SCHNEIDER REGIONAL MEDICAL CENTER

FISCAL YEAR
2027

BUDGET PRESENTATION

"Rebuilding Today for a Healthier Tomorrow"

Testimony By:

Darlene A. Carty Baptiste
Chief Executive Officer

36th Legislature
of the United States Virgin Islands

INTRODUCTION

Good morning, Honorable Senator Novelle Francis, Chairperson of the Committee on Budget, Appropriations, & Finance; Senators of the 36th Legislature of the U.S. Virgin Islands, present; and the listening and viewing audience. I am Darlene Carty Baptiste, Chief Executive Officer for the Schneider Regional Medical Center (SRMC) and Governor Juan F. Luis Hospital and Medical Center (JFL). Today, I am joined by:

- Adeline Williams Connor - Chief Operating Officer
- Aren Laljie - Interim Chief Financial Officer
- Kenisha Angol – SRMC Director of Financial Services
- Steve Gardner – SRMC Associate Chief of Operations
- Sunita Waddell – SRMC Chief Nursing Officer
- Dr. Frank Odlum – SRMC Acting Chief Medical Officer
- Peter John-Baptiste – SRMC VP of Facilities Management & Engineering
- Lisa Williams-Norman – SRMC Human Resources Manager
- Keith Abraham – Interim Chief Technology Officer
- LeRue C. Browne – Chief Supply Chain Officer
- Delphine Olivacce – Chief Quality & Performance Improvement Officer
- Darryl A. Smalls – Executive Director, THRT

who are here to support this presentation and help address any questions.

Thank you for the opportunity to present the Fiscal Year 2027 Budget for Schneider Regional Medical Center totaling ***$106.36 million.*** This budget reflects the resources currently anticipated for FY 2027. Throughout this testimony, we will outline how the cost of providing care continues to exceed available resources. We therefore respectfully request consideration of an increased allotment to stabilize operations, meet critical operating needs, and ensure continued access to essential healthcare services.

Every day, SRMC stands as the healthcare safety net for the residents and visitors of St. Thomas and St. John. Regardless of a person's insurance status, financial circumstances, or medical condition, we must be ready when a child is born, when a trauma occurs, when a stroke or heart attack strikes, or when a family faces its most difficult medical emergency.

Unlike other services, healthcare cannot pause or be delayed; it must be available 24 hours a day, 365 days a year. As the Island's only acute care hospital, SRMC's stability is not simply a hospital priority; it is a public health priority for the Virgin Islands. Several structural realities shape today's healthcare environment:

1. Medicare and Medicaid reimbursement rates that fall well below the actual cost of care
2. A patient population heavily weighted toward uninsured and underinsured individuals
3. A growing number of hospital boarders who remain hospitalized because appropriate placement is unavailable
4. Outstanding interagency receivables that constrain cash flow
5. A widening gap between the rising cost of delivering healthcare and the growth in government appropriations.

Today's testimony outlines both these challenges and the actions we are taking to address them. While we remain committed to responsible stewardship and doing our part, stabilizing and strengthening our healthcare system will require continued partnership and investment. We respectfully ask for your collaboration as we work together to build a stronger, more sustainable future for healthcare.

MISSION

Schneider Regional Medical Center (SRMC) is committed to providing compassionate, high-quality, and equitable healthcare. As the district's sole provider of acute care, cancer care, and other major clinical services, SRMC ensures access to essential healthcare under the mandate of Virgin Islands Code Title 16. SRMC includes Roy L. Schneider Hospital (St. Thomas), Myrah Keating Smith Community Health Clinic (St. John), and the soon-to-reopen Charlotte Kimelman Cancer Institute (CKCI), all working to meet or exceed Joint Commission accreditation standards. From October to June 2026, SRMC serves the community through more than ***26,000 patient encounters*** annually, including ***18,038 inpatient days***, ***12,237 emergency department visits***, ***11,955 outpatient Registrations, 1,725 surgeries, and 335 births,*** reflecting our commitment to high-quality care.

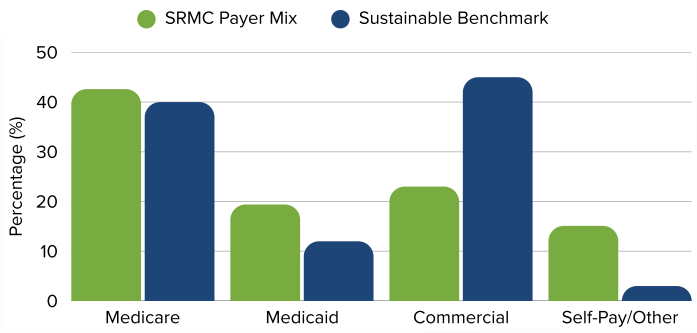
FINANCIAL & OPERATIONAL REALITY

The numbers presented thus far reflect our commitment to serving this community, not the ease with which that care is delivered. While SRMC continues to fulfill its responsibilities, we do so in a challenging fiscal environment.

Uncompensated Care & Payer Mix

Our financial sustainability is heavily influenced by the payer mix, which differs significantly from that of a financially sustainable hospital. While a healthy payer mix includes a greater proportion of commercially insured patients, SRMC serves a population that relies heavily on government-sponsored insurance and self-pay services. Our current payer mix compared to a financially sustainable benchmark is as follows:

- ***Medicare: 42.6%*** (benchmark: 40%)
- ***Medicaid: 19.4%*** (benchmark: 12%)
- ***Commercial: 23%*** (benchmark: 45%)
- ***Self-Pay/Other: 15.1%*** (benchmark: 3%)



Resulting in approximately $45.3 million in uncompensated care, representing the cost of services provided without reimbursement.

Unlike private providers, SRMC cannot limit care based on a patient's insurance coverage or ability to pay. As a result, uninsured and underinsured patients unable to access care in private outpatient practices are frequently referred to the Emergency Department (ED), requiring the Hospital to provide care in its highest-cost setting for many conditions that could be managed in a primary care or outpatient environment.

This underscores a central theme of this testimony: financial recovery requires both operational excellence and structural reform. While we take decisive action to strengthen revenue, improve efficiency, and reduce costs, reimbursement rates that remain below the cost of care will continue to undermine those efforts.

Inadequate Government Reimbursement

When patients are uninsured, underinsured, or lose coverage, SRMC bears the full cost of providing care. Even when reimbursement is available, it rarely covers the actual cost of delivering services.

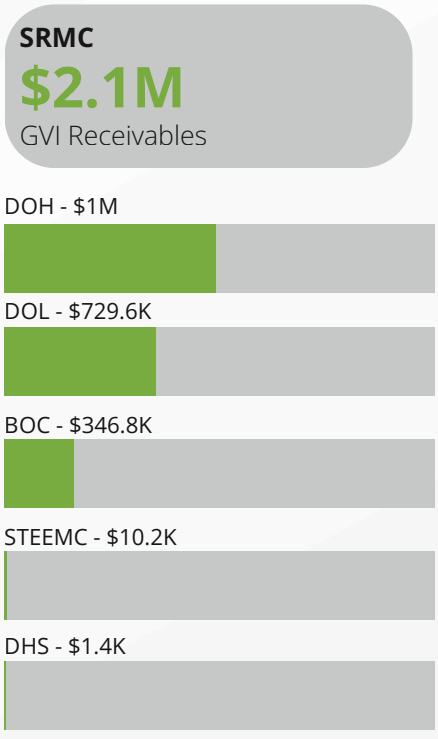
On average, Medicare reimburses only ***40–60%*** of the cost of care, while Medicaid reimburses only ***17–21%***. In practical terms, for every ***$1.00 billed to Medicare***, ***SRMC receives only 40-60 cents, and for every $1.00 billed to Medicaid, we receive only 17 to 21 cents***. The Hospital must absorb the remaining costs. This reality underscores a central theme of this testimony: financial recovery requires both operational excellence and structural reform. While we take decisive action to strengthen revenue, improve efficiency, and reduce costs, reimbursement rates that remain below the cost of care will continue to undermine those efforts.

Hospital Boarders & Care Beyond Acute Services

The housing of hospital boarders also places significant pressure on the healthcare system. These are patients who are medically ready for discharge and no longer meet the criteria for acute care hospitalization. In FY 2025, SRMC cared for boarders over ***2,264 patient days,*** generating ***$9,204,908 in uncompensated border costs*** while occupying beds needed for patients requiring acute medical care. While we are committed to working with the Department of Human Services and other community partners, hospitals cannot serve as long-term care facilities or housing providers. Expanding post-acute placement, behavioral health services, and community-based support is essential to restoring hospital capacity and ensuring patients receive care in the most appropriate setting.

Cash Flow Constraints & Interagency Receivables

Outstanding interagency receivables further contribute to existing cash-flow pressures. While these balances represent only one component of a much broader financial picture, timely reimbursement for services would improve cash flow and strengthen our ability to meet operational obligations. Current balances total approximately ***$2.1 million,*** including ***$1.03 million*** from the Department of Health, ***$729,625*** from the Department of Labor, ***$346,783*** from the Bureau of Corrections, ***$10,211*** from East End Medical Center, and ***$1,438*** from the Department of Human Services. We continue to work collaboratively with our government partners to improve collections and reduce these outstanding balances.



The Structural Funding Gap

Beyond these lies a broader structural challenge: the cost of delivering healthcare continues to outpace the funding available to support it. From FY2024 to FY2025, operating costs increased by approximately ***10.3%***. During the same period, our annual GVI appropriation increased by approximately ***3.2%,*** widening the structural funding gap.

We are grateful to the Government of the Virgin Islands for its continued support through annual appropriations, and we recognize this Administration and the Legislature's commitment to healthcare. We must continue working together to address the growing funding gap and ensure a financially sustainable healthcare system for the people of the Virgin Islands.

These financial and operational realities reinforce one another, creating a cycle that continues to weaken our financial position. Limited resources constrain operations, affecting everything from vendor payments and medical supplies to patient access and experience.

THE IMPACT

Over the past three years, accounts payable increased from approximately ***$34.9 million to $57.7 million, an increase of 65.5% or $ 22.86 million***. Approximately ***30.4%*** of this total, or ***$17.56 million, is legacy obligations*** aged ***over 300 days*** and extending to as early as ***2006.***

As accounts payable ages, the risk of delayed deliveries, reduced credit terms, prepayment requirements, and supply chain disruptions increases. These conditions affect the ability to replenish inventory as quickly as needed.

We estimate approximately ***$10 million*** is needed to address critical obligations. This includes amounts owed to vendors supporting medical and surgical supplies, laboratory services, locum staffing, pharmaceuticals, utilities, facility and equipment maintenance, contracted clinical services, information technology, and other essential business operations.

While restoring these balances is a critical first step, it is not a permanent solution. Healthcare demand is dynamic, and supplies are continuously consumed as patients receive care.

Without improving the underlying cash flow that supports operations, inventory levels will continue to fluctuate, perpetuating the same cycle of financial and operational strain.

The impact extends beyond finances and operations. It ultimately affects patient access to care, contributing to continued reliance on off-island care. From 2023 through 2025, SRMC t***ransferred 757 patients off-island.*** Through June 2026, another ***126 patients were transferred,*** bringing the total since 2023 to ***883 transfers.***

This not only increases costs and places additional burdens on patients and families but also shifts healthcare revenue outside the Territory. At the same time, these challenges affect the patient's experience and weaken public confidence, prompting more individuals to seek care off-island even when services are available locally. The resulting loss of patients and revenue further limits the ability to invest in the resources and specialty services needed to meet community needs, reinforcing the cycle of financial and operational strain.

FINANCIAL RECOVERY STRATEGY

We recognize that addressing these realities alone is not the solution. We must also improve how we operate. We have developed a financial recovery strategy focused on strengthening cash flow, improving operational efficiency, reducing costs, and expanding access to care. These reflect our commitment to responsible stewardship of public resources and to building a financially sustainable healthcare system.

Revenue Cycle Transformation

Revenue cycle transformation has been one of the most intensive areas of work over the past year. This has not been limited to outsourcing billing or pursuing old accounts. We have been rebuilding the process from the point a service is ordered and documented through charge capture, coding, billing, denial prevention, follow-up, and ultimately cash collection. Much of this work has required Finance and Revenue Cycle to work directly with clinical and operational departments because revenue integrity begins where the care is delivered, not after the claim reaches Billing.

One of the largest initiatives was a comprehensive overhaul of the Charge Description Master and hospital pricing. Departments reviewed their charges, outdated or incorrect items were corrected, pricing was updated, and the revised charge master was moved through Meditech implementation. At the same time, we launched the Denials Prevention and Revenue Integrity Initiative and expanded department-level education through our "Bedside to Billing" approach, helping staff understand how documentation, charge entry, reconciliation, and timely correction of rejected charges directly affect reimbursement.

We are now formalizing that work into a standing Revenue Integrity Team so that charge capture, denials, pricing, and reimbursement remain an ongoing operational discipline rather than a one-time project. We also went live with the self-pay billing process, including patient statements, portal functionality, communication workflows, and the ability to actively work self-pay balances. FirstSource remains an important partner in strengthening claim follow-up and collections, but the transformation extends well beyond any one vendor and reflects organization-wide work across Finance, Revenue Cycle, and the departments that generate and support patient revenue.

The results are beginning to show in the numbers. Through June, FY 2026 collections totaled ***$41.69 million*** compared with ***$32.15*** million for the same nine-month period in FY 2025, an increase of ***$9.54 million, or 29.7%***. Average monthly gross patient revenue through June was approximately ***$13.50 million*** compared with a FY 2025 average of ***$12.57 million, approximately 7.4% higher.***

These results demonstrate progress, but the work continues. Our goal is to make revenue integrity part of daily operations across every department so that the services SRMC provides are documented, charged, billed, and collected as accurately and timely as possible.

Integration & Systemwide Efficiencies

The next component of the financial recovery strategy is the continued integration of hospital operations across the Virgin Islands. By leveraging the strengths and resources of both hospitals, we are reducing duplication, standardizing operations, improving efficiency, and operating as one unified health system while preserving access to care in both districts.

We have already consolidated executive leadership functions, generating an estimated ***$2.3 million in savings.*** Resource sharing is also helping address staffing gaps without duplicating positions. For example, SRMC has deployed respiratory therapy, anesthesiology, NICU nursing, and internal medicine staff to support JFL during staffing gaps, while JFL's nephrology and gastroenterology providers have supported clinical services at SRMC. We continue to evaluate additional specialties and functions that can be shared across the system based on operational need and available capacity.

Integration also extends to quality, performance improvement, and workforce operations. Leaders from both hospitals are aligning key performance indicators, reporting structures, and performance expectations, while an integrated policy committee will standardize policies and procedures across the system. These efforts improve consistency, strengthen regulatory and accreditation readiness, reduce duplicative administrative work, and allow both hospitals to identify performance gaps using the same measures. Human Resources leaders are similarly developing a unified employee handbook and standardized policies to establish consistent workforce practices across both districts.

This systemwide approach also extends to purchasing and supply chain management. We have transitioned from Materials Management to Supply Chain Management, creating a more comprehensive approach to sourcing, procurement, inventory, distribution, and utilization across both facilities. This strengthens coordination, accountability, and our ability to ensure critical resources are available when needed.

Currently, the hospitals operate under separate legacy systems and Group Purchasing Organization (GPO) arrangements. We are assessing both GPOs to determine the feasibility of consolidating purchasing under a single GPO. The objective is to maximize the combined purchasing power of both facilities, secure more favorable pricing and contract terms, reduce duplication, and identify opportunities for greater efficiency. Areas being evaluated include medication and medical supply purchasing, vendor negotiations, product standardization, inventory management, and other shared procurement activities.

As integration continues, our technology infrastructure must also evolve to support a more unified health system. A critical step is upgrading the Electronic Health Record across SRMC and JFL. The current Meditech environment is approaching end-of-life, creating increasing limitations in system support, functionality, security, integration, and the ability to implement new technology. Continuing to make significant investments in an aging platform does not provide an appropriate long-term return when the system will ultimately need to be replaced.

A modern EHR will streamline clinical and administrative workflows, reduce duplicate and manual processes, improve access to patient information, and better integrate clinical and financial systems. These efficiencies can improve productivity while strengthening documentation, charge capture, coding, claims processing, denial prevention, and reimbursement. EHR modernization should therefore be viewed not simply as an IT expenditure, but as an investment in system integration, workforce efficiency, revenue cycle performance, and long-term financial sustainability.

Workforce Optimization

Personnel expenses remain SRMC's largest operating cost, accounting for approximately ***64%*** of the operating budget. Current payroll, including gross wages and employer contributions, is approximately ***$2.57 million every two weeks, or $5.56 million per month.*** By comparison, average monthly cash collections through June FY 2026 were approximately ***$4.63 million***, meaning payroll alone exceeds average monthly collections by approximately ***$930,000.***

As of FY 2026 year to date, SRMC's workforce consists of approximately ***575.75 FTEs,*** including ***337.75 clinical FTEs (58.7%)*** and ***238 non-clinical FTEs (41.3%).*** The clinical workforce includes ***103 staff registered nurses***, ***43.25 physician FTEs***, ***103.5 allied health professionals,*** and ***3.25 advanced practice providers.*** In addition, SRMC utilizes ***7 part-time employees, 11.75 per diem employees, 10 rotating locum tenens providers, and 18 other contract personnel.***

The financial challenge is not simply the size of the workforce, but the cost of sustaining the current personnel structure within available revenues. Workforce optimization is therefore focused on reducing the personnel budget by approximately 10%, rather than targeting a specific number of employees.

A significant portion of these savings can be pursued without eliminating occupied positions by first addressing vacancies, duplication, organizational structure, resource sharing, and other workforce efficiencies.

While optimizing the workforce, recruitment for critical clinical positions continues. Current efforts are focused on strengthening local talent pipelines and filling positions necessary to sustain essential services. In Nursing, SRMC continues to partner with the University of the Virgin Islands Nursing Program as a key source of local clinical talent. Recruitment efforts in Laboratory have successfully filled key leadership positions, while efforts continue to develop local laboratory technologists and strengthen the internal talent pipeline. Similarly, Pharmacy is focused on developing local leadership to improve stability and continuity of operations.

Strategic Service Line Expansion

Patient transfer data, utilization trends, and community health needs are guiding decisions on where local clinical capacity should be strengthened. Through July 2026, cardiology and neurology together accounted for ***70%*** of all off-island transfers. This provides a clear roadmap for where targeted service expansion can have the greatest impact on patient access, off-island transfers, and ultimately revenue.

Through July 2026 alone, ***65 patients were transferred for cardiology*** and interventional cardiology services, the largest category of off-island transfers. In response, SRMC and JFL are jointly advancing development of an Interventional Cardiology Program. We are currently evaluating physician partnerships and program proposals.

Neurology represents the second-largest transfer category, with ***49 patients*** requiring off-island care through July 2026. To strengthen local capacity, SRMC and JFL are advancing implementation of a permanent TeleStroke Program. A site assessment by the University of Florida's Division of Neurology is anticipated as the next step toward implementation. We have also received funding for the Zeto EEG Brain Monitoring System, expanding neurological diagnostic capabilities and improving access to advanced neurological services across St. Croix, St. Thomas & St. John.

The reopening of the Charlotte Kimelman Cancer Institute (CKCI) remains a major service expansion priority, restoring oncology services within the Territory and reducing reliance on off-island care. With major construction substantially complete, the focus has shifted to clinical and operational readiness.

Progress includes the hiring of a Radiation Oncologist and Consultant Physicist, remote Dosimetrist support, and ongoing recruitment for Radiation Therapists, Medical Assistants, and other operational positions. The LINAC is in final configuration, the CT Simulator has been turned over, and clinical policies, treatment workflows, and quality and safety processes are under development. Remaining challenges center on procurement and funding for essential equipment, technology, supplies, and services, with some procurements requiring re-solicitation. Closing these remaining gaps is critical to moving CKCI from construction completion to patient readiness and sustainably restoring oncology care within the Territory.

SRMC is also redesigning its Gastroenterology Program through a collaborative model with JFL. JFL's gastroenterologist will provide inpatient consultation services at SRMC, while a dedicated nurse practitioner will expand outpatient gastroenterology services. This integrated model improves access to specialty care, reduces delays in treatment, and decreases the need for patients to seek gastrointestinal services outside the Territory.

As these services are restored and expanded, SRMC will also work with commercial payers to keep appropriate portions of the care within the Territory. Even when specialized treatment must occur off-island, diagnostic imaging, laboratory testing, pre-operative evaluations, and follow-up care may be performed locally. Keeping those services at SRMC improves continuity of care while retaining reimbursement within the Territory.

SRMC Foundation and Community Investment

Schneider Regional Medical Center recognizes the significant financial pressures facing the Government of the Virgin Islands and the healthcare system. While continued public investment remains essential to maintaining critical healthcare services, SRMC is doing all that it can to help itself, aggressively pursuing philanthropy, grants, community partnerships, and other external resources to supplement limited hospital operating and government funds.

These efforts have resulted in funding for several strategic initiatives, including $500,000 for improvements and expansion of the Gastroenterology procedural suite, ***$500,000*** to strengthen highly infectious disease preparedness and training, ***$500,000*** to support development of the Interventional Cardiology Catheterization Suite, and a ***$294,000 telemedicine grant*** to expand access to specialty care and remote clinical services. SRMC has also leveraged American Rescue Plan Act funding to support employee retention, expand hemodialysis services, and critical Meditech technology investments.

Through the SRMC Foundation, donor, grant, and community support have been leveraged to advance critical patient-care priorities. Most significantly, SRMC received a ***$1 million*** restricted anonymous gift for Interventional Cardiology. Additional Foundation support includes:

- ***$250,000 – GI Suite equipment and expansion***
- ***$137,000 – Upfront funding for the BIOFIRE Molecular Diagnostic System, pending grant reimbursement***
- ***$70,000 – Emergency Department stretchers and replacement mattresses***
- ***$30,000 – GI scope repairs and equipment***
- ***$25,000 – GI Procedure Suite and Emergency Department expansion design***
- ***$11,000 – Pediatric warmer***
- ***$5,200 – Disposable bronchoscopes and cables for ICU and emergency care***
- ***$83,184 – Upfront funding for telemedicine hardware and software, reimbursed through the Technical Assistance Program (TAP) Grant***

Collectively, donors, community partners, grantors, and the Foundation have contributed or committed more than $2 million toward strengthening healthcare at SRMC. We extend our sincere appreciation to every donor and partner, large and small, whose support helps SRMC leverage limited resources and advance critical patient-care needs.

Beyond capital investments, the Foundation continues to strengthen community engagement through philanthropic initiatives that directly support the SRMC's strategic priorities. Its annual fundraising gala generated approximately $90,000, providing additional resources to advance patient care initiatives and future capital projects.

These investments demonstrate the value of leveraging philanthropy, federal grants, and strategic partnerships to strengthen healthcare infrastructure. However, grant and philanthropic funding are primarily intended to support capital improvements and one-time investments. Sustaining these initiatives requires ongoing operational funding to support staffing, maintenance, equipment, technology, and the day-to-day costs of delivering care.

FY 2027 PROPOSED BUDGET

SRMC's proposed Fiscal Year 2027 operating budget, inclusive of Roy Lester Schneider Hospital, Myrah Keating Smith Community Health Center, and the Charlotte Kimelman Cancer Institute, totals ***$106.36 million.*** The budget is balanced, with projected operating revenues equal to projected operating expenses. Of the total budget, approximately ***$101.44 million*** supports existing SRMC operations and approximately ***$4.92 million*** represents the additional operating requirements associated with CKCI.

Revenue

For Fiscal Year 2027, SRMC projects approximately ***$86.0 million in gross patient revenue***. After approximately ***$20.0 million in anticipated bad debt***, net patient revenue is budgeted at approximately ***$66.0 million.***

The FY2027 budget also includes ***$34.25 million in Government of the Virgin Islands appropriations,*** consisting of ***$32.75 million*** for SRMC's base operations and ***$1.5 million in additional support for CKCI.*** The remaining revenue is supported by approximately ***$5.08 million in other revenue, $800,000 in HRSA/CARES/FEMA-related funding, $200,000 in contributions and other support, and approximately $18,000 in interest income.***

Operating Expenses

Fiscal Year 2027 operating expenses are budgeted at ***$106.36 million***. The major categories within the operating budget are salaries and wages, fringe benefits, supplies, other services and charges, and utilities.

Salaries and Wages

Salaries and wages are budgeted at approximately ***$50.36 million***, representing approximately ***47.4%*** of total operating expenses.

This category includes classified and unclassified employee salaries, overtime, holiday pay, night and other differentials, sick leave, annual leave, and other personnel-related compensation. The budget includes approximately ***$32.44 million*** for classified employee salaries, ***$5.47 million*** for unclassified salaries, ***$2.81 million*** for overtime, and ***$2.94 million*** for holiday pay.

Fringe Benefits

Fringe benefits are budgeted at approximately ***$18.73 million***, or ***17.6%*** of total operating expenses. Major components include approximately ***$7.50 million*** in employer retirement contributions, ***$7.32 million*** in health insurance premiums, and ***$3.74 million*** in FICA expenses.

Together, salaries and fringe benefits total approximately ***$69.09 million*** and represent approximately ***65%*** of SRMC's FY2027 operating budget. Personnel therefore remains the Hospital's largest operating expense.

Materials and Supplies

Materials and supplies are budgeted at approximately ***$11.79 million***, representing approximately ***11.1% of total operating expenses.***

Major expenses within this category include approximately ***$2.49 million*** for pharmacy drugs, ***$2.47 million*** for medical supplies, ***$2.0 million*** for operating supplies, ***$1.56 million*** for repairs and maintenance, ***$825,000*** for implants, and ***$793,000*** for software.

Repairs and maintenance continue to be particularly important as SRMC operates within an aging physical plant and must maintain existing equipment and infrastructure while the Territory advances plans for the replacement hospital.

Other Services and Charges

Other services and charges are budgeted at approximately ***$19.17 million***, or ***18.0%*** of total operating expenses.

The largest expenses in this category include approximately ***$6.74 million*** for professional services, ***$3.0 million*** for contracted labor, ***$2.20 million*** for physician fees, ***$1.66 million*** for agency staffing, ***$1.0 million*** for travel, ***$981,000*** for building and land rental, and ***$800,000*** for laboratory services.

SRMC continues to focus on reducing its reliance on temporary and contracted staffing where possible through permanent recruitment, workforce optimization, systemwide resource sharing, and the development of local clinical talent.

Utilities

Utility expenses are budgeted at approximately ***$6.31 million,*** representing approximately ***5.9%*** of total operating expenses.

This includes approximately ***$4.07 million*** for electricity, ***$1.21 million*** for water, ***$768,000*** for communications, and ***$264,000*** for gas.

This budget reflects the resources currently anticipated for FY 2027. However, as demonstrated throughout this testimony, the cost of providing care continues to exceed available resources. We therefore respectfully request consideration of an increased allotment to stabilize operations, meet critical operating needs, and ensure continued access to essential healthcare services.

Before closing, I would like to turn the presentation over to Mr. Darryl A. Smalls, Executive Director of THRT, who will provide testimony on SRMC's ongoing construction projects.

CLOSING

Mr. Chairman and distinguished members of the Committee, throughout this testimony, we have presented more than a budget. We have presented a strategy. We began by reaffirming our mission and the critical role SRMC plays in the healthcare of the Territory. We then provided a transparent assessment of the financial and operational realities confronting the Hospital, acknowledging the challenges that threaten our long-term sustainability. Most importantly, we demonstrated that SRMC has not waited for those challenges to resolve themselves.

Over the past year, we have developed a comprehensive financial recovery strategy focused on strengthening our revenue cycle, integrating operations across the Territory, optimizing our workforce, expanding specialty services, leveraging strategic partnerships, and reducing our reliance on off-island care.

We recognize that the challenges before us cannot be solved by government funding alone, nor can they be solved by operational improvements alone. Success requires both responsible management and strategic investment. We have committed to doing our part by making the difficult decisions, improving efficiency, pursuing external funding, and holding ourselves accountable for measurable outcomes. Today, we respectfully ask for your partnership in completing that work.

Together, we have an opportunity to strengthen healthcare in the Virgin Islands, not only by addressing today's financial challenges, but by building a health system that provides greater access, stronger clinical services, improved financial sustainability, and better outcomes for the people we are privileged to serve.

On behalf of our Board of Directors, physicians, nurses, employees, volunteers, and every patient who depends on SRMC, I thank you for your continued support and for the opportunity to present our Fiscal Year 2027 Budget. I respectfully request your favorable consideration and welcome any questions.

Roy Lester Schneider Hospital
Myrah Keating Smith Community Center
Charlotte Kimelman Cancer Institute

SCHNEIDER REGIONAL MEDICAL CENTER