



SCHNEIDER REGIONAL
MEDICAL CENTER

ROY LESTER SCHNEIDER
HOSPITAL

MYRAH KEATING SMITH
COMMUNITY HEALTH CENTER

CHARLOTTE KIMELMAN
CANCER INSTITUTE

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Testimony to the Budget, Appropriations, and Finance Committee
35th Legislature of The Virgin Islands
Wednesday, August 2, 2023

Good afternoon, Honorable Senator Frett-Gregory - Chairwoman of the Budget, Appropriations, and Finance Committee, Honorable Senators of the Budget, Appropriations, and Finance Committee, other Honorable Senators of the 35th Legislature present, Schneider Regional Medical Center staff, and the listening and viewing audience. I am Tina M. Comissiong, Esq., MPA, Chief Executive Officer of Schneider Regional Medical Center (SRMC).

I appear before this Committee with the members of SRMC's leadership team to present testimony on SRMC's Fiscal Year 2024 Budget.

I would like to begin by acknowledging our dedicated team of clinical and non-clinical employees at Schneider Regional Medical Center (SRMC). Our team continues to provide excellent care to our community, impacting and improving the lives of those we serve every day.

At our testimony last year, I noted that we were in the open window for onsite accreditation surveys by The Joint Commission. I am happy to report that our Roy Lester Schneider Hospital (RLSH) and Myrah Keating Smith Community Health Center (MKS) facilities passed those Joint Commission surveys with flying colors. We received no major clinical findings, and we will continue to be fully accredited for the next two years. Additionally, our Hemodialysis Department which currently cares for 75 of the approximately 135 dialysis patients in the St.

Thomas - St. John District was surveyed by CMS in May of this year and received an exceptional review with no major clinical quality findings.

Kudos and thanks to our team members at SRMC who are constantly pursuing improvements to the quality of the care we provide and improvements in our patients' experiences. Our SRMC team members and I are personally invested in improving the financial health of the organization and in expanding access to care for our community because it is more than just a job, it's our calling.

BUDGET OVERVIEW

For FY 2024, SRMC presents a conservative operating budget of \$105.7 Million.

The bulk of SRMC's operating funds, approximately 70%, are generated by the hard work that is done at SRMC providing care and collecting for that care. We project generating \$72.3 Million in net patient revenues in FY 2024, up from the \$59.5 Million that we are on track to generate this fiscal year. Projected revenue improvement in FY 2024 is linked to efforts which have already begun over the past year to improve collections and to add profitable service lines.

SRMC's FY 2024 operating budget includes the proposed GVI Appropriation of \$31 Million. By law, the GVI Appropriation should cover uncompensated care (defined in Virgin Islands Code Section 221(22) as the sum of "charity care" and "bad debt" resulting from health care services provided by the Corporation after due diligence to collect. Contractual adjustments in reimbursement for services based upon an agreement with a payer (to include but not limited to Medicaid and Medicare) are not uncompensated care." and the local Medicaid match (defined as 17% of the total of approved claims for FY 2024). SRMC's uncompensated care in FY 2024 is projected to be \$27,728,676.30 and the local Medicaid match for SRMC for FY 2024 is projected to be \$3,097,253.31.

Salaries and wages expenses for FY 2024 are budgeted at \$52.3 Million and fringe benefits are budgeted at \$19.6 Million. Our bi-weekly payroll is approximately \$2.1 Million. Salary and benefits expenses have increased due to the adjustment of the nursing salaries, the addition of staff in the business office to assist with collections, and the onboarding of physicians in specialty areas. Salaries and fringe, together, represent approximately 68% of SRMC's total operating budget.

Materials and supplies represent 11% of our total operating expenses at a proposed cost of \$11.9 Million. Other services and charges which includes temporary staffing agency expenses are budgeted at \$14.4 Million and represent 14% of the total operating expenses. Utility costs are budgeted at \$5.6 Million which is 5.3% of our total operating expenses.

SRMC'S STRATEGIC PLANS TO IMPROVE OUR FINANCIAL POSITION

SRMC's most important strategic initiative is to improve our financial position as that will in turn allow us to continue our mission of providing access to high quality care. SRMC has specific, measurable plans for increasing our revenue and reducing our expenses.

Increasing Revenue

1. Collecting More for the Work We Already Do

Our revenue cycle team has been focused over the last year on improving every part of the revenue cycle from initial registration to final bill and we will continue to do so. We have been studying our denials and have been strategically attacking opportunities to improve our documentation, coding, and billing processes. Currently, cash collections are up 17% from FY 2022 and continue to improve. Monthly cash collections over the past six months have averaged \$4.5 Million. SRMC had one of its best months of collections on record recently with \$5.7 million in collections in May 2023. SRMC has doubled down on its efforts at generating and collecting revenues by investing in training and supporting our existing staff and adding new permanent staff and resources dedicated to billing and collecting. We have implemented an online bill payment option and are now sending bill notifications and reminders via text messages.

SRMC will be working with JFL to renegotiate payment rates with payors to more adequately cover the cost of providing care to their members which will allow us to collect more for the work we are already doing.

2. Generating New Revenue

We must optimize patient volumes, improve the payor mix, and introduce new, profitable service lines to generate new revenue for SRMC.

We have invested in expanding service options that our community has a demonstrated need for. We onboarded a psychiatrist and now have a wellness clinic where patients can receive outpatient behavioral health services to include transcranial magnetic stimulation.

We have engaged a full-time Interventional Cardiologist who will begin working at SRMC this year who will provide both emergency and routine cardiac services and will treat conditions that in the past have required patients to travel off island. For FY 2023 so far, we have had 148 off-island transfers, of which 53 were related to cardiac conditions. In expanding this service line, we are reducing expenses of flying patients out and increasing our revenue generating procedures.

We are also opening both dermatology and gastroenterology (GI) clinics this year which will provide critical screening and treatment and generate additional revenue for the organization.

At MKS we will be expanding services to keep pace with the increased utilization of the clinic. Historically, we see more than 6,000 patients annually at MKS. For 2023, we have already had 5,986 patient visits, on track to surpass our annual average. We will be rotating specialists to MKS to expand their outpatient offerings. We are also in talks with a nephrologist who will help us advance our plans of introducing options for home dialysis care, which will allow St. Johnians to receive their dialysis treatments on St. John which has long been requested.

Reducing Expenses

1. Replacing Expensive Contract Labor with Permanent Staff

In FY 2022 the organization spent over \$11.4 Million in staffing agency costs for critical positions such as RNs, Midwives, Locums, and Allied Health Professionals. Based on usage this year, we are projected to spend \$12.5 Million in FY 2023. For FY 2024, we project contract labor expenses to decrease because we have completed negotiations with staff nurses and licensed practical nurses and implemented the new pay plan.

Implementation of the new plan led to the onboarding or commitment of more than 40 permanent nurses that will join our team this year, 12 of whom are UVI graduates. Based on our average daily census and robust outpatient services, we require 130 nurses and we are on track to achieve our full complement by the end of February 2024.

The average annual salary of the newly onboarded and committed RN staff is \$116,892.00, including fringe benefits compared to \$260,000.00 for an agency nurse. We would like to highlight that of these permanent nurses, 7 are stationed at MKS, which is the full complement for the clinic.

SRMC is also actively recruiting for permanent medical staff to reduce our reliance on expensive locums staffing. Between January and June we had a monthly average of 12 locum tenens. JFL and SRMC are working together to restructure doctor contracts and renegotiate with AHEP, the doctor's union.

We know turnover is expensive and therefore are very focused on the retention of our permanent employees. We have been working diligently to make sure our employees are being compensated appropriately and have opportunities for growth within the organization. In 2022, RN turnover was 20% and in 2023, thus far, it is 4.7%.

2. Controlling Spending and Finding Savings in Supply and Pharmaceutical Purchases

In FY 2023, SRMC rolled out Department budgets and empowered each Department head to become active in finding efficiencies and cost savings for their areas. SRMC is continuing to work through its new Group Purchasing Organization (GPO) to seek better pricing on supplies and pharmaceuticals. SRMC has also begun to jointly negotiate some purchases with JFL to achieve cost savings for the Corporation and the Territory.

FINANCIAL CHALLENGES

We have made progress in advancing our strategic initiatives over the past year, but our organization continues to be challenged by several national and local factors that need to be considered. Nationally, per the March 2023 Kaufman Hall report, inflation and pricing pressures are leading to significant cost increases in healthcare. Additionally, SRMC faces three major challenges that play a significant role in our ability to maintain operations: 1. Payor mix; 2. Unsafe discharges, also known as "Boarders"; and 3. Deferred maintenance due to a lack of a capital budget. SRMC has outstanding Accounts Payable and Accrued Liability of \$29,785,192.

1. Payor Mix

One of the biggest challenges to improving our financial situation at SRMC is the significant amount of undercompensated and uncompensated care we provide. Almost 80% of the care that SRMC provides to the community is either completely uncompensated for or significantly underpaid. Sixty-four percent (64%) of our services are provided to patients with payers [Medicare (39%) and Medicaid (24%)] that reimburse at a rate below the actual cost of taking care of that patient, and another 14% of our care is provided to persons who fall into the Self-Pay & Uninsured category. Commercial insurance business accounts for only 19% of SRMC's reimbursements.

Our Payor Mix continues to be unfavorable, with it worsening over the last few years as the percentage of Self-Pay patients has slightly increased. SRMC is also handicapped by the fact that there is no real market for an individual insurance plan in the Territory. The total uncompensated care for FY 2023 is trending to exceed \$24 Million.

The bulk of our uninsured patients are seen in the Emergency Room and at MKS, where we are required to provide services to anyone who walks through our doors. Self-pay accounts are a challenge to collect on. In FY 2022, SRMC's Self-Pay accounts totaled more than \$17.3 Million. SRMC collected just over \$1.2 Million, approximately 7%, of the total billed charges. Thus far for FY 2023, SRMC has over \$14.7 Million in charges for self-pay patients and just over \$556k, or 4%, has been collected. We offer Hospital Presumptive Eligibility (HPE) as short-term coverage to full Medicaid to as many patients as possible who present as self-pay.

2. Unsafe Discharges/Boarders

Presently, the hospital provides care for ten (10) unsafe discharges, some of whom have been at the hospital since 2018. These are persons who are no longer in need of the acute care that a hospital provides. The annual cost for an adult boarder (at the daily Medicare rate of \$1,475.83) is \$538,677.95. We receive \$0 for caring for a boarder. With 10 boarders currently at the hospital, SRMC will accumulate more than \$5.3 million in expenses for which we will receive no reimbursement.

Our unsafe discharges/boarders continue to be a drain on our resources costing the hospital millions of dollars per year. Moreover, these patients occupy rooms that are needed for the

acutely ill which contributes to extended stays in the ER for acute patients due to the inability to move patients to the inpatient units.

Because the agencies charged with caring for these individuals cannot place these patients, this body might consider re-appropriating the funding that is given to these other agencies for long-term care to the hospital as compensation for the care we already provide.

3. Deferred Maintenance due to Lack of Capital Funding

SRMC is extremely challenged by its aging facility. Although we struggle with lack of funding to complete many of the needed replacements and enhancements. The skilled staff of our facilities department has made great progress this past year with maintaining our facilities. We have resealed the roof to stop water intrusion in the building and repaired the fence of the outdoor space on the Behavioral Health Unit.

Though FEMA has obligated the funding for a complete re-build, it will be at least five years before a new facility is realized. Based on the size and age of our buildings and equipment, SRMC should be investing \$3.9 Million annually in maintenance, repair, and replacement. We cannot defer needed repairs as these items have a direct impact on patient care, regulatory compliance, and our ability to provide revenue generating services. Many of the necessary repairs cannot be completed because our operational budget is insufficient to accommodate the required purchases.

Among our many projects, we need to replace our air handlers for the building's AC system that was severely damaged in the 2017 storms. A complete replacement would cost upwards of \$1 Million, but we have developed a short-term and more economical solution that costs approximately \$250,000.00.

We have a proposed \$11.2 Million capital budget and sincerely hope that you consider each item included.

INTRA-AGENCY OBLIGATIONS

SRMC is collaborating with other GVI agencies to resolve outstanding balances. As of June 2023, according to SRMC records, SRMC is owed more than \$2 Million from other agencies such as the Department of Labor's Workman's Compensation Program, the Bureau of

Corrections, the Department of Health, the Department of Human Services, and the Department of Education. When received, these amounts can be applied to our outstanding obligations to GERS, GESC, and WAPA.

OPPORTUNITIES

1. Leveraging Technology

We are working to expand our technological infrastructure to increase revenues and reduce expenses.

SRMC plans to implement a virtual nursing and sitter platform that will reduce labor related expenses. Our new Meditech Expanse platform will improve our billing and charge capture practices. The system will allow for better clinical decisions which will lead to better outcomes. The project began on October 26, 2022, and is 82% complete to date. This will allow SRMC to increase collections annually by approximately \$2.5 Million. Thank you to this body for the funding provided through Act 8473. This upgrade was also supported by a grant through the Department of Health, and ARPA funding appropriated by Governor Bryan, thank you. We have exhausted those funds and require an additional \$3.1 Million for completion.

We need a disaster recovery solution because the alternative of not having one is expensive if we are hit with a cyberattack or a hurricane and lose data and the ability to chart and charge. A complete solution which will cost approximately \$1.5 Million. While we continue to seek resources for the complete cloud based solution, we are partnering with ViNGN and the Bureau of Information Technology (BIT) to seek solutions to back up our data with a local point-to-point connection. It will also give us an offsite location for our data in the event a catastrophic event occurs at our facility.

2. Reviving the Foundation

The SRMC Foundation is very active. We secured a substantial donation of \$350,000.00 from a private donor for equipment for our cardiac catheterization laboratory that will be coming online by the end of the year. We have also received several other donations from the community, and we would like to say thank you to all our donors.

3. Engaging the Community

We continue to offer our Dinner with a Doctor Series monthly at the hospital as well as our “Apple A Day” messaging online. We want the community to have accurate information about preventive health practices as well as have the knowledge on where to go should they need to access resources for their healthcare.

SRMC provides a significant portion of care needed by those who require hemodialysis in our community. We are aware of the expanding need for dialysis among our population and we are continuously monitoring and preparing to respond to the need to expand our dialysis service offerings. It is our goal to ensure that we can respond to the community’s needs.

Ensuring a safe place for visitors and employees is always a priority for us. We congratulate our Chief of Security on his recent promotion to police officer status. We are actively working to elevate our security staff through training and education to peace officer status.

CONCLUSION

Our team at SRMC is working hard to provide high quality care to the residents of the Virgin Islands. We are focused on increasing the community’s trust in our hospital system. We want the community to come to SRMC when you have a choice in where to go, not just when you have to.

We are committed to developing a robust IT infrastructure to include a patient portal which will allow our patients to access their own health data. We are also committed to improving and enhancing our physical infrastructure as best we can while we wait for the new hospital. I cannot thank our senior leadership team, our entire clinical and our support teams enough for their continued hard work and dedication to the agency and community at large.

We will continue to aggressively recruit permanent nursing and medical staff. We are hiring! If you know anyone interested in joining our team they can visit our website www.srmedicalcenter.org for information on openings or contact hr@srmedicalcenter.org.

The budget we presented today is conservative. Schneider Regional Medical Center is committed to expanding service lines that are not only needed in the community, but also revenue generating. We will continue to be aggressive with our billing and collections. We are cleaning up our bad debt and reducing our AP. We are certainly working tirelessly to help

ourselves. But, this body and other members of the government must be realistic about the healthcare landscape in our community. We are an aged population. We are underinsured and uninsured. The hospital must receive meaningful financial support to continue to provide quality care to the Territory.

We celebrate the exceptional work of our team members at SRMC who continually go above and beyond to provide high quality health care to residents and visitors of St. Thomas and St. John.

Thank you to this Committee and the entire Legislature for the opportunity to present our budget to you today. I would also like to thank Governor Bryan, his Administration, and our Territorial and District Governing Boards for their continued support of our healthcare system. Our team is committed to ensuring that Schneider Regional Medical Center is the best hospital any small island in the Caribbean can have. The Senior Leadership Team and I are available to answer any questions you may have.

This concludes my testimony.