

The Virgin Islands Consortium

Schneider Hospital Sees Slight Financial Improvements, But Operational Losses Still Projected

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Slightly improved revenue projections and a surge in key metrics, such as outpatient services provided, suggest Schneider Regional Medical Center (SRMC) may be slowly, but steadily mending its financial health after the hurricanes of 2017. But a few worrying symptoms remain.

"You have a lot challenges and a lot hard decisions to make," Senator Marvin A. Blyden, vice chairman of the Senate Committee on Finance told hospital officials during budget hearings Thursday for SRMC and, later, for the St. Thomas East End Medical Center Corp., another health care provider heavily reliant on public funding.

SRMC Chief Executive Officer Dr. Bernard Wheatley told lawmakers that after the Bryan administration's proposed \$22 million FY 2020 budget appropriation, the hospital anticipates an operational loss of \$7.6 million. Mr. Wheatley sought lawmakers support for a FY2020 appropriation of \$28 million, an additional \$6 million. He pushed for an additional \$10 million for capital expenses, to include upgrades to the IT system, onsite oxygen generation, and installing energy efficiency with new construction. FY2020 projected expenses for the hospital were pegged at \$80.2 million, a \$3.3 million increase over last year.

Financial assistance from the Government of the Virgin Islands is required to fund key financial priorities totaling \$12,614,000, according to Mr. Wheatley. The breakdown is as follows: \$3 million for GERS enrollment of SRMC employees, \$2,752,000 for negotiated union contracts/salary increases, \$2,125,000 for the Meditech Software Expense, \$597,000 for a CT scanner, \$150,000 for C-Arm equipment operating room, \$440,000 for radiographic equipment, \$900,000 for heart catheterization/Interventional lab equipment, \$2,500,000 radiation oncology equipment, and \$150,000 for urology equipment.

"This loss can be reduced if Congress acts positively to address some of the inequities in the healthcare system reimbursements and funding," Mr. Wheatley said. "Without those changes, it will be difficult to move forward with such losses. Our vendors will not risk credit, and SRMC must be able to invest in itself to react to the ever-changing healthcare market."

Sen. Allison L. DeGazon pressed the hospital on whether it was taking full advantage of the University of the Virgin Islands nursing school. "What is your relationship with UVI, currently," Ms. DeGazon asked. According to SRMC officials, the hospital hired 17 of UVI 52 nursing graduate since 2016. Four of the six graduates so far this year have applications on file at the hospital.

SRMC is also making a dramatic push across the U.S. to recruit registered nurses to the territory. Mr. Wheatley told Ms. DeGazon an increase in patient stays is driving up overtime costs because the hospital does not have enough RNs. "There is a push to advertise to get people to come down to the Virgin Islands to help," Mr. Wheatley said.

Regarding SRMC's debt, Wheatley mentioned that SRMC has reduced its debt by \$18.5 million from FY 2017 to FY 2019, and as of June 30, 2019, there were trade accounts payable debt totaling \$24.6 million. Furthermore, the intra-agency outstanding debt to SRMC totals \$7,038,761; and out of that \$7,209,000 is from the Workman's Compensation Program.

Separately, the governor's recommended a FY2020 budget appropriation of \$1.9 million for the St. Thomas East End Medical Center.

Executive Director Moleto Smith, Jr. told lawmakers that more is needed to address an expected plunge in Medicaid revenue after the 100% federal match comes to an end September 30th. "We have requested \$2,924,229 in funding for FY 2020 for the purpose of addressing the Medicaid local cost-share of forty-five percent, as well as to mitigate the millions of dollars of uncompensated care that we will continue to face in the coming year for primary health care services to individuals who are not covered by any type of public health or commercial insurance." Thus far, only \$560,199 was recouped out of

\$2,962,811 of projected charges for uncompensated care in 2019; the outstanding balance is \$2,402,612.

The Virgin Islands Lottery also went before finance committee members Thursday. Lottery Executive Director Designee Raymond Williams gave the following breakdown of his proposed \$20.7 million FY2020 budget: \$8,453,434 for traditional games, \$12,317,644 for compensation from contractors, \$10,949,564 for VLT gaming revenue, \$1,368,080 for online/scratch games, and \$20,500,000 in other income. For FY 2020, Williams indicated VIL's goals are to fill vacancies and to modernize operations and marking strategies.