Good Morning Honorable Senator Janelle Sarauw, Chairperson of the Committee on Disaster Recovery and Infrastructure, Honorable Disaster Recovery and Infrastructure Committee Members, Other Senators of the 34th Legislature of the U.S. Virgin Islands present, and the listening and viewing audience. My name is Dyma B. Williams, RN, BSN, CPHRM, MJ and I am the Interim Chief Executive Officer of the Governor Juan F. Luis Hospital and Medical Center (“JFL”). It is an incredible honor to have received an invitation to appear before you today as the first testifier for the Committee on Disaster Recovery and Infrastructure, to testify on JFL’s recovery progress following the two devastating hurricanes of 2017 and our COVID-19 funding and expenditures.

To assist with this presentation today is Acting Chief Financial Officer, Shenel Moorehead; Acting Chief of Human Resources, Terry Lynch, RN, MSN; Chief Nursing Officer, Valarie Lee, RN, MSN, MHA; Chief Operating Officer, Hazel Philbert, BSN, MBA, MSHS, RN, CPHQ; Chief Legal Counsel, Chivonne Thomas, Esq.; and Yvonne Thomas, RN, CBC, Project Manager.

Through this testimony, JFL seeks to provide an overview of the active projects occurring at JFL and JFL North and to shed light on the challenges and opportunities encountered throughout this recovery process.
Permit me to start by saying that Recovery for JFL is Recovery for the Territory. As the sole acute care facility on the island of St. Croix, the Governor Juan F. Luis Hospital and Medical Center (JFL) is an anchor institution, with the potential to positively impact the economy by creating significant job growth, stimulation of the tax base and stability for the Virgin Islands through the re-expansion and growth of our healthcare system in the next five (5) to ten (10) years as we rebuild our medical facilities, increase our training and apprenticeship capacities, and create new clinical service lines.

**JFL North: Milestones, Progress and Challenges**

As we have previously reported, the temporary hardened structure, now referred to as JFL North, will serve the healthcare needs of the community in the interim, as we rebuild the permanent JFL hospital. While there are limitations to what can be offered in a 55,000 square foot hospital, we have worked to maximize the patient experience in every square foot of this space. It is important to note that JFL North contains approximately $29.8 million in brand new equipment and resources that will best serve the healthcare needs of our community. As such, we look forward to the reengagement of services including the restoration of the Virgin Islands Cardiac Center and a therapeutic, acute behavioral health unit – both of these clinical care areas were completely lost as a result of the storms of 2017.

As you were able to see on your tour of JFL North this week, I am proud to report that the physical infrastructure is nearing substantial completion.

At this moment, we are connecting critical water and sewer lines to the JFL North building. The intent of the previous JFL leadership was to complete the building using temporary hook ups to the current JFL, however, this temporary solution would not offer long-term stability, critical to the support of JFL North.
This work was excluded from the original RFP and Aptim’s scope of work in early 2018. And although identified early on in our appointment to the JFL leadership team and measures were instituted to address these deficits. Fixing each of these challenges requires a solution FEMA must first accept as “temporary” and then must go through the Federal Procurement Process, funding process, and certifications for safety.

Consistent with the requirement to build federal recovery projects, the JFL project management team has ensured that all applicable regulatory requirements are followed. That means that every building recommendation made by the JFL Team, had to first be researched and validated with the national government and non-government organizations such as FIRE/FGI/DEA/USP/FDA/OSHA/NIOSH, to name a few.

This need to address compliance with the regulatory mandate is, in large part why there are additional projects, external to JFL North that had to be initiated. The Propane Tank, Ambulance ramp, sewer connection, and the Concrete Masonry Unit (“CMU”) Building that houses all of the medical gases, and large scale commercial water heater, for JFL North are identified projects that are needed to bring JFL North into regulatory compliance. The exclusion of projects occurred prior to my appointment as CEO. Nevertheless, it is the responsibility of this new leadership team to address all oversights and ensure that JFL delivers a hospital that will be approved by all regulatory bodies.

We are also completing the contracting for the removal of the propane tank that is located 50 feet from the building, which is a regulatory violation that must be rectified, in order for JFL North to be certified.

Although we anticipate substantial completion of the physical JFL North building by the end of February 2021 and the full completion of the JFL North building in June 2021, there are additional external projects and procedural and operational functions that must be planned for the
transition to JFL North, further, the entire building must be commissioned and certified before we can move into JFL North.

Following the completion of the JFL North building, we will have to transition all acute care into the building; we will then begin the process of transitioning the Virgin Islands Cardiac Center into an outpatient care center. We look forward to restoring critical cardiac care to this community and in turn, reducing off-island transfers.

**New Hospital Rebuild Project**

Regarding the New Hospital Rebuild Project, on October 13, 2020, the Territorial Board approved the architectural and engineering Company, Flad, to lead this project from design to construction. In drafting the RFP, it was important to our Team to work with a firm that has an extensive hospital build portfolio, with both national healthcare experience, as well as an understanding of the Federal Emergency Management Agency (“FEMA”) regulatory requirements; hurricane, tsunami and seismic requirements; and local knowledge of design, building, and construction. It was also critical to have a firm that was familiar with emerging markets and innovations in the global healthcare industry.

The contract for Flad was executed on February 3, 2021. While awaiting the execution of this contract, we began the process of Strategic Planning with our St. Croix District Governing Board. We have also identified key community stakeholders and have begun planning for how we will engage our community stakeholders, as we pursue the build of the new, permanent JFL hospital, to ensure that everyone has a say in building their hospital. JFL is the community’s hospital.

In addition, we had onsite walkthrough with Flad in November 2020, to provide them with an understanding of the existing site conditions and setbacks we are currently experiencing as an institution, specific to the original build and of the new, permanent JFL building. The JFL Team
presented the acute healthcare needs of the St. Croix community, the historic infrastructure challenges of the existing JFL building and the many building innovations that this Executive Team would like to incorporate into the new JFL. We will continue to keep you updated on the progress of the new hospital build project.

Challenges

Although we have made major strides in completing our building projects and improving our operations, our successes have not been without significant challenges. With this testimony today, JFL will illustrate the opportunity for all other government agencies within the recovery process, to benefit from the real world experiences at JFL.

Original Contract

After thorough review and inspection, the original contract for JFL North, was not inclusive of all the Furniture, Fixtures and Equipment (FFE) and critical infrastructure support systems, such as the utility connections and medical gasses. The original contract did not ensure that approximately $27 million in FFE would be included in the project. For a hospital, this is a critical mistake because much of the equipment must be secured to the roof and the walls. The installation of furniture, fixtures and equipment by any other company would have voided all applicable warranties on the building, pursuant to the contract.

Without immediately addressing these issues, the commissioning and regulatory surveys could not have been completed. The Centers for Medicare & Medicaid Services (“CMS”) would have rejected the hospital structure for failure to meet the regulatory standards. In other words, St. Croix would not have a hospital.
The procurement process for JFL is similar to the central Government’s procurement process, however, the differences between the process are key, because of our unique circumstances as a hospital facility. With the central Government, any work or item with a cost exceeding $50,000 requires a public bidding process. There is limited exception to the public bidding rule, including an allowance for public exigency. When public exigency is declared, the open market procedures must be followed, which include obtaining a minimum of three (3) quotes. If the cost of the item or service is under $5,000, three (3) quotes are not required, however, at least one (1) quote must be obtained from a local vendor. Local vendors must have a price variance greater than 15% in order for the off island vendor to be chosen.

JFL, through the Virgin Islands Health and Hospital Facilities Corporation and the Virgin Islands Code, has a procurement policy that we follow stringently. In addition, we have imposed our own procurement guidelines to ensure continuity. At JFL, any item or service with a cost more than $100,000 must go to the Board for approval. In addition, anything that costs over $25,000 requires a public bid. Exceptions to this requirement are:

1. if the total amount is under $25,000 or is for medicine, hospital, laboratory, surgical equipment & supplies;
2. an emergency requires immediate delivery of the materials, supplies, equipment, or performance of the services;
3. the purchase is for repair parts, accessories, or supplemental equipment or services required for supplies or service previously furnished or contracted for; or for Professional, financial, including financial planning or other expert services or work are required and the district board considers it in the best interest of good administration that contracts therefore be made without such advertisement;
(4) if the price is non-competitive because there is only one source of supply or because regulated under law, we are exempted from public bidding.

If one of these exemptions is exercised, we then exercise open market procedures. Under the open market procedures for items fitting an exemption or under $25,000 a minimum of 3 quotes must be obtained. Anything under $3,500 do not require any competitive quotations as long as price is fair and reasonable.

JFL follows the stringent guidelines of JFL’s procurement process to ensure that all statutes of the federal government are met. Compliance with federal procurement guidelines are critical as federal projects can be de-obligated, even after the completion of major projects, which would result in millions of federal dollars being de-obligated and the central government would then have to repay millions to the federal government. This often increases the selection time by months for vendors, contractors and medical suppliers to be selected to support the build process. Time lost on a build project ultimately results in months of additional delays.

**The Project Worksheet (PW):**

The PW process is utilized to document the particulars of a recovery project, including the location, damage description and dimensions, scope of work, and the cost estimate. But what is significant to note is that the additional portions of the project that were not included in the original contract must now be solicited through the PW process.

On average, a PW can take 90 to 186 calendar days from submission to award. Furthermore, each PW may have multiple versions. A version is an amendment to a PW Description. Each version of that PW cannot be awarded in parallel. Each PW is entered and processed one after the other. The versioning of that PW must be consistent with the intent of a PW. This means that the PW for the propane tank removal cannot be awarded at the same time as that of the PW for the technology components as one must be complete the award of one PW before the next is initiated.
Industry Directives

FEMA has created Industry Directives that provide a pathway for how the recovery rebuilding process should proceed in the Territory. The Virgin Islands is unique in its geographical location and resource challenges, which have been multiplied by the recovery effort. In short, FEMA is writing policies for the Territory Rebuild as we move along. As you can imagine, the process for a hospital rebuild is vastly different on the U.S. Mainland, consequently, existing policies may not be applicable. FEMA has indicated that the Industry Directives that have been formulated for JFL North, will be used for projects internal and external to the Territory.

Availability of Personnel

Although JFL is one project out of the Territory’s Top 100 Projects, our projects require the limited availability of experienced, certified personnel, specific to the healthcare industry. There are unique nuances that are very specific to the healthcare build arena, that must be managed by experienced architects and engineers, certified in the healthcare build industry, inclusive of the federal requirements. In the Territory, this level of expertise is limited. If we are to achieve the highest standards in innovations for green energy and efficiency, inclusion of international best standards in build projects, resilient builds to withstand natural disasters such as hurricanes and tsunamis, we need to employ those industry specific experts.

Other local agencies, will experience similar challenges as we rebuild our community. The territory is at the cusp of rebuilding damaged infrastructure for the first time in over 30 years. Many changes to industry building codes have evolved to more stringent standards and must now be applied to our new build projects. In addition, we must also plan for the disposal of the hazardous materials from the demolished JFL building will be a challenge due to the limitations of the landfill.
For the JFL Team, it is not simply about rebuilding the damaged buildings that we have in the territory, but approaching the rebuilding of the Territory’s infrastructure for long term resilience, energy efficiency and meeting the highest standards in innovations and technology.

**Funding**

The funding source for Cares Act funding, JFL North and the permanent JFL hospital replacement are from the National Treasury. Therefore, it is the top priority of this team to ensure all the submission requirements are met to protect this federal funding.

The portion of the CARES Act that provides relief to providers was initiated to support healthcare providers, like the Governor Juan F. Luis Hospital and Medical Center in the battle against COVID-19. Nationally, $178 billion has been distributed to hospitals and healthcare providers on the front lines of the COVID-19 response and $50 billion to providers who bill Medicare fee-for-service in order to provide financial relief during the COVID-19 pandemic.

Both the federal and local government recognized, nationwide, that hospitals were experiencing a loss in revenues. For JFL, this loss was exacerbated by our already decreased bed count as a result of loss of the third floor and other critical lines of revenue generating services after the storms. Hence, JFL was able to receive $11.7 million, $5.6 million from the federal government and $6.1 million from the local government (pending receipt of a check in the amount of $103,000, dated January 27, 2021), which assisted in bridging this financial gap, however, a significant financial gap remains. As a direct result of the ongoing challenges from the loss of the third floor (equivalent to 50% of our inpatient capacity) in conjunction with the COVID-19 pandemic, JFL is in a cash crisis and without further assistance, JFL will be unable to meet our obligations, including payroll, in the near future.

The calculation of JFL’s share was based off of JFL’s revenues, post-hurricanes of 2017, which were years that were especially low in the history of the institution. We provide our cash collections
for FY2017 to FY2020 as a reference. The slides not only show cash collections but also show much is attributed to Medicaid & Medicare, commercial insurance, self-pay, and other. As you can see, by this method of calculation, JFL, and the territory as a whole, was at a unique disadvantage.

In addition, JFL has 2 obligated PW’s for funding for a reimbursement of 75% of the cost of forced account labor and supplies and materials utilized for JFL’s COVID-19 response. For the supplies and materials PW, JFL has submitted three (3) draws totaling $349K; we have applied for a reimbursement of 75% of this cost, for a total of $262K. This reimbursement has not been received, to date. For the forced account labor PW, JFL has submitted one (1) draw for reimbursement of 75% of this cost, for a total of $46K. This reimbursement has not been received.

To date, we have been invoiced $80.1 million on all disaster projects; of that, our vendors have been paid a total of $73.1 million, to date – this means that we owe our vendors $6.9 million. To date, we have been reimbursed a total of $72 million by FEMA.

JFL is currently awaiting the reimbursement of $1.12 million from Cares Act and Disaster Recovery projects.

In addition, we also await approval of our 3 draws with the Community Disaster Block Grant (CDBG) for the 10% local match required for the Disaster Recovery projects. The capacity assessment was completed in January 2020. The pre-applications, local share applications for obligated PWs, and initial submission of invoices were submitted in April 2020, with the final version resubmitted as recently as December 2020. Our most recent update was at our January 26, 2021 meeting, wherein we were told that the process of payment of the submitted draws was still being finalized. Once the process with the initial draws is complete, JFL will be allowed to submit further draws; to date, we have submitted draws in the amount of $6.6 million, of which $2.3 million is a direct reimbursement to JFL. No CDBG funding has been received by JFL, to date.
This brings the total that JFL currently has going through the reimbursement process from the Cares Act, PWs, and CDBG to $3.7 million. This is money unavailable for the critical healthcare needs of our community. This presents a significant burden to an institution that is already cash strapped and experiencing a 25% decrease in revenues due to COVID-19.

Stability of JFL Leadership

Over the course of eleven (11) years, a total of six (6) interim or acting CEOs have led the helm at JFL, prior to my appointment in 2018. Each came equipped and led with their individual management and administrative styles, methods, and expectations. I am the third CEO/Acting CEO/Interim CEO to work on the JFL North Project. Our current Project Manager is the fifth Project Manager to work on the JFL North Project. This instability in leadership, during a very complex recovery build project, has negatively impacted the continuity and overall stability of this critical project. Much of the work of the current leadership team has been steering inherited challenges whose solutions are well past due. We continue to work diligently every day to address the many challenges to complete this project.

Federal Regulatory Standards

As we are nearing the completion of JFL North, we have fought and continue to fight to abide by federal regulatory standards. The CMS standards for provisions for a temporary hardened structure currently do not exist. By that I mean, unlike other agencies, CMS only has regulatory guidelines for hospitals, they do not make the distinction between permanent and temporary. This means that all the applicable regulations for a brick and mortar facility must be mirrored in the temporary modular solution. Our driver is to ensure that all vendors meet or exceed the regulatory standards.

Much like the multi-million dollar investments made to purchase and install the dialysis mobile units, that were brought to the Virgin Islands with the national support of FEMA, DHS, the dialysis
modular units were installed to facilitate the return of dialysis patients to the Territory. After the
special provisional certification for dialysis services expired, CMS determined that they would not
extend that certification in February 2020. In essence, we had one federal agency that provided the
resource of the modular units and another that determined that they would not certify the structure
beyond a given date. CMS further elaborated that they did not find any quality of care issues that
warranted citation or decertification.

As for the necessary hospital equipment and fixtures to ensure patient care, we continue to
receive equipment as it is being manufactured. The fixtures and equipment for JFL North were
chosen at the beginning of the pandemic. Given the size of the building and the fact that 100% of
the FFE had to be imported, much of the equipment took time to order, manufacture and ship to
the VI. When we experienced the shut downs related to COVID-19 pandemic, this affected the
manufacturing of these custom made pieces of equipment and fixtures. Further, some companies
began to temporarily focus manufacturing towards Personal Protective Equipment (PPEs) and
ventilators and not necessarily medical equipment. Even more, JFL North also experienced weather
shut downs during hurricane season and two (2) major shut downs as a result of vendors/stakeholders exposure to COVID-19, which has resulted in significant delay in the
schedule.

**Estimating the Cost of Building**

Directly related is the challenge of estimating the cost of the new hospital build. FEMA utilizes
RSMeans, an estimating software to provide cost estimates for construction projects. RSMeans lacks
the necessary language to reflect the needs of a hospital in the Virgin Islands. Details pertaining to
items such as a cistern are reflected in RSMeans as a “basement.” As Virgin Islanders, we are all
aware that cisterns and basement are not commensurate. At this time, for the estimation of the
permanent JFL building, a basement currently serves as a placeholder for the cost estimation. This

cost estimation is also ongoing.

**Conclusion**

In conclusion, the New Hospital Build project and the New Medical Campus, is a

significant, viable and stable economic base for the St. Croix community and the greater Caribbean

region. Those seeking retirement, relocation or establishing a home base for a growing family will

look to a stable hospital and access to care as a significant deciding factor. As a premier employer in

the territory, highly skilled and highly educated individuals will create stable job growth projected in

new sectors to include healthcare facility maintenance, energy efficiency, and clinical specialties that

have not been available within the healthcare system in the territory post-Hurricanes of 2017. Other

wrap around services such as urgent care, diagnostic centers, and private physician offices, will

increase access to quality care and create an even greater positive economic impact to the

community. The JFL Executive Teams looks forward to these initiatives and completion of these

new build projects as we “**Rebuild Today for a Healthier Tomorrow**.”

I want to thank the Chairperson of the Disaster Recovery and Infrastructure Committee, the

Honorable Senator Janelle Sarauw and the members of the Disaster Recovery and Infrastructure

Committee for granting us the opportunity to provide this testimony today. We want to personally

thank Committee members Chairperson Sarauw, Vice Chairperson Vialet, Senator Whitaker, Senator

Johnson and Senator Carrion and Non-Committee members Senator Francis, Senator Gittens, and

Senator James for taking the time to tour JFL North, to understand the complexities and particulars

of the JFL North structure. I, and my Team, remain available for any questions you may have.

Thank you!