CONNECTICUT HOSPITAL ASSOCIATION

TESTIMONY OF
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CONNECTICUT HOSPITAL ASSOCIATION
BEFORE THE
PUBLIC HEALTH COMMITTEE
Wednesday, January 31, 2007
SB 1, An Act Increasing Access To Affordable, Quality Health Care
HB 6332, An Act Increasing Access To Health Care

My name is Stephen Frayne and I am Senior Vice President, Health Policy of the Connecticut Hospital Association (CHA). I appreciate the opportunity to testify on behalf of CHA and its members on **SB 1, An Act Increasing Access To Affordable, Quality Health Care** and **HB 6332, An Act Increasing Access To Health Care.**

SB 1 and HB 6332 both strive to increase access to healthcare for Connecticut residents. Connecticut hospitals are committed to supporting initiatives that improve access to health insurance coverage for Connecticut residents and reduce the number of uninsured. To that end, CHA supports a system of coverage that is universal, continuous and coordinated to ensure seamless care, affordable to individuals and families, and sufficiently financed to ensure coverage is affordable and sustainable for society. To be successful, initiatives to improve coverage and access to care must adequately finance the healthcare system already providing services to the uninsured and underinsured; Connecticut's healthcare safety net **must** be mended before more entitlements are considered – full Medicaid cost reimbursement to hospitals must be a cornerstone of any reform program.

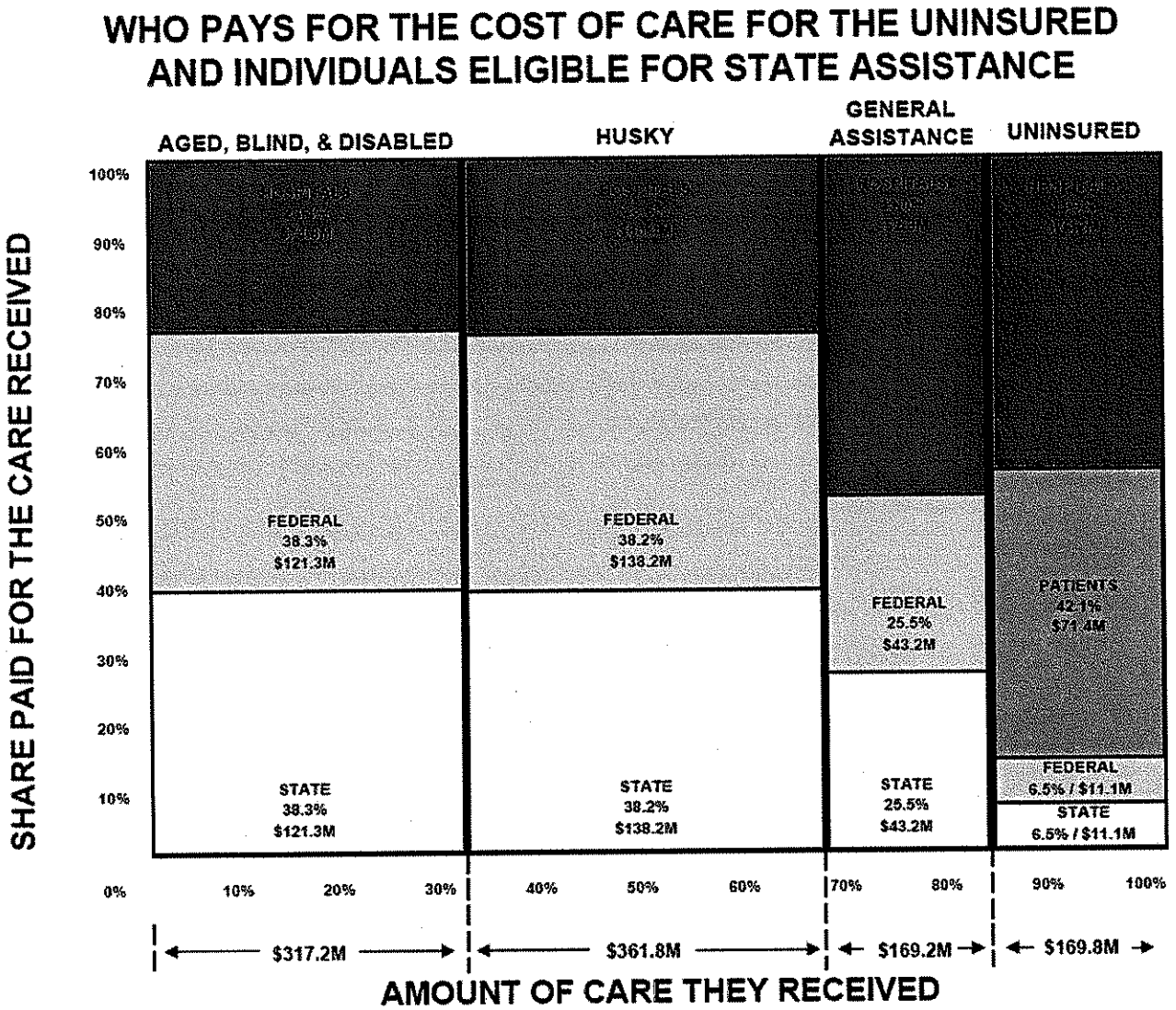
As we talk about expanding access and ensuring that hospitals are adequately financed to support such expanded access, we should first remember that hospitals are more than facts and figures and dollars and cents—hospitals, at their core, are really people taking care of people. Each year, the 45,000 people employed in Connecticut's hospitals care for more than 400,000 people admitted to their facilities, treat nearly 1.4 million people in their emergency rooms, and welcome more than 43,000 babies into the world. We provide care to all people regardless of their ability to pay—we serve more than 381,000 people in the State who don't have health insurance and nearly one million people enrolled in underfunded state and federal programs. And, we do this 24 hours a day, seven days a week, 365 days a year, but it is taking its toll. Chronic, severe underfunding of state programs results in Connecticut hospitals having to use approximately $250 million a year from funds that would otherwise be used to hire nurses, buy new equipment, invest in life-saving technology, and make the critical infrastructure improvements that are necessary to enable our hospitals to provide the highest quality care.

Often when people talk about hospitals, they picture buildings. But Connecticut hospitals are not merely buildings—they are an integral part of the fabric of Connecticut communities and key contributors to our overall quality of life—just like strong schools, safe streets, and job growth. Our hospitals not only care for their patients, they are committed to the community beyond their four walls—dedicated caregivers are out in the community helping to keep our families, friends, and neighbors healthy where they live, work, and play. Whether it's bringing mobile mammography to uninsured women, offering parenting classes for young, new families, or providing dental care to our most vulnerable citizens, hospitals are working to keep community members healthy and well.

Who pays for the Uninsured today?

Annually hospitals contribute approximately **$320** million to cover the cost of care provided to Medicaid, SAGA, and the Uninsured. Those three groups make up nearly a quarter of the State's population.

As the chart below clearly indicates the uninsured have access to hospital care throughout Connecticut. What the uninsured do not have access to is means to pay for that care. Instead, the uninsured have to rely on the charitable nature of Connecticut's hospitals to provide care to all regardless of their ability to pay for that care. Uninsured does not necessarily mean poor or unemployed. As you can see from the chart, on average the uninsured pay for about 42 percent of the cost of the care they receive. Unfortunately, averages can mask reality and lead one to think the uninsured routinely pay 42 percent of the cost. The reality is: some can afford to pay for most; others can pay for none of the cost; the average just happens to be 42 percent. Hospitals also receive assistance from the Uncompensated Care Pool through which the state and federal government each pick up about seven percent of the cost. The remaining 45 percent of cost, an amount totaling about 76 million dollars, is paid for by the hospitals.



What is ironic, but sad, is that for hospitals, the burden of caring for the uninsured pales in comparison to the burden of caring for those insured by the state. The lack of adequate funding for Medicaid and SAGA exceeds by three times the lack of adequate funding for the uninsured.

As a state, we can and should do far better than this.

What should be done?

A January 16, 2007 New-Haven Register editorial observed the following when commenting on the various options for universal healthcare:

> ...state payments to compensate hospitals for the care of the poor fall some $250 million short each year of meeting the hospitals' costs. Even with some of those costs being shifted to those with private insurance, the shortfall has placed some hospitals in financial jeopardy and has diminished investment in new medical technology and patient care systems. The formula for compensating hospitals needs to be revised.
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> Medicaid, HUSKY and hospital compensation are basic components of the state's health care system. These programs need to be mended before another health care entitlement is considered.

Hospitals need you to decide that investing in their ability to care for Connecticut is a priority.

Hospitals need to be paid what it costs to serve individuals enrolled in state programs.

For additional information, contact CHA Government Relations at 203-294-7310.