

# The Virgin Islands Consortium

## Juan Luis On Its Way To Reaccreditation; But Financial Woes Threaten Stability

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ST. CROIX -- The Juan F. Luis Hospital and Medical Center's governing board met on Wednesday at 5:00 p.m. in a conference room adjacent from the cardiac center to discuss the successes and challenges of the beleaguered facility.

At the meeting, regular items such as committee reports, medical staff report, the CEO's report among other important hospital operation updates were discussed. The board also approved staff privileges as recommended by the hospital's Medical Executive Committee (MEC) of six physicians for one year, and reappointed doctors Emmanuel Graham, MD Urology; Olajide Olaweop, MD Pediatrics; Denyse Parnell, MD Pathology; David Ginn, PA Emergency Medicine; Michael Funk, PA Emergency Medicine; and Keri

Biscoe, MD, Ophthalmology.

But aside from the expected items on the agenda, two important factors stood out at the meeting: the hospital's Systems Improvement Agreement (SIA) signed between JFL and the Centers for Medicare and Medicaid Services (CMS), and the hospital's out-of-control debt that leadership is having a hard time containing.

Responding to a question from Board Chairman Dr. Anthony Ricketts concerning JFL's SIA status being led by [Greely Consultants](#), CEO Kendall Griffith revealed that the hospital was near its goal of 100 percent completion.

"We are more than 95 percent complete now," Griffith said. "We are targeting 100 percent this month to ensure that all of the processes that we have put in place will become incorporated into the operations and culture of the organization, which would make us survey-ready in August," he added. "And it also helps with the sustainability of those processes."

Ricketts pointed out that the board's goal was to arrive at 100 percent SIA completion six weeks ahead of CMS's arrival, and Griffith's latest report puts the hospital on track to achieving those results.

A quick check of Greely's website reveals a company with years of experience helping hospitals come into compliance with CMS, and offers a [host of services](#) in that regard.

But that's one side of JFL's story; the other reveals a hospital that is barely getting by financially, with cash on hand of only three days; as revealed by the facility's Chief Financial Officer Tim Lessing, which, he said, can sometimes go down to one day.

According to Lessing, the hospital's monthly net patient revenues came in at \$4.6 million for April of 2015, compared to \$4.9 million the same time last year. Total operating revenues for April 2015 came in at \$4.6 million, compared to overall expenses for the same month of \$7.9 million. This represents a loss of \$3.3 million month-to-month, and a \$1.6 million increase over the same period last year.

Total operating revenue from October 2014 through April 2015 came in at \$30.9 million year-to-date (YTD), compared to \$26 million the year prior, representing a \$4.7 million increase.

The hospital's expenses continue to increase because of new hires and professional services. Lessing said there was a big push within the organization to fill key roles, so the increase in expenditures as a result of the new hires was expected. The overall expenses for April came in at \$48.7 million compared to last year's \$41.5 million -- a swing of \$7.2 million.

Total operating margin came in at a loss of \$17.8 million compared to last year's \$15.3 million. After allotments and all funding sources, total loss for fiscal year 2015 is \$4.5 million compared to \$3.6 million around the same time last year.

Yet, while JFL officials pin the increasing debt on the hiring of much-needed physicians and the retaining of professional services, Governor Kenneth Mapp, at a recent [Government House press](#) conference, expressed disapproval of the territory's hospital

heads, who he says are getting exorbitant salaries while the facilities continue to provide inadequate services.

Compensation for the hospitals' officials, including the CEOs, COOs and CFOs, along with what the governor referred to as "fringe benefits," carry a price tag of over \$2 million dollars, according to Mapp. "So you've got literally \$2 million that you're paying six people to run what's now available, which is 167 beds. Not the 500 that the hospitals were originally built to accommodate," Mapp argued.

To change the system, the governor [has tapped Dr. Phyllis L. Wallace as Commissioner-designee](#) of the Department of Health. He said if Wallace is approved by the senate, she will become "the chief health officer in the territory." The governor, along with Lieutenant Governor Osbert Potter, have charged Wallace to "first and foremost lead our proposed reformation of the hospital systems in the Virgin Islands."

Mapp also expressed frustration with what he described as a hospital system that lags behind modern technology, and labeled the current reality of the islands' medical facilities as archaic.

"The hospitals must change," the governor said forcefully with Potter at his side. "They must rebrand. They must restructure and create a strategy for modern medicine because the consequence of that is that everyone who can pay, and everyone who has health insurance decides, 'I'm not going to be bothered with that. I'll just go to the airport, get on a flight, go to Puerto Rico [and] go to the Cleveland Clinic.'

"And I stand to be corrected but if you go to the Division of Banking and Insurance under my partner's office, and you look at what the amount of claims that were paid for medical services for residents in the territory, outside the territory, I can safely tell you that number was more than \$200,000 million. And that's money out of our economy. So the hospitals must reconfigure to be a part of a new and changing landscape in healthcare and in the healthcare industry."

In relation to the SIA, JFL has received \$2.5 million of the [allocated \\$7 million](#) from the Government of the Virgin Islands.