

St. Thomas East End Medical Center Seeks \$2.7 Million; Uncompensated Care Strains Budget

STEEMCC is requesting \$2.7 million to offset uncompensated care, Medicaid match costs and rising self-pay demand after Medical Assistance Program coverage declined, while lawmakers questioned tax debts, GERS obligations, staffing, morale and budget needs.

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Dr. Tess Richards testifies before the Budget Committee on STEEMCC's FY2027 request, citing uncompensated care, rising self-pay demand, payroll tax liabilities and staffing concerns. By. V.I. LEGISLATURE.

Uncompensated care is the central issue behind the St. Thomas East End Medical Center Corporation's request for \$2.7 million from the Legislature in fiscal year 2027, Executive Director

Dr. Tess Richards told lawmakers during budget hearings.

The inability of a growing number of patients to pay for medical care continues to affect revenue generation at healthcare facilities across the territory, even while the need for services increases. According to Dr. Richards, the share of STEEMCC patients covered under the Medical Assistance Program “substantially declined by 12.1%, from 40.7% to 34.9%” between 2023 and 2025. She attributed the decline largely to changes in eligibility requirements.

Since January 2026, STEEMCC has already provided care to “nearly 1,600 self-pay patients.”

Although services remain available, Dr. Richards warned that “providing care to a growing insured population carries a very real financial consequence.” The \$2.7 million request, she said, “helps ensure that financial barriers do not become healthcare barriers...”

According to Dr. Richards, “more than one third” of the care provided by STEEMCC generates “little to no compensation.” With uncompensated and undercompensated care increasing, she said the local appropriation “becomes increasingly important in helping us sustain access for the patients who depend on us most.”

The request also covers the local Medicaid match, which Dr. Richards said has “averaged \$600,000 annually over the past three years.” In justifying the appropriation, she told the Committee on Budget, Appropriations, and Finance that STEEMCC “is one of the most effective investments this government body can make to reduce unnecessary emergency room utilization...”

Dr. Richards also told lawmakers that the appropriation alone is not enough. She referenced efforts to diversify revenue sources and assured the committee that “it’s not just the GVI’s responsibility to take care of this.”

The burden of uncompensated care remains a major issue for STEEMCC, which is still recovering from years of financial distress. Dr. Richards said the center’s accounts payable decreased from \$2.714 million in November 2025 to “approximately \$890,000” as of May 31, 2026.

Senator Kurt Vialet, however, said it was important to clarify on the record that STEEMCC’s ability to reduce legacy debts was tied to legislative assistance. He said the Legislature provided “some \$3 million to right-size [an] organisation that was literally failing.” That support included ARPA and Epstein settlement funds.

Mr. Vialet continued to scrutinize STEEMCC’s finances throughout the hearing. He said the additional \$3 million “should have been sufficient to be able to take care of all of your outstanding debt, unless you are not generating enough monies through the clinic...” Dr. Richards’s testimony made clear that revenue remains constrained by uncompensated and undercompensated care.

STEEMCC is also managing several liabilities. Dr. Richards said discussions are ongoing with the Bureau of Internal Revenue regarding an outstanding payroll tax obligation of \$428,000 for 2022 through 2024. Separate discussions are also continuing with the Internal Revenue Service over outstanding payroll taxes. According to Dr. Richards, STEEMCC has successfully negotiated that amount down from \$1.4 million in FY2024 to \$299,000 as of May 2026.

Although STEEMCC has moved to a private retirement system, three employees remain attached to the Government Employees Retirement System. Lawmakers learned that STEEMCC has not yet taken the necessary steps to ensure those obligations are fulfilled.

“We are hoping, is when we get over this hump with the IRS, that we can start taking some money aside and hold that an account for them,” Dr. Richards explained.

“They will be made whole, because we will not do that to our staff,” she promised.

Senator Novelle Francis, the committee chair, encouraged Dr. Richards to submit an actual figure “so that we could consider whether or not we may want to engage, because we don't want our government employees being restricted from being able to retire.”

The \$2.7 million general fund request is part of STEEMCC’s overall FY2027 budget of \$8,026,172. The budget includes \$4,503,827 for personnel and \$1,202,371 for fringe benefits. Contracts and professional services total \$994,670, while supplies and equipment are listed at \$331,800 and \$60,000, respectively. Other charges are budgeted at \$108,000, insurance costs are expected to reach \$60,000, and travel and education are estimated at \$60,000.

“This is money well spent...East End is improving. We know where they were a few years ago. We can see substantial improvement,” said Senator Ray Fonseca, who chairs the Committee on Health, Hospitals, and Human Services.

Still, Dr. Richards acknowledged that staff morale remains a challenge.

“It is not as toxic as it has been in previous years, but it certainly is not where I would like it to be,” she said. She told lawmakers that surveys circulated to staff often go unanswered.

“They come in there, they are busting their tails, they need to be happy at work. So we need to figure out what that is, and if they're not comfortable sharing that with us,” Dr. Richards said.

Employee-related concerns remain a major source of pressure, she told Senator Francis.

“I can't compensate them the way I would like to, and just in general, we don't have enough,” she said.