

The Virgin Islands Consortium

Plessen Healthcare Faces Opposition From Local Eyecare Providers While Seeking EDC Benefits

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ST. CROIX -- Plessen Healthcare representatives requested tax exemptions and other benefits from the Virgin Islands Economic Development Commission during a public hearing at the William D. Roebuck Industrial Park Tuesday, but opposers said granting the request would create an unfair playing field for other providers in the territory.

[Plessen Healthcare](#) is a newly built outpatient medical center located in the Government Employees Retirement System building on St. Croix. The center offers surgical, medical and optical services and claims to do so at an affordable price for all.

Jan Tawakol, Plessen chief executive officer and president, told EDC board members that the requested benefits wouldn't go toward Plessen's optical retail store or toward physician salaries. The benefits would help Plessen pay the GERS lease, nurses and staff, and for the costs of supplies in the surgical unit. Essentially, the request for benefits is to maintain the facility in which physicians operate out of, Tawakol said.

EDC benefits [typically include](#) 90 percent reductions on corporate and personal income taxes and 100 percent exemptions on gross receipt, business property and excise tax payments. Benefits also include reduced customs duty from six percent to one percent.

Juan F. Luis Hospital Chief Executive Officer Wanda Ruben testified in support of Plessen receiving benefits. According to Ms. Ruben, the St. Croix hospital suffers extensive water damage to the roof and supporting infrastructure. Presently, only two operating rooms are functioning, and both are limited to urgent cases.

"It is of most importance to support Plessen," she said, "since it is the facility that supported the hospital after hurricane and after closure of the surgical unit."

Ms. Ruben further stated that the JFL staff could count on Plessen to accept patients rapidly and that the Gov. John DeJongh administration had previously selected the center as the facility that would collaborate with the hospital in the event of an OR shutdown. She said that this selection was part of meeting the criteria for a Centers for Medicaid and Medicare Services (CMS) correction plan to maintain certification at JFL.

Representatives of two eyecare providers testified in opposition to Plessen's request for benefits.

Sterling Optical's Opposition

Attorney Trudy Fenster relayed the concerns of Sterling Optical. The owners proposed the following in a prepared statement that Fenster read to the board:

- Plessen doesn't meet EDC criteria for capital outlay or employment levels.
- It would be unfair for Plessen to receive benefits while other providers offering the same services do not.
- Plessen is a direct competitor to public healthcare facilities in the territory.
- Plessen's medical tourism "portrayal" is a "farce" since there is no major reduction in costs for services offered at similar facilities on the mainland and in Puerto Rico.

According to the prepared statement, Sterling Optical made an initial investment of \$500,000 and employed nine people more than 21 years ago. More recently in 2017, the company made another investment of more than \$1 million to build a 3,000 square foot facility and now employs 18 people annually, the statement read.

Sterling Optical also claims to provide an income tax base of between \$500,000 to \$600,000 for the local community. The statement also made mention of the company's annual Adams-Mahépath scholarship for college-bound high school students.

It said that there were many other similar providers that contributed to the community "without exploiting the benefits of the EDC program."

“These are healthcare providers who are vested in the community and who realize that the cost and burden of government for utilizing the infrastructure provided to all must be shared by the businesses in the community at large,” the statement read.

Sterling Optical also claimed that Plessen Healthcare was really an umbrella company for other companies including an ophthalmology company.

St. Croix Vision Center Opposition

In a submitted letter submitted, Carl Maschauer, president of St. Croix Vision Center, also objected to Plessen Healthcare receiving EDC benefits.

Mr. Maschauer said that Medicare and Medicaid cap the income per patient encounters with predetermined maximum reimbursement rates that they will pay for all healthcare specialties.

“Since the income per patient encounter is capped, the only other way to make more profit is to reduce your expenses,” he said in his letter. “Giving Plessen Healthcare the EDC benefits would give them an unfair competitive advantage over all other healthcare providers here in the islands. It would set a precedent that other providers may not have access to.”

According to Mr. Maschauer, the 32nd legislature already passed a bill that would exempt all healthcare providers from gross receipts taxes on income made from Medicare and Medicaid starting on January 1, 2019.

“That alone will be a big advantage to Plessen Healthcare in their quest to stay viable,” he said in the letter, “since the vast majority of the cataract surgeries done at their surgery center are paid for by Medicare or Medicaid.”

The Rebuttal

In response to both opponents, Mr. Tawakol reiterated that Plessen was not seeking benefits for physicians.

“I pay my taxes,” he said. “I continue to do so. I will do so in the future.”

He said that physicians who operate out of the facility get paid separately as Plessen does not submit claims for them. The facility payments, for which they are seeking benefits, cover costs “to provide the environment” with nursing support, medication, and supplies, Mr. Tawakol said.

Mr. Tawakol also responded to concerns about investment. He said Plessen would make an initial capital investment of 1.4 million. To date, the company has invested 2.7 million in infrastructure alone, according to Mr. Tawakol.

He also said that Plessen Ophthalmology was a completely distinct company that used the Plessen name without their approval.

In response to the center’s medical tourism portrayal being a farce, Mr. Tawakol said it’s already a reality. He said patients from the British Virgin Islands and wider Caribbean are

already visiting the center on St. Croix because there is no language barrier and the culture is similar.

“So the medical tourism is real. It’s already happening, and as we go forward, more of this will come,” he said.

According to Mr. Tawakol, many residents are visiting hospitals and healthcare facilities, such as Cleveland Clinic, on the mainland. They are taking their healthcare dollars with them. To have those monies spent in the territory, Mr. Tawakol said, is of importance.

The board took no action on the application; members will further deliberate after hearing the testimonies of the applicant and the opposers.