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**Testimony of
Peter J. Karl, President & CEO
EASTERN CONNECTICUT HEALTH NETWORK (ECHN)**

Submitted to the
Public Health Committee
Wednesday, March 21, 2012 – Public Hearing

Oppose SB 425: An Act Establishing a Basic Health Program

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 opposition to Senate Bill 425: An Act Establishing a Basic Health Program.**

We submitted written testimony to the Human Services Committee last week outlining the same concerns with the bill they are considering, House Bill 5450, their version of An Act Establishing a Basic Health Program.

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 more than 2,500 employees. We paid our \$134 million in salaries and purchased \$83 million in goods and services last year. Furthermore, ECHN 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.

Connecticut hospitals 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 significant cuts in federal funding, the effects of the recently imposed state hospital tax and the steady decline of Medicare and Medicaid reimbursements.

That is why when it comes to SB 425, we believe that the best option for our state is to implement an effective health insurance exchange rather than this proposal that would create a Basic Health Program.

Shifting patients to this type of program will not address the fundamental problems of the Medicaid program for patients, providers or businesses. Under a Basic Health Program, providers would have to accept Medicaid-level funding for this new non-Medicaid product.

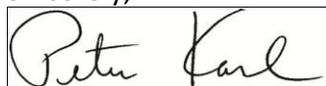
Therefore, providers who can't afford to participate in the program will decide not to, impeding all of us from addressing the critical challenges already facing our health care system: access to adequate care for patients – including non-hospital based services for Medicaid beneficiaries and the significant underfunding of hospitals which results in burdensome costs being shifted to businesses and employees. The prediction is that Medicaid cost shift could reach \$2 million a day.

That is why these patients should be enrolled in Connecticut's health insurance exchange, with federal funding supplemented with state savings. As a result, these individuals would have the means to cover out-of-pocket expenses and the services they may not have access to.

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 choosing a Basic Health Program over a health insurance exchange is the wrong approach.

Again, I respectfully urge you to oppose SB 425: An Act Establishing a Basic Health Program and move toward a health insurance exchange. As always, hospital leaders from across the state are always willing to meet with our elected leaders to discuss our ideas and concerns in greater detail.

Sincerely,

A handwritten signature in black ink that reads "Peter Karl". The signature is written in a cursive style and is positioned below a horizontal line.

Peter J. Karl
President & CEO

