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East End Medical Slowly Digging Out From Deep Financial Hole; Senators Offer Praise To Interim Executive Director

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St. Thomas East End Medical Center Corporation when Interim Executive Director Dr. Tess Richards. By. V.I. LEGISLATURE

Senators of the Health, Hospitals and Human Services Committee were much happier with the responses provided by the St. Thomas East End Medical Center Corporation when Interim Executive Director Dr. Tess Richards and Chief Financial Officer Steven Meyers appeared on Monday to update the committee on the center's operations.

Dr. Richards acknowledged the organization's ongoing significant financial challenges, telling lawmakers that STEEMCC was starting from "ground zero", in a sense. "There are no quick fixes

for the immense challenges that we're facing," she warned. However, she vowed that the team was committed to turning things around and indeed, that they've begun steps towards these ends.

Legislators were told that the facility had been undergoing an in-depth evaluation and review of policies and procedures within all areas of the center. Dr. Richards emphasized the need for standardized processes and a strong focus on the billing and collections department, saying, "We need to revamp the entire revenue cycle." A corrective action team has been assembled to focus on fine-tuning procurement, tracking resource utilization, reevaluating contracts with vendors, and streamlining billing and collections. Richards stated, "We created cost cutting and cost savings plans...we are also in talks with a few specialists."

Increased staff training and support are also key to improving operations, Dr. Richards said. "We cannot expect staff to perform if they are not armed with the appropriate tools to do so," she stated, citing several initiatives that were providing the needed support to staff.

The decrease in patient revenue from \$6.6 million in FY 2019 to \$3.7 million in FY 2022 was crippling for the center. Along with cratering patient revenues, the center had a skyrocketing wage bill during a similar timeframe – almost \$5.2 million in FY 2018 to almost \$8.1 million in FY 2023 – a confluence of events that brought STEEMCC to its knees. To manage these financial challenges, STEEMCC had to lay off a total of 18 employees, which led to a nearly \$60,000 decrease in their biweekly payroll. This decision allowed the organization to start paying off their vendors and reopening some of their locked accounts.

Lawmakers were concerned about the 18 separated staffers, inquiring about their unemployment benefits and whether they had received the sums owed to them in severance and other termination pay. "We are almost finished paying off the accrued leave for most of the staff... I anticipate that by the end of this month, all but maybe one or two people will be paid off completely," Dr. Richards said. She also clarified which categories of personnel were affected by the layoffs. "We had to go with the people that are the most critical to direct revenue generation. So no one from clinical because they directly help with revenue generation. And then we didn't do billers because they help directly with revenue generation," she told lawmakers.

To recover financially, Dr. Richards highlighted a plan to increase program income by shifting the payer mix to include a greater percentage of commercial insurers, in order to offset the large percentage of uncompensated care patients that STEEMCC sees each year. "We need that infusion of cash to get us current with our vendors," she noted.

Improving collections from self-pay patients was also critical to stabilize revenues, and the center has shifted additional staff to the billing department to aid this process. However, as Dr. Richards noted to lawmakers, "the uncompensated care is why STEEMCC will always need your support."

Other measures being taken include efforts to reduce the issue of rejected claims. Three additional staff members have been added to the billing team to tackle this, and according to Dr. Richards, "the CFO will perform routine audits on the timeliness of claims that took time for rejected claims."

Dr. Richards also highlighted the urgent need to recruit more revenue-generating staff in order to offer more services and meet community needs. The current focus is on hiring three more medical providers, one behavioral health provider, and two full-time dentists. A part-time gynecologist is also expected to join next month. While the center is embarking on some aggressive recruitment strategies in the hopes of bringing in some new hires soon, Dr. Richards acknowledged the

challenge in not only recruiting, but also retaining staff. "One of the things we are tossing around with our onboarding team is planning small welcoming events for new providers... trying to find ways to help them adjust and find their St. Thomas family," she told lawmakers. However, she also mentioned that these strategies must be balanced against the realities of their financial struggles, remarking, "Our challenge at STEEMCC is how do we offer competitive salaries when we are struggling financially."

Other efforts to improve and expand the center's revenue generation ability include attempts to get STEEMCC's discount pharmacy program, 340B, fully operational, which would both benefit underserved patients and also serve as a revenue center. Once staffing levels are sufficient, STEEMCC plans to extend its hours of operation – again, a move that would better serve the community and also spur increased revenues. The center is also aggressively seeking new funding sources, with the formation of a grants team and the launch of a foundation for fundraising.

Despite facing many challenges, Dr. Richards concluded her testimony on a positive note, saying "I have definitely started to see improvements in the center from a financial standpoint and from a productivity standpoint...So we're gonna get there. We just need a little bit of a cash infusion to get there." She also expressed her gratitude to the Legislature and the executive branch for their assistance. Senators seemed pleased with Dr. Richards' efforts, noting that she began her tenure as interim CEO under extremely challenging circumstances. "I love your energy," Senator Diane Capeheart said. "I know you had to make some tough decisions...I wish you the best."