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## **Economic Crisis Hits Connecticut Hospitals Hard Survey Results Show Hospitals Not Recession-Proof**

Wallingford, CT – An unprecedented level of financial instability has hit Connecticut hospitals, according to results of a survey by the Connecticut Hospital Association. As a result of the recession, hospitals have postponed expansion, curtailed investment in new technologies, and implemented layoffs.

The CHA data tracks a March 2009 survey of hospitals across the United States conducted by the American Hospital Association (AHA). Nationally, six out of ten hospitals are seeing a greater proportion of patients without insurance coming through their emergency departments. The majority of hospitals (59%) are seeing a decrease in elective procedures, while the number of patients covered by Medicaid and other programs is increasing.

In Connecticut, seventy percent of hospitals responding to the CHA survey have seen a decrease in patient volume, with a decline in elective procedures at ninety-five percent of hospitals. There has been an increase in patients with behavioral needs (68%) and in emergency room visits (57%). Nearly eighty percent of hospitals (78%) have seen an increase in self-pay and uninsured patients. The number of bad debt and charity care patients is up at three-quarters of hospitals (75%), with a similar number seeing more Medicaid patients.

Nationally, nine in ten hospitals are making cutbacks in response to the economic crisis. In Connecticut, hospitals have taken or are considering taking the following actions: cutting administrative costs (100%), eliminating services (48%), merging or affiliating with another hospital (48%), and divesting assets (36%).

According to the Bureau of Labor Statistics, hospital employment is no longer growing, and the number of mass layoffs for hospitals reported in February 2009 was more than double the number of one year ago. That trend is evident in Connecticut, where more than sixty percent of hospitals have let staff go or are considering layoffs.

Hospitals across Connecticut have been negatively affected by the credit crisis and lack of access to capital. Specifically, hospitals have experienced increased funding needs for pension plans (72%), a decrease in donor contributions (52%), and increased interest expense for variable rate bonds (44%).

Just under half the hospitals surveyed (46%) have had difficulty securing financing for new information technology projects and the purchase of clinical technology and equipment. A comparable number have been unable to obtain financing for renovations. Postponed facilities projects have affected inpatient medical/surgical services (52%), outpatient surgical (48%), outpatient diagnostic (44%), and emergency/urgent care (36%).

The reason most frequently cited for postponing capital projects was reported to be uncertainty about future economy conditions (68%). Other factors include unavailability of usual sources of capital (67%) and decline in the value of reserves or endowment (62%).

“As the CHA and AHA surveys show, healthcare is being hit hard by the devastating effects of the recession,” stated Jennifer Jackson, CEO of the Connecticut Hospital Association. “We call on the Governor and legislature to help stabilize hospitals by using federal Medicaid stimulus funding for Medicaid and preserving the healthcare safety net for our most vulnerable residents.”

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The Connecticut Hospital Association has been dedicated to serving Connecticut’s Hospitals since 1919. Through state and federal advocacy, CHA represents the interests of Connecticut’s not-for-profit hospitals on key healthcare issues in the areas of quality and patient safety, access and coverage, workforce, public health, and hospital reimbursement.