Connecticut Children's MEDICAL CENTER

Testimony of the Connecticut Children's Medical Center
to the Public Health Committee regarding
SB 1, An Act Increasing Access to Affordable, Quality Health Care and
HB 6332, An Act Increasing Access to Health Care
January 31, 2007

The Connecticut Children's Medical Center (CCMC) appreciates the opportunity to submit testimony regarding **SB 1, An Act Increasing Access to Affordable, Quality Health Care and HB 6332, An Act Increasing Access to Health Care.**

These two bills focus on the need to guarantee access to health care for all of Connecticut's citizens. As Connecticut's only hospital dedicated exclusively to children, CCMC supports this goal. The children of Connecticut, in particular, deserve a health care system that both provides them with coverage and enables them to access the high quality health care services that they need. It is critically important for the State to provide coverage for uninsured children, but the coverage will not help them if providers cannot afford to treat them. The State must pay safety net providers like CCMC adequately in order to ensure access to care.

CCMC offers the full spectrum of pediatric care to children from each of Connecticut's 169 cities and towns. Each year, CCMC provides:

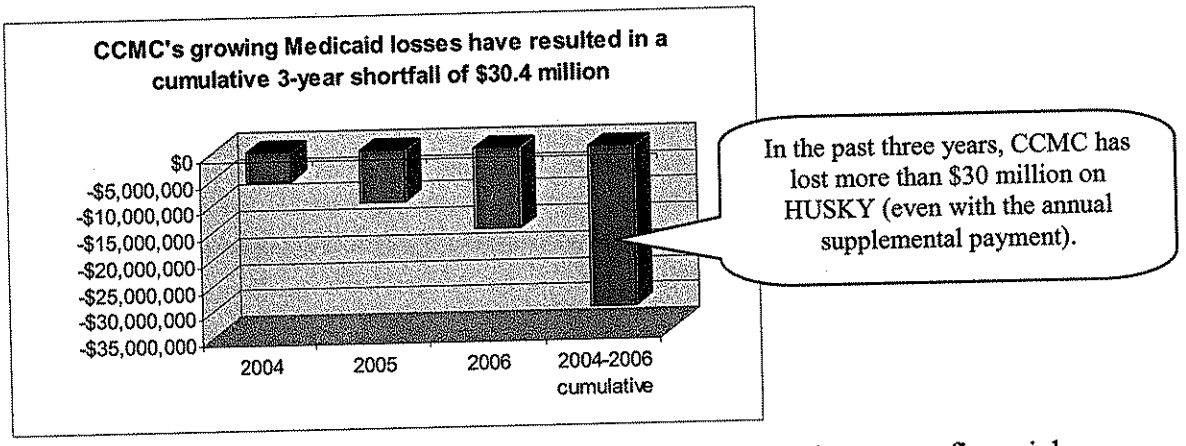
- 30,000 primary care visits (78% for HUSKY kids)
- 41,000 emergency care visits (62% for HUSKY kids)
- 89,000 physician specialty care visits (40% for HUSKY kids)
- 32,000 inpatient hospital days (43% for HUSKY kids)
- 7,500 surgical procedures (35% for HUSKY kids)

CCMC is a vital resource for children and families across the state. We are the only independent children's hospital in Connecticut and we are the Pediatric Department for the State's medical school. We have trained over 150 new pediatricians in the past 10 years and 66 of these are currently practicing in Connecticut. We develop pioneering treatment programs for asthma, diabetes, cancer, pain management and other major concerns of childhood. Our 10 hospital affiliation agreements and 13 satellite clinics are improving the quality of pediatric care throughout the state for all of Connecticut's children.

Connecticut's HUSKY program has been very successful in providing coverage to vulnerable children with about 30% of all children enrolled in the program. Unfortunately, HUSKY reimbursement rates are very inadequate. This combination of high enrollment for children and low reimbursement puts an undue burden on Connecticut's pediatric providers.

Unlike other hospitals, CCMC does not receive significant Medicare payments (which cover 97% of the average Connecticut hospital's cost of caring for Medicare patients). We also do not participate in the Uncompensated Care Disproportionate Share Hospital (DSH) pool or the Urban DSH pool. We do receive a supplemental payment because we are in our own DSH category under the Medicaid State Plan.

At CCMC, 43% of the children who receive inpatient care rely on HUSKY for their coverage. This is by far the highest percentage of any Connecticut hospital. But by providing a critical safety net for HUSKY, CCMC suffers huge financial losses. CCMC only receives 80¢ in total reimbursement (including the supplemental payment) for every dollar we spend caring for these vulnerable children. Our growing Medicaid losses have resulted in a 3-year shortfall of $30 million.



CCMC's current and growing Medicaid shortfall threatens our long-term financial solvency. The cumulative losses noted in the chart above and the potential for continued losses in the future diminish our ability to meet the needs of all of Connecticut's kids, HUSKY or not. This ongoing loss trend reduces our ability to make needed capital investments and impairs our ability to recruit and retain exemplary staff.

CCMC's ongoing efforts to cut costs and maximize other revenue cannot solve the problem. We are one of the least expensive children's hospitals in the country and our operating expenses per staffed bed are 20% lower than that of the average independent children's hospital.

CCMC's FY 2007 supplemental payment does not allow us to fully meet the needs of HUSKY kids because our total projected FY 07 Medicaid loss is $26.3 million. The State can eliminate this loss and create a more secure future by providing an increase in our Medicaid inpatient reimbursement rates, providing an increase in our Medicaid physician reimbursement rates, and/or increasing the level of our supplemental payment. In any event, a long-term solution is required. The State must fix the HUSKY reimbursement structure in order to preserve access to health care services for Connecticut's kids.