

Sierra Vista Hospital
Regular Joint Powers Commission Minutes
January 25, 2024 @ 1:00pm

1. The Joint Powers Commission of Sierra Vista Hospital met January 25, 2024 at 1:00pm in the boardroom at Sierra Vista Hospital for a regular meeting. Jim Paxon, Chairperson, called the meeting to order at 1:10pm.

2. **Pledge of Allegiance** Jim Paxon, Chairperson

3. **Roll Call** Jennifer Burns, Recorder

Joint Powers Commission

Attendees: City of Elephant Butte

Kim Skinner, Present
Phillip Mortensen, **Vice Chair, by phone**
Cathy Harmon, Present

City of T or C

Rolf Hechler, Present
Amanda Forister, Member, Present
Ingo Hoepfner, Member, Present
Angie Gonzales, City Manager, Absent

Sierra County

Travis Day, Absent
Jim Paxon, **Chair**, Present
Hank Hopkins, Absent
Amber Vaughn, County Manager, Present

Village of Williamsburg

Vacant, Member
Magorie Powey, Present
Deb Stubblefield, Present
Amanda Cardona, Absent

Sierra Vista Hospital

Frank Corcoran, CEO, Present
Ming Huang, CFO, Present
Sheila Adams, CNO, Absent
Bruce Swingle, **Governing Board Chair**, Present
Heather Johnson, HIM

AGENDA ITEMS

PRESENTER

ACTION REQUIRED

4. Approval of Agenda

Jim Paxon, Chairperson

Jim Paxon noted, as indicated on the agenda, the JPC will move into Executive Session at 2:00 and finish any open session agenda items after Executive Session.

Magorie Powey motioned approval of the agenda. Kim Skinner seconded. Motion carried unanimously.

5. Approval of Minutes

Jim Paxon, Chairperson

A. October 19, 2023 Regular Meeting Minutes

Deb Stubblefield motioned approval of the October 19, 2023 minutes. Kim Skinner seconded. Motion carried unanimously.

6. Public Comment –

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None

7. Old Business

Jim Paxon, Chairperson

None

8. New Business

A. Finances 101 - Frank Corcoran, CEO, handed out an enlarged copy of the December Income statement and Twelve-month income statement. Frank discussed gross patient revenue, deductions from revenue, total deductions, net revenue, other and non-operating revenue, total revenue, expenses, total operating expenses, EBITDA, deductions from EBITDA including depreciation, amortization, interest and tax, net loss, and net income. Operational revenue (EBITDA) is the line that is most important line to look at. Year to date, EBITDA is \$1,280,490, gross patient revenue is \$32,537,994, and total operating revenue is \$18,398,094.

No other business operates the way a hospital does. We cannot pass on the increase in goods, supplies, surgical equipment, food, etc. to the patient. Last year, 2/3rds of New Mexico hospitals lost money. They were negative from operations. We are in the 1/3rd that made money last year.

The twelve-month income statement will show you the running total for each month. Gross patient revenue has been at or over \$5 million each month with the exception of last February. Operating revenue is typically going to be about 50%.

Discussion was held regarding the VA and Medicare compensation to hospitals.

B. Fourth Quarter Financial Report - Ming Huang, CFO, reported that in October we had gross patient revenue of \$5,222,493. After subtracting deductions, our net patient revenue was \$2,681,731. Total expenses were \$3,093,428. EBITDA (total operating revenue less total operating expenses) was \$337,470. In November, gross patient revenue was \$5,186,012. Net patient revenue was \$2,456,727. Total operating revenue was \$2,845,491. Total expenses were \$2,785,412. EBITDA for November was \$60,079. Gross patient revenue in December was \$5,607,692. Net patient revenue was \$2,584,897. Total operating revenue was \$3,302,050. Total operating expenses were \$3,130,349. EBITDA was \$171,700. Year to date, July through December, EBITDA is \$1,280,490. Total cash at the end of December was \$9,179,324.

Kim Skinner motioned to approve the fourth quarter financial report. Deb Stubblefield seconded. Motion carried unanimously.

C. Audit Report - Ming Huang, CFO, stated that we submitted the audit report to the State. They have accepted our report. There were two minor findings last year: one for the expenses budget and one for our retirement plan. The corrections will be made this year.

Kim Skinner motioned to approve audit report. Deb Stubblefield seconded. Motion carried unanimously.

D. Budget Adjustment - Ming Huang, CFO, reported that we have increased revenue by \$1,500,000 due to the Pharmacy 340B program, the interest on our investments and the increase in Gross receipts tax revenue this year. We have also increased our supply expenses by \$500,000 for the 340B program and \$2,000,000 for contract services due to usage of two computer systems with the Cerner conversion.

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Kim Skinner motioned to approve the budget adjustment. Deb Stubblefield seconded. Motion carried unanimously.

E. CEO Report - Frank Corcoran, CEO, stated that we are still looking for a psychiatrist to round out our Behavioral Health services. We have a tele-psychiatrist that is helping with our clinic patients currently. The clinic is working with the VA and their behavioral health needs.

We had our annual Fire, Lab, and Dietary surveys last month. There were 13 fire findings that were minor and fixable, compared to the 400 findings in the past. There were two minor findings with the lab and two minor findings in dietary.

Arena tele-health will possibly be assisting us with pulmonology services in the clinic. We already have the equipment to make this happen and there is a real need for this as most patients are waiting six months to see a provider in Las Cruces. The walk-in clinic is averaging 15 patients per day Wednesday through Friday and five on Saturdays.

We plan to go live with our Cerner conversion on January 29th. The conversion will affect our collections as the old system (Athena) finishes up and the new system (Cerner) starts up. We pay Athena a percentage of collections; we pay Cerner a fixed fee for services. Cash will drop during this transition period, that is expected. The patient portal will be switching over as well with some patient education on what you can and cannot do with the portal.

Last year, Senate Bill 7, an \$80 million fund for hospitals, passed. We didn't get anything from it. Only one of the 11 rural hospitals received any money from that bill.

1. HDAA Legislation - Frank Corcoran, CEO, explained that this is this years bill. It doesn't have a number at this time. The New Mexico Hospital Association created this bill to do away with HAP/TAP funds that have dwindled down due to large hospitals taking more of the TAP funds. TAP payments are based on Medicaid volume. Larger hospitals have larger Medicaid volumes than rural hospitals and therefore, receive more of the Medicaid payment. This is not what the HAP/TAP program was intended for. This bill before the legislature is basically an assessment tax on all hospitals in New Mexico that would pay a fee on inpatient beds that are non-Medicare and a percentage of our outpatient revenue. If all hospitals contributed to or paid into this assessment it would be about \$326 million. This would go into a federal matching program and would return to us in Federal matching funds of \$1.2 billion. For Sierra Vista Hospital, based on last year's data, we would pay \$125 per day or approximately \$99,000. Our outpatient revenue tax is 5.2% or \$775,000 for a total of \$875,000 that would go into the matching fund, and we would receive \$7 million after fees. 43 states participate in this program already.

Senate Bill 161 is a stimulus of up to \$3 million to stabilize the 11 independent and non-corporate rural hospitals in New Mexico until the HDAA bill can go into effect in 2025.

2:00pm Philip Mortensen Motioned to close for Executive Session. Magorie Powey seconded.

9. Executive Session – In accordance with Open Meetings Act, NMSA 1978, Chapter 10, Article 15, Section 10-15-1 (H) 7 and 9 the JPC will vote to close the meeting to discuss the following items:

10-15-1 (H) 7 – Attorney Client Privilege/ Pending Litigation

A. Risk Report

Heather Johnson, HIM

10-15-1 (H) 9 - Public Hospital Board – Strategic and long-range business plans

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A. PreReal Presentation James Prendamano

Roll call vote:

Philip Mortensen – Y	Cathy Harmon – Y	Kim Skinner – Y
Jim Paxon – Y	Rolf Hechler – Y	Amanda Forister – Y
Ingo Hoepfner – Y	Magorie Powey – Y	Deb Stubblefield - Y

Governing Board Chairperson, Bruce Swingle, excused himself from closed session.

10. Re-Open Meeting – As required by **Section 10-15-1 (J), NMSA 1978 matters discussed in executive session were limited only to those specified in the motion to close the meeting.**

10-15-1 (H) 7 – Attorney Client Privilege/ Pending Litigation

A. Risk Report No Action Required

10-15-1 (H) 9 - Public Hospital Board – Strategic and long-range business plans

A. PreReal Presentation James Prendamano No Action Required

F. Board Education - Lisa Boston, Interim Consultant, discussed with the JPC their fiduciary duties and responsibilities in addition to duty of care, conflict of interest, duty of obedience, accountability to stakeholders and duty of confidentiality.

G. Governing Board Report - Bruce Swingle, GB Chair, stated that there are some new board members who don't understand all of the finances and how they work. Frank's Finance 101 really helps and makes sense. The Finance Committee has developed a matrix of key indicators that will help us with trends because one month does not make a hospital. The revenue at the hospital has never been higher. The new services are helping to bring in that revenue. The problem is that we are getting reimbursed at .50 cents on the dollar. New Mexico has the highest Medicaid enrollment rate and the lowest reimbursement rate in the United States. 65% of our patients are Medicare, 15% are Medicaid, 10% are commercial and 10% are uncompensated care. Getting a reduced return on our expenses is a problem. The dynamics of the state, Medicare and Medicaid are detrimental to a rural critical access hospital. In 2022, according to the data supplied in the auditor supplemental packet, the average New Mexico hospital had 56 to 59 days cash on hand. At that time, we had 120 days cash on hand. Right now, we have 98. Three rural hospitals in New Mexico have 5 days cash on hand today.

We need to provide our CEO all of the tools he needs to do his job.

We did receive the first half property tax mil levy monies.

11. Other

Next regular JPC meeting will be held on ~~Tuesday~~, Thursday May 2, 2024 at 2:00.

12. Adjournment

Deb Stubblefield motioned to adjourn. Magorie Powey seconded. Motion carried unanimously.

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JB 5/2/24

Jennifer Burns, Recording Secretary

Jim Paxon, Chairperson