

**TESTIMONY OF  
PETER KARL  
PRESIDENT & CEO  
EATERN CONNECTICUT HEALTH NETWORK  
BEFORE THE  
LABOR AND PUBLIC EMPLOYEES COMMITTEE  
Thursday, February 27, 2014**

**HB 5257, An Act Concerning Hospital Employees and Hospital Conversions**

Eastern Connecticut Health Network (ECHN) appreciates the opportunity to submit testimony opposing certain components of HB 5257, An Act Concerning Hospital Employees and Hospital Conversions, as the bill is currently written.

ECHN is a health system that, after nearly two years of careful due diligence and analyses, has decided to pursue a transaction with a joint venture of Tenet Healthcare Corporation and Yale New Haven Health System. With this transaction, ECHN would become a for-profit company and produce benefits to our patients and our employees that would not be possible if we were to remain a stand-alone system.

In this era of unprecedented health care reform, changes to the way providers are paid for services, declining payments for services resulting from the Patient Protection and Affordable Care Act, hospital taxes and federal sequestration leave us challenged to reduce our expense base at a time when we desperately need capital to invest in order to reform our care delivery system. Given our current economic path, a partnership is the best way we can continue to deliver high-quality care at the lowest possible cost and preserve and add jobs.

We have been careful and deliberate with our affiliation process. We have worked hard to consider the interests and engage all of our constituents in this process, including our patients, employees, medical staff, the communities we serve and legislative and union leadership.

We have created and maintained open and frank dialogue with AFT leadership, recognizing the importance of their role. We value the relationship we continue to build with Melodie Peters, President of AFT and Neil Alper, ECHN's AFT representative. We believe a strong partnership with labor is in the best interest of our employees and our patients.

In HB5257, we support holding public hearings prior to applying for regulatory approvals, however, the six public hearings that ECHN would be required to hold would be duplicative when added to the public hearings that are already required by the hospital conversion and certificate of need regulatory process.

Of greater concern is the requirement in the proposed bill to wait another 60 days after the last public hearing before a hospital can apply for regulatory approval. An extensive and thorough regulatory approval process already exists to protect the interests of the public, patients, donors and constituents. Creating a more protracted process puts already struggling organizations and their employees at greater risk.

If HB 5257 is passed, hospitals would be required to maintain staffing levels at the time of conversion for not less than three years following the date the Attorney General and Commissioner of Public Health have approved the conversion. Given the rapidly changing health care industry, the future demand for services is uncertain. More and more patients are putting off their care because of higher out of pocket costs. And we will continue to see the shift in demand for services from hospital to outpatient settings. In the short term, demand for certain services will likely decline and hospitals need the ability to adjust staffing levels to meet demand. In the long term, conversions will grow jobs, but that will take time.

Finally, the most troublesome of the provisions in HB 5257 is the requirement to publish a five-year strategic plan. This provision creates an unfair disadvantage for for-profit hospitals with their non-profit competitors who are not required to publish their strategic plans. The effect of this provision would weaken the organization and threaten jobs. Those concerned about the discontinuation of services or addition of services by a hospital already have the benefit of notice and the ability to participate in the certificate of need process administered by OHCA/DPH.

In summary, we strongly believe all hospitals should be subject to strong oversight and regulation however, we disagree with proposals that would create separate rules or requirements for non-profit and for-profit hospitals. Any changes to regulations should apply evenly to both not-for-profit hospitals and investor-owned hospitals.

We appreciate your consideration of our position. Thank you.