

Dear citizens of Santa Fe County:

At our last meeting of the Board of County Commissioners, there was a controversial and agonizing decision that we had to make about the Sole Community Provider (SCP) Contribution that goes to Christus-St. Vincent Hospital (CSVH). I would like to explain the issue, and the reasoning behind the way I voted.

Some time ago, the County added a Gross Receipts Tax (GRT) to what is collected in the entire County for the purpose of indigent health care. (The ability for counties in New Mexico to do this was enabled by the Indigent Hospital and County Health Care Act, originally called the Indigent Hospital Claims Act when enacted in 1965). Now, just to be clear: This money is not just used for low-income people. It can be used to help with medical care for anyone who cannot afford it. Many people in our County do not have insurance for one reason or another -- not just "indigent" people. Accidents happen and illnesses occur. Sometimes the bill for medical care can run in the thousands or tens of thousands of dollars, and even middle-class people cannot afford the bill if they don't have insurance, or if their insurance company does not agree to cover them.

So the voters of Santa Fe County decided to help health-care providers with unreimbursed care, which can take a pretty big toll on the budgets of hospitals and non-profits. The so-called "Indigent GRT" was put in place to be able to help out with that. It can be used for the unreimbursed medical bills for anyone who is a legal resident of Santa Fe County who receives treatment at a non-profit health care provider. (Actually though, the unreimbursed bills are to be covered at 70% of the total bill, not 100%, so it is similar to Medicare, insofar as there isn't full coverage.)

As the only full-service medical facility in Santa Fe County, CSVH (a non-profit hospital) is the SCP, and therefore, anybody who walks through the doors of the hospital must be able to receive treatment, whether they can pay or not. This fact adds an extra twist to the story.

Some years ago, the Federal Government made the decision to match any indigent-care funds given to an SCP by a local government (at a ratio like 3-to-1 in recent years); i.e., for every dollar that a local government contributes to an SCP, the Federal Government will contribute an additional three dollars. The formula to determine that match each year is, of course, complicated, and it puts a great deal of pressure on local governments to give as much as they can.

There has also been yet another twist in the story in just the last several years. Many hospitals across the U.S. figured that they could leverage more dollars if they would pick up some of the expenses of the local government. So, let's say that a local government contributed \$1 million; the hospital could get \$3 million from the Federal Government; the hospital could then pay for \$1 million of the local government's expenses, yet still be ahead by \$3 million.

The Feds decided that this was turning into a huge burden on their budget, so they tightened up the rules considerably for the indigent-care matching funds. Now there is to be no "quid pro quo" arrangement -- at all! In fact, our County Manager, the County's Chief Financial Officer, must sign a form guaranteeing that the County has given money to the SCP (that is, CSVH) only for indigent medical care services and has received no services paid for by CSVH in return.

The hospital used to help out with several of the County's health-related programs; however, we have now made a clean break, in that the County will pay for its own programs, and so will CSVH.

The County Commissioners made the decision at the last meeting to change the way that we calculate the SCP contribution. The amount will be based on the total amount of valid claims for unreimbursed indigent care submitted by CSVH to the County and on the County's cash flow. In principle, the minimum that the County must contribute by Federal law to the unreimbursed indigent claims at the SCP can be substantially less than the total of the claims. In fact, many counties throughout New Mexico give no contribution whatsoever to their regional SCP. Since the County also pays for unreimbursed indigent care at other non-profits that provide much-needed medical services to the people in our County, we do not want the entire amount of the "Indigent GRT" to go to the SCP.

As most everyone is aware, local governments have been hurting across the state and throughout the country, and Santa Fe County is no exception. Our income has not covered our operating expenses for the last two years. We have been making up the difference by spending our reserve funds, which were set aside in the good times, thanks to conservative fiscal management by the County. Reserve funds are there for emergencies. For example, we may need them for a potentially devastating fire season, if no further rain falls on our forests in the next couple of months.

To some extent, the economic downturn of the last couple of years has been an emergency as far as the County is concerned. It caused us to cut our budget by about 15 percent. We have therefore been able to avoid laying off people or furloughing County employees by making up the difference between income and expenditures by spending down our reserves. But if we continue to spend our reserves at the same rate as we have the last two years (about \$14 million per year), we will be out of cash by the end of next fiscal year (2012).

This will mean two things. First, we will suddenly be forced to cut expenses -- drastically -- because then there will be no such thing as reserves to make up the difference. **This will lead to furloughs, layoffs, and cutting services to the people in our County.**

The second thing is that we will have no cushion to spend money for emergency relief, like that necessitated by extreme weather occurrences or wildfires, putting the people in our County in a very precarious position.

So, with both of these things in mind -- that is, the strained County budget and the new tightened regulations from the Federal Government -- the Board of County Commissioners voted to substantially reduce the sole community provider contribution that it gives to Christus-St. Vincent Hospital. Last year, we contributed around \$6.5 million from County funds; this year, the amount will be \$1.9 million, based on projections of actual unreimbursed indigent care. Here is how we arrived at that figure: Every month, CSVH submits indigent care claims to the County. Extrapolating those claims to the end of the year, the total claims for Fiscal Year 2011 will be somewhere between \$6 and \$7 million. So with a \$1.9 million County contribution added to the estimated federal match of \$4.5 million, CSVH will receive a total of \$6.4 million to be used toward unreimbursed medical care. (The federal match is less than 3 to 1 this year.) This contribution is fair and consistent with Federal regulations.

If things change in some substantive way in the next six months (i.e., more indigent claims), there is a chance to give another contribution to the hospital: the so-called supplemental contribution.

At the last Board of County Commissioner meeting, three Commissioners (myself and Commissioners Vigil and Stefanics) voted for the \$1.9 million SCP contribution from the County. Commissioners Mayfield and Anaya dissented, stating that, in spite of the County's fiscal constraints and Federal regulations, we could somehow give more.

My reasoning was that, given the current state of the County finances, it was best for us to be prudent. The hospital has not cut its budget yet, even with these difficult economic conditions, nor have they agreed to be transparent with the County about where their monies go. It seems unfair to make County employees pay -- nor the taxpayers of Santa Fe County -- through job losses or furloughs that will lead to cutting important services.

Sincerely,  
-Kathy