

**TESTIMONY OF
JOHNSON MEMORIAL HOSPITAL
SUBMITTED TO THE
APPROPRIATIONS COMMITTEE BY
STUART E. ROSENBERG, PRESIDENT
THURSDAY, FEBRUARY 11, 2016**

**HB 5044 – An Act Making Adjustments to State Expenditures for the Fiscal Year Ending
June 30, 2017**

Johnson Memorial Hospital 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. Under the Governor’s current proposals, Johnson Memorial Hospital will lose an additional \$1.3 million. It should be noted, Johnson Memorial Hospital was eligible for \$2.3 million from the Small Hospital Funding. However, due to State guidelines pertaining to hospital affiliations, Johnson will lose \$1 million of the \$2.3 million as of January 1, 2016. In the future, Johnson will not be eligible for Small Hospital Funding.

These cuts provide a short-term budget fix, when what the State needs is a long-term plan for hospital sustainability in Connecticut. Without our hospitals the communities we serve will lose access to the very care afforded to them for over 100 years. I ask all of you, is it worth risking the quality of health care delivered to Connecticut residents?

Historically, as you may know Johnson Memorial Hospital, a licensed 92-bed hospital, was the only hospital to file for bankruptcy in 2008 and 2015 due to financial challenges most of which are due to significant reductions in State reimbursements. Even with the toughest financial circumstances, Johnson Memorial continued to provide core healthcare services to the people of north central Connecticut, 24 hours a day, regardless of ability to pay. Johnson Memorial Hospital is truly the cornerstone of our community – providing accessible, high-quality hospital care is just as necessary for quality of life as public schools, safe streets, transportation, public utilities, and police protection. As you know, Connecticut hospitals also serve as economic engines for their communities and the state, providing enormous benefits that drive growth in the health and medical fields as well as numerous other industries. In fact, Johnson Memorial Hospital contributes to the financial health of our local community and our state. The proposed legislation threatens the very existence of Johnson Memorial Hospital and the contribution it makes to the community we serve.

Johnson Memorial Hospital spends millions of dollars each year on staff salaries, the purchase of supplies and food, as well as facility construction. These dollars have a “ripple effect” as they move through the larger economy, generating additional jobs and spending in our community, as well as large sums of tax revenue used to fund state and federal programs. In fact, Johnson Memorial Hospital serves more than 3,000 inpatients and 82,000 outpatients each year. We employ 800 people, including over 200 members of the medical staff. Beyond the lifesaving care we provide 24 hours a day, we also contribute to our local and state economies each year \$131,106,000 and invest \$6,441,562 in improving the health of our community.

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Combined Johnson and our partner Saint Francis will pay approximately \$42.9 million in taxes as part of the \$556 million in annual taxes levied on the state's hospitals by Connecticut's Hospital Tax.

We believe there is a better way. Connecticut's hospitals can make a difference which is why we should invest in our hospitals.

Our job is much harder because we are under significant financial stress since emerging from bankruptcy as of 1/1/2016. It is causing us to evaluate the potential of closing programs, staffing levels and other expense reductions. These reductions are absolutely impacting our ability to achieve our mission and core values. It further reduces our ability to invest in enhanced technology and other significant clinical advances in care delivery.

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 to 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 and secure \$373 million in matching money from the federal government. 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.

The creation of additional hospital jobs will also promote Connecticut's goal of creating jobs that pay a “. . . living wage . . .” to its citizens. For example, at Johnson Memorial Hospital alone, 33% of the current employees qualify as mid to high wage earners, categories of jobs the current Connecticut economic recovery has failed to increase in large numbers since 2010.

Our community members need their hospital to be there to serve as a safety net 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.

Please know, Johnson Memorial, as part of Trinity Health – New England, believes in a vibrant future for the health care industry in this state, but that future can only be achieved if state leaders invest in the future rather than tear down existing health care infrastructure on which that future must be built.

Thank you for your consideration of our position.

Respectfully submitted,

Stuart E. Rosenberg
President