

## **SCHNEIDER REGIONAL MEDICAL CENTER REQUESTS \$34.9 MILLION FOR FY 2018**

**Date :** August 30, 2017

St. Thomas – The Committee on Finance chaired by Sen. Kurt Vialet, held a meeting at the Capitol Building on Wednesday, to receive testimony on an overview of the Fiscal Year 2018 Budget from the Schneider Regional Medical Center (SRMC).

For FY 2018, SRMC requests \$34.9 million as the total for operations and an additional allotment for Capital of \$5 million to address infrastructure and equipment needs. The allotment will also assist in the required funding for the Government Employees Retirement System (GERS) conversion of \$2.9 million. However, SRMC is facing financial challenges that may affect current operations for FY 2017.

“The \$7 million that SRMC requested for FY 2017, to operate at current full services and did not receive was shouldered by our vendors, the Water and Power Authority (WAPA), and the Internal Revenue Bureau (IRB). SRMC account payables increased by \$8.3 million since the beginning of FY 2017,” said Bernard Wheatley, Chief Executive Officer of SRMC.

Sen. Dwayne DeGraff inquired about the outstanding debt owed to GERS. In response, Scott Nothnagel, Chief Financial Officer of SRMC stated that \$639 million owed to GERS for employer contributions for health premiums and vendors are owed \$38.7 million for delinquent employer contribution payments to GERS.

Additional outstanding obligations include \$1.7 million to IRB and \$10.1 million for WAPA. SRMC is requesting an additional \$3.6 million to settle both debts.

“What are the billing and collections averages per month?” inquired Sen. Vialet. CFO Nothnagel

stated that as of March 2017, there had been an increase in its collections averages from \$4.1 million to \$4.6 million.

Sen. Violet asked, "Is there someone assigned who ensures that charts are completed per floor for patients with insurance so that the bills can be distributed timely?" CFO Nothnagel said, "SRMC has a tracking mechanism for the completion of charts." Sen. Violet advised that hospital needs compensation for all services because the monitoring system is not enough. There needs to be an employee that overlooks the completion of all charts.

Lawmakers also addressed SRMC's heavy reliance on travel nurses vs hiring of local nurses. "It is wrong that travel nurses have a higher salary. They earn double of what a nurse makes who graduated from the University of the Virgin Islands," said Sen. Brian Smith.

CEO Wheatley said, "A successful negotiation with the Office of Collective Bargaining to update the Nursing Union Collective Bargaining was signed by the Governor in September 2016 to appropriate \$500,000 to increase salaries for nurses locally. However, only \$375,000 was received."

The total needed to implement the rate increases and to fill 20 critical nurse vacancies at SRMC is \$1.1 million. If this happens, there will be an annual savings of \$1.3 million for the hospital added CFO Nothnagel.

Sen. Violet asked, "Are qualified local nurses not hired by SRMC?" CFO Wheatley stated that the reason why there are more travel nurses than local nurses is that there are not enough people locally who are meeting the qualifications to become a nurse. The requirements are to have the appropriate college education and to pass the NCLEX Exam.

Separately, U.S. Virgin Islands Economic Development Authority (VIEDA) and St. Thomas East End Medical Center Corporation (STEEMCC) also shared the FY 2018 budget.

Acting Chief Executive Officer Wayne Biggs, Jr. stated that the FY 2018 budget request for VIEDA is \$5,882,865. Comparatively to FY 2017, this is a reduction of \$400,000. Areas that are affected by the cutbacks and the allocated amounts are \$150,000 for the Incubator Program, \$100,000 for marketing initiatives and \$150,000 for the Cost Benefits Analysis.

For FY 2018, some of the primary objectives of VIEDA are to develop local and non-local marketing strategies, design a comprehensive five to ten-year plan for VIEDA and to complete the rules and regulations for the Hotel Development Act, International Financial Services Entities Program, Tax Increment Financing and the Youth Recreational Incentive Act.

Moleto Smith, Jr., Executive Director of STEEMCC is requesting \$2,074,988 for FY 2018. Additional funding sources include \$3,998,939 from the Program Income, \$2,074,988 from

Government of the Virgin Islands Grant and \$1,809,380 from the Federal Grant. Projected expenditures for FY 2018 totals \$7,883,307. The expenses include personnel services, fringe benefits provider services, medical programs, supplies, facility and other services.

Committee Members present are senators Kurt Vialet, Nereida Rivera O'Reilly, Dwayne DeGraff, Tregenza Roach, Neville James and Brian Smith. Non-committee member Sen. Janelle Sarauw was also present. The next Committee on Finance meeting is on Tuesday, September 5th at the Fritz E. Lawaetz Conference Room on St. Croix.

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