

The Virgin Islands Consortium

In Response To GERS, JFL Says It Had To 'Prioritize Expenses' After Budget Cuts

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Following the Government Employees' Retirement System's (GERS) threat to take legal action against the Juan F. Luis Hospital (JFL) and Medical Center for failing to make some \$5.3 million in payments owed to the retirement system, all while deducting those payments from its employees' salaries, hospital CEO Dr. Kendall Griffith and Board Chairman Dr. Anthony Ricketts responded by saying budget cuts in fiscal year 2013 forced the hospital to "prioritize expenses to ensure medications and supplies were available to continue to provide patient care, as well as ensure JFL employees were compensated for their work."

That's according to a statement released Saturday night from Griffith's office, which says the hospital's challenges date back to fiscal year 2012, before Griffith's tenure began at the hospital, when JFL's "former CEO decided to transition to JFL processing its own payroll" because "the Government of the Virgin Islands allotments could not cover JFL's gross payroll."

The statement highlighted cuts made to the hospital's-then \$18.8 million budget that ultimately resulted in reductions of 52 percent, or a final fiscal year 2013 budget of \$9 million. The government garnished \$6 million from health insurance premiums.



JFL cafeteria's mission statement

displayed on a column within the cafeteria

Furthermore, the JFL statement said a three percent automatic deduction of the \$18.8 million, or \$546,000, along with former Gov. John de Jongh's unpopular eight percent roll back of salaries (\$3.2 million) hampered the hospital's ability to manage its expenses.

JFL's accounts payable along with its vendor credit holds increased because of the reductions, which then forced hospital officials to request advanced payments of JFL's fiscal year 2014 government budget in order to maintain operations, the statement said.

The statement listed the names of accounts with which JFL had outstanding balances at the time Griffith came on board as interim CEO on Jan. 26, 2013:

- Internal Revenue Service
- Bureau of Internal Revenue
- GERS
- Staffing Companies
- Consultants
- Vendors providing medication, patient care supplies and equipment

The statement added that Griffith began the "reorganization of the finance department and engagement of the Advisory Board Company in June of 2014" and "has streamlined JFL's revenue cycle process resulting in increased cash collections and a reduction in expenses."

Furthermore, the statement said the strategies for reform taken by Griffith, along with support from the V.I. government and the Legislature, contributed to the hospital's ability

to address "major fiscal deficiencies dating back prior to 2013." It made no mention, however, [of pay raises amounting to \\$720,000](#) the hospital gave to some employees during a time when it could hardly make payroll or about the retroactive pay it gave during the same time.

As for the GERS employee contributions, JFL says it remains committed to "making amends" and fulfilling "all obligations to its employees." The hospital says it has reached out to the GERS board and hopes to come to an amicable agreement on the matter.

The JFL statement also said that since 2013, the hospital's finance department "has been and continues to work with GERS to ensure that its employees qualify for GERS benefits," and that in fiscal year 2014, "JFL submitted payments to GERS for employee



An empty JFL courtyard -

Saturday, March 21

It remains unclear whether those payments were tied to the hospital's employees' retirement contributions or other benefits. However, if the statement is indeed referring to JFL's employees' retirement benefits, it stands in direct contrast to GERS' stance that it had not received payments from the hospital since early 2013.

In a meeting held [last Thursday](#) at its Golden Rock offices in St. Croix, the GERS board vowed it would take action against JFL, including the opening of a criminal investigation into possible embezzlement, to recoup the estimated \$5.3 million the hospital owes the retirement system.

Ricketts, at a general staff meeting on March 11, instructed the hospital's leadership team to create an account with the sole purpose of making GERS payments, according to the JFL statement.

"Ensuring that JFL employees receive all of their GERS benefits is a focus of the St. Croix District Governing Board," Ricketts said.



JFL's emergency exit is shown

straight ahead

Griffith, however, said he would continue to focus on the important issue of ensuring the Centers for Medicare and Medicaid Services (CMS) certification is not lost. The hospital is currently in the process of executing a Systems Improvement Agreement (SIA) with CMS, who will give the hospital an unannounced visit in August to ensure its compliance with the SIA.

At a March 7 hospital board meeting, Bud Pate of Greeley Consultants, the company hired by JFL to aid the hospital in its SIA compliance efforts, revealed that the SIA was 85 percent complete.

"Now more than ever, we at JFL must remember that our primary focus is to demonstrate sustained compliance with the Centers for Medicare and Medicaid Services Conditions of Participation," Griffith said in the statement. "To this end, we must do what is necessary to achieve this result. Again, the JFL leadership team and I remain committed to working with the St. Croix District Governing Board and GERS to resolve this matter for the benefit of our employees, who are our greatest asset."

In addition to not making employee contribution payments to the retirement system, GERS says JFL is delinquent in its employer contributions.

The next hospital board meeting is scheduled for March 25 at 5:15 p.m. in JFL's third floor classroom.