



**TESTIMONY OF ROBERT SMANIK, PRESIDENT & CEO, DAY KIMBALL HEALTHCARE  
SUBMITTED TO THE APPROPRIATIONS COMMITTEE  
THURSDAY, FEBRUARY 11, 2016**

**HB 5044, AN ACT MAKING ADJUSTMENTS TO STATE EXPENDITURES  
FOR THE FISCAL YEAR ENDING JUNE 30, 2017**

Day Kimball Healthcare appreciates the opportunity to submit testimony concerning **HB 5044, An Act Making Adjustments To State Expenditures For The Fiscal Year Ending June 30, 2017**. This bill cuts more than \$90 million from core healthcare services – hospitals and vital mental health programs. ***These cuts provide a short-term budget fix, but pose long-term significant threats to the health of our communities.*** For that reason, Day Kimball Healthcare opposes this bill.

Day Kimball Healthcare serves approximately 4,500 inpatients and 72,000 outpatients each year. We are Northeast Connecticut's largest employer, providing jobs for more than 1,100 people including 75 medical staff, with an additional 200 associated medical staff who provide needed care to our communities. Beyond the lifesaving care we provide 24 hours a day, we contribute more than \$230 million to our local and state economies each year.

Day Kimball Healthcare provides safe, accessible, equitable, affordable, patient-centered care for everyone who walks through our doors. We are finding innovative solutions to integrate and coordinate care to better serve our patients and communities. But this job is much harder because we are under significant financial stress.

***With the money we will lose through these cuts we could have*** invested in accelerating the integration of our technology systems, resulting in an even more effective and efficient continuum of care; made capital improvements to aging facilities; more effectively attracted and retained highly qualified employees (86% of whom live in Connecticut) by offering salaries and benefits that are on par with our competitors in nearby Massachusetts; and more aggressively recruited OB/GYN and primary care physicians to address a significant shortage of those providers in our region, thereby sustaining access to care for the 93,000 residents of Northeast Connecticut.

***Instead, we have now experienced three consecutive years of loss totaling more than \$20 million.*** These losses are largely due to the fact that we have lost more than \$12 million from the state in the last three years to support care of Medicaid patients in our region (which is approximately 20% of our overall patient mix, and as high as 50% in our Maternal Child Health and Pediatric service lines). Those cuts to our supplemental and small hospital funding were on top of significant rate reductions for key services like maternity care and laboratory services. We are now left with virtually no capital budget for strategic endeavors to address the changing landscape of health care. We have reduced our workforce by more than 125 FTEs. We have minimized our capacity for patient care growth in service areas across the system.

***Indeed, these cuts are proving debilitating for our maternity care services in particular. As a result, obstetric care for thousands of residents in an entire corner of the state of Connecticut is now at risk. Unfortunately, DKH is now experiencing an exodus of obstetrical physicians, leaving our organization with the difficult decision of whether or not we can continue to provide obstetrical services at all.***

Over the past several years Day Kimball Healthcare has been acknowledged as both a health system that provides high quality care but also at a lower cost than other health systems. DKH is also the only organization providing comprehensive obstetrical services to the residents of Northeast Connecticut, a region that is geographically isolated from other urban areas that offer comparable services, and an area that is also

economically disadvantaged. More than 50% of DKH's obstetrical and gynecology services are Medicaid recipients. In addition, Northeast Connecticut has a higher than state average for teen pregnancy, pre-term birth, low birthweight and a large complement of mothers not accessing consistent care during their pregnancy.

The loss of our obstetrical services would require families to travel 40 to 60 minutes just for basic obstetrical care and delivery, not to mention Maternal Fetal Medicine services for the many high-risk pregnancies that occur in our population. The time and cost associated with this travel alone presents a barrier to care for many who rely on public transportation, which is limited in our rural area. ***This presents a significant challenge for most of the patients we serve, and will only result in significantly increased negative outcomes for mothers and babies and increased costs to Medicaid.***

***The elimination of our obstetrical services will also have a devastating impact on the local economy***, as it would mean the closure of Day Kimball Hospital's Maternal Child Health unit including our Neonatal Nurse Practitioner program and Day Kimball Medical Group's OB and Maternal Fetal Medicine practices. In total, over 125 staff members would become unemployed – ***effectively doubling the number of FTE's already lost as a result of the state's cuts to our funding*** - many of them higher paid professionals. Over 85% of these professionals live, shop and have other members of their household members work in northeast CT.

All of these losses listed above are despite significant and repeated cost-cutting measures on the part of DKH, including a \$6.5 million expense reduction plan put in place in 2015 designed to offset the state's prior cuts. But it was still not enough and our organization is running out of options.

***We have strived to be innovative in creating efficiencies to offset these repeated cuts in a way that would not affect access to care for the communities we serve. But further cuts to our funding will undoubtedly have a significant negative impact on the health of the communities we have made it our mission to serve for more than 120 years.***

We know the state is facing a challenging budget, but we have already been cut and taxed so significantly that it is hurting patient care, access, jobs, and our economy. We are asking you to consider a solution that helps hospitals as well as the state:

The Connecticut Center for Economic Analysis at the University of Connecticut released an economic analysis showing that by returning to hospitals the taxes they pay to the state, the state can generate 6,600 jobs, and bring in close to \$35 million every year starting in the first year. This solution would enable the state to grow jobs and revenue quickly, and maintain it – as well as strengthen our healthcare system – for years to come. Investing in hospitals is a win for our state's economy, patients, communities, and healthcare system.

Our community members need their hospital to be there to protect them when they have an emergency. We need a sustainable healthcare environment in our state, not more cuts and taxes. Vote "No" on the hospital and healthcare cuts contained in HB 5044. Thank you for your consideration of our position.