



TESTIMONY
PUBLIC HEALTH COMMITTEE

Wednesday, March 11, 2015

***SB 814, AN ACT PROMOTING ACCOUNTABLE CARE ORGANIZATIONS
SB 916, AN ACT CONCERNING HOSPITAL CONVERSIONS***

Good Afternoon. My name is Gayle Capozzalo and I am the executive vice president of system development at Yale New Haven Health System (YNHHS)-- Connecticut's leading healthcare system with over 20,000 employees and 6300 medical staff. I appreciate the opportunity to testify on ***SB 814, AN ACT PROMOTING ACCOUNTABLE CARE ORGANIZATIONS and SB 916, AN ACT CONCERNING HOSPITAL CONVERSIONS.***

The Yale New Haven Health System, through Bridgeport, Greenwich and Yale-New Haven Hospitals, and their affiliated organizations, including the Northeast Medical Group, strives to provide access to integrated, high-quality, patient-centered care in collaboration with others who share our values. We offer our patients a range of healthcare services, from primary care to the most complex care available anywhere in the world.

YNHHS hospital affiliates care for more than one quarter of the State's Medicaid enrollees and, last year, provided **over \$180 million in free and uncompensated care** to those who needed our services and could not pay for them. Every day, our staff cares for individuals and families who lack access to medical, dental and behavioral health care. We are working diligently at Yale New Haven to manage the extraordinary changes in the health care landscape, at the same time when we receive decreasing reimbursement from Medicaid and Medicare- two populations that are growing exponentially.

I am concerned with the language in SB 814, as it seems to contradict its title. From what I understand, the State is seeking to establish its own ACO quality standards and reporting requirements. Health care providers already practice within significant regulatory requirements, many of which increase cost and administrative burden without improving access or quality, or adding value for our patients. Accountable Care Organizations are regulated by the Centers for Medicare and Medicaid and the Federal Trade Commission has created antitrust policy/statements for ACOs, so there is no guarantee that State standards would be recognized. Specifically, B iv of the proposed bill notes "other necessary requirements" be established as part of a program developed by the Department of Public Health. This language is vague and may lead to onerous and costly requirements being established.

Like other providers, Yale New Haven Health is focused on improving care and the general health of our patients. We are working together with physicians and hospitals, to develop opportunities to better manage the care of our patients with chronic medical conditions like diabetes and heart disease. Accountable Care Organizations will permit us to do that in a more coordinated fashion and we anticipate that it will reduce health care costs by keeping people out of the inpatient

hospital setting. Further regulation will inhibit, and may even prevent, our ability to accomplish this much needed goal- one that I know we share with you.

SB 916 seeks to regulate hospital conversions. As you know, for a variety of reasons, a number of Connecticut hospitals are seeking partners, and five attempted to be acquired by a for profit company that ultimately withdrew its application before the Office of Health Care Access due to conditions placed on it outside of current law. This proposal seeks to codify a number of those conditions and expands it to cover all changes of control not just conversions. These transactions always undergo thorough review, first by the hospital board, then by government, including the Attorney General, Office of Health Care Access and, depending on the size of the transaction, the Federal Trade Commission. Additional conditions will very likely prevent hospital alignment relationships, nonprofit and for profit, at a time when many community hospitals are no longer able to meet the challenges of the fast changing landscape on their own.

Health care providers need to have the ability to deal with the changing environment and these bills could reduce or eliminate this ability. At Yale New Haven, we will continue to focus our energy and resources on quality, efforts that improve care efficiency, and those that maintain access and add value. I hope you will consider this testimony in your deliberations of SB 814 and SB 916. I am happy to answer any questions.

Thank you.