



TESTIMONY OF

Griffin Hospital

**SUBMITTED TO THE
JOINT PUBLIC HEARING OF THE
INSURANCE AND REAL ESTATE, PUBLIC HEALTH,
AND HUMAN SERVICES COMMITTEES
Monday, February 14, 2011**

HB 6305, AN ACT CONCERNING IMPLEMENTATION OF THE SUSTINET PLAN

Griffin Hospital appreciates the opportunity to submit testimony concerning HB 6305, AN ACT CONCERNING IMPLEMENTATION OF THE SUSTINET PLAN.

Griffin Hospital is a full service acute care community hospital serving a primary service area that includes Ansonia, Beacon Falls, Derby, Oxford, Seymour and Shelton with a combined population of 105,000. Griffin employs 1,357 with 282 active and courtesy members of its medical staff. In the 2010 fiscal year Griffin served 7,719 inpatients and close to 40,000 Emergency Department patients.

HB 6035 implements the recommendations of the SustiNet Health Partnership and sets forth the organizational and operational purposes of the SustiNet Authority and Plans. Section 5 of the proposed bill states that “the purposes of the SustiNet Authority shall be to promote access to high-quality health care that is effective, efficient, safe, timely, patient-centered and equitable.... Section 6 states that the SustiNet Plan shall be administered to slow the growth of health care costs, improve the quality of health care services and improve health outcomes.

While we applaud the goals of this proposed bill, we believe that there is a better solution to coordinating with healthcare reform while improving access to care, addressing provider financial losses, reducing the state deficit, and mitigating the cost shift to businesses.

HB 6035 directs the Department of Social Services to establish a Basic Health Plan, which will essentially become the insurance plan for those individuals with family incomes between 133 and 200 percent of the federal poverty level who are currently covered by Medicaid. Moving individuals to the Basic Health Plan enables the state to shift the full cost of covering these individuals to the federal government—which results in additional state dollars being available to help balance the state budget. It is a plan that benefits the state, but does not address current issues faced by beneficiaries and providers.

Connecticut hospitals have proposed a solution to modernize Connecticut’s Medicaid Program that improves the care and value for patients, reduces the state deficit, materially reduces the cost shift to Connecticut businesses and workers, and makes it possible for Connecticut hospitals to remain strong and viable in their role as Connecticut’s healthcare safety net.

The solution proposed by Connecticut hospitals includes:

- Raising Medicaid physician rates to Medicare levels and allowing hospitals to bill for physician services provided. This would improve access to physicians and primary care for Medicaid patients. This can be done with no cost to the state by taking advantage of increased federal matching funds for primary care physicians and by converting some current Disproportionate Share Hospital payments into Medicaid rate increases for physicians.
- Implementing existing Medicaid law and apply medical management to all Medicaid populations. This change was passed in 2010 and included in current budget planning, but not implemented. Estimated savings include \$60 million from medical management and \$60 million in administrative savings.
- Raise physician rates and begin the transition process to a Diagnosis Related Group (DRG) system. Converting to a DRG system, such as that used by Medicare and nearly all other states for their Medicaid programs, creates the foundation for a system that can also reliably measure quality, efficiency, and safety. This can be done at no cost to the state using savings generated by this solution. Replacing Connecticut's outdated TEFRA target system with a DRG system would provide a manageable appropriate way to relate the resources needed by specific patients with the payments hospitals receive for caring for those patients.
- Introduce a gain-sharing element that encourages effective, coordinated patient care management. This puts a portion of new hospital funding "at risk" and ensures that hospital and state incentives are aligned. This could be implemented at no cost to the state.
- Align the state's Medicaid program with health reform guidelines by enrolling in private insurance those Medicaid patients with incomes eligible for federal subsidies in the new Health Insurance Exchange. The shift of patients from Medicaid to private insurance will result in significant savings: even assuming the state pays all out-of-pocket costs to keep beneficiaries whole and invests an additional \$250 million in hospital rates and modernization, the state would still see an enormous return estimated at \$229 million annually.

These are actionable solutions that will enable Connecticut hospitals to continue providing top quality care to patients throughout Connecticut. They do not require legislation or a federal waiver. They can be done quickly. They are solutions that improve the care and value for patients, dramatically reduce the state deficit, materially reduce the cost shift to Connecticut businesses and workers, and make it possible for Connecticut hospitals to remain strong and viable.

Griffin Hospital strongly urges you to consider and act on these solutions and appreciates your consideration of our position.