

**TESTIMONY TO THE
COMMITTEE ON BUDGET, APPROPRIATIONS, & FINANCE
BY DOUGLAS KOCH, FACHE
CHIEF EXECUTIVE OFFICER
OF THE GOVERNOR JUAN F. LUIS HOSPITAL AND MEDICAL CENTER**

April 24, 2024

Good morning Honorable Senator Donna Frett-Gregory, Chairperson of the Committee on Budget, Appropriations, and Finance, Senators of the 35th Legislature of the U.S. Virgin Islands present, and the listening and viewing audience. I am Douglas Koch, Chief Executive Officer of the Governor Juan F. Luis Hospital and Medical Center (JFL). It is a privilege to be here today to provide testimony on outstanding obligations owed by Juan F. Luis Hospital and Medical Center (JFL) to the V.I. Water and Power Authority (WAPA). To assist with this presentation today is the Senior Vice-President of Financial Services, Christopher Lewis.

As you are aware, JFL had the opportunity to give testimony a few weeks ago on April 3rd, 2024, to the Committee on Health, Hospitals, and Human Services. During that testimony, we detailed the financial struggles of JFL. Governor Juan F. Luis Hospital fully acknowledges that over the past several years we have been unable to pay our full payment obligations to WAPA. We acknowledge the importance of paying off all our debts to vendors, such as WAPA. However, we are facing a financial crunch, and our revenue falls short of supporting our expenses. We have been working closely with WAPA and other vendors to come up with payment arrangements that align with our revenue inflows. The Office of Management and Budget allots \$250,000 to WAPA on behalf of JFL monthly. This means, JFL is paying WAPA \$3,000,000 annually, which is approximately 10% of our GVI allotment.

The graphic being displayed [**Exhibit 1**] is our current monthly invoices from WAPA, as demonstrated, our monthly WAPA bill for JFL ranges from \$256,000 to \$581,000 with an average monthly expense of \$333,000.

Exhibit 2 shows JFL's outstanding balance to WAPA from FY 2022 to FY 2024 to date. In December 2021, JFL conducted a true-up and paid WAPA \$1,000,000. to cover our outstanding balance. The addition of JFL North has significantly increased our energy consumption, and we acknowledge our annual payment of \$3,000,000 to WAPA is not enough to cover our expenses. We are committed to working with WAPA to address any outstanding balances and future payments while also considering all our vendors and expenses, including critical supplies needed for patient care.

The JFL annual budget is \$88,000,000 of which a portion is provided by the GVI through our allotment of \$32,250,000. The remaining 66% of our revenue is made up of what we collect for providing healthcare services to this community. We are grateful for the annual appropriation from the legislature. **Exhibit 3** shows our annual allotment for the past 8 years vs. uncompensated care. As we have testified in the past, it is important to highlight the fact that the cost of delivering care has significantly outpaced the increase in allotments and the revenue collected from our services. While we received a 21% increase in allotments, we have also seen a 35% increase in uncompensated care since 2015.

JFL remains committed to ensuring that all vendors are paid while also prioritizing patient care for the St. Croix community.

In conclusion, The JFL Executive Team thanks Honorable Senator Donna Frett-Gregory, Chairman of the Committee on Budget, Appropriations, and Finance, and all the Committee members for allowing us to provide this testimony today. I would also like to thank my team for contributing to this testimony. As always, thank you to the Honorable Governor Albert Bryan Jr. and his team for all the support and to our Board of Directors for their commitment to our hospitals and ongoing dedication. Thank you to the JFL staff for your hard work and dedication to fulfilling our mission. Finally thank you to the St. Croix community for the overwhelming support, grace, and love you have shown for JFL. We are ready for any questions that you may have. Thank you.

Exhibits

Exhibit 1.

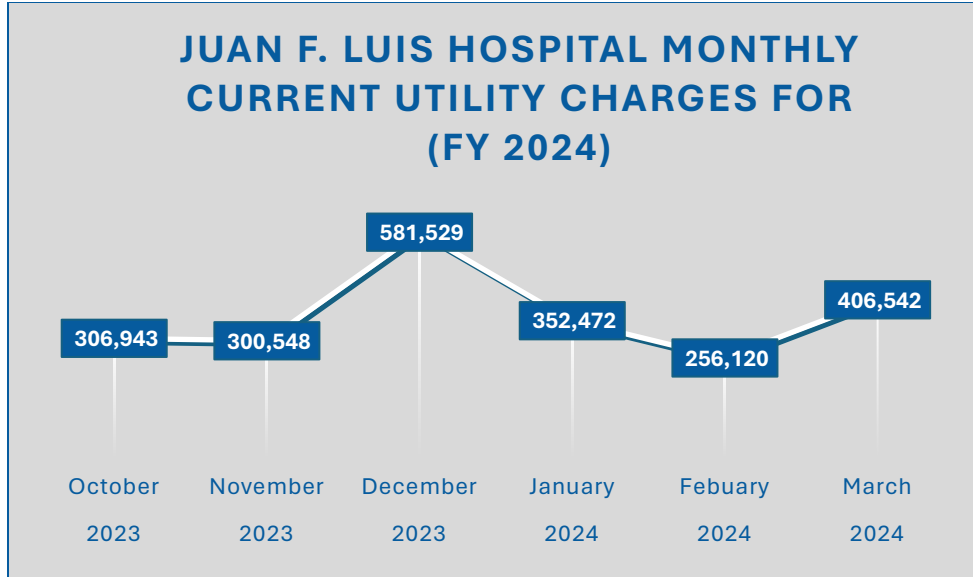


Exhibit 2.

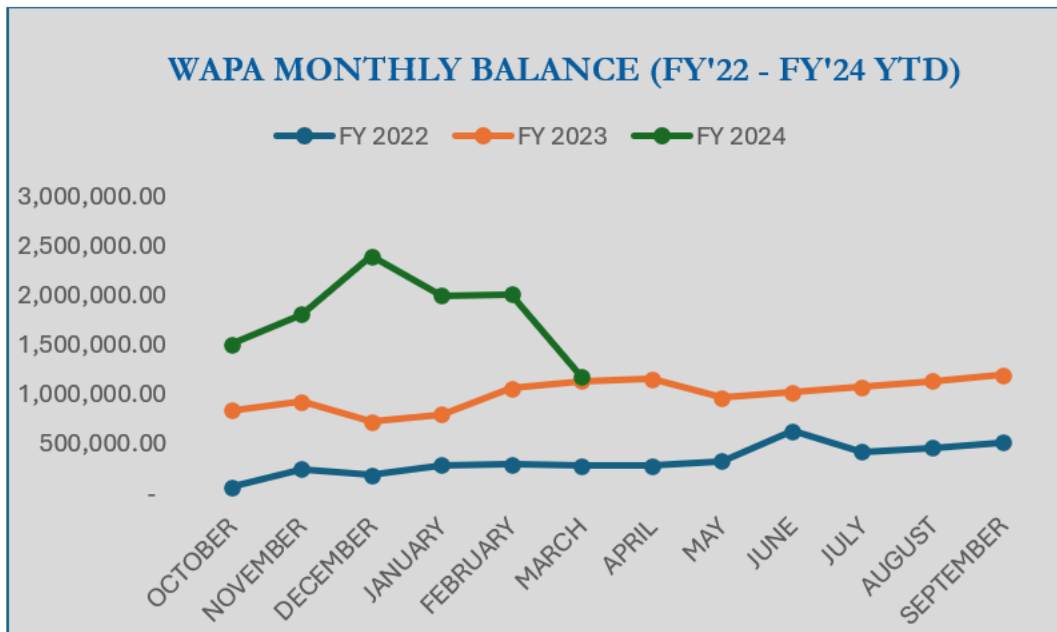


Exhibit 3.

