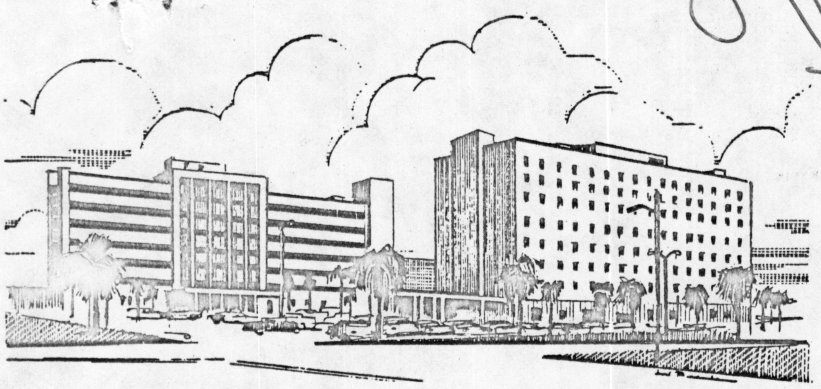
Tommy & Call BARNES & Villarreal & GET THEIR IMPRESSIONS



Memorial West *Memorial East*
Samaritan Clinics

Memorial Medical Center
CORPUS CHRISTI, TEXAS
2606 HOSPITAL BOULEVARD • 78405
P. O. BOX 5280 • 512-881-4000

September 21, 1979

Judge Robert M. Barnes
County Judge
County of Nueces
Corpus Christi, Texas

RE: 1979 Hospital District Tax Rate

Dear Judge Barnes:

The Board of Managers at their regular meeting for September, 1979 following considerable discussion approved a Nueces County Hospital District tax rate increase from 54¢ to 59¢, a 5¢ increase or 9.26% above the present rate.

The 54¢ rate has been in effect since 1977 and is considered insufficient to meet the continuing increasing costs of charity care. The deficit caused by this tax rate would place a heavy burden on Memorial's cash flow in the coming year and jeopardize the necessary capital improvement programs that are needed annually to maintain equipment and facilities. In the attachment concerning the expenditures for the Hospital District the deficits created are shown in Schedule 3.

In approving the 5¢ increase in the tax rate, the Board considered the efforts of the hospital staff to contain operational costs in line with the Voluntary Effort Program; the maintaining of services available to the medically indigent at the present level; the scale for eligibility charity care used to determine medical indigency; the need to consider revision of the scale due to the general inflation increase over the past five years and the effect it has on the poor; and the service Memorial performs as a community medical center. Each Board member had hoped the tax rate could be held at the present level, however, after studying and discussing the information regarding increase costs and the results of deficits the Board stated that to carry out their responsibility they felt compelled to ask for this increase. As you know, the Board of Managers has worked consistently and diligently to try to hold down cost of operations, even though health care costs have spiraled upward across the nation.

Both Mr. Collins and I feel it is imperative to preserve the financial stability of Memorial Medical Center's operations so that we can continue to provide necessary capital improvements for the Hospital District facilities and maintain our ability to have sufficient revenue to pay the revenue bond. It is extremely difficult to predict the exact heights inflationary forces will reach in 1980 and the resulting effect they will have on hospital operations since the majority of these forces are external which cause increases and are beyond the control of the hospital industry. It is our belief that the 5¢ tax increase will be necessary to provide a balance statement for the Hospital District, to fund the forcasted deficit and limit further increases in the accumulated deficit.

I would like to offer to be present with Mr. Collins to present this matter and answer any questions of you and the Commissioner's Court at the first opportunity.

Sincerely,

Wm. Howell Newton

Wm. Howell Newton
Acting President

WHN/dec

Enclosure

cc: Mr. Wm. E. McKinzie
Mr. Carl Bluntzer
Mr. J.P. Luby
Mr. J. Villarreal
Board of Managers