

Are HSC's big cash reserves behind the takeover?

Written by By Joey Peters NM Political Report
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A sudden overhaul in governance of the state's largest public medical institution has left several people questioning the motivations behind the changes and its aftermath.

One such skeptic is Mel Eaves, a now-former community member of the board of directors that made recommendations on the University of New Mexico Health Sciences Center. HSC operates the university's medical school, nursing school, two hospitals and the cancer center.

This piece also appears in the March 23rd edition of the ABQ Free Press.

To Eaves, the motivation for the overhaul stems from other entities wanting a piece of HSC's \$220 million sitting in reserves, earmarked in part for the construction of a new hospital to replace the campus's current adult hospital, which was built in the 1950s.

Eaves, an outspoken proponent for the new hospital, saw his position on the board abruptly eliminated following last week's controversial 4-2 vote by regents.

"I have no question in my mind that control of those reserves is a major impetus for this reorganization that is under way," he said in an interview.

State wanted \$50 million from HSC

State government made at least one recent attempt to get a large sum of money from HSC.

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In early February, the New Mexico Human Services Department, which handles federal programs like Medicaid and food stamps for New Mexico, met with HSC leadership.

“They wanted \$50 million from the UNM hospital to cover the Medicaid shortfall,” Ava Lovell, senior executive for finance and administration at HSC, said in an interview.

Currently, New Mexico is facing a \$417 million deficit in the federal health program for the poor. This came amid a dire budget situation that resulted in cuts throughout the state budget.

It's not unusual for HSC to provide Medicaid money to the state. Each year, HSC gives the state roughly \$20 million in what are called “intergovernmental transfers” for Medicaid. In those cases, matched federal money for Medicaid then goes back to HSC.

But this time the state was asking for something unusual—\$50 million that wouldn't be reimbursed directly to HSC.

Lovell, who was not at the meeting, told *NM Political Report* that her information came from HSC Chief Executive Officer Paul Roth.

Both HSD Secretary Brent Earnest and state Finance and Administration Secretary Tom Clifford made requests for the money at the meeting, according to Lovell. Also present at the meeting were Roth, UNM President Bob Frank, UNM Executive Vice President and Chief Operating Officer David Harris and UNM Hospital CEO Steve McKernan.

UNM Regent Rob Doughty joined in on the phone.

Roth and McKernan told the others that they could not simply fork over \$50 million without the hospital's board of trustees, the HSC board of directors and the UNM regents approving the

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exchange.

Earnest and Clifford then dropped their request.

“The state folks didn’t want that request to be public, so it never went anywhere,” Lovell said.

Spokespeople for both state agencies didn’t respond to requests for comment for this story before press time.

“That \$220 million is a major reason for them to block the new hospital,” Eaves said. “The governor wants it for HSD.”

Whether such attempts could succeed is another matter. Provisions in the university hospital’s lease with Bernalillo County as well as a bond from the federal Housing and Urban Development Department for the children’s hospital say that money for UNM hospital cannot be transferred to other agencies.

Governance overhaul began quietly

Until the controversial regent vote took place last week, the HSC board consisted of five regents and two regent-appointed community members. The board made recommendations on HSC issues to the regents, who had the authority to accept or reject the recommendations.

But the changes, authored by regents Rob Doughty and Marron Lee, eliminated the HSC board and instead replaced it with a committee of three regents.

Documents obtained by *NM Political Report* show that an attorney with UNM’s Office of University Counsel started making draft changes to the guidelines governing HSC’s board of

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directors on Feb. 5—just two days after the state requested the \$50 million to pay for Medicaid.

UNM spokeswoman Dianne Anderson confirms that the university's legal counsel started making the revisions on requests from Doughty and Lee.

Eaves contends the quick timing of the proposed changes after the state's \$50 million request is no coincidence.

Doughty and Lee's formal proposal didn't become public until March 11, three days before the regent meeting where the controversial vote took place.

Regent Suzanne Quillen, who voted against the overhaul, said she and Regent Bradley Hosmer didn't hear about a proposed overhaul was underway until March 9.

"It was being worked on and nobody brought it up for a month," Quillen said. "We didn't know anything until we requested it in writing."

During the March 14 regent meeting, roughly 50 people spoke publicly against the overhaul, asking regents to either reject it outright or at least delay the vote. Local lawmakers, students and HSC staff spoke against the proposal for three hours.

Following the vote, Doughty told reporters that he didn't alert Quillen or Hosmer about the proposed changes because he "felt it would violate the [state] Open Meetings Act," which requires public bodies to discuss matters in public when in quorum. A "rolling quorum" is when members of a public body meet one and one, without a quorum, to discuss a certain issue and reach consensus.

Doughty added that he spoke about the proposal with Lee and Regent Jack Forner before it went public.

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He also denied that regents were blocking building a new hospital.

Role of HSC chancellor

More ambiguous is how the changes affect Roth, who also serves as dean of the UNM School of Medicine and is the state's the second-highest paid public employee.

Roth's existing employment contract with HSC gives him "full authority" over "all revenues, personnel including deans and faculty" and "operational matters associated with the HSC's research, clinical and educational programs as necessary to exercise his responsibilities as Chief Executive Officer of the HSC."

A provision in Roth's contract reads that he will "accept no other employment that would be inconsistent with such responsibilities."

But Doughty and Lee's authored changes removed Roth's full oversight authority over HSC property, finances, staff and legal matters and subjected them to approval of UNM President Frank.

Shortly before the Regents made a vote, Roth told the public that UNM President Frank would immediately reinstate Roth's role as CEO. After the vote, Roth said in a statement that he was "grateful" to Frank "for clarifying that I will continue as CEO of the UNM Health System, with all of the responsibilities and authorities commensurate with that."

Doughty also told reporters after the vote that Roth stays in charge of the "day-to-day operations" of HSC. Still, an HSC spokesman told *NM Political Report* last week that HSC press relations were in the process of learning "what that entails."

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