



**TESTIMONY OF  
STUART MARCUS, MD, FACS  
PRESIDENT AND CEO  
St. Vincent's Medical Center  
SUBMITTED TO THE  
FINANCE, REVENUE AND BONDING COMMITTEE  
Tuesday, March 13, 2014**

**SB 368, An Act Phasing Out The Hospitals Tax**

Thank you for the opportunity to provide testimony on behalf of St. Vincent's Medical Center regarding **SB 368, An Act Phasing Out The Hospitals Tax**. My name is Stuart G. Marcus, and I serve as President and CEO of St. Vincent's Health Services. I have been a practicing physician for more than 25 years, and know first-hand the vital role that strong, vibrant hospitals play in the communities we serve. We are the largest employer in the City of Bridgeport, and an economic engine in our region. I want to voice our strong support of SB 368 and encourage you to do the same.

The "Hospital Tax" is not being implemented as originally passed in 2010. That should cause you some concern. We are requesting that it be phased out over a five-year period.

You should know that in 2010, Connecticut balanced the state budget by imposing a hospital tax that wasn't supposed to hurt hospitals or patient care. The state taxed hospitals, returned that money to hospitals, and received a 50% federal match on the return the state made to hospitals. The state was able to balance the budget, and hospitals in the aggregate were whole. That is the tax that

The new budget continues taxing hospitals \$350 million per year, but only returns \$249 million to hospitals in FY 2014 and \$115 million in FY 2015, with the total loss to hospitals of \$336 million over the two state fiscal years. The hospital tax means providing care with even fewer resources, affecting access and services for all patients.

We've done extraordinary things to minimize the impact to patient care. But it is very challenging. 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 and it's just the beginning as the tax will double this year.

Allow me to tell you what it meant last year to St. Vincent's.

St. Vincent's Medical Center 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. The budget actions last year resulted in the elimination of 100 positions at St. Vincent's in 2013, impacting 50 staff members who were laid off. The layoff affected all employee levels. We reduced Paid Time Off by an equivalent of two full days for each full time employee. In addition, no merit increases were budgeted across the entire organization for fiscal year 2014 and we made changes to our benefit structure placing more of the financial burden on all employees. We also eliminated a diabetes education program and closed a school that had been operated in order to serve high school students in need of alternative education.

The cuts continue to place stress on our operations in this current fiscal year as we build our upcoming budget knowing that we have another significant reduction to address in 2014-2015.

We are diligently exploring additional cost saving opportunities, including outsourcing of services, shared service centers, consolidation of services and possible changes in scope of services. Continued/sustained hospital reimbursement cuts will result in additional negative impacts to the level of associates employed within the state, levels of compensation and access to care that is currently depended on by the communities we serve. We simply cannot absorb another cut.

St. Vincent's Medical Center is committed to improving patient care and ensuring that every person receives safe, excellent care. In fact, St. Vincent's has transformed its clinical practices over the last several years, mandating a "high reliability" safety training program for every employee regardless of position. The implementation of the safety program has resulted in numerous awards for St. Vincent's, including four consecutive "A" Hospital Safety Score™ designations by Leapfrog and ranking as Best Hospital in Fairfield County and in all of Western Connecticut for 2013-2014 by U.S. News & World Report in its annual "Best Hospitals" survey. In addition, in 2012, St. Vincent's Medical Center became the only Fairfield County hospital to achieve Magnet® recognition from the American Nurses Credentialing Center. St. Vincent's has also been featured by the Joint Commission as a model of a high reliability organization.

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

Thank you for your consideration of our position and for your vote to report this bill out of Committee. The residents of Connecticut are depending on you.