

**BOARD OF UNION COUNTY COMMISSION  
REGULAR MEETING  
February 13, 2018**

UNION COUNTY, NM  
DOCUMENT #201800244  
03/14/18 09:27:53 AM  
1 of 13  
BY Brenda Green

**BOARD MEMBERS PRESENT:**

Chairman Justin Bennett                      Commissioner Walter C. Hall                      Commissioner W. Carr Vincent

**OTHERS PRESENT:**

Clerk Mary Lou Harkins                      Treasurer Brandy Thompson                      Sheriff James Lobb  
Mgr. Angie Gonzales                      Assessor Frankie Aragon                      Superintendent Russell Kear  
Emergency Mgr. Dusty Russell                      Fire Coordinator Jim O'Bryant

**GUESTS:**

Rose Fierro, Fierro & Fierro, P.A.  
Ich Stewart, Fire Management Officer - Kiowa/Rita Blanca Nat'l Grasslands  
James and Mignon Sadoris  
Sue Richardson, Reporter - Union County Leader  
Terri Martinez, CFO - Union County General Hospital  
Tammi Stump, CEO - Union County General Hospital  
Judy Steen, Clayton Health Systems Board Member  
April Gallegos, Executive Director - Clayton/Union County Chamber of Commerce  
Lynn Greene, CEO - Lucky Corridor LLC  
J.J. Siebrasse

At 9:01 a.m., Chairman Bennett called the meeting to order, in the Union County Commissioner's Office, located in the Union County Courthouse. The Pledge of Allegiance was recited.

Commissioner Vincent moved to approve the agenda and the regular meeting minutes of January 9, 2018. Commissioner Hall seconded. There was no further discussion. Vote: All YES. Motion carried. Minutes signed.

**HOSPITAL REPORT**

Tammie Stump, CEO, distributed copies of the "County Commissioner Monthly Hospital Report, Union County General Hospital, Tammie Stump, CEO, February 13, 2018", attached as an exhibit. Stump reported on the following: Dr. Van Wormer Update, Physician Recruitment, Rural Health Clinic Update, Business Office/Revenue Cycle Update; and Programs Moving Forward. Stump spoke regarding, but not limited to the following: Dr. Van Wormer has been re-credentialed for Medicaid and Medicare; on February 1<sup>st</sup>, Van Wormer moved into the Rural Health Care Clinic; Terry Weaver, M.D. has applied. A copy of Terry Weaver's, M.D. CV (curriculum vitae), and a letter of introduction made by O Pacific Companies dated January 26, 2018, was distributed for review. The Board signed Weaver's contract; the Rural Health Clinic application is still pending; business office training is ongoing; Medicaid application assistance is now being made available to patients; telepsychiatry maybe an option in the Rural Health Clinic; currently analyzing the financial, regulatory and feasibility of hemodialysis; obstetrical care discussed; Stump supplied copies of a "Board Position" letter of interest submitted by Craig Reeves. Once approved, the vacancy will be published following the member's resignation. The Board of County Commissioners will confirm the hospital board's appointment at a future regular meeting.

Terri Martinez, CFO, supplied a copy of the "Clayton Health Systems, January 31, 2017, Notes to Financial Statements, Period Ending December 31, 2017", "Clayton Health Systems, Inc., Union County General Consolidated, Executive Financial Summary, 6 Months FY 2018", and "Clayton Health Systems, Inc., Clayton Family Practice, Executive Financial Summary - 6 Months FY 2018", attached as exhibits. Martinez spoke regarding, but not limited to the following: income statements, balances, statistics, revenues and expenses.

Chairman Bennett briefly discussed an opioid litigation (State of New Mexico vs. Purdue Pharma L.P. et al).

## **DISCUSSION/POSSIBLE ACTION ITEMS**

### **FY 2017 AUDIT PRESENTATION**

Rose Fierro, P.A., Fierro & Fierro, reported to the Board that the County audit was complete and the State Auditor has released the report. Copies of the "Financial Statements and Independent Auditors' Reports, June 20, 2017" were submitted to Union County and prepared by Fierro & Fierro, P.A. Fierro spoke briefly about two (2) findings and gave her opinions of them. Fierro was complimentary of the county's management and thanked the Board for allowing Fierro & Fierro the opportunity to work with Union County.

### **RESOLUTION #106-21 FIXED ASSETS RURAL HEALTH CLINIC**

A proposed resolution authorizing the use of the Union County Rural Health Clinic by Union County Health Systems, Inc. DBA Clayton Health Systems (CHS) was reviewed and discussed. The Union County Rural Health Clinic was purchased by Union County through a monetary donation made by the Weatherly Charitable Lead Trust. Clinic renovations were financed by the hospital Mill Levy and GRT funds. The clinic is owned by Union County, the applicable governmental unit and the fixed assets inventory should reflect so. The hospital assumed responsibility for the day to day operation of the clinic. Upon approval of the county commissioners, the Department of Finance and Administration will be made aware of the fixed asset(s) correction.

Commissioner Vincent moved to approve Resolution #106-21 Fixed Assets Rural Health Clinic. Commissioner Hall seconded. Vote: All YES. Motion carried. Resolution signed.

### **RESOLUTION #106-29 PERMIT FOR GALLEGOS WIND FARM**

A proposed resolution permitting (up to and including December 31, 2022) Gallegos Wind Farm, LLC to begin construction of the first phase of the Gallegos Wind Farm was reviewed and discussed. Lynn Green, CEO of Lucky Corridor asked that the Board consider extending the permit for Gallegos Wind Farm and reminded the Board that the Don Carlos Wind Farm had one (1) year left on its permit and will also need to be extended. Greene gave a lengthy status report on the project(s), which included but was not limited to the following: On January 30<sup>th</sup>, Greene reported that a bid was filed with one of America's top five (5) companies to build the Don Carlos Wind Farm up to 180 megawatts and to build the Mora line. March 30<sup>th</sup> will be the 1<sup>st</sup> of three (3) awards. Greene further commented that win or lose the bid, the "top 5" company will be coming here to inspect the Gallegos and Don Carlos Wind Farms and Union County. The tour is tentatively scheduled for April 4<sup>th</sup>. Greene asked that the Board be present for a scheduled breakfast in Des Moines and for part of the tour. Greene asked that the road be bladed from the Gladstone Store to the Triple M Ranch prior to the tour. Superintendent Kear agreed to the road repair. Greene asked that she be allowed to go into executive session with the Board regarding issues that impact real estate. Discussion followed briefly, and it was decided that a telephone conference could be done in March. A resolution for the Don Carlos Wind Farm Permit should be considered during the March regular meeting. Greene asked the Board if it would it be okay to tell them that the Don Carlos permit is in the process of being

extended, should PNM contact her. The Board agreed. Once the date for the breakfast/tour is scheduled, Greene will notify Mgr. Gonzales so that she may advertise for a quorum.

Commissioner Vincent moved to approve Resolution #106-29 Permit for the Gallegos Wind Farm. Commissioner Hall seconded. Vote: All YES. Motion carried. Resolution signed.

At 10:37 a.m., the meeting recessed for a short break. At 10:48 a.m., the meeting resumed.

## **CITIZEN'S FORUM**

**April Gallegos, Executive Director of the Clayton/Union County Chamber of Commerce** reported on but not limited to the following: The Legislative Luncheon was a success thanks to the county/town/economic development partnership; 152 guests attended the luncheon; the Chamber Banquet will be in April and planning will start at the end of the week; tourism numbers are lower because the lack of snow in the mountains; the State will be using a new traffic counting system; 4<sup>th</sup> of July planning will begin soon, and the municipal candidate forum was well attended.

**Jim O'Bryant, Fire Coordinator**, introduced Ich Stewart, Fire Management Officer for the Rita Blanca Nat'l Grasslands. Stewart is also a member of the Rabbit Ear Fire District. O'Bryant and Stewart will be working together on various projects. Stewart made his introduction and handed out copies of "The Kiowa Vacant Units Prescribed Burn Project on the Kiowa/Rita Blanca Nat'l Grasslands" dated February 13, 2018. Stewart briefed the Board on the prescribed burn project(s) for the vacant units. Burns will not take place while the area is under extreme fire danger, but when weather permits. Stewart reported that because of the current conditions he has applied for severity funding from Home Land Security, US Forest Service, and regional office and arranged for assistance should the need arise because our fire fighters are few in numbers.

Commissioner Hall questioned the forest service tactics about the lack of willingness to issue grazing permits as a means of fuel control, as well as other forest service management practices. Stewart acknowledged Hall's frustrations. Range management is mandated by regional and national policies. Hall asked that the forest service reach out to administration for change.

**J.J. Siebrasse** asked the Board what the project status was with the GGA (Global Grid Associates) project. Siebrasse asked that the County consider applying pressure to GGA. Mgr. Gonzales agreed to initiate contact and inquire specifically about the completion of an economic development plan. Gonzales will add this to next month's agenda for a report/status.

## **BID #17/18-12 GRENVILLE FIRE STATION ADDITION & REMODEL AWARD**

Mgr. Angie Gonzales reported that seven (7) bids were received and opened in the manager's office on February 6, 2018, at 2:00 p.m. The following bids were received: Backward K of Clayton in the amount of \$288,724, David Parker out of Raton in the amount of \$241,000, Fluhman Builders out of Dalhart, TX in the amount of \$193,165.48, Colt Builders out of Capulin in the amount of \$207,000, Stoven Construction out of Albuquerque in the amount of \$220,000, TFC Construction out of LaJoya, NM in the amount of \$283,500 and River Crest out of Albuquerque in the amount of \$238,000. Gonzales reported that architect Dave Little of Alpha Design reviewed each bid, and recommended awarding the contract for construction for the Grenville Fire Department addition/remodel to Fluhman Builders in the amount of \$193,165.48 plus GRT's. The fire department's project budget was discussed.

Commissioner Vincent moved to approve the bid from Fluhman Builders out of Dalhart, Texas. Commissioner Hall seconded. Vote: All YES. Motion carried.

### **RESOLUTION #106-30 REAPPRAISAL BUDGET INCREASE**

A proposed authorization of Reappraisal (499) – temporary salary budget increase (DFA #203) was reviewed. Assessor Frankie Aragon explained to the Board that the increase was necessary because his office mapper, Hollie Cruz, was going to reappraisal school. Once Cruz passes her certification, Aragon will need to pay Cruz the incentive. Cruz will have completed her 3<sup>rd</sup> phase and will need to pass one more phase to become a state certified appraiser.

Commissioner Vincent moved to approve Resolution #106-30 Reappraisal Budget Increase. Commissioner Hall seconded. Vote: All YES. Motion carried. Resolution signed.

### **RESOLUTION #106-31 NMFA ECONOMIC DEVELOPMENT PLAN**

A proposed resolution authorizing and approving submission of a completed application for financial assistance and project approval to the New Mexico Finance Authority for an economic development plan was reviewed and discussed. Chairman Bennett reported that he spoke with Raymond Mondragon, the Economic Development Director - Eastern Plains Council of Governments, Tim Hagaman, Regional Representative - New Mexico Economic Development Department and that after the legislative session is over, they will begin working towards a plan.

Commissioner Hall moved to approve Resolution #106-31 NMFA Economic Development Plan, authorizing the submission of application to the New Mexico Finance Authority. Commissioner Vincent seconded. Vote: All YES. Motion carried. Resolution signed.

### **RESOLUTION #106-32 OPERATION OF OFF HIGHWAY VEHICLES**

Mgr. Gonzales explained that after researching the state statutes, she understood that the operation of recreational off highway or all-terrain maybe operated on highways or paved roads by the authorizing entity. Union County does not have highways or paved roads, so this does not apply to the County. Sheriff Lobb concurred and reminded attendees that State laws must still be followed. A brief discussion followed. No action taken.

### **CLAYTON SCHOOL DISTRICT PURCHASE AND SALE AGREEMENT**

Mgr. Gonzales confirmed that the documents (Donation Agreement & Quitclaim Deed) prepared by the county attorney, have been given to the school administration. Superintendent Kear reported that he was asked by Tim Callis, Maintenance Supervisor, for a trade-in-kind work schedule. Discussion followed. Chairman Bennett offered to attend the next school board meeting and suggested that a formal written request be sent to administration and the school board president, Richard Sandoval so that the agreement can be acted on at the school board's next meeting.

At 12:05 p.m., the meeting recessed for lunch. At 1:40 p.m., meeting resumed.

### **STATE OF NEW MEXICO VS. PURDUE PHARMA L.P. et al (Opioid Litigation)**

Chairman Bennett briefed attendees about the New Mexico lawsuit against opioid pharmaceutical companies which is an item of concern for the New Mexico Association of Counties. Bennett is currently a member of the

association. The lawsuit alleges that the pharmaceutical corporations are responsible for the opioid epidemic across the state/nation by falsely representing and downplaying the highly addictive drugs. The NMAC recommends that should Union County become part of the litigation that the County go under the umbrella of legal representation of New Mexico Attorney General Hector Balderas. Discussion followed. No action taken.

## **NENMDF JAIL AGREEMENT**

A proposed amended agreement between Clayton and Union County was discussed. Sheriff Lobb reported that because of an arrest of a high-risk individual, the jail refused to receive the inmate because of staff shortage. The inmate was ultimately housed in the Roosevelt County Detention Center, and then transported to Colfax County for a hearing and then transported back to Roosevelt County. Discussion followed about the inconvenience and expense to the County. Pursuant to a meeting with GEO, the chief of police and the town manager, arrangements were made to house certain detainees with detox or suicide concerns. Prison/jail policies are being reviewed and considered for amendment. Commissioner Vincent stated that the next time a detainee has been medically cleared for housing and is refused for housing and results in the sheriff's department transporting the inmate elsewhere, that GEO should be responsible for the expense and that the County be reimbursed. Chairman Bennett suggested that contractual amendments be addressed with the county attorney. GEO's staffing shortage was discussed. Mgr. Gonzales suggested to the Board that they note their concerns on the proposed agreement and that the concerns and liability issues be addressed with the county attorney. This agenda item maybe considered as a future agenda item on the Joint Communications meeting agenda.

## **APPROVAL OF BILLS**

The Board reviewed and discussed bills in the amount of \$193,687.07.

Commissioner Vincent moved to approve the payment of bills in the amount \$193,687.07. Commissioner Hall seconded. There being no further discussion. Vote: All YES. Motion carried.

## **ROAD CROSSING PERMITS**

Permits numbered 264 through 279 were reviewed and discussed:

Permit No. **264**, for the purpose of allowing Permittee (E.N.M.R. Telephone Cooperative) to lay pipe or cable for the purpose of laying fiber optic telecommunication lines across Mountain View Road (Fries domicile); Permit No. **265** across Mountain View Road (Hass domicile); Permit No. **266** across Mountain View Road (Faver domicile); Permit No. **267** across Mountain View Road longitudinally and in lot 3; Permit **268** across Mountain View Road longitudinally and the entire length of the road; Permit No. **269** across Mountain View Road (Jonathon Garcia domicile); Permit No. **270** across Mountain View Road (Brown domicile); Permit No. **271** across Mesa View Road (Skidmore domicile); Permit No. **272** across Apache Valley Road (Gonzales domicile), Permit No. **273** across Esquivel Road (Esquivel domicile), Permit No. **274** across Piacere Road (Wetsel domicile), Permit No. **275** across Prairie View Road longitudinally and the entire length of road, Permit No. **276** and **277** under Holman Road to replace a portion of bad cable, permit No. **278** across Rabbit Ear Road (Baker domicile) and Permit No. **279** across Rodeo Road (Sink domicile).

Commissioner Vincent moved to approve permits 264 through 279. Commissioner Hall seconded. Vote: All YES. Motion carried. Permits signed.

## **SUBDIVISION EXEMPTION**

Mgr. Gonzales reported that a claim for exemption from the requirements of the County's subdivision ordinance was requested by Jourdan Nicholas dba: Sherley Grain, LP. A certified survey showing the parcel boundaries was submitted for county consideration. A property belonging to Monte Adams containing 7.1 acres lies within the area to be subdivided. Discussion followed.

Commissioner Vincent moved to approve the Claim of Exemption as requested by Sherley Grain, LP. Commissioner Hall seconded. Vote: All YES. Motion carried. Claim of Exemption and survey signed.

## **INVENTORY ITEMS DISPOSITION**

"Union County Sheriff Auction List: 6" reviewed and discussed. The list included but was not limited to the following: Kubota Tractor/Front Loader, Polaris Snowmobile, and 3KW Diesel Generator.

Commissioner Vincent moved to approve the "Union County Sheriff Auction List: 6". Commissioner Hall seconded. Vote: All YES. Motion carried. Auction list signed.

## **HEALTH CARE ASSISTANCE PROGRAM - Approval of Claims**

Claims for the Health Care Assistance Program were reviewed. A total of four (4) claims were considered in the amount of \$698.74. Discussion followed.

Commissioner Vincent moved to approve the payment of four (4) claims in the amount of \$698.74. Commissioner Hall seconded. Vote: All Yes. Motion carried.

## **COUNTY TRAVEL REQUESTS**

The following employees reported/requested travel approval: **Chairman Bennett and/or Commissioner Vincent** will attend the El Llano Estacado Resource Conservation and Development Council meeting on March 7<sup>th</sup> in Clayton (Mgr. Gonzales will advertise for quorum); **Commissioner Hall** will attend the NERTPO (Northeast Regional Transportation and Planning Organization) meeting in Santa Rosa on the 28<sup>th</sup>; **Sheriff Lobb** will be traveling to Albuquerque on Thursday for a case investigation, and to pick up a new canine unit; Assessor Aragon reported that **Deputy Assessor Louis Trujillo** will be traveling to Albuquerque for an Oil and Gas Outreach Training put on by New Mexico Tax & Rev on the 20<sup>th</sup>, and **Mapper Hollie Cruz** will be traveling to Farmington on March 11<sup>th</sup> for appraisal training. All travel approved.

## **ORDINANCE #5 DOG ORDINANCE REVIEW**

Ordinance No. 5, regulating the owning, keeping, impounding and disposition of dogs in the interest of public health, safety or welfare of the County of Union, and providing penalties for the violation thereof was discussed. Ordinance #5 was passed in January 7, 1980. It was the consensus of the Board that they wished to consider rescinding this ordinance. Mgr. was directed to advertise at the end of this month so that action can be taken during next month's meeting on March 14, 2018.

**Mgr. Angie Gonzales** reported that Trileaf Corporation is in the process of completing a review of property on Olive Avenue in Des Moines. A client of Trileaf proposes to construct a 120-foot tall monopole communications tower. If the Board wished to comment, the Board must respond within thirty (30) days of the letter. The letter

was dated February 8, 2018, from Trileaf to the Union County Manager's Office, and was contained in the meeting packet.

## **ROAD SUPERINTENDENT'S REPORT**

Kear reported on the following: the scheduled road projects for the Des Moines area have been completed (Weatherly Dam, Hittson Road, Rainbow Road's crossing, railroad crossing at Horseshoe); working on shop and heavy equipment maintenance and repair; gave an update about an electrical malfunction with the Caterpillar loader; taking care of routine road maintenance despite dry weather conditions; will need to have cattle guards built; will work on fireguards parallel to the railroad to Des Moines. Fire Coordinator O'Bryant reported that large capacity spray rigs are now being used behind the track grinder on the railroad to prevent fires; Kear reported that he wants to repair the military water truck and that the repairs needed will be an investment and need to be planned into the budget.

## **FIRE COORDINATOR**

O'Bryant reported that he and Emergency Manager Russell have been working on communication problems, which resulted in the repair of a couple antennas on Sierra Grande; Russell and O'Bryant continue to address and work on the Clayton dispatch concerns. Simple and standard operating procedures (copies distribute for review) used for dispatch will be presented to the County and then to the city council. O'Bryant, Russell and the Town of Clayton's Fire Department developed a boundary map to be used as reference during fire dispatch. A County map developed by Levon Sink, GIS/Rural Addressing Department, will also be used in conjunction with the boundary map and the operating procedures once approved. Russell reported that he is also working towards placement of milemarkers in Clayton and along the district edges on Hwy 87 and 402. Dispatch computer maps and features are being reviewed and considered, specifically, Computer Aided Dispatch (CAD); O'Bryant reported that he has been looking for places to place cell phone/radio towers, antaneas, and repeaters which are to be used for law enforcement and emergency responders. A tower will be placed on the Pacheco Ranch on the Dry Cimmaron.

On behlaf of the Des Moines School, Commissioner Vincent commented that the designated fire lane at the School is not practical because it has no exit, and he wants to know how to get this lane undesignated. O'Bryant suggested that the Fire Marshall be contacted, either through the school or himself, as the fire coordinator.

## **EMERGENCY MANAGER REPORT**

Manager Russell submitted a copy of his "Emergency Manager's Report - January 2018", updated on February 8, 2018. Russell reported on the following: **LEPC (Local Emergency Planning Committee)** the next meeting will be on April 18, location undetermined; **SHSGP (State Homeland Security Grant Program)** reimbursement for the battery backup project has been submitted for 2016, and the left over from the \$20,000 grant maybe used for communications; **EMPG (Emergency Management Performance Grant - Salary Grant)** submitted 2<sup>nd</sup> quarter RFP, 2018 EMPG funding has been cut (a copy of email correspondence from NMEM President dated February 9, 2018, about the EMPG funding, was distributed). Discussion followed and Commissioner Vincent stated that much of the emergency response is made to Hwy 64/87, and asked that this be considered, in addition to the population. Russell concurred and will ask for a highway study for the past couple of years. Based on the findings Russell will include the study information for funding purposes if permitted. This item will be discussed at the next Joint Communications meeting; **Hazard Mitigation** - nothing to update; **meeting with Las Animas County EM & Region Field Manager** - they would like to setup a winter weather tabletop exercise with NM. Planning meetings will take place first and tabletop meeting will occur in the fall; all county emergency responders have been switched over to **FirstNet** service; **Partners in Preparedness Conference** will be in

Albuquerque from March 5<sup>th</sup> through the 8<sup>th</sup>. Russell will be attending; **Dispatch & County Fire Departments** discussed during the Fire Coordinator's report; **Homeland Security Site Visit** was done on January 30<sup>th</sup>. Union County was found to be compliant; **Des Moines Health Fair** will be held on April 11<sup>th</sup>; **County Health Fair** will be on the 25<sup>th</sup> of April; Russell is also taking paramedic courses in his spare time and he is also working towards a Folsom EMS building.

**ELECTED OFFICIALS REPORTS**

**Sheriff Lobb** reported on the following: transports, citations, warnings, civil services, offense incidents/crash/accident reports, and various arrests; Deputy Luke Hall has resigned and position has been advertised; On March 8<sup>th</sup> Lobb will have a site visit with the National Guard Armory Board designee and a construction advisor.

**Treasurer Thompson** reported that the Oxy settlement distribution has been sent out.

**Assessor Aragon** reported that Wyndell Neelly, Senior Tax Agent with Oxy, will be making a trip to Clayton soon and he will be sharing his documents with the assessor's office so that there is no confusion with assessments.

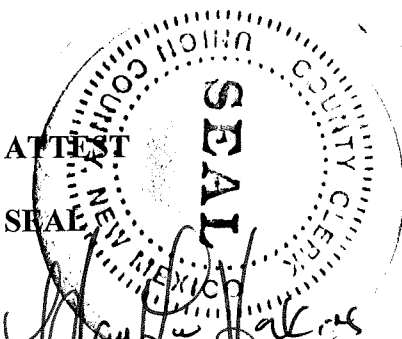
**Clerk Harkins** reported on county wide municipal and primary election activity.

**Commissioner Hall** reported that he attended the local library board meeting on the 6<sup>th</sup> of February. Hall commented that the façade of the library will finally be repaired despite his efforts to have it repaired by the city five (5) years ago.

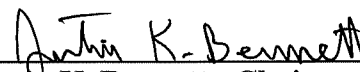
**Chairman Bennett** reported on a couple of legislative topics. Bennett reported that he and Mgr. Gonzales participated in a Legislative Finance Committee feasibility study to research the effectiveness of the New Mexico Extension Service during the early part of December. Bennett and Gonzales were interviewed by the LFC staff about how they thought extension service was working in Union County. Results of study to be presented to the LFC Committee sometime after the legislative session is adjourned.


**Meeting Announcements:** The next regular meeting will be held on Tuesday, March 14, 2018, at 9:00 a.m. The next Joint Meeting with the Town of Clayton will be held on March 14, 2018, at 9:30 a.m.

**ADJOURN:** At 3:47 p.m., Commissioner Hall moved to adjourn the meeting. Commissioner Vincent seconded. There was no further discussion. Vote: All YES. Motion carried. Meeting adjourned.

ATTEST  
SEAL  
  
Mary Lou Harkins - Clerk

**Board of County Commission  
Union County, New Mexico**

  
Justin K. Bennett - Chairman

  
Walter C. Hall - Vice Chairman

  
W. Carr Vincent - Member



**County Commissioner Monthly Hospital Report**  
**Union County General Hospital**  
**Tammie Stump, CEO**  
**February 13, 2018**

Dr. Van Wormer Update:

- Dr. Van Wormer received his approval for Medicare enrollment record on January 17, 2018. We asked that they back date until July 7, 2017, however we were granted effective date of November 1, 2017. This allows us to go back and bill for professional fees since November 1, 2017. We have reassigned all his benefits to UCGH, and put in for reassignment of benefits for the clinic also. We received his PTAN for reassignment of benefits to Clayton Family Practice on February 1, 2018. We are allowed to back this date up to December 19, 2017.
  - We are currently working to get him payer credentialed with commercial and centennial payers. We have been denied Molina Centennial secondary to their requirement that he has to wait 1 year before reapplying. We are trying to fight this. Tricare has denied based upon past felony and UHC is denying based upon him not completing a full residency program. We have appealed UHC's application. So far, he has been approved for Medicare, NM Medicaid, Presbyterian, NMHC (True Health) and Cigna. BC/BS is reviewing his application currently.
  - In addition, I have requested that we contract with Texas, Oklahoma and Colorado Medicaid. We are currently working on this.
- Dr. Van Wormer opened his clinic back up on February 1, 2018. We also closed the fast track the same day. This is going well. Dr. Van Wormer stated he was happy with the transition.

Physician Recruitment Update:

- We have a signed contract from Terry Weaver, M.D., he is double board certified in Family and Geriatric Medicine. We believe his file to be clean; he has denied any medical malpractice cases. He is currently working on getting a NM Medical License and completing his Medical Staff credentialing application and request for privileges. This will allow us to complete a National Practitioners Data Bank check.
- Dr. Khanlian, a physician who has helped us in the past has stepped in to assist us with coverage for the Emergency Room and Inpatient areas from Fridays through early Monday mornings. He is very well respected by the clinical staff at the hospital, as well as Jay Fluhman and Dr. Van Wormer.
- Janine Risser, CNP's last day for locum's coverage is February 16, 2017. We have been pleased with her help and she has voiced if we need help in the future to let her know.
- Dr. Foutch's contract was canceled administratively. We will cover the ER with Dr. Van Wormer and Dr. Khanlian until Dr. Weaver has a NM License and is here.

Rural Health Clinic Update:

- The Department of Health for New Mexico states that secondary to numerous sickness within their department, that they have not finished their review of our completed application and policies. They hope to have it done by this week. They will let us know what steps to take at that time.
- The Compliance Team, accreditation company, is awaiting the approval from the state of NM before doing an unannounced survey.
- As soon as the DOH for NM allows, we will start working on new contracts with payers for RHC.

Business Office/Revenue Cycle Update:

- We have hired Jackie Yeager as the new Business Office director, she is helping us clean up our billing process. We also have a consultant that was sent in from CHC to also help with our billing deficiencies.
- We continue to have weekly group education sessions and one-on-one training as needed.
- We started on January 29<sup>th</sup> our own process for assisting patients applying for Medicaid. This is the first step in applying for Financial Assistance and Indigent. We are setting up appointments to assist the patients with all 3 application processes. Sheryl from the County Office will be providing us with education on the Indigent process on February 20<sup>th</sup>. We are helping the patients who are registering to set up appointments if there is a need, and we will be calling patients with amounts that are uncollected and less than a year old to offer assistance if they qualify.

#### Programs Moving Forward:

- While the Revenue Cycle Corrective Actions, Physician Recruitment and Rural Health Care Clinic are the most important projects to our community currently with respect to hospital operations, we are also assessing the viability of other projects, as below:
  - We have already interviewed a Psychiatrist out of Arizona who would provide part-time tele-psychiatry in the rural health clinic. This would be important for medication management for behavior health. This is an area that is underserved across our nation, but no one feels it as deeply as in rural communities. We have numerous patients that would benefit from the addition of this service.
  - We are analyzing the financial, regulatory and competency feasibility of a hemodialysis. We have run reports and spoke with folks within our community and have found at least 3 patients who would benefit from hemodialysis. There is thought to be additional patients within our area just inside the Texas border. Currently it is difficult to get Medicaid payments across state lines. We will continue our assessment.

# CLAYTON HEALTH SYSTEMS

JANUARY 31, 2017

## NOTES TO FINANCIAL STATEMENTS

Period Ending December 31, 2017

### INCOME STATEMENT:

1. Gross Patient Revenues for December 2017 were \$1.047M.
2. Total Net patient revenue for the month, after deductions of \$434K, was \$613K.
3. Total MTD net revenues, after all other revenues were \$766K.
4. Operating expenses for December were \$878K.
5. Operating margin of (\$112K) after subsidies (Mill/GRT).
6. YTD, we have an operating margin of (\$509K).

YTD Budget to Actual Variances is as follows:

Gross Patient Revenues are under budget by \$2.4M.

Total Net Patient Revenues are under our projected YTD budget by \$675K.

Overall expenses are under budget by \$209K

Salary/Benefits are over budget YTD by \$273K. This includes but is not limited to Dr. Van Wormer's salary for ER because it falls here instead of Professional fees.

Professional fees/Purchased Services are under budget by \$279K.

Pharmacy, Medical, Office Supplies are under budget by \$80K.

Other operating expenses (postage, subscriptions, dues, licenses, taxes, maintenance, lease, utilities, travel and education) are over budget by \$3K. Includes physician recruiting and Audit Invoices.

Depreciation and Interest are under budget by \$89K. This is due to the corrections and updates to the Fixed Asset Schedule after the completion of the budget.

### BALANCE SHEET:

7. Clayton Health Systems has total cash and equivalents of \$413K.
  - a) Bank account reconciled.
  - b) CD Balances: Total = \$1.869M
    1. F&S - \$126,089.56
    2. F&S - \$551,797.74
    3. F&S - \$503,014.24
    4. FNB - \$505,384.27
    5. FNB - \$182,554.64
8. Net Patient AR YTD is \$747K.
9. Accounts Payable total \$297K.
10. Estimated 3<sup>rd</sup> party settlements \$714K. Includes \$925K SNCP payable and \$210K receivable for the Medicare Cost Report Settlement.
11. Current Portion of Long Term Debt is \$199K.
12. Days Cash on Hand is 15.

### STATS:

1. Total Admissions YTD are 81, we are under budget by 46.
2. Clinic Visits YTD are 1982 under budget YTD by 918.
3. Other OP visits/lab/x-rays are under budget by 346.
4. Surgeries/GI Procedures are under budget by 68 YTD.

6 Months FY 2018

Unaudited

KEY STATISTICS					
	12/31/17 ACTUAL	12/31/17 Budget	YTD ACTUAL	YTD BUDGET	YTD VARIANCE
Total Admissions	9	23	81	127	(46)
Total Patient Days	64	79	424	431	(7)
Average Length of Stay Total	7.11	3.43	5.23	3.41	(1.82)
Total Emergency Room Visits	283	298	1,937	1,788	149
Outpatient Visits (NOT CLINIC)	320	374	2,140	2,486	(346)
Total Surgeries	0	5	12	25	(13)
Total GI Procedures	4	12	22	77	(55)
STATEMENT OF REVENUE AND EXPENSES - YTD					
	12/31/17 ACTUAL	12/31/17 BUDGET	YTD ACTUAL	YTD BUDGET	YTD VARIANCE
Revenue:					
Gross Patient Revenues	\$1,047,239	\$1,455,594	\$6,736,936	9,150,488	(2,413,552)
Deductions from Revenue	(434,293)	(672,894)	(2,544,290)	(4,282,879)	1,738,589
Net Patient Revenues	612,946	782,700	4,192,647	4,867,609	(674,962)
Other Revenue	153,008	150,984	843,320	905,904	(62,584)
Total Net Revenues	765,954	933,684	5,035,967	5,773,513	(737,546)
Expenses:					
Salaries, Benefits & Contract Labor	521,341	452,558	2,960,798	2,687,926	272,872
Professional Fees	71,763	106,740	344,005	622,560	(278,555)
Purchased Services	83,940	89,824	511,622	548,944	(37,322)
Supply Expenses (freight)	57,268	73,945	381,222	461,227	(80,005)
Other Operating Expenses	89,718	159,455	959,795	956,732	3,063
Depreciation & Interest Expense	54,076	79,348	387,454	476,088	(88,634)
Total Expenses	878,107	961,870	5,544,895	5,753,477	(208,582)
OPERATING MARGIN	(112,153)	(28,186)	(508,929)	20,036	(528,965)
NET MARGIN	(\$112,153)	(\$28,186)	(\$508,929)	\$20,036	(\$528,965)
BALANCE SHEET					
Unaudited	12/31/17	11/30/17	Audited		
			06/30/17		
<b>ASSETS</b>					
Current Assets	\$4,030	\$4,386	\$4,612		
Property, Plant & Equipment (Net)	10,027	10,072	10,310		
Other Assets	23	22	21		
Total Unrestricted Assets	14,080	14,480	14,943		
Assets Whose Use is Limited	1,686	1,686	1,682		
Total Assets	\$15,766	\$16,166	\$16,625		
<b>LIABILITIES AND NET ASSETS</b>					
Current Liabilities	\$1,717	\$2,000	\$2,063		
Debt Borrowings, net of current	4,875	4,875	4,875		
Total Liabilities	6,592	6,875	6,938		
Net Position	9,174	9,291	9,687		
Total Liabilities and Net Position	\$15,766	\$16,166	\$16,625		

Clayton Health Systems, Inc

**CLAYTON FAMILY PRACTICE**

## Executive Financial Summary

6 Months FY 2018

Unaudited

**KEY STATISTICS**

	12/31/17 ACTUAL	12/31/17 Budget	YTD ACTUAL	YTD. BUDGET
Visits by Provider				
Physician Visits	0	218	16	1,023
Nurse Practitioner Visits	319	305	1966	1,877
Total Clinic Visits	319	523	1,982	2,900
Total Days Clinic Open	19	19	110	124
Average Visits per Day Physician	0	11	0	8
Average Visits per Day NP	17	16	18	15

**STATEMENT OF REVENUE AND EXPENSES - YTD**

	12/31/17 ACTUAL	12/31/17 BUDGET	YTD ACTUAL	YTD BUDGET
Revenue:				
Gross Patient Revenues	\$47,310	\$123,580	\$312,009	685,241
Deductions from Revenue	(31,398)	(48,714)	(235,321)	(295,984)
Net Patient Revenues	15,912	74,866	76,688	389,257
Bad Debt Allowance	(2,000)	(19,830)	(37,706)	(112,230)
Total Net Revenues	13,912	55,036	38,982	277,027
Expenses:				
Salaries, Benefits & Contract Labor (NP)	49,554	33,395	259,064	197,084
Purchased Services/Professional Fees	3,454	26,740	19,618	152,560
Supply Expenses	(133)	3,524	27,125	19,420
Other Operating Expenses	3,745	5,070	51,647	30,420
Depreciation	4,004	2,783	21,367	16,698
Total Expenses	60,624	71,512	378,821	416,182
Operating Income (Loss)	(46,712)	(16,476)	(339,839)	(139,155)
NET MARGIN	(\$46,712)	(\$16,476)	(\$339,839)	(\$139,155)