

TESTIMONY OF STEPHEN W. LARCEN, Ph.D.

HB 5030- AN ACT MAKING ADJUSTMENTS TO STATE EXPENDITURES FOR THE FISCAL YEAR ENDING JUNE 30, 2015.

Appropriations Subcommittee on Human Services, February 14, 2014

Senator Bye, Representative Walker, Representative Abercrombie and members of the Appropriations Committee, Happy Valentine's Day! I am Steve Larcen, President of Natchaug Hospital, and Senior Vice President for Hartford HealthCare's Behavioral Health Network.

I am most pleased that the critical importance of mental health services is understood by the current Administration and the Legislature, and for the first time in many years this issue is being actively discussed throughout our State. But we need to translate this concern and commitment to mental health care to targeted action or the **safety net for our children and adults suffering from serious mental illness will actually lose ground** as public funding for this safety net is actually being cut or frozen.

I want to focus your attention on just one element of that safety net – **Inpatient psychiatric care for children and adolescents**. While we all say that we care about mental health care for children and adolescents, what have we actually done?

1. Last session we **cut reimbursement \$934,000** to the five hospitals¹ that primarily provide this care by eliminating a pay for performance program with excellent results.
2. We have **frozen reimbursement** for this care for the past six years, increasing the operating losses incurred by each of these hospitals significantly.
3. These changes have resulted in **reduced capacity** for inpatient care as providers in the state have reduced the 175 beds for children and adolescents that were available by 16% to 147, 28 fewer beds in the past six years.
4. The State of Connecticut has also **closed 10 inpatient beds** for children at the Solnit Center this past year, for a total of 38 fewer child and adolescent beds. Transferring that responsibility to the private sector without funding.

And what has happened to the children and families in our State? You may hear later tonight from CT Children's Medical Center, the largest provider of children's emergency behavioral healthcare in CT, and their data is very clear. **Increasing number of children are held in the**

emergency room over night (1,392 in 2012, 1,553 in 2013), sometimes over two or more nights (161 in 2012, 242 in 2013), because there is **not adequate capacity** to treat these children. Think about it, 242 families and their children spending two or more nights in the ED waiting for care. This is just one Connecticut hospital.

We can do better, we must do better.

Last year, Natchaug Hospital's child and adolescent unit served more than 400 children and adolescents covered by Medicaid, more than 61% of the children we served. Our reimbursement was **\$264 per day less than our costs, or a \$1.3 million loss** for the year. Given the high percentage of Medicaid, our commercial rates are not able to cover these shortfalls. And Natchaug is likely one of the most efficient providers in the state, having lowered our cost per day by 7% in 2013, mostly by running at near 100% occupancy due to reduced capacity statewide.

Last year, this Committee implemented a targeted Medicaid program for those acute care hospitals that had high percentage of Medicaid and Medicare, and low reimbursement. I would urge you to consider a similar program for the five hospitals in our state that have had the conviction to respond to the needs of our children and their families, have low reimbursement from the State, well below their costs, and have very high Medicaid utilization.

I would be happy to meet with members of the committee to address this issue. Thank you.

Note: The hospitals in Connecticut that have child and adolescent inpatient programs are:

1. Yale (including the St. Raphael's campus),
2. St. Vincent's in Westport
3. St. Francis
4. Hartford Hospital, and,
5. Natchaug Hospital in Mansfield.

Manchester Memorial Waterbury Hospitals both operate small adolescent units.