

After cuts, hospital will see boost in state funding

By Andrew Oxford

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The financial prognosis for Taos Health Systems may be improving.

Holy Cross Hospital administrators learned Friday (July 25) the nonprofit's share of state funding would increase in 2014 under a new iteration of a program slashed significantly after 2011.

Taos Health Systems will receive more than \$5.1 million in 2014 from the Safety Net Care Pool, according to state and hospital officials.

Under the fund's predecessor, the Sole Community Provider fund, Holy Cross Hospital saw its share of funding cut from \$9.8 million in 2011 to \$2.2 million in 2013.

Those cuts compounded financial losses that totaled more than \$5.8 million dollars in the last fiscal year.

"This actually gives us some confidence in our budget," Taos Health Systems Chief Operating and Information Officer Spencer Hamons said.

The hospital was left with approximately 21 days cash on hand earlier this month and has been pushing out payments to some vendors as much as 60 or 90 days, according to financial figures presented by Taos Health Systems officials July 3 to an intergovernmental committee on community health.

The nonprofit's share of state funding will allow the hospital to strengthen its cash reserves and issue more timely payments to vendors, Hamons indicated Tuesday.

The news also came as a welcome development for county leaders.

Uncertainty surrounding state funding for the hospital prompted calls earlier this year for a countywide tax.

But with Taos County's approximately \$457,000 contribution to the Safety Net Care Pool due to be matched nearly nine-to-one for a total of more \$5.1 million in funding for Holy Cross Hospital and the nonprofit expected to receive an additional \$2 million this year through higher Medicaid payments from the state, local officials had cause for relief.

“The \$9 million during the best of years is now \$7 million which is beyond any of our original hopes,” county commissioner Tom Blankenhorn said during a presentation by Hamons at a meeting Tuesday.

“If everything goes well, your losses could be covered by this legislation,” Blankenhorn told Hamons, referring to New Mexico Senate Bill 268, which established the Safety Net Care Pool.

But Hamons said a gap remains between the expense of uncompensated care provided by the hospital to indigent patients and state funding, which is intended in large part to cover those expenses.

The hospital projects to provide \$9.8 million in uncompensated care this year, he told commissioners.

“So there’s a bit of a gap,” Hamons said.

At the same county commissioner meeting, however, the union representing health care workers at Holy Cross Hospital announced it will undertake its own review of the nonprofit’s finances.

Union leaders allege a decision last year to cut beds in the hospital’s intensive care unit and change staffing models has been financially detrimental for the community.

“Our numbers of inpatients have declined but some of it is because we have closed beds,” Dr. Gina O’Hara, a pharmacist at Holy Cross Hospital, told commissioners during a presentation calling for greater public input in the nonprofit’s governance.

The whirring of helicopters transferring patients out of Taos, she said, is the sound of money leaving Taos.

Taos Health Systems administrators maintain layoffs last year resulted in only a negligible increase in the number of patients transferred from the hospital — approximately 15 percent, according to hospital data presented at Tuesday’s meeting — and cut losses.

Union leaders suggested cuts could have been shared more broadly.

The union requested county commissioners encourage Taos Health Systems hold off on selecting a new CEO until after the development of a master plan for the hospital through a series of public meetings. The union also called on the county to review its lease with Taos Health Systems, which rents the publicly owned hospital building, and request the nonprofit consent to “a serious and independent review” its contract with management firm Quorum Health Resources.

It was also proposed the county work with Taos Health Systems “to see if they would consider developing a request for proposal from other providers of health care, such as, but not limited to, the University of New Mexico ...”

Union leaders presented a petition to commissioners with more than 650 signatures in support of those demands.

Hamons, who has applied to be the hospital's next CEO, said after the meeting that while he welcomed public involvement "there is a perception Taos Health Systems is a public hospital when it is really a private 501(c)3."