

Holy Cross Hospital seeks more Taos County support

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The Taos News, 13 Sep 2018



Holy Cross Hospital CEO Bill Patten reads election results to a team of doctors, nurses and employees of Holy Cross Hospital in the Taos County Council Chambers in 2016.

Despite modest financial improvements that distanced Holy Cross Hospital from the crisis it faced over the last several months, administrators at the medical center say additional support from Taos County taxpayers will be necessary to stay afloat.

“The past year for Holy Cross Medical Center can be easily described as challenging,” CEO Bill Patten opened at a Taos Chamber of Commerce meeting at El Monte Sagrado in August.

Patten briefly recapped the challenges: bottom-line shortfalls and cash flow shortages, all while converting to a critical-access hospital and switching to a new electronic medical records system.

All of this, Patten noted, contributed to an unhappy hospital workforce.

Morale reached a particularly low point in January, when administrators laid off a dozen employees in management and healthcare positions.

Public pressure hasn't let up since, with both current and former Holy Cross employees expressing their dismay in very public ways. Some have called for the CEO's resignation after what has been a particularly rough year in Patten's three-year tenure in Taos.

But Patten quickly shifted his comments during a recent meeting to say that many of the naysayers simply aren't looking at the broader picture.

In July, Holy Cross reported \$12 million in gross revenues for the second time in its history. The hospital also saw a higher volume of patients than usual over the summer months. Lower than budgeted expenses resulted in a bit under under \$157,000 in operating income, according to CFO Steve Rosenboom. However, cash continued to be tied up in accounts receivable: money owed by patients and insurance companies. Patten announced in August that they will be bringing an "interim revenue cycle director" to help increase the hospital's cash on hand.

Patients covered by programs such as Medicare, Medicaid or Indian Health Care Services have increased by 20 percent over the past four years, according to last month's report, bringing in reimbursements that pay far less, often less than the cost of service, than private insurance carriers do.

Faced with questions about these lingering financial problems, Patten and Rosenboom are asking the public to consider that Holy Cross isn't the only rural hospital that's struggling and that the struggle didn't start just last year.

"We reported an unaudited loss from last fiscal year of about \$2.8 million," Patten noted. "But in context the medical center has lost more than \$17 million over the past seven years!"

While the hospital's losses over that period might not provide the public with much relief, Patten went on to say that Holy Cross is one of few rural hospitals that's made it this far without closing down.

According to the National Rural Health Association,

87 rural hospitals have closed since 2010 and another 673 are "vulnerable or at risk for closure."

Patten says the board is now discussing when will be the right time to approach taxpayers for a greater share of mill levy funds when they become available in the future to stay off this growing list.

"Without additional help from our community, I do not think it is a reasonable expectation that on its own, Holy Cross will be financially independent,"

Patten wrote in response to an inquiry from The Taos News.

In addition to hefty operational costs, he said that the hospital logged \$7 million in total requested capital needs, \$1.8 million of which were deemed critical to the hospital's continued operation. "Our current mill levy gives us \$1.2 million a year," he said. "As you can see, the need clearly outweighs the available resources."

Patten says that he, other administrators and the board have also discussed the need to create a “reserve fund” to create a buffer that might help the hospital weather another crisis down the road, which he sees as “only a matter of time,” he said.

Many other rural hospitals, including several here in New Mexico, are also seeking additional financial support from their localities, and they are significantly more than Holy Cross has sought from Taos County thus far.

According to 2017 data from the New Mexico Department of Finance and Administration, Presbyterian Española Hospital in Río Arriba County draws roughly \$4.25 million from county coffers, roughly 17 percent of total funds.

Holy Cross currently taps around \$1.2 million from Taos County mill levy funds.

The 11 major rural hospitals in the state all draw significantly more from their counties than Holy Cross does from Taos County, and the comparison is likely one local taxpayers will hear more about as Holy Cross approaches commissioners again. Currently, administrators are considering beginning the discussion with the county in “later winter or early spring,” Patten said in a recent video update.

At last month’s chamber of commerce meeting, Patten addressed another option: partnering with a larger health care system, such as University of New Mexico Hospital in Albuquerque.

“Such options do have positive benefits, but they also have serious negative consequences,” he said. “Local governance is lost. Decisions about what services will or will not be provided are not made at the local level, and this usually results in services being closed.”

Patten also contends that such a partnership would pull local jobs out of the county and send them elsewhere.

For now, Patten says, they’re still trying to hold onto the reins, and with support from the county, they hope they won’t lose their grip.