

**SANTA FE**

**BOARD OF COUNTY COMMISSIONERS**

**SPECIAL MEETING**

**January 9, 2008**

Virginia Vigil  
Harry Montoya  
Liz Stefanics  
Kathleen Holian

**JOINT MEETING OF THE**  
**SANTA FE COUNTY BOARD**  
**OF COUNTY COMMISSIONERS AND**  
**CHRISTUS ST. VINCENT BOARD**

**January 9, 2009**

This joint meeting of the Santa Fe Board of County Commissioners and the CHRISTUS St. Vincent Hospital Board was convened at approximately 1:30 p.m. by Dr. Dave Gunderson in the Southwest Conference Room, CHRISTUS St. Vincent Hospital, Santa Fe, New Mexico.

Roll was called and indicated the presence of a quorum as follows:

**Members Present:**

Commissioner Virginia Vigil  
Commissioner Kathleen Holian  
Commissioner Liz Stefanics  
Commissioner Harry Montoya [late arrival]

**Members Excused:**

Commissioner Mike Anaya

**Santa Fe County Staff Present:**

Roman Abeyta, County Manager  
Steve Ross, County Attorney  
Pete Garcia, Administrative Services Director  
Joseph Gutierrez, Community Services Director  
Steve Shepherd, Health and Human Services Director  
Teresa Martinez, Finance Director

**CHRISTUS St. Vincent Board Members:**

Dave Gunderson, Chair  
Alex Valdez, CEO (CHRISTUS)  
Al Robison (SVHSC)  
Cliff Vernick (SVHSC)  
Larry Martinez (CHRISTUS)  
William Zeckendorf (SVHSC)  
Ron Aldrich (CHRISTUS)  
Cleve Pardue (SVHSC & CHRISTUS)  
David Haskins (CHRISTUS)  
James Peppitt-Combes (CHRISTUS)  
Jamie Gagan (CHRISTUS)

**Also Present:**

Jeff Pucket, CHRISTUS Corp.  
Robin Talmadge, Nurses  
Paul Generale, CFO  
Barbara Roe, HR  
Bruce Tassin, COO  
Kevin Garrett, CMO  
Erika Campos, Planning  
Randy Osteen, CIO  
Margo Dittrich, Compliance  
Robert Glick, Philanthropy  
John Brothers, Mission  
Franz Melio, Physicians  
Arturo Delgado, Public Relations  
Jack Sullivan, Ex-Commissioner

Dr. Gunderson welcomed everyone to this joint meeting, noting such meetings have been held periodically in the past in order to better understand the needs of the County and of the hospital. He said that although it is a public meeting it would not be conducted as a community forum. As a sidelight, he pointed out that contrary to an article in the newspaper, St. Vincent is not owned by CHRISTUS Health; they are in fact equal partners.

Alex Valdez, CEO, welcomed in particular the new Commissioners and mentioned a meeting held in the fall to update them. He said the issue of primary importance is to make sure there are sound budgetary processes on both sides of the equation. He said they hoped to share their concerns with the County in advance of budget preparations and the pending legislative session.

County Manager Roman Abeyta introduced the County Commissioners and department heads.

The members of the board introduced themselves, stating whether they were appointed by CHRISTUS or St. Vincent's. Dr. Gunderson noted that regardless of which body they were appointed by they were here. Mr. Valdez said all board members are residents of Santa Fe County or Rio Arriba County. He also introduced the senior executive team and staff members present.

**II. Tour of Emergency Department and Operating Room**

Mr. Valdez asked that this be deferred until the end of the meeting. He said the total investment in this new construction was approximately \$32 million and demonstrates the "first fruit" of the CHRISTUS relationship, having contributed \$6 million, which was matched by St. Vincent.

**III. CHRISTUS St. Vincent Long-Term Strategic Plan and Review of Affiliation**

**IV. Presentations**

- A. CHRISTUS St. Vincent Regional Medical Center Finances and Operations [Exhibit 1: Power Point Presentation]**
- B. Santa Fe County Finances**
- C. Santa Fe County Sole Community Provider Funding**

Mr. Valdez said the presentation revolves around finances, operations, and strategic plans, followed by a discussion of sole community provider funding and the memorandum of agreement.

Recounting a bit of history, Mr. Valdez said in 2005 a three- to five-year strategic plan

was completed, whereupon the board decided to take the bold move of getting a partner. The premise was that stand-alone hospital concept had become archaic and the tide was turning. The board looked at 11 organizations and found CHRISTUS to be a mission-driven organization that understands what it is to have a large uninsured population. In April of 2008 they closed on the arrangement. The first task was to develop a long-term strategic plan.

Referring to the partnership, Dr. Gunderson said in seeking a partner there are really only two options: for-profit or the Sisters of Charity, so it was a matter of weighing the benefits. He said he was tickled at how things were going.

In setting the financial house in order, Mr. Valdez stated they sought input from a wide variety of sources. They endeavored to align themselves with the County's Health Policy and Planning Commission's *A Call to Action* as well as the guidelines of the New Mexico Secretary of Health. He noted that the population today is more educated about healthcare matters. One goal was to organize around customer groups. Philanthropy and government support are decreasing. Fifty percent of hospitals today find themselves in a state of near insolvency. The long-term plan emphasizes sustainability using technology, community-based care, and meeting customer needs in a climate of critical workforce shortages. "Through team-building, they intend to deliver."

Mr. Valdez reviewed the mission and vision statements, emphasizing the provision of exceptional medicine to everyone at all times. He outlined the objectives for 2018 and the five strategic focus areas. He showed a chart demonstrating the connectivity of the hospital with the County and the State of New Mexico.

Turning to the core strategies, Mr. Valdez explained the organization of care around demographic groups – older adults, women, and the Santa Fe experience. He outlined the hospital's aggressive program for developing and improving the workforce with such measures as working with the Community College, in-house training, and high school outreach. Technology will play a larger role encompassing things like electronic medical records (an \$11 million expenditure), home monitoring and Telemedicine programs. Mr. Valdez stressed the importance of substance abuse programs in extending healthcare initiatives throughout northern New Mexico. He indicated the plan is a living document.

Mr. Valdez reviewed facts and figures pertaining to the hospital, providing statistics on number of beds, patients treated, employees and budget.

Commissioner Stefanics asked if contractors were included in the statistics and Mr. Valdez said groups such as agency nurses and per diem workers were not included.

Bruce Tassin, Chief Operations Officer, stated they currently had 25 FTEs. Through recruitment efforts these numbers are going down. Mr. Valdez said the 8 percent turnover rate is lower than the nationwide average.

With a budget of \$242 million, Mr. Valdez said they will be operating on a 2.7 percent net margin. For routine capital needs an eight percent margin is advised. He demonstrated an organization chart of support and touched on the wages and benefits structure. The hospital is in the 75<sup>th</sup> percentile due to the high cost of living in Santa Fe. Noting that the average age of a nurse is 46.8, Mr. Valdez proposed that Santa Fe “grow its own nurses.”

CHRISTUS St. Vincent Regional Medical Center (CSVRMC) also helps with workforce housing, and according to Barbara Roe, HR, 17 people have been helped into homes and 30 are in process. Mr. Valdez added they also work with Homewise.

Mr. Valdez showed a list of medical group primary care and specialties.

Services to the uninsured and underinsured, plus community health services amount to \$59.4 million. Indigent and sole community provider funds provide \$35.2 million. This leaves a balance of \$24.1 million in community benefits provided. For 2010 the total from the sole community provider will be \$34.5 million, stemming from a County match of \$10.1 million. Through the MOA and other community services the hospital provides \$12.2 million.

A flyer delineating community benefit statistics was distributed [*Exhibit 2*] and Mr. Valdez concluded his presentation and thanked the County for its support.

Commissioner Vigil noted that in the incoming administration an appointee will be reviewing Medicare and Medicaid. She asked if there were repercussions anticipated. Mr. Valdez said they were very concerned about the state of the economy, and sole community provider funding in particular which is so critical for their existence. He heard that the match percentage would go down to 20 percent from its current 29.5 percent the County is required to provide.

Dr. Gunderson said he heard more money might go into Medicaid for children. Mr. Robinson spoke of the Medicare Advantage program which could be expanded. Mr. Valdez said they will be working with the congressional delegation.

Commissioner Stefanics stated that in conversations she had with CMS they are concerned about transparency and reporting. Mr. Valdez said the Association of Counties has also been requesting that and he is looking forward to that conversation. He talked of the things sole community provider funding allows the hospital to do.

Referring to the funds provided for construction of the new facilities, Commissioner Stefanics asked if the Support Co was providing services. Dr. Gunderson said the mission of Support Co is the same as that of the hospital; they contribute funding. Commissioner Stefanics asked if Support Co was the backup for services CHRISTUS cannot provide. Mr. Robison explained that Support Co has capital and ensures those services no longer available at the

hospital are provided. As an example Mr. Valdez mentioned tubal ligations. If the physician requests, and the woman cannot pay Support Co has funds for that. Dr. Gunderson said the primary care physician is key to the whole process.

Commissioner Montoya asked if sole community provider funds were used for workforce housing assistance. Mr. Valdez said they do not track the finances that way; it merely appears in the community benefits report. Dr. Gunderson stated it could be broken out. Commissioner Stefanics stated that would assure people that the money is not leaving the community. Dr. Gunderson said no money, especially sole community provider funds, is going out of the county. Mr. Valdez said that over the next ten years CHRISTUS will be making significant contributions to growth and expansion.

Referring to the \$32 million in capital projects, Pete Garcia, County ASD, asked about where the balance of the money for the ER and OR was coming from. Mr. Valdez said this has been an ongoing project for a long time and the funding has been pieced together. Mr. Robison said there is a rigorous discipline in place for capital funding. The first source is income, then matching mechanisms are resorted to. He said at one point they had a \$37 million debt of which they are currently free. However, they do not have great reserves.

Mr. Abeyta distributed a presentation on County resources as they relate to sole community provider. From the EMS GRT and the Indigent GRT they are able to generate \$10 million per year, which translates into \$9.5 million for sole community provider. He noted Santa Fe County is not immune to the overall economy. To date property tax revenues are at projected levels as are gross receipt taxes, but this could change. The County has instituted cost-savings measures in preparation for shortfalls. No increase in property tax is anticipated and GRT will probably remain flat.

Mr. Abeyta pointed out that the jail currently uses a great deal of the budget. Referring to graphs in the packet, he said the County is now maxed out and cannot provide funding beyond the \$9.5 million. He said many of the County's health programs, such as the CARE Connection, County Extension, DWI program, healthcare assistance, Maternal and Child Health, mobile health van and senior services, rely on the partnership with the hospital. Programs worthy of highlighting are the CARE Connection and Sobering Center. He reviewed the numbers of people served by these programs that rely on voucher programs. The mobile health van provides flu shots, screening and referrals. He said County staff was available to answer questions.

Mr. Valdez asked if the sole community provider match for the next fiscal year would be flat? Mr. Abeyta said it would. Mr. Valdez said they were eligible for funds needing a match of approximately \$10.1 million, for a gap of \$600,000. This would leave approximately \$1.8 million on the table. He said the Sobering Center is a quality program and last year the hospital used \$800,000 of reserve funding to help fund it. There are no reserves going forward.

Mr. Abeyta said they were aware of the gap, but recognized there were a number of services, such as fire protection, roads, and sheriff, the County was obliged to fund.

Commissioner Stefanics speculated that an economic stimulus program from the new president and Congress could generate some project. Mr. Valdez said if the matching percentage were changed it would be a big help.

Mr. Martinez brought up the possibility of the state legislature helping out with the match, and Mr. Abeyta said the County was interested in working with the hospital toward that end.

Referring to the draw on County funds by the jail, Ms. Gagan asked if detention rates were increasing. Mr. Abeyta indicated part of the problem is regional centers opening and competing with the jail for contracts. HPPC Chair Larry Martinez pointed out that Santa Fe County has improved its jail healthcare and is now a quality facility.

Former-Commissioner Jack Sullivan suggesting recouping money from Rio Arriba and Los Alamos Counties could help diminish that \$600,000 gap. Mr. Valdez agreed they get much less funding from the other counties.

A discussion ensued regarding the supplemental funding to the sole community provider. Mr. Valdez said historically, Los Alamos and Rio Arriba have contributed support at that point. Dr. Gunderson said they are already losing supplemental dollars. Mr. Abeyta pointed out the issue of the supplemental amount becoming part of the base for the following year. Mr. Valdez said for the past two years the other counties' supplemental did not roll into the subsequent base. Steve Shepherd, Director of the County's Health Department, stated even if it is added to the base it could be changed back.

Mr. Valdez reiterated they were foregoing significant resources for the community by not taking advantage of matching funds.

Commissioner Montoya broached the subject of the presence of the Sobering Center saving the hospital money by of the. Mr. Valdez stressed the magnitude of the alcohol abuse problem in the community. Mr. Martinez said according to the Substance Abuse Policy Research Program, one of every four Medicaid clients is ill due to addiction, principally alcohol addiction. This puts strains on already limited resources. This is a challenge for everyone.

Commissioner Stefanics noted the presence of many community members, demonstrating either support or concern. She suggested the staffs of the County and hospital could convene a dialogue. Mr. Valdez said they would be happy to do have a community forum, and stated Ms. Campos would take the lead.

The meeting recessed to allow for the tour of the emergency and operating rooms at 3:35 p.m.

Approved by:

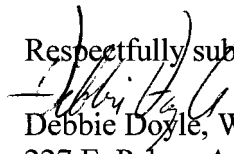
---

Board of County Commissioners  
Virginia Vigil, Vice Chairman

ATTEST TO:

VALERIE ESPINOZA  
SANTA FE COUNTY CLERK

Respectfully submitted:

  
Debbie Doyle, Wordswork  
227 E. Palace Avenue  
Santa Fe, NM 87501