



## County denies hospital tax election

### Holy Cross expects to make \$6M in cuts

By J.R. Logan

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The Taos County Commission unanimously voted Tuesday (Oct. 2) to deny a request from Holy Cross Hospital to authorize a special election on the issue of a hospital funding tax.

Hospital administrators now say they will be forced to make “some really excruciating decisions” about slashing costs, which could include as many as 50 layoffs or the closure of the hospital’s OB/GYN department.

The hospital recently announced it was seeking a new property tax levy to shore up what it says is a \$10 million shortfall — a sizable piece of its \$60 million operating expense budget. Hospital officials say the shortfall is due to services that are provided but that go unpaid.

An election is required to approve such a hospital tax levy. Before the issue could go to voters, the election needed to be authorized by the county commission.

The commission’s vote Tuesday means no election will take place this year and there will be no new tax.

The additional tax would have amounted to \$1.60 for every \$1,000 of taxable value for every property in the county. The hospital expected the mill levy to raise about \$1.9 million a year. Those funds would have been matched 3.4-to-1 in federal dollars through a rural care program to give the hospital more than \$6 million in additional revenue to cover its operating deficit.

Representatives of Holy Cross Hospital told the commission Tuesday that the funding was vital to maintain the hospital’s current level of service. But members of the commission appeared dissatisfied with the lack of details about what services would be lost if the new tax wasn’t approved.

Commissioner Dan Barrone asked hospital board chairman Ron Burnham exactly what was on the chopping block.

“The specifics of those I don’t think really would be appropriate today and frankly there’s some really excruciating decisions that the board would have to make in the next several months with that regard if the measure fails,” Burnham said.

“I know you’re shopping for some specifics, but I don’t think that we’re quite prepared to share those this morning,” Burnham added.

Commissioner Nicklos Jaramillo said he'd received several calls from county residents who were concerned about the burden of another tax and wanted to know what they were going to get in return.

"Why are you people [hospital officials] so hesitant to tell the people the truth about what they would lose out on if this did not pass?" Jaramillo asked.

After being pressed by the commission, Holy Cross CEO Peter Hofstetter said that there could be as many as 50 layoffs, and the hospital could "look seriously" at closing the OB/ GYN department and diabetes management service.

Fundamental services like the emergency room, surgery and lab and x-ray departments will remain open, hospital officials said. The hospital's financial woes are nothing new. Holy Cross announced in April 2011 that it was dealing with a \$6.6 million shortfall. A dozen employees were let go, and the hospital says it has since cut about \$3 million from its operating expenses.

Barrone came to Tuesday's meeting with a copy of a recent Holy Cross tax return (available for download at [www.taosnews.com](http://www.taosnews.com)). Barrone asked why eight hospital employees (five doctors and three administrators) make more than \$2 million combined.

Hofstetter said the hospital has worked hard to attract capable physicians in a competitive market in order to provide local residents with a good choice of caregivers. "Frankly, that's the price you have to pay," Hofstetter said.

Commissioner Andrew Chávez questioned the hospital's timing, suggesting that the board waited to request a special election (such elections typically have low turnout rates) rather than have the tax question put on the general election ballot in November. "Why was this not placed on the general election so that everybody, all of our voters, have a chance to vote on this?" Chávez asked.

As presented, the election would have been conducted by mail-in ballot, with the election date a week before Christmas. The hospital was hoping to get the mill levy approved before Jan. 1 so that funding would be available next July.

Burnham denied that the board had intentionally waited to bring the issue up.

"You have kind of alluded that this was a premeditated strategy, which I would not agree with," Burnham said. "This was just the way it shook out in the context of board meetings and discussions."

The hospital told the commission it was planning a public outreach campaign to begin once the election was approved to explain why the tax was needed.

Burnham said after the meeting that he was disappointed the issue stopped at the commission rather than going to the voters. He said he understood the concerns of those who couldn't afford another tax, especially in a sluggish economy where governments and utilities continue to pass the burden to residents.

"I don't want to have to pay higher taxes, but at the same time, I want a certain level of care for myself and my family available in the community," Burnham said.

Burnham and Hofstetter said after the vote that the hospital would be deciding during the next 30 days exactly where to cut. Burnham said the board was looking at reducing expenses by \$6 million — about 10 percent of the hospital's total operating budget.

“Every month we’re seeing almost a half-million dollars in red ink, and you can’t sustain that. So we’ve got to start making those decisions right away,” Burnham said. “We certainly want to minimize the impact to the community, but there is going to be some. It’s unavoidable.”