CONNECTICUT
HOSPITAL
ASSOCIATION

TESTIMONY OF
CONNECTICUT HOSPITAL ASSOCIATION
SUBMITTED TO THE
HUMAN SERVICES COMMITTEE
Tuesday, February 23, 2010

SB 32, An Act Implementing The Governor's Budget Recommendations Concerning Social Services

The Connecticut Hospital Association (CHA) appreciates the opportunity to submit testimony on **SB 32, An Act Implementing The Governor's Budget Recommendations Concerning Social Services.**

SB 32 implements the Governor's budget recommendations concerning social services. Many of the provisions of the bill negatively impact the Medicaid and State-Administered General Assistance (SAGA) programs and the providers caring for individuals enrolled in those programs. CHA opposes the proposed cuts and the corresponding implementing language in SB 32. Each of these reductions will have a negative impact upon Connecticut hospitals and make it more difficult for people to find care in the appropriate setting. In addition, the bill will place substantial burdens on the ability of individuals to enroll and remain in HUSKY and Medicaid. In these difficult economic times, it is more important than ever that the state is steadfast in its commitment to help those who cannot help themselves.

Our comments on SB 32 focus on four sections of the bill, three of which we oppose, and one we support. CHA opposes sections 42, 45, and 46 based on the following concerns:

- Section 42 authorizes the Department of Social Services (DSS) to adopt emergency regulations to implement any of the provisions of SB 32 and allows such emergency regulations to be effective until such time as final regulations are adopted. The promulgation of emergency regulations allows for limited input from the public and those affected by their provisions. In addition, these regulations will remain effective until final regulations are adopted, which may be years into the future. CHA urges the committee to delete section 42 and not authorize the issuance of emergency regulations.

- Section 45 converts HUSKY, Medicaid Fee-For-Service, and Charter Oak to an ASO (Administrative Services Organization) arrangement from the current risk arrangement, for a savings of $28.8 million. CHA is opposed to this conversion because it is unclear how it will impact patients and providers. We urge the committee to request the department detail how the conversion will be implemented and how it will impact patients and providers. For example, what happens with all of the existing contracts and rates between providers and existing plans? How will rate setting under the new arrangement be accomplished?

- Section 46 as drafted codifies the current practice of paying the Medicaid rate for all SAGA services, except emergency and inpatient services delivered by hospitals. Those services are typically paid at 43 percent of the Medicaid rate. We believe DSS should be required to implement the budget as adopted by the legislature, bringing hospitals to parity with all other providers in the SAGA program, and paying hospitals the Medicaid rate. The funds necessary to do so have been appropriated and will be matched.

CHA supports section 28, which requires the Commissioner of Mental Health and Addiction Services to certify intermediate care beds in general hospitals to provide inpatient mental health services for adults with serious and persistent mental illness. The establishment of intermediate care beds in general hospitals is critically needed today and will be more so in the future as the state begins the process of closing behavioral health services at Cedarcrest Hospital. CHA urges the committee to support section 28.

2008 and 2009 were extraordinarily difficult years for hospitals in Connecticut, during which we 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 overstated – we expect it will take well over a decade to recover.

Connecticut's hospitals are among the finest in the nation, but the sections about which we are concerned in SB 32 threaten to further undermine the financial stability of hospitals throughout the state. Our focus on quality and patient safety and providing care to all who need it, regardless of ability to pay, 24 hours a day, seven days a week year-round, remains our top priority. Thus, we ask you to consider the needs of hospitals when acting on SB 32.

Thank you for your consideration of our position.

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