



DAY KIMBALL HOSPITAL

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TESTIMONY OF

Robert Smanik
President and Chief Executive Office
Day Kimball Hospital

BEFORE THE
APPROPRIATIONS COMMITTEE
Wednesday, December 9, 2009

Good Morning/Afternoon Senator Harp and Representative Geragosian and distinguished members of the Appropriations Committee. My name is Robert Smanik. I am the President and Chief Executive Officer for Day Kimball Hospital ("Hospital"). I am testifying today regarding **Governor M. Jodi Rell's November 24, 2009 Deficit Mitigation Plan For Fiscal Year 2010.**

First, I would like to thank you for the opportunity to testify today. The Hospital fully understands that balancing a budget during these economic times is a very challenging task. However, in review of Governor Rell's proposed Deficit Mitigation Plan for fiscal year 2010 we find ourselves compelled to express our obvious concerns related to payment reductions to hospitals that are included in the Governor's deficit mitigation plan. These reductions if implemented will have a devastating impact on our Hospital, our patients and our sister hospitals around the State. As you have already heard, the Connecticut Hospital Association ("CHA") has projected that the proposed reductions to Medicaid and other programs total approximately \$77 million for hospitals statewide.

For Day Kimball, the proposed reductions will mean a cut of \$435,000 (Total 2009 margin \$600,000). Like most hospitals we are not immune from the current economic challenges. For my Hospital, the proposed additional cut to our existing revenue streams will make it that much more difficult for us to offset ever-increasing expenses. The recession has not yet yielded. As you are well aware, unemployment has soared and record numbers of people have found themselves uninsured or on Medicaid, and as we are required to do, we continue to provide care to all 24 hours a day, 7 dys a week, regardless of a patients' ability to pay.

Charity care increased from \$720,000 in 2008 to \$1,210,237 in 2009. Bad debts increased from 3,994,217 in 2008 to \$4,411,120 in 2009.

In my opinion, to propose and implement cuts in the Medicaid program when Congress has given unprecedented Medicaid funding increases to states, makes little or no sense. The Federal Government is committed to and has recognized the need for increased revenue for hospitals and the State of Connecticut

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should follow their lead. Connecticut will get more than \$1.4 billion in increased federal funds, to provide care for our most vulnerable populations. These dollars should be used to maintain eligibility and coverage, and help bring provider rates closer to covering the actual cost of care.

Instead of implementing the proposed cuts we respectfully request that the Rell Administration pursue a SAGA waiver, which they agreed to earlier this year, 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.

On behalf of Day Kimball Hospital and most importantly its patients we ask this committee and the legislature at large to reject the proposed cuts and encourage the Administration implement the SAGA waiver.

I thank you for the opportunity to testify today and will make myself available for any questions you may have.