CONNECTICUT HOSPITAL ASSOCIATION

TESTIMONY OF
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CONNECTICUT HOSPITAL ASSOCIATION
BEFORE THE
HUMAN SERVICES COMMITTEE
Tuesday, March 13, 2012

HB 5450, An Act Establishing A Basic Health Program

My name is Stephen Frayne. I am the Senior Vice President of Health Policy at the Connecticut Hospital Association (CHA). I am testifying today in opposition to **HB 5450, An Act Establishing A Basic Health Program.**

Before outlining our concerns, it's important to detail the critical role hospitals play in the health and quality of life of our communities. Our state's hospitals are more than facts and figures, and dollars and cents. Hospitals, at their core, are all about people. All of our lives have, in some way, been touched by a hospital: through the birth of a child, a life saved by prompt action in an emergency room, or the compassionate end-of-life care for someone we love. Or perhaps our son, daughter, husband, wife, or friend works for, or is a volunteer at, a Connecticut hospital.

Hospitals provide care to all people regardless of their ability to pay. In fact, every three minutes, someone without health insurance comes to a Connecticut hospital in need of inpatient, emergency, or outpatient surgical services. Connecticut hospitals are the ultimate safety net providers and offer care 24 hours a day, seven days a week, 365 days a year.

Every day, healthcare professionals in hospitals see the consequences and health implications for individuals and families who lack access to care and coverage. Emergency departments are filled with individuals who cannot find a physician to care for them because they are uninsured or underinsured – or they are Medicaid beneficiaries and few physicians will accept the low rates paid by Medicaid. Throughout Connecticut, our emergency rooms are treating both those who have delayed seeking treatment because of inadequate or no coverage, and those who have no other place to receive care.

As frontline caregivers, Connecticut hospitals are absolutely committed to initiatives that improve access to high quality care and expand health insurance coverage. Connecticut hospitals stand ready to partner on solutions to create a system of healthcare coverage that ensures access to all residents. Such a system must ensure seamless coordinated care that is affordable to individuals and families, and is sufficiently financed. The ultimate goal is to establish a healthcare system through which coverage is affordable and sustainable, and access to care is guaranteed.

Having said that, I am sure many of you are perplexed by our opposition to the establishment of a Basic Health Plan (BHP), and are wondering how CHA and its members can be opposed to the BHP given our long record of supporting efforts that expand access to insurance and Medicaid, in particular, as a way to assure all a connection to care. It is true that CHA has and continues to support efforts to make it easier to be eligible for and keep Medicaid. We have and continue to support continuous eligibility, presumptive eligibility, self declaration, raising the income limits for those eligible for Medicaid, and early adoption of Medicaid for single adults. In addition, we have for years paid the full salary and benefits of state employees to work in the hospitals as outstationed Medicaid eligibility workers, and we have also adopted policies that offer sliding scale discounts based on income to all who seek hospital care.

So, why are we against a BHP? HB 5450 directs the Department of Social Services to establish a BHP for those individuals with a family income between 133 and 200 percent of the federal poverty level (FPL). The BHP would become the new insurance coverage for those individuals currently on Medicaid with incomes above 133 percent of federal poverty guidelines as well as others not currently enrolled in Medicaid that meet the eligibility criteria. The BHP would be funded by accessing 95 percent of the available tax credit that would have been provided to the individual, if the individual had gone through the exchange. It is expected that this new source of federal dollars would be sufficient to reduce the state's expense for these Medicaid individuals. It is hoped that there might be some federal dollars left over. If there are, the proposed legislation calls for using those dollars to increase reimbursement rates for providers.

The fundamental problem with this approach is that it doesn't resolve the existing problems of the Medicaid program for patients, providers, or businesses. As we all know, in both good times and bad, inadequate funding for Medicaid has been a problem that has affected beneficiaries, the state, hospitals, and employers. Beneficiaries suffer inadequate access to non-hospital services, the state can't afford it, and hospitals struggle with how to shift the Medicaid underfunding of more than $1 million a day to those who get their health insurance through their employer. On the unsustainable track that we are on, that Medicaid cost shift will soon be approaching $2 million dollars a day.

Creation of the BHP would exacerbate these existing problems. First and most important, it will not improve access to non-hospital based services for Medicaid patients. Second, it doesn't address the underfunding of hospitals, which results in a tremendous amount of costs being shifted to Connecticut businesses and employees. Third, it doesn't provide any assurance that the operation of this plan will not add to the already staggering cost shift borne by Connecticut businesses and employees. In our view, adoption of a BHP will cause us to have missed a historic opportunity to break the cycle of inadequate access and the employer burden that results from cost-shifting.

In our opinion, a better approach would be to enroll these individuals into the health insurance exchange, and supplement federal funding with the resulting state savings. This would provide these individuals with the resources necessary to cover any out-of-pocket expenses and missing services.

Thank you for your consideration of our position. For additional information, contact Stephen Frayne, Senior Vice President, Health Policy at (203) 294-7280.