

TO: MEMBERS, FINANCE, REVENUE & BONDING COMMITTEE
FROM: LOU INZANA
CHIEF FINANCIAL OFFICER
LAWRENCE & MEMORIAL HOSPITAL
RE: SB 484 AAC THE GOVERNOR'S REVENUE PLAN
MARCH 22, 2010

I am testifying today in strong opposition to SB 484, *An Act Concerning the Governor's Revenue Plan*, which among other things would impose a "user fee" on Connecticut's hospitals. In plain language, this is merely a hospital tax.

Please remember that Connecticut's hospitals have not been immune to the impact of the nation's worst recession since The Great Depression, or to a state fiscal catastrophe that may likely be the worst in Connecticut's history. On the contrary, these challenging times have led to job losses, which translate into even more increases in patients who are either uninsured or under-insured. While Medicaid and SAGA are supposed to provide a safety net for these patients, historically the reimbursement amounts to Hospitals is far less than the actual cost of the care. This change continues a road or pathway to nowhere, not a better place for Hospitals, our patients and the communities we serve.

This state's 29 hospitals – including Lawrence & Memorial in New London – are already struggling to close the financial gap caused by inadequate reimbursement from the state and federal governments. These and other losses, combined with the increasing cost of new technology, building infrastructure needs, and the ability to recruit and retain highly competent staff, won't allow us to absorb yet another tax hit from the state of Connecticut. All of these costs are necessary to maintain the quality and safety of our services.

In a state that already has one of the highest costs of living in the nation, adding to the cost of healthcare for both individual and business users is counter-intuitive. Furthermore, the impact of this tax that can be passed along to state businesses, which are already moving in droves to other states or closing their doors altogether.

As a state, we can and we must come up with better solutions than this one. Previously, we have been asked by legislators for alternative ideas to these and other budget proposals we've opposed.

Here's one: While the state of Connecticut will receive \$1.74 billion in additional Medicaid funding from the federal government via stimulus funds, none of that extra money is getting to our hospitals to begin covering the losses we experience from caring for uninsured and Medicaid patients. Why not?

Here's another: The Rell Administration and its Department of Social Services continue to defy a legislative directive that could funnel millions of additional dollars into the state's hospital industry if it would take the steps necessary to implement the SAGA waiver. Legislation enacted last year provides the funds necessary to raise hospital SAGA rates to Medicaid level for our hospitals, thus qualifying us for matching federal funds. Please insist that DSS pays hospitals in

accordance with the biennium budget at the Medicaid rate for SAGA to put us on a par with all other providers to the SAGA program. Every year we wait is another \$100 million in lost opportunity that could be invested in our communities through the caring for its sick and most vulnerable population. We need to act now on these opportunities before they disappear altogether.

No, these ideas are not new. However, that they have not been implemented to ease the worsening strain on hospital finances in our state defies logic.

Please side with your community hospitals and vote against SB 484. Thank you.

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