



Hospital reexamines expansion

By Andrew Oxford

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Plans for a new building at Holy Cross Hospital are back on the drawing board.

Taos Health Systems administrators are reconsidering expanding the hospital's campus with an office building on Weimer Road that would consolidate several of the nonprofit's services and administrative operations under one roof.

The project would be financed by part of a \$12.7 million U.S. Department of Agriculture loan awarded to Taos Health Systems in 2012 for the construction of three buildings.

Those plans stalled as financial losses at the nonprofit mounted amid changes in government payments, leaving it with mere weeks of cash on hand.

Following a payment of more than \$5.1 million from the state earlier this summer, hospital officials are confident the organization has a sufficient cushion of cash to proceed with scaled-back plans.

"Our operation is quite a bit different than when this was designed back in 2011," chief operating and information officer Spencer Hamons told *The Taos News* Monday (Sept. 8).

Only one building is likely to be constructed instead of three, he said, noting initial plans included facilities for UNM-Taos that are no longer needed now that the school has moved into space downtown.

The scaled-back project is estimated to cost between \$7 million and \$8 million, according to Hamons. The remainder of the loan could be returned to the USDA, he added.

Consolidating operations under one roof would be more convenient for patients, Hamons said, eliminating much of the need for traveling between various offices around town.

Architects are now designing the office building to include space for Taos Surgical Specialities, Taos Physical Therapy, a dermatologist as well as community outreach programs such as chronic disease management and insurance enrollment, he said.

The move would also free Taos Health Systems from a slew of rental contracts.

"We would own this," he said. "It would be an investment."

New financial estimates and designs for the project will be presented to the Taos Health Systems board of directors during its meeting Sept. 24.

But if it votes to move forward with the loan, Taos Health Systems would no longer be debt-free.

Board chairman Ron Burnham indicated Tuesday (Sept. 9) the nonprofit's leadership is willing to take on debt to finance the building, seeing it as part of an ongoing shift to bolster outpatient services as the number of inpatients declines.

"It has been our good fortune we haven't had a ton of debt to service," Burnham told *The Taos News*. "But we still need to make that transition."

Burnham said the new building would provide more space for services such as wound care and dermatology. He described the project as "not only affordable but essential."

"It's essential we grow these revenue-enhancing services," Burnham said.

If the board decides to proceed with the construction project, it will apply for an extension of time to finalize an agreement with the USDA.

The nonprofit has already applied for two extensions to complete that agreement and Burnham indicated the loan could be jeopardized without the board's action.

But federal officials told

The Taos News there is no firm deadline for the project.

\$12.7 million for the 40-year fixed-rate loan is currently obligated to Taos Health Systems and "is not going anywhere," USDA Rural Development spokesperson Ernie Watson said Monday, noting funds have not yet been released.

If Taos Health Systems reaches an agreement with the USDA, the project will be opened to bids, Watson explained.

Like a home mortgage, the building itself would serve as collateral.

Groundbreaking will only be scheduled after bids have been accepted, Watson said.



Katharine Egli

Spencer Hamons, chief operating and information officer at Taos Health Systems, points to where the nonprofit's land ends from the roof of Holy Cross Hospital, Monday (Sept. 8). Hospital administrators are reconsidering plans to construct a new building on Weimer Road.