

**Testimony of the Connecticut Children's Medical Center  
to the Appropriations Committee  
Regarding the Department of Social Services budget for Fiscal Years 2012-2013  
March 4, 2011**

Senator Harp, Representative Walker, members of the Appropriations Committee, thank you for the opportunity to share my thoughts about the state budget. My name is Martin Gavin, and I am President and CEO of the Connecticut Children's Medical Center. I am here to speak to you about the unique resources that Connecticut Children's provides to our State's most vulnerable citizens and our relationship with the HUSKY program.

All children should have the health care they need to grow and learn. The children of Connecticut deserve a health care system that both provides them with coverage and enables them to access high quality health care services. It is critically important for the State to provide coverage for uninsured children, but the coverage will not help them if providers cannot afford to treat them. The State must pay safety net providers like Connecticut Children's adequately in order to ensure access to care.

Connecticut Children's offers the full spectrum of pediatric care to children from each of Connecticut's 169 cities and towns. In 2010, Connecticut Children's:

- Experienced 288,000 patient visits including 33,000 pediatric primary care visits in partnership with Charter Oak Health Center,
- Cared for over 53,000 children in our emergency department—146 children every day, 24 hours a day, 7 days per week, 365 days per year, and
- Conducted over 9,900 surgeries ranging from neurosurgery to ear tubes.

Connecticut Children's is a vital resource for children and families across the state. The attached map (page 5) shows the locations where we provide inpatient and specialty care services. Every day, our medical professionals provide hope to children and families and then use their talents and expertise to turn that hope into reality. We are the region's only academic medical center dedicated exclusively to the care of children, and we serve as the Pediatric Department for the University of Connecticut School of Medicine. We have trained over 170 new pediatricians in the past 12 years and 72 of these are currently practicing in Connecticut. We develop pioneering treatment programs for asthma, diabetes, cancer, pain management and other major concerns of childhood.

Connecticut's HUSKY program has been very successful in providing coverage to vulnerable children with about 30% of all children enrolled in the program. Unfortunately, HUSKY reimbursement rates remain inadequate. This combination of

high enrollment for children and low reimbursement puts an undue burden on Connecticut's pediatric providers.

As families continue to feel the effects of the economic downturn, HUSKY continues to play a major role in their lives and at Connecticut Children's. With more than half of our inpatient care and nearly two-thirds of our emergency care devoted to children who rely on HUSKY, Connecticut Children's has by far the highest Medicaid percentage of any Connecticut hospital.

Connecticut Children's and the State of Connecticut need each other. Connecticut Children's will celebrate its 15<sup>th</sup> birthday in April and we have grown up to be the state's leader in pediatric health care. In 2011, we will begin construction on an expanded Clinical Care Center for Cancer and continue implementing our Premier Programs in Neonatology, Reconstructive Surgery and Digestive Diseases. Connecticut Children's constant pursuit of opportunities to create even greater efficiencies in the pediatric system of care raises the bar for pediatric health care services throughout western New England.

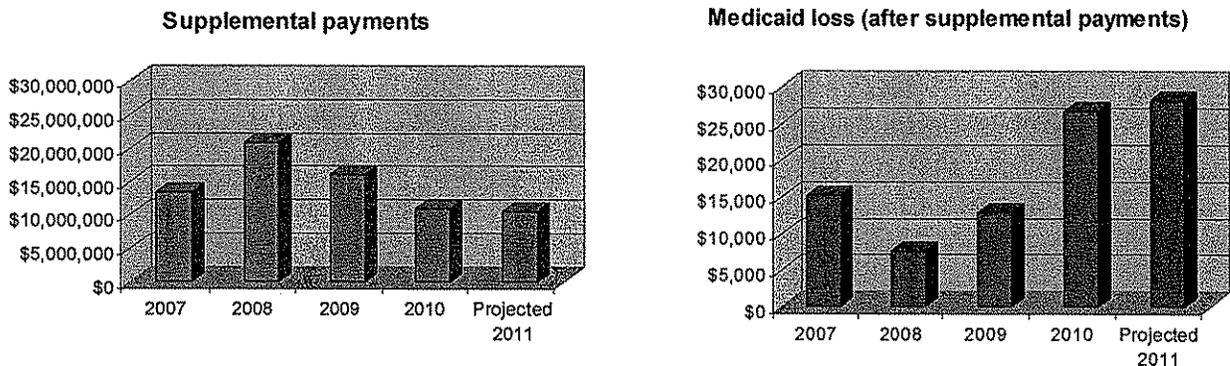
All of this progress requires that Connecticut Children's continue working with the State to implement a more permanent solution to our structural problem with Medicaid funding. Connecticut Children's must have long-term financial viability in order to continue leading the way towards better and more efficient health care for our children.

In 2008, the Hospital Hardship Grant helped reduce our Medicaid losses to \$7.5 million. Without that grant, in 2009, our Medicaid loss grew to \$13.7 million (even after the additional \$5 million DSH payment). In 2010, we lost more than \$27 million taking care of children who rely on Medicaid and in 2011 that loss is projected to grow to more than \$28 million.

Cutting costs cannot solve the problem. We are one of the most cost-effective children's hospitals in the country and our operating expenses per adjusted patient day are 24% lower than that of the average independent children's hospital. Recognizing the impact that the economy has had on our Medicaid volumes and therefore losses, Connecticut Children's did not give raises this year. In addition, all of our executive team and many of our leaders and staff have taken voluntary cuts in pay and benefits this year, helping us to avoid lay-offs and continue supporting our region as an economic engine.

Connecticut Children's current and growing Medicaid shortfall threatens our long-term financial viability. The losses noted in the chart on page 3 and the potential for continued losses in the future jeopardize our ability to meet the needs of all of Connecticut's children, HUSKY or not. This ongoing loss trend reduces our ability to make needed capital investments and impairs our ability to recruit and retain exemplary staff.

## Connecticut Children's Supplemental Payments and Medicaid Losses— 2007 to Projected 2011



Currently, Connecticut Children's receives 77¢ for every dollar we spend caring for children who rely on HUSKY. Ultimately, the State needs to create a long-term financial solution that allows us to be reimbursed closer to our costs for Medicaid services. The recession and state budget crisis certainly present all of us with difficult decisions. Governor Malloy's proposed budget for FY 2012-2013 helps to preserve the health care safety net for children under a model of shared sacrifice. Although the 4% reduction in Connecticut Children's Disproportionate Share Hospital payment will increase our Medicaid loss over the next biennium, we understand that we must share in the responsibility to return the state budget to a more sustainable future.

As the state looks to restructure Medicaid, Connecticut Children's has a unique capacity to provide leadership so the State can implement an optimal care coordination model for children that best meets their needs by improving health outcomes and reducing costs. The attached document (pages 6-7) outlines our proposal that the State utilize a central utility model for care coordination.

Connecticut Children's supports the Connecticut Hospital Association's legislative agenda and budgetary concerns. Their goal to modernize Medicaid will preserve the health care safety net and improve the health and well being of our citizens by promoting prevention, encouraging the efficient delivery of coordinated care and reducing the cost shift to the private sector.

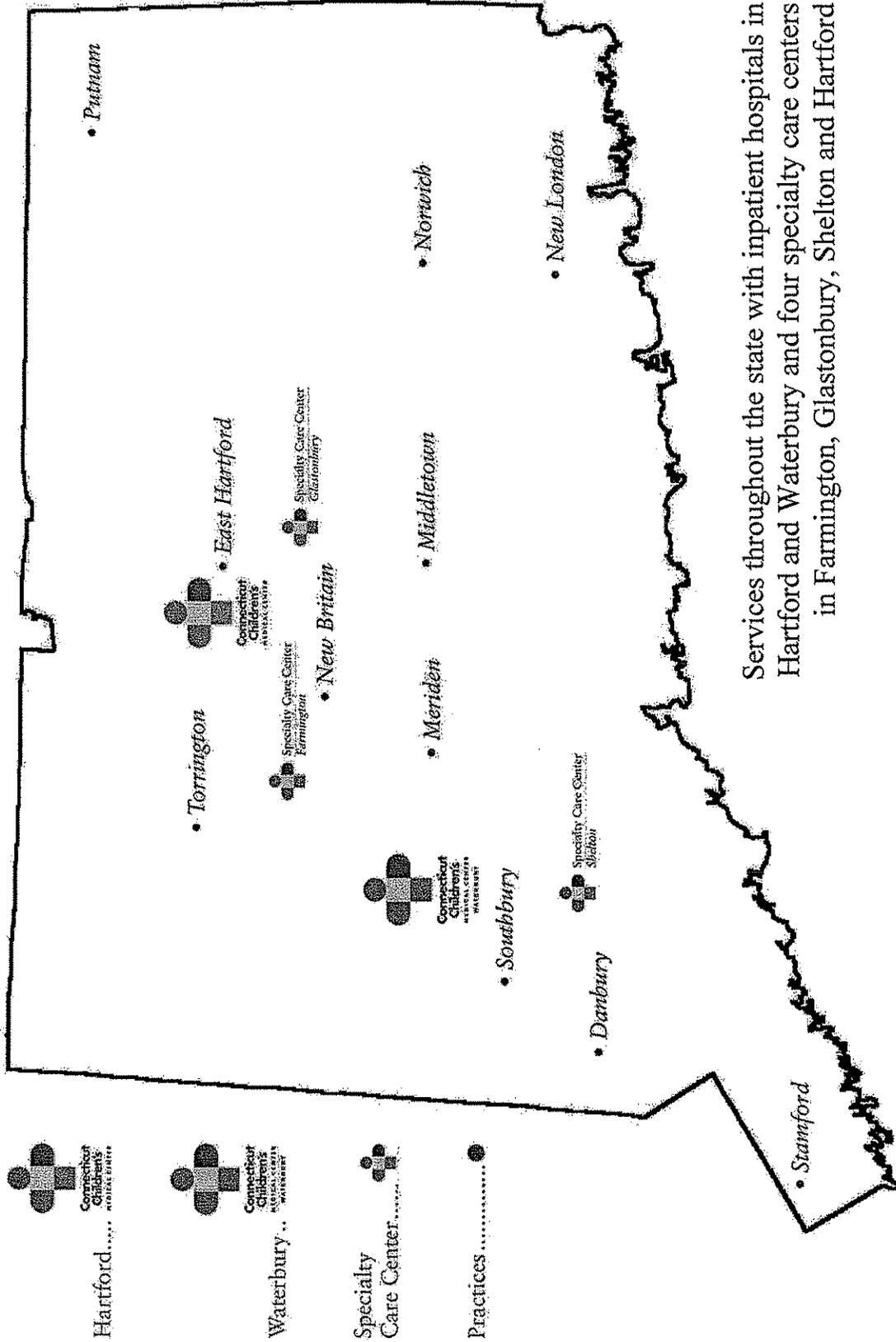
As the region's only academic medical center dedicated exclusively to the care of children, Connecticut Children's enhances the quality of life in our state, we support the local economy, and we are good for kids. The State of Connecticut insures our neediest children by providing them with HUSKY cards. Those children come to Connecticut Children's to get high quality family centered pediatric health care services. The State must pay Connecticut Children's the cost of providing that care. Under the Governor's proposed state budget, we will lose almost \$29 million in 2012 taking care of children who rely on HUSKY. We are willing to share in the effort to weather the current budget

crisis, but ultimately we must partner with the State to create a long-term solution that will allow Connecticut Children's to continue giving children the care they deserve.

Attachments:

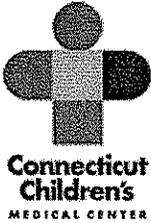
- Connecticut Children's 2011 Locations (page 5)
- Connecticut Children's proposal on care coordination for children covered by HUSKY (pages 6-7)

# Connecticut Children's 2011 Locations



Services throughout the state with inpatient hospitals in Hartford and Waterbury and four specialty care centers in Farmington, Glastonbury, Shelton and Hartford





**Implementing an optimal care coordination model  
as the State restructures the delivery of health care to children insured by HUSKY**  
Connecticut should implement a central utility model for Medicaid care coordination  
to improve health outcomes and reduce costs

Care coordination makes pediatric primary care more effective

- The effective delivery of child health services frequently depends on connecting children and their families to specialty services and supports outside of primary care
- A written care plan is central to providing care coordination services
- Primary health care settings are an optimal site for care coordination because providers' frequent interactions with children and their families allow for early identification of children in need
- Care coordination is especially important for children, as they benefit the most from early detection and intervention

Obstacles prevent many pediatric primary care practices from providing care coordination

- Lack of sufficient time, reimbursement and practice staff
- Lack of information about and availability of community resources
- Lack of formal data systems to obtain up-to-date information and share across service settings
- As a result, a 2008 survey of Connecticut-based pediatric and family medicine practices found that less than one quarter engage in formal care coordination activities

These obstacles increase Medicaid costs and prevent Connecticut children from obtaining optimal care

- Relatively few children:
  - Receive timely follow up after an emergency visit for treatment of asthma (24%) or a hospital discharge (52%)
  - Work with their child's medical home to create a written care plan
  - Have an identified person at the practice to help with referrals and locating needed services
- Practice-based care coordination has been shown to result in decreases in:
  - Parents missing days of work,
  - Children's hospitalization rates,
  - Office visits for sick care, and
  - The utilization of emergency department visits, lab tests, and x-rays

The current model for Primary Care Case Management does not address these obstacles

- The \$7.50 per member per month payment is insufficient for individual practices to build care coordination infrastructure, especially with a small enrolled population that minimizes opportunities for spreading risk
- Effective care coordination requires:
  - Hiring and training care coordinators
  - Developing a knowledge of community resources
  - Implementing a data system to track utilization
  - Developing and implementing care plans that cut across service sectors including health care, schools, child care settings and social services

A central utility model would lead to lower costs and better outcomes

- The Medicaid program in North Carolina has implemented a central utility model
  - Providers and regional entities share per member per month dollars
  - Practices identify children in need of services
  - Central utility develops and implements care plans and monitors children's progress
- The results have been favorable
  - Improved utilization of primary care services
  - Decreased use of expensive, unnecessary services
  - Reduced Medicaid expenditures in emergency and inpatient care

Building a Care Coordination System for Connecticut

- Connecticut Children's is in a unique position to lead in the development of a regionalized system of care coordination for children in the greater Hartford area.
- Some components of a comprehensive system are in place or under development at Connecticut Children's Special Kids Support Center funded with federal dollars by the Department of Health's Medical Home Initiative, including collaboration with DPH, DCF, Child Development Infoline (CDI), the Child Health and Development Institute, two MCOs and the HUSKY Behavioral Health and Dental carve-outs.
- With the exception of the CDI, the work of the organizations listed above to support a central, regional care coordination utility is funded through dollars that are already in the child health and welfare systems and earmarked for coordinating children's services.
- The logical extension of this work leads to the development of a formal care coordination utility that does the following:
  - Uses existing care coordination resources to serve children and families through pediatric medical homes that are integrated with a larger set of services;
  - Shares PCCM dollars with pediatric primary care practices;
  - Trains and consults with practice-based care coordination staff;
  - Ensures the most cost-effective utilization of specialty services;
  - Performs quality assurance monitoring and data collection, data management and reporting to practices and to DSS; and
  - Serves as a replicable model for other Connecticut regions as well as other states.