CONNECTICUT HOSPITAL ASSOCIATION

TESTIMONY OF
STEPHEN FRAYNE
SENIOR VICE PRESIDENT, HEALTH POLICY
CONNECTICUT HOSPITAL ASSOCIATION
BEFORE THE
LABOR AND PUBLIC EMPLOYEES COMMITTEE
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SB 61, An Act Concerning Workers' Compensation and Liability For Hospital Services

The Connecticut Hospital Association (CHA) appreciates the opportunity to submit testimony concerning **SB 61, An Act Concerning Workers' Compensation And Liability For Hospital Services.** CHA opposes the bill as written.

Before outlining our concerns, it's important to detail the critical role hospitals play in the health and quality of life of our communities. 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 treat everyone who comes through their doors 24 hours a day, regardless of ability to pay. In 2012, Connecticut hospitals provided nearly $225 million in free services for those who could not afford to pay.

Connecticut hospitals are committed to initiatives that improve access to safe, high-quality care. They are ensuring that safety is reinforced as the most important focus—the foundation on which all hospital work is done. Connecticut hospitals launched the first statewide initiative in the country to become high reliability organizations, creating cultures with a relentless focus on safety and a goal to eliminate all preventable harm. This program is saving lives.

Providing culturally competent care, eliminating disparities, and achieving health equity are also priorities of Connecticut hospitals. The CHA Diversity Collaborative, a first-in-the-nation program to achieve these goals, has been recognized as a national model.

The benefits of hospitals extend well beyond their walls, as they strive to improve the health of our communities and play a vital role in our economy. Connecticut hospitals provide great jobs to more than 55,000 people who make sure we have access to the very best care whenever we need it. Every hospital job creates another job in our community. In total, Connecticut hospitals generate 111,000 jobs in our communities and contribute more than $20 billion to the state and local economies.

SB 61 as proposed would make three significant changes to workers' compensation and liability for hospital services. First, for hospital services rendered prior to July 1, 2016, it would make a change from what is currently required under Connecticut General Statutes Section 19a-166 (i.e., rates and fees negotiated between the payer and the hospital to a set of costs determined by the Commissioner) to an amount equal to the operating expense plus an amount for uncompensated care. Second, it would limit the time to identify disputes to one year from the date of payment to a hospital or one year from when the employer notifies the hospital of a dispute. Third, it requires the chairman of the Workers' Compensation Commission to establish a fee schedule for hospital services.

SB 61 should be rejected for several reasons.

First, if passed, SB 61 would interfere with the orderly resolution of disputes currently pending before the Connecticut Supreme Court. At issue in the pending disputes is the refusal of a small number of workers' compensation insurers to negotiate rates and methods of reimbursement with hospitals as required by Connecticut General Statutes Section 19a-166; this minority of insurers prefer a system by which they decide, claim by claim, what they are going to pay, and hospitals are left to appeal, claim by claim, if they don't agree.

Second, the amount proposed as payment for hospital services prior to adoption of a fee schedule is wholly inadequate. Operating expense plus the cost of uncompensated care would not provide enough to cover all incurred costs – it would exclude: the annual $235 million hospital tax, which adds seven percent to the cost of employer-sponsored private and workers' compensation insurance; the annual $710 million Medicaid payment shortfall, which adds another 20 percent to the cost of employer-sponsored health insurance and workers' compensation; and the annual $364 million Medicare shortfall, which adds another 10 percent to the cost of employer-sponsored health insurance and workers' compensation.

Any solution to the current situation has to recognize the need for a hospital to be compensated sufficiently to cover all of these costs. We are ready and willing to work on solutions and look forward to the opportunity to do so.

We appreciate your consideration of our position.

Thank you for your consideration of our position. For additional information, contact CHA Government Relations at (203) 294-7310.