

TESTIMONY OF
MIDDLESEX HOSPITAL
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**

Middlesex 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 the passage of the biennium budget this past May, CHA and its members have been working with the Office of Policy and Management (OPM) and the 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.

Middlesex Hospital suffered from last year's budget actions, which imposed a tax of \$336 million on hospitals over the biennium. We've done extraordinary things to minimize the impact to patient care. But it is very challenging. Middlesex Hospital has been forced to implement programs and policies that reduce our expenditures in areas such as employee wages, benefits and medical supplies to offset for the additional tax expense and other reductions in revenue caused by lower reimbursement and utilization. Middlesex Hospital has maintained a modest operating margin and uses the cash generated to bring cost effective and comprehensive outreach facilities such as the new emergency and diagnostic center in Westbrook and to provide seed money to its affiliates and forgivable loans to community physicians to expand the network of primary care and urgent care providers and bring in physician specialists where there is a demonstrated shortage in our service area. The types and amount of changes and reductions we have made to offset the additional tax expense are not sustainable. Without relief the quantity, quality and safety of care provided will be affected as we can *not* continue to provide services and community benefit when the cost exceeds the funds available. It is our mission to provide the safest, highest-quality health care and the best experience possible throughout the community we serve and this tax impedes our carrying out this mission.

Altogether, in the last year, Connecticut hospitals have eliminated more than 1,400 jobs, reduced staff salaries and benefits, reduced some services, and postponed investments in technology and infrastructure. This is having a negative effect on the state economy. But we are hopeful 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 count on.

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 change; and invests in hospitals that achieve the shared vision.

Middlesex Hospital has always been committed to improving patient care and ensuring that every person receives safe, excellent care. At Middlesex, we are constantly working to identify opportunities for improving the quality and safety of the care we provide as well as to make the experience of the patient and their family the best possible. One example of this is our High Reliability Transformation in which we are bringing the principles that have helped make certain industries remarkably safe for long periods of time (such as commercial aviation, nuclear power, and the US Nuclear Navy, to name a few) to Middlesex Hospital, as part of a state wide initiative being led by CHA. This includes making patient safety our absolute number one focus, teaching habits and tools that improve individual performance, communication, and team work to all of our employees and medical staff, increasing transparency to be better able to find, understand and respond to opportunities for improvement, and system change management techniques to improve the function of our systems to decrease the likelihood of errors occurring or reaching the patient. In addition we are teaching staff the principles of LEAN methodology to enhance our process improvement capabilities. Specific quality and safety initiatives have included successful efforts to reduce readmissions, catheter associated urinary tract infections, and surgical site infections, as well as system improvements to ensure best evidence based practices are in place for patients with many different diagnoses, such as heart attacks, strokes, pneumonia and so on. Beyond these, there are numerous other initiatives all centered on improving patient safety, providing the highest quality of care and the best experience possible to every patient every time, too numerous to list here.

Investing in better care for the people of Connecticut is a good investment for the state. 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 it happen.

Thank you for your consideration of our position.

Sincerely,

A handwritten signature in cursive script that reads "Vincent Capece, Jr." The signature is written in dark ink and is positioned above the printed name and title.

Vincent G. Capece, Jr.
President and CEO