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# Moleto Smith Defends Tenure at STEEMCC, Calls Hearing 'Clown Show', Denies Overinflated Sense of Self

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Janeke Simon **June 13, 2023**

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**In August 2022, then-East End Medical Center executive director Moleto Smith Jr. appeared before the Senate seeking \$800,000 to supplement STEEMCC's operations for Fiscal Year 2023.**

Even as Kurt Callwood, chair of the St. Thomas Easter Medical Center Corporation's board, was testifying before lawmakers last week that a former executive director of the facility had been overstepping his authority and causing information to be concealed from the board, other allegations about Moleto Smith's tenure in the position were being made to Consortium journalists.

When our newsroom spoke to Mr. Smith however, he denied having ever performed in the role with any less than the highest standards of professionalism.

Sources have alleged that Smith grew to possess an overinflated sense of self, surrounding himself with personal security as he ventured out into society. For his part, Mr. Smith scoffed at the idea. “That’s profoundly false. That’s far from true.” According to him, “we beefed up security around the health center from the time I came to protect staff and patients.”

“Why would I need security around me?” Mr. Smith chuckled. However, when pressed, he did admit to sometimes having “one of them, depending on where I’m going” drive him to his destination, “so that I wouldn’t have to struggle for parking, but most of the time I do things myself.”

Mr. Smith also confirmed a second allegation - that his step-daughter was employed at the facility at a time when a hiring freeze was implemented. She began working there in 2017 as a dental assistant right after graduating with a degree in biology, he said, until she went off to the mainland to further her education. “She came back to work part-time on and off in 2020,” Mr. Smith said, “and then I think she left completely around 2021-2022” when she once again relocated outside the territory.

He strongly denied playing any inappropriate role in STEEMCC’s hiring decisions. “The Dental Director recommended her for hire” initially, he told the Consortium in an exclusive interview. “There’s no nepotism on my part in hiring my family. I think any allegation of the sort is profoundly sad.”

As for the claims made about his tenure in the position by Mr. Callwood, Mr. Smith described them in equally uncompromising terms. “A clownshow” is how he described Mr. Callwood’s testimony before last Wednesday’s meeting of the Senate Committee on Health, Hospitals and Human Services. “What he said is both false on its face and false in fact,” Mr. Smith alleged.

Mr. Callwood [told lawmakers](#), during his explanation for the center’s current dire financial circumstances, that the board had been misled, misinformed, and kept in the dark on key aspects of STEEMCC’s operations, with employees instructed or coerced to fabricate or conceal information from the board by recently separated executive management.

In the interview with Consortium journalists, Mr. Smith contends that nothing could be further from the truth. “If in fact that was the case, why would the board give me exceptional ratings year over year,” Smith asked. “That’s profoundly a lie.”

Other allegations made were similarly false, Mr. Smith said. Mr. Callwood claimed during his testimony before the Senate that a lease on an undeveloped property ballooned in cost without the board’s knowledge. However, the former executive director claimed that the original lease, which was fully vetted and approved by the board, contains everything pertinent to that transaction. Mr. Callwood told lawmakers that he remembered seeing the original lease when it came before the board, and Mr. Smith says that the payment structure for the land was detailed in full in that document. The jump from \$4000 to \$16,000 in rental costs, he says, is as a result of the expiration of an initial “grace period” of discounted payments. “During the first...four to six years, rent wasn’t actually charged against the lease. What was charged against the lease was perhaps some other type of fees but not rent itself. The rent began to kick in again after that grace period, and they know that,” Mr. Smith said. “They went over this in detail before the lease was actually signed.” It wasn’t clear what the “some other type of fees” were.

Lawmakers last week were shocked to hear from Mr. Callwood, backed up by the assertions of his Chief Financial Officer Stephen Mayers, that STEEMCC had been ostensibly paying two people the same salary to perform the CFO function “at least for the last couple years,” according to Mr. Mayers.

According to Mr. Smith, when her replacement was hired, the retiring CFO was contracted on a per diem basis to provide “accounting help” to the organization. When pressed to estimate how much that per diem could add up to on a monthly basis, Mr. Smith avoided a direct response but reiterated that the contextualization of the situation as one of two people performing the same job role was incorrect. “She wasn’t providing CFO functions,” he said, but rather accounting services. Further, those services are still reportedly being utilized by STEEMCC and its board. “We’re still using the person,” said Mr. Smith. “The lady... may have even helped them put some of the financial information together for that same hearing.”

Mr. Smith also shed light on exactly how the institution came to be in such dire financial straits. On average, STEEMCC requires approximately \$600,000 a month to operate, he said. The bulk of that \$7.2 million annual operating cost comes from revenue generated from services - “program income”, Mr. Smith explained. “That would be the charges they generate from seeing patients and charges that are generated from other day-to-day type of activities.”

Mr. Callwood and Mr. Mayers noted that there was a surplus of approximately \$1 million in 2019, which eroded to a \$3 million deficit today. However, Mr. Smith says the 2019 figure “is really a book surplus”, i.e. not one that resulted from revenue generated in that financial year. Rather, “I, very assertively, along with my team, went and advocated to get our retro[active] reimbursements through Medicaid as well as through the Legislature, and that monies came in and were closed on the books,” he explained, saying that the reimbursements were for services performed in previous years. “These were for charges that were generated, going as far back as 2011.”

When the Covid-19 pandemic took hold in the territory, Mr. Smith said “we actually stopped seeing about 80% of our regular patient load,” a statement in concurrence with Mr. Mayers’s testimony before the Senate stating that STEEMCC had patient revenues of only \$3.7 million in fiscal year 2020, contrasted with \$6.6 million in 2019. That major decline in revenue coupled with the facility’s substantial operating costs inevitably created a negative financial position that, if left unchecked, would spell certain doom for the ongoing viability of STEEMCC.

However, Mr. Smith argues that as executive director, he and his team came up with plans to boost the center’s bottom line as well as expand its portfolio of services to ensure a sustainable future for STEEMCC. He pointed out as his flagship achievement under this umbrella the establishment of the center’s behavioral health program in 2021. “Other federally qualified health centers bring in between two and three million dollars a year on that program, simply by providing discount pharmaceuticals.” That, along with beginning long outstanding negotiations with Medicaid over reimbursement rates, and other initiatives instituted during his recent tenure, Mr. Smith argues, would have placed STEEMCC on a path to sustainability following the rocky pandemic years. However, since his departure in February of this year, Mr. Smith told the Consortium “what has come to my understanding is that the entire Behavioral Health Program left STEEMCC.”

“When I say entire,” Mr. Smith continued, “I mean the doctor, the caseworkers, the core of the program. All of them left STEEMCC, including the equipment.” The program, which is now housed at the Schneider Regional Medical Center, “also took about 500 patients” with it, according to Mr. Smith, representing a huge blow to the facility’s bid to restore patient revenue to

pre-pandemic levels.

Mr. Smith argues that Mr. Callwood is panicked at having to contend with the center's bleak financial outlook without the support of an experienced management team. "It's my understanding that the board fired or dissolved the entire leadership team...without any type of transition, without any type of update," he alleged. "There was no one there to provide any information about all the plans we put in place and subsequently, there's no revenue coming in as projected to handle these day-to-day costs."

That panic, Mr. Smith speculated, may have been what prompted Mr. Callwood to attempt to cast him as a scapegoat for STEEMCC's financial misfortunes. "I'm not going to disparage anyone," Mr. Smith said, "but we can't when times get rough look around the table and decide who you're going to cannibalize."

Mr. Smith also argued that the board needed to adjust its mindset regarding the private nonprofit healthcare provider, saying that many members "come out of a government approach," believing that central government would be able to smooth over any fiscal challenges the entity might experience. "They have no money to give you," he said, referring to requests for special appropriations from the Legislature or financial support from the executive branch. "You're not a government agency and you have to generate your revenue," Mr. Smith reiterated.

Despite the current tension between himself and his former board chair, Mr. Smith says that he is willing to do what he can to ensure that STEEMCC, providing healthcare services to St. Thomians since 1977, continues to do so for the foreseeable future. "I am still here and willing to support," he said, "and really get down to the nuts and bolts and really figure out how we could work together to improve this thing." Adopting a pragmatic approach, Mr. Smith noted that "there's limited...specialized executive talent in the organization, and I believe what has been stated to me – that I'm among the top tier of that executive. I'll always be available to provide support and support the center."