



**TESTIMONY OF
KURT A. BARWIS, FACHE
PRESIDENT AND CHIEF EXECUTIVE OFFICER
BRISTOL HOSPITAL AND HEALTH CARE GROUP, INC.
BEFORE THE
PUBLIC HEALTH COMMITTEE
Wednesday, March 19, 2014**

SB 460—An Act Concerning Hospital Conversions And Other Matters Affecting Hospitals, and HB 5571, An Act Concerning Certificate Of Need Requirements, Hospital Conversions and Medical Foundations

Good morning Chairwoman Gerrantana, Chairwoman Johnson and members of the Public Health Committee; my name is Kurt Barwis and I am the President and CEO of Bristol Hospital and Health Care Group.

I am testifying today in opposition to **SB 460**—An Act Concerning Hospital Conversions And Other Matters Affecting Hospitals, and **HB —5571**, An Act Concerning Certificate Of Need Requirements, Hospital Conversions and Medical Foundations.

SB 460 would make numerous changes to the Certificate of Need and conversion process—irrespective of whether a hospital intends to merge, affiliate, or convert with another not-for-profit or for-profit hospital.

The state of Connecticut already has hospital conversion laws and a strong Certificate of Need process to which hospitals have been subject to for years. The current regulatory environment preserves patient access, safety, and quality of care while allowing hospitals flexibility to meet their changing needs.

SB 460 significantly increases the regulatory requirements, both with the Department of Public Health and Attorney General, necessary for the conversion of not-for-profit to for-profit status and will subject certain transactions involving only non-for-profit hospitals and health systems to the regulatory review and approval process.

SB 460 as drafted creates an overly burdensome regulatory environment that will prevent hospitals and health care systems from creating strategic partners that allow them to adapt and grow in this new and rapidly changing healthcare environment.

Additionally, HB 5571 also requires the Attorney General to consider certain assets of a not-for-profit hospital in making a determination on a hospital conversion, and it would change the definition of provider for purposes of provisions concerning medical foundations.

Both SB 460 and HB 5571 significantly increase the statutory scheme regulating the conversion of not-for-profit to for-profit status and will subject certain transactions involving only non-for-profit hospitals and health systems to the regulatory review and approval process.

The healthcare industry is experiencing declining reimbursements, reduction in patient volume and a tightening of capital markets. Bristol Hospital's operating margins have not reached the 2 percent minimum threshold needed to sustain operations for more than 10 years.

In spite of cost savings realized year after year through innovative redesign and renegotiations, continued diligence in expense management will not be sufficient to maintain a positive operating margin and pressure will continue to increase in the coming years as Bristol Hospital will be unable to make capital improvements to an aging physical plant.

In July of 2011, the Board of Bristol Hospital and Health Care Group, Inc. formed a Partnership Committee comprised of seven board members and management staff including two Bristol Hospital physicians to oversee the process of reviewing capital and strategic partnership opportunities.

The Partnership Committee engaged consultants to assist Bristol Hospital in a RFP process to search for a strategic and capital partner. Bristol Hospital received four responses to its RFP which included one tax-exempt hospital, two investor-owned hospitals and one public institution.

Every non-for-profit and the one public institution that responded to the RFP proposed a governance structure with only one community member on the governing board. Additionally, none of these organizations offered any long-term capital commitments above the dollars that Bristol Hospital could generate on its own.

Bristol Hospital chose Tenet Healthcare as the partner that best meets the vision and goals of Bristol Hospital and will continue Bristol Hospital's mission of providing high quality, safe and accessible health care to the community.

Tenet's size, scope of resources, access to capital, longevity in healthcare, proven performance as a high quality healthcare provider, culture of maintaining locally governed health care and ability to successfully navigate in a dynamic and rapidly changing health care environment will better position Bristol Hospital for the future and ensure that its mission and commitment to care for the health of the Bristol community will continue for generations to come.

Thank you for consideration of our position,



Kurt A. Barwis, FACHE
President and CEO
Bristol Hospital and Health Care Group, Inc.