

**TESTIMONY OF
JOHN GIAMALIS
BEFORE THE
APPROPRIATIONS COMMITTEE**

Friday, February 22, 2013

**HB 6350, AN ACT CONCERNING THE BUDGET FOR THE BIENNIUM ENDING JUNE 30, 2015,
AND OTHER PROVISIONS RELATING TO REVENUE**

Good afternoon. My name is John Giamalis, and I am Chief Financial Officer of Saint Francis Hospital and Medical Center. I am here today to testify in opposition to **HB 6350, AN ACT CONCERNING THE BUDGET FOR THE BIENNIUM ENDING JUNE 30, 2015, AND OTHER PROVISIONS RELATING TO REVENUE.**

The budget proposed by Governor Malloy will be devastating to our hospital, patients, staff, and community.

Saint Francis is a vital healthcare safety net in the Greater Hartford Community. Whenever people need high quality, safe medical care, we are open and ready to help – 24 hours a day. We are dedicated to our mission of caring for everyone who walks through our doors, whether they can afford to pay or not.

Our contribution to the community extends beyond our care giving. In FY2012 which ended on September 30, 2012, Saint Francis provided over \$67million in community health benefits to the Greater Hartford Community. These benefits included over \$6.5 million in total charity care to 13,000 people. Saint Francis also lost over \$35.7million serving Medicaid patients even after the increased reimbursement provided by the State MLIA program which has been mischaracterized as a windfall to the hospitals.

Saint Francis Hospital and Medical Center plays a critical role in Connecticut's economy. The hospital employs over 3,600 full-time people, with a total payroll of over \$302million annually. When the hospital's total economic impact is measured, Saint Francis generates \$1.7billion in economic benefit to the State. These cuts for Saint Francis proposed in this budget will severely hurt this economic contribution.



In December, in an effort to balance the state budget, the Governor turned to hospitals. He reduced Saint Francis's reimbursement by \$6.7million. The hospital is still reeling from this cut, and as a result, we will have to make some very tough decisions. To absorb this cut we are delaying needed capital improvements, reducing the planned purchases of new equipment and delaying the hiring of many needed employees.

Now we at Saint Francis are being asked to absorb another \$37million in additional reimbursement reductions from the State. If these cuts go through, we will have no choice but to cut services and programs. Unfortunately, we'll have to look first at those programs and services that already lose money. More often than not, these are the ones that help the neediest in our communities. Also jobs will inevitably be affected since hospitals are about people providing care to people, and our single largest cost is staffing.

If the Governor's Medicaid reductions for Saint Francis stand, then the Greater Hartford Community could lose 388 jobs and over \$48.7million in business activity by the end of FY2015 according to U.S. Department of Commerce economic model information provided by Families USA. Much of these job losses and business activity reductions will be at Saint Francis as programs, many of which serve Connecticut's most vulnerable citizens, are severely downsized.

Saint Francis will also be forced to reduce its support for many City of Hartford community enhancement programs that involve single family housing, summer youth employment, free health clinics, food banks and the like.

Sadly, these cut backs will also lead to difficulty in hiring new healthcare students when they graduate from area colleges and community training programs, and may result in restrictions in the number of new students that can use Saint Francis as a training site.

The Healthcare sector has been one of the few bright employment lights in a rather dismal Connecticut economic recovery. Sadly, the Governor's proposed budget will truly extinguish employment growth for Saint Francis and the hospital sector as a whole.

Equally important, this proposed Medicaid reimbursement reduction is likely to derail two years of preparation for the hospital's transition to the new era of healthcare under the Accountable Care Act and will likely lead to increased overcrowding in the Emergency Department, as well as increased difficulty in acquiring needed outside investment capital to support the hospital's future success. In a dynamic industry with a rapidly changing, unpredictable landscape, Saint Francis needs to continue to focus on quality and patient safety initiatives, and efforts to improve care efficiency. We need our staff to keep their focus on patients, and not be distracted by worry that they will lose their jobs.

Our patients are relying on you, the Connecticut General Assembly, to reverse this budget reduction. Our staff is relying on you, the Connecticut General Assembly, to save their jobs. Our communities need you, the Connecticut General Assembly, to protect hospital funding. As you develop your budget, please protect Connecticut's hospitals – because they protect all of us.

Thank you for your consideration of our position.