

Testimony of Saint Mary's Health System

Before the Public Health Committee

March 19, 2014

Senator Gerratana, Representative Johnson, Senator Welch, Representative Srinivasan and members of the Public Health Committee, we are submitting this written testimony in opposition to Senate Bill 460.

Saint Mary's Health System is a leading regional healthcare provider anchored by Saint Mary's Hospital, an acute care community teaching hospital that has served Greater Waterbury for more than 100 years. Licensed for 347 beds, Saint Mary's is designated as a Level II Trauma Center and Primary Stroke Center, offers award-winning cardiac care and houses the region's only pediatric emergency care unit. As the leading provider of surgical services in Greater Waterbury, Saint Mary's was the first to introduce the daVinci® Robotic Surgery System. The health system's satellites and affiliates extend from Waterbury to Wolcott, Naugatuck, Southbury, Prospect and Watertown.

Saint Mary's is keenly aware of the conversion process in the state. We submitted, and ultimately withdrew, an application under the Conversion Act to join with a capital partner, LHP. We were looking for a capital partner to help us invest aggressively in technology and services that would make healthcare better and more accessible for our community. That's what most hospitals that are looking to expand and grow need: access to capital. This is what joint ventures or conversions can help greatly to accomplish. The process of initiating a Request-for-Proposal, interviewing and screening potential suitors and ultimately selecting a partner is an exhaustive process. It is an arduous process for a hospital to go through even prior to any filings with the Commissioner of Public Health and the Attorney General. Connecticut's current process is already ahead of many states. The state of Connecticut already has hospital conversion laws and a strong Certificate of Need process to which hospitals have been subject for years. The current regulatory environment preserves patient access, safety, and quality of care while allowing hospitals flexibility to meet their changing needs.

Senate Bill 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 healthcare systems from creating strategic partners that allow them to adapt and grow in this new and rapidly changing healthcare environment.

This bill would make an already difficult process that much more difficult. Capital partners look at laws and the political landscapes across the country and across the world when making decision on where to invest. This legislation would have a chilling effect on the market. Prospective partners will go to states that have less restrictive processes. These partners want regulatory certainty. The state's current process provides certainty - it is not a rubber stamp. The Department of Public Health and the Attorney General's office do a thorough and exhaustive review of these proposed conversions. They, as well as the leadership of the hospitals that are looking to joint venture, want the same thing: to ensure that these conversions are in the best interest for the hospitals and the communities which they serve. This bill makes that process incredibly burdensome.