



SCHNEIDER REGIONAL MEDICAL CENTER SHARES THE FY 2017 BUDGET OVERVIEW

ST. THOMAS – The Committee on Finance, chaired by Sen. Clifford Graham, met with officials from the Schneider Regional Medical Hospital (SRMC), during the FY 2017 Budget Overview at a meeting held at the Capitol Building on Wednesday.

Dr. Bernard A. Wheatley, Chief Executive Officer of SRMC stated that the FY 2017 Operating Budget and Financial Trends are based on the first eight months of FY 2016. “FY 2016 projected expenses are \$89 million vs a budget of \$91.1 million, reflecting a decrease of \$2.1 million or 2.3%. SRMC is budgeting a further reduction for FY 2017 of \$1.7 million for a total operating expenses budget of \$87.3 million for FY 2017,” added Dr. Wheatley.

The budget breakdown is as follows: \$39.2 million for Salaries and Wages, \$1.5 million for projected Salary increases, \$9.5 million for Fringe Benefits, \$9.1 million for Professional Services, \$16.1 million for Materials and Supplies, \$5.6 million for Other Services & Charges, \$4.2 million for Utilities, and \$3.6 million for Depreciation, according to Dr. Wheatley. He stated that for FY 2016 there will be a projected loss of \$36.9 million before appropriations and \$14.4 million loss after budgeted allotments.

“It seems like the ability of SRMC to sustain itself financially will never happen,” said Sen. Myron Jackson. He asked, “What is your vision to improve the financial crisis?” In response, Dr. Wheatley said, “SRMC feels the designation of the Hospital should be classified as a Critical Access Hospital which would allow for cost based reimbursement for IP and OP, or a Sole Community Hospital. This would give SRMC a higher reimbursement rate as well as qualify as a Disproportionate Share Hospital (DSH) and the 340B drug discount program.”

Sen. Marvin Blyden asked, “What are some of the some of the major challenges that SRMC is facing?” Wheatley stated that the lack of paying customers, the decrease in Cigna insurance business, residents who seek medical care off island and uncompensated Medicaid and Medicare bills are some of the hurdles the hospital has to overcome.

“What percentage of uncompensated care is a result of Medicaid and Medicare?” asked Sen. Tregenza Roach. Dr. Wheatley stated that out of the 74% of uncompensated care, Medicare is 41.5% and Medicaid is 21.5%. “According to the American Hospital Association reimbursements for Medicaid and Medicare is a global issue,” added Dr. Wheatley.

“Are the employees in the Billings Department at SRMC fully utilized?” asked Sen. Kurt Violet. Scott Nothnagel, Chief Financial Officer at SRMC said, “Yes, they are.” Then Sen. Violet asked, “Since the staff is fully used, why is there a need to outsource a collections agency?” Nothnagel stated that one of the priorities for this fiscal year is to restructure the Billings Department, evaluate the deficiencies and to make onsite collections a success.

“Despite financial challenges, SRMC is doing our best to do cost reductions and to drive additional revenues to the hospital. One way is through the capital projects,” added Dr. Wheatley.

Sen. Graham asked, “Can you please expound on the “other energy savings projects” that requires a capital investment of \$1.2 million with an annual savings of \$1 million and yields a return on investment of over a year.” Charles Nickerson, Senior Vice President of Operations at SRMC said, “That refers to the Oxygen Generating Production System. This produces liquid oxygen from the atmosphere that can used at the hospital and be sold to outsides sources.”

“Is the \$1.2 million needed for the Oxygen Generating Production System independent of the Florida Light & Power Infrastructure Upgrade Project or does it covers both capital projects?” asked Sen. Roach. Nicholson stated that the \$1.2 million is solely for the Oxygen Generating Production System.

Sen. Graham stated that there are over \$7 million in proposed bonds for SRMC. However, \$3.3 million has not been expended. He asked, “What will the remaining monies be used for?” Nothnagel stated that the remaining \$3.3 million is for construction projects and emergency funds.

Separately, lawmakers also received testimony on the FY 2017 budget overview from the St. Thomas East End Medical Center Corporation (STEEMCC) and the Virgin Islands Board of Nurse Licensure (VIBNL). Francia Brin, Chairperson for the Board of Directors of STEEMCC has requested \$2,924, 229 for the FY 2017 budget. Meanwhile, Anne Doute, Executive Director of the VIBNL requested \$803,236,23 for FY 2017.

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