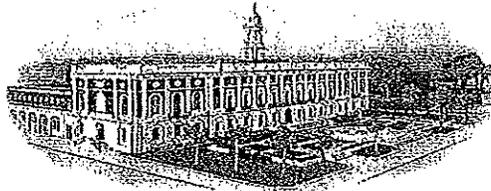


Craig Schmidt  
Risk Manager



Tel: 203-346-2643

OFFICE OF THE DIRECTOR OF FINANCE  
**THE CITY OF WATERBURY**  
CONNECTICUT

March 14, 2013

Labor and Public Employees Committee  
Room 3800, Legislative Building Office  
Hartford, CT 06106

Regarding: Senate Bill 1074 – Workers Compensation and Liability for Hospital Charges

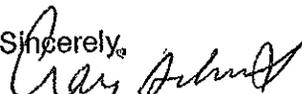
Dear Honorable Committee Members:

I would like to offer support of the proposed legislation, referenced above, on behalf of the City of Waterbury. This legislation will provide clarity to a convoluted situation that has arisen recently within the Workers Compensation Commission yet has longer term negative financial implications for us in Waterbury and, most likely, our counterparts throughout the State.

At issue is the ability of payers of hospitalization costs generated through Workers Compensation to utilize industry standard cost containment measures. To underscore the importance of this legislation, financially, on our City, the cost of hospitalization has become an increasingly larger percentage of our overall Workers Compensation medical costs. Through six months of the current fiscal year, Hospitalization costs for the City of Waterbury increased as percentage of total Workers Compensation medical costs to 53% up from 48% and 45% from the previous two fiscal years, respectively.

In terms of actual dollars paid, Hospitalization costs for the City of Waterbury total \$2,193,093 for the most recent fiscal year up from \$1,602,700 the preceding fiscal year. While medical inflation is always a concern, I think that this type of increase is more than medical inflation but due to a "macro" trend that includes an aging workforce with orthopedic injuries that can now be treated via medical advancements within accepted medical protocols. This "macro" trend is out of our control but the legislation proposed is potentially an excellent measure for curbing Hospitalization costs that make up an increasing percentage and actual dollars paid of our overall Workers Compensation medical costs.

Thank you for your consideration and support of this legislation.

Sincerely,  
  
Craig Schmidt