



Testimony of Deborah Chernoff, Public Policy Director
New England Health Care Employees Union, District 1199, SEIU
Before the Public Health Committee, March 5, 2014
*Supporting: SB 35 – An Act Concerning Notice of Acquisitions, Joint Ventures and
Affiliations of Group Medical Practices*

Good morning, Senator Gerratana, Representative Johnson, and distinguished members of the Public Health Committee.

My name is Deborah Chernoff and I serve as Public Policy Director for the New England Health Care Employees Union, District 1199/SEIU, the state's largest union of health care workers, including our members who work in Connecticut's acute care hospitals.

On behalf of our 25,000 members, I am testifying in support of SB 35 – An Act Concerning Notice of Acquisitions, Joint Ventures and Affiliations of Group Medical Practices. This bill empowers Connecticut to collect more information on proposed mergers, affiliations and other joint ventures in which hospitals and health care providers engage, as they seek to maximize the revenue they make in our state.

The recent entry of out-of-state, for-profit entities into the non-profit acute care sector should give policymakers – and all of us in Connecticut – cause for concern as they move towards control of large and critical sectors of our state's healthcare landscape.

The opaque nature of these deals and transactions must be open to public review so that policymakers and taxpayers can decide what is in the best interests of the state. In that process, SB 35 is a good first step, a starting point towards ensuring that these transformations benefit not only the acquiring entities – and their investors or shareholders – but patients, communities, taxpayers and employees.

Absent greater transparency, we will not have the information requisite to evaluate whether permitting for-profit hospitals to expand operations in Connecticut is wise public policy that

meets state's needs. Not only does such expansion mark a sea change in the nature of acute care services in the state, but the profit motive and health care are an uneasy mix at best, raising serious and long-term questions about access to services, pricing, and commitment to long-cherished community values by centrally-important institutions.

We also need to remain mindful of the scandals involving some of the country's largest for-profit hospital chains, like Columbia/HCA , which was fined millions of dollars for Medicare fraud in 2000 – and is once again the subject of a federal probe into its practices in Florida.

At 1199 we are all-too familiar with how for-profit, out-of-state entities can structure their businesses to allow profits derived from public monies to be shielded from public view while leaving the publicly regulated and allegedly “transparent” entities displaying paper losses.

In the nursing home industry, corporations with subsidiaries, vertically-structured related party companies or interlocking boards can show losses in one area, usually the smaller, more regulated entities, while potentially racking up self-directed revenues in those businesses not subject to public review.

Like hospitals, nursing homes receive substantial revenues from publicly-funded programs like Medicare and Medicaid, yet resist public scrutiny under the banner of “proprietary information.” The ability of these operators to inflict serious economic damage on the communities in which they are located and the employees who work for them by potentially disguising the value and practices of their related businesses makes it imperative that we take steps to ensure greater openness and transparency.

Towards that goal, the members of District 1199 urge your support for SB 35. We also look forward to working with you on other legislation that will provide benefits to the home communities of our hospitals and protect the dedicated caregivers and employers who get caught up in the aggressive push of for-profit hospitals into our state, as we have already seen

beginning to happen in Waterbury. Because acute care hospital systems have become in many cases the dominant employers in the cities in which they are located and play such an vital and central role as community centers, it is imperative that we take appropriate steps to ensure that whoever operates those hospitals in the future operates them to our collective benefit, not just for the financial benefit of a few.