



Testimony of Charlie Johnson, Chief financial Officer, Hartford HealthCare  
Submitted to the Human Services Committee  
Tuesday, March 8, 2016

HB 5588 An Act Concerning the timing of Payments From Supplemental  
Inpatient Payment Pools for Short-Term General Hospitals

Good afternoon Senator Moore and Representative Abercrombie and members of the Human services Committee, I am Charlie Johnson, Chief Financial Officer for Hartford HealthCare. Thank you for the opportunity to speak in support of HB 5588 An Act Concerning Timely Payments From Supplemental Inpatient Payment Pools for Short-Term General Hospitals.

As you are aware every hospital in the state got a notice last Wednesday from Secretary Barnes that put a hold on making any additional supplemental payments. In his brief note he was very clear that he "was not optimistic" that hospitals would see any further payments for the rest of the fiscal year.

Let me tell you what this means for Hartford HealthCare's five acute care hospitals. In the aggregate it's a \$110 million dollar loss for HHC this year but for each hospital the funding loss is:

- MidState - \$13.5 million,
- HOCC - \$21 million,
- Backus - \$16 million
- Hartford Hospital - \$56 million,
- Windham- \$2 million

The loss of funds of this magnitude at this point in the fiscal year for services that have already been provided was a real gut punch that we are still reeling from. We had the same reaction in September when the governor announced his deficit mitigation plan, two weeks before our fiscal year was to begin. Fortunately, you folks in the legislature stood up to OPM and restored half the funding in December. However, less than three months later we're back in the same place we were in September.

We understand the fiscal crisis facing the state but having the state's budget office send out a notice in March, three months before the state fiscal year ends, that hospitals won't get the money that was appropriated back in June and then in December exacerbates our own fiscal crisis.

Since 2012 with the imposition of the Provider tax, HHC has lost \$287 million and over 1000 positions, impacting not only the patients we serve but the overall economy as well. We have taken out several hundreds of millions in our cost structure and are only expected at best to break-even from operations this year despite that herculean cumulative effort. Breaking even on operations will not allow us to recapitalize our plant and equipment adequately in the future. This will mean that Connecticut hospitals and health care will continue to deteriorate and fall far behind neighboring states who are investing in health care as a growth industry, and that our quality will begin to suffer to those we serve.

The bill before you is indeed timely as HB 5588 would require DSS to make timely payments to hospitals and to require that the money in the payment pools not be used for any other purpose. This bill would give hospitals some peace of mind at a time when healthcare faces significant changes particularly with regard to funding. Thank for raising this bill and I strongly urge you to support this proposal.