



# THE TAOS NEWS

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## A better year for Holy Cross, but how many more?

By Andrew Oxford

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In financial terms, 2014 may prove better than 2013 for Taos Health Systems. During their second meeting Dec. 18, however, several members of the hospital study committee wondered aloud how many more years Holy Cross can remain open.

“You have \$6 million. You lost \$6 million this year. You can’t do that one more year,” Taos Town Manager Oscar Rodriguez said during a presentation by Holy Cross Hospital Chief Operating Officer Spencer Hamons.

The presentation came at the suggestion of several committee members who said a thorough explanation of the nonprofit’s finances was needed before they could begin their work drafting recommendations for local governments regarding the hospital’s future.

During fiscal 2013, Hamons explained, the hospital lost more than \$5.8 million. That left the nonprofit with approximately \$6 million in reserves.

During what amounted to a three-hour seminar on the intricacies of Taos Health Systems’ accounts, the chief operating officer suggested the hospital would begin to stanch that flow of cash that prompted layoffs earlier this year while continuing to contain costs through a range of new measures.

Additional layoffs were not under consideration, Hamons said when asked by a representative of the union representing health care workers at Holy Cross.

“The days of saying ‘we’re going to cut this and cut that and save \$1 million’ — those days are over,” Hamons told committee members.

Instead, the hospital might contract with a private company to manage its emergency room and continue to evaluate the demand for inpatient beds.

Taos Health Systems would also cut some of the biggest losses it has incurred over the last year .

The hospital is expected to receive some but not all of the \$1.2 million in federal funding owed to it through the Sole Community Provider program. A series of such payments were delayed throughout the last year, Hamons noted.

Revenue from that initiative as well as other federal programs declined by more than \$6 million in fiscal 2013.

Changes to such initiatives as well as the rates at which hospitals are reimbursed for treating patients covered by Medicare and Medicaid will keep Holy Cross in a financially precarious position, Hamons added, until Taos Health Systems can further wean itself from government funding.

But the recent hiring of several new doctors would reduce the costs associated with costly contracts for substitutes, he said. Amid turnover on the medical staff, the hospital was spending approximately \$14,000 for each three-day stint by an out-of-town doctor to cover staffing shortages. Those costs would now be drastically reduced, according to the chief operating officer.

Hamons added that, over the course of 2014, the hospital would also benefit from the savings of eliminating 44 staff positions earlier this year and of more predictable trends in patient care.

Hospitals nationwide are offering more care on an inpatient basis as insurers and the federal government seek to curb the higher costs associated with inpatient treatment.

But Hamons noted that, out of proportion with national trends, Holy Cross continues to see fewer inpatients.

With daily operating expenses of approximately \$150,000 and daily revenue averaging around \$106,000, he said identifying and expanding new revenue sources will remain a priority.

“We’re looking to see the shift to outpatient begin to stabilize,” Hamons told the committee. “The scary thing is, we’re continuing to see the volume of inpatients decline.”

The committee agreed to discuss the hospital’s strategies for boosting revenue at a future meeting but Hamons noted Holy Cross is expanding into new specialties such as dermatology and occupational medicine while crafting a coherent brand to retain more local business.

Several members had their own ideas, however, with more than one mentioning the possibility of a new mill levy.

Hamons addressed the issue in his presentation, pointing out that 13 New Mexico counties use mill levies to provide at least some funding for a local hospital. Holy Cross administrators unsuccessfully touted a similar tax for Taos County earlier this year.

At the end of the meeting, Taos Town Councilor Michael Silva suggested county commissioner Tom Blankenhorn “go back to the commission and throw that out there.”

“It’s too early to have that discussion,” Blankenhorn replied, adding that the committee should complete its recommendations before considering new taxes.