Testimony of Yale-New Haven Hospital
Before the Public Health Committee
January 31, 2007

SB 1, AA Increasing Access to Affordable, Quality Health Care
HB 6332, AA Increasing Access to Health Care

On behalf of Yale-New Haven Hospital, thank you for providing an opportunity to submit testimony on the issue of increasing access to health care.

One of two academic medical centers in the State, Yale-New Haven Hospital (YNHH) is a 944-bed tertiary referral center which includes the 201-bed Yale-New Haven Children's Hospital and the 76-bed Yale-New Haven Psychiatric Hospital. The recently-approved Yale-New Haven Cancer Hospital is under construction and is scheduled to open in 2009 to help meet the increasing demand for oncology services. As the primary teaching hospital for Yale University School of Medicine (YSM), Yale-New Haven's medical staff is enhanced by 471 supervised residents who add around-the-clock coverage, making YNHH the largest teaching hospital in Connecticut. Yale-New Haven Hospital operates three emergency departments (adult, children's and a Shoreline emergency department in Guilford). And, with over 100,000 visits in 2005, YNHH remains the State's largest emergency service provider and the **only** Level One trauma service provider for children and adults. Yale-New Haven Hospital's full range of health care services is available 24 hours a day, 365 days a year.

Yale-New Haven also services by far, the most Medicaid patients in the State of Connecticut. Based on data in the recent Program Review and Investigations Committee report on Hospital Funding, in Fiscal Year 2005, Yale-New Haven had 11,599 Medicaid discharges. The second largest provider was Hartford Hospital with 6,986 Medicaid discharges. In 2005, YNHH also had the largest penetration of Medicaid discharges as a percentage of its total discharges at 24%. This percentage has grown to 25% using more recent 2006 data. Additionally, over 40% of the children admitted at Yale-New Haven Children's Hospital are insured by the Medicaid program. Medicaid under reimbursement resulted in a $54 million of operating loss for Y-NHH during FY 2005. Although YNHH was able to subsidize these losses by negotiating higher managed care rates with commercial payors, this cost is passed through by health plans to businesses, causing the citizens of Connecticut to shoulder more of their healthcare costs (through higher deductibles and co-pays) or forego health insurance altogether.

Yale-New Haven Hospital strives to be both a provider and employer of choice and regularly ranks among the best hospitals in the United States. Last year, relying on the skills of more than 2000 University-based and community physicians practicing more than 100 medical specialties, Yale-New Haven, the Children's Hospital and the Psychiatric Hospital provided services for more than 500,000 outpatient and emergency visits and 50,000 inpatient stays. Additionally, with 6500 employees, Yale-New Haven remains the second largest employer in the greater New Haven area.

While we work hard to deliver high quality care in a safe and cost effective manner, we remain a teaching hospital. As such, more tests are ordered, medical exams will take longer and our costs will be higher than hospitals without a teaching mission or with smaller programs. Like UCONN, we are the region's largest provider of dental and emergency dental services. In 2005, in response to the paucity of pediatric dental providers available to the uninsured and those with Medicaid coverage, Yale-New Haven opened a pediatric dental clinic with the support of a federal grant. In its first year, the dental clinic provided care to several hundred children throughout the greater New Haven region and beyond. Last year, the three-year grant was pulled due to federal grant funding cut-backs, though we continue to operate the Dental Clinic. We must be reimbursed adequately for the services we provide if we are to continue to be able to invest in the health of the community and meet the increasing needs of the general population.

Yale-New Haven has exhibited healthy financial performance during a time when many hospitals have struggled. In the past, our positive margins have enabled us to continue to maintain facilities, equipment and support for employees to continue improving our services and our working environment. Millions have been invested in patient safety initiatives. Successful financial performance has allowed us to move forward with construction of a comprehensive cancer hospital, the only such facility in New England, without requesting any state, federal or local financial assistance. Going forward, however, we are concerned with our ability to continue to meet our patients' needs and the increasing cost of the care we provide. In two years, we expect to see an almost 80 percent deterioration of the Hospital's operating margin as a result of increasing Medicaid shortfalls and more patients seeking charity care.

Yale-New Haven Hospital has invested its positive margins in many aspects of the community. Some of these areas include:

- A comprehensive cancer hospital that will offer care regardless of a patient's ability to pay for it.
- A pediatric dental clinic that today serves hundreds of children, many of whom have special health care needs and no where else to go, and trains tomorrow's dentists.
- The State's **only** Level One adult and children's trauma service available 24 hours a day and seven days a week.

Looking ahead, as a patient demands increase and government reimbursement continues to lag well behind cost, our ability to remain among the nation's 'best' hospitals **and** our community's employer and provider of choice will be compromised. Yale-New Haven is more than a community hospital. It is clear that we must begin to address the historical Medicaid under funding to cover the costs we incur today, so that we may continue to provide safe and high quality care to patients in our community and beyond. Hospitals need to be paid what it costs to care for the people enrolled in state programs. Full Medicaid cost reimbursement must be part of any health reform plan in order to ensure not just coverage, but access, to high quality health care for the people of Connecticut.

Thank you for your consideration of our position on this important health matter.