

COUNTY OF SANTA FE)
STATE OF NEW MEXICO) ss

BCC MINUTES
PAGES: 9

I Hereby Certify That This Instrument Was Filed for
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Of The Records Of Santa Fe County

Deputy Marcella [Signature] Witness My Hand And Seal Of Office
Valerie Espinoza
County Clerk, Santa Fe, NM

JOINT MEETING

SANTA FE COUNTY COMMISSION AND

ST. VINCENT HOSPITAL BOARD

July 13, 2004

This meeting of Santa Fe County Commission and St. Vincent Hospital Board, State of the Hospital Luncheon was called to order at approximately 12:05 p.m. by hospital CEO Alex Valdez in the Hospital Board Room, St. Vincent Hospital, Santa Fe, New Mexico.

Commissioners Present:

Commissioner Paul Campos
Commissioner Jack Sullivan
Commissioner Henry Montoya [late arrival]
Commissioner Mike Anaya

Commissioner(s) Absent:

Commissioner Paul Duran

Staff Present:

Gerald Gonzalez, County Manager
Roman Abeyta, Deputy County Manager
Susan Lucero, Finance Director
Steve Shepherd, Health and Human Services Director
Phil Trujillo, County Treasurer

Others:

Virginia Vigiln Commissioner-elect
Larry Martinez, Chair of the HPPC

SVH Staff and Board

Alex Valdez, Chief Executive Officer
Rick Doxtator, Chief Financial Officer
Frantz Melio, Executive Director, Emergency Medicine
Barbara Damron, Board Member
Mario Pacheco, Residency Director
Rick Crabtree, Chief Information Officer
Gary Frank, Chief Medical Officer
Erica Campos, Director of Marketing



SFC CLERK RECORDED 02/01/2005

Cliff Vernick, Chairman of the Board
Gene Valdes, Board Member
Frank DiLuzio, Board Member
Don Butterfield, Director of Communications
Anna Kireacer, Assistant to CEO

Alex Valdez welcomed everyone and asked the participants to introduce themselves. Dr. Pacheco introduced the second and third year medical residents working at St. Vincent Hospital.

St. Vincent Governance/Board Configuration

Mr. A. Valdez referred those present to the table listing the backgrounds and community service of the board members. [Exhibit 1] He stressed the participation and engagement of the members of the board of trustees. He mentioned a board member who recently died, Michael Tyson, who was deeply involved in many community activities, which is typical of the board. He noted that the hospital community is expanding and the board represents that.

Mr. Vernick stated service on the board is a "huge commitment." He said the hospital has recently turned a corner in providing for its customers and its doctors. He added a group from the hospital was going to attend a conference in Florida on communication and service.

State of the Hospital

Chief Financial Officer Rick Doxtator said working in a hospital presents "tremendous financial challenges." He summarized the status of St. Vincent, saying it was community-based, unaffiliated and non-profit. It serves approximately 250,000 in the seven counties in northern New Mexico. It is the largest private employer in Santa Fe. One of every 20 people in the catchment area is hospitalized over the course of a year. The average stay is four days, with an average of 120 inpatients daily. On a yearly basis the emergency room treats 55,000 people. Over 1200 people are employed by St. Vincent, 35 percent of whom are unionized.

One third of the patients come through Medicare and eight to nine percent from Medicaid. Thirty-eight percent are in HMOs. Thirteen percent are uninsured, which is a growing segment. St. Vincent has not had a positive operating margin for the past seven years, which he said was partially due to Santa Fe's unique situation. The hospital has experienced a lessening of liquidity, which diminishes the credit possibilities. Expenses are rising and has reduced the number of cash-on-hand days from 173 days to 98. Bonds require a minimum of 60 days cash-on-hand. The \$42 million balance represents 100 days cash-on-hand. This amounts to a BAA credit rating, which he characterized as mediocre.

Mr. Doxtator said weak operating results are due to minimal inpatient volume growth, competition, which is growing, keeping employees' salaries at market value, growth of the unfunded sector, problems with physician recruitment and paperwork burdens. Highlighting

the effect of competitors, he noted that those fields take away from the profitable sectors. He said 12 percent of expenses is uncompensated care, calculated at cost. That does not include Medicaid. There is a need to make up between \$2.5 and \$6 million in unfunded community care.

Among the positive factors are market share, good support from the County, not excessive debt. He said there would be a loss at the end of the year that could lead to a credit downgrade.

Mr. Doxtator went over the budget, pointing out the upcoming cardiac surgery program. He said he anticipated revenue growth but that managing expenses was "an unrelenting challenge." The nursing shortage is a major challenge and successful recruiting will obviate the need for contract labor.

Mr. Gonzalez noted that the shortage was nationwide, amounting to a 800,000 job shortfall.

Continuing his presentation on the state of the hospital, Mr. Doxtator said they are "one or two adverse events away from something major happening." He said they recently partnered with VHA which increases their purchasing power. He pointed out that 10 percent of the income comes from sole community funds and 14 percent of the expense budget goes back to the County. "St. Vincent is doing more than its share." Capital investments have been deferred, and he looked forward to increased support from the County and the community.

Looking to the future, Mr. Doxtator said St. Vincent's maintains a commitment to remain a non-affiliated, non-profit institution, but the situation is "precarious." The focus must be on business growth, quality service and sound fiscal management. Financial performance will be necessary to meet the strategic plan, but he added certain risk factors could require a change in direction.

Ms. Vigil asked whether the MOA line amount for nursing scholarships had created a benefit. Mr. A. Valdez declared that he was disappointed at the number of nurses they were able to recruit. The investment still need to be made to ensure nurses remain in the community.

Referring to the mention of possibly selling the facility, Mr. Martinez asked if there were any offers. Mr. A. Valdez said there were not and they are not being solicited. The mission statement indicates a commitment to stay as is. Mr. Martinez asked about the possibility of Medicaid block grants, which would limit federal funding and have an adverse effect on all providers. SCP funding could also be tightened. Mr. A. Valdez said they were aware of those possibilities.

Commissioner Montoya asked if jail services were under discussion. Mr. A. Valdez said there were discussions about collaboration with La Familia at the jail at the end of last

year. He said it did not appear to be timely and achievable. Commissioner Montoya said he would like to see increased support from the County.

Regarding jail issues, Mr. A. Valdez said that is external and the hospital needs to focus on primary healthcare. However, he said they can join in conversation with others. Dr. Melio, who was involved in the previous conversations, said it was complex medical environment, involving large drug abuse and psychiatric components.

Returning to the nurse scholarship program, Commissioner Montoya suggested having loans and grants that tie a future commitment to the financial aid. Mr. Shepherd said that was a possibility. Mr. A. Valdez said the high cost of housing is a further disincentive for nurses to stay, but they are beginning a relationship with the Santa Fe Community Housing Trust and federal agencies to address that.

Mr. Trujillo agreed that affordable housing was a problem and that young people were forced to move to Rio Rancho.

Commissioner Sullivan pointed out that the Community College has a grant and loan program tied to disadvantaged hospitals. However, St. Vincent does not qualify for that designation but Española and La Familia do. He suggested looking into what triggered that designation. Commissioner Sullivan brought up the fact that the County would soon be pursuing \$4 million in additional funding through a state-allowed GRT increase by negative referendum. If successful, the current contractor is seeking to change their medical provider and more funding should be available for medical care.

Mr. A. Valdez said he and Dr. Melio would re-engage in that conversation, since it could have an effect on the MOA.

Future Program Initiatives and Capital Expenditures: Heart Surgery

Dr. Gary Frank, CMO, stated St. Vincent has recently begun doing cardiovascular procedures and the outcomes have been second to none. They are planning to expand into valve surgery and coronary artery bypass surgery, and more complex interventions. The expansion is due to occur in two phases, the first requiring \$4.2 million in capital to bring in doctors and equipment. A top-notch surgeon, Dr. Garrity, has been located. The program will add 31 FTEs. The second phase will encompass a second operating room. Same-day surgery will be moved to a new building.

As a profit center, the cardiovascular improvements are expected to enhance the hospital's financial stability and help subsidize the charity functions. Additionally, it will raise the overall level of care, and improve recruitment and retention of personnel. The plan is to increase patient population, people who otherwise would have gone elsewhere, which could lead to an additional \$14 million in yearly profit.

Future Program Initiatives and Capital Expenditures: Expansion of the Emergency Room

Rick Crabtree, CIO, stated the current ER has shortfalls in trauma care, biohazard preparedness, pediatric and women's care, confidentiality and security. There is inefficient cardiac care and no integrated electronic technology and record-keeping. Exacerbating the problems are aging population, increasing numbers of uninsured, less healthcare access, more two-income families, underfunding for the poor and overall declines in health.

Mr. Crabtree said the demand for ER services is growing and St. Vincent should be a model in the area. He used a map to illustrate the contemplated improvements. The current 14,000 square feet is inadequate for the 60,000 yearly visits and will be increased to 35,000 square feet. He showed the projected play, waiting and treatment area, segregated from the general population. Women's services will be augmented and there will be trauma rooms, biohazard and isolation rooms. Additionally, a family grieving and viewing room is anticipated.

Improvements are expected to cost \$11 to \$12 million, with \$4 million coming from fundraising, \$4 million from government funding and \$4 million from debt financing. Ground breaking will begin next year.

Dr. Melio showed the projected floor plan and stressed that the emergency department was not a money-maker, but served a large population beyond the boundaries of Santa Fe County. The project architects have designed 90 emergency rooms. The additional space will accommodate 75,000 to 80,000 visits yearly. He showed the open triage area, the pediatric area and specialty areas, including a psychiatric area with consultation rooms for crisis counselors. A section will be set aside for EMS and law enforcement. He pointed out that Los Alamos' emergency room has only three beds. Dr. Melio added that the plan are preliminary at this time.

Questions

Ms. Vigil asked how much of a problem arose out of interactions in the emergency room with jail residents. Dr. Melio said it was a burden and he had had discussions with the Sheriff and the Police Department. Progress has been made and the situation is now under control. Mr. Crabtree said the new plans will alleviate the situation.

Commissioner Anaya thanked Mr. Valdes for hosting the meeting and said he looked forward to continued dialogue. He commended expansion of the emergency room, adding it was the most important place to get healthcare so that outreach and education are important.

Commissioner Campos thanked the hospital and emphasized the importance of the hospital to the community. "We've got to make sure you succeed."

Dr. Vernick said the meeting was a good start and stressed the mutual dependence between the County and the hospital.

Ms. Damron thanked everyone and expressed the board's dedication to making the hospital the best.

Mr. Valdes said it was "a terrific meeting" and hoped to see more.

Mr. Trujillo said he was pleased to see the composition of the board of trustees that was truly representative of the community.

Ms. Lucero commended Mr. Doxtator, recognizing the difficulty of his position and said the hospital's trust in him was well placed.

Mr. A. Valdez said he was pleased with the team and they were determined to turn the challenges into opportunities.

Emergency Room Tour

Dr. Melio led the Commissioners on a tour of the current emergency department, pointing out the deficiencies, such as gurneys in the hallways, curtains in place of walls, and limited triage area options, as well as the strengths – good equipment, excellent doctors and staff and good behavioral support. He pointed out how the anticipated emergency department would be configured.

ADJOURNMENT

Chairman Campos declared this meeting adjourned at approximately 2:10 p.m.

Approved by:



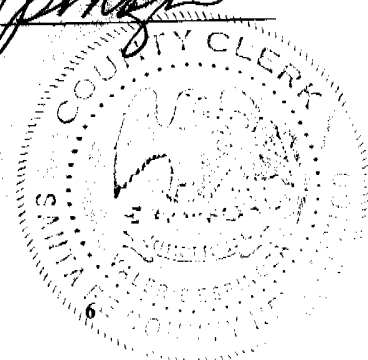
Board of County Commissioners
Paul Campos, Chairman

Respectfully submitted:

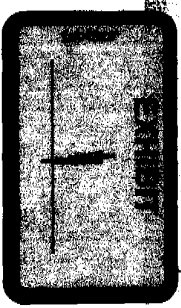

Debbie Doyle, Wordswork

Attested by:


Valerie Espinoza



Last Name	First Name	Residence	In Santa Fe/NM	Professional Experience	Occupation	Community Service
Arnold	Margery	Santa Fe	Since 2002	Planning and Development, Hospital Management, Public Health	Kaufman and Arnold, LLC	Public speaker on issues relating to hospital planning, finances and reimbursement.
Armijo Eire,	Kathy	Santa Fe	20 years	Health and Human Services, Organizational Development and Public Policy	Consultant, Doctoral Student in Organizational Development and Public Policy at the Fielding Institute of Graduate Studies	Former director of operations development for Presbyterian Medical Services, Health and Human Services for the State.
C de Baca	Frances	Santa Fe	Born and Raised in New Mexico	Banking (Ret.)	Retired, First National Bank of Santa Fe	Estate Planning Assoc of NM, Zonta International of SF, President of Board of El Castillo Retirement Residences, Santa Fe Community College Foundation Board, Kelly Assisted Living Advisory Board
Damron, Ph.D., RN	Barbara	Santa Fe	Since '99	Oncology Nurse and Psychologist, Oncology Consulting	Damron Oncology Consulting	St. Michael's High School, United Way of Santa Fe, St. Vincent Hospital Foundation, New Mexico American Cancer Society (Chairman of Santa Fe Leadership Council, Chairman of NM Government Relations), Santa Fe Youth Symphony (Chairman of Board), Buckaroo Ball Committee
Di Luzio	Frank	Santa Fe	30 years	City Manager, Fire Chief, Div. Chief Emergency Services	VP Community Impact for the United Way	Santa Fe Crime Stoppers, United Way of Santa Fe
Gagan M.D.	Jamie	Tesuque		Emergency Medicine Physician	NM Emergency Medicine Service, St. Vincent Hospital	American College of Emergency Physicians
Gunderson, M.D.	David	Santa Fe	28 years	Anesthesiology Physician (Ret.)	David Gunderson, Anesthesiology	Former SVH Physician, '75-'95



Last Name	First Name	Residence	in Santa Fe/NM	Professional Experience	Occupation	Community Service
Montgomery	Andrew	Santa Fe	Raised in Santa Fe	Attorney	Montgomery and Andrews	President of St. Vincent Hospital Foundation, La Familia Medical Center, Wood-Gornley PTC, Equal Access to Justice Campaign
Palestine	Michael	Santa Fe		Internal Medicine Physician	Internal Medicine	President SVH Medical Staff
Romero	Rosemary	Santa Fe	Born and Raised in New Mexico	Dispute Resolution, Mediation	Environmental Medication, Public Involvement	Board member of the Santa Fe Conservation Trust and Girl's Inc. Former President and board member of United Way Santa Fe County, President of the Association for Conflict Resolution
Smith	Jack	Santa Fe	12 years	Executive (Ret.) Healthcare Governance	Van Leer Containers, Inc	United Church of Santa Fe, Great Southwest Council of the Boy Scouts of America
Valdes	Gene	Santa Fe	31 years	Human Resources	HR Consultant, HR Manager NM Human Services Dept	Chair Board of Directors United Way of Santa Fe, Chair St. Francis Cathedral Peace and Social Justice Committee, Board Member Santa Fe Community Housing Trust, Member Diversity Task Force Big Brothers-Big Sisters of Northern NM
Valdez	Alex	Espanola	Born and Raised in Northern New Mexico	Hospital Executive, Attorney, State Government	SVH President and CEO	SVH Foundation Board, LANL Foundation, Rotary Club, Chamber Board, Instructor at Northern New Mexico Community College
Vernick, M.D.	Clifford	Santa Fe	9 years	Orthopedic Surgeon (Ret.)	Orthopedic surgeon, retired	SVH Foundation, Santa Fe Concert Association, American Academy of Orthopedic Surgeons

Last Name	First Name	Residence	In Santa Fe/NM	Professional Experience	Occupation	Community Service
Wells, RN, CLNC	Karen	Santa Fe	33 years	Registered Nurse, Certified Legal Nurse Consultant	Health policy consultant	Former St. Vincent Nurse, Former Director of Clinical Affairs for Presbyterian Medical Services, and Former Executive Director of the New Mexico Association for Home Care. President-elect of the Santa Fe Rotary Club and an active member of St. John's Methodist Church and the Sangre de Cristo Chorale.
Zwerner, M.D.	Jack	Santa Fe	19 years	Pathologist	Santa Fe Pathology Services, President of SVH Medical Staff	President of SVH Medical Staff; volunteer elementary school basketball coach