



 HARTFORD HEALTHCARE

**TESTIMONY OF
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Submitted to the
APPROPRIATIONS COMMITTEE
Thursday, March 11, 2010**

Governor M. Jodi Rell's March 1, 2010 Deficit Mitigation Plan For Fiscal Year 2010

I would like to submit my written testimony on behalf of Windham Hospital regarding **Governor M. Jodi Rell's March 1, 2010 Deficit Mitigation Plan For Fiscal Year 2010.**

As a member of the Connecticut Hospital Association, we appreciate the difficult task facing Governor Rell and the legislature in addressing the state's budget deficit, however, we strongly oppose the devastating payment reductions to hospitals and the imposition of a tax on hospital revenues included in the Governor's deficit mitigation plan.

The plan includes cuts to Medicaid rates, cuts to Urban DSH funds, elimination of non-emergency dental services, restrictions in the definition of medical necessity, and the imposition of co-payments under Medicaid, at an overall cost of \$70 million to Connecticut's hospitals for SFY 2010-2011.

In addition, the Administration's inaction in implementing the current SAGA budget as planned – and as required by statute – results in another \$108 million reduction to hospitals and has the additional impact of eliminating \$41 million that would have come to Connecticut hospitals through increased Medicare DSH payments.

The overall impact of the changes the Governor has proposed for hospitals totals \$219 million.

The deficit mitigation plan also includes the imposition of a tax on hospital revenues, totaling approximately \$130 million. As Congress and President Obama work to enact significant healthcare reform and reduce the cost of care, a tax on hospitals is counterproductive as it will increase Connecticut's healthcare costs and increase the already onerous cost shift onto Connecticut businesses.

For Windham Hospital the proposed reductions will mean a cut of \$ 2.9 million, creating a budget shortfall that will be nearly impossible to fill. Windham is unique due to its large service area with small numbers of privately insured patients. We serve a high

percentage of Medicaid and Medicare patients and there are no other funds to offset these decreases. Additionally, Windham Hospital has demonstrated for the past several years that it is the lowest cost acute care provider on a case mix adjusted basis. As such, there is little room to make further expense reductions without exacerbating regional state unemployment conditions. As chronic unemployment has settled in for many of our residents, we continue to provide care to everyone who enters our doors, 24 hours a day, 7 days a week, regardless of their ability to pay. These cuts would force decisions that would impact access to important programs that improve the quality of life for our most at-risk patients.

It simply makes no sense to cut Medicaid payments and impose a tax on hospitals at a time when Congress has given unprecedented Medicaid funding increases to states. Under the stimulus bill, Connecticut will get more than \$1.74 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. Instead, the Governor is proposing to reduce hospital funding by \$219 million.

In addition, while the Rell Administration has not taken the steps necessary to implement the SAGA waiver as directed by the legislature, the biennial budget passed in September 2009 provided the funding needed to raise hospital SAGA rates up to Medicaid effective January 1, 2010. The funds necessary to raise hospital SAGA rates to Medicaid have been appropriated and will be matched with or without a waiver. We urge you to insist that DSS pays hospitals in accordance with the biennium budget at the Medicaid rate for SAGA and finally put hospitals on par with all other providers to the SAGA program.

We strongly urge rejection of the proposed cuts and hospital tax, and immediate implementation of the SAGA rates funded in the biennial budget.



Dick Brvenik
President and CEO