



St. Thomas East End Medical Center Corporation

*Government of the Virgin Islands Fiscal Year 2017
Budget Hearing Presentation & Testimony*

Presented by Moleto A. Smith Jr., Executive Director

*Earle B. Otteley Senate Chambers, Senate Building
St. Thomas, U. S. Virgin Islands
1:00 PM, Wednesday, July 13, 2016*

St. Thomas East End Medical Center Corporation



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TESTIMONY

BOARD CHAIRPERSON

MRS. FRANCIA M. BRIN

Greetings Honorable Senator Clifford F. Graham, Chairman of the Senate Committee on Finance and to the members of the Committee on Finance, other members of the 31st Legislature, members of the St. Thomas East End Medical Center Corporation's Board of Directors, its Leadership Team, clinical and administrative teams, patients and others in the viewing or listening audience.

I am Francia M. Brin, Chairperson of the Board of Directors of the St. Thomas East End Medical Center Corporation (STEEMCC). On behalf of the STEEMCC Board of Directors, I thank you for this opportunity for STEEMCC to present its activities, accomplishments, budget breakdown and recommendations for the upcoming 2017 fiscal year for the Government of the Virgin Islands.

STEEMCC is aware of the recommended appropriation in the amount of \$1,674,988 for Fiscal Year 2016. However, the health center respectfully request the Finance Committee's consideration and approval of the originally requested amount of \$2,924,229 originally submitted to the Office of Management and Budget in response to the Budget Call for Fiscal Year 2017. In the testimony which follows mine, STEEMCC's Executive Director, Moletto A. Smith Jr., will provide detail as to how this appropriation request most appropriately reflects the local governments obligations to STEEMCC, as a federally qualified the health center, in accordance with current approved Virgin Islands Medicaid State Plan, as well as other local financial obligations associated with uncompensated care.

STEEMCC is a private, not-for-profit corporation, organized under Title 13, Chapter 3 of the Virgin Islands Code, since 2000, the only a federally qualified health center in the St. Thomas/John district and one (1) of two (2) federally qualified health centers in the U.S. Virgin Islands. The organization is governed by a board of directors of between nine (9) and fifteen (15) members comprised of persons from a cross section of community. The majority of board members utilize the health center for their health care needs, as required by federal statute. At present there are ten members on the board.

Overview of (GVI) FY 2016 Major Achievements

During FY 2016, the Health Center is pleased to report the following highlight of major achievements:

1. Recruitment, retention and expansion of full cadre of health care providers and expansion patient services
2. Unqualified STEEMCC FY 2015 audit of financial statements
3. Continued to identify and attain federal grants to augment or complement service delivery
4. Expansion of oral behavioral health initiatives
5. Approval for 340B Discount Pharmaceutical Program
6. Establishment of STEEMC Foundation
7. Joint Board Retreat with Frederiksted Health Care, Inc.
8. Increased patient access through implementation of new electronic health records system

In conclusion, on behalf of the STEEMCC Board of Directors, I thank the each member of the staff, as well as the community stakeholders, partners and particularly the patients in our community who have chosen STEEMCC as their health care provider. I also would like to thank the members of the 31st Legislature for their continued support of the health center's invaluable work.

TESTIMONY

EXECUTIVE DIRECTOR

MR. MOLETO A. SMITH JR.

Greetings and good day Mr. Chairman, Honorable Senator Clifford F. Graham, other members of the 31st Legislature's Committee on Finance, other members of the 31st Legislature who are present and the listening and viewing public.

I am Moleto A. Smith Jr., Executive Director of the St. Thomas East End Medical Center Corporation (STEEMCC). On behalf of the entire STEEMCC management and staff, patients and other key stakeholders, I am pleased to appear before you today and to be afforded the opportunity to discuss STEEMCC's appropriation requirements for the upcoming Government of Virgin Islands 2017 fiscal year.

I also, extend salutations to each member of the STEEMCC Board of Directors for their collective commitment to the high quality comprehensive preventative primary health care provided by federally qualified health centers, such as STEEMCC. Equally importantly, I publicly extend praise and appreciation to the hard working staff members and volunteers of STEEMCC and recognize their continued commitment, diligence and passion for serving the health care and wellness needs of our community.

Accompanying me are members of the STEEMCC Leadership Team: Dr. Debra Wright-Francis, Medical Director; Ms. Carmencita Dorsett, Chief Financial Officer; Ms. René D. Crawford, Executive Assistant for Policy and Administration; Mr. Deadrick G. Hodge, Director

of Information Technology; Mr. Melvin V. Venzen, Facility, Security & Emergency Operations Manager; and, Ms. Monife M. Stout, Director of Public Relations.

While I am aware of the recommendation submitted by the Governor's Office that the STEEMCC be approved for Government of the Virgin Islands Fiscal Year 2017 funding in the amount of \$1,674,988, this recommendation does not reflect STEEMCC's (GVI) FY 2017 appropriation requirement nor its funding need.

In order to ensure that STEEMCC remains in compliance with its health initiatives, and that the Government of the Virgin Islands keeps pace with its Local/State financial cost share obligations to STEEMCC, as a federally qualified health center under the current approved Virgin Islands Medicaid State Plan, especially in consideration of the Territory's rapidly implementation of Medicaid Expansion initiatives, and other uncompensated care costs, STEEMCC respectfully requests an appropriation in the amount of **\$2,924,229** for **(GVI) Fiscal Year 2017**. This amount reflects STEEMCC's original appropriation request that was submitted to the Office of Management and Budget during the FY 2017 budget call process.

The original appropriation request of **\$2,924,229** most accurately reflects the obligations to STEEMCC under the Virgin Islands Medicaid State Plan, in combination with other associated costs which have been incurred, continue to be incurred and are projected to increase as a result of uncompensated care, specific to the significant increase Medicaid patients, specifically via government sponsored, supported or required health care plans.

Furthermore, STEEMCC is recommending to this Committee and the 31st Legislature that the additional \$1.2 million over the Governor's Office recommended amount of \$1,674,988 either be included in (1) the recommended working capital proceeds from the FY 2016 Public Finance Authority's proposal to refinance existing bonds; or, (2) be reprogrammed from unexpended funds previously identified for non-health care related purposes for

which approximately \$19 million were identified in Medicaid Retro Claim appropriations pursuant to Act No. 7697 (Bill No. 30-0501) enacted October 15, 2014; or, (3) appropriated from a combination of the two funding sources; or, (3) any other viable funding source that this Committee or the 31st Legislature may deem as appropriate.

As you may know, the current approved Virgin Islands Medicaid State Plan is a cooperative agreement (or contract) between Government of the Virgin Islands and the U.S. Department of Health and Human Services Centers for Medicare and Medicaid Services (CMS) which formally establishes the Government of the Virgin Islands requirements and obligations to participate in the federal Medicaid Program, which includes meeting Local/State financial cost share requirements to the Territory's federally qualified health centers for services provided at the health centers to the Territory's eligible Medicaid patients.

Since its inception, STEEMCC continues to provide comprehensive preventative primary healthcare services to all persons of all zip codes in the St. Thomas/John district. However, its primary target is the low-income, uninsured, and underinsured population which resides in the East End, Tutu, Southside Sub-districts of St. Thomas and St. John. The population of these areas continues to increase with undocumented persons entering the territory, accessing care and increasing the center uncompensated care. With the anticipated opening of our new oral health suite, we have projected that the Center will see approximately 8,413 patients with 25,239 patient visits in Calendar Year 2016 and have targeted 8,724 patients with 29,460 patient visits for Calendar Year 2017 with an average of 55% of families and individuals living below the poverty level and comprise the Medicaid payor mix.

Similarly, from Calendar Year 2014, the Virgin Islands had begun the implementation of the Medicaid expansion, which is anticipated to capture 14,000 – 20,000 uninsured persons, of the 32,000 uninsured in the Territory at that time. Pursuant to the Virgin Islands Medicaid State Plan, the Territory's federally qualified health centers along with the clinics of the Department of Health are the only approved primary care entities.

We recognize and support the on-going effort to expand coverage to eligible persons through the Medicaid Expansion. We, also, recognize and firmly believe that the federally qualified health centers must receive its full Local/State financial cost share for providing health care services to the Territory's Medicaid population, in addition to the appropriation of funds to address other areas of uncompensated care, in order to remain viable. These are both legal and public policy mandates.

Brief History

The St. Thomas East End Medical Center Corporation (STEEMCC) is a 100% private non-profit corporation, organized under Title 13, Chapter 3 of the Virgin Islands Code. Along with the Frederiksted Health Care, Inc., on St. Croix, STEEMCC is one of two (2) federally qualified health centers in the US Virgin Islands. Known previously as the East End Family Health Center operated under the Virgin Islands Department of Health since 1978, the STEEMCC was incorporated as a private non-profit corporation in 2000, in order for the Territory to comply with federal funding requirements of U.S. Department of Health and Human Services, Health Resources and Services Administration (HRSA), Bureau of Primary Health Care (BPHC), Section 330 of the Public Health Services Act as amended by the Health Centers Consolidation Act of 1996. These requirements, as codified in federal statute, mandate that each federally qualified health center must be governed by a consumer driven board comprised of no less than 51% consumers of health services provided at the health center in order to qualify for continued federal 330 Grant funding.

In addition to being a federally qualified health center and a Health Center Program Grantee under 42 U.S.C. 254(b), STEEMCC is a federally designated Rural Health Center and deemed a Public Health Service employee under 42 U.S.C. 233(g)-(n). These designations provide for STEEMCC's eligibility to participate in the National Health Services Corp programs, as well as other federal technical assistance and federal and non-federal opportunities. STEEMCC also is a member of the National Association of Community Health Centers (NACHC).

STEEMCC's mission is to provide comprehensive, high quality, accessible, affordable and cost efficient primary healthcare services, including, patient education, community outreach, and research. We fundamentally believe that good health care and access to good health care is a fundamental human right that should not be denied.

Over the past years, statistics indicate that the patient demography includes a high proportion of young women and children and a patient mix inclusive of persons from other Caribbean islands and elsewhere who oftentimes speak a language other than English as a primary language. The health center's target service area is the St. Thomas East End, Tutu, Southside and St. John sub-districts. STEEMCC's services are designed to support individuals and their families from birth through the senior years.

Over the past five (5) calendar years, patient visits significantly have increased from 4,247 in 2009 to 17,866 in 2013; and approximately 20,000 in 2014. Currently, the organization provides support and comprehensive primary health care services annually to more than 6200 children and adults, and it is projected that approximately 24,000 patient visits will be experienced in Calendar Year 2015. STEEMCC is the largest primary care provider in the St. Thomas/John district. Together with Frederiksted Health Care, Inc., the federally qualified health centers are the largest providers of comprehensive preventative primary health care services in the Territory and continue to focus ongoing efforts on wellness, prevention, and effective management of chronic diseases and conditions.

The STEEMCC collaborates with all other health care and social service resources, and provides information and referrals to specialty services and procedures, when necessary and appropriate. The health center is widely recognized for its advocacy work to improve public policy related to primary care and health care disparities, as well as its work to promote public and community awareness on prevention, wellness, and healthy lifestyle choices and changes.

Accomplishments – (GVI) FY 2016

The information below represents a summary highlight of STEEMCC’s major accomplishments during the FY 2016 time period:

- ▶ Successfully increased patient encounters during CY 2015 by 2,611 compared to CY 2014
- ▶ Successfully conducted a comprehensive community health care needs assessment, in collaboration with University of the Virgin Islands, Caribbean Exploratory Research Center for Excellence, and the Eastern Caribbean Center. This study was the first of its kind conducted within the past 3 decades.
- ▶ Successfully developed and implemented the first comprehensive STEEMCC multimedia public relations, marketing and public outreach plan, inclusive of STEEMCC Quarterly Newsletter, radio broadcast public service announcements, television productions, print media publications, radio broadcast appearances, social media and partnerships with community organizations and events such as American Cancer Society Relay 4 Life & Cancer Walk, Project Homeless Connect, St. Carnival, Office of Veterans Affairs and National Health Centers Week.
- ▶ Successfully received federal authorization to establish a HRSA 340B Discount Pharmaceutical Program to assist eligible patients with the purchase of prescription medications
- ▶ Received unqualified audit of financial statements covering period of March 1, 2014 – February 28, 2015 (STEEMCC FY 2015)
- ▶ Established St. Thomas East End Medical Center Foundation for the purpose of supporting and facilitating capital development needs of STEEMCC
- ▶ Successfully convened STEEMCC/FHC, Inc. Joint Board Retreat
- ▶ Clinical Site for UVI School of Medicine
- ▶ Successfully received federal Authorization to Proceed, as well as Building Permit from Department of Planning and Natural Resources to accommodate expansion of oral health services
- ▶ Successfully implemented International Classification of Diseases (ICD 10) Version 10
- ▶ Successfully implemented Clinical and Provider Pools
- ▶ Successfully implemented new electronic health records system, effective May 3, 2016 with “Go Live” of electronic medical records. “Go Live” of electronic dental records is projected for August 2016.

- ▶ Successfully strengthened collaborations/partnerships with key stakeholder organizations, including Department of Interior, Office of Insular Affairs, Centers of Disease Control, federal Substance Abuse and Mental Health Services Administration, VI Department of Health, University of the Virgin Islands, VI Legislature, Frederiksted Health Care, Inc., Office of the Governor, HRSA National Health Services Scholarship Corp, VI Department of Education, VITEMA, FEMA, Schneider Regional Medical Center, Health Services Advisory Group
- ▶ Successfully established target date for commencement of extended hours for health center services – September 2016
- ▶ Successfully applied for and received Department of Interior Office of Insular Affairs Technical Assistance Program grant award in the amount of \$80,000 for the purpose of public education and outreach related to the human health impacts of global warming. (STEEMCC is working in tandem with the Climate Change Council and the Office of the Governor)
- ▶ Successfully applied for and received one-time federal administrative supplement in the amount of \$242,000 for the specific purpose of ZIKA response

Major Fiscal Year 2017 Plans & Initiatives

1. Full implementation of electronic health records system, inclusive of medical and dental health records.
2. Full implementation of oral health expansion
3. Accreditation of STEEMCC’s oral health program as an approved dental residency site
4. Implement extended days and Saturdays for health center services
5. Full implementation of new automated accounting system – “Microsoft Great Plains”
6. Full implementation of STEEMC Foundation
7. Establish HRSA 340B Discount Pharmaceutical Program
8. Facilitate VI Medicaid Expansion and Case Management (Value Based Care)
9. Identify and negotiate for real property to accommodate a STEEMCC-owned health center facility

10. Implement expanded behavioral health services

11. Facilitate STEEMCC as a Patient-Centered Medical Home

Quality Clinical Services

STEEMCC has a multidisciplinary team of board certified and board eligible medical providers. This includes a full time Internal Medicine physician, 2 Family Medicine physicians (one full time, the other part time), a Pediatrician with a sub-specialty in Allergy, a full-time Obstetrician/GYN physician, a full time Physicians' Assistant, a part-time Maternal Fetal Medicine (high risk obstetrics) provider and a Nutritionist.

There are also Pediatric and Adult dentists available on a part-time basis. We have added 2 additional part-time OB/Gynecologists, a part-time pediatrician, and two dental hygienists to our staff. These additional providers are able to fill in the gaps when providers are on vacation or out due to illness. They are also serving to increase capacity and will allow the center to provide additional coverage until 7 pm during weekdays and on regular Saturdays. The health center has a staff of highly trained, experienced, board certified and board eligible physicians who are willing and able to deliver top quality health care in a family friendly patient centered environment.

HIV tests, Hemoglobin A1Cs, INRs, rapid strep testing, and pregnancy testing, are done on site. Other laboratory studies are collected by a skilled phlebotomist and sent off site for testing. The Bennie Benjamin Foundation donated funds toward the purchase of a "Complete Blood Count (CBC) machine. This allows STEEMCC to perform full panel testing throughout the day, thus, eliminating some of the need for patients to make an additional trip back to the health center in the event they need a CBC. (This test cannot sit overnight.)

As a result in the increase in the number of providers of service and the types of services available, the number of patients and the number of patient visits have increased steadily over

the past five years. In CY 2009, STEEMCC had 1998 unduplicated patients representing 4,247 patient visits. That number increased to 5392 in CY 2013 representing 16,554 patient visits. In CY 2015 STEEMCC had 6,413 unduplicated patients representing 21,546 patient visits. For CY 2016, the health center is projected to have 8,413 unduplicated patients representing 25,239 patient visits. For CY 2017, 8,724 unduplicated patients representing 29,460 patient visits is the projection.

It should be noted that the CY 2016 projection may be slightly decreased as a result of the need to decrease visits during the initial implementation period of the new electronic health record system. STEEMCC has, therefore, positioned itself to be the premier deliverer of comprehensive preventative primary health care services in the St. Thomas/St. John District.

Many local and distant teaching sites have recognized the vast opportunity for learning at STEEMCC. As a consequence, we have been able to partner with Barry University Physician's Assistant School, The University of the Virgin Islands, Emory University, Boston University Medical School, UVI Cell and the Wheatley Skill Center. They have entrusted the medical providers of the future to our tutelage in order to ensure that the students learn the invaluable skills which can only be provided in a community oriented outpatient environment. Learning how to keep people well is essential to medical learning. We can brag that we have five certified medical assistants who completed their training at our site and are now employees. This is the essence of "growing our own".

Encouraging our patients to want to be well and giving them the tools with which to accomplish this goal, however, has proved challenging for our seasoned providers and our students alike. Access to care is a major issue throughout the health center communities. In efforts to provide "open access", the health center incorporated "same day appointments" into the schedule. These appointments become available on the same day. Those patients wishing to be seen simply need to call or come into the center to request an appointment for the same day. There are, however, limited slots based on provider availability on any given day. When the same day appointments

are full, patients are offered appointments in the future, triaged for “walk-in” (this means they will be worked in based on no shows), and offered referral to the Emergency Room or other providers, depending on medical urgency. The health center continues its efforts to expand its provider pool, as well as to explore capital development options for a health center-owned facility to ensure access and accommodation for everyone seeking services.

The Zika outbreak has provided an opportunity for partnership with the CDC. The CDC has sent educators as well as Zika kits. All of the health centers pregnant clients are tested at no cost to them or the health center, on the first visit and in the third trimester. Additional one-time federal funding provided by HRSA will allow providers to perform the additional anatomy scans now recommended by the CDC. These will allow for the provider to better prepare for the birth of an effected child. The OB/GYN staff at STEEMCC has participated in OB/GYN departmental meetings and has access to teleconferences on ZIKA. As of the date of this writing, no positive cases of ZIKA have been reported at STEEMCC, pregnant or otherwise.

Although the negative health impacts of being overweight or obese are well documented throughout public health care literature, it continues to be a struggle to keep patients at a healthy weight. It has been an effort to even have them accept the recommended weights and BMIs. Assisting our patients with the control of hypertension, control of diabetes, HIV management, and control of other chronic diseases has also proven problematic.

The health center is constantly exploring innovative ways to facilitate this process, including group sessions, self management goals, teleconferencing, and assistance with prescription drug purchases. Dr. Barbara Douglas, our internist, recently rose to the challenge of “figuring out” how to make them want to be well. Dr. Barbara Douglas, our Internist came up with the challenge. It went as follows: The A1C down 3 in 3 months competition, challenged the participants to bring their A1c result down by at least 3 points over 3 months The individual who decreased his or her A1c by the most points would win \$150.00. There would be a celebration at the end to commemorate the event and to celebrate the contestants. The

contestants agreed to adhere to their diet, exercise regimen, as well as their prescribed medication regimen; inform team of difficulties; respect staff and teammates; and, agree to adhere to the rules.

The STEEMCC staff pledged to use all possible resources available to help the participant achieve the goal of a lowered Hemoglobin A1C. These resources included nutrition classes, walks in the mall, walks in the community, Tai Chi classes, DEEP classes, shopping trips to the grocery store, healthy snacks education, question and answer sessions with the providers, and nurse calls and reminders.

The results are as follows: 26/30 participants made it to the finish line. All reduced their Hemoglobin A1Cs though only a few decreased it by the whole 3 points. The biggest loser decreased his A1c by almost 6 points (Ironically, or not, he never came to one event!!!). He said he just made up his mind to do it!! Though this initiative was planned for restart in January 2016, transition planning and training of staff for the implementation of the new electronic health records system, required that the postponement of the restart date.

The health center has established “Change Teams”. These teams are comprised of representatives from each part of the organization who meet every Thursday with a goal of “what can we do by next Thursday?” to enhance or improve the delivery of services and the patient experience. We identify things we would like to change which do not cost any money (or very little money), and do not require hiring additional staff. These ideas are as simple as providing health snacks to enhance the wait time experience. Ideas have also included collecting identification cards (IDs) at the front to ensure that each person “checks-out” appropriately so that their accounts can be closed out properly. We ask “what do we need to change?” We ask “what is the current baseline and/or how can we determine it?” We, then, document a baseline, develop a plan for improvement; implement the plan; then document the “change”, such as the new rate of satisfaction, the new blood pressure control rate, etc.

Over the last 18 months, we have reworked our clinical model, assigning each provider a nurse and each nurse a room as opposed to “everyone helping everyone”. We pass out water to our waiting clients and offer 30 minute updates, both of which have improved patient satisfaction. By dispersing antihypertensive pamphlets and implementing a new spiel to patients - take your medications, even if you may be having labs - has helped us to increase to blood pressure control from 40% to 47% in the first quarter of the year. We decreased the Encounter Walk-outs to 0, simply by collecting identification pieces.

It is always our hope that we would be able to extrapolate “best practices from one disease to the next and from one area of the health center to another area. In our model, this concept is called “spread”. Methods taught in the diabetic classes are used to engage our hypertensive clients. The registration area also attempts to stratify the patients as they register. Every week, we expand on a previous project. And every week, we add additional projects. The students always provide fresh perspectives and bring innovations from other practices.

We must, however, redouble our focus on prevention. Once the disease process is established, it is very difficult, though not impossible to reverse it. All of the research shows that a healthy diet with healthy proportions and exercise is essential to having a disease free life. Though we can educate our patients with this information during an office visit, these are values which must be embraced by the entire community in order to thwart the epidemic of diabetes, high blood pressure, high cholesterol and the morbidity and mortality that comes with these diseases.

The Cigna wellness program now offers quarterly exercise sessions on Crown Bay Marine Terminal, on St. Thomas. These sessions are geared toward government employees but are available to the public. For the low cost of \$50, participants are privy to 6-7 exercise sessions per week. These include aerobics, step aerobics, ZUMBA, kick boxing, Pilates, water aerobics and kick boxing.

It is our hope that our new electronic health records system will assist in gathering real time data to assist patients in reaching their health goals. Not only will the increased ease of use allow providers and nurses to spend more time with patients discussing their health care issues, it will also allow us to begin to integrate population health into our practice. For example, we will be able to run reports of all of the pregnant patients; identify those who may not have had certain required tests (for whatever reason); and, request that they come into compliance. Patients will be able to directly assist with rescheduling ultrasounds, clarification of lab orders, or additional assistance with financial issues. Easy reporting will allow us to stratify our diabetics and hypertensives; thereby, begin to really unpack why they are out of control. More importantly, ease of reporting will allow us to identify those groups which have better outcomes; study them; then, extrapolate this behavior into the poorly controlled groups.

Immunization services are offered daily and also during some Saturday sessions. The Saturday sessions have been very successful, allowing us to meet the need of the community during the back to school period. STEEMCC has partnered with the DOH to provide immunization clearance letters and are now using the rejuvenated immunization registry.

Cancer screening and prevention remains a top priority. Physical exams, pap smears, digital prostate exams, and breast exams are all offered at STEEMCC.

The National Health Services Corp web site identifies STEEMCC an underserved area. Physicians, physician's assistants, nurse and nurse practitioners to have their school loans repaid

The AIDS Education and Training Center (AETC), an HIV education organization, provides teaching via teleconference to the primary providers so that the HIV patients can eventually be treated by providers other than just the HIV specialist. We were able to send one of our medical assistants to a week-long residency training in Florida, at no cost to STEEMCC.

All of the STEEMCC providers have agreed to serve as professors at the UVI School of Medicine. Third year students will rotate through the center, learning valuable skills regarding caring for the ill, and maintain the health of our clients. It is our hope to continue to partner with the UVI School of Medicine, the Department of Health and Schneider Regional Medical Center to establish medical residency programs which will assist in further educating our young people as well as providing an additional layer of excellence in the health care delivery system.

Additionally, STEEMCC has been in discussions with representatives of the New York University/Lutheran School of Dentistry regarding becoming an approved and accredited dental residency program site, upon completion of our oral health expansion build out.

(GVI) FY 2017 Budget Breakdown

To ensure that STEEMCC remains in compliance with its health initiatives, and that the GVI keeps pace with its Local/State financial cost share obligations to the federally qualified health centers under the Medicaid State Plan as result of the significant increase the health center's Medicaid patient payor mix due to the Territory's rapidly moving Medicaid Expansion initiatives, and other uncompensated care costs, STEEMCC requests funding in the amount of **\$2,924,229** for **(GVI) Fiscal Year 2017**, as follows:

Budget Overview

This operational budget supports Providers along with Support staff that specialize in Senior Care, Family Planning, Prenatal, Obstetrics, Gynecological, Pediatrics, Allergy and Asthma Care, Comprehensive Medical Care for both Men and Women, Nutrition, Immunization, Screening (Blood Pressure, Cholesterol and Glucose testing HIV testing, etc.), Laboratory, and Dental (Adult and Pediatric). We also have Walk-In Services.

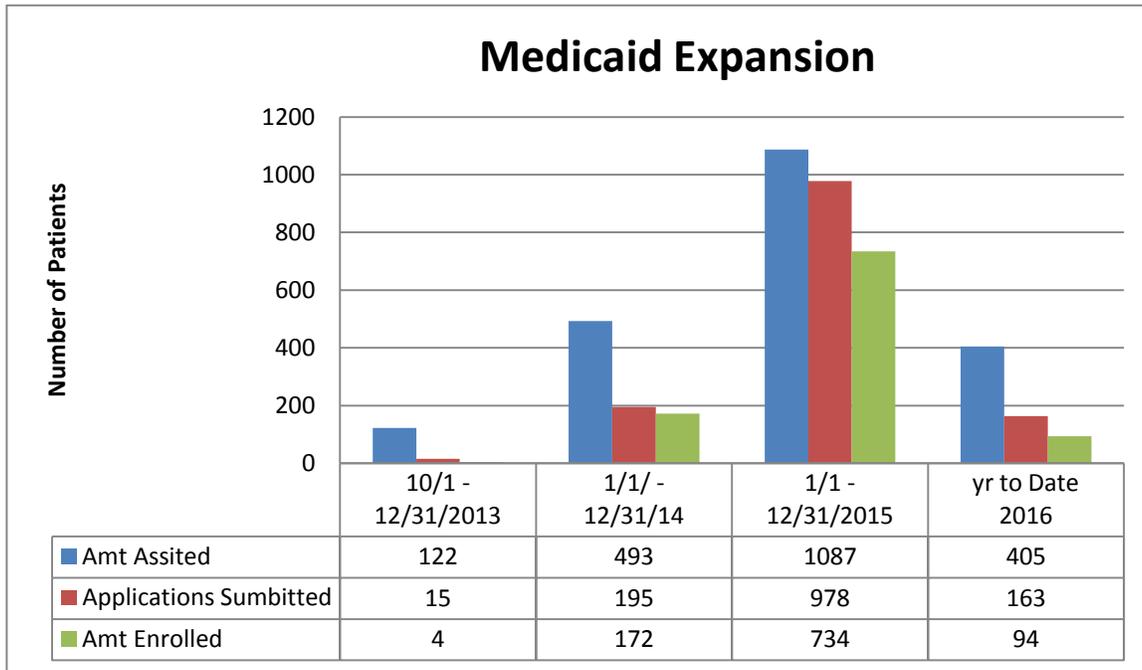
Financial assistance, along with a payment plan, is provided to uninsured patients who qualify for the Discount Program (Sliding Fee Scale). STEEMCC recognizes the high cost of preventative and interventional services. Although a Sliding Fee Discount and Payment Plan

Program are offered to eligible patients, many still find it difficult to meet even these small financial obligations. For these reasons, STEEMCC sets aside funds to assist clients who are unable to pay for their mammograms, pap smears, prostate screening, radiographic studies, colonoscopies, and medications. We also provide Financial Assistance to patients without Insurance who qualify for our Sliding Scale Fee Discount. For those Patients who cannot afford to pay in full the Center offers a Payment Plan.

STEEMCC recognizes the high cost of preventative and interventional services and realize that many patient still struggle with being able to meet their medical and dental health obligations. We have, therefore, set aside funds to assist patients who are unable to pay for their mammograms, pap smears, prostate screening, radiographic studies, colonoscopies, transportation, and medications.

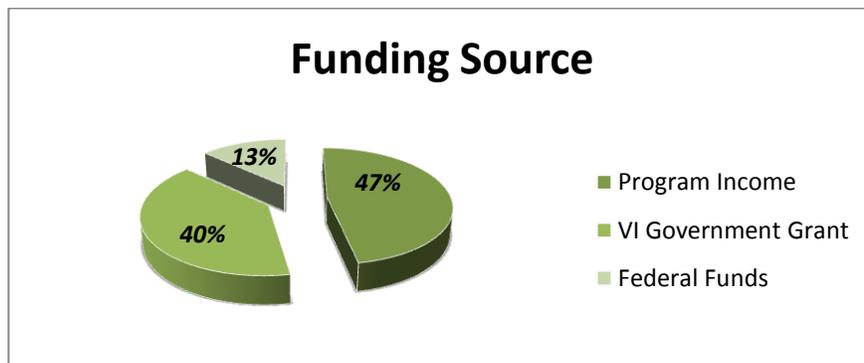
HIV Program Due to the severe need for services to these patients within in the territory and the district we serve, the Board made a decision to use operational funding received from Program Income to continue providing patients HIV counseling, testing and primary care. No funding from the local government has been specifically designated to the health center for such services. However, the continuation of this funding source remains uncertain. STEEMCC continues to apply for HIV Program funding as they become available.

Since 2013 STEEMCC has assisted and enrolled applicants in the Medicaid Program



Budget Summary and Components

FUNDING SOURCE	AMOUNT
Program Income	\$3,470,000
VI Government Grant	\$2,924,229
Federal Grant	\$ 969,523
TOTAL	\$7,363,752



Budget Assumptions – Program Costs

Following are the categorical descriptions and budget justifications for the program cost groupings contained in the detail budget schedules, which are found at the end of this budget presentation section.

Personnel Salaries: Salaries of **68 (65 Full-Time and 3 Part-Time)** employees have been budgeted at **\$3,558,222**. Reviewed on an ongoing basis support staff compliments the provider changes. Staffing for years subsequent to 2017 will be adjusted based on these measures to ensure that appropriate staffing levels are maintained. The listing of staff supported by the total budget request by job titles is outlined on the attached staffing plan. Personnel costs are anticipated to increase annually.

Employee Benefits: Employee benefits have been budgeted at **\$ 1,708,383** and include the benefits offered to staff to maintain a competitive employment package. The Center's budgeted 2017 benefit rate is approximately 40% and is composed of the following: Life, Disability and Health insurance Employer FICA Pension, and Employment insurance workers compensation insurance. Employee benefits are anticipated to increase by a minimum of 3% for each year.

Contract and Consultants Contacts and Consultants Services have been budgeted **\$1,160,765** These expenditures consist of Professional Services such as Audit, Legal, Incinerator etc. in the amount of **\$249,000**, plus the amount of **\$346,000**, to cover Medical Programs such as Lab, Pharmaceuticals, Radiology, , Nutrition Pediatric Dental and Outreach Services. The balance of costs is primarily payments to Provider Staff under contract arrangements at **1 Full Time and 1 Part-Time Adult Dentist, 2 Part-time Pediatric Dentist and 1 Part-Time Family Practice Physician (.65 FTEs) in the amount of \$435,926 along with \$129,839 to cover Dietitian, Psychiatrist, Translator and On Call Services** . This category is expected to experience inflationary increase 3% over the next three years.

Supplies: Cost of supplies utilized in the course of patient care, including items used in medical and dental services delivery, laboratory reagents, and immunization supplies have been budgeted at **\$236,898**. Also included is non-Clinical General Supply cost such as office supplies. Expected pricing increases for the next fiscal year have been included in each category. These inflationary factors range from 2 percent for general office supplies to 7 percent for pharmaceuticals. Inflation factors have been projected to continue over the next three years.

Travel and Continuing Education: Cost of business-related travel has been budgeted at **\$32,500**. This cost is approximately 27% percent attributable to the administrative staff, and approximately 73% percent attributable to patient care staff. Examples of business purposes include education and/or industry updates in reimbursement, patient care, quality assurance, ERISA requirements, etc. Additionally, travel costs are incurred to attend meetings of local and national industry associations. Continuing education includes the costs of the staff to attend continuing education seminars. Costs will be controlled through review of local seminars, teleconferencing and webcasts instead of out of territory conferences.

Equipment: The cost to cover the purchase of computers and software upgrades at **\$25,000**.

Facility this is primarily, the cost of facility rental for the site utilized for patient care and supporting administrative and maintenance services and has been budgeted at **\$494,484**. Included is the Center's

Rental \$256,984 (Spaces and off-site storage), **Communication \$45,000** (cost of updating and upgrading in-house telephone and paging system, answering service for providers’ on-call, and associated equipment maintenance costs), **Utilities \$142,500**, (water and electricity) and **Repairs and Maintenance \$50,000**.

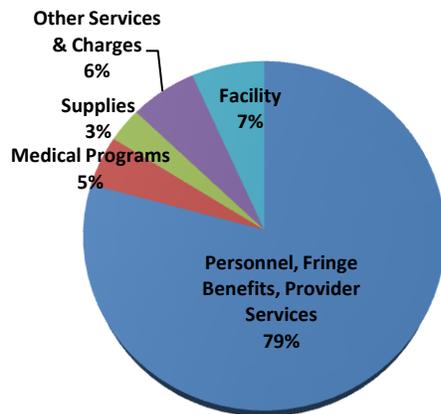
Other Services have been budgeted at \$87,000 including Recruitment: Cost of \$10,000 has been budgeted for recruitment. Recruitment costs include classified and journal advertisements and candidates interview costs page telephone listings. **Promotion & Advertising \$5,000** Promotion expenses include patient mailings, patient newsletters, health promotion materials and events, and yellow pages. **General and Administrative:** costs are \$72,500, which includes postage, shipping, events, dues and subscription, licenses and professional fees, printing and uniforms.

Insurance: Insurance cost has been budgeted at \$60,000 and includes the cost of building, contents, directors’ liability, valuable papers, and bond insurance. Federal Tort Claims Act coverage is utilized to minimize malpractice expense.

STEEMCC Employment cost consisting of salaries and benefits along with providers services are the source of the largest expense outlay to the corporation representing about 79% of all expenses incurred by the organization. It is crucial the STEEMCC be able continue to fund these positions as they are needed to maintain its high standards of care.

PROJECTED EXPENDITURES	AMOUNT
Personnel Services	\$3,558,222
Fringe Benefits	\$1,708,690
Provider Services	\$ 565,765
Total Personnel, Fringe Benefits, Provider Services	\$5,832,370
Medical Programs	\$ 346,000
Supplies	\$ 236,898
Other Services and Charges	\$ 454,000
Facility	\$ 494,484
TOTAL	\$ 7,363,752

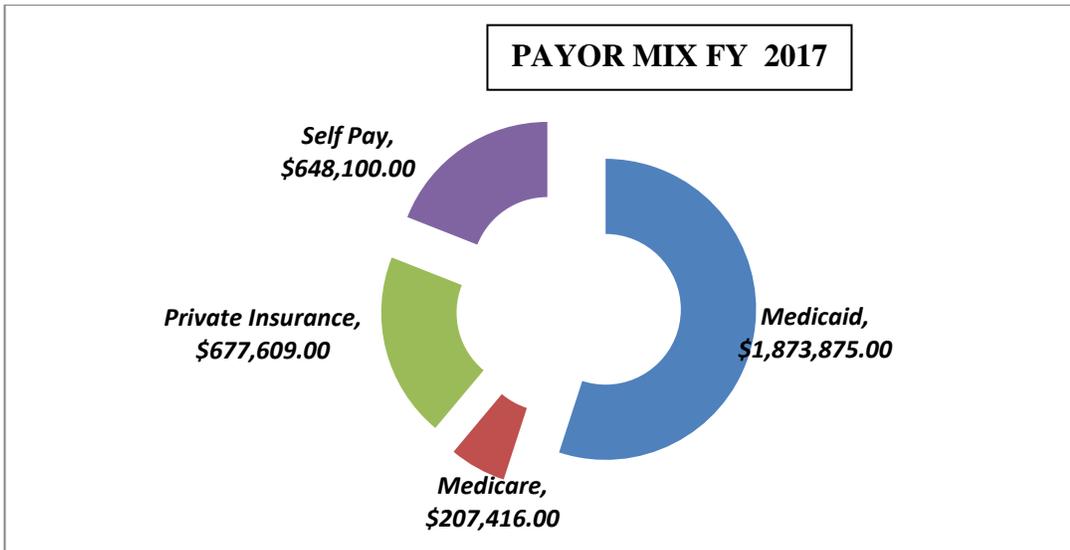
Projected Expenditures FY 2017



Program Income

Net patient revenues projected from the Center’s total operation include:

Medicaid revenue	\$1,873,875
Medicare revenue	\$ 207,416
Self pay revenue	\$ 648,100
Commercial Insurance	\$ 677,609
Total Net Patient Service Revenue	<u>\$3,470,000</u>



Billable encounters are projected by payor source. Current year experience was used to forecast payor source statistics as follows:

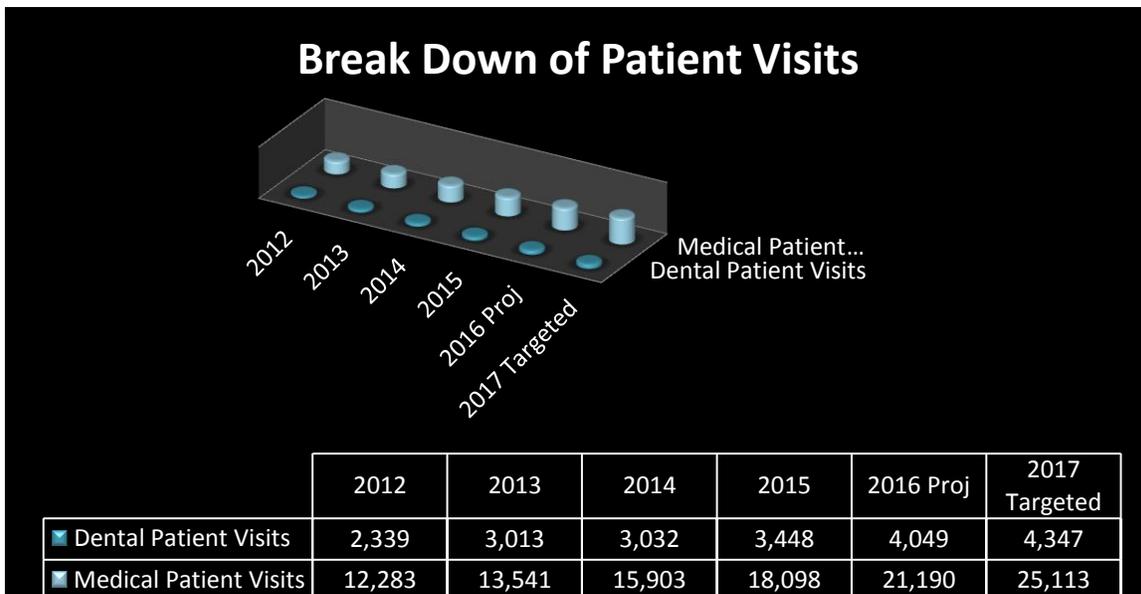
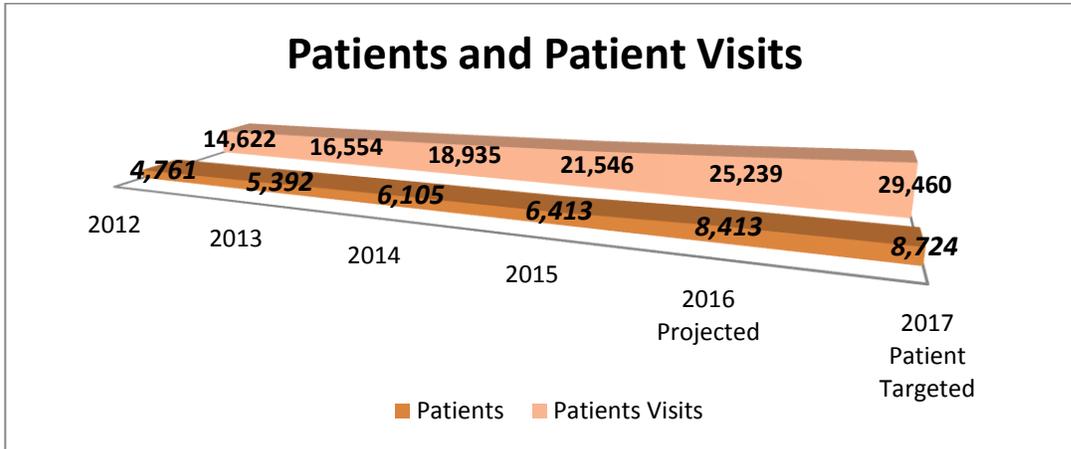
Medicaid	55%
Medicare	6%
Self Pay	19%
Commercial	20%
TOTAL	100%

THE FOLLOWING GRAPHS STATISTICS ARE SUBMITTED ANNUALLY TO THE BUREAU OF PRIMARY HEALTH CARE (BPHC), UNIFORM DATA SYSTEM (UDS).

Patients – Unduplicated New Patients for the Calendar Year (CY).

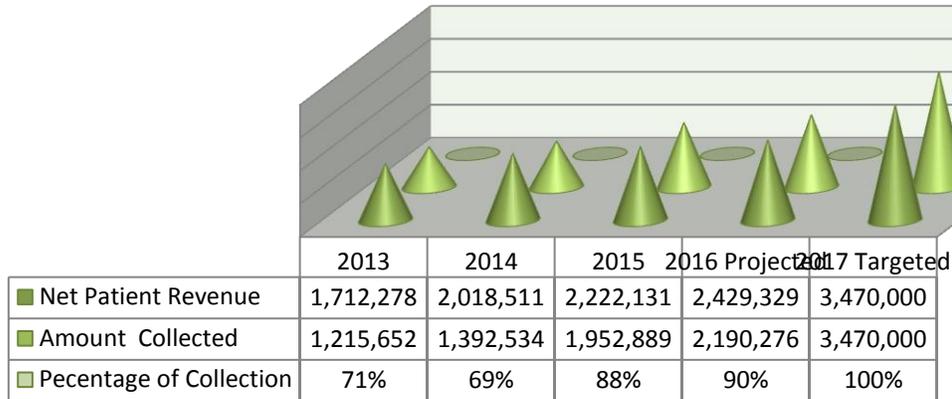
Patient Visits - How many times patients visited the Center for the CY.

Patient visits trend shows an increase of approximately 13% each year for the past 5 years with an anticipated increase of 22% for CY 2017. Approximately 2,019 patients visit the Center per month which averages about 110 PV per day. This growth increases the Center’s Patient Revenues, however with the largest payor class being Medicaid followed by Self-Pay the collection rate is approximately 70% of Net Patient Revenue.



Center Program Income is based on the anticipated yearly patient visits. While there is continued increase in patient visits STEEMCC largest payor class is Medicaid followed by Self-Pay. **STEEMCC recognizes the financial difficulties that some patients face, and provides a Sliding Fee Discount Program (discounts on Medical and dental services, Laboratory, Radiology Testing and Prescription Assistance) for those that qualify.** We also provide patients with a payment plan. However for those patients that can pay, STEEMCC continues to aggressively pursue collections and reduce aged account receivables. The Center collection rate is approximately 70%.

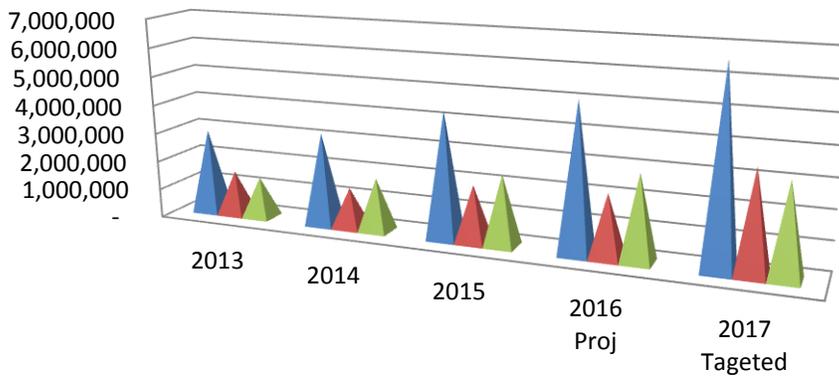
Percentage of Annual Net Revenue Collections



Below is a chart showing five years of Uncompensated Care cost that the Center have experienced in the last 4 years and is expected to experience in the next 2 yrs

Uncompensated Care includes the adjustments of Medicaid, Medicare, Commercial Insurance and nonpayment from Self-Pay Charges. Medicaid having the highest adjustments.

Uncompensated Care



	2013	2014	2015	2016 Proj	2017 Targeted
Charges for Services	2,947,721	3,221,074	4,370,711	5,088,758	6,637,118
Amount Collected	1,538,816	1,392,534	1,952,899	2,164,529	3,470,000
Uncompensated Care	1,408,905	1,828,540	2,417,812	2,924,229	3,167,118

STEEMCC is committed to identifying and seeking all alternative funding mechanisms to maintain the services needed by the targeted population and to remain a viable organization.

Summary, Recommendation & Conclusion

In summary, STEEMCC respectfully requests favorable consideration of its original appropriation request in the amount of \$2,924,229. This amount most accurately reflects the obligations to STEEMCC under the Virgin Islands Medicaid State Plan, in combination with other associated costs which have been incurred, continue to be incurred and are projected to increase as a result of uncompensated care, specific to the significant increase Medicaid patients, specifically via government sponsored, supported or required health care plans.

STEEMCC has projected that the health center will see approximately 8,413 patients with 25,239 patient visits in Calendar Year 2016 and have targeted 8,724 patients with 29,460 patient visits for Calendar Year 2017 with an average of 55% of families and individuals living below the poverty level and comprise the Medicaid payor mix.

Similarly, from Calendar Year 2014, the Virgin Islands had begun the implementation of the Medicaid expansion, which is anticipated to capture 14,000 – 20,000 uninsured persons, of the 32,000 uninsured in the Territory at that time. Pursuant to the Virgin Islands Medicaid State Plan, the Territory's federally qualified health centers along with the clinics of the Department of Health are the only approved primary care entities.

We recognize and support the on-going effort to expand coverage to eligible persons through the Medicaid Expansion. We, also, recognize and firmly believe that the federally qualified health centers must received its full Local/State financial cost share for providing health care services to Territory's Medicaid population, in addition to the appropriation of funds to address other areas of uncompensated care, in order to remain viable. These are both legal and public policy mandates.

Recommendation

STEEMCC is recommending to this Committee, and the 31st Legislature, that the additional \$1.2 million over the Governor's Office recommended amount of \$1,674,988 either be included in

(1) the recommended working capital proceeds from the FY 2016 Public Finance Authority's proposal to refinance existing bonds; or, (2) be reprogrammed from unexpended funds in the amount of \$19 million Medicaid Retro Claim appropriations pursuant to Act No. 7697 (Bill No. 30-0501) enacted October 15, 2014; or, (3) appropriated from a combination of the two funding sources; or, (3) any other viable funding source that this Committee or the 31st Legislature may deem as appropriate.

In closing, I once again thank the members of the Committee on Finance, each other member of the 31st Legislature, and each member of the 31st Legislature who has visited the health center for your continued commitment to the valuable work that we do. I extend additional kudos to Senator Kurt Vialet, other members of the Committee on Health, Hospitals and Human Services, and Commissioner-Designee Dr. Michelle Davis for their support and delivery of the new dental chair donation to the health center. Additionally, I extend appreciation to the Office of Management and Budget, along with the Department of Finance for their on-going support of health center initiatives.

Equally important, I extend special recognition to the hard working, dedicated, highly competent and deeply committed staff members of the St. Thomas East End Medical Center Corporation.

Most importantly, thank you to the members of our community who have chosen to entrust STEEMCC as the primary care provider of choice for themselves and their families. We will continue to make your health as our first priority.

At this time we await and invite any question that may arise.

-- END OF TESTIMONY--
