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VI Hospital & Health Facilities Corporation Calls For Sweeping Reform Ahead of Special Senate Session

Dr. Jerry Smith calls for structural reforms to stabilize USVI hospitals, including reliable funding sources, centralized systems, CRNA law updates, and Medicaid match changes to break the cycle of emergency relief.

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In a letter sent to Senate President Milton Potter, chair of the Government Hospital & Health Facilities Corporation Dr. Jerry Smith laid out a plan that he believes will ensure the long-term stability of the territory's hospital system. The letter comes ahead of a special session of the 36th Legislature scheduled for today, convened after [months of public discourse](#) about the financial distress facing the Juan F. Luis Hospital on St. Croix and Schneider Regional Medical Center on St. Thomas.

Short-term stabilization support is urgently needed, Dr. Smith said, but argued that “it must be accompanied by structural changes to ensure stability and avoid the cyclical nature of emergency relief.” One of these changes should be the establishment of a “reliable funding source” by the Legislature, Dr. Smith suggested. This would support the issuance of bonds, “enabling the system to make vendors whole and responsibly manage future debt service obligations,” he wrote.

Given some breathing room by immediate support measures, the Territorial Board could then focus on projects that will be beneficial in the medium term. In his letter, Dr. Smith outlines three priorities for the board: completing the strategic restructuring initiative currently underway, implementing a new revenue cycle management system, and overhauling the current physician compensation model. These three activities are expected to modernize and improve procurement processes, revenue collection, and the delivery of clinical services to patients, Dr. Smith anticipates. The end result, he said, would be “the centralization of finance and information technology functions across the hospital system,” as well as a centralized electronic health record system. Hospital CEOs told legislators [earlier this year](#) that such a system was essential for increased efficiency and revenue generation.

A fourth priority would be in the hands of the Legislature – updating the territory's laws to allow greater practice authority to Certified Registered Nurse Anesthetists (CRNAs). Dr. Smith says that granting CRNAs the ability to administer anesthesia without physician supervision – bringing the territory in line with the legal framework of 25 other states plus Guam – would “increase surgical capacity, reduce dependence on contracted anesthesiologists, and address the growing revenue gap tied to underutilized surgical services.”

Many of the long-term fixes proposed by Dr. Smith would also depend on legislative action. The first involves changing the way in which the local Medicaid match is handled. Currently, funds for the purported 17% local match are bundled into the hospital system's monthly allotment, “despite no actual transfer being made to Medicaid for this purpose,” Dr. Smith writes. As a result, the allotment is expected to do double duty: cover the required Medicaid match and underwrite the cost of uncompensated care.

“As a result, the hospitals are constrained in their ability to plan, budget, and operate effectively,” Dr. Smith said. He proposed that the Legislature ensure that the local Medicaid match be paid through the Department of Human Services, and emphasized that this sum should be in addition to, not within, the monthly hospital allotment. Having DHS file a State Plan Amendment with Medicaid could also allow the hospitals to bill more, boosting revenue and improving recruitment and retention efforts.

The Legislature must also allow the hospitals to reform their retirement structure, Dr. Smith argued, pointing to the University of the Virgin Islands as a model that can be followed. A tiered retirement structure would provide more flexibility by “allowing a defined contribution plan as an alternative to the GERS-defined benefit structure,” he says, making employment in the hospital system more attractive to physicians and specialists.

Legislation to penalize the practice of senior abandonment is also necessary, Dr. Smith said. Hospitals have long grappled with the task of caring for elderly or otherwise incapacitated people who no longer require hospitalization but remain abandoned by their family. As a result, bed space is limited, revenue is challenged, and the hospital's ability to provide services to those in need is compromised. “Legislation would provide a legal framework for appropriate discharge planning, coordination with long-term care services, and family accountability,” Dr. Smith said.

His final long-term recommendation was something to be worked on by the Territorial Board – facilitating the establishment of a medical technology industry in the territory. Dr. Smith outlined plans to discuss with the University of the Virgin Islands’ Research and Technology Park the potential development of a Medical Technology Park, which he says could “position the Virgin Islands as a regional hub for digital health innovation.” Should talks with UVI RT Park on the subject be fruitful, the Board would seek support from the government for the development and implementation of the new development engine.

Dr. Smith's letter, dated April 11, was copied to Governor Albert Bryan Jr. as well as Congresswoman Stacey Plaskett, along with members of the Legislature and other Territorial Board members.

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