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CHA CONNECTICUT HOSPITAL ASSOCIATION

TESTIMONY OF
CONNECTICUT HOSPITAL ASSOCIATION
SUBMITTED TO THE
INSURANCE AND REAL ESTATE, HUMAN SERVICES,
AND PUBLIC HEALTH COMMITTEES
Monday, March 2, 2009

SB 988, An Act Concerning Medicaid Funding For SAGA And Charter Oak

The Connecticut Hospital Association (CHA) appreciates the opportunity to submit testimony on **SB 988, An Act Concerning Medicaid Funding For SAGA And Charter Oak.**

As written, Section 1 would require the Department of Social Services (DSS) to apply for a waiver not later than January 1, 2010 to include the State-Administered General Assistance program (SAGA) and Charter Oak in Medicaid. This section would also require DSS to provide a written report to the General Assembly on January 2, 2010 in the event such a waiver is not sought.

Applying for the SAGA waiver is critically important to the state's economic outlook. While the federal government pays for half the expenses of the state's Medicaid program, the state pays the majority of the cost of SAGA. Obtaining the waiver would permit Connecticut to match all SAGA expenditures.

The General Assembly has twice recognized the importance of seeking an 1115 waiver for the SAGA program. Section 17b-192(g) of the Connecticut General Statutes – passed in 2003 and reaffirmed in 2007 – requires that the Commissioner of the Department of Social Services submit an application to the federal government for such a wavier by March 1, 2004 and January 1, 2008, respectively.

Converting SAGA to Medicaid requires removing the cap on SAGA funding and increasing SAGA payments to providers to the Medicaid rate. Despite an estimated 30 percent increase in hospital payments and a 5 percent increase in non-hospital payments that would be required by the state under the waiver, the increase in federal funding would more than offset the increase in cost; the state would save approximately $28 million per year over current expenditures, while hospitals and other providers would get the benefit of $45 million in increased SAGA funding.

Five years have passed and the waiver request has not been filed. Failure to file the application during those five years has caused the following: Connecticut passed up $140 million in Federal funding; hospitals missed out on $175 million in SAGA funding and $150 million in Medicare funding; Community Health Centers and other SAGA providers missed out on $50 million in SAGA funding.

We support the bill's intent, but recommend changing the date by which DSS is required to report on why it has not filed the waiver to June 1, 2009.

Thank you for your consideration of our position.

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