

## V.I. GOVERNMENT HOSPITAL AND HEALTH FACILITIES CORPORATION

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*Office of the Chairman*

*340-772-7324*

**May 30, 2025**

**The Honorable Albert Bryan Jr.**

Governor of the U.S. Virgin Islands  
21-22 Kongens Gade  
St. Thomas, VI 00802

**The Honorable Milton E. Potter**

President of the 36th Legislature  
Capital Building Old Barracks Yard  
St. Thomas, VI 00802

**Subject: Submission of Territorial Austerity Response Plan – Pursuant to Act No. 8985**

Dear Governor Bryan and Senate President Potter,

On behalf of the Virgin Islands Government Hospital and Health Facilities Corporation (GHHFC), I extend sincere appreciation to both the Executive and Legislative branches for your continued support of our healthcare system. We acknowledge the emergency funding appropriated through Act No. 8985, which allocated \$13 million in vendor payments to help stabilize hospital operations. These funds were gratefully received by both Schneider Regional Medical Center (SRMC) and Governor Juan F. Luis Hospital and Medical Center (JFL) on May 29, 2025.

While this letter was delayed in the hope of reporting that all funds were fully expended, I must report that, given the recent timing of receipt, both CEO Comissiong and CEO Baptiste—along with their finance teams—are working diligently to ensure that payments are promptly disbursed to the vendors outlined in the previously submitted expenditure plan.

GHHFC fully accepts the legislative mandate requiring the submission of comprehensive austerity measures as a condition of funding. This plan is submitted in good faith and in the

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spirit of transparency, accountability, and collaboration. While the emergency appropriation is a critical and appreciated intervention, it must be paired with long-term technical and structural investments to secure a sustainable and resilient healthcare system for the Territory.

### I. BACKGROUND

The Virgin Islands' healthcare system continues to grapple with the compounded effects of natural disasters, the COVID-19 pandemic, inflationary trends, and longstanding structural deficits. Labor costs, workforce shortages, and rising operational expenses have further strained our facilities. This austerity plan reflects the collective efforts of JFL and SRMC to restore fiscal stability while laying the groundwork for patient-centered modernization and system transformation.

### II. EXPENDITURE REDUCTION STRATEGIES

Both hospitals have implemented workforce optimization measures, beginning with a freeze on non-clinical hiring unless justified by a detailed pro forma. At JFL, three retirements and 14 positions have been identified for elimination or restructuring. The Corporation is also reducing its reliance on high-cost locum tenens staffing by improving scheduling practices, pursuing local recruitment, and aligning staffing models across facilities. Physician compensation models, including those negotiated with the Association of Hospital Employed Physicians (AHEP), are under review to ensure financial alignment.

At SRMC, targeted staff reductions in Nursing, IT, and HR are projected to yield \$1,286,647 in annual savings. Additional savings include the elimination of \$34,466.76 in supply contracts and the renegotiation of key maintenance agreements projected to save \$341,033.33—bringing total anticipated savings to \$1,663,147.

Further cost containment actions include:

- Reduction of non-essential maintenance and third-party vendor dependency
- Consolidation and renegotiation of contracts

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- Reestablishment of a Group Purchasing Organization (GPO) relationship with Premier
- Overtime reduction initiatives
- Telephone audit and streamlining of nutrition services at JFL

Due to a recent cybersecurity incident at JFL in April 2025, the hospital remains in an acute recovery phase. System-wide restoration efforts are still ongoing, impacting data reporting and broader IT functionality. As recovery progresses, more precise impact metrics will be shared.

### III. REVENUE ENHANCEMENT AND MODERNIZATION

The Corporation has engaged Firstsource USA Professional Services to lead revenue cycle improvements including denial management, billing transparency, and KPI tracking. JFL is centralizing billing operations through cross-trained staff and establishing front-facing service hubs.

Key revenue initiatives include:

- Two new laboratory draw stations at JFL (\$60,000–\$80,000 in projected annual revenue)
- Expanded telemedicine (neurology and psychiatry) projected to generate \$1.5 million over three years
- Demand billing, CMS modifier alignment, and updated coding protocols
- EMR upgrades and investment in patient engagement platforms
- Prioritization of high-margin services including internal medicine, orthopedics, and anesthesia
- Development of ambulatory Clinical Centers of Excellence in cardiac and diabetic care (\$1–\$1.5 million investment)

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SRMC expects a \$5,061,030 increase in revenue through enhancements to gastrointestinal services, emergency room operations, a revised charge master, and implementation of the revenue cycle management contract.

### **IV. STRATEGIC TRANSFORMATION INITIATIVES**

A territory-wide strategic planning retreat will convene in August 2025 to create a unified roadmap focused on service line development, workforce planning, and value-based care. A preparatory fact-finding mission to high-performing mainland public hospital systems will take place in July 2025.

### **V. INFRASTRUCTURE AND CLINICAL CAPACITY**

Given current space and licensing limitations, inpatient bed expansion is not currently feasible. However, JFL is advancing operating room expansion based on demand and staffing trends. Departments are extending operating hours to establish a 24/7/365 care model. SRMC is enhancing its existing Gastroenterology Service Line to meet patient demand and expand revenue potential.

### **VI. INFORMATION SYSTEMS AND DATA SECURITY**

Recent cybersecurity events underscore the urgent need for IT modernization. SRMC experienced two cyberattacks in 2024; JFL underwent a system-wide breach in April 2025. Both hospitals have since strengthened endpoint security and developed new internal protocols. SRMC has identified a board-approved vendor to implement permanent infrastructure upgrades.

A territory-wide transition to a cloud-based EMR is essential for real-time data access, improved clinical coordination, billing efficiency, and enhanced data security. GHHFC continues to work with the Office of Health Information Technology to realize this goal.

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### VII. FINANCIAL IMPACT AND STRATEGIC OUTLOOK

#### Governor Juan F. Luis Hospital (JFL):

- **Reduction in salary and fringe benefits: \$6,634,345.00**  
This savings reflects the cumulative effect of position eliminations, delayed backfills, and consolidation of roles across departments. Strategic workforce realignment has allowed the hospital to maintain core clinical services while eliminating administrative redundancies and optimizing staffing models.
- **Additional savings from three retirements: \$131,362.00**  
Cost savings were realized through natural attrition. These positions will not be refilled as their responsibilities have been redistributed among existing staff. This outcome supports GHHFC's broader goal of achieving efficiencies without requiring abrupt layoffs.
- **Supply cost reductions: \$5,274,050.00**  
This figure encompasses savings from renegotiated vendor contracts, bulk purchasing agreements through the reactivated Group Purchasing Organization (Premier), and reductions in discretionary supply orders. JFL has implemented centralized supply chain management oversight, which ensures ordering aligns with current utilization rates and patient volumes.
- **Two new laboratory draw stations: \$60,000–\$80,000 in projected annual revenue**  
These stations, located in underserved areas, enhance access to diagnostic services while also improving patient compliance and reducing wait times at the main campus. They are expected to process a high volume of outpatient blood draws, insurance-covered panels, and pre-operative labs, all of which generate reliable fee-for-service revenue.
- **Telehealth expansion (neurology and psychiatry): \$1.5 million projected over three years**  
The telemedicine rollout addresses two critical specialty shortages. Psychiatry services support the behavioral health unit and outpatient referrals, while neurology services focus on stroke prevention and post-discharge care. These services not only increase billable patient encounters but also reduce costly inter-island transfers and ensure compliance with federal quality-of-care standards.

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### **Schneider Regional Medical Center (SRMC):**

- **Staffing and overtime savings: \$895,287**

This includes \$678,248 in base salaries and \$42,864 in overtime eliminated through restructured shift coverage, reduction of low-utilization roles, and the reassignment of certain duties to existing personnel. These actions affected departments including Case Management, Behavioral Health, and the Myrah Keating Smith Clinic.

- **Contract renegotiations: \$341,033.33**

SRMC has canceled or renegotiated contracts with vendors such as Virtusa, Citrix, Secure Exchange Solutions, and others. These vendors provided overlapping or underutilized services, and their functions have been internalized or consolidated under fewer service agreements with improved terms.

- **Other operational reductions: \$383,963.16**

This amount reflects a blend of cost-saving measures including the elimination of transportation services for staff, suspension of non-essential subscriptions (e.g., Spectrio and Relias), and holding open several vacant positions in IT and Human Resources. Each action was vetted for patient care impact and executed with attention to continuity of services.

- **Total expenditure reductions: \$1,663,147**

This total consolidates savings from all aforementioned initiatives, representing a significant portion of SRMC's operating budget and directly improving its monthly cash position and vendor payment timelines.

- **Revenue increase projections: \$5,061,030**

This projection derives from:

- Expansion of the Gastroenterology Service Line with additional scopes and physician time to address high community demand.
- Emergency Room Fast Track enhancements, including optimized triage protocols and revenue capture for lower acuity visits that previously went unbilled.

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- Charge master review and update, ensuring all billable services reflect current CPT codes and accurate payer requirements.
- Implementation of the Firstsource revenue cycle management contract, which improves claims processing efficiency, lowers denial rates, and expedites accounts receivable turnover.

### VIII. CONCLUSION

GHHFC reaffirms its commitment to fiscal discipline, operational reform, and strategic transformation. This plan reflects a dual approach—implementing immediate austerity while pursuing long-term modernization—to ensure that all Virgin Islanders have access to quality, financially sustainable healthcare.

We remain prepared to take bold action through restructuring, technology integration, and patient-centered innovation. The upcoming strategic planning retreat and July fact-finding mission are pivotal steps in designing a system that reflects our Territory's unique needs and ambitions.

We thank the Office of the Governor and the 36th Legislature for your continued collaboration and look forward to advancing our shared vision of a healthier Virgin Islands.

Respectfully submitted,



**Dr. Jerry R. Smith, PT, DPT, MHA, ATC**

Chairman

Virgin Islands Government Hospital and Health Facilities Corporation