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**TESTIMONY OF
PETER J. KARL
PRESIDENT & CEO OF EASTERN CONNECTICUT HEALTH NETWORK
FOR MANCHESTER MEMORIAL & ROCKVILLE GENERAL HOSPITALS
BEFORE THE
APPROPRIATIONS COMMITTEE
Wednesday, December 9, 2009**

Governor M. Jodi Rell's November 24, 2009 Deficit Mitigation Plan For Fiscal Year 2010

My name is Peter Karl. I am the President and CEO of Eastern Connecticut Health Network. We have two hospitals in our health system, Manchester Memorial Hospital and Rockville General Hospital. I am testifying today on **Governor M. Jodi Rell's November 24, 2009 Deficit Mitigation Plan For Fiscal Year 2010.**

Thank you for the opportunity to testify today. While we appreciate the difficult task facing Governor Rell and the legislature in addressing the state's budget deficit, we are deeply concerned about the devastating payment reductions to hospitals included in the Governor's deficit mitigation plan. According to the Connecticut Hospital Association, the proposed reductions to Medicaid and other programs total approximately \$77 million for hospitals statewide.

For Manchester Memorial Hospital, the proposed reductions will mean a cut of \$740,052 and for Rockville General Hospital, \$294,911, a grand total of \$1,034,963 for the health system. This will create a budget shortfall that will be extremely difficult to fill. In the face of the prolonged recession, as unemployment remains at an all time high, and record numbers of people have found themselves uninsured or on Medicaid, we continue to provide care to all 24 hours a day, seven days a week, regardless of patients' ability to pay.

Unlike for-profit organizations, and municipalities for that matter, we have no way of generating additional funds or revenues to offset the reductions proposed by the Governor's Deficit Mitigation Plan. These reductions place every hospital in a hardship position. We do not turn any patient away and yet we cannot raise more revenue by raising fee structures. We are required to meet the safety protocols mandated by the Joint Commission and other State and Federal regulatory agencies, yet we will not have the funds to purchase available technologies that improve patient safety. Just this past year, ECHN reduced its spending, its workforce, its workable hours, and implemented a permanent cost-reduction program. Any further reduction in the number of nurses, technicians, and physicians would only compromise the quality of care we provide to the communities we serve. We must provide full medical care at all times.

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It simply makes no sense to cut Medicaid payments at a time when Congress has given unprecedented Medicaid funding increases to states. Under the stimulus bill, Connecticut will get more than \$1.4 billion in increased federal funds to provide care for our most vulnerable populations. This infusion should be used to maintain eligibility and coverage, and help bring provider rates closer to covering the actual cost of care.

In addition, earlier this year, the Rell Administration agreed to pursue a SAGA waiver that would convert the SAGA program to Medicaid. This waiver will remove the cap on SAGA funding, increase SAGA payments to providers, and save the state approximately \$28 million per year. The state should implement the SAGA waiver immediately – each day we delay implementing this waiver the state fails to maximize available federal revenue.

We strongly urge rejection of the proposed cuts and immediate implementation of the SAGA waiver.

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