

RMCHCS CEO discusses hospital's 990 form

Written by By Cody Begaye Sun Correspondent
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Clarifying some key issues

Tax season is upon us, which means companies and organizations will be receiving the results of annual audits to show where they stand financially.

Rehoboth McKinley Christian Healthcare Services CEO David Conejo spoke with the *Sun* about the findings and other information in the hospital's 990 form Feb. 4.

EXAMINING THE 990

Tax-exempt nonprofits are required to file a 990 form with the IRS, which helps ensure nonprofits conduct their business in a way that is consistent with their public responsibilities.

The information on the form includes the mission, programs, and finances of tax-exempt organizations, along with the accomplishments of the organization to help it retain its tax-exempt status.

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The 990 form for RMCHCS for the year ending Dec. 31, 2018 included a number of findings, which are identified by the personal auditor as a material weakness.

Conejo addressed some of those findings and what they mean for the hospital, as well as any progress on what the hospital plans to do about them.

The first highlight was “Untimely Cash Deposits”, which Conejo said may give someone the impression of lower-than-reported funds, but can actually be a result of policies that state those deposits have to be made by someone other than the person collecting the money from each of the hospital's eight locations.

“Some of the findings in there are necessarily the size [of the hospital],” Conejo said. “In order to get all of the [deposits] in one location, especially if you have limited staff or there's bad weather, the deposits may be made the next day by the same person. There are some things like that which all rural hospitals have, and we get cited for it.”

In those circumstances, Conejo said the hospital does the best it can to correct the issues.

Another part of the audit Conejo mentioned was a list of the businesses the hospital conducts business with, whether for administrative services or for other work around the hospital.

He highlighted two groups: Invictus Healthcare Mgmt LLC, and Healthcare Integrity, LLC.

“Healthcare Integrity is me, and only me,” Conejo said. “[A local publication] reported it both ways, saying I'm the owner and only employee and I make this much money. But they've also reported I have four other owners, and we all represent Healthcare Integrity and some of those people are associated with the hospital.”

Conejo said it can't be both ways, that a person can't be in charge and make a designated amount while also working with other people to manage the hospital.

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Next, Conejo specified Invictus as a company which provides professional services overseen by former RMCHCS Chief Operating Officer William Kiefer.

"We split off and he [became] a contractor," Conejo said. "We used to oversee the hospital as a group, then [Kiefer] went to an independent status as a contractor, and then as a contractor, he took over the contract for the hospital."

Another specified entity was Dallago Corporation, which Conejo states is listed for their construction work on the hospital premises. He also said a given contractor will be hired if they possess the right certifications, particularly to handle medical gasses.

There were five interested persons listed on the business transactions section of the 990, a number which Conejo said can change in a given year depending on the services the hospital requires.

CREATING FINANCIAL STABILITY

When the *Sun* spoke with Conejo in May 2019, he discussed how the hospital was about \$16 million in debt when he took the role of CEO in 2014, and had about three days' worth of cash reserves.

"From the time I started the due diligence, they had gone up \$2.5 million in debt," Conejo said. "I told them they're losing money faster than they can pay anything, and they're basically bankrupt."

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However, in the past five years, Conejo said they were able to bring the debt down by \$5 million and revenues for daily cash on hand had expanded to about \$10 million, or enough to keep the hospital operating for about 34 days.

Conejo said other groups have said the hospital owes about \$2 million to McKinley County, which he said is not true anymore.

"We set up a payment plan, and we've been paying them for several years," he said. "Now we're down to about \$1.2 million, and we pay on a regular basis. It's not an outstanding debt that hasn't been tended to."

The reduction of the debt to the county is included in the \$5 million Conejo mentioned as well.

Conejo also brought up the forensic audit that was requested by the county last year, wherein the county sought an independent review of the hospital's mill levy funds, so they could track where the public spending was happening.

While the finalized audit has not been received yet, Conejo said the hospital is comfortable where they are now.

"At the end of seven months, not one number in the audit we submitted was changed," Conejo said. "We have the notes we mentioned earlier, but there were no findings of anything that was wrong."

There is no specified deadline on their end for the audit to be completed, Conejo added.

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