

The Virgin Islands Consortium

PFA Helps JFL With Equipment Purchases Of \$4 Million, Hospital Creates New Account To Pay GERS

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At a hospital board meeting Wednesday at the facility on St. Croix, Juan F. Luis Hospital (JFL) Chief Financial Officer Tim Lessing revealed the hospital had access, through the Public Finance Authority (PFA), to some \$4 million that would enable it to purchase long-needed emergency equipment.

Lessing said the development is "good news" for JFL and would directly influence the Systems Improvement Agreement (SIA) the hospital has with the U.S. Centers for Medicare and Medicaid, as well as the environment of care issues for the overall facility.

The funds came after a meeting hospital officials held with Mapp administration officials at Government House on Tuesday regarding \$4 million in bond proceeds for capital investments and capital improvement items. Lessing said at a follow-up meeting between the hospital's finance department and the PFA on Wednesday morning, clear direction was given by the PFA on how to access the money.

"[Previously], if you had a piece of equipment to purchase, you would go through the purchasing process, pay for it, [and] you would then demonstrate payment by providing a copy of the check as well as the bank statement showing that the check had actually cleared the bank," Lessing said.

"However, as a result of talking to the PFA this morning, they have given us the directive that with providing a narrative, as well as a copy of the invoice for a performer quote, as well as a letter requesting that they process the payment directly to the vendor, they will do that on our behalf," he explained.

With the new PFA directive, Lessing said JFL can move forward in purchasing a number of emergency equipment items that were approved on March 20 by the JFL board. Lessing also noted that the hospital's finance department is taking pains to ensure the quotes were current as of Wednesday as it prepares to send its purchase package to the PFA.

Following the meeting, Lessing offered additional details to *VI Consortium* on how the funds became available to the hospital, revealing that the \$4 million was a part of the hospital's fiscal year 2014 budget.

"We establish every year a capital budget, and there was a capital budget that was established before my time, in maybe July or August, of last year," he said. "That list is made up of all the items that we need in the organization, and of that we prioritized and said, 'with the \$4 million what would we get, and we itemized it. We provided that back in the July-August time frame [and] at that point, we did not have the money to buy those items. And now we have a clear direction that we don't have to pay for it first."

Lessing continued: "Previously, on dollars that are allocated through the government through appropriations, it's handled differently. With that process, you have to show and demonstrate that you've paid for it in advance, whereas with this process now, we're able to provide the documentation of the request, an invoice and narrative, and say this is what we'd like to buy with that \$4 million and hand it to the PFA. They review it, [and] if it's approved, they then pay the vendor directly."

Lessing said now that the PFA will cover the costs of equipment purchases up front, it eliminates him trying to free up funds in the hospital's operating budget to make the purchases.

"So, I don't have to pull \$4 million out of my operations to try and buy this equipment," he said, "otherwise, it would never get purchased."

Lessing pointed out that the equipment are "directly patient care items."

GERS Retirement Payments

The board also approved a resolution to create a new and separate account for payments to the Government Employees' Retirement System (GERS) that would solely fund hospital employees' retirement payments.

In a recent meeting at its Golden Rock offices in St. Croix, the GERS board vowed it would take action, including the opening of a criminal investigation into possible embezzlement, to recoup the estimated \$5.3 million the Luis Hospital owes the retirement system.

JFL has been withholding GERS contributions from its employees' paychecks, but have not made those payments to the retirement system for more than two years, according to GERS, which also says the hospital has not made its employer contributions.

By unanimous vote, the GERS board last week approved two motions made by member and retired judge, Edgar Ross, the first of which authorized GERS Administrator Austin Nibbs to take appropriate action to begin collecting the outstanding debt from JFL.

The second motion made way for the matter to go before the V.I. Attorney General and the U.S. Attorney's Office to be investigated for criminal conduct and possible prosecution.

Ross called JFL's dealings "criminal" and suggested the board take court action against the hospital. However, Nibbs informed Ross that under the de Jongh administration, government entities were prohibited from engaging each other in lawsuits. Under the new Mapp administration, however, Nibbs said that could change.

At JFL's board meeting Wednesday, however, board Chairman Dr. Anthony Ricketts said there were disagreements between the hospital and GERS in relation to how much was paid into the retirement system by JFL, something both entities were working to rectify.

Other measures adopted at Wednesday's meeting include the approval of employment contracts and NOPA over \$100,000 for the following persons:

- Dr. Fred Wakil, Emergency Medicine
- Dr. William Ross, Surgeon
- Atty. Richard Evangelista, JFL's new General Counsel

Reappointment of medical staff privileges were given to Dr. Ramesh Lakhram, medicine/nephrology and Dr. Lorenz Spengler, emergency medicine.

An application for initial appointment of medical staff privileges was approved for Hazem Elariny, a general surgeon.