

The Virgin Islands Consortium

In First Hearing, 33rd Legislature Senators Learn Status Of Hospitals, Healthcare In Territory

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ST. THOMAS -- Members of the 33rd Legislature for the first time on Monday heard testimony from officials of the Juan F. Luis Hospital, the Schneider Regional Medical Center (SRMC), the Department of Health, the Department of Human Services and other health-related organizations. In the Committee on Health, Hospitals and Human Services, a mix of the new lawmakers -- Senators Donna Frett-Gregory, Allison DeGazon and Stedman Hodge along with incumbent lawmakers Janelle Sarauw, Dwayne D. Graff and Marvin Blyden -- sought answers from the aforementioned officials and their solutions to problems their respective facilities and operations face. The hearing was managed by Committee Chairman Senator Oakland Benta.

Committee members Kurt Violet and Alicia Barnes arrived late to the hearing due to travel issues. (The other committee members are Mrs. Frett-Gregory, Mr. Blyden, Ms. Sarauw, Mr. Benta and Mr. Hodge. Ms. DeGazon is a non-committee member who attended nonetheless.)

The new lawmakers proved to be ready on day one, a sign that had they prepared themselves for Monday's hearing. Their readiness was not surprising either, as most of them have faced the Senate in the past.

During questioning of hospital officials, Mrs. Frett-Gregory sought answers on the hospitals' performance on collections and billing. Dr. Luis Amaro, chief medical officer at SRMC, said the hospital's chief financial officer "works extremely hard to see where the collections should be brought in and get the bills out on time." JFL CFO Shenel Moorehead said an internal audit was underway that takes a step-by-step look at the hospital's process when it receives a patient to ascertain that pertinent information is recorded, so that the hospital is able to bill patients correctly. "Simple things like that really slow down our billing process," Ms. Moorehead said. She said there are time limits on billing, with some insurance firms giving only 60 days, while others allow 90, along with Medicare and Medicaid's limit of one year.



Senator Allison DeGazon (Credit: VI Legislature)

Relative to collections, Ms. Moorehead said JFL's collections averaged roughly 44 percent. "It really is low... I do agree that uncompensated care plays a large role, [however] as the only hospital on St. Croix, we can't turn away any patients and we would never want to turn away a patient," she said.

Ms. DeGazon, who has a background in grant-writing, sought information on the hospitals' process relative to receiving such funds. She said there are a lot of programs available that would greatly benefit the hospitals' bottomline if only they were pursued. Both SRMC and JFL officials agreed that more could be done and promised to ramp up their efforts.

Mr. Hodge, who worked for five years at SRMC in the HR department, asked whether the hospital had plans to acquire an MRI machine. Dr. Amaro said there was a functioning machine at St. Thomas Radiology, a privately-owned operation. "I don't think that we have enough services that two MRIs on the island would be beneficial and cost-efficient," he said, adding that the hospital has agreements in place with St. Thomas Radiology and that the two have worked very well -- sometimes even at financial losses to St. Thomas Radiology.

Schneider financial overview, according to Dr. Amaro

For Fiscal Year 2019, SRMC is projected to operate at a loss of \$4.4 million after the receipt of government allotments of \$21.7 million, and the financial support of the 100 percent federal match of the Medicaid program of approximately \$5 million, Dr. Amaro said. This loss is before implementation of negotiated salary increases of \$2.8 million and the GERS conversion of SRMC employees amounting to \$2.7 million. To date SRMC has suffered a revenue and volume loss overall of approximately 37 percent post-storm and reduced costs of 22 percent, Dr. Amaro said.

SRMC is operating due to the access of the Community Disaster Loan (CDL) and the additional Medicaid funding. Currently, access to draw on the CDL will expire March 31, 2019 and the federal Match of 100 percent on the Medicaid program is set to expire September 30, 2019 after which the hospital will revert back to a 55 percent federal match and 45 percent local government match, he said.



Senator Alicia Barnes (Credit: VI Legislature)

SRMC's overall historical and future financial struggle is derived by the catastrophic underfunding of the uninsured, Medicaid and Medicare programs, Dr. Amaro said. In FY 2017, SRMC incurred an estimated \$10 million of unfunded costs from these programs after Medicare, Medicaid and central government payments.

JFL financials, according to Acting CEO Dyma Williams

The hospital said its current executive team inherited "a mountain of debt" to include GERS, WAPA, and payments to suppliers and contractors, which Ms. Williams said was created overtime. She said the hospital's payables balance decreased from \$66 million to \$55 million over the last year due to proper financial planning and the assistance the Community Disaster Loan funding (JFL is slated to receive \$42 million in total CDL funding).

Since February 2018, JFL's government appropriations have included an extra deduction of \$266,000 to be paid directly to WAPA to pay off the debt incurred, Ms. Williams said. She said the hospital pays WAPA between \$190,000 - \$210,000 monthly, "resulting in our current invoices being paid as well as an additional \$56,000 a month to pay the balance in arrears."



For Fiscal Year 2019, the Office of Management and Budget budgeted a total of \$19.9 million in general fund appropriations for the hospital, which Ms. Williams said translates into a monthly allotment of approximately \$1.6 million. Of that amount, a monthly allotment of \$417,000 is set aside for the Division of Personnel to cover the cost of employees' health insurance premiums. Along with the \$266,000 being paid to WAPA monthly, the hospital is left with a meager \$976,000 to cover the gap caused by uncompensated care, Ms. Williams said.

Also giving testimony on Monday were the Department of Health, the Department of Human Services, the St. Thomas East End Medical Center, and the VI Developmental Disabilities Council, Inc. See the testimonies [here](#), [here](#), [here](#) and [here](#).

Feature Image: Senator Donna Frett-Gregory, courtesy VI Legislature

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