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Financial Struggles at DOH: \$1.2 Million Owed to Pafford, No Funds to Pay, Putting Key Program at Risk

Health Commissioner Justa Encarnacion reveals budget cuts threaten the Mobile Integrated Health program, leaving critical vacancies unfilled and raising concerns over unpaid debts to Pafford during Senate hearing

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DOH ambulances on St. Croix By. V.I. CONSORTIUM

The Department of Health (DOH) is grappling with financial hurdles as a \$1.2 million debt owed to Pafford threatens the existence of the Mobile Integrated Health (MIH) program on St. Croix. Health Commissioner Justa Encarnacion revealed this critical issue during a Senate Committee on Budget, Finance and Appropriations hearing on Thursday.

Chair of the Senate Committee on Budget, Finance and Appropriations, Sen. Donna Frett-Gregory, was surprised to learn that there is no accommodation in DOH's slimmed-down proposed budget of \$26,060,486, a year-over-year decrease of \$1,285,937, to pay off the \$1.2 million currently owed to Pafford.

Ms. Encarnacion confirmed that the general fund allocation — which has been decreased for the coming year — is usually used to pay the company on an ongoing basis for medical staff currently assisting the DOH, particularly within the [Mobile Integrated Health](#) (MIH) program on St. Croix. The high carrying costs of relying on contract health workers is unsustainable, the health commissioner acknowledged.

“It’s something we need to transition out of so we did not budget anything for Pafford.” DOH is currently seeking to recruit some Pafford workers to direct-hire employees of the department. Pafford is “willing to ensure that the staff that are working with them are not owned or not committed to any contractual arrangements that does not allow them to come over to us if they so choose,” Ms. Encarnacion said.

With regards to the money owed for services already rendered, “we had a ceiling, and we had to stick to the ceiling,” said DOH’s Chief Financial Officer Tatia Monell-Hewitt. “We did not have sufficient funds to budget for Pafford even if we wanted to.” Ms. Encarnacion attempted to assure lawmakers that DOH would make efforts to pay off the Pafford debt while weaning the department from the staffing agency — a payment was made just two weeks ago — but Ms. Frett-Gregory wondered how this payment was made, “when you don’t have the funding?” The commissioner anticipated that another need of DOH would have to be placed on hold to allow the department to pay off that debt.?

A displeased Frett-Gregory advised Ms. Encarnacion that “if you have a challenge in this area, it’s important that you ask to meet with the governor and the OMB director. This is a need that you have to meet. This is not a game.”

There have been meetings, lawmakers were told, with OMB, including one on Wednesday. Officials from both agencies will continue dialogue on the matter over the weekend, “where we can figure out how we meet the needs that we have within the territory and yet fulfill our obligation,” Ms. Encarnacion said. The commissioner assured that the governor is working with the department. Notwithstanding, Ms. Frett-Gregory asked for a “clear plan” on how DOH plans to move forward with its proposed transition before the budget season is over. “We need to have a clear understanding,” she said.

Meanwhile, Senator Marise James, [sponsor of legislation](#) which brought the MIH program into existence, was concerned about how DOH would maintain the program if Pafford isn’t paid. Ms. Encarnacion, noting that MIH is a “preventative measure...[that] decreases emergency room visits and decreases hospitalization,” agreed that there is a pressing need to keep the program afloat. Efforts being made to bolster it include advocating for federal funds that can be used to hire clinical staff for the MIH program. “Many of the federal funds deny clinical staff to be placed into this section,” she noted. DOH is also relying on the support of community health workers.?

“If we were to essentially place the community health workers under the direction of MIH, they can actually go into the homes, go into the communities, assess the needs,” explained Dr. Tai Hunte-Caesar, DOH chief medical officer. “In the absence of paramedics and the clinical teams actually going out, if we have a void, they can fill that.”

A total of 94 patients receive care under the MIH program, an update that prompted Sen. Marise James to declare, “we see the need, and we need to fund it.”

The department's trimmed budget “is having immediate impacts on DOH’s operations,” Ms. Encarnacion told lawmakers. “The decrease...has eliminated funding for 13 support staff vacancies. Without our security and our maintenance staff, we actually reduced our projected maintenance efforts, which actually costs money,” she said. Having fewer security officers also drives up expenditure in other ways, Ms. Encarnacion explained. “We actually survive on overtime management in that area, which is costly,” she lamented.?

The cut in funding for FY2025 has also created challenges for the mobile behavioral health unit. The vehicles used to visit communities to deal with behavioral health crises are functional, but DOH’s Deputy Commissioner Renan Steele told lawmakers that the unit was too understaffed for them to be deployed simultaneously. “We do rotate the vans with the limited staff we have currently,” he clarified, “but the vacancies for outreach were affected.” Off-island care is another area where underfunding is an issue. Currently, DOH is responsible for 48 patients needing specialized mental health care not available in the territory, including 11 intellectually disabled patients, 15 needing chronic care and 22 found not guilty of criminal offenses by reason of insanity. The department has already incurred costs of over \$9.6 million this year in providing specialized mental health care to these patients, outstripping the \$8.1 million allotment for FY2024.