

**TESTIMONY  
OF  
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President and CEO  
MIDSTATE MEDICAL CENTER**

**April 3, 2003**

**HB 6666, An Act Concerning The Repeal Of The Sales Tax On Patient Care Services and sections 9 and 10 of SB 1037, An Act Concerning Revenue Changes To Implement The Biennial Budget**

My name is Lucille Janatka. I am President/Chief Executive Officer of MidState Medical Center in Meriden, Connecticut. I appreciate the opportunity to testify in support of **HB 6666, An Act Concerning The Repeal Of The Sales Tax On Patient Care Services and sections 9 and 10 of SB 1037, An Act Concerning Revenue Changes To Implement The Biennial Budget**. Both bills propose to permanently repeal the hospital sales tax on patient care services.

I and the CEOs of Connecticut's 30 other acute care hospitals are united in our support for the permanent repeal of the hospital sales tax.

Let me take a few minutes to speak specifically about the impact the Sales Tax will have on my Hospital should it not be repealed.

Every day is a constant fight to maintain financial stability so that we can fulfill our promise of accessibility and quality care for anyone who needs us. Our margin is paper thin at a time when we should have excess revenues of 5% for sustainability.

Here is a short list of the largest impact items we are trying to deal with:

**Staggering reductions in the Medicare program costing us ??????**

**A severe shortage of healthcare workers who are demanding significant salaries**

**Escalating pharmaceutical costs in the hundreds of thousands**

**Huge blood and blood product price increases to the tune of \$100,000 per year**

**Skyrocketing medical and general liability premiums which have increased a million dollars over a few years ago.**

**And these are just some of the things that our completely out of our control.**

Additionally, as managed care companies renegotiate contracts with us and refuse any increases, they will not allow us to pass along the cost of the sales tax to them. This tax is not like the newspaper tax that is passed onto the consumer rather than decreasing earnings... instead... this tax will diminish our ability to provide the care that we all demand from Hospital and push us into a loss position.

I know you have seen the study on Medicaid reimbursement... Connecticut is not coming close to covering the cost of care for these patients. We are trying our best to manage these underpayments... the sales tax will just increase this impact on hospitals.

For MidState, the Sales Tax will cost us over \$3.5 million a year. There is no place to go to recover this loss.

I am sure we will all agree... a decade ago there was still excess expense that could be shed in Hospitals. Those days are long gone. As you require, for good reason, additional reporting requirements and regulatory mandates that are not funded... like the Adverse Event program, we have to fund staffing to meet those requirements. We have several senior leaders and many front line staff whose attention has been diverted to meeting these requirements. This is very costly.

As you know, times changed for us after September 11<sup>th</sup>. Hospitals have a significant role in this state for emergency preparedness. I won't go into the specifics because I believe you are well aware. The financial burden of this effort was unexpected for us, as it was for the state. Only tiny amounts of money have come our way to help... but we do what we have to do. My point is, we have to be prepared. You want us to be prepared. I want to be prepared. To do this, we must not further diminish what we need to operate so that we are here in times of need.

For the good of all Connecticut's hospitals, please support HB 6666 and sections 9 and 10 of SB 1037.

Thank you for your consideration of my comments.