

TO: MEMBERS, HUMAN SERVICES COMMITTEE
FROM: LUGENE INZANA
CHIEF FINANCIAL OFFICER
LAWRENCE & MEMORIAL HOSPITAL, NEW LONDON

RE: HB 5328 AA Implementing SAGA Hospital Rate Increases
MARCH 2, 2010

I am writing today to testify in favor of HB 5328, *An Act Implementing SAGA Hospital Rate Increases*. It is a bill that is of critical importance to Connecticut hospitals, including my own.

Part 1 of this bill requests that the Department of Social Services increase the State Administered General Assistance (SAGA) rates to equal state Medicaid levels – levels that are already substantially less than the actual cost of providing care.

Part 2 of this bill is for the state's pursuit of the SAGA federal waiver. The federal waiver will allow Connecticut hospitals – where appropriate – to claim disproportionate (or DISH) payments.

These payments exist to recognize the difference between the cost of care and Medicaid reimbursements, thus helping hospitals to cover their costs and remain financially viable while providing these desperately needed services.

Without adequate reimbursement, we can't remain financially viable. This warning is not hyperbole; rather it comes at a time when more than half of Connecticut's community hospitals are already losing money, while the rest of us struggle – even in good times – to produce very thin margins.

Specifically, the impact of not enacting this legislation this session would result in lost reimbursement revenue of almost \$1.7 million annually for Lawrence & Memorial Hospital.

At a time when our clinical and non-clinical staffs are stretched to their limits, this amount of money could fund more than 30 full-time, benefitted positions – employees who could help provide an even higher level of care for the patients of our community.

Additionally, the SAGA waiver would provide a federal match of state dollars totaling in excess of \$130 million – funds that would seem to be desperately needed in the midst of one of the worst deficit crises in the state's history.

I strongly urge your support for this important piece of legislation, both in committee and on the floor of the legislature later this session. Thank you for your consideration.

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