

TESTIMONY OF
Kurt Barwis
President & CEO
Bristol Hospital
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 Kurt Barwis. I am President and CEO for the Bristol 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 Bristol Hospital, the proposed reductions will mean a cut of \$681,614, creating a budget shortfall that will be extremely difficult to fill. In the face of the prolonged recession, as unemployment has soared and record numbers of people have found themselves uninsured or on Medicaid, we continue to provide care to all 24 hours a day, 7 days a week, regardless of patients' ability to pay.

In FY2009, Bristol Hospital treated approximately 14,000 Medicaid beneficiaries, which makes up close to 30% of the Hospital's patient population and accounts for 14.0% of the Hospital's gross revenue. Despite efforts to effectively allocate and maximize limited resources while caring for its community, Bristol Hospital's financial viability is threatened due to underfunding for our share of Medicaid patients. In these challenging economic times, this problem is exacerbated by the fact that more and more people cannot afford to pay for their care. Bristol Hospital's November 2009 fiscal year-to-date payer-mix data showed a tremendous upswing in Medicaid admissions, increasing by over 30% from last year. Moreover, the increase in Medicaid beneficiaries was not accompanied by an increase in private insurance carriers. Consequently, this shift towards more Medicaid patients cannot be offset by the higher margins paid by commercial insurers, challenging the Hospital to treat a larger population of individuals who are more susceptible to illness without enhancing the Hospital's means to do so. Despite reducing hospitals' ability to treat patients, this reduction in funding further impairs our ability to make capital investments that will increase patient safety, quality, and efficiency.

Bristol Hospital struggled financially for a four (4) year period ending in 2007 and more recently has shown marked improvement which resulted in positive net operating revenue; however, cutting Medicaid funding will only counter the progress the Hospital has made. Other than the Uncompensated Care fund, Bristol Hospital does not receive any supplemental Disproportionate Share payments that will help compensate for the reduction in Medicaid reimbursement. Having had to make difficult cost-cutting decisions for Bristol Hospital, we can recognize the difficulty of resolving the current deficit, but we cannot stress enough how reducing hospital funding will have

an adverse effect on the health of Bristol Hospital's patients and the financial health of the state's hospitals.

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.

Sincerely,

A handwritten signature in black ink, appearing to read 'Kurt Barwis', written over a horizontal line.

Kurt Barwis, FACHE
President and CEO
Bristol Hospital, Inc.