

Johnson Memorial Hospital



**TESTIMONY OF
STUART E. ROSENBERG
PRESIDENT AND CHIEF EXECUTIVE OFFICER
JOHNSON MEMORIAL HOSPITAL
BEFORE THE
LABOR AND PUBLIC EMPLOYEES COMMITTEE
Tuesday, February 18, 2014**

**SB 61, An Act Concerning Workers' Compensation and Liability
For Hospital Services**

Johnson Memorial Hospital (JMH) appreciates the opportunity to submit testimony concerning **SB 61, An Act concerning Workers' Compensation And Liability For Hospital Services**. Johnson Memorial Hospital opposes the bill as written.

Before outlining our concerns, it's important to detail the critical role hospitals play in the health and quality of life of our communities. All of our lives have, in some way, been touched by a hospital: through the birth of a child, a life saved by prompt action in an emergency room, or the compassionate end-of-life care for someone we love. Or perhaps our son, daughter, husband, wife, or friend works for, or is a volunteer at, a Connecticut hospital.

Hospitals treat everyone who comes through their doors 24 hours a day, regardless of ability to pay. In 2012, Connecticut hospitals provided nearly \$225 million in free services for those who could not afford to pay. In addition, we provide access to program and services to address needs identified during the Community Health Needs Assessment process.

Connecticut hospitals are committed to initiatives that improve access to safe, high-quality care. They are ensuring that safety is reinforced as the most important focus- the foundation on which all hospital work is done. Connecticut hospitals launched the first statewide initiative in the country to become high reliability organizations, creating cultures with a relentless focus on safety and a goal to eliminate all preventable harm. This program is saving lives. JMH is actively taking part in the high-reliability initiative to ensure safe quality care is provided to all those who enter our doors.

Providing culturally competent care, eliminating disparities, and achieving health equity are also priorities of Connecticut hospitals. The CHA Diversity Collaborative, for which Johnson is a part, is a first-in-the-nation program to achieve these goals and has been recognized as a national model.

Generations of families have come to rely on Johnson Memorial Hospital. In addition to our caregiving role, the benefits of hospitals extend well beyond their walls, as they strive to improve the health of our communities and play a vital role in our economy. Johnson Memorial Hospital supports jobs for 1100 clinical and non-clinical employees who make sure the community has access to the very best care whenever it is needed. In addition, JMH's payroll expenditures serve as an important economic stimulus, creating and supporting jobs throughout the local and state economies.

Each year JMH spends about \$25,417,000 on goods and services it needs to provide healthcare – e.g., medical supplies, electricity for its buildings, and food for patients. Funds spent to buy goods and services flow from the hospital to businesses and then ripple throughout the economy. These dollars generate a total of approximately \$27,428,000 for the local economy. Funds spent by

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Johnson Memorial Hospital on buildings and equipment total \$817,000. This expenditure generates an additional \$882,000 in local economic activity each year. Dollars earned by JMH employees and spent on groceries, clothing, mortgage payments, rent, etc., generate approximately \$36,317,000 in economic activity and create an additional 470 jobs for the local economy.

SB 61 as proposed would make three significant changes to workers' compensation and liability for hospital services. First, for hospital services rendered prior to July 1, 2016, it would make a change from what is currently required under Connecticut General Statutes Section 19a-166 (i.e., rates and fees negotiated between the payer and the hospital to a set of costs determined by the Commissioner) to an amount equal to the operating expense plus an amount for uncompensated care. Second, it would limit the time to identify disputes to one year from the date of payment to a hospital or one year from when the employer notifies the hospital of a dispute. Third, it requires the chairman of the Workers' Compensation Commission to establish a fee schedule for hospital services.

SB 61 should be rejected for several reasons.

First, if passed, SB 61 would interfere with the orderly resolution of disputes currently pending before the Connecticut Supreme Court. At issue in the pending disputes is the refusal of a small number of workers' compensation insurers to negotiate rates and methods of reimbursement with hospitals as required by Connecticut General Statutes Section 19a-166; this minority of insurers prefer a system by which they decide, claim by claim, what they are going to pay, and hospitals are left to appeal, claim by claim, if they don't agree.

Second, the amount proposed as payment for hospital services prior to adoption of a fee schedule is wholly inadequate. Operating expense plus the cost of uncompensated care would not provide enough to cover all incurred costs - it would exclude: the annual \$235 million hospital tax, which adds seven percent to the cost of employer-sponsored private and workers' compensation insurance; the annual \$710 million Medicaid payment shortfall, which adds another 20 percent to the cost of employer-sponsored health insurance and workers' compensation; and the annual \$364 million Medicare shortfall, which adds another 10 percent to the cost of employer sponsored health insurance and workers' compensation. In addition, these cuts will add to the already projected shortfall to small hospitals as a result of other legislative initiatives in FY2015-2016.

Any solution to the current situation has to recognize the need for a hospital to be compensated sufficiently to cover all of these costs. We are ready and willing to work on solutions and look forward to the opportunity to do so.

We appreciate and thank you for your consideration of our position. For additional information, contact Johnson Memorial Hospital Public Relations at (860) 763-8062.

Sincerely,



Stuart E. Rosenberg
President/CEO