFR Part 75~~

2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards

Grants Policy Bulletins

Harris Health ~~System~~ Policy and Regulations 3.15, Requisition Approval

Harris Health ~~System~~ Policy and Procedures 3.18, Procurement Cycle

Harris Health ~~System~~ Policy and Procedures 2580, Travel Guidelines and Expense Reimbursement

Health Center Program Compliance Manual – Health Resources and Services Administration (HRSA), Bureau of Primary Healthcare

Harris County Hospital District Purchasing Manual

OFFICE OF PRIMARY RESPONSIBILITY:

Harris Health ~~System~~ Department of Grant Accounting

~~APPENDIX A~~

~~Drawdown of Direct Federal Grant Funds~~

~~Procedures~~ **APPENDIX A**

Drawdown of Direct Federal Grant Awards

Procedures

PURPOSE:

To establish processes and procedures for drawdowns of direct federal funds from the United States Treasury that are in compliance with 2 CFR Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal ~~Awards and 45 CFR Part 75 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for HHS Awards.~~ Uniform

I. DEFINITIONS:

- A. ~~PAYMENT MANAGEMENT SERVICES~~ **PAYMENT MANAGEMENT SERVICES:** An agency within the U.S. Department of Health & Human Services ~~which~~ that provides payments to grantees. This is accomplished by the Payment Management System (PMS). A web based system for grantees to request disbursement of funds for federal grants. The funds are deposited into the grantee's bank account.
- B. ~~PEOPLESOFT: The financial accounting software used by Harris Health System for general ledger reporting, accounts payable, capital assets, purchasing, grants, billing, accounts receivable, and payroll.~~

II. GENERAL PROVISIONS:

- A. ~~In order to comply with 2 CFR 200.305, Harris Health will establish procedures to minimize the time elapsing between the transfer of funds from the United States Treasury and the disbursement of funds to entities providing goods or services (recipients, sub-recipients, or contractors).~~
- B. ~~The number of individuals at Harris Health authorized to drawdown funds from PMS shall be limited to the Director of Grant Accounting. Approval for drawdown is granted by the Harris Health System Vice President-Controller.~~

GENERAL PROVISIONS:

- A. Generally, with some exceptions as noted in this policy, it is the intention of Harris Health to minimize the time elapsing between the transfer of funds from the Payment Management System (PMS) and the disbursement of those funds by Harris Health and to ensure the reimbursement requests are for expenses that have already occurred and have been paid for by Harris Health.

B. While cash advances are permitted, federal regulations still require that the timing and amount of cash advances be as close as is administratively feasible to the actual disbursements by the recipient organization.

C. Allowable method of requesting payments:

1. Reimbursement Requests (REQUIRED method):

i. When utilizing this method, it is the Harris Health's policy to ensure the following prior to initiating the reimbursement request:

a. The organization will request reimbursement for costs already incurred, ensuring alignment with actual expenses paid.

b. The amount drawn down will be limited to the amount already paid to cover allowable project costs that have already occurred or payroll expenses where the time has already been served.

2. The Director of Grant Accounting, with the approval from the Vice President - Controller, is the only individual authorized to drawdown funds from PMS.

III. PROCEDURES:

A. ~~Request to~~ Requesting a Drawdown:

1. The request for drawdown should be based on actual expenditures incurred during the period of the cash request.

2. ~~The Senior Accountant will use the PeopleSoft system generated invoices as the source document and will route the document along with the Balance Available Summary (BAS) report for each direct federal grant to the Director of Grant Accounting for review.~~ Monthly, the Senior Accountants prepares drawdown requests using the "Drawdown Rolling Trans" file which is stored on the internal Grants Department shared drive. This file is to be considered the official record of request.

3. ~~Once reviewed by the~~ The Director of Grant Accounting, the PeopleSoft system-generated invoices and reviews the drawdown request to ensure the request balances to the approved invoice or BAS are. ~~The drawdown request is routed for approval to the VP-Controller, or designee, for approval and signature.~~

4. Once approved, the VP-Controller ~~routes the approved system-generated invoice to~~ instructs the Director of Grant Accounting to complete the drawdown request on the PMS.

B. ~~After~~ Post Drawdown:

1. After a drawdown is completed in the PMS, the Director of Grant Accounting, or designee, will send an email to Cash Management notifying them of the wire transfer to be received.

2. ~~The email requests Cash Management to send a copy of the wire transfer to Grant Accounting for the file.~~
3. The Cash Management Department will post the deposit ~~to the federal sponsor in the PeopleSoft Accounts~~ through the Receivable (A/R) module, to the federal sponsor in Harris Health's financial system.
4. The payment will be applied to the invoices in the A/R module by the Senior Accountants.

IV. REFERENCE:

2 CFR Part 200: Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards

~~45 CFR Part 75: Uniform Administrative Requirements, Cost Principles, and Audit Requirements for HHS Awards~~

APPENDIX B

~~Allowable Costs - Grants~~

Allowable Costs - Grants

PURPOSE:

To outline how Harris Health ~~System~~ will determine allowable costs to be charged to grants. 2 CFR Part 200 states that organizations must have a policy to determine allowable costs to be charged to federal grants. Determination of allowable costs will rest primarily with the Grant Program Manager(s) and Grant Accounting. Should a dispute arise between these departments regarding whether costs are allowable, the Vice President-Controller will make the final decision.

I. GENERAL PROVISIONS:

- A. In determining allowable costs, many resources are available to help guide the decision making process. Such resources include, but are not limited to:
 1. The Request for Proposal (RFP) issued by the granting agency;
 2. 2 CFR Part 200. ~~Subpart E for federal grants of~~ 45 CFR Part 75;
 3. The Texas Grants Management Standards (TxGMS) for state funded grants;
 4. The contractual agreement between Harris Health and the granting agency and any general or special terms/conditions attached; and
 5. Any written correspondence from the granting agency.
- B. ~~It should be noted that grantors are unable to express in their grant documents all possible costs that can be charged to a grant. Certain costs will be specifically mentioned in the agreements or regulations as allowable or unallowable. In the case that a particular cost is not mentioned in the regulations, careful consideration~~

~~should be given in determining whether the cost is allowable or unallowable. As a guiding principle, the following questions will help determine if a cost should be charged to a grant:~~

It should be noted that grantors are unable to express in their grant documents all possible costs that can be charged to a grant. Certain costs will be specifically mentioned in the agreements or regulations as allowable or unallowable. In the case that a particular cost is not mentioned in the regulations, careful consideration should be given in determining whether the cost is allowable or unallowable. As a guiding principle, the following questions will help determine if a cost should be charged to a grant:

1. Is the cost reasonable?
2. Is the cost necessary?
3. Is the cost allocable to the grant where it is being charged?
4. Is the cost specifically disallowed per the grant terms/conditions?

~~Note: If the answers to the questions 1, 2, and 3 above are "yes," and the answer to question 4 is "no," then generally, the cost will be an allowable cost.~~

Note: If the answers to the questions 1, 2, and 3 above are "yes," and the answer to question 4 is "no," then generally, the cost will be an allowable cost.

C. Prohibition of Costs:

1. It is the policy of Harris Health to ensure that the organization does not obligate or expend grant funds on covered telecommunications and video surveillance equipment or services as described in 2 CFR § 200.216 which states that recipients and sub-recipients are prohibited to obligate or spend grant funds (to include direct and indirect expenditures as well as cost share and program) to: 1) Procure or obtain; 2) Extend or renew a contract to procure or obtain; or 3) Enter into contract (or extend or renew contract) to procure or obtain equipment, services, or systems that use covered telecommunications equipment or services as a substantial or essential component of any system, or as critical technology as part of any system. As described in Pub. L. 115- 232, section 889, covered telecommunications equipment includes: Telecommunications equipment produced by Huawei Technologies Company or ZTE Corporation (or any subsidiary or affiliate of such entities). For the purpose of public safety, security of government facilities, physical security surveillance of critical infrastructure, and other national security purposes, video surveillance and telecommunications equipment produced by Hytera Communications Corporation, Hangzhou Hikvision Digital Technology Company, or Dahua Technology Company (or any subsidiary or affiliate of such entities)
2. Fringe benefit expenses are allowable. Harris Health shall not use federal grant funds for any abortion or for health benefits coverage that includes

coverage of abortion. If this benefit is available to employees of Harris Health through the health insurance plan, Harris Health affirms that they have analyzed the cost of this benefit and feel that it is covered by the employee portion of the health insurance plan paid by the employee, and only the net health insurance is charged to a grant if applicable. These restrictions shall not apply to abortions (or health benefits coverage of abortions) that fall within the Hyde Amendment exceptions.

D. Authority

:

The following personnel shall have authority to make determination of ~~whether costs are allowable or unallowable~~allowability of expenditures: ~~(Note: the role in the process is also mentioned)~~Grant Program Manager, Senior Grant Accountant, Director of Grant Accounting.

1. Grant Program Manager Role:

- a. Grant Program Managers are generally the individuals who wrote the proposal submitted to the granting agency. As such, they have a good understanding of the costs needed to complete the goals and objectives of the program.
- b. Grant Program Managers will specify which grant project number the expenses will be charged by noting the project number on the ~~PeopleSoft~~ requisition, the Business/Travel expense form, the Accounts Payable Voucher Form, and other forms which require a project number for expensing a charge.
- c. It is important that the project number be used ~~since~~because the signature on the form or electronic approval indicates that the program manager believes that the cost being charged is allowable.

2. Senior Grant Accountants Role:

- a. Senior Grant Accountants review and approve expenditures at the requisition level and then conduct an additional review at the monthly invoicing process.
- b. ~~Expenditures~~At the monthly invoicing process, expenditures are reviewed and approved a second time by the Senior Grant Accountants ~~prior to approval of~~and forwarded to the Director of Grant Accounting. ~~If a~~The submission to the Director of Grant Account is understood to mean the Senior Grant Accountant ~~approves~~believes the expenditure ~~and submits to the Director of Grant Accounting, this will indicate that they believe the expenditure is an~~to be allowable ~~cost~~.
- c. The Senior Accountant will seek advice on determination of allowable costs with the Grant Program Manager or the Director

of Grant Accounting if they are uncertain about the expenditure. This is especially important if the Senior Accountant is unable to determine from the accounting records what the expense is or how it relates to the grant program.

3. Director of Grant Accounting Role: ~~Signature or electronic approval by the Director of Grant Accounting on forms which charge expenses to grant cost centers (voucher requests, expense reports, etc.) will indicate an opinion that the cost is allowable.~~
 - i. Signature or electronic approval by the Director of Grant Accounting on the monthly invoices will indicate an opinion that the cost is allowable.

Approval Signatures

Step Description	Approver	Date
Publisher Approval	Catherine Walther: Document Owner	12/10/2025
Policy SOS Committee	Lauren Banks: Executive Owner	12/8/2025
Policy Owner	Monica Jaster: Document Owner	11/25/2025
Workflow Start Notification	Mariah Almack	11/25/2025

Meeting of the Board of Trustees

Wednesday, February 11, 2026

Executive Session

Review of the Health Care for the Homeless Program Uniform Data System (UDS) Report, Pursuant to Tex. Occ. Code Ann. §151.002 and Tex. Health & Safety Code §161.032, Including Possible Action Upon Return to Open Session.



Jennifer Small, AuD, MBA, CCC-A
Chief Executive Officer – Ambulatory Care Services

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Meeting of the Board of Trustees

Wednesday, February 11, 2026

Executive Session

Consultation with Attorney Regarding Lawsuits, Actions, Petitions, or any Submissions to any State or Federal Administrative or Executive Agency, on Behalf of Harris Health as Necessary or Prudent in Connection with any Claims or Assertions Made by or on Behalf of Linda Patton, Pursuant to Tex. Gov't Code Ann. §551.071, Including Possible Action Upon Return to Open Session.



Sara Thomas
Chief Legal Officer/Division Director
Harris County Attorney's Office
Harris Health

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Meeting of the Board of Trustees

Wednesday, February 11, 2026

Executive Session

Consultation with Attorney Regarding Authority to File any Lawsuit, Action, or Petition, or to Make any Submissions to any State or Federal Administrative or Executive Agency, on Behalf of Harris Health as Necessary or Prudent to Collect Payment for Claims Owed to Harris Health by Amerigroup, Wellpoint, Elevance Health, Integranet, Van Lang or any of their Owners, Operators, Delegates or Affiliated Entities, Pursuant to Tex. Gov't Code Ann. §551.071, Including Possible Action Upon Return to Open Session.



Sara Thomas
Chief Legal Officer/Division Director
Harris County Attorney's Office
Harris Health

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Meeting of the Board of Trustees

Wednesday, February 11, 2026

Executive Session

Consultation with Attorney Regarding Harris Health's Proposed Acquisition by Eminent Domain of Approximately 8.9 Acres of Hermann Park Adjacent to Ben Taub Hospital for the Redevelopment and Expansion of Ben Taub Hospital and Related Legal Matters, Pursuant to Tex. Gov't Code Ann. §551.071.



Sara Thomas
Chief Legal Officer/Division Director
Harris County Attorney's Office
Harris Health

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