

**TESTIMONY OF  
Stephen W Larcen, Ph.D.  
President & CEO  
Natchaug 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 Stephen Larcen. I am President & CEO for Natchaug Hospital.

While I understand 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 and mental health providers included in the Governor's deficit mitigation plan. This includes reduction to Medicaid and HUSKY payments, the likely rapid elimination of uninsured adults from SAGA, and the elimination of children from enrollment in the DCF voluntary services program.

For Natchaug Hospital these reductions will mean a cut of at least \$500,000 in Medicaid funding, and likely put at risk more than half of the \$2.7 million in SAGA reimbursement we receive annually, a combined budget shortfall that will inevitably require significant service reductions. Given the prolonged recession, unemployment has soared and record numbers of people have found themselves uninsured or on Medicaid or SAGA. These proposed cuts will put the safety net needed by children and adults in these programs at serious risk.

What will these cuts mean?

1. The cuts in Medicaid will require hospitals and mental health providers to reduce our employment of staff at a time when some of our staff are the only employed member of a family.
2. It will also mean longer stays in emergency rooms in search of a hospital bed for the children that Natchaug uniquely serves in Eastern Connecticut.
3. Elimination of CT families ability to enroll their children in DCF Voluntary Services Program will mean more children that need 24 care in a group home or special in home services will be "stuck" in a hospital bed, at **higher cost to the state**, likely meaning less access for other children needing hospital care given these discharge delays, resulting in backlogs in emergency rooms, and more children at risk of not getting the care they need. The state has made so much progress reducing discharge delays, to reverse these gains is clearly a penny wise, pound foolish strategy.
4. SAGA is truly the safety net for those with addictions and mental health problems who are uninsured. Only weeks ago the Legislature approved legislation requiring a SAGA waiver to obtain federal funding of this program, and a budgeted increase in enrollment given the recession. Now the proposed closing of enrollment, given the short period many beneficiaries are on this program will likely mean 50% or more reduction in CT residents covered by SAGA in the next year or so. More un-insured, less access to needed services to enable these adults to return to the workforce, and likely **increased costs** in public safety and corrections.

Finally, it simply makes no sense to cut Medicaid payments at a time when Congress has given unprecedented Medicaid funding increases to states. For every dollar cut from a Medicaid provider, only pennies are realized in reducing the state deficit – lots of pain for very little gain. Failure to pursue the SAGA waiver that would convert the SAGA program to Medicaid will also **cost the state** budget in lost opportunity to maximize available federal revenue.

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