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**Testimony of
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Submitted to the
Human Services Committee
Tuesday, March 13, 2012 – Public Hearing

Oppose HB 5450: An Act Establishing a Basic Health Plan

As President and CEO of Eastern Connecticut Health Network (ECHN) and as Secretary of the Connecticut Hospital Association's Executive Committee and Chairman of its Committee on Government Relations, I am writing to express our strong opposition to House Bill 5450: An Act Establishing a Basic Health Plan.

ECHN is a not-for-profit community-based health system that serves the residents of eastern Connecticut. Our health system includes Manchester Memorial Hospital; Rockville General Hospital; Woodlake at Tolland Rehabilitation and Nursing Center; John A. DeQuattro Cancer Center; wellness centers and a series of medical practices.

ECHN is a major employer in eastern Connecticut where we employ approximately 2,500 employees. We paid our \$134 million in salaries and purchased \$83 million in goods and services last year. ECHN has also provided more than \$5.6 million in charity care in 2011.

Regardless of insurance status or ability to pay, Connecticut residents know that our hospitals are always there when medical care is needed. As the leaders of the state's community hospitals, we speak out when legislation is being debated at the state Capitol that would exacerbate the already precarious financial condition hospitals of all sizes find themselves in, particularly at a time when we are facing cuts in federal funding, the steady decline of Medicare and Medicaid reimbursements and the effects of the burdensome state hospital tax.

That is why when it comes to HB 5450, we believe that the best option for our state is to implement an effective health insurance exchange rather than this bill that would create a basic health plan. If this bill is approved as currently written, the federal government

will provide the state with only 95 percent of the subsidy that would have been provided if the individual was enrolled in a health insurance exchange.

Connecticut hospitals also believe that the basic health plan doesn't resolve the existing problems of the Medicaid program and would simply prolong some of the current problems plaguing the Medicaid system for patients, providers and businesses.

Under this bill, providers would have to accept Medicaid level funding for this new non-Medicaid product. This means providers who can't afford to participate in the program will decide not to, impeding hospitals from addressing the critical challenges already facing our health care system: access to adequate care for patients, health care costs shifting to families and businesses and the shortage of primary care physicians in Connecticut.

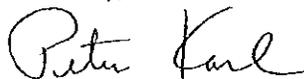
We are confident that a better alternative to creating a basic health plan would be to enroll Medicaid patients into the health insurance exchange, and supplement federal funding with the resulting state savings. The health insurance exchange would provide these individuals with the resources necessary to cover any out-of-pocket expenses and missing services.

Finally, the use of available funding through federal health care reform will make comparable coverage available through the state health insurance exchange to people currently covered by Medicaid who are eligible for private insurance under the exchange.

Unquestionably, the goal for all of us – health care providers, elected leaders, insurers, patients and other important stakeholders – is to create a health care system that is affordable, sustainable and accessible to people around the clock, 365 days a year. Connecticut hospitals stand ready to help but we are certain a health insurance exchange would be the most effective way to make coverage more affordable and improve access to health care for uninsured individuals and small employers.

Again, I respectfully urge you to oppose HB 5450: An Act Establishing a Basic Health Program. Please feel free to contact me if you have any questions or comments. As always, Connecticut hospital leaders are willing partners in strengthening the state's health care system and we are always available to meet with our elected leaders to discuss our ideas and concerns in greater detail.

Sincerely,



Peter J. Karl
President & CEO