TESTIMONY OF
Saint Francis Hospital and Medical Center
BEFORE THE
PUBLIC HEALTH COMMITTEE
Wednesday, March 21, 2012

SB 425, An Act Concerning A Basic Health Program

Saint Francis Hospital and Medical Center has been an integral part of the Connecticut Health Care System for over 115 years. In fact, Saint Francis is a critical component of the health care safety net that provides services to the residents of the Greater Hartford Region. In FY2011 alone, Saint Francis contributed over $62,395,000 (Sixty-Two Million Three Hundred and Ninety-Five Thousand Dollars) in community benefit services to this community through programs dedicated to meeting identified community health needs in a high quality and low cost fashion.

Given our track record of community service and long standing commitment to make health care services available to all regardless of their ability to pay, it is with great sadness we find it necessary to enter our objection to *Senate Bill 425, An Act Concerning a Basic Health Program.*

Why do we object to SB 425?

As we understand SB 425, it 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 (PPL). The basic health plan 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 basic health plan 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 the existing problems of the Medicaid program for patients, providers, or business are left unresolved. 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. In FY2011 alone, the unpaid costs for Medicaid experienced by Saint Francis exceeded $27.3 million. These costs are only growing as time goes forward.

Creation of the basic health plan without addressing the existing problems in the Medicaid program simply exacerbates these 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 business and employees.

If Connecticut is to move forward on the road of facing legitimate budget limits such as the institution of GAAP accountimng principles and fiscal restraint in the provision of state employee benefits it must also adequately fund its other state liabilities such as the Medicaid program and payment in lieu of taxes to our municipalities. Otherwise, the cycle of cost shifting and expense cap manipulation will continue.

An alternative approach to the creation of the basic health plan called for in this bill 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 opinion.