

TESTIMONY OF
JOHN MURPHY, MD, PRESIDENT AND CEO
ON BEHALF OF THE WESTERN CT HEALTH NETWORK
SUBMITTED TO THE APPROPRIATIONS COMMITTEE
Friday, February 14, 2014

HB 5030, An Act Making Adjustments To State Expenditures For The
Fiscal Year Ending June 30, 2015

We appreciate the opportunity to submit testimony on behalf of the Western CT Health Network concerning HB 5030, An Act Making Adjustments To State Expenditures For The Fiscal Year Ending June 30, 2015. Beginning with the passage of the biennium budget in May 2013, the CT Hospital Association, with our support, has been working with the Office of Policy and Management (OPM) and the Department of Social Services (DSS) to develop a new payment framework for acute care hospitals that provides stable and predictable reimbursements to hospitals while improving care and controlling costs. Our shared goal has been to develop and implement that framework by July 1, 2014.

This new effort was a result of last year's budget actions, which imposed a tax of \$336 million on CT hospitals over the biennium. **Collectively, the financial impact to Danbury Hospital, New Milford Hospital and Norwalk Hospital was more than \$50 million.** It forced us to make difficult decisions affecting programs and people to minimize the impact to patient care. We reduced employee salaries and benefits, eliminated or reduced some services, and postponed investments in technology and infrastructure. The consequence of these necessary cost-cutting efforts has had a negative effect on our local and state-wide economy. And, the damaging economic effects continue to linger.

Yet we are resilient, and also hopeful that with your help we can move forward with an innovative solution that improves the situation, and, the quality of care by redesigning the Medicaid program with an enhanced focus on our patients. We view this as a challenge, a responsibility and, a great opportunity to make healthcare better at a lower cost. We know other states have addressed these same challenges in thoughtful and creative ways. We can do the same.

With CHA, we are proposing a plan that aligns with the state's health reform agenda; builds upon the existing Medicaid FFS payment system; focuses on programs that improve access to appropriate care, thereby reducing disparities and improve the health of our communities; uses quality metrics to track and reward change; and invests in hospitals that achieve the shared vision.

We embrace the notion of accountability and believe there should be a portion of our reimbursement that remains at risk. The incentives would be sourced by a \$30 million appropriation of state funds, which would be matched by \$70 million in federal funds. Payout from the incentive pool would be directly linked to achieving the desired results.

At the Western Connecticut Health Network, we pride ourselves on building the best models of healthcare, and for finding new and innovative ways to promote healthy communities. We hope you believe that investing in better health care for our citizens is a sound decision for the future of Connecticut and a timely proposal to help those who need us most today. Please join our efforts by adopting this meaningful reform and related allocations, effective July 1, 2014. Thank you for your consideration of our request.