



TESTIMONY OF
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HUMAN SERVICES COMMITTEE
Tuesday, March 4, 2008

**SB 560 - An Act Concerning Fair and Adequate Hospital Reimbursement and
SB 564, An Act Concerning Services For Persons With Mental Health Needs**

On behalf of The Danbury Hospital, I appreciate the opportunity to submit written testimony in support of SB 560, *An Act Concerning Fair and Adequate Hospital Reimbursement* and SB 564, *An Act Concerning Services For Persons With Mental Health Needs*

In 2006, the Program Review and Investigations Committee produced a quality summary of CT hospital under-funding in the report "The Funding of Hospital Care". The report was thorough and gives credibility to the discussion to increase funding to CT hospitals that is long overdue. The report's recommendations are still pertinent and very clear a year or more later. CT hospitals need to be reimbursed for 100% of the cost of providing care and services.

The report highlighted the fact that our current Medicaid/ SAGA rate-setting system is broken, that the current funding levels are inadequate and do not cover even direct costs of care and that increases are necessary now and regularly in the future. It further validates the argument for rate increases on a regular basis. It is our patients and our greater community that suffer from the lacking in this long-time practice without regular increases.

During the past twenty-five years, the combination of freezes, cuts, and repeals of future promises has driven CT hospitals to the point where we are losing hundreds of millions of dollars per year. **Regarding SB 560 - An Act Concerning Fair and Adequate Hospital Reimbursement**, current Medicaid reimbursements to Danbury Hospital do not cover even direct costs of services provided. In 2007, the Hospital attributed more than \$38 million to reimbursement shortfalls from government programs such as Medicaid and Medicare and an additional \$10 million in other uncompensated care, such as charity care.

This constant shortage takes needed resources away from staffing, equipment, technological advances and other initiatives. The trend is worsening and not improving. Danbury Hospital has seen a noticeable increase in Medicaid patients coming to us from both inside and outside our service area.

The same commentary can also be applied to the discussion of **SB 564, An Act Concerning Services For Persons With Mental Health Needs**. Additionally though, Danbury Hospital is located in region 5, where there is no long-term mental health care facility and thus, a critical shortage of mental health beds. The challenges to providing quality or even adequate mental health care and services are compounded by the fact that reimbursements are grossly inadequate. Currently, approximately 60% or more of the cost of caring for these patients is absorbed by the hospital. Because funding is so low, there is no incentive to build any new capacity. Mental health funding needs to be increased and reimbursement to hospitals needs to cover the full cost of providing this care. The past failure to maintain rates with regular increases has brought us to the dire situation CT hospitals and our mental health patients are in today.

There is the constant challenge each day of balancing patient and community demand for quality care implemented with the latest technology by the finest clinicians, and, of acting as a safety net for those populations at risk. I urge you to strongly consider making a commitment to wellness for people in CT by adequately reimbursing Danbury Hospital and all CT Hospital's at 100% of cost of care.

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