

COUNTY OF SANTA FE )  
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**SANTA FE**  
**BOARD OF COUNTY COMMISSIONERS**  
**SPECIAL MEETING**

**September 22, 2005**

Michael Anaya, Chairman  
Harry Montoya, Vice Chair  
Paul Campos  
Jack Sullivan  
Virginia Vigil

SFC RECORDED 02/20/2006

**SANTA FE COUNTY**  
**SPECIAL MEETING**  
**BOARD OF COUNTY COMMISSIONERS**

September 22, 2005

This special meeting of the Santa Fe Board of County Commissioners was called to order at approximately 2:40 p.m. by Chairman Mike Anaya, in the Santa Fe County Commission Chambers, Santa Fe, New Mexico.

Roll call indicated the presence of a quorum as follows:

**Members Present:**

Commissioner Mike Anaya, Chairman  
Commissioner Harry Montoya, Vice Chairman  
Commissioner Paul Campos  
Commissioner Jack Sullivan  
Commissioner Virginia Vigil

**Members Absent:**

[None]

**Approval of the Agenda**

CHAIRMAN ANAYA: Do we have any changes, Steve?

STEVE SHEPHERD (Health Department Director): We'd like to an A. 4. for discussion of supplemental funding.

CHAIRMAN ANAYA: Okay, is there a motion to approve the agenda as amended adding A. 4?

STEVE ROSS (County Attorney): Mr. Chairman, I'm not sure we can add an A. 4 now. This had to have been posted 24 hours ago.

CHAIRMAN ANAYA: Okay, so can I have a motion to approve the agenda?

COMMISSIONER MONTOYA: So moved.

COMMISSIONER CAMPOS: Second.

CHAIRMAN ANAYA: Motion and a second. Any more discussion?

The motion to approve the agenda as published passed by unanimous [5-0] voice vote.

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CHAIRMAN ANAYA: Before we get started, why don't you just go around the table real quick and introduce ourselves. I'm Mike Anaya, Chairman of the Santa Fe County Commissioners.

COMMISSIONER SULLIVAN: Jack Sullivan.

COMMISSIONER VIGIL: Virginia Vigil.

GENE VALDEZ: Gene Valdez.

BARBARA DAMRON: I'm Barbara Damron from the St. Vincent Board.

RICK DOXTATOR: Rick Doxtator, Chief Financial Officer of St. Vincent's.

ALEX VALDEZ: Alex Valdez, CEO of St. Vincent's.

ROMAN ABEYTA: Roman Abeyta, Deputy County Manager.

MR. ROSS: Steve Ross, County Attorney,

MR. SHEPHERD: Steve Shepherd, Director of Health and Human Services,  
Santa Fe County.

GREG SMITH : Greg Smith, Coordinator of County Indigent Program.

COMMISSIONER CAMPOS: Paul Campos with the County Commission.

COMMISSIONER MONTOYA: Harry Montoya, County Commission.

ARTURO DELGADO: I'm Arturo Delgado with St. Vincent's.

CHAIRMAN ANAYA: Okay. Thank you all for being here.

## OLD BUSINESS

- A. **FY-2006 Memorandum of Agreement with St. Vincent Hospital**
  1. **Presentation of Proposal for FY-2006 Memorandum of Agreement by St. Vincent Hospital**

MR. VALDEZ: Mr. Chairman and members of the County Commission, I'm Alex Valdez, CEO of St. Vincent's. What we are handing out to you at this time is a July 27, 2005 letter that I sent to Gerald Gonzalez, County Manager, together with an attachment which discusses St. Vincent Regional Medical Center proposals for the memorandum of agreement between St. Vincent Regional Medical Center and the County of Santa Fe. *[Exhibit 1]*

I'd like to indicate a few things before we get to the actual attachment which discusses the proposal with you. And the first thing that I want to indicate is that in my letter of July 27<sup>th</sup> if any of you have not had an opportunity to review it, I start off by thanking the County Commission for the meetings that all of you have had with members of our board. And I have several members with us today. Gene Valdez and Barbara Damron who both sit on our government relations committee of our board, and many of you have had an opportunity to meet with them and discuss issues of mutual interest between the County Commission and the regional medical center.

Second, in this letter I also thank the County Commission for the support that you've provided for St. Vincent Regional Medical Center in the past regarding sole community

provider funding. And in a discussion that Rick will be able to go into in greater detail if need be, we can indicate how that sole community provider funding has been very beneficial to St. Vincent Regional Medical Center in our attempts to provide as broad an array of service to the citizens of this county regardless of their ability to pay and how that has all worked out. I also indicate in the letter that in this next legislative session, St. Vincent will be seeking a \$3 million appropriation from the state legislature for purposes of expansion to out emergency room. The total project is a \$12 million project for which we have received a little over \$1 million from the state of New Mexico to assist with that. We're also raised through donations, primarily from other foundations approximately \$1.7 million. I know the letter reflects about \$1.3 but last week I believe we had another \$500,000 in commitments come in from a foundation. So we're up to about \$1.7, \$1.8 million in terms of donations that will come in over the next 2 ½ years for that purpose.

And last week our board approved St. Vincent Regional Medical Center going for approximately \$23 million in long-term bonds, \$4 million of which will be used for that expense. So the total \$12 million expansion we're looking for \$4 million from government sources, \$4 million that we're going to raise and \$4 million that we're going to utilize for debt financing ourselves. And with the approval of the board that project is well on its way.

It's our intent, and we all know how these intents go sometimes, but it is our intent to have the expansion to this emergency room completed I would say mid to the latter part of 2007. It may take us off into 2008 but that's somewhat the time frame that we're looking at. I then got into a discussion regarding the attachment that you have before you. What we tried to do in the attachment is reflect on the first page the Santa Fe County proposed MOA for FY-2006 at approximately \$8.756 million. We then presented to you what St. Vincent's proposal would be for the FY-2006 proposed MOA and that amount comes in at approximately \$8,507,242. So there is a difference of approximately \$248,000 in terms of the amount, and I can go into greater discussion on that.

On the second page, the second page relates to some of the carryover items as well as some of the reductions that you find reflected in the aggregate on the first page and where those come from, so I will go through that. Also in our letter I discuss the issue or the matter of the CARE Connection, and I'd like to go into a brief discussion regarding the CARE Connection at this time, because in my letter I indicated that I would appreciate an opportunity to be able to have a review from the director of the CARE Connection and from Steve and from County Manager Gonzalez regarding the plans of the CARE Connection. And I indicate in the letter that the reason for that is I then find myself going to our board and I want to be able to indicate that the investment that St. Vincent Regional Medical Center in the CARE Connection is a wise investment. It is a good investment and give my board a level of assurance that the dollar is going to be well spent with the CARE Connection.

We were very fortunate to have had that meeting since I send the letter. Gerald and Steve and Mary Justice from the CARE Connection came over the hospital and Gene and I and Rick and others sat down and we had, oh, I'd say a good hour and half discussion, maybe two-hour discussion regarding the CARE Connection. And the way that I view the CARE

Connection today is that the CARE Connection has an opportunity and it is already doing this to a large extent, and that is providing assessment of individuals regarding the extent of their addiction. It has the capability and the capacity to be able to assess - which is always very important that you have that assessment taking place.

It then has to have the capability to be able to refer. There are different service providers throughout north central New Mexico, particularly in Rio Arriba County if you're looking for inpatient or residential service. So it has the ability to be able to refer and if someone needs a referral to a 28-day length of stay, you have the ability through the CARE Connection to be able to make that type of referral to that type of stay, if someone needs that stay. And I refer to Rio Arriba County because Rio Arriba County for all intents and purposes has a significant share of the financing as well as a significant share of the bed capacity and we can debate how significant it is but given the rest of the state it's always had better capacity than almost the rest of the state for purposes of residential treatment.

And then the area that was of particular interest to St. Vincent Regional Medical Center pertains to the issue around treatment that can be provided at the CARE Connection location. It's important that we establish a relationship and I received the assurance from Mary that we have this relationship between our emergency room in particular and the CARE Connection. When the sobering center gets started and it's going to have a 12-bed capacity, that people who hit that emergency room, that may be brought in my law enforcement or others, are going to be able to get referred to that sobering center for detox more than anything. I think it's going to be utilized primarily for detox.

That is particularly important for the hospital because of the amount of individuals that we have that present themselves in that emergency room inebriated and needing detox. We then find themselves being admitted to the hospital. They then go up and they'll take a CCU bed or an ICU bed. They'll take areas of the hospital initially that we are very limited in terms of bed capacity. But that's because they are going to need a higher level of monitoring. And then they may get stepped down into other areas of the hospital, but all the time, they are utilizing beds that if we could find another environment for them, more appropriately suited for their needs, than an acute care bed, that would help the hospital a lot to be able to alleviate some of the space constraints that we have and some of the throughput challenges that we have. Our ability to move a patient from the emergency room into a bed.

So that's the type of discussion we had and County Manager Gonzalez and I had a discussion around the fact that it's 12 beds and I think we all know that 12 beds is limited in capacity, but as County Manager Gonzalez said, it's a start, and we need to get that start going. So I feel very comfortable and I appreciate the fact that we were able to have that meeting. I needed to have that meeting though, because I did not feel comfortable with my level of knowledge at the time, going in front of our board and indicating to them that there would be additional money requested for the CARE Connection, if I couldn't articulate what the purpose of it was for and convey that message to our board.

So if I may at this time, Mr. Chairman and members of the Commission, I'd like to get to the memorandum of agreement and look at the St. Vincent Hospital proposal. If you'll note,

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on the first page of that attachment, issues around MOA coordination. And by the way, while I speak of MOA coordination, I know that Arturo Delgado introduced himself as a staff member of St. Vincent Regional Medical Center, Arturo is going to serve in the role of liaison as Commissioner Sullivan in particular has requested. Arturo is going to serve in the role of liaison between the regional medical center and the County and try to attend to a lot of those bullets that Commissioner Sullivan in particular put together in the letter that he sent to me that he's like to see our liaison work on.

Now, if you'll note, St. Vincent Regional Medical Center through the MOA provides for MOA coordination, and that is an expenditure at the County level. That is not an expenditure at the St. Vincent Regional Medical Center level. So there's \$165,000 there for purposes of coordination. In fact, let me state that that first section, and it looks like it goes from IA to ID. It's kind of cut off at the end, but it's totals for County expenditures. You have your FY-2006 proposed MOA request of \$6,040,010, and you see that St. Vincent Regional Medical Center counter proposal is in that same amount, \$6,040,010. So you will note that as it pertains to those items which are direct expenditure items for the County, that St. Vincent Regional Medical Center is not making any adjustments to that portion.

In the section titled "Other Community Programs" you will note that there are some adjustments there and if I may explain those adjustments, the adjustments are in two parts. The first part is money that has been agreed to between the County and St. Vincent Regional Medical Center historically to be used for purposes of different projects that for one reason or another was not fully expended and it has accumulated and it has been expensed out - I think that's the appropriate term, Rick - it's been expensed out by St. Vincent Regional Medical Center but it hasn't been spent, so it's what we'll call carryover dollars. St. Vincent Regional Medical Center took the position that we wanted to utilize the carryover dollars that we had in order to assist in funding the MOA this year.

Because of - the carryovers are those amounts that you see in add FY-2005 carryover excluding CARE Connection and sobering center for a total amount of \$510,000. You have an amount of \$399,000 for clinic healthcare support and on the second page there is greater detail in terms of where that comes from and then you have \$111,000 in health services in Santa Fe County. It's in the second to the last column, three items total to \$510,000, and then on the second page you find greater detail in the same column for IVB and for VA, health services in Santa Fe County and clinic healthcare support, but in that same column you see the discussion around a carryover with greater detail.

I'd like to give you the rationale behind utilization of the carryover that has accumulated for several years for this MOA. It is as follows: When we started out discussions, primarily with Jaime, the MOA had approximately a 15 percent rate of growth proposed in it. St. Vincent Regional Medical Center in its contracts with payers, in its rate of growth and sole community provider funding and in its anticipated rate of growth for Medicare was expecting between a two and let's say four percent rate of growth in that range, so we said, we're going to have approximately a three percent rate of growth in terms of payers.

So we wanted to keep the MOA as close to the rate of growth that we were going to

receive, the rate of inflation that we were going to receive from our payers. We were very concerned about seeing an increase in the MOA of 15 percent knowing that payers would only be coming in at approximately three percent, and yet we do find ourselves in a highly regulated environment through the centers for Medicaid and Medicare services. And we find ourselves always under strict scrutiny by our payers, primarily Presbyterian and the Ardent system in Albuquerque, which has Lovelace. So we find ourselves in that position.

So we thought because of that, if we can utilize the carryover, that will enable us to be able to come close to meeting the County request in the MOA, although we couldn't get entirely there. That leads me to the second part of the discussion. After we utilized the carryover, we had a difference of approximately \$248,000 between the County requested MOA and that which St. Vincent's would be able to fund through the MOA through the use of new dollar as well as carryover. We had a difference of approximately \$248,000.

So we suggested in the letter of July 27<sup>th</sup> that we split that amount. In some earlier budget proposals that we had received from the CARE Connection, in their proposal itself there was an unspent amount of approximately if I recall correctly, \$124,000 or somewhere in there. So we said, well, if we can ask the County to reduce its request by \$124,000, regardless of where that may come from, and if St. Vincent in the portion that it receives through the MOA would be willing to reduce its request by \$124,000 we would come up with the \$248,000 to be able to make that difference.

After we funded the MOA at four percent rate of growth rather than three - we initially came in at three and then we moved it to four - after we funded it at four percent, plus used carryover dollars from previous years, there was a difference of approximately \$248,000. So we took the position, if the County would reduce its MOA request of \$8,756,000 by approximately \$124,000, and if St. Vincent in what it receives through the MOA, let's say for no-call. Or let's say for pharmaceuticals, if it reduced how much it receives back through the MOA by approximately \$124,000, we thought we could have a meeting of the minds by putting a proposal together in that fashion.

So that's what comprises the FY-2006 proposed MOA from the County. It includes a four percent rate of growth. It also includes use of carryover dollars to fund a number of existing requests with unexpended dollars from previous years, and it also reduced the FY-2006 request by approximately \$248,000, of which St. Vincent and we're asking the County to split that difference. So that's what gets us in at the approximately - I don't have my \$10 glasses -- \$8,507,242.

CHAIRMAN ANAYA: Commissioner Sullivan.

COMMISSIONER SULLIVAN: Just one question, Mr. Valdez, on the four percent increase that you talked about. What was the increase in the sole community provider funding during that year?

MR. DOXTATOR: It was 3.9 percent, Commissioner Sullivan.

COMMISSIONER SULLIVAN: But it was - the amount the year before was, what? \$12 million?

MR. DOXTATOR: No, it was more than that. For fiscal year -

COMMISSIONER SULLIVAN: I'm talking about not with the supplemental. I'm talking about the basic.

MR. DOXTATOR: I've got the numbers in my file. I have the correspondence from the state that the increase and the schedule and they said it was a 3.9 percent increase in funding for fiscal year 06 over fiscal year 05. I have that correspondence in the file.

COMMISSIONER SULLIVAN: Okay. I believe you but somehow I'm thinking that we're quite a bit more than that. Steve, how much more is this year's supplemental?

MR. SHEPHERD: The base?

COMMISSIONER SULLIVAN: Yes.

MR. SHEPHERD: The base funding in 2005 was \$16,517,937.

COMMISSIONER SULLIVAN: Wait a minute, slow down.

MR. SHEPHERD: \$16,517,937.

COMMISSIONER SULLIVAN: Okay. And what's it this year?

MR. SHEPHERD: this year is \$21,369,581.

COMMISSIONER SULLIVAN: So that's a difference of about \$5 million. That seems like more than 3.9 percent.

MR. DOXTATOR: Well, the 3.9 is over the total funding for 05 including the supplement.  
COMMISSIONER SULLIVAN: No, I'm just, we're only talking about the base here.

MR. DOXTATOR: You're only talking about the base, but clearly what flows through our schedule are [inaudible]

COMMISSIONER SULLIVAN: No, I understand. Last year the \$16 million included the supplemental. But we're only talking, I believe at your all's request also about the current MOU, right? Which reflects -

MR. DOXTATOR: What we are talking about is our revenue stream last year, including the supplement -

COMMISSIONER SULLIVAN: Excluding the supplement. The base.

MR. DOXTATOR: Well, you asked me a question. I'm trying to answer.

COMMISSIONER SULLIVAN: But I said excluding the supplement.

MR. DOXTATOR: I'm not sure what you're asking

COMMISSIONER SULLIVAN: Okay. All right. I think I got the answer.

MR. DOXTATOR: I'd like to clarify if I could, Mr. Chairman.

COMMISSIONER SULLIVAN: That's the end of my question, Mr. Chairman. So last year, on the base - I'm not talking about the supplement, on the base we had \$16.5 million, which we matched. This year on the base we've already approved - is that correct, Steve? We've already approved \$21.3 million, which we matched at a higher rate this year? Is that correct, Steve?

MR. SHEPHERD: That's correct. It was 25 and it went up to 28 percent. So our match went up.

COMMISSIONER SULLIVAN: Okay. So not only did we go up five million



but our share went up from roughly 25 to 28 percent of that. Okay. I just wanted to get those numbers clarified, Mr. Chairman.

MR. VALDEZ: Mr. Chairman, if I may, to make sure that I understand. We're discussing the percentage of the growth in MOA - I'm sorry. We're discussing the percentage rate of growth in sole community provider from FY05 to FY06.

COMMISSIONER SULLIVAN: Base.

MR. ABEYTA: Base. And that is approximately a 3.9 percent rate of growth.

COMMISSIONER SULLIVAN: \$16 to \$21 million to me seems more like a 25 percent growth.

MR. DOXTATOR: If I may, I was trying to clarify. I agree with Commissioner Sullivan. If you look at base versus base this year. The way the sole community provider works is supplement gets worked into the base. So in fiscal year 05 it started at \$16 million. There was approximately a \$4 million supplement for about right at \$21 million and change. That is the base that the state uses for the current year so we really think we need to be comparing base funding, because the hospital will only receive 3.9 percent more sole community funding in fiscal year 06 than it did in fiscal year 05.

COMMISSIONER SULLIVAN: Just to clarify, Mr. Chairman, the total of the base funding of this year, \$21,369,000, is more than both the base and the supplemental last year, which was about \$20 million.

MR. DOXTATOR: It is 3.9 percent.

COMMISSIONER SULLIVAN: So our base alone this year is more than the two were last year.

MR. VALDEZ: That's correct. That's correct.

MR. DOXTATOR: By 3.9.

MR. VALDEZ: That's very good. That's why we worked off of the combined base and supplemental last year.

COMMISSIONER SULLIVAN: Yes, but we work off -

MR. VALDEZ: You understand that we could address what the base request would be this fiscal year, as well as what that rate of growth would be for this fiscal year from sole community provider.

COMMISSIONER SULLIVAN: The point I'm trying to make is in the Commission's commitment which has already been made at 28 percent, going from \$16 to \$21 million of base funding, we've funded \$5 million more in sole community provider funding at a rate of 28 percent this year, than we did last year. Just in one year.

MR. DOXTATOR: That's true.

COMMISSIONER SULLIVAN: That's cash on the barrel head.

MR. VALDEZ: What you did come up with, what we do understand is that the percentage that the County has to contribute - let me word it differently. The percentage that the County decides to contribute to sole community provider, we do understand that that percentage contribution has gone up as a result of the reformatting of the formula for contributions, in order to draw down the dollars. So we do understand the percentage, and

that's what has us up to 28 percent now. It used to be at a lower percent than that.

CHAIRMAN ANAYA: Okay, what I'm hearing the Commissioners say is that last year we had \$16 million as the base funding and this year's base funding is \$21 million and his point is that we've got up \$5 million in funding. And you agree with that.

MR. DOXTATOR: I agree but I think it's a very inaccurate picture of what we're trying to resolve today. But I do agree with his mathematics.

MR. VALDEZ: I think the other point is that the increase of \$5 million is a combined state and federal dollar amount. Of that approximately \$5 million increase, 28 percent of that is what the County has contributed to that end.

CHAIRMAN ANAYA: Twenty-eight percent.

MR. VALDEZ: Right.

CHAIRMAN ANAYA: You're just getting the point across that it went up five million dollars.

COMMISSIONER SULLIVAN: In one year.

CHAIRMAN ANAYA: In one year.

COMMISSIONER SULLIVAN: Yes.

CHAIRMAN ANAYA: Go ahead and continue with your presentation.

MR. VALDEZ: Mr. Chairman, that concludes my presentation unless Mr. Doxtator has anything to add to it. Let me go ahead and refer to the second page, if I may, and you'll note where some of that detail is in terms of carryover as well as reductions. You have on-call physician funding, and if I may, I'd like to discuss that issue of on-call physician funding now that we have the forum in which to do it. I really do appreciate the Commission taking time from your busy schedules to be able to have this conversation.

There is a trend occurring nationwide and it is profound here in Santa Fe. Where historically physicians saw an obligation to provide on-call services to hospitals without question if those hospitals were running emergency rooms on a 24-hour basis as St. Vincent Hospital does. Physicians today are less and less willing to provide that on-call service to a hospital, overall. There are certain specialties that are still very supportive of your hospital and still very much engaged in providing that on-call. But there are other specialties that are very difficult to get that on-call coverage. I think of orthopedics. We've had a number of weekends this year for instance where we have not had orthopedic coverage. We've tried to pay for on-call. We've offered to bring in locums. We haven't been able to find locums. We've attempted to do everything that we can possibly do to assure that we have orthopedic coverage and there have been a number of weekends that we have not.

Neurosurgery is another area where we find ourselves struggling and we're seeing this occur more and more. So community based hospitals such as St. Vincent find themselves in a position where they have to pay physicians to be able to be on-call. They may not come in. They may not get a call, but we view it as part of the community responsibility to assure that we can be as broad based as we can be in our service delivery. And I would have to say - let me word it differently - if you take how much is paid on-call statewide, and if you take how much St. Vincent alone pays for on-call coverage, we exceed how much is paid cumulatively

statewide by two to three times. So we have quite an obligation. We perform quite an obligation in this community in on-call. And we're going to continue to, but we're just going to take less of it from the MOA. But we've got to continue to meet that type of obligation.

Project Ann helps to provide payment for people, kids, who would have otherwise received uncompensated care and I believe that we're comfortable that we'll be able to meet whatever obligations come from there. Additional physician funding was just an additional type reduction there. Then we have issues around nursing scholarships and we're going to use carryover to fund the request for nursing scholarships. We've got Santa Fe Community College nursing scholarships, same thing there. We probably need to, between County staff and St. Vincent Regional Medical Center staff spend some time looking at this issue around nursing scholarships because the money is available but the slots at the Community College may not always be available to be able to take the students.

At the same time, they have criteria for admission that on occasion gets in the way of us being able to get some of our nurses in there so it's much more complex and that probably added a lot to it, lack of expenditure. Skilled nursing beds, we're going to have to pay for that so we \$11,000 of carryover there. Edgewood Clinic, 211 program, that's going to be kicked off tomorrow. Residency program, \$50,000. So you see different uses of carryover that we're going to have to meet those requests to the tune of approximately \$399,000.

That's our reduction, which totals \$124,000 and then the reduction from the County of \$124,000 gets us in balance at approximately \$8,507,242. Mr. Chairman, that concludes our presentation. Rick, do you have anything?

MR. DOXTATOR: Yes, I would just like to clarify just so we have a complete picture. I think what we're trying to do is here is agree on an MOA. I want to may sure our position and the logic and the mathematics have been articulated. The hospital received, in sole community funding, in fiscal year 05 between base and supplement, \$21,403,000. We report to this Commission, the Indigent Board regularly on the community benefit we provide and I know that board and the Commissioners are well versed in the deficit that we run. The community benefit exceeds our sole community funding. That's being subsidized by other business.

The amount of money that we're eligible to receive next year is \$21,945,000. It's a 3.9 percent increase in total funding via Santa Fe County and there's some funding through the other counties. Some of those counties have reduced their match. We are eligible and will receive a 2.5 percent increase in absolute dollars that we receive from the sole community program in fiscal year 06 versus what we received in fiscal year 05, when you look at all sole community funding together, it is a 2.5 percent increases. I want to make sure those numbers are clear. I agree there is a base, there was a supplement last year. We ran our business last year with \$21 million. We ran at a deficit. Our community benefit exceeded that funding and the total funding will only go up 2.5 percent this year versus last year. So I just want to assure that the Commission has those complete number so there's no confusion.

That's why we're proposing a four percent increase in the MOA, we'll actually, we will lose ground against our sole community funding. So I just want to make sure that's really the

clear picture of all the numbers.

CHAIRMAN ANAYA: Are there any questions for Rick or Alex?  
Commissioner Montoya.

COMMISSIONER MONTOYA: That's based on the analysis that you came up with in terms of what the MOA could possibly go up this year.

MR. DOXTATOR: We would like to limit the increase in the base MOA four percent so we don't degrade our financial position anymore. We'll lose a little bit of ground there but we think it's something we can tolerate.

COMMISSIONER MONTOYA: Okay. This \$510,000 carryover, over how many years is that?

MR. DOXTATOR: Most of it's one year. Some of the nursing scholarships actually go back to 2003. There is some money, the rest of the money is really 05 carryover. The nursing scholarships do go back a little bit further than that actually, even into 2003.

COMMISSIONER MONTOYA: So did we have a carryover from last year also? Other than the nursing scholarships?

MR. DOXTATOR: We did, and we applied some of that in last year's final MOA to try to meet the needs. There was some application.

COMMISSIONER MONTOYA: So do these carryover increases then become permanent as a base?

MR. DOXTATOR: The numbers are always cumulative. At the end of any fiscal year we know the total amount of carryover we had and this \$510,000 is a cumulative carryover from all prior years. It has been expensed in our books. It's available. It hasn't been used for the prescribed purpose and it would allow us to not degrade our financial position.

COMMISSIONER MONTOYA: And you're proposing that that carryover be put into - if you could just clarify for me also on the second page, on the on-call physician funding. Our proposal is \$400,000. Yours is \$339,000. And then you took \$37,000 away and then added \$61,000 more? To get up to your \$362,000?

MR. DOXTATOR: Are you on the third page? We applied some of the carryover there originally and then the first thing we did in our construction of the MOA was to apply carryover to try to get the individual line item back as closely as the County had proposed. So we applied carryover first and then we prorated our \$124,000 to that line item and another line item.

COMMISSIONER MONTOYA: So what's that \$37,000?

MR. DOXTATOR: That's part of the \$124,000 reduction that we propose as Mr. Valdez said, using the four percent plus the carryover, we were \$250,000 short.

COMMISSIONER MONTOYA: Oh. So that's part of that \$124,000.

MR. DOXTATOR: That's part of the hospital's reduction. That's just a line item we chose to put it on.

MR. VALDEZ: The other part of that \$124,000 reduction, Commissioner Montoya, is found on that same sheet in the lower portion of that where it adds up to \$87,250.

COMMISSIONER MONTOYA: So that \$87,250 and \$37,134 are your -

MR. VALDEZ: Approximately \$124,000. That's right.

COMMISSIONER MONTOYA: Okay. And then you added back in the - well, I guess where you saw appropriate, you added the carryover onto those line items.

MR. VALDEZ: Right.

MR. DOXTATOR: To both the hospital programs and the other community programs, with the goal of trying to get each line item as close as possible to the original County proposal.

COMMISSIONER MONTOYA: Okay. So then where are the reductions, the \$124,000 reduction for the County? In the CARE Connection?

MR. VALDEZ: It's found, it's reflected under other community programs, CARE Connection and sobering center, \$124,384.

COMMISSIONER MONTOYA: Okay.

MR. DOXTATOR: The reason we did that, Commissioner, in our discussion with Mary Justice and County staff it was acknowledged in the pro forma that was presented to us that for the next several years, that program will have an excess of funding versus expenditures, so that was why that was put on that line item. Because there readily appeared to be not an immediate need for that.

COMMISSIONER MONTOYA: Is that the case, Steve?

MR. SHEPHERD: That's the case at -

COMMISSIONER MONTOYA: Because we haven't really had the doors open for what? A month?

MR. SHEPHERD: Well, the assessment centers have been open close to three months.

COMMISSIONER MONTOYA: Not very many.

MR. SHEPHERD: We project to open the sobering center in early spring. [inaudible] We have enough money to get through 07. The supplement will be needed by 08.

COMMISSIONER MONTOYA: So for two years we're going to be able to survive with \$460,000?

MR. SHEPHERD: I'd rather keep it at the \$485,000.

COMMISSIONER MONTOYA: Which is still \$100,000 less than what we had proposed.

MR. GONZALEZ: Mr. Chairman, Commissioner Montoya, if I could add, some of the staff concern I think reflects the fact that we're looking at the possibility of being a regulated facility. That's not clear yet but that could increase the cost in terms of infrastructure and possible operating costs. The Department of Health has had their first round of hearings on proposed regulations. I understand those have been pushed back because they received considerable opposition but there's still some uncertainty in the air.

MR. DOXTATOR: Commissioners, that's the line item that seemed to be logical but I think in our letter we mentioned that we would propose a reduction be made to that item or another line item if the County feels there's a more appropriate place.

COMMISSIONER MONTOYA: For the County? For the community

programs.

MR. DOXTATOR: Yes.

COMMISSIONER MONTOYA: So based on your analysis, is there any other place that you would see cutting that \$124,000 in those community programs? Other than the sobering center?

MR. DOXTATOR: I believe we felt that item or any of the other [inaudible] line items. We didn't go program by program. We didn't feel the hospital was the appropriate one to solely make the decisions.

COMMISSIONER MONTOYA: I guess because practically, isn't the County the one that really provides all of these services? The funding for them? For all the community programs? I guess there was a distinction made between a hospital funded health services and I guess clinic health support.

MR. VALDEZ: Well, I don't think, Mr. Chairman, Commissioner Montoya, if you look at IVB and VA, I'm sure that there are a number of activities here that the County has in the past provided assistance to but I would say that there are a number of items that the County has never provided assistance to, such as on-call physician funding, if we look at that. So we're using the MOA now through this process to provide funding for that type of issue. And there are some items here that come out from the Health Policy and Planning Commission in terms of how they recommend expenditures for that. But I wouldn't know which of these items here historically the County has provided funding for.

COMMISSIONER MONTOYA: Okay. That's all I had, Mr. Chairman. Thank you.

CHAIRMAN ANAYA: What I'm looking at here is the County's proposal at \$8,756,000 and we have the St. Vincent's proposal at \$8,507,000 and that's a difference of \$248,768 and your proposal, Alex, was to take off \$124,000, split that in half, you're saying?

MR. VALDEZ: That's correct. Split the difference in half with what would be - split the difference in half and take programs that St. Vincent would receive funding through, and we'll step to the plate and cut those and then based on the information that we had received before regarding the CARE Connection, we felt that the CARE Connection could absorb in this fiscal year a reduction of \$124,000.

CHAIRMAN ANAYA: Steve, how do you feel about that and I guess I need to know how much money was funded last year through this same process?

MR. SHEPHERD: For the MOA?

CHAIRMAN ANAYA: Yes. Right now we're talking about \$8,756,000. What was it last year?

MR. SHEPHERD: Last year it was \$7,681,000.

CHAIRMAN ANAYA: \$7,681,000.

MR. SHEPHERD: That's correct.

CHAIRMAN ANAYA: And now we've increased it \$5 million as Commissioner Sullivan said, and we're only going to receive back another million.

MR. DOXTATOR: That's incorrect.

CHAIRMAN ANAYA: That's not correct?

MR. DOXTATOR: It's not. For the total funding that the hospital received last year, the increase is 3.9 percent. It's about \$800,000.

COMMISSIONER SULLIVAN: Mr. Chairman, that's just not right. We need to get some understanding here that what Mr. Doxtator is comparing is last year's base funding plus the supplemental funding. The base funding was about \$16 million. The supplemental was about four million, and last year they got about \$20.5 million total. Now, 3.9 percent increase on that brings you to about \$21 million. Add another \$800,000 or so brings you to \$21 million. \$21 million is the base funding for this year. It doesn't include the supplemental funding, which is yet to come. So we can't compare last year by saying we're only increasing it by 3.9 percent because if we increase it by that \$800,000 plus another \$3.6 million.

MR. DOXTATOR: We haven't even opened that discussion. It's not on the agenda.

COMMISSIONER SULLIVAN: Well, you've got to be very clear to the Commission. You've got to compare apples with apples. You can't compare base funding plus supplemental funding with base funding alone in this year and that's what you're doing. And I understand, and the reason that's a problem, Mr. Chairman, at least the way I see in the accounting here, is that a lot of the – more funding is great. St. Vincent's gets more funding as long as we have the ability to match it – so be it. We can fund more programs. However, by taking these carryovers like this, to the tune of \$510,000, what we're doing is reducing our base in the MOA. Our base in the MOA goes down. So when it comes time next year to negotiate the MOA, and we come back and say, okay, we're going to increase it by four percent, we're going to be increasing it by four percent of a dollar amount that's \$500,000 less. And that's the problem with this accounting mechanism of using the carryover, that we're going to run into much bigger problems next year in negotiating the MOA because of relying on that four percent. And that's the problem that I have with that.

MR. DOXTATOR: Mr. Chairman, if I may, we don't know anything about this potential supplement in discussion –

COMMISSIONER SULLIVAN: There's a letter right here from St. Vincent Hospital from September 21<sup>st</sup>.

MR. DOXTATOR: It could not be on the agenda today so we have not included any of our numbers. So we have not done that. I just want to make sure that's clear. That's a little bit confusing. We are talking exactly, as Commissioner Sullivan said funding received this year to last year is a 3.5 percent – I have the numbers. I will sit down with anybody and walk them through that.

CHAIRMAN ANAYA: Okay, let me finish and then I'll let – I'm just trying to make some comments and I just want to know, last year was \$7,681,000, okay?

MR. DOXTATOR: That's correct.

CHAIRMAN ANAYA: This year we're asking for \$8,756,000.

MR. DOXTATOR: Correct.

CHAIRMAN ANAYA: That's a difference of \$1,075,000. Are my numbers

right? \$1,075,000. In addition of last year. And according to what Commissioner Sullivan is saying is that we include from last year, \$16,517,000, we went up to \$21,369,000 which is a difference of about \$5 million. I don't have the figures if it's correct. But we increased \$5 million and we've only wanted the MOA to increase \$1,075,000. Is that correct?

MR. DOXTATOR: That is not correct.

CHAIRMAN ANAYA: Why is that not correct?

MR. DOXTATOR: That's the total funding in fiscal year 05, base plus supplement, which was - Santa Fe County plus the other counties was \$21,403,000. That was the total -

CHAIRMAN ANAYA: For 2005.

MR. DOXTATOR: For fiscal 2005, was \$21,403,085.

CHAIRMAN ANAYA: Now you're including supplemental.

MR. DOXTATOR: Absolutely. Because that's what we -

MR. VALDEZ: I think he's got to include supplemental.

MR. VALDEZ: Mr. Chairman, I don't understand how you can not include supplemental, because if you don't include supplemental, it skews the presentation. It skews the presentation in that your next year's base is always going to be determined off of the total amount that you received the previous year, and that automatically includes that supplemental. If you want to exclude it and just have a discussion of base to base, you're going to always have a big gap between the two and that big gap is your supplemental. So this is the first time that I've heard a discussion put in that format. I can appreciate the Commissioners' presentation on that, but what concerns me is we will always then reflect this huge difference, this significant difference and that is the supplemental discussion.

CHAIRMAN ANAYA: Okay, what number? What number? You're including the \$21 million.

MR. VALDEZ: Now, we view, going fiscal year to fiscal year -

CHAIRMAN ANAYA: What was it last year?

MR. DOXTATOR: The total funding received via all County programs was \$21,403,085.

CHAIRMAN ANAYA: That's last year.

MR. DOXTATOR: Yes sir.

CHAIRMAN ANAYA: And what is it this year?

MR. DOXTATOR: This year what we're eligible to receive through Santa Fe County and other counties excluding any talk of any possible supplements, is \$21,945,959.

CHAIRMAN ANAYA: So you're saying that last year and this year are pretty much the same.

MR. DOXTATOR: Two and a half percent.

CHAIRMAN ANAYA: But once the supplemental is included -

MR. DOXTATOR: That's a different discussion. If you want to enter into that - I was not clear. I thought we couldn't but putting that aside, that's 2 1/2 percent.

CHAIRMAN ANAYA: So last year - we're not talking about the same thing



then, right? We're going supplemental plus base, that's last year. Now, we're just talking base. You're not letting us include the supplemental.

MR. DOXTATOR: If we want to move the discussion, that's probably a different discussion. Mr. Ross said we shouldn't -

CHAIRMAN ANAYA: But we're not - to me, and I don't know how the rest of the Commission feels, but we're not talking about the same thing.

MR. DOXTATOR: We have had no discussions with County staff about a supplement. We received a notice from the state on Monday. I forwarded it to Mr. Shepherd yesterday for possible inclusion. We have had no discussions with staff. We have not come here prepared to discuss that. Mr. Ross made it clear that it wasn't on the agenda today.

CHAIRMAN ANAYA: So you couldn't negotiate - I know you want to negotiate the \$124,000 or the \$248,000, but there's no way that you would accept the \$8,756,000.

MR. VALDEZ: That's where our proposal is \$8.5 million.

MR. DOXTATOR: We've tried to articulate the logic behind our proposal and I'm a little concerned that maybe it hasn't been fully understood, there's some confusion on the numbers. We made a proposal. We've waited, we sent it to County Manager Gonzalez. We've been waiting for a reply. He said we would have to come to the Commission, so we have waited for a response. We have tried to articulate to you the logic, the four percent to try to match our revenue stream, the use of carryover dollars and then some compromise at the end of the day, the hospital is willing to compromise and we were looking for the County to find somewhere to compromise on \$124,000 to move on, to keep moving forward on what is a wonderful opportunity for both the County and the hospital.

CHAIRMAN ANAYA: Okay. So is there any other questions or comments?  
Commissioner Vigil.

COMMISSIONER VIGIL: Mr. Chairman, I do. I was just wondering if our Finance Director Susan Lucero has had an opportunity to do an analysis of this proposal. If that analysis is available to the Commission.

SUSAN LUCERO (Finance Director): Mr. Chairman and Commissioner Vigil, I have discussed to some degree with out Health Services Director Steve the fluctuation between years and I don't want to add to the issue but maybe try to clarify. If you do look at a sheet that I believe Steve prepared, he shows the chronological history between years and if you look at 2004, he shows what the base was at that time and perhaps that might put to rest this discussion of where the base is included and to what degree and where the percentages of have been.

*[Exhibit 2]*

CHAIRMAN ANAYA: Are you saying that we shouldn't include the supplement? Or we should include the supplemental on last year's funding to talk about this?

MS. LUCERO: Mr. Chairman, I was just trying to clarify how the numbers have changed over the years, how the base funding has changed, and Steve does have an analysis that shows that chronological history.

CHAIRMAN ANAYA: So do you agree with St. Vincent's or not?

MR. GONZALEZ: That's not a fair question, Mr. Chairman. I think what she's saying is that although in this discussion we are looking at a comparison between the base last year and/or the supplemental, and what's before us now, which would establish the new base. She's looking back and comparing prior bases, base to base to base, which if you look back to 2004, also includes the supplemental and if you did the same thing with 2003 it would include the supplemental. So she's tracking the base including the supplemental from year to year to year, up until this point.

CHAIRMAN ANAYA: So do you agree with St. Vincent's?

MR. GONZALEZ: Except that she hadn't taken the step of moving forward to 2006.

CHAIRMAN ANAYA: What happened to yes or no?

MR. GONZALEZ: I think what she was saying was she's taken basically Commissioner Sullivan's premise and not applied it to 2005/2006 but applied it to 2004/2005.

MS. LUCERO: That's correct.

MR. GONZALEZ: And if you do that it shows a significant increase so even though we don't have the supplemental on the table, theoretically, if she were to apply the same approach we would include the supplemental for this year.

COMMISSIONER VIGIL: Mr. Chairman, and if that is what the outcome of the analysis would be, let me just state it this way, so there is a trend where there is a certain amount of an increase annually, on the sole community provider, and that being based on formula driven from year to year, will that trend continue? I guess solely what I want to say is that's going to be dependent on federal dollars, but currently that trend has continued based on the current formula and will continue. Do we know if there is a cap?

MS. LUCERO: Mr. Chairman, Commissioner Vigil, I don't believe there is a cap but it's probably constrained by the federal budget. But if you look for the history in the time period that we have monitored this back to '97 there is a very steady growth year to year to year.

COMMISSIONER VIGIL: Okay. So I guess the bottom line is we've got a proposal out there from St. Vincent's and how does this Commission feel about that or does staff have a counter proposal. Commissioner Campos.

COMMISSIONER CAMPOS: I'd like to hear from our staff.

CHAIRMAN ANAYA: Okay, so if staff could give us their perspective on how they feel about the proposal from St. Vincent's or do we have another proposal.

COMMISSIONER MONTOYA: Mr. Chairman.

CHAIRMAN ANAYA: Commissioner Montoya.

COMMISSIONER MONTOYA: Wouldn't we actually be starting out next year when we do these negotiations again, with a \$510,000 and a \$248,000 decrease?

COMMISSIONER SULLIVAN: Yes. You're right. It's actually a \$758,000 decrease. Our base in a way would be decreased by \$700,000. So if we came back on the same theory of starting at a four percent rate next year we'd be starting \$700,000 in the hole.

COMMISSIONER MONTOYA: Okay.

COMMISSIONER SULLIVAN: I just used the one column and you're right. It's both columns.

COMMISSIONER MONTOYA: It is both. Okay.

MR. DOXTATOR: I do think if you go back and look, the rate of MOA growth has consistently outstripped the rate of sole community funding and I'll do that with staff to validate that. If you go back and look the amount of money that's gone into the MOA year has a higher percentage of growth, is a higher percent of the sole community funding for whatever that calculation is. It has been increasingly percentage of the MOA.

COMMISSIONER MONTOYA: Mr. Chairman, on that point, what is the percentage increase that we're requesting? We're asking for a million more this year? What is that percentage?

MR. DOXTATOR: Fourteen percent. The original request was 14 percent.

MR. VALDEZ: And in actual dollars we are coming very close to meeting that request. But for \$248,000 out of a total request of \$8.7 million, we're asking the County to consider reducing its request by \$124,000.

CHAIRMAN ANAYA: Okay, I'd like to - if you're - Commissioner Campos.

COMMISSIONER CAMPOS: Just a question for Mr. Gonzalez. Carryover, could you explain that to me, what has happened in the past with carryovers? What's the meaning of that discussion of the carryover and how does it affect -

MR. GONZALEZ: Mr. Chairman, Commissioner Campos, my history doesn't go back to the inception of the MOA but it's my understanding that there have been occasions where we have used carryover funding in order to deal with what comes up in the subsequent year. Certainly not to this scale. The carryover basically is what is what's been unspent in a given year.

COMMISSIONER CAMPOS: Where is that money right now?

MR. GONZALEZ: It theoretically continues to accrue and so it gets carried forward from year to year and to the extent that it's not used it continues to increase. With respect to the CARE Connection and the sobering center, there has been carryover in part because we were not able to get the facility up and running as quickly as we could. Then we also phased in putting in the CARE Connection to be followed by the sobering center. I think certainly on the County's side the anticipation was that we would continue to grow that fund so that we would have sufficient money necessary to begin the operation of that facility and sustain it for some period of time.

Converting the carryover I must say is sort of an innovative way of trying to address that need to have funding available. And I respect the fact that St. Vincent's has not eaten into the carryover as much as I suppose we could have put on the table. And I think it suggest a means at least in the short term of dealing with the funding issue for the MOU. The problem is, as Commissioner Sullivan pointed out, in the long term, by doing that we've reduced the amount that then sets the base for the following year. So there may be perhaps some compromise in there if we were able to accept the reduction on a temporary basis but come to

some agreement about how maybe the funding could be restored or the base increased, or else some other mechanism for meeting the contingency that perhaps we end up needing the full amount that we originally would have received if we hadn't reduced the base and continued to accrue the carryover.

I don't know if Steve has any comments about that. I know we've done some calculations. Mary Justice did some calculations about where we might run short and it just depends on how much funding is available in the future as well as the present.

MR. SHEPHERD: I tend to agree. I think it would be nice to have an agreement going back to the fiscal year base.

MR. GONZALEZ: At least for discussion purposes or negotiation purposes.

MR. VALDEZ: I'd like to comment, Mr. Chairman. I appreciate the recommendations of the County Manager. The challenge that we confront at St. Vincent Regional Medical Center is that a) we prepared our FY06 budget with a net operating margin projected at 1.5 percent. We presented that to our board at the end of June. The board, even though approving the budget, has continually challenged the executive team to say, it's really not acceptable. You need to figure out how you're going to come in with a net operating margin that's going to take you up to about two percent. What you find at hospitals that are B-AA rated or greater, what they're generating in order to retain their borrowing capacity, they are generating net operating margins in the four to five percent range. We've been very fortunate to be able to retain our B-AA rating with a negative outlook, but our net operating margin needs to help us to sustain that.

So I appreciate the County Manager's proposal, but I really feel - I would just - I'm thinking about it. I would have to say that with the pressure that I have from our board the chance of me being able to agree to something like that in the next fiscal year is going to be remote. I've got that bonding capacity issue, [inaudible] those interest rates were falling as low as possible. I indicated that we're going for a \$22 million bond financing to renovate operating rooms, that ER expansion, add greater capacity, and I am very leery about whether we're even going to be able to meet with the board as requested for this fiscal year on our side.

CHAIRMAN ANAYA: Okay, so I guess I didn't quite understand the proposal that - is that what we have here, or this is just what -

MR. GONZALEZ: What you have is just the history of the increase in the funding.

CHAIRMAN ANAYA: And your proposal is we want to stick with our original - or go with what they have but then you have \$248,000 if they were to get it funded back to us?

MR. GONZALEZ: What I suggested was that the proposal with how to deal with the \$248,000 could work in the short run. The problem that on the County side we have is ensuring that we have available the funding that we had projected in some way. I'm not sure exactly how we'd get there but the funding necessary in order to continue the operation of the sobering center with a comfortable reserve of some kind.

CHAIRMAN ANAYA: Okay. Does staff want to comment on anything?

MR. SHEPHERD: No, I'd probably repeat that it would be nice to have a secure base to start out with for next year. [inaudible]

CHAIRMAN ANAYA: So Steve, you're saying to stay with the \$8,756,000?

MR. SHEPHERD: I'd be willing to consider taking half of the CARE Connection/sobering center and then have the assurance we could at least go back to the Commissioners and next year we start at FY-2005 base. That would be my suggestion.

COMMISSIONER MONTOYA: Mr. Chairman, why do we even need a hundred I guess for this year then? If we're going to go to half of that reduction, which is \$445,000 or whatever it is. I'm not Rain Man, but whatever the numbers are, and then you go to this year's. We're at what? \$485,000 again for the following year? So I guess my question is why are we even asking for the \$100,000 this year if we're not even going to be there next year?

MR. SHEPHERD: Oh, I see. That would essentially take a step back. We hope to get more money for the CARE Connection [inaudible] consolidate funding to 08.

CHAIRMAN ANAYA: Any other suggestions, comments?

COMMISSIONER CAMPOS: Mr. Chairman, we don't have to make a decision today.

CHAIRMAN ANAYA: We have this on the agenda I think for Tuesday's regular BCC. Is that right?

COMMISSIONER CAMPOS: So this is not set for action anyway. Maybe direction. I don't have any direction.

CHAIRMAN ANAYA: Terri, do you have a comment?

TERRI RODRIGUEZ (City Human Services): Mr. Chairman, Commissioners, I'd like to support what the County Manager said regarding the CARE Connection. We have had those carryover funds because we didn't open on time [inaudible] That \$124,000 is not going to hurt the CARE Connection for this fiscal year. [inaudible] But because if we reduce the base amount we're going to end up having to pick it at some other time and unfortunately it may not be there. So if we can have the base the same again next year, coming back to that level again, then we could possibly be able to operate both the assessment/referral and sobering center at the amount it was budgeted. This year that \$124,000 looks like it's going to carryover again and if the hospital is saying they would like to use that carryover fund this year, that's not going to put the CARE Connection in a real bind. However, it looks like if we reduce that base amount we're in trouble.

CHAIRMAN ANAYA: Okay. Thank you, Terri.

MR. VALDEZ: Mr. Chairman, regarding the CARE Connection, the point that Terri offered, and this is for a different discussion but I just want to raise it now that we're on this point. I'd like for us to get back to the table, staff to staff to staff. And what I mean by that is I'd like to see the City at the table in this discussion also to see what among the three entities we're going to be able to do [inaudible] Because St. Vincent's has been there, granted, a little late, but it was there with the contribution it made for the purchase of the facility. That was a \$960,000 purchase. It agreed to these MOAs historically and now it is in the position of asking

for a reduction of \$124,000 out of a total unexpended amount of \$485,000 plus new dollars of \$585,000. Basically, we're asking for a reduction in that request of \$124,000 out of a total of \$585,000 or \$485,00 for the CARE Connection. That's for a later date and I'm happy to do that staff to staff. I do want to make sure we have a good triad approach.

COMMISSIONER VIGIL: And Mr. Chairman, I have to go chair the SWMA meeting, but if we're going to look at this next Tuesday, I would like some options identified for the Commission on this and I know St. Vincent's has said the CARE Connection seemed the most logical alternative to address the \$124,000 deficit. If in fact the Commission has those options in front of them, perhaps there's other line items that we can address. So I'd like some analysis with other reductions and not necessarily the CARE Connection.

CHAIRMAN ANAYA: Okay. We're going to go ahead and call this meeting over. We've got another meeting here at 4:00. Thank you all for coming in. It's good to sit at the table and try to hash these things out. And we will be talking on Tuesday then I believe. Correct, Gerald?

MR. GONZALEZ: That's correct.

CHAIRMAN ANAYA: We'll come out with some more ideas. Is staff going to meet with St. Vincent's to try to solve some of these issues before we meet Tuesday?

MR. GONZALEZ: We'll kick around some options and then get back to St. Vincent's before we have the meeting no Tuesday.

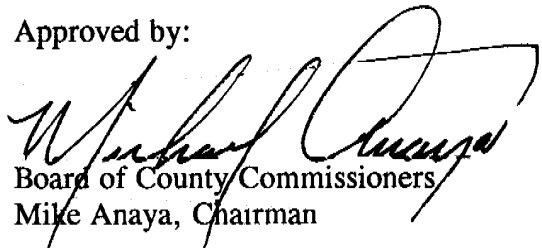
MR. VALDEZ: Mr. Chairman, the last point, because we received notice of what that supplemental could look like on Monday. We got that request to the County as soon as we could, and counsel was correct. It wasn't timely noticed so we couldn't hear it today. But if we could have it timely noticed for Tuesday maybe we could get into that discussion also, at least get it on the table. I apologize for how crunched all of this is. It's really very unfortunate. I do know that Dan Weeks was willing to even do the financial aspects of this himself to be able to get it done in a more timely fashion. But every county commission throughout the state has just had to [inaudible] I just want to apologize.

MR. GONZALEZ: We do have it noticed for the meeting.

**ADJOURNMENT**

Chairman Anaya declared this meeting adjourned at approximately 4:00 p.m.

Approved by:



Board of County Commissioners  
Mike Anaya, Chairman

Respectfully submitted:



Karen Farrell, Commission Reporter

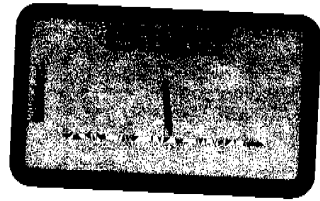
ATTEST TO:



VALERIE ESPINOZA  
SANTA FE COUNTY CLERK



SFC RECORDED 02/20/2006



July 27, 2005

Gerald Gonzales, County Manager  
Santa Fe County  
102 Grant Avenue  
Santa Fe, NM 87501

Dear Gerald:

I want to set forth the position of St. Vincent Regional Medical Center (SVH) for the FY06 Memorandum of Agreement (MOA). First, let me state that SVH and its Board are pleased with the dialog that has taken place between members of our Board and the Board of County Commissioners. Gerald, I would like for us to schedule quarterly meetings between members of our Board and the Commission. I believe if we can establish on-going communication on a regularly scheduled basis, we will avoid the type of meetings where members are getting together only when there are issues that need to be tended to. Second, on behalf of SVH please convey to the Commission that the use of Indigent Fund to leverage Federal Medicaid resources to be used for Sole-Community Provider Funding is most appreciated in that it allows SVH to cover much of the cost of providing services to the uninsured citizens of our Community and also helps SVH to meet its Mission. Third, I want to inform you that SVH will once again approach the State Legislature and the Governor with a need to obtain Capital Outlay dollar to help us fund our Emergency Room expansion. Our plan was to receive \$4,000,000 in funding from Government resources toward a \$12,000,000 expansion. To date, we have received \$1,000,000 through the legislative process, so we will be seeking \$3,000,000 next year. SVH will also seek \$4,000,000 from donations and contributions (to date, we have raised approximately \$1,372,000 toward this campaign), and \$4,000,000 through debt financing via the New Mexico Hospital Equipment Loan Council. If you have any questions or would care for a more detailed briefing, my staff and I would be more than pleased to meet with you and your staff to provide such a briefing.

Regarding the MOA, attached is a comparison of proposals for the FY06. The first segregated section of the spreadsheet shows amounts funded in the FY05 MOA, which totaled \$7,681,000. The second segregated section of the schedule indicates that for FY06, the County is proposing a total amount of funding of \$8,756,010 (\$8,831,010 original proposal less \$75,000 adjustment that was mutually agreed could be made to the Rape Crisis Center line item), representing a 14% increase over the FY05 total.



At the end of FY05, there is projected to be an unexpended amount of carryover (excluding the Care Connection and Sobering Center) in the amount of approximately \$510,000. The discussion to date has indicated partial use of this carryover to be applied to the FY06 MOA.

In the third segregated section, we have detailed SVH's proposal to date. In essence, we are suggesting to use all carryover (excluding the Care Connection and Sobering Center) to finance part of the MOA request and that we apply a 4% inflation factor to the rate of growth in the base MOA. We believe that we should use carryover before we finance the MOA with new dollar. We also believe that a 4% inflation factor is reasonable given the rate of reimbursement increases to the Hospital, which in the aggregate will be less than 4% in FY06. Our proposal, using carryover and applying a 4% rate of growth provides for total FY06 funding in the amount of \$8,507,242, leaving a difference of \$248,768 versus the County proposal (these totals would actually be \$8,498,240 and \$257,770 respectively based upon final carryover totals, but we will stay with the numbers as originally proposed based upon estimated carryover). We suggest that the \$248,768 difference be divided equally between the Care Connection, which is slated to have an excess of around \$123,000 based upon data recently provided to us, or another program(s), and a reduction in SVH's total requests.

I must condition the proposal on a review of the Care Connection. I have received different information from a number of sources regarding the Business Plan, programmatic capacity, City of Santa Fe commitment to the program, need for capital outlay and budget for FY06, and at this time would like to meet and have a thorough discussion regarding the Care Connection. At this time, I do not believe I can fulfill my fiduciary responsibility to SVH without receiving better information. I understand that Steve Sheppard and Mary Justice are out this week. I will also be gone Wednesday through Friday and would, therefore, request that we meet early next week. Vicki Martinez from my office will be attempting in the next several days to schedule a meeting whereby we can discuss the Care Connection and hopefully close our FY06 MOA.

If you have any questions please feel free to contact me.

Sincerely,



J. Alex Valdez,  
CEO and President

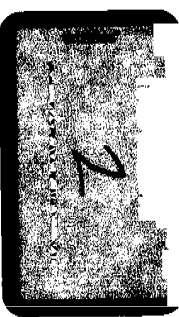
Santa Fe County / St. Vincent Hospital MOA  
 FY-2006 (10/01/05 - 09/30/06): Amended and Restated (Amendment #9)

Item Ref. #	Item	FY-2005 MOA Amendment #8	FY-2006 Santa Fe County Proposed MOA	W/ reduction for Carry-Over (excluding Care Connection & Sobering Center)	Shared reductions (50% from SVH programs and 50% from Care Connection excess)	Sub-Total: 4% increase in base MOA	Add: FY-2005 Carry-Over (excluding Care Connection & Sobering Center)	FY-2006 Proposed Funding after reductions and Carry-Over
IA	MOA Coordination	\$ 165,000	\$ 165,000	\$ 165,000	\$ -	\$ 165,000	\$ -	\$ 165,000
I/A	EMS Medical Services	\$ 2,625,000	\$ 2,919,890	\$ 2,919,890	\$ -	\$ 2,919,890	\$ -	\$ 2,919,890
I/E	Maternal Child Health Care	\$ 140,000	\$ 180,000	\$ 180,000	\$ -	\$ 180,000	\$ -	\$ 180,000
V/B	PARA Transit/Senior Medical Transport	\$ 65,000	\$ 85,000	\$ 85,000	\$ -	\$ 85,000	\$ -	\$ 85,000
V/C	Indigent Care Funding	\$ 1,644,000	\$ 1,915,120	\$ 1,915,120	\$ -	\$ 1,915,120	\$ -	\$ 1,915,120
V/D	Medical Care for Residents in Custody	\$ 620,000	\$ 775,000	\$ 775,000	\$ -	\$ 775,000	\$ -	\$ 775,000
	<b>Totals for County Expenditures</b>	<b>\$ 5,259,000</b>	<b>\$ 6,040,010</b>	<b>\$ 6,040,010</b>	<b>\$ -</b>	<b>\$ 6,040,010</b>	<b>\$ -</b>	<b>\$ 6,040,010</b>
	<b>Other Community Programs</b>							
I/A	Care Connection & Sobering Center	\$ 485,000	\$ 585,000	\$ 585,000	\$ (124,384)	\$ 460,616	\$ -	\$ 460,616
I/V/A	Mobile Health Care Unit	\$ 350,000	\$ 350,000	\$ 350,000	\$ -	\$ 350,000	\$ -	\$ 350,000
I/V/B	Health Services in Santa Fe County	\$ 764,000	\$ 825,000	\$ 714,000	\$ (37,134)	\$ 676,866	\$ 111,000	\$ 787,866
I/V/C	Health Care Marketing & Outreach	\$ 38,000	\$ 38,000	\$ 38,000	\$ -	\$ 38,000	\$ -	\$ 38,000
I/V/D	County Health Care Days	\$ 10,000	\$ 10,000	\$ 10,000	\$ -	\$ 10,000	\$ -	\$ 10,000
V/A	Clinic Health Care Support	\$ 775,000	\$ 908,000	\$ 509,000	\$ (87,250)	\$ 421,750	\$ 399,000	\$ 820,750
	<b>Totals for Other Community Programs</b>	<b>\$ 2,422,000</b>	<b>\$ 2,716,000</b>	<b>\$ 2,206,000</b>	<b>\$ (248,768)</b>	<b>\$ 1,957,232</b>	<b>\$ 510,000</b>	<b>\$ 2,467,232</b>
	<b>Totals for County Expenditures and OC Programs</b>	<b>\$ 7,681,000</b>	<b>\$ 8,756,010</b>	<b>\$ 8,246,010</b>	<b>\$ (248,768)</b>	<b>\$ 7,997,242</b>	<b>\$ 510,000</b>	<b>\$ 8,507,242</b>

	FY-2005 MOA Amendment #8 Amount	FY-2006 Santa Fe County Proposed MOA	FY-2006 SVH Proposed MOA	
<b>IVB: Health Services in Santa Fe County</b>				
On-Call Physician Funding	\$ 339,000	\$ 400,000	\$ (37,134)	\$ 61,000
Project Ann	\$ 130,000	\$ 175,000		\$ 45,000
HAP Software Program	\$ 50,000			\$ -
Additional Physician Funding	\$ 245,000	\$ 250,000		\$ 5,000
<b>Totals for IVB: Health Services in SF County</b>	<b>\$ 764,000</b>	<b>\$ 825,000</b>	<b>\$ (37,134)</b>	<b>\$ 111,000</b>
				<b>\$ 250,000</b>
				<b>\$ 787,866</b>

	FY-2005 MOA Amendment #8 Amount	FY-2006 Santa Fe County Proposed MOA	FY-2006 SVH Proposed MOA	
<b>VA: Clinic Health Care Support</b>				
Su Vida	\$ 44,500	\$ 44,500		\$ 44,500
La Familia Diabetes & Perinatal Care	\$ 100,000	\$ 100,000		\$ 100,000
SVH Foundation - Nurse Scholarships	\$ 140,000	\$ 140,000		\$ 140,000
SF Community College - Nurse Scholarships	\$ 51,000	\$ 51,000		\$ 51,000
PMS Crisis Response	\$ 150,000	\$ 150,000		\$ 150,000
Indigent Pharmacy	\$ 44,500	\$ 44,500	\$ (22,250)	\$ 22,250
Skilled Nursing Beds	\$ 89,000	\$ 89,000	\$ (44,500)	\$ 55,500
Flu Shot Clinic	\$ 41,000	\$ 41,000	\$ (20,500)	\$ 20,500
PMS Healthy Tomorrows Van	\$ 40,000	\$ 40,000		\$ 40,000
Rape Crisis Center *	\$ -	\$ -		\$ -
Edgewood Clinic	\$ -	\$ 20,000		\$ 20,000
211 Program	\$ -	\$ 25,000		\$ 25,000
Residency Program	\$ -	\$ 50,000		\$ 50,000
Paramedic	\$ -	\$ 7,000		\$ 7,000
La Familia OB/GYN	\$ 75,000	\$ 75,000		\$ 75,000
Juvenile Facility	\$ -	\$ 20,000		\$ 20,000
Unapplied Carry Over	\$ -	\$ -		\$ -
<b>Totals for VA: Clinic Health Care Support</b>	<b>\$ 775,000</b>	<b>\$ 908,000</b>	<b>\$ (87,250)</b>	<b>\$ 399,000</b>
		<b>\$ 509,000</b>		<b>\$ 820,750</b>

\* Rape Crisis Center - potentially use \$15,000 for fiscal year 2005 funding and eliminate new request



**St. Vincent Hospital  
Sole Community Provider Funding  
Ten Year History**

08/02/05

Fiscal Year	Amount	Annual Increase	Annual % Increase
1997	3,378,227.00	0.00	0.00%
1998	3,427,511.00	49,284.00	1.46%
1999	3,427,511.00	0.00	0.00%
2000	4,383,657.00	956,146.00	27.90%
2001	11,860,421.00	7,476,764.00	170.56%
2002	12,690,976.00	830,555.00	7.00%
2003	13,886,674.54	1,195,698.54	9.42%
2004	15,943,955.02	2,057,280.48	14.81%
2005	20,567,449.30	4,623,494.28	29.00%
2006*	21,369,581.00	802,131.70	3.90%
<b>10 Year Totals</b>	<b>110,935,962.86</b>	<b>17,991,354.00</b>	<b>264.05%</b>
<b>10 Year Averages</b>	<b>11,093,596.29</b>	<b>1,799,135.40</b>	<b>26.41%</b>

\*-Without 2006 Supplemental

**Santa Fe County** | **04/28/05**  
**Sole Community Hospital Base & Potential Supplemental Funding**

**FY-2006 Base**

	<b>28.063%</b>	<b>71.937%</b>	<b>Total</b>
	<b>SF County</b>	<b>NM HSD</b>	<b>Base</b>
<b>Hospital Name</b>	<b>Match</b>	<b>Contribution</b>	<b>Funding</b>
Espanola Hospital	113,722.00	291,524.00	405,246.00
Holy Cross Hospital	5,809.00	14,891.00	20,700.00
Los Alamos Hospital	12,733.00	32,640.00	45,373.00
St. Vincent's Hospital	5,996,839.00	15,372,742.00	21,369,581.00
<b>Totals</b>	<b>6,129,103.00</b>	<b>15,711,797.00</b>	<b>21,840,900.00</b>

**FY-2006 Potential Supplemental**

	<b>28.850%</b>	<b>71.150%</b>	<b>Total</b>
	<b>SF County</b>	<b>NM HSD</b>	<b>Additional</b>
<b>Hospital Name</b>	<b>Match</b>	<b>Contribution</b>	<b>Funding</b>
Espanola Hospital	0.00	0.00	0.00
Holy Cross Hospital	0.00	0.00	0.00
Los Alamos Hospital	0.00	0.00	0.00
St. Vincent's Hospital	0.00	0.00	0.00
<b>Totals</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

**FY-2006 Total Potential SCP Funding**

	<b>SF County</b>	<b>NM HSD</b>	<b>Grand</b>
<b>Hospital Name</b>	<b>Match</b>	<b>Contribution</b>	<b>Total</b>
Espanola Hospital	113,722.00	291,524.00	405,246.00
Holy Cross Hospital	5,809.00	14,891.00	20,700.00
Los Alamos Hospital	12,733.00	32,640.00	45,373.00
St. Vincent's Hospital	5,996,839.00	15,372,742.00	21,369,581.00
<b>Totals</b>	<b>6,129,103.00</b>	<b>15,711,797.00</b>	<b>21,840,900.00</b>
<b>Base Increase Over FY-2005</b>			<b>28.69%</b>
<b>Total Increase Over FY-2005</b>			<b>3.90%</b>

SFC RECORDED 02/20/2006

**Santa Fe County  
Sole Community Hospital Funding**

04/28/05

**FY-2005 Base**

Hospital Name	25.563% SF County Match	74.437% NM HSD Contribution	Total Base Funding
Espanola Hospital	99,703.00	290,332.00	390,035.00
Holy Cross Hospital	5,291.00	15,409.00	20,700.00
Los Alamos Hospital	11,163.00	32,507.00	43,670.00
St. Vincent's Hospital	4,222,398.00	12,295,539.00	16,517,937.00
<b>Totals</b>	<b>4,338,555.00</b>	<b>12,633,787.00</b>	<b>16,972,342.00</b>

**FY-2005 Supplemental**

Hospital Name	25.150% SF County Match	74.850% NM HSD Contribution	Total Additional Funding
Espanola Hospital	0.00	0.00	0.00
Holy Cross Hospital	0.00	0.00	0.00
Los Alamos Hospital	0.00	0.00	0.00
St. Vincent's Hospital	1,018,452.34	3,031,059.96	4,049,512.30
<b>Totals</b>	<b>1,018,452.34</b>	<b>3,031,059.96</b>	<b>4,049,512.30</b>

**FY-2005 Total SCP Funding**

Hospital Name	SF County Match	NM HSD Contribution	Grand Total
Espanola Hospital	99,703.00	290,332.00	390,035.00
Holy Cross Hospital	5,291.00	15,409.00	20,700.00
Los Alamos Hospital	11,163.00	32,507.00	43,670.00
St. Vincent's Hospital	5,240,850.34	15,326,598.96	20,567,449.30
<b>Totals</b>	<b>5,357,007.34</b>	<b>15,664,846.96</b>	<b>21,021,854.30</b>
<b>Base Increase Over FY-2004</b>			<b>15.10%</b>
<b>Total Increase Over FY-2004</b>			<b>28.29%</b>

SFC RECORDED 02/20/2006