

## Holy Cross Hospital weighs in on budget debate

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With little more than a week left in the legislative session, New Mexico lawmakers are eyeing budget cuts and new taxes in order to shore up the gap in next year's budget.

Though Gov. Susana Martinez has long indicated raising taxes is a nonstarter, New Mexico hospitals — including Taos' Holy Cross Hospital — are willing to voluntarily pay some taxes in order to stabilize both the state's budget and sprawling Medicaid program.

There are two bills at the Roundhouse that would increase taxes on hospitals: House Bill (HB) 202 would amount to a \$1.6 million hit to Taos' only hospital, while Senate Bill (SB) 433 would mean a more modest \$70,000 to \$80,000 tax, Holy Cross CEO Bill Patten told *The Taos News*.

Holy Cross, along with the New Mexico Hospital Association, prefer the latter.

Currently, hospitals generally pay very little in gross receipts taxes (GRT). For example, Holy Cross pays GRT on certain contracted services like anesthesiology, but not on revenue generally.

"The thinking is it is better to pay a little bit on the front end in an effort to make sure we don't get huge cuts on the back end," Patten said, citing a 5 percent cut in Medicaid payments from the state last July.

If the state doesn't pay out enough for Medicaid patients — who total about 40 percent of the traffic at Holy Cross — then hospitals bear the burden of those costs, he said.

The revenue generated from SB 433 (introduced by Sen. Carlos Cisneros, D-Questa) would make up for the previous cuts in Medicaid payments.

Furthermore, the money collected through the GRT would be cordoned off in a "Medicaid trust fund," protecting it from general fund cuts and also allowing the state to act as a middle man between hospitals and the federal government — giving local hospitals the chance to potentially triple their Medicaid funds.

While HB 202 would certainly generate more revenue, Patten said its impact on Taos would be substantial.

"For a hospital our size, those are big numbers," Patten said. "I cannot imagine any way we can absorb that much of a reduction in revenue without some sort of change in our service mix."

Holy Cross has spent years coaxing its budget from the red into the black, finally earning a profit for the first time in recent memory. The \$1.6 million in taxes from HB 202 (when paired with other cuts in hospital reimbursements from the state) would “push us right back into the red again,” Patten said.

HB202 passed the House on a 37-32 vote and is before the Senate Finance Committee, where SB 433 is also currently waiting for action.

“There are a lot of different moving parts right now,” Patten said. It’s possible either of the bills could advance to the governor’s desk. It’s also possible neither would, especially with lawmakers still looking at cuts in public education to make up the difference in the state’s budget.

However, if the House bill (which Holy Cross opposes) passes both chambers of the Legislature to become the “ultimate vehicle the Legislature uses to generate revenue,” Patten is hoping the Medicaid trust fund and the restoration of previous Medicaid cuts will make it back into the final version.