

**TESTIMONY OF
ROBERT SMANIK, PRESIDENT AND CEO
DAY KIMBALL HOSPITAL
BEFORE THE
APPROPRIATIONS COMMITTEE
Thursday, February 11, 2010**

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

My name is Robert Smanik . I am the President and Chief Executive Officer of Day Kimball ("DKH"). I am providing written testimony today in opposition to **HB 5018, An Act Making Adjustments To State Expenditures And Revenues For The State Fiscal Year Ending June 30, 2011.**

DKH is focused on quality and patient safety, and providing access to the most skilled professionals, the highest quality of care, and the latest technology. Providing care to all who need it, regardless of ability to pay, twenty-four hours a day, seven days a week year-round, DKH is an integral to the quality of life and health in our community. DKH is among the largest employers in Windham County, supporting thousands of families/jobs and generating substantial economic activity. In many respects, the health of our community is linked to the health of our local hospital. Unfortunately, the economic crisis puts tremendous pressure on our Hospital.

The past two years, in particular, have been extremely challenging. In fiscal year 2009, DKH lost more than 4 million per year due to inadequate reimbursement for Medicaid and SAGA patients. One of the traditional means hospitals use to make up for such underpayments is non-operating (investment) income, which fell short of what was expected by **over 1 million.** The magnitude of these losses cannot be understated.

I write you today to respectfully request one change in the proposed budget adjustments: cutting the dollars appropriated to raise hospital payments in the SAGA program up to Medicaid payment levels. **We strongly oppose that reduction and urge you to pay Connecticut's hospitals the Medicaid rate for services under the SAGA program as provided for in the budget.**

As you may know, the SAGA program has been the focus of much legislative attention for several years. The SAGA program was significantly modified in 2004 and subjected hospitals, pharmacies, and Community Health Centers to a cap based on available appropriations. Over time, DSS removed the cap from all providers except hospitals. Today, SAGA non-hospital providers are paid one hundred percent of the Medicaid rate while hospitals are paid about 43 percent of the Medicaid rate.

As of today, DSS has not taken the administrative steps needed to implement an 1115 waiver for the SAGA program as directed by the legislature and does not plan to do so until July 1, 2011 – a full seven and a half years after first directed by the legislature to do so. In a letter dated January 20, 2010, DSS stated that the further delay is due to the uncertainty created by federal healthcare reform.

The biennial budget passed in September 2009 provided the funding needed to raise hospital SAGA rates up to Medicaid effective January 1, 2010. This new budget makes it clear that DSS will not be implementing existing law in the time frame required. **The funds necessary to raise hospital SAGA rates to Medicaid have been appropriated and will be matched with or without a waiver.** So, let's just start paying hospitals in accordance with the biennium budget at the Medicaid rate for SAGA and finally put hospitals on par with all other providers to the SAGA program. This change can be accomplished by modifying section 17b-192(f) to read:

(f) The Commissioner of Social Services shall [,within available appropriations,] make payments to hospitals for inpatient and outpatient services at the Medicaid rate.[based on their pro rata share of the costs of services provided or the number of clients served, or both.] The Commissioner of Social Services shall, within available appropriations, make payments for any non-hospital ancillary or specialty services provided to state-administered general assistance recipients under this section based on a methodology determined by the commissioner.

Thank you for your consideration of our position.