The Virgin Islands Consortium

St. Croix Hospital Coping with Financial Difficulties; Legislature Considers Funding Shifts

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Janeka Simon July 23, 2023

Ambulance at JFL North

Leadership of the Juan F. Luis Hospital appeared before the 35th Legislature's Committee on Budget, Appropriations, and Finance on Friday to outline their budget request for fiscal year 2024, detailing significant financial challenges alongside plans for future growth.

The proposed budget of $88 million, which is balanced and slightly increased from the current fiscal year, comes amidst ongoing court cases against high-profile debtors, staffing shortages, and unexpected costs from a recent move to JFL North, the temporary modular hospital. Despite these difficulties, the hospital reports a positive trajectory with growing revenue, a stabilized workforce, and strategies to further improve finances and services. Senators expressed their support, acknowledging the improvements at JFL, and discussed potential sources of increased funding.

JFL CEO Douglas mentioned significant reduction in accounts payables over the past five years – from $54 million to $17.6 million – which he attributed to collaboration with key stakeholders.

While the hospital is operating in the red due to the additional costs of moving into the JFL North, which amounted to at least $3.5 million in unforeseen out of pocket expenses, Senior Vice President of Finance Christopher Lewis told lawmakers, “We are seeing a good uptick in revenue.” However, he stressed that the hospital would need additional help to increase the capital budget in order to expand hospital services.

To make the balance sheet somewhat healthier, JFL has addressed past dues and overpayments to the Government Employees' Retirement System (GERS), ensuring retired employees aren't impacted. They've also been working on inter-agency debts, with government agencies owing JFL over $1.3 million. Mr. Lewis identified the Bureau of Corrections and the Department of Labor as the two biggest debtors, owing almost $600,000 each.

Despite the financial difficulties, JFL reported a stabilized and growing workforce, following the implementation of union-negotiated increases of nursing salaries to a more competitive range. Even so, staffing is still an issue, with Mr. Koch outlining an "all hands on deck" approach towards hiring and emphasizing the need to continue aggressive recruiting campaigns.

Chief Nursing Officer Darice Plaskett told lawmakers that the hospital had a minimum staffing requirement of 114 nurses, but reported that currently only 78 nurses were on staff. Even with the short, Ms. Plaskett reported an increase in applicants interested in joining the JFL team. Mr. Koch discussed the hospital's strategy of replacing agency nurses with full-time staff, stating that for every agency nurse dismissed, they could afford to hire 2.5 full-time nurses. Ms. Plaskett, meanwhile, told lawmakers that the hospital had been converting willing contract nurses to staff positions, and was also actively working to recruit graduates from the University of the Virgin Islands' nursing program. When asked about potential morale problems from lower-paid managers overseeing higher-paid staff due to the order in which negotiations and raises were conducted and implemented, Koch acknowledged the issue and stated they were ready to negotiate changes.

The first tranche of the $10 million in funding announced by Governor Albert Bryan has been received, according to Mr. Koch, and spent on bonuses to nursing and allied health staff.

In response to a question from Senator Angel Bolques regarding federal health care policies and Medicaid reimbursement rates, Mr. Koch acknowledged the turbulent financial landscape in healthcare and mentioned that they account for these as much as they can, based on current information. He noted the rise in Medicare rolls and commensurate shrinking of the number of Medicaid patients, a trend reflecting the territory’s aging population.

Compounding budgetary pressures, Mr. Koch explained that while 81 percent of the hospital’s discharges are from government payers, they only contribute to 60 percent of the revenues due to lower reimbursement rates compared to commercial payers.

The hospital is actively looking for new revenue streams, Mr. Koch, said focusing on growing outpatient services, negotiating pricing for specific surgeries, reestablishing the territory's Cardiac Center, and expanding outpatient clinics.

Mr. Koch also brought attention to the financial burden of boarders, patients who remain in the hospital after discharge, who contributed to approximately $402,527 in costs in May 2023 alone and disrupted operations, leading to loss of potential income. Ms. Plaskett explained that the hospital had initially decreased the number of boarders to about three after the move to JFL North, but the number has since increased to about seven, which in turn impacts the emergency room's operational efficiency.

The issue continues to be addressed in weekly multi-agency meetings, Mr. Koch disclosed, prompting Committee chair Senator Donna Frett-Gregory to suggest that the statute related to the responsibility of the Department of Human Services for adults in this situation be reviewed.

He also discussed the pause on the Meditech expansion project due to staff shortages and the need to focus on the transition to JFL North. Currently, the hospital was less than 25 percent of the way towards completion, Mr. Koch disclosed, which is why they are still using a third-party clearinghouse for billing. Lawmakers were told that consultants with specialty skills needed to be engaged on the expansion project, at an approximate cost of $1.7 million. When complete, the move to a fully digitized system will result in improved care delivery in the community, Mr. Koch said. "The ability for our doctors and nurses to work in an electronic world improves productivity,” he argued. “It's safer, there's checks, there's balances within it."

Koch concluded his testimony by acknowledging the need for additional funding for capital investments and projects, displaying a list of required capital equipment amounting to $18 million. He called on the committee and executive branch to help identify additional funding sources for these crucial projects.

Lawmakers expressed their willingness to further support the hospital as the facility has been on a positive trajectory. “As long as I've sat here as senator, I've seen the improvement with JFL,” said Frett-Gregory, who urged her colleagues in supporting her effort to trim down appropriations for other departments and agencies, singling out the Waste Management Authority, in order to create opportunities to lend more fiscal support to JFL. “Folks have to pay for their trash in the Virgin Islands, if we are going to ensure that our healthcare services…are given adequate funding."