



Saint Raphael Healthcare System

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TESTIMONY BY
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HOSPITAL OF SAINT RAPHAEL

BEFORE THE HUMAN SERVICES COMMITTEE

Tuesday, March 13, 2007

RE: S.B. 1383, AN ACT CONCERNING MEDICAID MODERNIZATION

Representative Villano, Senator Harris, and members of the Human Services Committee, I am pleased to provide testimony today in support of Senate Bill 1383, An Act Concerning Medicaid Modernization which would provide 100 percent Medicaid and S.A.G.A. cost reimbursement to Connecticut's hospitals.

The Hospital of Saint Raphael (HSR), like many hospitals throughout the state, serves as a "healthcare safety net" for thousands of Medicaid and S.A.G.A. patients each year. It is extremely important that the State recognize this "hospital healthcare safety net" which provides healthcare access to Connecticut's residents, not only through our inpatient services, but through our emergency departments, outpatient clinics, and outreach programs. For example last year, in the worst year financially at the HSR in seven years, we launched, with the Bayer Corporation, "Project Brotherhood." This outreach program is a cancer prevention, education and screening program committed to improving the health of Greater New Haven-area Hispanic and African-American men. Similarly, our "Project MotherCare", which was launched in 1990, continues today. For the first 16 years, we provided care via a 48-foot tractor trailer in New Haven and West Haven neighborhoods. We are continuing to provide outreach services in these same neighborhoods, as well as in Hamden, but due to the cost of the program, we have transitioned to medical offices located in food pantries, housing projects, senior centers, and other facilities. When patients are diagnosed with cancer or another medical condition we provide definitive care regardless of ability to pay. This includes surgery, radiation therapy and inpatient hospital care. These two outreach programs are just two examples of how we reach out to community, despite the negative financial margin, to provide the "healthcare safety net" for the disadvantaged and poorest of the poor.

While it is our mission and responsibility to care for all regardless of ability to pay, the Hospital of Saint Raphael receives just 68 cents for every \$1 of care provided to Medicaid and 46 cents for every \$1 of care provided to S.A.G.A. patients. Could you imagine any other state contractor who would accept 68 cents for every one dollar of work performed for the State of Connecticut. I cannot – so why are hospitals, who care for Medicaid recipients treated differently?

In fiscal year 2006, the Hospital of Saint Raphael's under-reimbursement for Medicaid and S.A.G.A. care was approximately \$21 million. Again, this \$21 million represents the gap between what it costs Saint Raphael's to render care versus what it was reimbursed by the State of Connecticut Medicaid Program. This shortfall has caused an inability to invest in our infrastructure, refurbish facilities, replace boilers and purchase leading edge medical technology. We cannot continue to postpone the investment into our aging facilities. We will be forced to make choices. Do we continue to postpone capital and technological investments and continue our outreach programs or do we close our outreach programs so we can survive? The choice is yours.

As stated in the legislature's Program Review & Investigations Committee Report on Hospital Funding, Connecticut's hospitals are not as financially healthy as hospitals in the rest of the country. In fact, one third of Connecticut's hospitals operated with negative margins in Fiscal 2006, and it is estimated that number has grown to nearly half the hospitals in Fiscal 2007 thus far. The report also stated that Connecticut's Medicaid payments to hospitals are substantially below those paid by other states. As stated earlier, the Hospital of Saint Raphael receives 68 percent of our Medicaid costs and 46 percent of our S.A.G.A. costs. The Hospital of Saint Raphael ended fiscal year 2006 with a \$5.4 million loss -- we cannot continue to absorb the shortfall we incur caring for Medicaid and S.A.G.A. patients nor can we cost-shift any longer to commercial payers in the State.

Senate Bill 1383 calls for 100 percent cost reimbursement for inpatient, outpatient, and emergency room services provided under the Medicaid and State-Administered General Assistance (SAGA) programs and would ensure that funds are available to expand access and provide technology for the most efficient delivery of healthcare to ALL Connecticut residents. The time to address Connecticut's healthcare safety net is now! Connecticut's hospitals cannot wait any longer. We applaud the Human Services Committee for raising Senate Bill 1383, An Act Concerning Medicaid Modernization and urge its passage.

Thank you.