



**TESTIMONY OF  
LAWRENCE + MEMORIAL HOSPITAL  
NEW LONDON, CT.  
SUBMITTED TO THE  
APPROPRIATIONS COMMITTEE  
Friday, February 14, 2014**

**HB 5030, An Act Making Adjustments To State Expenditures  
For The Fiscal Year Ending June 30 2015**

Lawrence + Memorial Hospital appreciates the opportunity to submit testimony concerning HB 5030 An Act Making Adjustments To State Expenditures For The Fiscal Year Ending June 30, 2015.

Since passage of the biennial budget in May 2014, The Connecticut Hospital Association (CHA) and its member hospitals have been working with the state Office of Policy and Management (OPM) and the state Department of Social Services (DSS) to develop a new payment framework for acute-care hospitals that provides stable and predictable resources to hospitals while improving care and controlling costs. Our mutual goal has been to develop and implement that framework by July 1, 2014.

Like every other hospital in the state of Connecticut, L+M suffered from last year's budget enactment, which imposed a tax of \$336 million on hospitals during the current biennium.

At L+M, we have gone to great lengths and implemented extraordinary measures – many of them painful for our employees and the communities we serve – to continue providing quality care to our patients while functioning with fewer resources. The two-year impact of the tax for our hospital alone is nearly \$12.5 million. The impact of reimbursement cuts in both Medicare and Medicaid amount to millions more in reduced funding for our hospital. The impact of the tax and the cuts has resulted in three rounds of employee layoffs here in the past year, totaling about 70 employees and the elimination and/or downsizing of a number of vital programs and services.

In the past year, Connecticut hospitals overall have eliminated more than 1,400 jobs, reduced staff salaries and benefits, reduced some services and postponed investments in technology and infrastructure. Those postponements not only stunt our own growth, but have a ripple impact on the rest of our region's economy at a time when we can ill-afford it.

Connecticut's economy, while experiencing nominal growth, still lags behind the rest of the country, and southeastern Connecticut – where L+M is one of the largest employers and economic drivers – lags behind the rest of the state with our own sluggish economy. Our hope is that we can improve the situation as well as the quality of care by redesigning the Medicaid program with a keen focus on patients and improving the care they have come to expect from us.

CHA is proposing a plan that aligns with the state's health reform agenda; builds upon the existing Medicaid FFS payment system; focuses on programs to improve access to appropriate care, thereby reducing disparities and improving population health; uses quality metrics to track and reward changes; and invests in hospitals that achieve the shared vision.

Throughout our 102 years, Lawrence + Memorial Hospital has always been committed to improving patient care and ensuring that every person receives safe, reliable, high-quality care, regardless of their ability to pay. In fact, our long-stated mission is: "To improve the health of this region."

We provide excellent care to patients of all demographics, but have historically been – and will continue to be – very sensitive to the most vulnerable, whether it is through the delicate, often-life-saving care provided to infants in our Neonatal Intensive Care Unit to the clinical, financial and logistical support we provide year-round to homeless patients in cooperation with New London's Homeless Shelter and Hospitality Center and our own affiliate Visiting Nurse Association of Southeastern Connecticut.

Investing in better care for the people of Connecticut is a good investment for the state in many ways. CHA is proposing a series of incentives that are tied to producing results. The incentives would be sourced by a \$30 million appropriation of state funds, which would be matched by \$70 million in federal funds. Payout from the incentive pool would be conditioned on achieving results.

CHA's plan would improve people's lives. We are ready to put the plan in place effective July 1, 2014. Please vote to modify the budget to include the investment dollars necessary to make this happen.

Thank you.