

Testimony of Sal Luciano

President, AFL-CIO and Executive Director of Council 4 AFSCME
Member, State of Connecticut Health Care Cost Containment Committee
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My name is Sal Luciano, and I am the Executive Director of Council 4 AFSCME, a union representing 32,000 workers in state and local government and the private sector. I also serve as President of the Connecticut AFL-CIO, a labor federation that is the voice of more than 200,000 unionized workers and their families. I should also note that I serve as a labor representative on the State of Connecticut's Health Care Cost Containment Committee. I am proud of the work done by labor and management to control administrative costs while providing quality care to state employees and their families.

Finally, I grew up in Waterbury. My family and I consider Waterbury Hospital to be our community hospital. And we want it to stay that way.

Two months ago, U.S. Senator Chris Murphy released a report showing that states where for-profit hospitals dominate spend around 3 percent more per Medicare beneficiary than states where not-for-profit hospitals dominate. By cherry-picking the kind of care being delivered to patients, investor-owned hospitals ultimately drive up Medicare costs while pressuring non-profits to follow that same dangerous model of prioritizing revenues over patient care.

According to the Senator's report, if per-Medicare enrollee spending was at the same rate in the top non-profit states as in the top for-profit states, the Medicare program would have spent nearly \$2 billion more in 2009. If Connecticut's per-enrollee spending was the same as for-profit spending, Medicare would have spent \$173 million more in that same year for Connecticut beneficiaries.

As you know, our union has filed as an intervener. Our members are concerned about the community impact on care and pricing if Tenet is allowed to gobble up Waterbury and St Mary's Hospitals. I am particularly concerned about the impact on state employee health care costs, from the perspective of my union and the State Employees Bargaining Agent Coalition (SEBAC), which negotiates health and pension benefits with the State of Connecticut.

Thanks to the health enhancement program, we're incentivizing state employees to live healthier lives and significantly reducing the costs associated with care. That's good for workers, certainly, but it's good for all of us as taxpayers. Due to the change to this value-based system, we have reduced all surgeries across the board, both inpatient and outpatient. Yet we have recently seen the cost for these procedures dramatically increase -- a disturbing trend that could relate to the consolidation of hospitals and doctor practices. We're doing fewer procedures, for more money. As a result, through legislation passed this past session in the General Assembly, the State Comptroller is tasked with studying this issue in the coming months and recommending a plan of action. Tenet's monopoly will undercut the gains we have made through hard but constructive bargaining with the State of Connecticut.

My union sister and colleague Barbara Simonetta from CHCA has provided compelling and detailed testimony about the potential for harmful impact on hospital workers and the Waterbury community. CHCA and other community stake holders have recommended preconditions that should be placed on Tenet to ensure quality care, if you decide to approve this sale. We strongly agree.

As you debate the merits of approving Tenet's proposed takeover, we also urge the state to establish strong, clear and enforceable "community benefits" that go beyond what was required at Sharon Hospital, protect patient care and control costs in a reasonable and effective manner -- or Tenet should be rejected. Thank you.