

## Search begins for hospital's next CEO

By Andrew Oxford

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Who will nurse Holy Cross Hospital to financial health?

Taos Health Systems is searching for a new CEO after Peter Hofstetter, who has led the nonprofit since 2009, announced in an email to employees earlier this month he will be leaving the post during the first week of July.

An interim CEO is expected to be named before Hofstetter's departure, board chairman Ron Burnham told

*The Taos News* Monday (June 16), adding he hoped a permanent replacement would be selected by the year's end.

Suggestions Hofstetter was forced out or driven from the post amid mounting pressure on the nonprofit to change leadership were "categorically not true," Burnham said.

"Since he arrived in 2009, we've seen a monumental transformation of the health care system," the chairman said. "Peter came at the time we had to make very substantial changes."

Those changes have included several staffing cuts in recent years amid financial losses that totalled more than \$5.8 million in fiscal 2013.

During that same time, Burnham said, Taos Health Systems had nonetheless seen improvements in patient satisfaction scores and other quality measures.

"He leaves us in a very good position," Burnham said.

Hofstetter's tenure was not without controversy, however, and Burnham acknowledged "we've got some healing to do in terms of all the changes."

The outgoing CEO said communication and relations with the community would be key for his successor but added he was optimistic Taos Health Systems' finances could improve.

"My advice would be to keep the course," Hofstetter said Wednesday (June 18). "You've got to keep an eye on the finances but this is a good time to build the business," he added, referring to plans for expanding specialties such as dermatology and occupational medicine.

"We're never going to be a wealthy hospital but we can have stability," Hofstetter said.

Hofstetter is leaving to become CEO of Willamette Valley Medical Center, a post he will assume Aug. 1, according to a press release from the McMinnville, Ore.-based hospital.

The job is “an exciting opportunity to move closer to family,” Hofstetter said, adding the post was recommended by friends.

Hofstetter has had his eye out for a new position, however, having applied last fall to serve as CEO of Aspen Valley Hospital in Colorado.

There were also indications during a board meeting last month at least a few of the hospital's directors were frustrated with Hofstetter.

Charlie Gonzales, a board member whose application for another term on the nonprofit's governing body was rejected during the May 28 meeting, told Hofstetter to take a leave of absence.

At the same meeting, directors said there was a demand for change as they considered candidates to fill three positions on the board.

Nonetheless, Hofstetter received a vote of confidence during his annual evaluation during the same meeting, Burnham said.

The search for candidates to replace Hofstetter will be undertaken by Quorum Health Resources, a hospital management company that also selected the current CEO in 2009.

The firm posted the job on its website Wednesday (June 18).

Candidates must have a Masters in Health Administration or a Masters in Business Administration and at least five years progressive experience in hospital operations as a CEO or equivalent, according to the job listing.

“Strong physician relations and understanding of physician practice management” in addition to “managed care experience, experience and knowledge in quality issues” were also listed among the position's requirements.

Salary would likely be determined by experience and market forces such as the hospital's revenue, according to Burnham, declining to specify whether the hospital expected to pay its next CEO more or less than the \$267,260 in direct compensation Hofstetter received in fiscal 2013.

An article published last year by the Journal of the American Medical Association reported salaries for hospital CEOs range from just under \$100,000 to \$3 million with the average being approximately \$600,000 and high compensation more common in large metropolitan areas.

“Two or three” candidates for interim CEO had already been identified, Hofstetter said Wednesday.

Asked whether the CEO's successor would likely come from New Mexico, Burnham indicated recruiters would undertake a broad search to provide the nonprofit's board with between three and five candidates.

Quorum Health Resources staff will first meet with the hospital's board to discuss specific qualities they desire in a new CEO, Burnham said.

The next CEO will, like Hofstetter, be an employee of Quorum Health Resources