



**TESTIMONY OF
Richard A. Brvenik
President and CEO
Windham Hospital**

**Submitted to 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**

I would like to submit this written testimony to the Appropriations Committee in opposition to **HB 5018, An Act Making Adjustments To State Expenditures And Revenues For The State Fiscal Year Ending June 30, 2011.**

Windham Hospital is proud to be part of an outstanding network of hospitals serving our great state of Connecticut. We are focused on quality and patient safety, while providing care to all who need it, regardless of ability to pay, twenty-four hours a day, seven days a week, 365 days a year. Hospitals are among the largest employers in the state, supporting over 97,000 jobs and generating nearly \$13 billion in annual economic activity. The health of our community is clearly linked to the health of our community hospital, but unfortunately, the economic crisis in our state and nation is ravaging the health of our hospitals.

2008 and 2009 were extraordinarily difficult years. In 2008 and again in 2009, Connecticut's hospitals lost more than \$300 million per year due to under-reimbursement for Medicaid and SAGA patients. In addition, during those two years, one of the traditional means hospitals use to make ends meet – non-operating (investment) income – fell short of what was expected by over \$620 million. The magnitude of that loss cannot be understated – we expect it will take well over a decade to recover what was lost. Finally, since the start of the recession, about 100,000 Connecticut residents have lost jobs and employer-paid health insurance coverage, and the Medicaid and SAGA populations have increased by 75,000; combined enrollment in those programs now stands at about 500,000 – a little more than 14 percent of the state population.

I would like to address just 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. This is inequitable.

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. It has been estimated that delaying this action will result in a loss of \$1.6 million to Windham Hospital alone and a total of \$108.3 million to all Connecticut hospitals over an 18 month period (1/1/2010- 6/30/11). We cannot afford to wait any longer!

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.** 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.

It is time to 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. Thank you for your consideration of our position.

Sincerely,



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