



Testimony of Hartford HealthCare

Submitted to the Public Health Committee

March 19, 2014

SB 460 An Act Concerning Hospital Conversions and Other Matters Affecting Hospitals

Hartford HealthCare greatly appreciates the opportunity to provide testimony concerning the acquisition of non-for-profit hospitals by for-profit health systems or hospitals known as “conversions.”

Current CT statute on for-profit hospital conversions applies when a non-profit hospital is acquired by a for-profit hospital, as the acquired hospital will then become for-profit. This is a conversion.

In our view, the proposed legislation is overly broad in its definition of “conversion,” since it relates to a non-profit hospital or system acquiring another non-profit hospital. In a nonprofit-to-nonprofit transaction, the acquired hospital retains its charitable mission and its non-profit, tax-exempt status.

Hartford HealthCare has brought together five non-profit hospitals over the last 15 years. In each instance, the community has retained ownership and stewardship over one of its most important assets — which is typically one of its largest employers. The most recent partnership was with The William W. Backus Hospital in Norwich, which was approved by the Office of Health Care Access in July of last year. The mission and tax status of our affiliated hospitals has not changed. The charitable mission of each member hospital and its dedication to improving the health status of its respective community have been preserved and strengthened through the affiliation with Hartford HealthCare.

Statutes and Certificate of Need criteria already in place assure a rigorous review when a non-profit system or hospital acquires a non-profit hospital in this state.

Connecticut ranks high in the quality of health care its citizens receive. This extraordinary care has been largely and traditionally provided by non-profit organizations. These institutions also serve as training centers for health care professionals and provide a wide range of health and prevention services to our communities.

As policymakers, you are aware that for-profit conversions can potentially erode Connecticut's high-quality health care infrastructure. Non-profit organizations put people first; for-profits must focus on returns to their owners or shareholders. Recognizing this fact, the State of New York has prohibited hospital ownership by publicly traded companies that raise capital from shareholders. (The law requires an owner of a for-profit hospital to be a live person subject to a background check.) Non-profits provide public health services that profit-seeking entities may be unable or unwilling to offer. They serve as community safety nets, provide charity care to our most vulnerable neighbors and are active corporate citizens in their regions.

In 2012, Hartford HealthCare provided \$145 million in community benefits, \$78 million of that was charity care. Some examples of our community benefits program include:

- Hartford Hospital's Black Men's Health Project – A comprehensive approach to addressing the health prospects of black men and the disparities relative to the rate at which they suffer from chronic diseases like hypertension, diabetes, cancers and other health challenges.
- The Hospital of Central Connecticut's M.O.M.S. (Mothers Offering Mothers Support) program provides mentors to help women 21 and under become successful and confident mothers.
- Backus Hospital's Healthy Community program integrates community benefits and services, community health education, and sustainability efforts to improve health care access in Eastern Connecticut's areas of greatest health care need.

We are proud of these programs and we are gratified to have had the opportunity to make a tangible positive difference in the communities we serve. We believe that initiatives such as these are vitally important to the health of the residents of our state. However, many such programs would face elimination should for-profit operators become a larger presence in the state. Additionally, for-profit hospital corporations often outsource critical non-clinical functions to out-of-state locations, making for-profit conversion a state job-retention issue. As policymakers, these issues should be cause for concern.

In our view, the focus of this legislation should be those aspects of for-profit conversion that require rigorous oversight, such as ensuring the continuous provision of community benefits and the uninterrupted provision of charity care to needy patients. We would recommend a provision in the proposed legislation that would guarantee a long-term commitment to the community from any prospective for-profit acquiring entity. For example, a provision in the legislation that would require for-profit entities to retain ownership of the acquired hospital for a minimum of ten years would preserve and protect the access to health care services within each community. Thank you for your time and consideration.

Contact: Kim Harrison 860-263-4137