



**TESTIMONY OF
STAMFORD HOSPITAL
SUBMITTED TO 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***

The following testimony is submitted to the Appropriations Committee by Stamford Hospital 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 have a devastating impact on clinical and community programs and impact employees, patients and the communities we serve.

Stamford Hospital is a vital part of the healthcare safety net in Stamford and southwestern Fairfield County. 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. In 2012, our uncompensated care costs rose 27%; and, for the last several years, Stamford Hospital's uncompensated care costs were the highest, on a percentage basis, of any other hospital in the State.

Our contribution to the community extends beyond our direct care-giving, as we participate in myriad community-based programs that depend upon our support.

Stamford Hospital plays a critical role in our economy. We employ 2,200 people, and many others throughout our community are dependent upon the business we generate. In total, we have an economic impact on our community of \$929,488,000*. That is one of the reasons defunding hospitals hurts us all.

Last December, in an effort to balance the State budget, the State turned again to hospitals. Stamford Hospital funding was cut by \$4.4 million as part of the FY2013 Deficit Mitigation Plan. The proposed budget for the next biennium yet again looks to hospital funding to close the State's budget deficit.

The bottom line, incredibly, is that if the proposed budget is passed by 2015 all uncompensated care payments will be eliminated and Medicaid Inpatient Supplemental payments will be reduced. The impact in 2015 alone is a \$19 million loss. The loss for Stamford Hospital over the next three years will be \$34 million if the budget is passed as proposed.

We ask how this is possible and why is this happening? We fought the hospital tax. You'll recall hospitals were worried that the State would eventually keep collecting the tax money and stop redistributing it. These concerns were dismissed as unfounded – and now it is playing into the current budget threat.

In short, what started as a federal revenue maximization scheme to help balance the State budget has been converted to a tax on hospitals to balance the State budget. This new arrangement moves from reliance on federal funds to help balance the State budget to taxing hospitals to help balance the State budget. ***The hospital tax represents an effective rate of almost 55% of our FY2012 operating income; six times higher than the 9% effective tax rate on "for profit" corporations.***

An argument is that the Affordable Care Act (ACA) and the proposed increase in Medicaid funding will lower our uncompensated care costs; so the budget proposal calls for eliminating the Disproportionate Share Funding, or DSH, payments by 2015. The reality is that won't work because the ACA does not cover the care of undocumented immigrants, of which Stamford has a significant number. More than half of our free care is allocated to this population.

These proposed cuts, coupled with the hospital tax, are devastating. We urge you to oppose these cuts. A solution that makes sense is eliminating the hospital tax and, at a minimum, while health care reform is being implemented finding a way to cushion the impact on hospitals, like Stamford, that are taking care of poor, uninsured and undocumented immigrants.

Stamford Hospital is committed to moving forward with a \$450 million investment in our Master Facility Plan, which is already underway. To offset these unprecedented, unplanned cuts, we will conduct a comprehensive financial and utilization review of a number of clinical and non-clinical programs and services, some of which may have to be reduced or eliminated as a result of the pending State cuts.

Stamford Hospital is in the midst of major changes in healthcare while we are bracing ourselves for the huge federal cuts which are scheduled to begin.

In a dynamic industry with a rapidly changing, unpredictable landscape, we need to continue our 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.

We need stable hospitals. As you develop your budget, please protect Connecticut's hospitals.

Thank you for your consideration of our position.