

RELATED PARTY TRANSACTIONS: GOVERNING DOCUMENTS AND THE UNM HOSPITAL MILL LEVY

THE UNIVERSITY OF NEW MEXICO

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**THE UNIVERSITY OF
NEW MEXICO.**

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ABBREVIATIONS

ACC	Audit and Compliance Committee
APCG	All Pueblo Council of Governors
BC-I	Bernalillo County – Indian (hospital, circa 1954)
BCMC	Bernalillo County Medical Center (circa 1968)
BOR	Board of Regents
CEO	Chief Executive Officer
CON	College of Nursing
COP	College of Pharmacy
EVP	Executive Vice President
HSC	UNM Health Sciences Center
HUD	Housing and Urban Development (Department of)
IA	UNM Health System Internal Audit Department
IHS	Indian Health Service
MOU	Memorandum of Understanding
NMSA	New Mexico Statutes Annotated
OIG	Office of the Inspector General (of DHHS)
RPM	Regents' Policy Manual
SOM	School of Medicine
SRMC	UNM Sandoval Regional Medical Center, Inc.
UNM IAD	UNM Internal Audit Department
UNM	University of New Mexico
UNMH	UNM Hospitals
UNMMG	UNM Medical Group, Inc.
UNM BHO	UNM Behavioral Health Organization
UNM HS	UNM Health System
URPEDA	University Research Park and Economic Development Act

EXECUTIVE SUMMARY

The UNM and Health System Internal Audit Departments (IA) evaluated the governing structure of the UNM Health System, including the UNM Health Sciences Center (HSC), UNM Hospitals (UNMH), UNM Sandoval Regional Medical Center, Inc. (SRMC), and UNM Medical Group, Inc. (UNMMG). The UNM and Health System IA departments also assessed internal controls and tested for compliance with executed agreements for the UNMH Mill Levy.

The audit was conducted as part of the Board-approved internal audit plans for fiscal year 2019, and in response to a management request by the UNM Board of Regents' Audit and Compliance Committee (BOR ACC) and UNMH's Board of Trustees Audit and Compliance Committee (BOT ACC). Additional concerns were expressed by the former Interim State Auditor concerning the transfer of Bernalillo County's mill levy revenues to SRMC and HSC in the form of mission support and other support arrangements without proper supporting documentation, justification, and appropriate levels of approval.

The audit procedures included reviewing policies and procedures, interviewing personnel, gaining an understanding of processes and controls, and performing detailed review and testing of governing documents and agreements. In the course of the audit, the following areas were assessed, some of which were substantively tested:

- Governance and organizational structure of UNM, HSC, and Health System entities
- Bernalillo County mill levy funding to UNMH

The following internal policies, procedures and other documents were used:

- UNM Regents' Policy Manual
- Bylaws organizing UNMH, UNMMG, and SRMC
- The Hospital Funding Act (§4-48B, NMSA 1978)
- Statewide Health Care Act (§27-10, NMSA 1978)
- Executed agreements between UNM and Bernalillo County
- UNMH's Board of Trustees' Bylaws
- Quarterly and annual financial reports submitted by UNMH to the Board of County Commissioners
- Bernalillo County 2016 mill levy election ballot question for voters
- Sandoval County's proposed 2018 mill levy election ballot question
- Documentation to support transactions tested

Observations noted in this report are presented below.

- UNMH Mill Levy: Although UNMH submitted its FY 2018 financial reporting requirements to the County on February 28, 2019, the final report was not submitted to IHS until July 10, 2019.

CONCLUSION

IA reviewed the governance structure of the UNM Health System and did not identify any observations and did not have any recommendations.

IA also reviewed the UNM Hospital Mill Levy and determined there are adequate internal controls in place and UNMH is in compliance with applicable agreements. However, IA recommends that UNMH submit financial reports of mill levy expenditures by department to IHS at the same time they are submitted to the County to ensure compliance with Section B, Part B4 of Exhibit A to the MOU #3.

INTRODUCTION

BACKGROUND

In August 2018, the BOR ACC chairman requested that external and internal auditors perform detailed testing of related party transactions. Considering the scope for auditing related party transactions encompasses all components of HSC and the Health System, UNM Internal Audit and UNM Health System Internal Audit worked in collaboration to complete audit procedures. During the planning of the audit, the work plan was divided among the UNM IAD and UNM Health System IA.

The UNM IAD was also tasked with reviewing and assessing the governance structure of UNM Health Sciences Center and UNM Health System, and whether UNMH is in compliance with the Bernalillo County Mill Levy accounting and reporting requirements.

The UNM Health System IA was tasked with performing a detailed review and testing of related party transactions. The results of the UNM Health System's review and testing will be reported in a future IA Internal Audit report.

PURPOSE AND OBJECTIVES

The purpose of the internal audit was to assess the governing structure and to provide a background of the UNM Health Systems entities engaging in Health System-related party transactions. The internal audit's purpose was also to assess internal controls and test for compliance with UNMH Mill Levy applicable agreements.

SCOPE AND PROCEDURES PERFORMED

The audit procedures included reviewing agreements, interviewing personnel, gaining an understanding of processes and controls, and testing for compliance with key provisions in Mill Levy agreements.

In the course of the audit, the following areas were reviewed and tested by UNM IA:

1. Governance and Organizational Structure – UNM IAD reviewed the organizational structure for the Health System entities including the governing documents (MOAs, Bylaws, any other agreements, University Research Park and Economic Development Act (URPEDA), State Audit Rule and other requirements).
2. Bernalillo County Mill Levy Funding – UNMH receives funds annually from the Bernalillo County Hospital Mill Levy (Mill Levy). The Mill Levy was approved by voters in 1992, and has been put to vote subsequently every eight years for continued approval, which was last given in 2016. In FY18, UNMH received

\$101.7M from Bernalillo County (the County), \$86.5M of which was allocated for the continued operations and maintenance of UNMH, and \$15.2M was allocated to support UNM's Behavioral Health Organizations (UNM BHO). Specifically, IA sought to obtain an understanding of how funds are received and how expenditures of mill levy funds are accounted for and reported back to the Board of County Commissioners and Indian Health Services (IHS), the governing body of the County. IA also tested UNMH's compliance with the Mill Levy.

UNM Health System Internal Audit work includes, but is not limited to review of:

- a. The Hospital Funding Act (Chapter 4, Article 48B, NMSA 1978)
- b. Statewide Health Care Act (§27-10-1 to 27-10-4, NMSA 1978)
- c. Executed agreements between UNM and the County
- d. UNMH's Board of Trustees' bylaws
- e. Quarterly financial reports submitted by the UNMH to the Board of County Commissioners
- f. Annual financial reports of the UNMH and the UNM BHO
- g. Bernalillo County 2016 mill levy election ballot question for voters
- h. Sandoval County's proposed 2018 mill levy election ballot question

OBSERVATIONS, RECOMMENDATIONS, AND RESPONSES

GOVERNANCE AND ORGANIZATIONAL STRUCTURE

UNM Internal Audit reviewed the governance and organizational structure of the Health System and certain component parts of its operations to gain an understanding of requirements within these policies as it relates to related party transactions.

Regents Policy Manual (RPM).

There are five relevant UNM Regents Policy Manual (RPM) policies related to the governance of the HSC and Health System operations, ranging from overall governance by the Regents to delegation of authority to component units of the Health System.

RPM 3.1 – Responsibility of President - The University President (President) is responsible for implementing policies adopted by the Board of Regents. The Board of Regents delegates authority to the President to carry out their responsibilities to manage the University. The President is also free to create policies and procedures as long as they are consistent with Regents policies. The President's areas of responsibility include academic oversight, University finances, personnel, fundraising, athletics, other auxiliary services, and public affairs representation.

Because it is unreasonable to anticipate every possible situation, the President is responsible for consulting with the President of the Board of Regents in order to obtain approval for actions that may be of such consequence that they can affect the fiscal condition of the University, or when the proposed action is of such significance that the Board of Regents should be involved, even if their approval is not specifically required by any policy, statute, or regulation.

RPM 3.4 – Health Sciences Center and Services – With this policy the Board of Regents established the existence of the HSC and “health care components” of the University to include the School of Medicine (SOM), College of Nursing (CON), College of Pharmacy (COP), UNM Comprehensive Cancer Center (CCC), UNMMG, SRMC, UNMH, Children's Hospital, UNM Adult and Children's Psychiatric Hospitals, Carrie Tingley Hospital, and outpatient clinics and facilities. The Health Sciences Center is not a separate legal entity from the University; it is an integral part of the University of New Mexico under the governance of the UNM Board of Regents.

RPM 3.4 provides that the Executive Vice President (EVP) and Chancellor for Health Sciences (HSC Chancellor) shall provide leadership and have administrative responsibility for all activities, operations and programs of HSC and Health System, consistent with UNM policies. The HSC Chancellor may issue policies related to HSC and Health System so long as they do not conflict with existing policies found in the RPM, University Administrative Policies and Procedures Manual (UAP), or faculty handbooks.

In addition to creating the HSC, the Board of Regents, in RPM 3.4, determined that the clinical elements of the HSC are intended to be operated as a fully integrated, academic health center and health care delivery system and will be collectively administered as the "UNM Health System." HSC, UNMH, UNMMG, and SRMC organizations are referred to as the "Health System;" however, there is no formal organization or legal entity that operates as the Health System.

RPM 3.5 – UNM Health Sciences Center Committee – The policy creates and designates the HSC Committee as a standing committee of Board of Regents to oversee clinical, operational, financial, research, and educational affairs of HSC and Health System. Responsibilities of the HSC Committee apply to clinical, operational, financial, research, [and] educational affairs of HSC and Health System.

The HSC Committee consists of three regents to be selected by Board of Regents. Regents maintain the right to consider, determine, and act upon any matter relating to HSC or its components. The RPM 3.5, Section 2.2, subsection k. provides that the HSC Committee shall review and make recommendations to the Regents for final approval of the transfer of money, personal property, and real property to any one or more URPEDA corporations formed by the Regents to support the HSC and its component units and the proposed items thereof. This provision indicates that any transfers are subject to the review and approval of the UNM Board of Regents.

RPM 3.6 – UNMH Board of Trustees (UNMH BOT) – This policy establishes the composition and oversight authority of the UNMH BOT over clinical, operational, and financial affairs of the UNMH. The policy also establishes the authority of the UNMH BOT to report back to the Board of Regents on hospital-related affairs. The nine member UNMH BOT will make periodic reports to HSC committee, at least semi-annually. All UNMH BOT actions are subject to approval or ratification by HSC Committee and Board of Regents.

UNMH BOT, as “governing body” of the hospital, is tasked with:

- Oversight and management of non-research, non-educational operations in a proper and responsible manner so as to enable the UNM Hospital to provide or arrange for provision of high quality healthcare services to patients of the UNM Hospital and to support the teaching and clinical research missions of the HSC; provided, however, that nothing contained in this delegation shall be construed to be a delegation of authority to the UNMH BOT of any matter covered and addressed by the University of New Mexico Labor Management Relations Resolution adopted by the Regents on May 9, 2006 (the “Labor Resolution”).
- Review and recommendation to the Board of Regents of operating and capital budgets.
- Review and approve, or recommend and approve, items related to procurement, contracts with third parties, and leases of real estate.
- Review and approve UNM Hospital’s operating plan and strategic plan.

- Review and approve appropriate policies except those covered by Labor Resolutions.
- Review and approve, in accordance with applicable Regent or University policy and/or applicable accreditation standards, the Medical Staff Bylaws and the HSC Medical Staff Rules and Regulations and amendments thereto.
- Assurance that the Medical Staff has reasonable policies and procedures in place regarding credentialing of physicians and ancillary providers who practice at the UNM Hospital.
- Receipt of and action upon recommendations of the Medical Staff related to appointment and reappointment of members of the Medical Staff and the granting of privileges to physicians and ancillary providers who practice at the UNM Hospital or at other patient care facilities as assigned by the HSC. In this connection, all action by the UNMH BOT related to the appointment and reappointment of members of the Medical Staff shall be fully effective at the time of such action, even if the affected medical staff member may have the ability to appeal the same to the Regents under Regents' Policy 1.5. With respect to "Professional Review Actions," as defined in the Medical Staff Bylaws and related manuals and in applicable federal and state laws, rules, regulations, and accreditation standards, the affected member or members of the Medical Staff shall have such appellate rights as are specified in the Medical Staff Bylaws and related manuals.
- Receipt of and action upon, as appropriate, periodic reports and recommendations of the Medical Staff and administrators of the UNM Hospital related to quality assurance for patient care delivered at the UNM Hospital.
- Coordination with and oversight of any advisory/advocacy boards existing or created for UNM Hospital for other than research and education purposes, and establishment of reporting mechanisms.
- Review and recommendation as to the bylaws of advisory/advocacy boards of UNM Hospital and submission of the bylaws of those advisory/advocacy boards to the Regents for review and approval in accordance with applicable Regents' policy.
- Oversight of claims involving UNMH.
- Oversight of, and action upon, issues involving compliance by the UNM Hospital and the employees thereof with applicable federal and state health care regulatory requirements, including, without limitation, billing issues, anti-kickback statute issues, Stark law issues, and other regulatory requirements.

- Oversight of issues involving compliance with Health Information Portability and Accountability Act (HIPAA), billing issues, anti-kickback statutes, Stark Law, and Health Information Technology for Economic and Clinical Health (HITECH).

RPM 3.7 – Health Sciences Center Institutional Compliance Program- This policy applies to the academic and clinical programs, facilities and services operating under the HSC and its component units, centers, programs, and subsidiary corporations described in RPM 3.4. This policy establishes the University in the context of the Health Insurance Portability and Accountability Act of 1996 (“HIPAA”) and the Privacy Rule Regulation promulgated thereunder, as a “hybrid covered entity” and sets forth those operations of the University that are deemed to be “health care components” of the University’s hybrid covered entity. Please note that, notwithstanding the terms of RPM 3.7, UNMMG and UNM SRMC, because they are separate legal entities of and from the University, are their own “covered entities” under HIPAA and not part of the University’s hybrid covered entity. The University, UNMMG, and UNM SRMC and their respective health benefit plans have elected to operate, however, as an “organized health care arrangement” (OHCA) as permitted by HIPAA. This enables the participants in the OHCA to more freely and seamlessly exchange health information to better the level of care provided, provide healthcare more efficiently and effectively, and improve patient outcomes.

UNM Health Sciences Center Governance and Organization

The University of New Mexico (UNM) Board of Regents has governing authority over the entire University including the HSC. President Garnett Stokes, Ph.D., serves as the Chief Executive Officer and administrative leader of the University, and reports on issues and discrepancies to the UNM Board of Regents.

UNM Health Sciences Center

As stated previously, HSC is not a legal entity separate from the University; it is an integral part of UNM under the governance of the UNM Board of Regents. As stated in Regents’ Policy 3.4, “The health care related education, research, and clinical programs and services offered by the University and/or provided in the University’s facilities and those of certain of its URPEDA subsidiaries as described in this policy are hereby designated as the “UNM Health Sciences Center” which is and shall be a component unit of the University. The HSC consists of the School of Medicine (SOM), the College of Nursing (CON), the College of Pharmacy (COP), the Health Sciences Center Library and Informatics Center (HSLIC), the UNM Cancer Center, UNM Medical Group, Inc. (UNMMG), and UNM Sandoval Regional Medical Center, Inc. (SRMC). The HSC also includes the University of New Mexico Hospital (UNMH), the University of New Mexico Children’s Hospital (Children’s Hospital), the University of New Mexico Adult Psychiatric Center formerly known as the Mental Health Center (Adult Psychiatric Center), the University of New Mexico Children’s Psychiatric Hospital (CPH), the Carrie Tingley Hospital (CTH), and the outpatient facilities and clinics operated under the license(s) of aforementioned

entities. In the Policy 3.4, UNMH, Children’s Hospital, Adult Psychiatric Center, CPH, CTH, and outpatient facilities and clinics thereof are referred to collectively as the “UNM Hospital.”

HSC Organizational Structure – The President of the University is its Chief Executive Officer and reports directly to the Board of Regents. Dr. Paul Roth serves as the EVP, Chancellor for Health Sciences and Chief Executive Officer of the Health System as well as Dean of the UNM School of Medicine (SOM) and reports to UNM President Stokes.

The HSC includes four main areas which report directly to Dr. Roth. The HSC Chancellor provides leadership and has administrative responsibility for all activities, operations, and programs of the HSC and the UNM Health System consistent with University Policies.

- Academic (Education) Programs
 - Dr. Roth also works as Dean of SOM. Dr. Martha McGrew serves as Executive Vice-Dean of SOM; Dr. Christine Kasper serves as the Dean of the College of Nursing; Dr. Donald Godwin serves as the Dean of the College of Pharmacy, and Dr. Karen Armitage serves as the Interim Dean of the College of Population Health. Each of these individuals report to Dr. Roth on day-to-day academic operations of their respective school and colleges.
- Clinical Operations
 - Dr. Michael Richards, Vice Chancellor of Clinical Affairs reports to Dr. Roth on developing and guiding the implementation of Health System strategic plans and programs, as well as guiding strategic policy development applicable to the clinical elements of HSC, including UNMH, UNMMG, and SRMC. Kate Becker, CEO of UNMH, and Jaime Silva-Steele, CEO of SRMC, report to Dr. Roth. Jill Klar, CEO of UNMMG, reports to the UNMMG President, acting on behalf of the UNM Health Center’s Vice Chancellor for Clinical Affairs, Dr. Martha McGrew, who is acting on behalf of the Chancellor for Health Sciences Center, Dr. Paul Roth. All three CEOs have a high level of accountability to Dr. Michael Richards, Vice Chancellor of Clinical Affairs. This reporting structure is aimed to achieve greater alignment and integration across all operational elements of the UNM Health System.
- HSC Research Program(s)
 - Dr. Richard Larson, Executive Vice Chancellor and Vice Chancellor of Research reports to Dr. Roth on developing and guiding the implementation of HSC strategic plans and programs, guiding strategic policy development, promoting campus-wide academic initiatives, and defining budgetary priorities with respect thereto. Dr. Larson also oversees HSC Diversity, Community Health, Academic Affairs, the HSC’s Chief Information Officer, and HSLIC.
- HSC Finance and Administration.
 - Ms. Ava Lovell, Senior Executive Officer for Finance and Administration reports to Dr. Roth on developing and overseeing the budget process and financial and accounting functions, as well as sponsored projects/pre-award and ensuring best practices for general administration for the HSC.

Health System Organizations

Health System. HSC, UNMH, UNMMG, and SRMC all are separate operating organizations that have both differing and overlapping management and governance. These organizations are referred to as the “Health System;” however, there is no formal organization or legal entity that operates as the Health System. The clinical elements of the HSC are intended to be a fully integrated academic health center and health care delivery system and will be collectively administered as the “Health System.” These entities are to work in coordination, as stated in Regents’ Policy 3.4, “The health care related education, research, and clinical programs and services offered by the University and/or provided in the University’s facilities and those of certain of its University Research Park and Economic Development Act (“URPEDA”) subsidiaries as described in this policy are hereby designated as the “UNM Health Sciences Center” which is and shall be a component unit of the University.

UNM Hospital

UNMH BOT Bylaws – Pursuant to the lease between UNM and Bernalillo County, and Regent’s Policy 3.6, the UNM Regents and the Commissioners established UNMH BOT.

The University has exclusive responsibility and authority to control and manage UNMH operations in accordance with terms of the Lease, and the Regents reserve the right to consider and determine, as deemed necessary, any matter pertaining to UNMH. The UNMH BOT is authorized to provide oversight for non-education, non-research, clinical operations at UNMH. These operations are essentially those related to the delivery of routine patient care. The UNM Board of Regents have afforded the UNMH BOT with all powers reasonably necessary to carry out its express responsibilities. In 2010, the Board of Regents approved the Amended and Restated Bylaws for the UNMH BOT. The UNMH BOT has operated under and pursuant to the delegation of authority in RPM 3.6 and the Amended and Restated Bylaws.

No UNMH BOT member may use his/her position on the UNMH BOT for gaining undue personal advantages for that UNMH BOT member or for any person or organization in which the UNMH BOT member is interested or associated. UNMH BOT members are subject to conflict of interest policies adopted by the Regents and the University, and state statutes applicable to conduct of public officials. In fact, the UNMH BOT, in accordance with its Regent-approved Amended and Restate Bylaws, have adopted a formal Conflict of Interest policy and procedure.

Day-to-day UNMH administration is the responsibility of the UNMH CEO. These positions jointly report to the University’s Executive Vice President and Chancellor for Health Sciences. The Hospital Chief Executive Officer is responsible for administering and managing the business, administrative, and clinical operations in support of delivery of medical care at UNMH.

The UNMH BOT is empowered to adopt such specific policies in furtherance of its oversight responsibilities of UNMH as it deems necessary, consistent with the Delegation and applicable Regents and University Policies. The Chairperson of the Board (or their designee) attends

regular meetings of the Regents' HSC Committee and reports on actions taken by and activities of the Board.

UNMH is not a separate legal entity from UNM, and therefore is reported as a division of UNM and included in the basic financial statements of the University. The hospital facility that is now known as UNMH began when Bernalillo County and the Bureau of Indian Affairs (BIA) entered into an agreement to build the Bernalillo County Indian (BC-I) Hospital, which opened on October 26, 1954. In 1964, University of New Mexico School of Medicine (SOM) opened. In 1968, BC-I Hospital changed its name to Bernalillo County Medical Center (BCMC), and became the main teaching facility for the UNM School of Medicine. In 1978, after an extended period during which Bernalillo County and UNM operated the hospital under a Joint Powers Agreement where Bernalillo County handled fiscal and capital matters and the University handled clinical matters, Bernalillo County and the University of New Mexico worked collaboratively to amend the Hospital Funding Act, and, as a result of that amendment, executed a 20-year lease agreement for BCMC. The University assumed full responsibility for operating and maintaining the hospital. Bernalillo County also obligated to pay over to the University the proceeds of the hospital Mill Levy for the operation and maintenance of the County Hospital (BCMC). The hospital officially changed its name to the University of New Mexico Hospital in 1979. In 1999, due to some changes desired by the University, Bernalillo County and the University executed an entirely new Lease Agreement effective as of July 1, 1999 (the "1999 Lease"). Effective as of November 18, 2004, the UNM Board of Regents and the Bernalillo County Commissioners entered into a First Amendment to the 1999 Lease (as amended, the "Lease"), under which, among other things, (i) the term of the Original Lease was extended until June 30, 2055, which is after the maturity of the Department of Housing and Urban Development ("HUD")-insured loan; (ii) the Hospital was authorized to obtain the HUD-insured loan; (iii) the Hospital was authorized to encumber the Lease with a leasehold mortgage; and (iv) the actions that are to be taken concerning the operations of the Hospital in the event of a default under the HUD-insured loan were described.

On February 13, 2018, the Regents of the University of New Mexico and the Board of Commissioners of the County of Bernalillo signed the final UNMH Memorandum of Understanding (MOU). This MOU will continue in full force and effect for the duration of the eight-year Mill Levy term, approved by voters in the November 2016 general election, unless earlier terminated by written consent of the parties as result of the process set forth in the MOU.

Board Structure – The University of New Mexico (UNM) Board of Regents has overall governing authority over the UNMH, but has delegated certain oversight responsibilities to the UNMH BOT. The Hospital is governed by the UNMH BOT, which consists of nine members, including seven members appointed by the UNM Board of Regents. At least one Regent-appointed member of the Board will be nominated by the All Pueblo Council of Governors ("APCG"), as required by the Federal Act. The two remaining members are appointed by the County Commission.

Corporate Officer. Kate Becker, UNMH CEO, reports directly to Dr. Roth (through Dr. Richards), and the UNMH BOT. The UNMH BOT reports directly to the UNM Board of Regents.

UNM Medical Group, Inc.

Articles of Incorporation and Third Amended and Restated Bylaws – UNMMG is formed under the New Mexico Nonprofit Corporation Act and the URPEDA. It is also a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Its Articles of Incorporation provide that it is operated exclusively for the benefit and purposes of the University of New Mexico and shall be operated, supervised, or controlled by UNM.

UNMMG is organized exclusively for charitable, educational and scientific purposes. Specifically, it is organized to: facilitate and develop the clinical and medical practices of the faculty of the SOM and the medical staffing of health care facilities in support of the HSC; to secure clinical and office facilities in which to house and support such health care facilities; to perform business functions related to staffing such health care facilities, including, without limitation, employment, payroll, contracting, and fiscal services; and to perform other functions as reasonable to promote the social welfare of New Mexico through the advancement of health care.

The Regents of the University of New Mexico, as a body corporate, is the sole member of UNMMG. The Regents shall have all the rights and privileges granted to it as a member by the New Mexico Nonprofit Corporation Act, the URPEDA, UNMMG's Articles of Incorporation, and UNMMG's Third Amended and Restated Bylaws. It is important to note that the Articles of Incorporation were approved by the Board of Regents prior to their filing with the New Mexico Public Regulation Commission in 2007. It is also important to note that the original Bylaws of UNMMG were approved by the Board of Regents in 2007 and each amendment to and restatement of those Bylaws have been approved by the Board of Regents.

Pursuant to the URPEDA and UNMMG's Bylaws, the affairs and the property of UNMMG shall be managed by its Board of Directors. The Board of Directors shall act only as a Board, and individual Directors shall have no power as such.

The Bylaws provide for the following committees, with each Committee keeping regular minutes of its meetings and reporting to the Board of Directors, when required:

1. Executive Committee
2. Finance Committee
3. Audit and Compliance Committee
4. Operations Committee
5. Practice Oversight Committee

The Bylaws also allow the Board of Directors to create additional committees with such functions, powers, and duties as the Board of Directors shall determine.

UNMMG is a separate corporate entity (and, therefore, a separate legal entity) formed in 2007 under the University Research Park and Economic Development Act (URPEDA). UNMMG primarily operates as an administrative billing organization for the physicians employed at the HSC, but also:

- Has medical clinics, a joint venture with Lovelace Health System (Lovelace UNM Rehabilitation Hospital, LLC);
- Develops and contracts with third parties to provide medical providers to third party entities for clinical and medical directorship services on behalf of the UNM Health System and its components;
- Develops and administers all UNM Health System managed care provider participation arrangements with third party payors (including commercial insurers, HMOs, Medicaid managed care organizations, Medicare Advantage plans, and the like);
- serves as the employer of the UNM Health System's strategic planning infrastructure; and
- Administers UNM Team Health.

UNMMG is a nonprofit corporation organized to promote, advance, and support the clinical, scientific, educational, research, and charitable purposes of the SOM and HSC. UNMMG is a component unit of the HSC. The sole member of UNMMG is the University, by and through the UNM Board of Regents. The Board of Regents, as a body corporate, may exercise the rights of a member of a corporation as set forth in the New Mexico Nonprofit Corporation Act, URPEDA, UNMMG's Articles of Incorporation, and UNMMG's bylaws. The URPEDA expressly provides that URPEDA corporations are to be operated separate and apart from the University that formed it, and to be managed and governed by its Board of Directors and the corporation's Bylaws.

Board Structure – The UNMMG Board of Directors includes the Dean of the UNM SOM or his designee, the Chief Operations Officer of the Health System, nominees from the Committee of Chairs of the SOM, nominees from the Physician Advisory Group, and an independent non-faculty member. Each and every member of the UNMMG Board of Directors is appointed by the UNM Board of Regents, consistent with the requirements of the URPEDA and the bylaws.

Corporate Officers – The officers of UNMMG include a Chairman of the Board, a President, a Chief Executive Officer, one or more Vice Presidents, a Secretary, and a Chief Financial Officer. The bylaws also provide that the UNMMG Board of Directors, after consultation with and the concurrence of the President and the Chief Executive Officer, may appoint additional Officers and such agents and employees as it may deem advisable.

Dr. Michael Richards is Dr. Roth's designee, and serves as the Chair of the UNMMG Board of Directors, consistent with the provisions of the Bylaws. Dr. Richards' designation and his

appointment to the UNMMG Board of Directors was presented to and approved by the UNM Board of Regents. .

Jill Klar, CEO of UNMMG, reports to the Dr. McGrew, the President of UNMMG. Under the UNMMG bylaws, the President of the UNMMG is the Vice Dean of the SOM, which currently is Dr. McGrew. Ms. Klar also reports to Dr. Roth through Dr. Richards, both in his role as Chair of the UNMMG Board of Directors and in his role as Vice Chancellor for Clinical Affairs.

UNM Sandoval Regional Medical Center, Inc.

Articles of Incorporation and Bylaws – SRMC was organized to promote the social welfare of New Mexico through the advancement of health care and is exclusively for charitable, educational and scientific purposes. Specifically, it was organized for the development, construction, and operation of a licensed general, community, teaching hospital to be located in Sandoval County, New Mexico in support of HSC, and to facilitate and develop the clinical and medical practices of the faculty of the SOM. In 2012, SRMC opened its 60-bed hospital. As a part of this transaction and related HUD-insured, mortgage bonding financing, the Board of Regents recognized the need for capital infusion for SRMC, and therefore ground leased 18 acres of land in Rio Rancho, and authorized the transfer of University and UNMH monies to SRMC. SRMC provides, on a nonprofit basis, hospital facilities and services for the care and treatment of persons who are acutely ill or who otherwise require medical and related services of the kind of customarily furnished most effectively by hospitals.

The sole member of SRMC is the Regents of the University of New Mexico, as a body corporate. The University, by and through the Regents, has all the rights and privileges of a member granted to it by the New Mexico Nonprofit Corporation Act, the URPEDA, SRMC's Articles of Incorporation, and SRMC's Third Amended and Restated Bylaws.

It is important to note that the Articles of Incorporation were approved by the Board of Regents prior to their filing with the New Mexico Public Regulation Commission in 2009. It is also important to note that the original Bylaws of SRMC were approved by the Board of Regents in 2009, and each amendment and restatement to those Bylaws have been approved by the Board of Regents.

Under the Bylaws, the affairs and the property of SRMC shall be managed by the Board of Directors. The Directors shall act only as a Board, and individual Directors shall have no power as such. The Directors shall include the following individuals, who are voting Directors (or "Positional Directors"): (1) the Chief Executive Officer for the UNM Health System; (2) the Dean of the UNM School of Medicine or an individual nominated by the Dean of the UNM School of Medicine to serve on his or her behalf; (3) the Vice Chancellor for Clinical Affairs of the UNM Health Sciences Center; and (4) the then-sitting Chief of the Medical Staff of SRMC duly elected by the active medical staff of the same. The Bylaws additionally provide for the appointment of three (3) Non-Positional Directors. The Officers of SRMC shall be the Chairman of the Board, a President and Chief Executive Officer, one or more Vice Presidents, a Secretary,

and a Chief Financial Officer. The Bylaws also provide that the SRMC Board of Directors may by resolution appoint additional Officers and such agents and employees as it may deem advisable, or may delegate the power to appoint subordinate Officers to the Chairperson of the Board, the President and Chief Executive Officer, or other agents.

The Bylaws provide for the following committees, which shall keep regular minutes of its meetings and report to the Board of Directors, when required:

1. Executive Committee
2. Finance/Strategic Planning Committee
3. Audit and Compliance Committee

The Bylaws also allow the Board of Directors to create additional committees with such functions, powers, and duties as the Board of Directors shall determine.

SRMC is a separate corporate entity (and, therefore, a separate legal entity) formed in 2009 under the New Mexico Nonprofit Corporation Act and the URPEDA. It is also a tax-exempt organization under Section 501(c)(3) of the United States Internal Revenue Code. The sole member of SRMC is the UNM Board of Regents. The Board of Regents may exercise the rights of a member of a corporation as set forth in the New Mexico Nonprofit Corporation Act.

Board Structure – Per SRMC’s Bylaws, the Board of Directors of SRMC includes the Chief Executive Officer for the UNM Health System, The Dean of the UNM School of Medicine (SOM) or an individual nominated by the UNM SOM, and The Vice Chancellor for Clinical Affairs of the UNM Health Sciences Center.

Corporate Officer – Per SRMC’s Bylaws, the Officers of the Corporation shall be the Chairman of the Board, a President and Chief Executive Officer, one or more Vice Presidents, a Secretary, and a Chief Financial Officer. Jamie Silva-Steele serves as the President and Chief Executive Officer of SRMC. Ms. Silva-Steele reports to SRMC’s Board of Directors on internal operations such as revenue cycle operations, information technology, clinical care issues, issues related to personnel, and communications and marketing. The SRMC CEO reports to Dr. Roth, both in his role as Chair of the SRMC Board of Directors and as the Chief Executive Officer of the UNM Health System, and as it relates to the latter, through Dr. Richards, as Vice Chancellor for Clinical Affairs overseeing the operations of the UNM Health System.

The University Research Park and Economic Development Act (URPEDA)

The University Research Park and Economic Development Act, Section 21-28-5(A)(10), NMSA 1978 as amended, provides the framework for the establishment of Research Park entities such as UNMMG and SRMC. The powers of the UNM Regents as related to URPEDA are broad, and allow the Board “to do anything else that the regents deem appropriate to further the purposes of the URPEDA either directly or indirectly.” There are essentially no limits on what

Regents can do with a research park (as opposed to a research park corporation), so long as the Regents are furthering the purpose of the Act, which is to:

- Promote the public welfare and prosperity of the people of New Mexico;
- Foster economic development within New Mexico;
- Forge links between New Mexico's educational institutions, business and industrial communities, and government through the development of research parks on university real property; or
- Engage in other cooperative ventures of innovative technological significance that will advance education, science, research, conservation, health care or economic development within New Mexico.

The affairs and the property of the URPEDA corporation are separate from the University and shall be managed by its Board of Directors. Each nominee to UNMMG's Board of Directors and SRMC's Board of Directors, respectively, have been presented to and appointed by the UNM Board of Regents.

Overlapping Governance within the UNM Health System

From the analysis of various governing boards, it appears that most of the organizational overlap is due to several HSC employees sitting on multiple Boards. Consistent with the 1999 Lease with Bernalillo County in respect of UNMH and the UNMH BOT Amended and Restated Bylaws, Dr. Stokes (by virtue of her role as President of the University) is a non-voting ex-officio member of the UNMH BOT.¹ Dr. Roth (by virtue of his role as Chancellor) is a non-voting ex-officio member of the UNMH BOT. The immediate past Chair of the UNMH Medical Executive Committee (in addition to his or her role as an employee of UNM) serves as a voting member of the UNMH BOT. A member of the UNMH BOT serves as a member of the SRMC Board of Directors. Dr. Richards, in addition to being part of HSC's Executive Management team, is also a voting board member on the UNMMG Board of Directors and the SRMC Board of Directors. Dr. Roth, in addition to his roles as Dean of the School of Medicine and Chancellor of the Health Sciences Center, is a voting member on the SRMC Board of Directors. Dr. McGrew, in addition to her leadership role at the School of Medicine, is also a voting board member on the UNMMG Board of Directors and the SRMC Board of Directors

¹ As described by each of the three leading guidebooks on parliamentary procedure, an ex-officio membership on a governing board grants the position holder all of the rights of membership on that board, except as limited by the terms of the bylaws. In this case, the only limiter is as to voting on action items of the governing board. As such, ex-officio members of the UNMH BOT can make motions, make procedure objections and points of order, second motions, and participate in debate on motions.

UNM HOSPITAL MILL LEVY

Background

Effective as of November 18, 2004, the UNM Board of Regents and the Board of County Commissioners entered into a First Amendment to the Original Lease, as amended, (the "Lease"), under which, among other things, (i) the term of the Original Lease was extended until June 30, 2055, which is after the maturity of the Department of Housing and Urban Development ("HUD")-insured loan; (ii) the Hospital was authorized to obtain the HUD-insured loan; (iii) the Hospital was authorized to encumber the Lease with a leasehold mortgage; and (iv) the actions that are to be taken concerning the operations of the Hospital in the event of a default under the HUD-insured loan were described.

Hospital Funding Act

The purpose of the Hospital Funding Act is:

- A. To encourage and enable counties and other political subdivisions to provide appropriate and adequate hospital facilities for the sick of the counties;
- B. To provide flexibility in financing construction, operation and maintenance of necessary hospital facilities; and
- C. To minimize the cost of constructing new hospital facilities and maintaining adequate hospital facilities in all geographic areas of the state.

According to Section 4-48B-12 NMSA 1978 of the Hospital Funding Act,

- A. The county commissioners are authorized to impose a mill levy and collect annual assessments against the net taxable value of the property in a county to pay the cost of operating and maintaining county hospitals or to pay to contracting hospitals in accordance with a health care facilities contract and in class A counties to pay for the county's transfer to the county-supported Medicaid fund pursuant to Section 27-10-4 NMSA 1978 as follows:
 - 1. in class A counties as defined in Section 4-44-1 NMSA 1978, the mill levy shall not exceed a rate of six dollars fifty cents (\$6.50), or any lower maximum amount required by operation of the rate limitation provisions of Section 7-37-7.1 NMSA 1978 upon a mill levy imposed pursuant to this paragraph, on each one thousand dollars (\$1,000) of net taxable value of property allocated to the county; however, if the county uses any portion, not to exceed one dollar fifty cents (\$1.50), of the rate authorized by this paragraph to meet the requirement of Section 27-10-4 NMSA 1978, the provisions of Section 7-37-7.1 NMSA 1978 do not apply to the portion of the rate necessary to produce the revenues required, provided that the portion of the rate does not exceed one dollar fifty cents (\$1.50).

2. in other counties, the mill levy shall not exceed four dollars twenty-five cents (\$4.25), or any lower maximum amount required by operation of the rate limitation provisions of Section 7-37-7.1 NMSA 1978 upon a mill levy imposed pursuant to this paragraph, on each one thousand dollars (\$1,000) of net taxable value of property allocated to the county.

Section 4-48B-12 NMSA 1978 of the Hospital Funding Act further states, “D. A class A county imposing the mill levy provided for in Paragraph (1) of Subsection A of this section may enter into a mutual agreement with a state educational institution named in Article 12, Section 11 of the constitution of New Mexico operating the hospital permitting the transfer to the county-supported Medicaid fund by the county pursuant to Section 27-10-4 NMSA 1978 of not to exceed the amount that would be produced by a mill levy at a rate of one dollar fifty cents (\$1.50) applied to the net taxable value of property allocated to the county for the prior property tax year and also not to exceed the amount that would be produced by imposition of the county health care gross receipts tax.”

As used in the Hospital Funding Act, class A county is a county having a population of more than two hundred thousand persons according to the last federal decennial census. According to the U.S. Census Bureau, Bernalillo County’s population estimate as of July 1, 2017 is 676,773. Thus, Bernalillo County is a class A county.

Section 4-48B-15 NMSA 1978 provides for election on special levy. The Hospital Funding Act states, “B. In the event the county commissioners of a class A county desire to provide the mill levy authorized in Paragraph (1) of Subsection A of Section 4-48B-12 NMSA 1978, the county commissioners shall submit to the qualified electors of the county the question of levying those taxes not to exceed six dollars fifty cents (\$6.50) on each one thousand dollars (\$1,000) of net taxable value of property allocated to the county for a period of time of not less than four years nor more than eight years.”

The 1999 Lease Agreement and Federal Contract

According to the 1999 Lease Agreement, obligations of the University related to the mill levy and the Federal Contract is as follows:

- The University will devote the revenues of the Hospital Mill Levy and the Mental Health Center Mill Levy solely to the operation, maintenance, improvement and conduct of the Hospital and Mental Health Center and their services.
- The University will provide an annual accounting to the County of expenditures of the Hospital Mill Levy and Mental Health Center Mill Levy, and any successor mill levies.
- The University will adhere to the terms of the Federal Contract and associated federal law, for provision of medical care to Native American patients.

According to the Federal Contract, “The County and the Trustees agree to have and make available at all times when required not less than one hundred (100) beds for Indians; provided that Pueblo Indians of New Mexico shall have first call on and priority to the use of said 100 beds so reserved for Indian use. Nothing contained in this contract shall be construed as an admission or acknowledgment by the United States or any Indian or any Indian Tribe that the County, the Trustees or the hospital would not be required to hospitalize and render treatment to Indians in and in connection with said hospital, in the absence of this contract, on the same basis as any other person would be entitled to such services. It is agreed that Indians (meaning any person of Indian blood) are, would and shall be entitled to hospitalization, treatment and accommodation in and in connection with said hospital on the same basis as any other person would be if this contract were not in effect.”

UNM Hospitals Native American Services Inpatient Priority Access Policy

According to UNM Hospitals Native American Services Inpatient Priority Access Policy, “It is the policy of the UNM Hospitals to work to comply with the 1952 Federal Contract such that UNM Hospitals will endeavor to have and make available to Native American patients (who meet the definition of ‘Indian’ as provided in the 1952 Federal Contract), not less than 100 of its beds for Native Americans; provided that first call on and priority to the use of those 100 beds so reserved shall go to Native Americans from New Mexico Pueblos, as provided in the 1952 Federal Contract. As part of the patient registration process at UNM Hospitals patients are asked to provide demographic information that includes information related to Tribal Affiliation. Native American patients belonging to a New Mexico Pueblo will be identified in the electronic record and scheduling systems to prioritize access to inpatient services, based on the medical acuity of all hospital patients. The relative acuity and medical urgency as between presenting patients shall be determined by the Medical Staff of UNM Hospitals.”

At all times, the University must make available to Pueblo Indians of New Mexico not less than 100 beds. The University has demonstrated that it is in compliance with the requirement. The UNMH reports total billed bed days for Native Americans in the quarterly Bernalillo County Trend Reports. In addition, the UNMH has implemented procedures to identify Tribal Affiliation and provide medical services based upon "the relative acuity and medical urgency as between presenting patients."

November 2016 General Election

On August 23, 2016, the Board of County Commissioners unanimously adopted UNMH Mill Levy Administrative Resolution No. 2016-58 submitting the following question to the registered qualified electorate of the County on the November 2016 General Election ballot:

UNMH Mill Levy

Shall the County of Bernalillo continue to impose a tax levy of Six and Four-Tenths (6.4) mils each year for a maximum of eight (8) years on each dollar of net

taxable value of property in Bernalillo County, New Mexico, for the operation and maintenance of the University of New Mexico Hospital?

On November 8, 2016, Bernalillo County voters approved the Mill Levy for funding of the UNMH.

UNM Hospital Memorandum of Understanding (MOU) #3

On February 13, 2018, the County and the UNM entered into UNM Hospital Memorandum of Understanding #3 (MOU #3). The MOU #3 outlines the terms and provisions geared toward accountability and transparency, quality primary and indigent care, Native American care under the 1952 agreement between Bernalillo County and the federal government, and behavioral and mental health care.

Under Mutual Covenants section II of MOU #3, the University agrees to the following financial allocations and reporting:

1. The University will ensure that UNMH allocated at least 15% of the proceeds of the Mill Levy transferred by the County to the University to the operation and maintenance of the Mental Health Center and associated behavioral health and substance abuse treatment services that are offered by the Hospital and the Mental Health Center.
2. The University agrees that UNMH will continue to fund from its operational funds one or more navigational services programs and a transition planning and case management services program. The navigational services shall have the goal of expanding community-based outreach and navigation support in the health system through community-based programs. The transition plans and case management services programs will be directed at providing services to individuals being discharged from the Bernalillo County Metropolitan Detention Center. The expenditure for the services will be \$2,060,000 annually, adjusted by consumer price index, for each year. An annual report of the number of Native Americans served by these programs will be included as part of the “Annual UNMH Report” to the Pueblos and Tribes.
3. The University will continue existing efforts and will collaborate with the County and IHS regarding the initiation of any new efforts addressing the services provided by the Hospital pursuant to the Lease Agreement, the Federal Contract, the 1999 Consent, and the 2004 Consent. Future evaluations and goal setting will focus on addressing the issues contained in Exhibit A attached hereto and incorporated in this Memorandum of Understanding contains the contemplated data and reporting requirements for the obligations of the University set forth in the MOU and Exhibit A.

UNMH Compliance with the MOU #3 Hospital Mill Levy Requirements

The University is in compliance regarding UNMH's allocation of at least 15% of the proceeds of the Mill Levy to the operation and maintenance of the Mental Health Center, and associated behavioral health and substance abuse treatment services that are offered by the Hospital and the Mental Health Center. For FY18, UNMH's minimum required allocation is \$15,268,902 of which UNMH allocated \$15,268,902 mill levy total expenses – behavioral. For FY17, UNMH's minimum required allocation is \$14,495,259 of which UNMH allocated \$14,495,259 mill levy total expenses – behavioral.

The following table provides information related to the minimum required allocation as of June 30, 2018 (FY18) and June 30, 2017 (FY17):

	FY18	FY17
UNM Hospital Mill Levy Revenue	\$ 86,523,778	\$ 82,139,803
UNM Behavioral Health Mill Levy Revenue	15,268,902	14,495,259
Total UNM Hospital Mill Levy Revenue	<u>\$ 101,792,680</u>	<u>\$ 96,635,062</u>
Total UNM Hospital Mill Levy Revenue	101,792,680	96,635,062
Minimum Required Allocation %	15%	15%
Minimum Required Allocation Amount	<u>\$ 15,268,902</u>	<u>\$ 14,495,259</u>
Mill Levy Expense - Behavioral		
Salaries and Benefits	\$ 10,378,251	\$ 10,061,159
Medical services	2,538,579	2,432,304
Medical supplies	510,757	479,793
Depreciation	325,319	281,208
Equipment	181,996	143,503
Purchased services	174,250	166,695
Occupancy	618,873	600,104
Other	540,877	330,493
Total Expense	<u>\$ 15,268,902</u>	<u>\$ 14,495,259</u>
Minimum Required Allocation Amount	15,268,902	14,495,259
Total Expense	<u>15,268,902</u>	<u>14,495,259</u>
Variance	\$ -	\$ -

Source: Bernalillo County Treasurer/UNMH Audited Financial Statements

The University Hospital is in compliance regarding UNMH's commitment to fund from its operation one or more navigational services programs and a transition planning and case management services program. For the 2016 mill levy, the expenditure for the services are to be \$2,060,000 annually, adjusted by consumer price index rate, for each year. Effective July 1,

2018, the UNMH agrees that it will provide funding to the Pathways Program in the annual amount of \$1,260,000. Effective July 1, 2018, the UNMH agrees it will establish within its budget at least \$800,000 in annual funding for the BCRRC program. Total budgeted expenditures for FY19 are \$2,060,000 which is equal to the required annual total expenditures for the service.

In regards to FY18 and FY17 program expenditures, MOU #3 was not executed until February 13, 2018. As such, the minimum annual expenditure requirement would have been the requirement from the November 2008 MOU of at least \$800,000 in funding, adjusted by inflation, for each year. UNMH funded the Pathways Program under the School of Medicine Office for Community Health for \$860,000 annually, as part of the prior MOU related to the Mill Levy with Bernalillo County.

Memorandum of Understanding #3 – “Accountability and Transparency”

On February 13, 2018, MOU #3 was executed and signed by the Bernalillo County Board of County Commissioners, Regents of the University of New Mexico, and HSC Deputy University Counsel. See MOU #3 at **Exhibit 1**.

MOU #3, Exhibit A: Section A, Reporting and Interaction, Part A1 states:

“The UNMH Board of Trustees and/or management of UNMH will report on a quarterly basis to the Bernalillo County Commission. Exhibit B to the MOU provides a list of accountability measures that UNMH has agreed to provide to the County and to IHS during the first two years of the MOU. For the accountability measures contained in Exhibit B, UNMH will provide national or standard benchmarks for each category, to the extent any such national or standard benchmarks are reasonably available or have applicability to an academic health care center such as UNMH. UNMH, the County, and IHS will collaborate to amend or add additional accountability measures, as deemed mutually appropriate, in future years.”

Exhibit A: Section B, Accountability and Transparency, Part B4 of the MOU states,

“UNMH will provide financial information to the County Commission and IHS as to the expenditure of mill levy funding by UNMH Department to show how the proceeds of the mill levy are being spent, understanding that the mill levy is for the expressed ballot purpose of operations and maintenance of UNMH, those funds are deposited into the operating account of UNMH.”

UNMH provides financial reporting of its mill levy expenditures on a fiscal year basis. On February 28, 2019, the UNMH submitted a final version of its fiscal year 2018 financial reporting of mill levy expenditures. The final report reflects the County’s questions and feedback provided for the draft financial report received from the UNMH on December 27, 2018. Internal

Audit reviewed the report and noted mill levy expenditures were reported by UNMH department, as required by Exhibit A: Section B, Accountability and Transparency, Part B4 of the MOU #3.

Although the UNMH submitted its financial reporting requirements to the County, the final report was not submitted to IHS until July 10, 2019. Thus, financial reporting of mill levy expenditures were not submitted to IHS in a timely manner.

MOU Exhibit A: Section B, Part B5 further states,

“UNM will provide additional financial information as may be reasonably requested by the County Manager or IHS, including but not limited to annual expenditures of the proceeds of the mill levy (presented and calculated based on the percentage of the total annual amount of net revenue of UNMH), as well as of the expenditures and revenues of each UNMH department on a quarterly basis, or as otherwise agreed by both parties.”

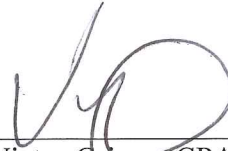
Neither the County Manager nor IHS has formally requested additional financial information from the UNMH. Both parties have agreed to the financial reports presenting mill levy expenditures by UNMH department, which are currently prepared and submitted to the County.

Recommendation 1: Financial reports of mill levy expenditures by department should be submitted to IHS at the same time they are submitted to the County. This will ensure compliance with Section B, Part B4 of Exhibit A to the MOU #3.

Response from the UNMH Chief Executive Officer:

Action Items
<i>Targeted Completion Date: Completed</i>
<i>Assigned to: UNMH Chief Financial Officer</i>
<i>Corrective Action Planned: The quarterly reports, to include all required reporting per the MOU, will be sent to I.H.S. at the same time that they are sent to Bernalillo County.</i>

APPROVALS



Victor Griego, CPA
Interim Director, UNM Internal Audit Department

Approved for Publication



Chair, Audit and Compliance Committee

**UNM Hospital
MEMORANDUM OF UNDERSTANDING**

The BOARD OF COUNTY COMMISSIONERS OF THE COUNTY OF BERNALILLO, a political subdivision of the State of New Mexico (the "County" or "Commissioners"), and the REGENTS OF THE UNIVERSITY OF NEW MEXICO, a state educational institution named in Article 11, Section 12 of the New Mexico Constitution (the "University" or the "Regents"), with the consent of the UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES, INDIAN HEALTH SERVICE ("IHS"), a federal agency, agree:

I. RECITALS

A. On June 18, 1952 the United States, through the Commissioner of Indian Affairs,¹ the Board of County Commissioners of the County of Bernalillo through its Chair, and the Board of Trustees of the Bernalillo County Hospital through its Chair entered into a Contract, which is known as the "Federal Contract." The Federal Contract, as it has been amended in Amendments One, Two, and Three, is a contract in perpetuity and continues in force to the present day. The Federal Contract provides for the operation of a licensed hospital by the County on land that was conveyed to the County by the Bureau of Indian Affairs, and it provides that not less than 100 beds will be available when required for Native American² patients, provided that Pueblo Indians of New Mexico shall have first call on and priority to the use of said 100 beds so reserved for Indian use.

B. On January 24, 1978, the County and the University entered into the first Lease Agreement (the "1978 Lease Agreement"), which provided that the University would receive and treat Native American patients in accordance with the Federal Contract. The IHS provided its written consent to the 1978 Lease Agreement and to a First Supplemental Lease Agreement dated as of August 17, 1978 (but effective as of July 1, 1978), on June 29, 1978. The 1978 Lease Agreement, as amended by the First Supplemental Lease Agreement, was subsequently amended by a Second Supplemental Lease Agreement dated effective as of December 1, 1981, the Third Supplemental Lease Agreement dated effective as of January 1, 1985, and the Fourth Supplemental Lease Agreement dated December 20, 1988 (as amended, the "First Lease"). It is not apparent that the consent of IHS was received in respect of the Second, Third, or Fourth Supplemental Lease Agreements.

C. The County and the University entered into the Lease Agreement for Operation and Lease of County Healthcare Facilities with an effective date of July 1, 1999, pursuant to the

¹ All functions, responsibilities, authorities, and duties of the Department of the Interior, the Bureau of Indian Affairs, Secretary of the Interior, and the Commissioner of Indian Affairs relating to the maintenance and operation of hospitals and health facilities for American Indians and Alaska Natives, and the conservation of the health of American Indians and Alaska Natives was transferred to the Indian Health Service effective July 1, 1959. 42 U.S.C. § 2001(a).

² The Federal Contract refers to "Indians," and defines an Indian as "a person qualified, as determined by the Secretary [of the Interior], to receive medical, surgical and hospital care and service through or from the Bureau of Indian Affairs, under the laws of the United State[s] and the regulations of the Secretary." For the purposes of this Memorandum of Understanding, the term "Native American" shall refer to the same population contemplated by and defined in the Federal Contract.

Hospital Funding Act, Sections 4-48B-1 et seq, NMSA 1978 (the "1999 Lease Agreement"). The 1999 Lease Agreement superseded in its entirety the First Lease. In the 1999 Lease Agreement, the University assumed all of the County's obligations under the Federal Contract, save and except the obligation to impose the mill levy for the operation and maintenance of the Hospital and Mental Health Center. IHS consented to the Lease Agreement on October 18, 1999 (the "1999 Consent"). The 1999 Lease Agreement was amended by the First Amendment to Lease Agreement for Operations and Lease of County Healthcare Facilities dated November 18, 2004 (the "2004 Lease Amendment"), under which the University is operating the University of New Mexico Hospital (also known as the "University of New Mexico Hospital/Bernalillo County Medical Center" and hereinafter called the "Hospital"), and the University of New Mexico Mental Health Center (also known as the "Bernalillo County Mental Health Center--Mental Retardation Center" and hereinafter called the "Mental Health Center"). In this MOU (as defined below), the 1999 Lease Agreement, as amended by the 2004 Lease Amendment, shall be referred to as the "Lease Agreement". The IHS consented in writing to the 2004 Lease Amendment as set forth in the First Amendment to the Agreement Regarding Consent to Lease Agreement dated effective November 18, 2004 (the "2004 Consent").

D. This Memorandum of Understanding ("MOU") does not intend to modify any terms and conditions of the Lease Agreement and is only intended to set forth the understanding of the parties as to how certain of the parties' respective obligations under the Lease Agreement will be performed. In this connection, by execution of this MOU, the County and the University each acknowledges that the parties to the Lease Agreement have fully performed their respective obligations under Section IV.A. of the Lease Agreement in respect of the County's reopening of the terms and conditions of the Lease Agreement and that such reopening of such terms and conditions of the Lease Agreement are deemed completed.³

II. MUTUAL COVENANTS

A. The County took the steps necessary to place on the November 2016 general election ballot, a legally compliant ballot question that was a request for the voters of Bernalillo County to approve continuing a levy of a total of 6.4 mills for the operation and maintenance of the Hospital and Mental Health Center combined, as required under the Lease Agreement and under the Federal Contract (the "2016 Mill Levy"). The voters of Bernalillo County approved that mill levy on November 8, 2016. The University will devote the revenues of the Hospital Mill Levy and the Mental Health Center Mill Levy to the operations and maintenance, improvement and conduct of the Hospital and Mental Health Center.

B. The University agrees to the following:

1. The University will ensure that UNMH allocates at least 15% of the proceeds of the Mill Levy transferred by the County to the University to the operation and maintenance of the Mental Health Center and associated behavioral health and substance abuse treatment services that are offered by the Hospital and the Mental Health Center.

³ For purposes of this MOU, the term Health Sciences Center clinical facilities shall not include clinical facilities owned and/or operated by either UNM Sandoval Regional Medical Center, Inc. or UNM Medical Group, Inc.

2. The University agrees that UNMH will continue to fund from its operational funds one or more navigational services programs and a transition planning and case management services program. The navigational services shall have the goal of expanding community-based outreach and navigation support in the health system through community-based programs. The transition planning and case management services programs will be directed at providing services to individuals being discharged from the Bernalillo County Metropolitan Detention Center. The expenditure for the services will be \$2,060,000 annually, adjusted by consumer price index rate, for each year. An annual report of the number of Native Americans served by these programs will be included as part of the "Annual UNMH Report" to the Pueblos and Tribes.

3. The University will continue existing efforts and will collaborate with the County and IHS regarding the initiation of any new efforts addressing the services provided by the Hospital pursuant to the Lease Agreement, the Federal Contract, the 1999 Consent, and the 2004 Consent. Future evaluations and goal setting will focus on addressing the issues contained in Exhibit A attached hereto and incorporated in this Memorandum of Understanding. Exhibit B attached hereto and incorporated in this Memorandum of Understanding contains the contemplated data and reporting requirements for the obligations of the University set forth in this MOU and Exhibit A.

C. The University and the County each agree that they will continue to perform their respective obligations in accordance with the terms of the Lease Agreement and the Federal Contract.

III. MISCELLANEOUS

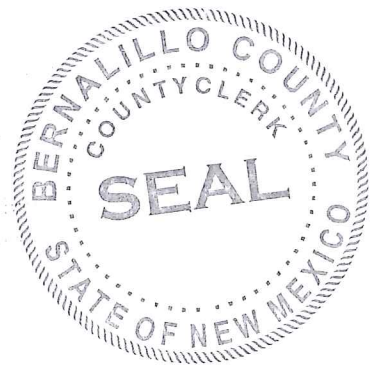
A. This MOU will continue in full force and effect for the duration of the eight-year Mill Levy term beginning after approval of the Mill Levy at the November 2016 general election, unless earlier terminated by written consent of the parties or as a result of the process set forth in paragraph III.C below. This MOU will terminate automatically upon termination of the Lease Agreement for any reason.

B. Modifications to this MOU will be effective only if in writing and signed by authorized representatives of the parties, and only if the IHS has provided its written and signed consent.

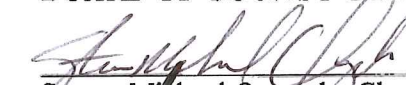
C. If at any time during the term of this MOU, the County and/or the University, as the case may be, concludes that the other party (the "Allegedly Non-Compliant Party") has failed to comply with terms of this MOU, that party (the "Complaining Party") shall give written notice to the Allegedly Non-Compliant Party as provided in the Lease Agreement (with a copy to the IHS) of such alleged noncompliance detailing the specific provisions of the MOU with which it is alleged that the Allegedly Non-Compliant Party has not complied. Within 30 days of receiving such notice, the Allegedly Non-Compliant Party will provide a written response to the Complaining Party's notice, providing a copy of such written response to the IHS. If the parties do not agree with the Complaining Party's assertion of non-compliance, then the parties shall enter into informal dispute resolution by designating senior executive leadership representatives

to meet and confer and to attempt to resolve the issue at hand and the Complaining Party shall provide notice to IHS of such informal dispute resolution. If the Allegedly Non-Compliant Party agrees with the Complaining Party's assertion of non-compliance, the Allegedly Non-Compliant Party will provide the Complaining Party (with a copy to the IHS) with a plan to address the alleged noncompliance and will work cooperatively with the Complaining Party in eliminating the alleged noncompliance. If the parties are unable to reach resolution regarding the Complaining Party's allegations of noncompliance, then the Complaining Party may pursue those legal remedies set forth in the Lease Agreement; provided that the Complaining Party shall provide notice to the IHS of its intent to pursue such legal remedies.

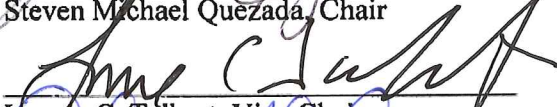
D. Any modifications to this MOU or any subsequent MOUs agreed to by the County and the University during the eight (8) year term beginning after the November 2016 general election will require the consent of the IHS.



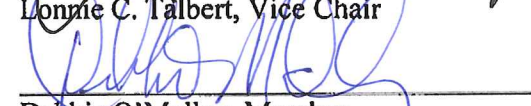
BOARD OF COUNTY COMMISSIONERS



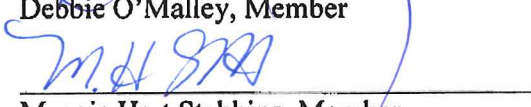
Steven Michael Quezada, Chair



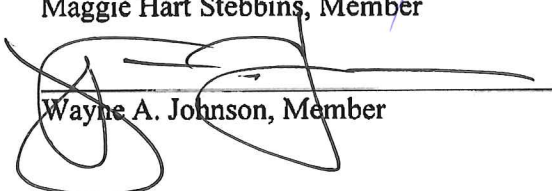
Lonnie C. Talbert, Vice Chair



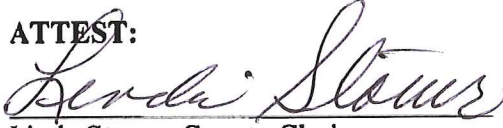
Debbie O'Malley, Member



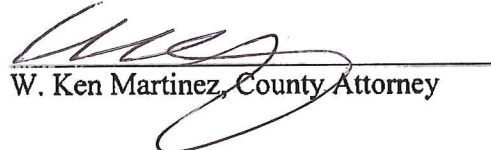
Maggie Hart Stebbins, Member



Wayne A. Johnson, Member

ATTEST:


Linda Stover, County Clerk

APPROVED AS TO FORM:


W. Ken Martinez, County Attorney

REGENTS OF THE UNIVERSITY OF NEW MEXICO

[Handwritten signature]

Robert M. Doughty, III, President

Mayron Lee
Mayron Lee, Vice President

Alex Romero

BC Hosmer
Lt. General (Ret.) Bradley C. Hosmer

Thomas Clifford
Thomas Clifford

Suzanne Quillen
Suzanne Quillen

Garrett Adcock
Garrett Adcock, Student Regent

APPROVED AS TO FORM:

Scot Sauder

Scot Sauder, Esq., Deputy University Counsel for Health Sciences, Office of University Counsel

By its signature below, the INDIAN HEALTH SERVICE consents to this Memorandum of Understanding.

Leonard Thomas, MD

3/16/18
Date

Name and Title
Leonard Thomas, MD
Area Director
Albuquerque Area IHS

EXHIBIT A TO MOU

This document is an exhibit to the Memorandum of Understanding (“MOU”) between the Board of County Commissioners of Bernalillo County (“County”) and the Regents of the University of New Mexico. In the MOU, the Regents of UNM agreed that the University would address the services provided by the UNM Hospital (“UNMH”) and its Mental Health Center (“MHC”) as outlined in this Exhibit A and future evaluations and goal setting will address, at a minimum, the issues contained in this Exhibit. Because the Regents intend that UNM’s obligations will be fulfilled by UNMH and its MHC activities, this exhibit refers to UNMH.

A. REPORTING AND INTERACTION

- A1. The UNMH Board of Trustees and/or management of UNMH will report on a quarterly basis to the Bernalillo County Commission. Exhibit B to the MOU provides a list of accountability measures that UNMH has agreed to provide to the County and to IHS during the first two years of the MOU. For the accountability measures contained in Exhibit B, UNMH will provide national or standard benchmarks for each category, to the extent any such national or standard benchmarks are reasonably available or have applicability to an academic health center such as UNMH. UNMH, the County, and IHS will collaborate to amend or add additional accountability measures, as deemed mutually appropriate, in future years.
- A2. UNMH will establish mechanisms for the public to provide input on medical and behavioral health operations, planning, and development. The UNMH Board of Trustee’s Quality and Safety Committee, Community Engagement Committee, and the UNMH Board of Trustee’s Finance Committee (or such comparable committees as in the future may be established by the UNMH Board of Trustees) will include representation from the County and IHS, consistent with the Board of Trustee’s committee structures as set forth in its Amended and Restated Bylaws.
- A3. UNMH will establish a mechanism for collaboration with Bernalillo County and IHS on programmatic public and community health initiatives between

the University of New Mexico Health Sciences Center (UNMHSC) and the County.

- A4. UNMH will collaborate with Bernalillo County to enable the County to have a better understanding of UNMH's past performance on the items contained in this Exhibit A and to enable the County and the IHS to have input to and to comment on the semi-annual goals for the upcoming year for each subsection of this Exhibit A. It is anticipated by the parties that semi-annual goals will be included in a forthcoming Exhibit C to the MOU, which the parties anticipate being completed by March 31, 2018.
- A5. UNMH will cooperate with the County's behavioral health initiative regarding the evaluation of behavioral health programs, subject to compliance with all applicable federal and state laws, rules, and regulations, relative to human subject research, HIPAA privacy and security, and specially protected individually identifiable health information.
- A6. UNMH will establish procedures related to its budget development, which will allow meaningful input to the budget by the County and IHS. This process will include an opportunity for the County Commission and IHS to comment on any proposed budget prior to the budget getting finalized or approved by the UNMH Board of Trustees or any of its Committees, or the Regents.

B. ACCOUNTABILITY and TRANSPARENCY

- B1. If, arising out of the County's review of the reports received in respect of the accountability measures covered in Exhibit B, the County identifies a need for improvement, UNMH will report to the County and IHS on its plan for that improvement with specific timelines in which it will occur.
- B2. UNMH will report on national patient safety goals for the hospital with comparative benchmark information.
- B3. UNMH will provide reports on its financial audits to the County Manager and the IHS and shall participate in meetings as reasonably requested and at mutually agreeable times to discuss the information.

- B4. UNMH will provide financial information to the County Commission and IHS as to the expenditure of mill levy funding by UNMH Department to show how the proceeds of the mill levy are being spent, understanding that because the mill levy is for the expressed ballot purpose of the operations and maintenance of UNMH, those funds are deposited into the operating account of UNMH.
- B5. UNMH will provide additional financial information as may be reasonably requested by the County Manager or IHS, including but not limited to annual expenditures of the proceeds of the mill levy (presented and calculated based on the percentage of the total annual amount of net revenue of UNMH), as well as of the expenditures and revenues of each UNMH department on a quarterly basis, or as otherwise agreed by both parties.
- B6. UNMH will work with the County and the IHS to update and change the data requests and reporting as requested, on a frequency not greater than on a semi-annual basis.
- B7. Subject to compliance with applicable federal and state laws relative to HIPAA privacy and security as well as specially protected health information, UNMH will publish the data required under this subsection B on its public web site.
- B8. UNMH will collect all grievances regarding the patient payment policies and financial assistance program and, subject to UNMH's obligations relative to compliance with applicable federal and state laws under HIPAA privacy and security as well as specially protected health information, provide that information to the County and IHS on a quarterly basis.

C. PRIMARY CARE/LOW-INCOME CARE

- C1. UNMH will assess its capability of maintaining its current primary care programs in light of the availability of resources and applicable federal and state laws, rules, and regulations, with the intent to attempt to increase its number of primary care facilities by one per year over the next four years. UNMH, through the UNMH Board of Trustees, will collaborate with the

County and IHS prior to making any changes to this maintenance and expansion schedule. The County may consult with the two individuals appointed by the County to the UNMH Board of Trustees as part of any changes to a maintenance and expansion schedule.

- C2. UNMH currently intends to maintain or enhance its coordinated care delivery programs with other community-based providers. UNMH will inform the County and IHS prior to any material change to these programs. Subject to compliance with applicable federal and state laws, rules, and regulations as well as applicable Regent and University policies, UNMH also agrees to design and provide space for State of New Mexico Department of Health clinics to be co-located within a future and expanded UNMH facility, as well as to explore co-location opportunities at other UNMH clinic locations within Bernalillo County.
- C3. UNMH will encourage and assist Bernalillo County residents and Native Americans to access health care coverage.
- C4. In an effort to decrease emergency room waiting times, UNMH will explore alternative care venues for the emergency room consistent with UNMH's compliance obligations in respect of EMTALA.
- C5. UNMH will coordinate with the County to make available secured parking and a secured entry for patients from the Metropolitan Detention Center (MDC). UNMH will explore the development of a secured area for the delivery of medical services to patients from the MDC.
- C6. UNMH will collaborate with UNM Medical Group, Inc. to evaluate the use of telemedicine consultation between MDC and the UNM HSC.
- C7. UNMH shall provide increased funding to either the UNM School of Medicine or UNM Medical Group, Inc. to enable either the UNM School of Medicine or UNM Medical Group, Inc. to recruit and retain specialists for a minimum of two (2) medical specialties most needed by Native Americans. UNMH will, in consultation with the County and IHS, develop and implement a schedule for improving patients' access to these targeted specialty clinics by July 1, 2018. In subsequent years, UNMH, the County,

and the IHS will identify potential additional specialty clinics and UNMH will, subject to satisfaction of applicable state laws, rules, and regulations, develop a plan to increase the volume of patients seen each year in those clinics.

- C8. UNMH will confer with the County, Albuquerque Public Schools, and any tribal schools in Bernalillo County on the feasibility and priority of addressing the need for increased evaluation and provision of children's medical and behavioral health needs through school based clinics or other mechanisms in each County Commission district. These services for children may be provided through UNMH, in conjunction with UNM Medical Group, Inc. or through an agreement with a to-be-determined service provider selected by UNMH.

D. FINANCIAL ASSISTANCE. Subject to the Regents' and the UNMH Board of Trustees' governance of UNMH:

- D1. UNMH will maintain the existing financial assistance policy for Native Americans consistent with the requirements of the 2004 Consent. The terms of this financial assistance policy for Native Americans shall be made available to Native American patients in an understandable language and in a readily accessible manner. Any recommended changes will be discussed with the Indian Health Service prior to their effective date.
- D2. UNMH will adopt patient payment policies and financial assistance program policies that are designed to improve access to health care services for County residents and Native Americans. These patient payment policies and financial assistance program policies shall comply with and be applied to the extent permitted by federal laws, rules, and regulations, and to the extent not preempted by applicable federal law, shall comply with state laws, rules, and regulations, applicable to governmental entities such as the University and UNMH. The policies will be in writing and readily available to the public both in electronic and printed formats. Policies will be clearly identified and

all written material will be in language understandable to the general public. Any recommended changes will receive County input via the UNMH Board of Trustees prior to their effective date.

- D3. UNMH's financial assistance program will, subject to the limitations described in Section D.2 above, offer financial assistance for medical care for low-income patients for medically necessary services at UNMH facilities. The County recognizes that, except for purchased and referred care coverage for Bernalillo County Native Americans, UNMH's financial assistance program is a payer of last resort for patients who have public or private insurance or related third-party coverage. Therefore, the County understands that UNMH may require patients to seek Medicaid (including EMSA) coverage prior to eligibility for financial assistance. UNMH will also encourage and assist applicants for financial assistance to apply for other health insurance available through employers, the Exchange, the State's High Risk Pool, Medicare Parts B and D, or any other coverage source if it is considered to be affordable for the patient. However, no patient will be denied medically necessary services while applying for other coverage. This application process is optional for Native Americans.
- D4. UNMH will continue its financial assistance policies regarding access to medically necessary care. For all financial assistance-eligible low-income patients, UNMH will endeavor to provide that any fees, co-pays, or down payments for medically necessary care will be reasonably related to income. Native Americans are not subject to this requirement.
- D5. UNM will establish patient payment policies (in terms of fees, co-pays, and/or down payments) for low-income patients who are not financial assistance-eligible that do not create a material barrier to such patients' access to medically necessary health care. Native Americans are not subject to this requirement.
- D6. Patients whose income levels do not meet the requirements for free or reduced-cost medical care, but who are unable to pay their outstanding bills,

will be given the opportunity to establish a re-payment plan which is reasonably related to their income.

- D7. UNMH shall make reasonable efforts to determine the financial status of all patients with outstanding bills, and to inform them of their rights to seek financial assistance or payment plans when requests for payment of outstanding bills have been made.
- D8. Subject to UNMH's compliance with applicable Medicare provider reimbursement regulations and rules, UNMH will maintain and/or modify its billing services to provide that no patient who is determined to be indigent is sent to a collection service for payment for outstanding amounts owed to UNMH.
- D9. Subject to compliance with any state and/or federal laws, regulations, and rules, UNMH will work with other component entities within the UNM Health System to identify ways of using computer technology to combine all of the billing, payment, and financial assistance records for each patient into one billing account, understanding that nothing in this paragraph obligates UNMH nor any of the other component entities within the UNM Health System to expend funds to purchase or acquire any computer technology at this time.
- D10. UNMH will coordinate and consult with community organizations and the County to maximize outreach to patients needing financial assistance or having difficulty accessing insurance or Medicaid, including those being released from incarceration.
- D11. UNMH will assist the County in coordinating care for individuals released from incarceration, including provision of case management services and access to primary health care and behavioral health care. UNMH will provide reports on the financial and operational status of the provision of those services as well as those provided by the currently existing Fast Track Program to the County and IHS.

E. NATIVE AMERICAN CARE

- E1. UNMH, in collaboration with IHS, the All Pueblo Council of Governors and the County, shall develop a written methodology, acceptable to the parties, on the 100-bed Native American patients' provision in the Federal Contract and a written methodology on the priority and first call of those beds for Pueblo Indians of New Mexico provision in the Federal Contract.
- E2. UNMH will provide for the delivery of medical and behavioral healthcare to Native Americans in a manner consistent with the Lease Agreement, the Federal Contract, the 1999 Consent, and the 2004 Consent.
- E3. UNMH will evaluate and improve Native American access to specialty clinics in accordance with the University's responsibilities under the Federal Contract, the Lease Agreements, the 1999 Consent, and the 2004 Consent.
- E4. UNMH will consult with the IHS to review compliance with the Federal Contract and for the provision of additional services, the quality of care for Native American Patients, and Native American priorities for additional services.
- E5. UNMH will evaluate the opportunity to sustain and improve healthcare services available to Native Americans in the primary care facilities and the specialty clinics operated by UNMH. This evaluation will be presented to the IHS and the County.
- E6. UNMH will establish written procedures for the identification of Native Americans and will ensure that Native American patients receive any financial assistance to which they are entitled and eligible. No Native American patient who has qualified as eligible for financial assistance will have their medical and behavioral health care bills sent to collections. Those procedures will also apply to Native American patients who have not established care with IHS.

F. BEHAVIORAL MENTAL HEALTH AND SUBSTANCE ABUSE CARE

- F1. UNMH will work with the UNM School of Medicine to coordinate with the County to provide medical staff for a MDC triage center for individuals brought by law enforcement to the center. Additionally, UNMH will provide

case management services to the County's Resource Re-entry Center for individuals being released from MDC as described and contemplated in the MOU.

- F2. UNMH will evaluate the opportunity to expand behavioral and mental health care and substance abuse care services to County residents and Native Americans, both within its own operations as well as with other community providers, subject to the inclusion of IHS in this process.
- F3. UNMH shall engage with the County and IHS in the programming and design of future space for UNMH behavioral health crisis triage stabilization center and UNMH behavioral health services.
- F4. UNMH plans to continue to provide primary care clinics with behavioral and mental health care services and to provide peer support programs for Behavioral Health. Any changes to the current programs will be discussed with IHS and the County through the UNMH Board of Trustees prior to the changes taking effect.
- F5. UNMH will evaluate the ability to provide individually identifiable patient health information to first responders consistent with applicable federal and state laws, rules, and regulations governing the privacy of individually identifiable health information.
- F6. UNMH will work with UNM Medical Group, Inc. and the UNM School of Medicine to evaluate the viability of expanding the school based clinics to include behavioral health services.
- F7. UNMH will evaluate the possible provision or expansion of the following: Hotline referral system for Albuquerque Public Schools; pre-natal and early childhood home visiting program; respite program for patients with psychiatric conditions; Partial Hospitalization program; substance abuse program; inpatient substance abuse detoxification and treatment program; Intensive Care Management Program for psychiatric patients; UNM Psychiatric Center services; an assessment and referral discharge planning program; case management services programs; Assertive Community Treatment or Forensic Assertive Community Treatment team; Fast Track

program; Care One program; a 24 hour a day, seven day a week assessment and respite program for released inmates; a rehabilitation treatment program for traumatic brain injury patients; and, pain program. Each evaluation will be done in collaboration with the County and IHS and UNMH will provide a written report summarizing the results of its completed evaluation.

- F8. UNMH will evaluate a data sharing program between UNMH, the County, and IHS for analyzing outcomes of patient care provided to county residents and to identify opportunities for service improvement, consistent with the requirements and implementation standards of applicable federal and state laws, rules, and regulations governing human subject research and the privacy of individually identifiable health information.
- F9. UNMH will evaluate development of a system to track utilization and outcomes for high utilizing users of health care service by Bernalillo County residents.

Exhibit B

Year One Measures
A. Accountability
1. Average Length of Stay for Inpatient Admissions
2. 30 Day Readmission Rate
3. Average time for Appointment Primary Care (Third Available)
4. Average time for Appointment Specialty Care (Third Available)
5. Pres Ganey Inpatient Satisfaction Score with Benchmark
6. Number of Emergency Department Visits
7. Number of Self Pay Patients Bernalillo County
8. Number of Medicaid Patients Bernalillo County
9. UNMH Income Statement to budget for FYTD
10. Quarterly Statement of Net Assets
11. Bernalillo County Patient Encounters by funding source
12. Financial Assistance to patients by county
13. Emergency Department patients Left without being seen
14. Emergency Department time from arrival to disposition
15. Number of indigent Bernalillo County residents by zip code (By Patient Count)
16. Primary service provided to Bernalillo County residents by service type
17. Primary reasons for Bernalillo County indigent care visits
18. Revenues by Payer Source
19. Monthly total MDC inmates receiving inpatient services
20. Law Enforcement drop offs at Psychiatric Emergency Services
B. Quality Primary Care System
1. Total Number of Outpatient Clinic Visits
2. Percentage of Primary Care Patients that have same day clinic appointment
3. Pres Ganey Ambulatory Patient Satisfaction Score
4. Number of full time primary care providers (MDs and/or Nurse Practitioners) in each new primary care site and number of appointments available and percentage of no shows
5. Number of full time behavioral health providers per clinic and number of appointments and number of no shows.
6. Number of evening and weekend clinics (to deflect visits to the ED)
C. Indigent Care
1. Number of Patients on UNM Care
2. Number of Patients sent to Collections
3. Number of Medicaid Applications Completed
4. Charity Care encounters for Bernalillo County Patients
D. Behavioral Health
1. Number of Psychiatric Emergency Department encounters

2. Number of urgent care encounters
3. Number of Opioid Patients
4. Number of Methadone Encounters
5. Number of Suboxone Encounters
6. Number of Fast Track Patients Seen
7. 30 day Readmission Rate
8. Number of inpatients referred to non-UNMH sites because UNMH could not meet this demand.
E. Native American Services
1. Number of Native American Inpatient Days
2. Number of Native Americans on UNM Care
3. Average Native American Census
4. Native American IHS encounters
Year Two and Ongoing Measures (In addition to year one measures)
A. Accountability
1. Methicillin-resistant Staphylococcus Aureus (MRSA) Bloodstream Standardized Infection Rate
2. Total Number of Inpatient Days
3. Licensed Registered Nursing FTE
4. Registered Nursing Retention Rate
5. Monthly total MDC inmates provided outpatient services at UNMH
6. Registered Nurse Hours of Care
7. Emergency Medical Services to Aliens encounters Bernalillo County
8. Medicare encounters Bernalillo County
9. Uninsured encounters Bernalillo County
10. HMO and Insurance encounters Bernalillo County
11. Catheter Associated Urinary Tract Infections per 1000 catheter days
12. Central Line Associated Bloodstream Infections per 1000 catheter days
13. HCAPS Satisfaction - communication with Nurses
14. HCAPS Satisfaction - communication with Doctors
B. Quality Primary Care System
1. Percentage of appointment arrivals
2. Percentage of appointment no-shows
3. Percentage abandon phone calls for primary care
4. Percentage of patients with access to medical record
5. National Patient Safety Goal Medication Reconciliation Primary Care
6. National Patient Safety Goal Medication Reconciliation Specialty Care
7. Diabetes Management Indicators for HgbA1C and LDL <100
C. Indigent Care
1. Total Number of Patients on Self Pay Discount Program
2. Total Financial Assistance – Uninsured

3. Total Uncompensated Care
4. Days out for scheduling a financial assistance appointment
5. Number of new payment plans
D. Behavioral Health
1. Average Appointment time for outpatients services
2. Average Length of stay for inpatient admissions
3. Pres Ganey Inpatient Satisfaction Score
4. Pres Ganey Outpatient Satisfaction Score
5. Number of patients in COPE Medical home for High Needs Patients
6. Mill Levy Dollars allocated to Behavioral Health
7. Number of adult inpatient days
8. Number of child/adolescent inpatient days
10. Total number of unduplicated inpatient patients served and total number of inpatient encounters in a calendar year.
11. Total number of unduplicated outpatients served and total number of outpatient encounters in a calendar year.
12. UNMH will work with Bernalillo County to identify and produce aggregate data sets (without violation of applicable privacy and disclosure laws) with information relevant to the County's need to achieve a Return on Investment (ROI) for behavioral health services provided to priority populations.
E. Native American Services
1. 3 rd available appointment for specialty care services
2. Number of Native American Outpatient encounters
3. Native American Medicaid encounters
4. Native American Commercial Insurance encounters
5. Native American Uncompensated Care encounters