



2024

Status of STEEMCC

Tess G. Richards, MD
Interim Executive Director

**Earle B. Ottley Senate
Chambers, Senate Building
St. Thomas, U.S. Virgin Islands
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St. Thomas East End Medical Center Corporation

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Committee on Health, Hospitals & Human Services Chairman, Honorable Senator Ray Fonseca, members of the 35th Legislature's Committee on Health, Hospitals & Human Services, other members of the 35th Legislature of the U.S Virgin Islands, the viewing and listening public, Good Morning. I am Dr. Tess Richards, the Interim Executive Director at St. Thomas East End Medical Center Corporation, hereafter referred to as STEEMCC. I have with me today, Mr. Karl Callwood, Chair, Board of Directors of STEEMCC and Mr. Steven Mayers, the Chief Financial Officer at STEEMCC.

Thank you for inviting St. Thomas East End Medical Center Corporation to present testimony this morning. We appreciate the opportunity to collaborate with this legislative body to ensure that our community has access to health care.

As a follow up to the last session that was held on July 24th, 2023, I would like to update you on the issues we discussed 6 months ago. Our main focus during that discussion was our plan of action. What were we going to do to make sure we could remain open and available to serve our vulnerable population?

Today, I will go over each problem or concern that was raised during our last meeting and provide and update.

The first thing we talked about was looking at our policies and procedures across the center. This is an ongoing process because we found the following:

1. PROBLEM/CONCERN:

- a. In some areas there were policies that were not being followed.
- b. In some areas/departments within the center, no policies existed.
- c. Some areas/departments had policies, but no corresponding procedures, so the staff did not have any guidance regarding how to institute the policies.

UPDATE:

- a. We reviewed and renewed quite a few of our policies and continue to do so to ensure all policies are current.
- b. We continue to create and evaluate processes and procedures throughout the center.

2. PROBLEM/CONCERN: Our billing and collections was not supporting our operations.

UPDATE:

- a. We did an overall assessment of our business office and continue to assess weekly to ensure we are optimizing our billing and collections.



- b. We provided training to the staff (basic medical billing, Medicaid eligibility training, dental billing).
 - c. We restructured our patient access department, putting the more senior staff up front which has proven to be very helpful. Our cash collections have increased significantly since we made this change, from a few hundred dollars per day to a few thousand dollars per day.
 - d. We divided our billing team so there is a focus for each department (medical billers and dental billers). This has improved our billing and collections because the staff has taken ownership of their respective departments.
3. **PROBLEM/CONCERN:** Poor financial position.

UPDATE:

- a. Seven or eight months ago, we were basically not able to pay any bills at all. We were essentially just paying net payroll. Now we are paying most of our monthly expenses and we were able to pay down a few of our old bills.
 - b. We still have a big accounts payable from 2020, 2021, 2022 and the first half of 2023 when no bills were being paid.
 - c. Our accounts payable, although very large, has remained stable. It has not grown, which is a testament to the hard work and the changes that have been instituted center wide since last March. In essence, we have reached a point where we can pay *most* of our monthly bills, so our debt has not increased. Our **old** debt is still an issue, but we are holding our own a bit better with the day to day and the month to month at this point.
 - d. We still have not quite balanced our budget in that our monthly expenses continue to exceed our revenue. Achieving a balanced budget remains a challenge for us. However, we have definitely improved our overall financial position. We now have our heads above water and, month by month, we continue to strive towards getting to a better financial position.
4. **PROBLEM/CONCERN:** Excessive spending.

UPDATE:

- a. We evaluated all expenses and expenditures. We went through bill by bill, invoice by invoice to see where we could cut expenses and we have made some little changes and quite a few big changes.



- b. We cut our monthly expenses by about \$300,000 over the last 8 months- We canceled subscriptions, consolidated storage space, decreased phone lines, decreased the number of printers/copiers and decreased our actual footprint in the mall (resulting in a decrease in our rent by \$40,000 per month).

5. **PROBLEM/CONCERN:** Excessive staff, exorbitant payroll

UPDATE:

- a. Our payroll is still very high. It is much less than it was before (our bi-weekly payroll decreased from around \$185,000 per pay period to approximately \$130,000 per pay period), but it is still too high. Staffing is something we look at very carefully every month. Is the staff we have being supported? Do they need training? Do we have enough staff? Do we have too much staff?
- b. The other note about staffing is that, as you know, we had to cut staff last year. That was extremely difficult, but we absolutely had to do it. We met with our board over a period of several weeks, went over the numbers again and again and had to make the hard decision to begin right sizing our staff. The hard reality is that a small center like STEEMCC did not need 93 people. So the *number* on staff has changed from 93 to 63 people. NOTE: STEEMCC only laid off 19 of the 30 people. Of the other 11 people, 5 resigned, 4 relocated and 2 retired).
- c. The staff *composition* has also changed. When you look at the composition of the staff in March/April of last year, only 9% of our staff was generating revenue directly (i.e., our providers) and 4% was generating revenue indirectly (our billers and coders). Now we have “rightsized” our staff.
 - i. We added more providers.
 - ii. We shifted some duties around for our billers so that now their primary focus is actually where it should be, which is on billing and collecting.

Because of these changes, **21% of our staff** is now generating revenue directly and 7.5% indirectly. What we found was that not only did we not need 93 people, but the type of staff we had just did not support a strong financial position. We could not have 9 people generating money and 84 NOT generating any money. We could not survive like that. So essentially we changed the number on staff and the composition of the staff in order to maximize our revenue and decrease cost.

- d. As I mentioned, we began focusing on billing and collections, because while we will always need the support of the local and federal government, we realize that we have a responsibility to generate program income as well. That is why we brought on providers, and we expanded our internal billing team. We were also able to pay our former billing company so they have agreed to bill for us again. So now we have both internal and external billers. The reason we decided to re-engage with the billers



is because we looked at the trend of collections from 2019 to 2022 and when the billers stopped services in 2022 our revenue collections decreased by more than half.

- e. Overall, over the last six months, we decreased our expenses significantly. We are not done by any means. We still need to tighten up our budget a bit more. And while we have made some headway in cost cutting, the revenue generation piece is still very challenging for us.

PROBLEM/CONCERN: Not enough program income being generated

UPDATE:

6. We have worked tirelessly to add new revenue generating staff to the center. We already added 2 dentists, a dermatologist and 2 primary care providers to our staff.
7. Expected Staff: We are very close to adding two more primary care providers as well as one behavioral health provider.
8. As we are going through and creating our budget, we will be sharing productivity expectations with our providers so that everyone has an understanding of their role in the financial success of the center and everyone will be participating in the business aspect of the center.
9. Our 340B program is beginning to thrive. We added 3 pharmacies to our registry. We anticipate that this program will really take off and provide a great service to our patients and continue to generate revenue for the center.
10. We are working with an agency called DIGIIMED that keeps us connected with our patients. DIGIIMED reaches out to our patients with chronic disease, calls them, counsels them based on our provider recommendations, makes sure our patients keep their appointments, do their labs, follow up on referrals etc. The encounter with DIGIIMED is a billable encounter so it serves two purposes. The most important one is that we are able increase contact with our patients which we know increases compliance. The second one is that this is a revenue generator as well.

QUESTIONS AND ANSWERS:

Towards the end of the testimony from July 24, 2023, I listed a series of questions that I thought you might have. At this point, I will address several of them and provide updates.

1. What are we doing to doing to collect from SELF PAY patients?
 - a. We changed around our front end staff and provided some tips on collecting from our patients. Collections have increased since instituting these changes.



2. Why are our revenues so low? At the time, we thought it was strictly because of a lack of providers. We have more providers now (we still do not have enough providers) but we definitely have more. However, we continue to struggle from the revenue generation standpoint. We now realize it is multi-factorial, consisting of both internal and external factors.
 - a. Internally, we realized we have to make sure that we bill for every service. So we are now working on tracking everything we bill so we can “follow the money.”
 - b. We also looked at our collections between 2019 and today and realized that when we were using a billing agency, our collections were about doubled!!! We were fortunate enough to be able to pay them what was owed. They resumed services and we are already seeing the benefits. But that was definitely something that we needed to be doing. That is why these types of exercises are good for us, for entities that are in the process of learning and growing, because it forces us to look at ourselves and figure out what we are doing well and what we need to work on. So internally, we are training, restructuring, reorganizing, and creating.

3. From an external standpoint, there are several factors and forces that adversely affect our revenue generation:
 - a. Payments from insurance companies can take a long time and are often less than projected and expected.
 - b. As we all know, it is extremely expensive to live here- food, housing, education... When a provider is relocating from their home to come here, they are often faced with a number of challenges:
 - i. The public roads mess up their car
 - ii. The power goes out often and they do not have a generator
 - iii. Food is expensive
 - iv. School is expensive
 - v. Rent is very expensive
 - vi. The salary is not competitive.

As a result, retention is definitely an issue we are working on internally at STEEMCC. We also intend to collaborate with our healthcare partners in the territory to brainstorm about solutions, as many of them face similar difficulties with retention.

Overall, from a status update standpoint, we are in a better financial position today than 6 months ago. However, despite the strides we have made, the level of rebuilding we have undertaken is tremendous and is going to take time. We anticipate somewhere between 12-18 months before we are able to complete the task of building a solid, stable center for our community. We still have a lot of work to do, but it absolutely has to be done.

Let's picture a community where STEEMCC does not exist. Where would the 7,000 patients we serve each year go? They certainly would not be able to go to the private offices. Even with the financial support we receive from the local and federal governments, we struggle because of the very large uninsured population we serve. The private providers would never be able to afford



that. The at risk, vulnerable population that we treat every day would either have to go directly to the emergency department for their primary care, thereby increasing the hospital's financial burden, or they would remain untreated until they are acutely ill and end up hospitalized or worse. That is why we remain committed to the task at hand, committed to STEEMCC and committed to our community. We will continue to work tirelessly until STEEMCC thrives again.

In closing, a lot of what we are doing now, is putting into practice things that should be a part of any business. And business is a key word. Because even though our love for our community and our passion for health equity is what drives us every day, STEEMCC is still a business, and we are doing everything we can to make sure the staff operates with that in mind. We know it is hard, because change is hard. It is hard for the staff, the patients, and the community. Despite how hard it is, we are doing everything possible to ensure that the staff, the patients, the entire community and this body know our commitment towards the betterment of healthcare access in the territory and understand our need for support, as well as for increased funding.

If we could provide for the community based on how hard we work and how much heart we have we would already be thriving. We are working. I am working, Mr. Mayers is working, the board is working, our staff is working. Planning, brainstorming, reorganizing, studying our budget, looking at our finances literally EVERY SINGLE DAY. What can we do better? what can we do differently? Because we came into this with a huge debt and we just do not have the money to eradicate it. We need help. We need money. 2.1 million dollars is just not enough for us to run the center and provide care for the community in the way they deserve, especially not in the face of limited providers and reimbursement challenges.

Thank you for partnering with STEEMCC to bridge the gaps and ensure that every member of our community has access to good healthcare.

