

**Testimony of Martin J. Gavin, President & CEO of Connecticut Children's Medical Center
to the Appropriations Committee
Regarding the Department of Social Services Budget for Fiscal Year 2013
February 17, 2012**

Senator Harp, Representative Walker, members of the Appropriations Committee, thank you for the opportunity to submit testimony regarding the Department of Social Services budget. I would like to share with you some information 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 Fiscal Year 2011, Connecticut Children's:

- Experienced 310,000 patient visits including 33,000 pediatric primary care visits,
- Cared for over 53,488 children in our emergency department—147 children every day, 24 hours a day, 7 days per week, 365 days per year, and
- Conducted 10,098 surgeries ranging from neurosurgery to ear tubes.

Connecticut Children's is a vital resource for children and families across the state. The attached map 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 are the Pediatric Department for the University of Connecticut School of Medicine. We have trained over 187 new pediatricians since opening in 1996 and 77 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. The January 2012 transition to an Administrative Services Organization model for HUSKY included an accommodation to ensure the preservation of reimbursement rates that had been negotiated with the Managed Care Organizations. While this was an important step for safety net providers like Connecticut

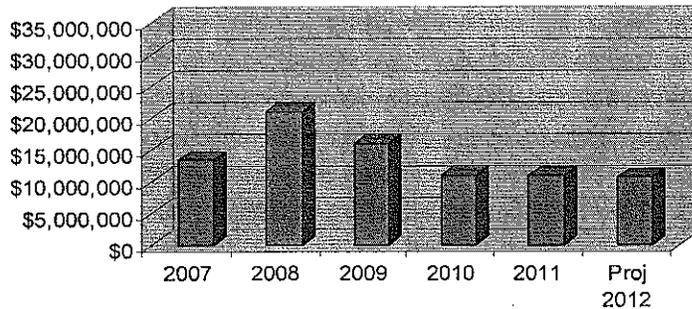
Children's, HUSKY reimbursement rates remain inadequate. This combination of high enrollment for children and low reimbursement puts an undue burden on Connecticut's pediatric providers.

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.

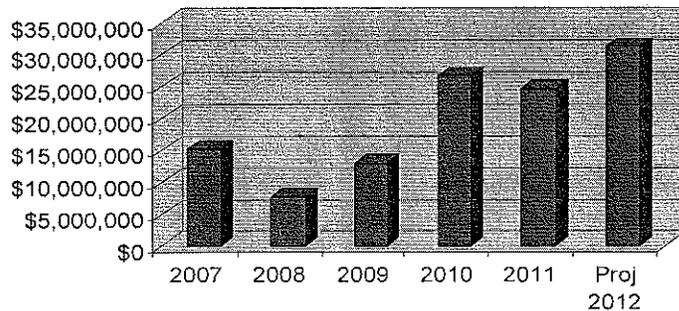
Connecticut Children's and the State of Connecticut need each other. Connecticut Children's will celebrate its 16th birthday in April and we have grown up to be the state's leader in pediatric health care. In 2011, we opened our state-of-the-art Clinical Care Center for Cancer and extended access for the State's most vulnerable citizens by expanding our Neonatology services to include the Neonatal Intensive Care Unit at the UConn Health Center in Farmington. 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.

**Connecticut Children's Medicaid Supplemental Payments
2007 - Projected 2012**



**Connecticut Children's Medicaid Loss
(after supplemental payments)
2007 - Projected 2012**



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 2011, we lost \$25 million taking care of children who rely on Medicaid and in 2012 that loss is projected to grow to more than \$31 million.

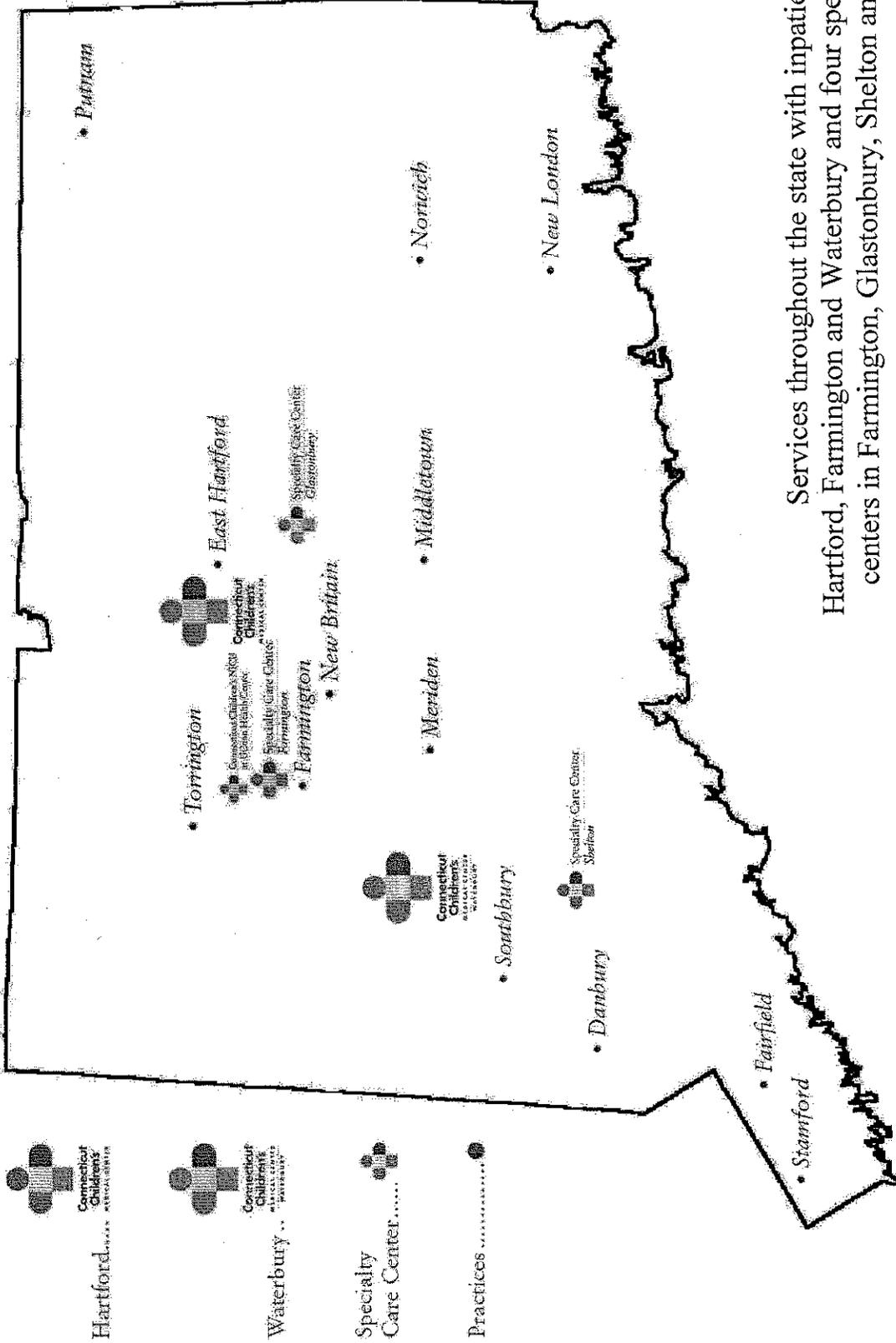
Cutting costs cannot solve the problem. We are one of the most cost-effective children's hospitals in the country and our operating expenses per adjusted patient day are 24% lower than that of the average independent children's hospital. Recognizing the impact that the economy has had on our Medicaid volumes and therefore losses, 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 layoffs and continue supporting our region as an economic engine.

Connecticut Children's current and growing Medicaid shortfall threatens our long-term financial solvency. The losses noted in the chart above 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.

In 2012, Connecticut Children's is projected to receive 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.

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 \$31 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.

Connecticut Children's 2012 Locations



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