



**TESTIMONY OF
BRISTOL HOSPITAL AND HEALTH CARE GROUP SUBMITTED TO THE
FINANCE, REVENUE AND BONDING COMMITTEE
Friday, February 26, 2016**

**SB 49, An Act Concerning An Exemption From The
Hospital Tax For Hospitals In The Small Hospital Pool**

My name is Kurt Barwis and I am the president and CEO of Bristol Hospital and Health Care Group. Thank you Chairman Fonfara, Chairman Berger, ranking members, Senator Frantz, Representative Davis and the entire Finance, Revenue and Bonding Committee membership for allowing me to testify today on SB 49.

Bristol Hospital appreciates the opportunity to submit testimony concerning Senate Bill 49, An Act Concerning An Exemption From The Hospital Tax For Hospitals In The Small Hospital Pool. My name is Kurt Barwis and I am the president and CEO of Bristol Hospital and Health Care Group.

I am here today to encourage you to support the passage of Senate Bill 49 and to help save independent community hospitals.

The original concept of the hospital tax, with its related return of supplemental payments back to the Hospitals, made economic sense for the hospitals and the State. It was a way to get additional federal dollars into the state. \$2.00 federal received for every \$1.00 State spent. The State shared in those additional monies. Bristol Hospital supports that program. However, the tax/dsh program has drastically evolved into a tax only program without the payments back and lost federal matching dollars. Like all of the other hospitals in the State,

Bristol believes it is in the best interest for the people of this State to eliminate the tax/dsh program, as it stands now. However we are concerned that removal or resetting the program will not happen.

If nothing changes, Bristol is at risk for further cuts, which could drive us out of business. For example: During State fiscal year 2015, Bristol Hospital absorbed a \$2.2 million cut in state supplemental payments. During state fiscal year 2016, the cut was \$3.3 million. The total combined annual reductions were \$5.5 million. That is 5% of our operating budget. Within that time frame we reduce staffing from 903 full time equivalents to 844 full time equivalents. That was 59 full time positions cut. Those were painful cuts, and we come to you stating that we cannot cut any more.

Per the 2014 OHCA data, Bristol Hospital was the second lowest cost hospital. It had a cost per equivalent admission of \$5,889. The state wide average was \$8,841. That is 33% less expensive. We cannot cut our expenses any lower. If cuts from the State continue, then our only other option would be to negotiate higher rates with our commercial payers. As a small community hospital, we do not have the leverage to demand higher rates from those payers. This inability to cost shift is evidenced by our relatively low Private Payment to Cost ratio. The 2014 OHCA data has Bristol's ratio at 1.41, which is 6% below the State average of 1.49. We are out of options.

This bill will exempt us from the program and will protect us from future cuts. It allows for the continued fiscal health of Bristol Hospital and other small hospitals. When it comes to hospital finance, one size does not fit all and this bill provides some much needed fiscal relief and stability to the state's small hospitals.

Bristol Hospital was founded in 1921 and is the leading health provider for those who live and work in Greater Bristol. Bristol Hospital has 154 licensed beds and is the second largest employer in Bristol with more than 1600 full- and part-time employees.

Patient safety and quality is the number one priority at Bristol Hospital. This mission was reinforced last summer with two national recognitions we received. In July, the American Nurses Credentialing Center granted Bristol Hospital Magnet Recognition. This is the highest recognition a hospital can receive for nursing care. Magnet status recognizes hospitals that provide the very best in nursing care.

Immediately following our Magnet announcement, Bristol Hospital was awarded Hip and Knee Joint Replacement Certification from the Joint Commission. These recognitions are proof of our relentless pursuit of excellence in nursing and in all areas of the hospital. More importantly, it validates our culture of safety, quality and service.

I am also very proud to announce that as of January 28, we celebrated one year without a Serious Safety Event. A Serious Safety Event is a variation from expected practice followed by death, severe permanent harm, moderate permanent harm, or significant temporary harm.

All our prestigious recognitions are due to a dedicated staff, who despite working under the shadow of devastating state hospital cuts and taxes, are passionate about providing the finest care to our patients and families.

And while we will continue to collaborate with our hospital colleagues in being vigilant against any future cuts, we greatly appreciate the recognition of small community hospitals like Bristol and the vital role we play in ensuring the health and wellness of our residents. Additionally, the Bristol Hospital community is extremely committed to our advocacy efforts, and I believe some of you were recipients of the 46,000 emailed letters of support that were submitted on our behalf last year.

Thanks to your support of Senate Bill 49, Bristol Hospital will move forward as one of the most recognized high-quality, low-cost hospitals in the state. Bristol Hospital will continue its obligation of making investments to meet the health needs of the community.

In closing, I would like to thank Senator Mae Flexer, Representative Christine Randall and Representative Daniel Rovero for introducing Senate Bill 49. I also want to thank Senator Henri Martin who is co-sponsoring this bill. Senator Martin—as well as all the members of our local delegation—is a true champion of Bristol Hospital and we thank him for his continued support.

Thank you for this opportunity today.