



Testimony Before the Public Health Committee

H. B. No. 5038 AN ACT IMPLEMENTING THE RECOMMENDATIONS OF THE HOSPITAL TASK FORCE.

Good morning Senator Handley, Representative Sayers and members of the Public Health Committee. My name is Michael P. Starkowski and I am Commissioner of the Connecticut Department of Social Services (DSS). Thank you for the opportunity to offer testimony **in support of House Bill No. 5038, An Act Implementing the Recommendations of the Hospital Task Force.**

The Department supports the provisions of Bill 5038, which implements and furthers the recommendations of the Hospital System Strategic Task Force Report issued on January 8, 2008. In addition to the implementing legislation contained in Bill 5038, the recommended budget adjustments for SFY 2009 includes \$250,000 for study of Medicaid hospital reimbursement systems by the Office of Health Care Access (OHCA). We urge your support of this project. As you now, the budgets you passed last session reflected a substantial commitment to increasing Medicaid hospital rates. In accordance with the budget, we increase Medicaid inpatient and outpatient rates to apply the \$46.2 million and \$72.6 million appropriated for SFY 2008 and SFY 2009, respectively. We increased rates using the existing rate setting cost per discharge and fixed outpatient fee methods.

The Medicaid rate-setting method for hospital inpatient services is cost-based and does not directly take into consideration the resource and/or treatment requirements of patients. Cost-based payment methods can result in a misdirection of state resources from hospitals that need higher reimbursement to meet care needs to those with lower resource requirements. We would assist OHCA in the engagement of a consultant to study and propose resource utilization-based payment methods for hospital services. The consultant would examine rate-setting methods used by Medicare and other state Medicaid programs that take into account the direct (nursing, aides) and indirect (therapies, medical supplies, dietary) care resource requirements of patients. The consultant would examine the benefits/negatives of various proposals as well as analyze and estimate administrative and Medicaid program costs.

So that the significant expansion of implementing a waiver to include persons with income up to 100% of the federal poverty level who would otherwise qualify for State Administered General Assistance (SAGA) under Medicaid can be better understood, the bill appropriately recommends further study before moving forward with this initiative.

The bill includes study and recommendation requirements related to behavioral health use of hospital emergency room to be conducted by DMHAS, DCF and my Department. The Behavioral Health Partnership program initiated in January 2006 for Medicaid eligible children and their parents has improved service access and coordination, including services intended to reduce reliance on pediatric ED services, but further review work is needed to address emergency department over use by our Medicaid adult and SAGA populations. The bill also provides for the identification of service gaps and effective models of psychiatric emergency assessment or crisis response centers. My Department and DCF are currently engaged in related service gap analyses and service development activities under the Behavioral Health Partnership and we would be pleased to share our experience in a broader workgroup to include DMHAS and OHCA.

Finally, the bill would require DSS to develop a plan for expedited SAGA eligibility for newly released prisoners, in consultation with the Departments of Mental Health and Addiction Services, and Correction, as well as the Judicial Department and the University of Connecticut Health Center, and with the approval of the Office of Policy and Management. The department has been working with these specified entities for several months to explore and develop approaches to accomplishing this goal. We are committed to assuring that ex-offenders have ready access to the medical and mental health services that they need to maintain their health and avoid a subsequent incarceration. We have reached agreement with the federally qualified health centers to outpost DSS eligibility services specialists at their primary locations to process applications for this population. We continue to work with the identified agencies to develop the processes to link the newly released prisoners to these facilities or to other access points for SAGA coverage.

I urge your support for this legislation and I would be happy to answer an