THE TAOS NEWS
Best U.S. Weekly Paper- NNA 2007,2008, 2010
Inland Press Nation's Best Weekly Newspaper 2009

Shift to 'critical access' sparks debate at Holy Cross

By J.R. Logan jrlogan@taosnews.com

The Taos News, 6/23/2016

Holy Cross Hospital may choose to shrink slightly in order to increase its bottom line.

Hospital administrators say the potential designation as a "critical access hospital" could increase annual revenues by $900,000 — or about 1.5 percent — without having an impact on services or staff. Such a designation is meant to provide more funding to rural hospitals by changing how payments for Medicare patients are calculated.

However, the proposal has raised concerns from some hospital observers and employees, who question whether the move is in the best interest of patients and the facility's long-term future.

In fact, there was swift and substantial opposition when employees learned the hospital board would be asked to vote on becoming a critical access hospital at its board meeting June 22. Administrators have since pulled back on the proposal.

Those who spoke out said making such an important decision with so little notice would eat away at a delicate trust built by the current administration.

"It came completely out of left field with no discussion," said Lorie MacIver, a union representative for Holy Cross employees, in an interview with *The Taos News .* "It was alarming."

In a letter to Holy Cross administrators, MacIver wrote that community outreach on the issue had been "insufficient and appears to be a rushed attempt to kind of 'check off the boxes.'" MacIver said the primary concern of Holy Cross employees had to do with time limits for treatment that would accompany a critical care designation.

If patients can't be treated within the limit, they might have to be transferred to another hospital. "People need to receive care in their communities, where they have family around and a support system," MacIver said.

MacIver added that the union was less concerned about what, if any, impacts such a change would have on current employees. "Yes, the hospital needs some financial support. But let's look at all the options," she said.

Pushback

While the proposal to become critical access caught some off guard, hospital administrators have been talking about the benefits for months.

In a May 18 email to employees obtained by *The Taos News ,* Holy Cross CEO Bill Patten noted that the issue was raised at a board meeting in January. "We are going to get everyone involved in looking at the pros and cons of such a change, but other than that, no decisions have been made," Patten wrote.

In a video posted on the hospital’s website after the May board meeting, Patten said the issue had been discussed openly by the board. In the video, he said he hoped the board would vote to move toward critical access at its June meeting and have the hospital completely converted by the end of 2016.“This is an important decision for the organization, so we’re going to do a lot of education over the next month,” Patten said in the video.

In an interview June 21, Patten said that timeline had changed. “It was clear, when people were pushing back so hard, it wasn’t the right thing to do,” he said.

What could change

There is a slew of requirements that Holy Cross would have to meet to be designated as critical access. Among them, the hospital would have to reduce its inpatient bed count from 29 to 25. It would also have to limit patient stays to a maximum of 96 hours, and Medicare patients would likely have to pay more for procedures.

“It does come with a few strings,” Patten said. “But those are strings I believe we can manage.”

Patten said the 25-bed limit did not apply to so-called “swing beds,” which can accommodate patients for longer stays by lowering the level of care a patient receives. The hospital did not yet have hard data on the number of patients who would likely be transferred elsewhere if critical access limitations were to take effect, Patten said. He also said preliminary figures show the change would affect patients suffering from conditions like pneumonia and sepsis. Around 60 patients a year might not meet that 96-hour rule, Patten said.

Patten also noted that the critical access designation does change costs to Medicare patients.

At the moment, Medicare patients are asked to pay 20 percent of what Medicare pays the hospital for a procedure. If Holy Cross became critical access, Medicare patients would pay 20 percent of what Holy Cross bills — an amount that is often more than Medicare now pays.

However, Patten said critical access would not affect services, nor staffing.

‘Money on the table’

Patten says he firmly believes the new designation would be a net benefit for Holy Cross, but he says he’s willing to take more time to convince others. “If I push too hard too fast, people are going to resist because people think it’s being pushed too hard and too fast,” Patten said. “We’re going to take the amount of time that we need to to answer the questions right.”

Patten said administrators have approached employees to gather questions and concerns so they can put together complete answers. He also said he hopes to assemble “teams” of hospital staff and other representatives to visit existing critical access facilities to see how they work.

Patten said he has no firm timeline to bring it to the hospital board for a vote, though he said the sooner the change happens, the sooner the hospital will see the benefits. “If we’re leaving money on the table for an extended period of time, how is that responsible?” he said.

Even if the board eventually votes to move toward critical access, it would likely be several months before a certification and the hospital begins receiving the additional funding.

Voters approved a mill levy earlier this year that is expected to bring in about $5 million over the four-year life of the tax. The money is specifically earmarked for capital improvements. Opponents of the switch to critical access have argued the hospital made implicit promises to maintain its acute care status while lobbying support for the levy. Other critics have suggested switching to critical access would hamstring the hospital — sustainability means growing, not shrinking, they argue.

Even without the mill levy, the hospital is in a better position now than it was in recent years. Hospital CFO Steve Rozenboom said in an email to *The Taos News* that Holy Cross had an operating income of $344,000 through 11 months of its fiscal year.

That's compared to consecutive years of losses that went into the millions of dollars. Those losses led to multiple rounds of layoffs — hard decisions that current administrators credit for getting Holy Cross back on solid footing.

Being in the black is a good sign, but administrators have insisted they won't be comfortable about the hospital's financial position until it sees bigger margins. In fact, Rozenboom said the hospital's budget for the coming year anticipates a $300,000 loss when not factoring revenue from the mill levy.

Holy Cross CEO Bill Patten says he firmly believes the new designation would be a net benefit for Holy Cross, but he says he's willing to take more time to convince others.

Katharine Egli

Patten