



**TESTIMONY OF  
Saint Francis Hospital and Medical Center  
SUBMITTED TO THE  
JOINT PUBLIC HEARING OF THE  
INSURANCE AND REAL ESTATE, PUBLIC HEALTH,  
AND HUMAN SERVICE COMMITTEES  
Monday, February 14, 2011**

**HB 6305, AN ACT CONCERNING IMPLEMENTATION OF THE  
SUSTINET PLAN**

Saint Francis Hospital and Medical Center appreciates the opportunity to submit testimony concerning **HB 6305, AN ACT CONCERNING IMPLEMENTATION OF THE SUSTINET PLAN.**

Saint Francis is a 617 bed general acute care hospital located in Hartford, Connecticut. Saint Francis is a tertiary teaching hospital affiliated with the University of Connecticut School of Medicine and is the largest Catholic hospital in New England and the third largest hospital in Connecticut. In FY2010 Saint Francis provided care to over 32,000 inpatients, 200,000 outpatients and treated over 69,000 people in its emergency department. Saint Francis employs more than 5,000 people and provided the Greater Hartford community with over 83 million dollars of community benefit (including bad debt) in FY2010.

HB 6035 implements the recommendations of the SustiNet Health Partnership and sets forth the organizational operational purposes of the SustiNet Authority and Plan. 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.

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 has long struggled with the reality that the state woefully under funds its Medicaid program. The enormous size of this under funding creates significant financial hardships on all Connecticut providers who must continue to provide high quality health care services, while the resources to cover the cost of those services remain insufficient to meet those costs. The difference between the true cost of care and what Medicaid pays has been supplemented in part, in the past by cost shifting uncovered Medicaid costs to private Connecticut insurers and through them to the businesses and individuals that purchase this insurance. This cost shift model is no longer sustainable and therefore requires the state to more directly address its under funding of the Medicaid program.

Saint Francis Hospital and Medical Center, as part of the Connecticut Hospital Association, supports implementing a package of workable, practical solutions for modernized Medicaid that involves both short-term and long-term structural changes to the current Connecticut Medicaid program.

Some of the most important immediate aspects of these Medicaid changes include:

- **Raise Medicaid physician rates to Medicare levels and allow hospitals to bill for physician services provided.**
- **Implement existing Medicaid law** (to move from current managed care contracts, a change that was passed in 2010 and included in current budget planning, but not implemented), and apply medical management to all Medicaid populations.
- Use 60 million dollars of the savings generated by these short-term Medicaid program changes, as well as the 35 million dollars from the current Disproportionate Share Hospital Payments to replace the outdated TEFRA target hospital payment system with a **Diagnosis Related Group (DRG) system**, such as that used by Medicare (and nearly all other states for their Medicaid programs), thus **creating the foundation for a Medicaid system that can also reliably measure quality, efficiency, and safety. Implementation to begin 2011.**
- **Introduce a gain-sharing element to the Medicaid program that encourages effective, coordinated patient care by placing a portion of new hospital funding “at risk” to ensure that hospital and state incentives are aligned.** This provision will be effective January 1, 2014.
- **Align the state’s Medicaid program with federal health reform guidelines** by enrolling in a private insurance plan for those Medicaid patients with incomes eligible for federal subsidies as part of the new Health Insurance Exchanges. This approach should improve care and value for Medicaid patients, reduce the state deficit, lower 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 24/7 health care safety net.

Saint Francis believes this approach would be a faster and more effective solution for the Medicaid program solution than passage of this legislation.

Thank you for your consideration of these remarks.