



Hospital of Saint Raphael

WRITTEN TESTIMONY BY
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BEFORE THE APPROPRIATIONS COMMITTEE
Thursday, February 11, 2010

RE: HB 5018, AN ACT MAKING ADJUSTMENTS TO STATE EXPENDITURES AND REVENUES FOR THE STATE FISCAL YEAR ENDING JUNE 30, 2011

Senator Harp, Representative Geragosian, and Appropriations Committee members, I am pleased to provide written testimony today in opposition to HB 5018, An Act Making Adjustments to State Expenditures and Revenue for the State Fiscal Year Ending June 30, 2011. **Specifically, we oppose the reduction to SAGA hospital payments and urge you to pay Connecticut's hospitals the Medicaid rate for services under the SAGA program as was provided in the biennium budget.**

The Hospital of Saint Raphael (HSR), like many hospitals throughout the State, serves as a "healthcare safety net" for thousands of patients each year. Each and every day, we reach out and provide high quality care to everyone, regardless of the ability to pay. This commitment, which is dictated by federal law and by our mission, brings serious financial challenges.

At the Hospital of Saint Raphael, we are facing our fifth consecutive year of financial losses, and despite the chronic under-funding by the Medicaid and SAGA programs, we have made substantial progress over the past 18 months in becoming more efficient while not compromising patient safety and quality of care. It is increasingly difficult, however, to continue to offset the underpayments from the State of Connecticut for care provided to Medicaid and State-Administered General Assistance (SAGA) patients. Although we only receive about 75 cents for every dollar of care provided to Medicaid patients, the reimbursement from the SAGA program is even more problematic -- we receive only 33 cents for every \$1 of care we provide to SAGA patients. The \$8 million gap between what SAGA pays and what it costs the Hospital of Saint Raphael to provide the high-quality care to our SAGA patients cannot be sustained.

One result of this chronic annual shortfall at the Hospital of Saint Raphael is the ongoing delay of investment in our aging facility. As with our own homes, the longer we put off important upgrades, the more serious the consequences and higher the expense. We are constantly forced to make choices. Do we continue to postpone capital and technological investments and continue our outreach programs that reach hundreds of our SAGA, Medicaid, and uninsured

patients or do we curtail or abbreviate our outreach programs so that we can survive? The increased SAGA rates are one answer to Connecticut hospitals' financial challenges.

Unfortunately, the Department of Social Services (DSS) has not yet filed the 1115 SAGA waiver and does not plan to submit the waiver until July 1, 2011 -- a full seven and a half years after first directed to do so by the legislature. Regardless, the biennium budget passed by the legislature in September 2009 provided the funding needed to raise hospital SAGA rates up to Medicaid rates effective January 1, 2010. The funds necessary to raise hospital SAGA rates to Medicaid rates have been appropriated and should be matched by the federal government with or without a waiver.

Today, SAGA non-hospital providers are paid 100 percent of the Medicaid rate while hospitals are paid about 43 percent of the Medicaid rate. Today, when SAGA patients arrive at the Hospital of Saint Raphael emergency department or seek care in our family health center or are admitted for more serious illnesses, our Hospital will be paid about 33 percent of our cost. We will care for the SAGA patients the same way we care for individuals with insurance -- with dignity, care, compassion and advanced medical technology.

While the Medicaid program only pays us 75 percent of our cost, it is far better than the 33 percent of our cost that we currently receive from the SAGA program. We urge the Appropriations Committee, the entire General Assembly, and the Executive Branch to maintain the SAGA rate increase to the Medicaid rate as was passed in the biennium budget. We cannot wait any longer -- now is the time to act.

Thank you for your consideration of our position.