
TESTIMONY TO:
THE COMMITTEE ON HEALTH, HOSPITALS & HUMAN SERVICES
The Honorable Ray Fonseca
CHAIRMAN OF THE COMMITTEE

TESTIMONY BY:
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GOVERNOR JUAN F. LUIS HOSPITAL AND MEDICAL CENTER
-and-
SCHNEIDER REGIONAL MEDICAL CENTER

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Good afternoon, Honorable Senator Ray Fonseca, Committee on Health, Hospitals, & Human Services, esteemed Senators of the 36th Legislature of the U.S. Virgin Islands, the hardworking staff at the Gov. Juan F. Luis Hospital & Medical Center, the Schneider Regional Medical Center, and members of the listening and viewing audience.

My name is Darlene Baptiste, Chief Executive Officer of Governor Juan F. Luis Hospital and Medical Center (JFL) and Schneider Regional Medical Center (SRMC). Assisting with today's presentation are Adeline Williams-Connor, Chief Operating Officer; Kenisha Angol, SRMC Director of Finance; Asa Victor, JFL Senior Executive Director of Finance; Su Layne Walker, SRMC Legal Counsel; and LeRue Browne, SRMC Director of Procurement & Materials Management.

Thank you for the opportunity to provide an update on the workforce, operations, patient care, and financial and statutory compliance of SRMC and JFL. My testimony today will include brief updates on the integration status, address the ongoing operational and systemic realities facing both hospitals, and present our path forward in strengthening the healthcare system across the territory.

Integration Status

As testified by Chairman Smith, we are well into the integration process. This integration is a critical step toward stabilizing operations, improving financial performance, and ensuring a more coordinated system of care across the Territory. The operational component of the roadmap reflects that we are in the final stages of leadership alignment. This effort began with implementing a single CEO model, followed by consolidating key administrative roles across the system.

This includes a unified Chief Operating Officer, Chief Financial Officer, Chief Legal Counsel, Chief Human Resources Officer, Chief Quality Officer, Chief Technology Officer, and the introduction of a Chief Supply Chain Officer. This consolidation not only reduces duplication of effort but also generates an estimated annualized salary savings of \$2 million, with further savings expected as non-clinical management functions are consolidated.

The next phase of integration focuses on operational alignment, in which departments across both districts will collaborate to standardize policies and procedures, align key performance indicators, and evaluate staffing and compensation models. This work is critical to streamlining operations, improving coordination, and strengthening community health outcomes. This effort is not about eliminating the identity or independence of either facility, but rather strengthening how we work together.



As CEO of both JFL and SRMC, I remain committed to maintaining open and transparent communication with staff. We have established a culture of transparency through frequent touch bases with department leaders, quarterly staff meetings, and regular email communications as needed. This approach is designed to empower leaders and staff to engage in informed and meaningful dialogue.

With respect to the integration, we have initiated system-wide communication efforts, including integration education and a pulse survey that allows staff to share concerns and recommendations anonymously. This engagement will continue through upcoming employee town halls and regular updates as we move forward.

Workforce

Gov. Juan F. Luis Hospital & Medical Center

Presently, JFL employs 459 full-time employees, 13 part-time employees, and 20 per diem staff. Hard-to-fill positions include critical allied health roles such as Respiratory Therapists, Radiologic Technologists, Ultrasound Technologists, and Surgical Technologists.

Recruitment efforts are ongoing through internal initiatives, the JFL website and social media platforms, the Division of Personnel, and partnerships such as Army PaYS. Retention strategies are also being implemented, including employee recognition initiatives, expanded opportunities for internal growth, and the planned rollout of a staff satisfaction survey to capture real-time feedback and inform workforce improvements.

Employee health and safety are monitored daily by our Employee Health Nurse, who tracks incidents related to workplace conditions and safety. We have begun relocating staff from the JFL Main facility to the VI Cardiac Center and are currently in Phase 2 of these relocations. Permanent relocations of key departments, including Dialysis, Materials Management, Facilities, the Business Office, and Administrative Offices, are dependent on the Territorial Hospital Redevelopment Team (THRT) capital projects. I will defer to Executive Director Smalls for updates on those respective initiatives.

Additionally, we are in the final stages of securing federal funding to construct and install a sterile pharmacy compounding cleanroom suite. Once this project is completed, it will enable us to relocate the Pharmacy department from its current position within the JFL structure, enhancing our service capabilities and overall patient care.

Conditions within JFL North are actively managed by the internal Facilities team, who continue to do commendable work in maintaining the structure.



Workforce

Schneider Regional Medical Center

At SRMC, we are currently experiencing critical staffing shortages in key areas, including Emergency Services, Maternal Child Health—particularly midwifery—Laboratory Services, and Rehabilitation. To ensure continuity of care, we are utilizing locum tenens providers as needed while actively recruiting permanent staff. While this approach allows us to maintain operations, we recognize that reliance on locum support is not a sustainable long-term solution and remain focused on stabilizing the workforce. Recruitment efforts are ongoing through targeted outreach, including advertisements on Indeed, LinkedIn, and Facebook, as well as employee referrals and professional networking.

Retention efforts are focused on strengthening staff engagement and morale through initiatives that foster camaraderie and support employee well-being. Additionally, we have implemented physical and financial wellness initiatives to support the overall well-being of our workforce. These efforts are essential to building a stable and sustainable workforce to support continued patient care delivery.

Disciplinary Actions and Grievance Procedures

The hospitals are guided by written rules and regulations that are in accordance with the traditional principles of a progressive disciplinary process. The rules and regulations are available and easily accessible to employees at both hospitals. We are currently drafting an integrated handbook for use at both hospitals. These rules and regulations are applied in alignment with the nine (9) collective bargaining agreements of which our employees are members. This process ensures notice and fairness in any disciplinary action. As to be expected in any business setting, there are disagreements between management and employees. The hospitals work collaboratively with our employees and their unions to settle matters efficiently and in accordance with the relevant agreement. This is shared during orientation, and all employees are encouraged to visit the human resources department if they have any questions.

Emergency Department (ED) Wait Times

Emergency Department (ED) wait times remain a major priority because they directly affect the quality and efficiency of care and patient satisfaction. It is important to note that ED wait times are the result of a cascading set of challenges affecting patient throughput, including supply constraints; staffing shortages within the Emergency Department and key support areas such as Laboratory and Radiology; limited bed availability; the ongoing “boarder” situation, resulting in ED beds occupied by admitted patients awaiting placement; and an increased influx of uninsured and underinsured patients.



Both JFL and SRMC continue internal improvement efforts to improve patient throughput. Additionally, we have expanded public education and patient engagement initiatives, including “Know Before You Go,” “Plan 4 It,” “Urgent vs. Emergent,” and “Myth Busters on ED Wait Times.” These campaigns are designed to educate the community on the appropriate use of the Emergency Department, clarify the triage and intake process, and encourage preparedness to help minimize delays in care. We remain focused on implementing targeted operational improvements to reduce wait times and enhance patient experience.

Supply Chain and Operations

JFL and SRMC face ongoing supply chain challenges, including fluctuating demand, limited on-island inventory, vendor constraints, logistical delays, and disruptions to cash flow that can affect timely procurement and replenishment of critical supplies. Differences in product standardization, inventory practices, and legacy systems across the two facilities further complicate visibility and efficiency. Despite these pressures, the two facilities have quietly collaborated for years at the departmental level, sharing supplies, coordinating redistributions, and ensuring continuity of care, long before any formal integration. This behind-the-scenes cooperation has established a foundation of trust, proactive communication, and mutual accountability that continues to support patient outcomes across the territory.

Looking forward, the system supply chain is being transformed through the REBOOT framework into a resilient, efficient, and clinically aligned system. The future state emphasizes a supply chain that can withstand disruptions, including cash flow constraints, while ensuring the right supplies reach the right clinician and patient at the right time. Streamlined sourcing, inventory management, and distribution reduce waste and cost, while standardized processes, accurate data, and strong clinical alignment improve visibility, regulatory compliance, and patient safety. Technology, analytics, and automation will enable real-time decision-making, forecasting, and traceability, supporting growth, innovation, and value-based care. By formalizing this unified, technology-enabled approach, the system strengthens its ability to optimize resources, reduce shortages, and ensure equitable access to care, creating a supply chain that is resilient today and prepared for the future.

Medical Equipment and Infrastructure

Both JFL and SRMC continue to pursue opportunities for growth and expansion through the procurement of new medical equipment and infrastructure improvements, while also actively maintaining and optimizing existing equipment and facilities to ensure continuity of care. Much of this work is supported through grant funding and fundraising efforts led by each hospital’s respective foundation.



In addition, we have submitted federal funding proposals totaling \$13.6 million to support critical infrastructure and equipment needs across both hospitals. These proposals include the replacement and upgrade of essential operating room equipment; the purchase of a PET/CT scanner; acquisition of key patient care and diagnostic equipment to enhance hospital operations and emergency response capacity in both districts; replacement of critical imaging and laboratory equipment; upgrades to aging anesthesia delivery systems and associated monitoring equipment; and the purchase and installation of an MRI system to provide on-site magnetic resonance imaging services.

Financial and Statutory Compliance

Our financial operations are central to the long-term sustainability of both hospitals. Through our integration efforts, we are advancing a more coordinated approach to key financial functions, including billing and collections. A system-wide revenue cycle transformation initiative is in progress across both JFL and SRMC, with SRMC further along in implementation. I will begin with an overview of these efforts, followed by hospital-specific updates.

To support these efforts, we have taken deliberate steps to strengthen our revenue cycle performance. The Revenue Cycle Improvement Project is being led by Firstsource, which is providing support in strengthening billing and collections processes through the reduction of billing backlogs, improved claims accuracy, enhanced follow-up on denied and outstanding claims, and the implementation of more structured revenue cycle workflows. These efforts are critical to improving cash flow and accelerating reimbursement cycles.

Additionally, we are in the final stages of selecting a Chief Financial Officer for the system, who will play an integral role in turning around the financial health of JFL and SRMC.

Schneider Regional Medical Center

Schneider Regional Medical Center is taking meaningful steps toward improving its financial position and strengthening the foundation for long-term sustainability.

The partnership with Firstsource, which went live in September 2025, represents an important step in strengthening the hospital's revenue cycle and building a more structured, transparent, and coordinated approach to how we capture and manage revenue. This engagement has allowed us to take a closer and more comprehensive look at how we operate across the revenue cycle—from the point of care through billing and collections.

One of the most meaningful impacts to date has been the increased alignment across teams. Firstsource has helped us break down silos and strengthen communication between our clinical, financial, and operational departments.



This has been critical in identifying where breakdowns occur—whether in documentation, charge capture, registration, or billing—and beginning to address those gaps collaboratively rather than in isolation.

In addition, we have made significant progress in developing and enhancing our revenue cycle dashboard. While still evolving, this dashboard is becoming a central management tool that allows us to track key performance indicators more effectively, including denials, charge activity, collections, and workflow bottlenecks. This increased visibility is enabling leadership to better understand performance trends and prioritize areas that require focused improvement.

With respect to denials and clean claim performance, we are still in the process of stabilizing and improving these metrics. While we have not yet seen a measurable reduction in denials or a sustained increase in clean claim rates, we now have the structure in place to analyze root causes, monitor trends, and implement targeted interventions that will support long-term improvement.

We are also preparing to launch a comprehensive self-pay strategy in May, which will include enhanced patient engagement and digital outreach campaigns. This initiative is designed to improve collections within the self-pay population while also creating a more accessible and transparent experience for patients managing their financial responsibilities.

While these operational improvements are underway, it is important to recognize the broader financial challenges impacting the hospital's stability.

Currently, the hospital carries approximately \$49 million in accounts payable, which includes approximately \$10 million in legacy debt—defined as obligations dating back to 2022 and prior. This level of outstanding liability places significant pressure on cash flow and limits operational flexibility.

Additionally, the hospital is responsible for the care of 17 boarder patients who require ongoing services but do not have dedicated funding streams to support their care. Based on our internal cost estimates, this represents approximately \$5.4 million annually, or about \$450,000 per month, in unfunded care that the hospital must absorb. This creates a significant and ongoing financial burden on the organization and directly impacts our ability to allocate resources to other patient care and operational needs.

Another major cost driver is the organization's reliance on temporary staffing and contracted professional services. Due to workforce constraints, the hospital is currently spending approximately \$1.4 million per month, or roughly \$17 million annually, in these areas. While necessary to maintain operations and ensure patient care, this level of expenditure places sustained pressure on overall financial performance.



We are also navigating challenges related to outstanding receivables, including government-related balances. Government receivables currently total approximately \$1.17 million, which impacts cash flow timing and the hospital's ability to meet its financial obligations in a consistent and predictable manner.

When viewed collectively, these factors—accounts payable obligations, unfunded patient care responsibilities, reliance on temporary labor, and delays in receivables—create a highly constrained financial environment. They directly impact the hospital's liquidity, operational stability, and ability to invest in long-term improvements.

Despite these challenges, the organization is actively working to strengthen its financial position.

Our focus moving forward is centered on improving revenue cycle performance through continued collaboration, enhanced KPI tracking, and targeted process improvements. We are prioritizing timely documentation, more efficient charge capture, and stronger coordination across departments to ensure that services are accurately and promptly converted into revenue.

At the same time, we are working to reduce inefficiencies, better manage expenses, and advocate for the resources and support necessary to sustain operations—particularly in areas where the hospital is carrying costs that extend beyond traditional reimbursement structures.

The engagement with Firstsource has provided a strong foundation for this work. It has brought structure, visibility, and a more unified approach to revenue cycle operations. While we are still in the early stages of measurable performance improvement, the organization is now better positioned to identify issues, respond strategically, and build toward long-term financial stability.

Schneider Regional Medical Center remains committed to strengthening its operations, improving financial performance, and continuing to provide essential healthcare services to the community. We are not where we need to be yet—but we are moving in the right direction, with the right structure in place to get there.

Gov. Juan F. Luis Hospital & Medical Center

JFL remains in a financial recovery phase; however, with the support of First Source, we are making steady progress toward stabilization. Since going live with First Source on February 1, 2026, an initial assessment of revenue cycle processes was conducted. We have been working collaboratively to address and resolve identified gaps, which will support the progression of accounts to final billing status.



Focused efforts are ongoing to recover claims backlogs, which will improve the timeliness of submissions and reduce denials associated with claims impacted by the cyber incident. In the interim, waiver letters have been submitted to payors, and both JFL and First Source teams are actively engaging with payors to secure necessary approvals and expedite reimbursement.

As a result of these ongoing revenue cycle challenges, liquidity constraints affected payroll funding over two pay periods. During this period, the Office of Management and Budget (OMB) and the Department of Finance (DOF) were instrumental in providing support to bridge funding gaps. Each occurrence was addressed with urgency, and corrective measures were implemented to minimize the impact on employees.

These same liquidity constraints also impacted our ability to remain current on certain statutory obligations, including payments to GERS and the Internal Revenue Bureau (IRB). Before the incident, JFL remained current on these obligations; however, due to cash flow limitations and the prioritization of payroll and critical supplies, some payments have been delayed. As we work toward restoring these obligations to current status, both JFL and SRMC have maintained a priority focus on employees who have retired or are scheduled to retire, ensuring that their benefits and related obligations are addressed with urgency.

JFL's accounts payable total approximately \$22.5 million, with a significant portion attributed to legacy debt totaling \$12.8 million. Locum-related expenses, driven by staffing shortages in critical areas such as Emergency and Internal Medicine, are also a significant contributing factor to the accounts payable balance. To date, in Fiscal Year 2026, JFL has incurred approximately \$1.5 million in locum coverage and associated accommodation costs. We continue to actively recruit to address these workforce gaps and reduce reliance on locum support. Accounts payable balances are expected to be reduced through the utilization of an available line of credit, which will be used to address obligations to critical vendors and support continued operations.

The financial status of SRMC and JFL reflects not just numbers, but the real and ongoing challenges of sustaining healthcare in our Territory. These constraints directly impact our ability to stabilize clinical and operational functions and, ultimately, the care we provide to our community. Despite these realities, we remain resolute. Through improved practices and strengthened revenue cycle processes, we are working diligently to generate the resources needed to sustain and grow our operations. Our commitment is not only to recovery, but to building a stronger, more reliable healthcare system for the people we serve.



Closing

In closing, our focus remains clear: to stabilize operations, strengthen our workforce, improve financial performance, and rebuild trust through consistent, measurable progress.

I would like to extend my sincere gratitude to our dedicated staff across both hospitals, whose commitment to patient care continues to drive this work forward; to the Territorial Board for their leadership and guidance; and to this body for your continued support and partnership.

We remain committed to transparency, accountability, and working collaboratively to strengthen healthcare across our Territory. We recognize the responsibility before us, and we are committed to delivering results. Thank you. I am prepared to answer your questions.

