

**MINUTES OF THE**  
**SANTA FE COUNTY**  
**HEALTH POLICY & PLANNING COMMISSION**

**September 7, 2012**

**Santa Fe, New Mexico**

This regular meeting of the Santa Fe County Health Policy & Planning Commission (HPPC) was called to order by Chair Judith Williams at approximately 9:00 a.m. on the above-cited date at 2052 S. Galisteo, Suite B, Santa Fe, New Mexico.

Roll call indicated the presence of a quorum as follows:

**Members Present:**

Judith Williams, Chair  
Kathleen Rowe, Vice Chair  
Bertha Blanchard  
James Bond  
Shirlee Davidson [telephonically]  
Richard Rodriguez  
Reena Szczepanski

**Member(s) Absent:**

Anna Vigil  
Catherine Kinney - excused  
George Gamble  
[Two vacancies: Districts 1 & 3]

**Staff Present:**

Rachel O'Connor, Health and Human Services Division Director  
Marie A. Garcia, Health and Human Services Division  
Greg Smith, Health Care Assistance Program  
Lisa Garcia, Health Care Assistance Program

**Others Present:**

Robin Hunn, SF Project Access  
Patricia Boies, Interested citizen  
Loretta Martinez Flores, Women's Health Services  
Leon D. Lopez, CSV, Community Health  
Shelley Mann-Lev, SF Public Schools  
Jeff Thomas, CEO, Southwest Care Center  
Alex Valdez, President and CEO, CSV  
Kathy Armijo Etre, CSV  
Dennis Empey, CFO, CSV

**III. APPROVAL OF AGENDA**

Commissioner Blanchard moved to approve the agenda. Her motion was seconded by Commissioner Bond and passed by unanimous [6-0] voice vote. [Commissioner Szczepanski was not present for this action]

**IV. APPROVAL OF MINUTES: August 3, 2012**

At a previous HPPC meeting it was decided that the Commissioners would be addressed as such and the recorder was asked to adhere to that.

Upon motion by Commissioner Bond and second by Commissioner Blanchard, the minutes were unanimously [6-0] approved as amended. [Commissioner Szczepanski was not present for this action and arrived shortly thereafter.]

**V. MATTERS OF PUBLIC CONCERN**

None were presented.

**VI. PRESENTATION**

Asserting the Chair's prerogative and in the absence of representatives from Christus San Vincent (CSV), the Commission moved to item C.

**C. Mobile Health Van Update**

Ms. O'Connor acknowledged the assistance she received from HPP Commissioners to develop recommendations for the BCC regarding the mobile van. The recommendations included hiring a nurse practitioner for the full-time position, thereby expanding services and incurring a moderate budget increase, and hiring a registered nurse for the part-time position. The BCC supported the recommendations. The posting has occurred for the part-time position while the nurse practitioner position is being rewritten. There was also support for hiring a promotora to provide outreach for the van services and other County services, i.e., senior centers.

Chair Williams said there was a discussion to form a subcommittee to work on continuing issues of the mobile health van and for interviewing the applicants. She requested that Commissioners Rowe, Blanchard and Davidson serve and Commissioner Szczepanski offered to participate when possible.

Commissioner Bond moved to approve the creation of a subcommittee to work on mobile health van issues and approve the appointments of Commissioners Rowe, Blanchard, Davidson and Szczepanski. His motion was seconded by Commissioner Davidson and passed by unanimous [7-0] voice vote.

Commissioner Blanchard recommended educating/training the existing full-time driver to be of greater assistance to the van program.

**VII. MATTERS FROM THE COMMISSION**

**A. Director's Report**

Ms. O'Connor reported that the County is actively seeking a coordinator for the HPPC. The first posting failed to provide qualified candidates. The position was reposted and recently closed.

## **B. Community Needs Assessment and Staffing**

Commissioner Rowe said progress has been made and a representative from the DOH recently joined the committee and will provide assistance with the data analysis.

Chair Williams said qualitative information will be included in the needs assessment and focus groups may be created. The Con Alma Foundation has expressed interest in co-sponsoring a provider forum. She mentioned that as a non-profit CSV is now required to conduct a community needs assessment. The HPPC has joined them in developing a community profile; however, the community needs assessment will differ.

Regarding the provider forum, Chair Williams said it had not been determined whether primary care and addiction services providers would be separated.

Robin Hunn said her organization (SFPA) applied for a small grant to look at how the health care system in Santa Fe County was going to change with Health Care Reform. She commented that if successful, the grant will dovetail well with the needs assessment and community profile.

## **C. Other Matters from the Commission**

Ms. Szczepanski asked about what appeared to be two distinct meetings regarding behavioral health in Santa Fe. Chair Williams said the Behavior Health Collaborative is at the state level and meets periodically. Christus has their own active working task force with the jail and hospital.

Kathy Armijo Etre, Community Health, CSVRMC, said CSV invited a group of providers and stakeholders interested in behavioral health to look at what systems required additional review. Three areas were chosen: jail/ER behavioral health population; psych prevention, and housing access. With the assistance of County Safety Director Pablo Sedillo the needed individual are at the table with CSV's department directors from ER, behavioral health, and psychiatry, the hospital medical director, as well as the jail medical director.

Ms. Etre said this working group is developing protocols along with better understanding of the jail.

Ms. Etre said CSV has another work group HUGS (high utilizers group services) focused on the repeat ER users. The clinicians from the jail and hospital meet on a regular basis to fine-tune treatment plans for those individuals.

## **A. Briefing and Demonstration on the IRS Form 990** *[Exhibit 1: Presentation]*

Alex Valdez, CEO, CSV, said they would try to tie the 990 to CSV's financial statement to provide greater clarity to the 990. Of particular interest is uncompensated care and its delivery. He said he hoped to communicate with transparency the relationship between the 990 and the hospital's financial statement.

Mr. Valdez stated that the BCC asked CSV to bring their supplemental Sole Community Provider (SCP) request to this Commission. He said part of the challenge with supplemental SCP funding request at this point is that CSV does not have direction from the State's Human Services Department regarding the amount. Historically the amount has increased yearly based on a federal formula pertaining to uncompensated care and its cost. Last year CSV was eligible for \$18 million.

Mr. Valdez presented a historical overview of the hospital which was founded in 1865.

Dennis Empey, CFO, CSV, said the 990 form is a tax return for non-profit organizations. CSV's 990 form is not completed by CSV's Santa Fe staff; rather it is done by auditors and the Christus Corporation. Mr. Empey explained the tax year designation used: Fiscal year 2009 ends 6/30/10).

Mr. Empey said the information from the financial statements is tied to the 990 form. For 2009 the net operating revenue was \$272+ million, including investment income which was a loss for CSV that year; bad debt and net asset additions brought the total to \$299+ million. Under an audited financial statement bad debt is included under revenues, although IRS considers bad debt an expense. He then demonstrated how bad debt was shown.

Referring to CSV's investment portfolio, Commissioner Bond asked whether each hospital manages their own or is it the home office that manages it. Mr. Valdez said CSV is an exception and manages their investments with an investment manager.

Mr. Empey reviewed expenses and net income and presented a few of the main pages of the 990. The expenses were shown by category including bad debt. Schedule H shows CSV charity care and other community benefits based on cost. He discussed the Medicare Cost Report, a federal filing for Medicare which provides a cost-to-charge ratio per department. The cost-to-charge ratio is how charity service costs are determined. Report period 2009 shows a loss of \$9.5+ million direct loss of revenue between charity and Medicaid. Combining that number with community benefit services, there was a benefit to the community of \$12+ million.

Commissioner Bond asked about the distinction between "charity" and "unreimbursed care." Mr. Empey said if a patient uses the hospital without any insurance or coverage that is considered charity care. If a patient has Medicare, Medicaid, Blue Cross, Aetna, etc., that is an insurance program and the ratio of the cost to what is received is considered unreimbursed. There are many patients that are self-pay and may eventually be recognized as indigent or charity. Mr. Valdez said these are complicated distinctions that are debated yearly.

Mr. Empey mentioned the high deductible or co-insured patient does that does little or nothing to cover the expenses.

Mr. Empey pointed out that 2010 had a lot more non-covered Medicaid – Medicaid reduced their payment scheme and that continues into 2012. He said Medicaid non-coverage will continue and get worse.

Mr. Empey said he serves on a State-level task force to standardize information and definitions.

Mr. Valdez discussed cost shifting to commercial insurance carriers and other funding mechanisms to cover to sole community provider expenses.

Mr. Empey noted that in 2009 CSV showed a profit, however, each year the charity care, bad debt and less funding coming in for SCP is making an impact. Total charity care and bad debt in 2011 was almost \$66 million and 2012 it approaches \$77 million. In terms of what percent that is to the hospital's total budget, Mr. Empey said it's between 15 percent and 20 percent. He reminded the Commission that bad debt was not presented in the financial statement as it is in the 990.

Commissioner Rowe noted as a non-profit, CSV pays neither income nor property taxes. Mr. Empey said the 990 addresses what CSV provides to the community. The 990 attempts to show the actual cost on the expense side.

Commissioner Bond remarked that CSV's bad debt halved from 2009 to 2010 and questioned whether the collection of bad debt had improved that much. Mr. Empey said they are making better classifications regarding information. He noted there was a better determination being made between bad debt and charity care, noting that charity care went up substantially.

Mr. Empey said a major change between the two reporting years is adding the Medicaid program receipts, which have substantially lessened, and the SCP funding. Last year those two numbers were not shown together. CSV shows total communities benefit of \$92+ million with revenue slightly higher but those figures do not include bad debt.

Mr. Valdez pointed out that in federal fiscal year 2009 CSV showed charity care at \$13.6 million and in federal fiscal year 2010 it is \$17.9 million. He asked whether the care went up that much using the charge-to-cost ratio or whether it was allocated differently. Mr. Empey confirmed that the charity care dollars increased as did unreimbursed Medicaid by \$6+ million during the same period.

Mr. Valdez noted that federal fiscal year 2009 was the first year CSV did not have an MOU with the County which enabled to CSV to increase its community benefit dollar contribution and donations. In federal fiscal year 2010, UNM came up with a match for supplemental SCP provider which resulted in a \$7 million benefit to CSV.

Mr. Valdez said there CSV lost \$1.2 million to CMS last year and basically there was no SCP funding in FY12. He said CSV will receive a base in 2013 of \$6 to \$7 million. Mr. Empey said charity care and bad debt has increased dramatically.

Mr. Valdez said the self-pay component is going up. In FY 2012 it is about 7 percent of the hospital's payer source and in prior years it was in the 4 percent to 5 percent range. He said the exchanges are supposed to enable individuals to obtain insurance with a credit between 138 percent of poverty to 400 percent of poverty. It is assumed those individuals will purchase the least costly benefit plan, with the highest deductible and co-pays and again will not be able to afford health care when they are seeking care.

Speaking as a recent CSV patient, Commissioner Blanchard said the multiple billings from CSV have been inconsistent and she encouraged them to develop a better billing system. Mr. Empey said there are two different billing systems – those of the hospital and independent physicians – and staff was working to improve on the system.

Mr. Valdez said the State's HSD, Association of Counties and the Hospital Association are working together to develop a definition of charity care.

**B. Supplemental Sole Community Provider Funding**

Mr. Valdez referred to the history of SCP funding provided within the presentation [Exhibit 1]. Other states refer to the funding as Disproportionate Share or DSH as the primary funding mechanism in other states to help hospitals in their coverage for uncompensated care. Rather than develop a DSH program, New Mexico established a Sole Community Provider program. The state Indigent Hospital Claims Act governs much of the SCP operations.

Mr. Valdez reviewed uncompensated and undercompensated care compared to base sole community provider funding starting in 2003 through today. Reflecting on the 990 and seeing a profit in FY11, Mr. Valdez pointed out that that net income was used to help the hospital through FY12 when they incurred a \$33 million hit in reimbursements. In an effort to manage the hospital's cost component, the hospital reorganized 60 to 70 positions and paid severance to 13 individuals. At this point, CSV has approximately \$1.8 million in reserves.

Mr. Valdez anticipated further reductions in Medicare rates. Eleven New Mexico hospitals are taking a financial hit over their avoidable readmission rates for Medicare. CSV has one of the lowest avoidable readmission rates in the country.

Last year, HPPC recommended to the BCC that CSV receive \$160,000 in SCP funding and CSV was eligible for \$18 million. Mr. Valdez requested that the HPPC and County administration work to develop a dollar amount that allows CSV to take greater advantage of what is available for the supplemental. It's critical, stated Mr. Valdez, that CSV takes advantage of the available federal resources.

Chair Williams said the cost of uncompensated and undercompensated cost chart was confusing and she recommended revising it to clearly show expenses, costs, reimbursements and the difference. Commissioner Bond suggested adding a column to better substantiate information as provided in the chart.

Commissioner Rowe requested that the HPPC be provided the definition of “charity care” when available.

Mr. Valdez discussed the hospital’s decision to be designated a trauma center and to engage more neurosurgeons.

The Sobering Center showed a loss of \$1.4 to \$1.5 million the last fiscal year. Commissioner Rowe commented that the center keeps individuals out of ER saving additional funds for the hospital.

Mr. Valdez said CSV should not be penalized for making investments in the community.

Mr. Valdez requested that the HPPC recommend to the BCC the maximum amount of supplemental Sole Community Provider funding, allowing the CSV to better serve the community.

Chair Williams said the HPPC may not be asked to make a recommendation of that nature to the BCC, rather a policy-related recommendation may be requested.

Commissioner Szczepanski observed that CSV has incurred 10+ percent revenue cut because of the reduction in SCP funds. She said the HPPC should look at the entire spectrum of health – physical health, nutrition, etc. – as part of their review under the community needs assessment.

Chair Williams remarked that based on law the County has restraints on Indigent Care funds, which is a claim-based system.

Ms. O’Connor agreed with Commissioner Szczepanski’s observation that the supplemental funding is only a part of the larger health system the County needs to address. The BCC wants HPPC to provide a policy statement and the BCC will determine a dollar amount when HSD provides additional information. She understood the HPPC was interested in supporting Suboxone treatment and the Sobering Center.

Mr. Valdez said CSV was willing to support any efforts that would reduce substance abuse in the community.

Chair Williams said prescription drug abuse is a huge issue in the County and perhaps a portion of the supplemental funds could be used to address that. Mr. Valdez said if asked, CSV would submit a plan regarding behavioral health, substance abuse and prescription drug addiction and steps to continue addressing that. He recommended using supplemental funding which can be leveraged for this plan of service.

Mr. Smith said it was important to avoid a quid pro quo type recommendation and instead provide suggestions for the Commission to consider.

Commissioner Szczepanski said it was important that the HPPC clearly communicate to the BCC that behavioral health is very important to the community.

Commissioner Blanchard said she'd like to communicate to the BCC that they provide as much money to support the supplemental match.

Lacking a completed community needs assessment and a figure from HSD regarding the supplement, Chair Williams advised the HPPC to provide a general observation and a carefully worded recommendation based on presentations received and that they see the need for additional intervention in substance abuse in the community.

Ms. Etre stated that with behavioral health identified as a priority, CSV will designate funds to reflect that intent.

As a point of information, Ms. O'Connor noted there were two other hospitals that receive Santa Fe County funds.

Commissioner Szczepanski introduced the following motion: The actual base should be based on claims. Commissioner Bond seconded and the motion passed by unanimous [7-0] voice vote.

Commissioner Szczepanski introduced the following motion: The supplemental should be based on claims plus available money the County has. Commissioner Bond seconded and the motion passed by unanimous [7-0] voice vote.

Commissioner Szczepanski introduced the following motion: The supplemental should focus on behavior health services with particular emphasis on substance abuse, illicit and prescription drugs and Suboxone treatment, and that CSV provide a status of the services provided in this sector. Commissioner Blanchard seconded and the motion passed by unanimous [7-0] voice vote.

Mr. Valdez thanked the HPPC for their participation in what he referred to as a very good conversation.

### **VIII. FUTURE AGENDA ITEMS**

The following items were mentioned:

- Resource Opportunity Center – a one-stop homeless center – presentation
- Continued discussion on the County Health Van
- Information on recovery/treatment centers provided from facility case managers in Santa Fe

### **IX. ANNOUNCEMENTS**

- A. Next PC meeting: Friday, October 5, 2012, 9 a.m., 2052 Galisteo St.**

2012/09/07 09:00:00 AM



SFC CLERK RECORDED: 10/10/2012

X. ADJOURNMENT

This meeting was declared adjourned at approximately 11:40 a.m.

Approved by:

Judith Williams, Chair  
Health Policy & Planning Commission

Respectfully submitted by:

Karen Farrell, Wordswork



COUNTY OF SANTA FE ) HEALTH POLICY & PLAN M  
STATE OF NEW MEXICO ) ss PAGES: 9

I Hereby Certify That This Instrument Was Filed for  
Record On The 10TH Day Of October, 2012 at 10:06:39 AM  
And Was Duly Recorded as Instrument # 1684102  
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Witness My Hand And Seal Of Office  
Valerie Espinoza  
Deputy County Clerk, Santa Fe, NM