



# WATERBURY HOSPITAL

TESTIMONY OF  
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SUBMITTED TO LABOR AND PUBLIC EMPLOYEES  
COMMITTEE

Thursday, February 27, 2014

## ***SB. 5257, AN ACT CONCERNING HOSPITAL EMPLOYEES AND HOSPITAL CONVERSIONS***

Waterbury Hospital appreciates the opportunity to submit testimony regarding SB. 5257, *AN ACT CONCERNING HOSPITAL EMPLOYEES AND HOSPITAL CONVERSIONS*. We respectfully oppose this proposed legislation. We believe that new, prescriptive legislation is not necessary since the current statute and concomitant regulatory processes are extremely rigorous and encompass much of what is being proposed in this bill.

The issue of hospital conversions is of vital importance to Waterbury Hospital and our future, as I shared in testimony before this Committee on December 3, 2013. So important, in fact, that I believe it's critical that you understand why we believe that this bill is unnecessary and could harm the potential for much-needed investments in Connecticut healthcare.

Since 1997, the State of Connecticut has had a comprehensive and rigorous law (PA 97-188) that requires the attorney general and the Commissioner of the Office of Health Care Access (OHCA) review and approve a non-profit hospital's agreement to sell or otherwise transfer a material amount of its assets or operations to a for-profit entity. The existing statute includes criteria that must be evaluated by both the OHCA Commissioner and the attorney general, but it also enables the AG and regulators to use their discretion to impose conditions, or stipulations, based on their extensive review and examination of the proposed transaction.

In all three of this bill's proposed provisions—for community benefits, for the submission of a five-year plan that spells out how employment may be affected by decisions to grow or reduce healthcare services at the hospital, and for increasing the number of public hearings—SB 5257 would replace the discretion of the AG and the OHCA Commissioner with more prescriptive statutory language. This is not necessary. We have confidence in the ability—and discretion—of the AG and the regulators as outlined in the current statute. This bill also creates a new set of rules and requirements that discriminate against for-profit healthcare entities. This is particularly troubling and could have implications for for-profit companies wanting to do business in Connecticut.

The proposed bill also calls for a "community benefits" agreement. Traditionally, "community benefit" has been broadly defined as ensuring that the community has access to healthcare services and that the community's needs for services are addressed. In the case of the proposed Joint Venture between

Waterbury Hospital and Tenet Healthcare, our CON/conversion application (which is publicly available on the OHCA website) calls for the hospital to fulfill its community benefits responsibilities and obligations in virtually the same manner as it does today as a tax-exempt, not-for-profit organization.

However, this proposed legislation is not focusing on “community benefits,” it is using this term to describe “employee benefits.” Perhaps the most troubling of the purported “community benefit” requirements being sought in SB 5257 are the ones that require that the hospital: 1) maintain staffing levels at the time of conversion for not less than three years following the approval of the application, and 2) follow best practices for staffing levels to assure patient care and safety. It is nearly impossible to guarantee jobs for three years since hospital jobs are dependent on patient utilization and stable revenue streams. In today’s reform-driven environment, neither patient utilization nor the revenue streams will remain the same over a three-year period. The requirement that hospitals follow best practices for staffing levels make a broad assumption that hospitals don’t do this today—which we do—and is open to broad interpretation about what is defined as a best practice.

We also believe that the present CON/conversion process does require adequate public input. We all know that communication and outreach with our communities about these transactions is essential—and we don’t necessarily have to have the number of meetings legislated. In Waterbury, we have had many forums for our employees, medical staff, and community. We’ve been engaged with business leaders, union representatives, faith communities, our elected representatives and the general public. The present process does require public hearing(s) for our community and constituents.

The action this committee and the General Assembly takes on legislation related to for-profit conversions will have implications for healthcare in Connecticut for years to come. We respectfully ask that you do not pass this legislation.