

**TO: MEMBERS, APPROPRIATIONS COMMITTEE**  
**FROM: LUGENE INZANA**  
**CHIEF FINANCIAL OFFICER,**  
**LAWRENCE & MEMORIAL HOSPITAL, NEW LONDON**  
**RE: *Act Concerning the State Budget for the Fiscal Years Ending June 30, 2010, and June 30, 2011***  
**MARCH 11, 2010**

Good afternoon, ladies and gentlemen. My name is Lugene Inzana. I am Vice President and Chief Financial Officer at Lawrence & Memorial Hospital in New London. I am here today to testify in staunch opposition to *An Act Concerning the State Budget for the Fiscal Years Ending June 30, 2010, and June 30, 2011*.

Among any number of other things, the bill includes some counterintuitive ideas on how to balance our state's budget on the backs of one of its greatest collective assets – its community hospitals.

Cutting back on already short-funded Medicaid reimbursement for our treatment of the state's poor and on funding for hospitals located in distressed urban areas will only serve to make bad situations worse.

Add to that a proposed hospital user fee, which is merely an additional tax, and you've got a formula for disaster.

As you know, some of Connecticut's hospitals are already either losing money or barely breaking even. Even the smallest cuts could spell the difference between black and red among most of Connecticut's hospitals. And for those hospitals that are continuing to lose money, the cuts proposed in this bill will have a devastating impact.

- For instance, a 5-percent reduction in Medicaid rates for hospitals in Connecticut would result in a statewide reduction of some \$46 million.
- A 10-percent reduction to the Urban DSH Poor and DSH funding for the Connecticut Children's Medical Center would result in a cut of \$8.5 million more.
- The elimination of Non-Emergency Dental, Services for Adults under Medicaid and SAGA would amount to \$8.2 million, but worse, would result in numerous more serious and more expensive cases presenting in our already-overburdened hospital emergency departments.
- Changes in medical necessity would result in \$2.25 million in cuts; and
- The imposition of co-payments under Medicaid would total \$4.5 million.

The projected overall impact of these and other cuts in this bill on Lawrence & Memorial Hospital would be nearly \$5.7 million – more than any hospital in the eastern half of the state of Connecticut.

We count 100,000 households and a quarter-million people in our primary service area, which extends along the shoreline from the Connecticut River to the Rhode Island border. Those people rely on us to provide top-quality healthcare around-the-clock every single day, which we do ... but that does not come inexpensively.

Moreover, with 2,600 employees, a Medical Staff of more than 300 physicians, an annual payroll of nearly \$160 million, and operating budget in excess of \$300 million, we are one of eastern Connecticut's leading economic engines and the largest employer in New London.

Please re-think this wrong-headed approach to balancing our state budget and oppose this bill. Thank you.