

**Testimony by Stephen W. Larcen, Ph.D.,
President & CEO, Natchaug Hospital**

**Before Appropriations Committee
February 20, 2009**

Good evening Senator Harp, Representative Geragosian, and members of the Committee, I am Stephen W. Larcen, Ph.D., President and CEO of Natchaug Hospital. I realize you have difficult decisions to make and thank each of you for your public service at this critical time for Connecticut and its most vulnerable citizens.

I also understand that you must find more efficient ways to provide needed services, including mental health services. Tonight, I have a strong sense of déjà' vu – 13 years ago Norwich Hospital was closed and I urged you to be sure that adequate services be provided in the community, including needed inpatient care. You listened and earmarked some of the savings to establish the first-ever contracts with community hospitals for inpatient care.

Tonight you are considering the Governor's proposed closure of Cedarcrest Hospital and an overall net reduction of 40 hospital beds with the proposed consolidation with CVH. Given the well documented gridlock in emergency rooms around the state, and the needs of patients that need longer, intermediate stays of 30-90 days, this proposed reduction may further aggravate an already existing problem.

Though the efforts of Senator Prague, 10 years ago, the first contract for inpatient care for patients normally referred to Cedarcrest for intermediate stays of 30-90 days was funded at Natchaug Hospital. Ten years later Natchaug remains the only community hospital with such a contract.

Should you decide to accept the Governor's proposal, I would urge you again to set aside some of the net savings of \$3.3 million to ensure adequate access to community hospitals for intermediate care. In fact, the Governor convened the Hospital System Strategic Task Force, co-chaired by Secretary Genuario and Commissioner Vogel to address this gridlock. Their report, issued last year, confirmed the need for increased access to intermediate mental health beds and recommended increasing capacity within "high demand" areas.

The Governor further recommended appropriating \$1.5 million in her mid-term budget last year to establish intermediate care beds in the community, and this committee concurred with a \$1 million appropriation using a slower phase-in schedule. Of course no budget adjustments were enacted, and this recommendation was not implemented – so Natchaug remains the only program today.

In order to implement this recommendation, the Department of Social Services will need to partner with DMHAS to establish an enhanced rate for those selected providers in "high demand" areas that develop intermediate care programs, since Medicaid currently pays per discharge, rather than per day for care in general hospital psychiatric units. This is a timely change since Medicare now pays per day for psychiatric care. This change will clearly help to leverage additional federal funding to support needed intermediate care, and with the higher match during the next two years, will clearly serve to reduce the net costs to Connecticut of this care if it is provided in community hospitals.

Again, I urge you to set-aside \$1.5 million of the savings in Fiscal 2011 to establish needed access to intermediate care in "high demand communities. With the target date of the Cedarcrest closure of on or before July 1, 2010, it will also be crucial that you take action this year to phase-in intermediate care beds in the community during the last quarter of Fiscal 2010 and provide some fraction of this funding in the current year.