

**DEPARTMENT OF
EMPLOYEE SERVICES
RISK MANAGEMENT**

February 18, 2014

**Re: S.B. No. 61 (RAISED) AN ACT CONCERNING WORKERS'
COMPENSATION AND LIABILITY FOR HOSPITAL SERVICES**

Dear Members of the Labor and Public Employees Committee:

The Town of West Hartford asks for the Labor Committee's support of SB 61, An Act Concerning Workers' Compensation and Liability for Hospital Services.

West Hartford, like most towns in Connecticut, has ever tightening budget constraints and the necessity to provide and ensure services to residents as a means of maintaining our high quality of life in our community.

The bill before us today, SB 61 offers every town in CT an opportunity for some relief from the escalating costs associated with workers' compensation medical claims. The unintended consequence of the 2012 Schoolcraft's case jeopardizes the budget of all 169 towns in municipalities in CT. That decision still allows hospitals to freely bill for workers' compensation claims without any billing guidelines. In essence, that decision said that "actual costs" no longer applies and leaves the matter of paying for workers' compensation medical costs unleashed.

That is why we encourage the passage of SB 61. As proposed it would establish a hospital service fee schedule that could infuse some equitable and reasonable relief to the rising workers' compensation medical costs. A pre-determined hospital service fee for workers' compensation claims is not a new idea. Forty-one states have such a system. This means that CT is just one of nine states without an established system that could bring economic resolution to both municipalities and hospitals in CT.

A quick example illustrates why a hospital service fee is necessary. Last year, a local hospital billed a town in Connecticut \$44K for rotator cuff surgery. Under that town's health insurance they paid \$4K; under the same town's workers' compensation program they paid \$14K. Shockingly, without legislation, going forward the hospital may demand \$44K. If legislation is not adopted this legislative session, all employers, including governmental entities, will be in a similar situation.



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While preparing the FY2014-2015 Risk Management Fund Budget for the Town of West Hartford, I learned from our underwriter that the Town can expect an increase to our self-insured retention (currently \$500,000) in addition to paying a 15% rate increase in July when the excess workers' compensation policy renews. This is a direct result of the rising medical costs and undetermined fees for hospital services.

Please Support SB 61 to allow the state's Workers' Compensation Commission to establish an **equitable hospital service fee schedule**. Hospitals, cities, towns, and CT employers alike will be best served by this fiscally reasonable approach.

Please support SB 61 to help stop rising medical costs

Sincerely,

Susan M. Donatelli

Susan M. Donatelli, ERM, ARM
Risk Manager