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Healthcare Costs Drain Government Finances, Prompting Calls for Hospital Mergers

With uncompensated care and borders straining hospital budgets, officials propose consolidating JFL and Schneider Regional's administration, procurement, and governance to improve efficiency and reduce spending.

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The Juan F. Luis Hospital on St. Croix. By. ERNICE GILBERT, V.I. CONSORTIUM

Under questioning about the timeliness of payments being made from central government to the territory's healthcare facilities, Finance Commissioner Kevin McCurdy says the Department of Finance continues to “prioritize hospitals” where the disbursement of monthly allotments is concerned.

“We are releasing allotments as cash becomes available for most of the hospitals,” Mr. McCurdy explained to Senator Clifford Joseph during Tuesday’s meeting of the Committee on Budget, Appropriations, and Finance. “We pay part allotments when we have to,” the finance commissioner added. Both the Juan F. Luis Hospital and Schneider Regional Medical Center struggle with uncompensated care, manage an unprecedented number of boarders, and have in the past failed to make necessary utility payments due to insufficient funds.

With no immediate solution to the problems of boarders and uncompensated care, perhaps, suggested Senator Joseph, it is time to consider “cutting costs.” He sought recommendations in that regard from Julio Rhymer, director of the Office of Management and Budget.

“There must be some hard decisions going forward,” Mr. Rhymer cautioned. He told lawmakers that in fact, “this body needs to make the legislative changes in order for those decisions to be made.”

Among these are his recommendations for some level of consolidation between JFL and Schneider Regional. “We can’t continue going down a road where we have two separate hospitals that don’t procure together. You have accounting separately; you have systems that are separate,” Mr. Rhymer said. The lack of a shared procurement system means that costs may be distributed unevenly. One might be paying \$10 or one might be paying \$12, but if they combine the efforts, they might be paying \$8,” Mr. Rhymer said. He suggested “one accounting team, one procurement team, [and] one set of systems” that have the potential to “save you a significant amount of money.”

Consolidation is also necessary when it comes to governance, Mr. Rhymer argued. “Currently we have two district boards and a territorial governing board. You need to have one board. Start there. That’s the first process.” Currently, he opined, “you have decisions that are made at a district level versus looking at the overall system,” which he argued is less than optimal.

“We really need to move forward and do something different, which means there are some hard decisions that have to be made,” Mr. Rhymer reiterated.