

**TESTIMONY OF
YALE-NEW HAVEN HOSPITAL
BEFORE THE
HUMAN SERVICES COMMITTEE
Tuesday, March 15, 2011**

**SB 1013, AN ACT IMPLEMENTING THE GOVERNOR'S BUDGET RECOMMENDATIONS
CONCERNING HUMAN SERVICES**

Yale-New Haven Hospital (YNHH) appreciates the opportunity to submit testimony concerning **SB 1013, AN ACT IMPLEMENTING THE GOVERNOR'S BUDGET RECOMMENDATIONS CONCERNING HUMAN SERVICES**

Yale-New Haven provides sensitive, high-quality health care to all of our patients, and serves as a primary care center for thousands of New Haven-area residents and a referral center for patients from around the state and country. With over 8500 employees, Yale-New Haven is the second largest employer in New Haven and continues to be the State's largest hospital provider of services to people covered by Medicaid. Reaching into the community, we enhance student learning through a number of hands-on partnerships in our schools; provide support to local non-profits; have built homes with our employees through a partnership with Habitat for Humanity; and remain a sponsor of the nursing program at Gateway Community College.

Among other things, SB 1013 provides the details for implementing the Governor's proposed 5.5% tax on hospitals. Connecticut had a similar tax in the past and it was repealed in 2000. The purpose of the tax is to obtain federal dollars which will be used to help offset the deficit. There is general agreement that there are access issues and that system improvements are needed, however, the \$133 million federal match drawn from the tax will not be invested in health care. Levying a hospital tax to obtain federal funds is bad public policy. President Obama agrees, given his recent budget proposal seeks to phase out the match.

Moreover, we must consider the full impact of the Governor's proposals. Taken together, if passed as proposed, **Yale-New Haven will lose an additional \$5 million due to implementation of the hospital tax and elimination of the hospital pools.** Last year, YNHH received \$18.6 million from the hospital pools. Our Medicaid shortfall and free care cost was \$148.9 million; \$32 million from care provided at Yale-New Haven Children's Hospital alone. And, while we understand the state is facing an unprecedented budget deficit, we know that imposing a hospital tax or eliminating funding for uncompensated care will hurt the health of Connecticut citizens and the economy of our state.

In addition to the tax and the elimination of funding for uncompensated care, our patients will be impacted by proposals that would cut \$1.1 million for certain hospital outpatient services, reduce non-emergency dental services for adults under Medicaid, and impose cost sharing requirements for certain individuals receiving Medicaid services.

Medicaid and Low Income Adult (LIA, formerly SAGA) continue to reimburse hospital providers less than 70 cents on the dollar of cost. As we move more patients to that payor, we are seeing our shortfalls escalate. The growing number of underinsured and uninsured patients is straining the system. We can ill afford further reductions to hospital funding or a tax on health care.

We urge you to oppose SB 1013, and ask that you urge your colleagues to restore hospital pool funding. Thank you for your consideration.