

The Virgin Islands Consortium

Senators Balk At Schneider Hospital's 'Urgent' Request For Additional Funding

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ST. THOMAS -- The testimony of Dr. Bernard Wheatley, C.E.O. of the Schneider Regional Medical Center (S.R.M.C.), was delivered as bluntly as possible on Wednesday at the Earl B. Ottley Legislative Hall during a budget hearing: "S.R.M.C. is facing several urgent operational and infrastructure challenges. If financial relief is not immediately provided by the local Virgin Islands Government, there will be significant impacts to the services S.R.M.C. provides to the people of the Virgin Islands.

"S.R.M.C. recognizes that the Government of the Virgin Islands is facing severe financial distress and difficult choices about how to allocate the territory's limited financial resources. We fully appreciate that the government's ability to access additional funding

through the bond market is currently limited and that in order to fund the hospital more, something else will have to get funded less. But we are sure that this body and the Virgin Islands community as a whole will agree that healthcare is a vital part of our society and that healthcare must be among the government's top priorities.

"We are pleading with this body to re-allocate and redirect funds to the very vital services being provided by the hospital. Although it will be tough, the people of the Virgin Islands can live without certain programs, but if they have a heart attack or cancer, they cannot live without getting their healthcare. We must have a viable hospital for the people of the St. Thomas – St. John District," Dr. Wheatley said.

Senators, however, did not bend to the hospital's request, and stated that the territory's financial crisis means every gov't department and agency will have to operate within the confines of their respective recommended 2018 budget. Some lawmakers had a difficult time reconciling with the testimony, with Senator Brian Smith wondering aloud whether S.R.M.C. was oblivious to the territory's financial crisis, that it would present a \$42.8 million 2018 budget, which includes a request of \$34.9 million lump sum for operations, \$5 million for capital and another \$2.8 million for conversion of some of its employees to the Government Employees' Retirement System (G.E.R.S.).

The Mapp administration's recommended budget for the hospital is \$24,972,518.

"I want to know if you guys have been listening to the fact that the Virgin Islands government is broke," an exasperated Senator Brian Smith said.

Senator Nereida Rivera-O'Reilly said hospital officials seemed unmoved by the fact that the hospital saw decreases in budget allotment with each passing year, because while that occurred, it continued to hire additional employees.

"What is also true is that the expenditure of the hospital, the hiring of the hospital, the structure of the hospital has not decreased correspondingly with the decrease in appropriation," Mrs. Rivera-O'Reilly said. The senator said she conducted an analysis of hospital activities over the past 11 years, and found that S.R.M.C. -- even as budget decreases were implemented -- continued to add additional workers to the payroll. "I don't know how to explain that except to say that the hospitals have become job generators," she said.

Senator Tregenza Roach expressed frustration from reading Dr. Wheatley's testimony. He said the first three pages appeared to list consequences that would arise if the hospital did not receive what it requested. Yet the hospital's accounts payable -- what it owes to vendors -- continued to balloon, Mr. Roach pointed out, and stood as of Wednesday at \$38.7 million -- \$10.1 million of which is owed to the Virgin Islands Water and Power Authority; \$1.7 to the Bureau of Internal Revenue, and \$639,000 to G.E.R.S., among other expenses.

Dr. Wheatley, however, gave reasons why the hospital is in its own financial crisis. "Despite the fact that every cost in health care has risen over the past 6 years and that the number of uninsured and underinsured patients seeking care at S.R.M.C. has increased over the past 9 years, the allotment from the local government to S.R.M.C. has been decreased by an incredible 30 percent over the past 9 years," he said.

Dr. Wheatley mentioned costs for repairs that have yet to be fulfilled because of the lack of funding. He said the Myrah Keating Smith Community Health Center in St. John, which operates 24 hours per day, 7 days a week, requires funding to repair and/or replace the roof in addition to addressing a deteriorated flooring within the facility. The same facility, he said, sustains an annual loss of \$2 million. The Charlotte Kimelman Cancer Institute which opened in late 2006, also requires roof repairs as well as the replacement of major equipment such as the linear accelerator. And it too sustains annual losses, Dr. Wheatley made known.

"The infrastructure issues have now become so severe at both hospitals that they could impact and jeopardize the hospitals' good standing with the C.M.S. [the Center for Medicare and Medicaid Services] which would result in the loss of significant federal reimbursement to our hospitals, which would further affect our hospitals' ability to operate," Dr. Wheatley said.

But Mrs. Rivera-O'Reilly pushed back, stating that the hospital is top-heavy and needed to change its culture in an effort to save dollars.

"I'm going to go where nobody really wants to go, because it's not popular. You have an issue with the culture of your organization. I know Dr. Wheatley that you agree with me because you came from a different organizational culture, where people were held accountable, and you were a result oriented organization.

"You inherited a monster, one that has been about providing employment and about giving concessions to physicians. That's the reality. And now today we find ourselves in a fiscal crisis, a financial crunch that none of us here is going to be able to solve for you because we can't write you a check for the seven-plus million that you would like to see. So if we really want to be honest with each other, and if we are serious about patient safety, about patient care at the hospital... then we need to recognize that we are top-heavy, that our staffing levels are astronomical, particularly when you compare that to industry standards," Mrs. Rivera-O'Reilly added.