



**Testimony of Connecticut Children's Medical Center
to the Insurance and Real Estate Committee regarding
*Senate Bill 281 An Act Requiring Site-Neutral Reimbursement Policies in Contracts
Between Health Carriers and Health Care Providers*
March 3, 2016**

Senator Crisco, Representative Megna, members of the Insurance and Real Estate Committee, thank you for the opportunity to share my thoughts about *Senate Bill 281 An Act Requiring Site-Neutral Reimbursement Policies in Contracts Between Health Carriers and Health Care Providers*. I am Patrick Garvey, SVP and Chief Financial Officer at Connecticut Children's Medical Center. I am submitting this testimony in opposition to this bill.

Connecticut Children's is a nationally recognized, 187-bed not-for-profit children's hospital serving as the primary teaching hospital for the University of Connecticut School of Medicine Department of Pediatrics. Connecticut Children's is consistently named among the best in the nation for several of its pediatric specialties in the annual *U.S. News & World Report* "Best Children's Hospitals" rankings.

A comprehensive array of pediatric services are available at our hospitals in Hartford and Waterbury, with neonatal intensive care units in Hartford (Level 4) and the University of Connecticut Health Center (Level 3), along with a state-of-the-art ambulatory surgery center, five specialty care centers and 10 practices across the state and in Massachusetts. Our Level 1 Pediatric Trauma Center and Primary Care Center are the busiest between Boston and New York. Connecticut Children's has more than 2,400 employees with a medical staff of nearly 1,100, practicing in more than 30 subspecialties.

If the State of Connecticut wants to maintain access to the full spectrum of pediatric health care services for all of its children, there must be a relationship between Medicaid cost coverage for the services Connecticut Children's provides and Medicaid volumes. While the number of children served by Connecticut Children's has risen, Medicaid cost coverage has decreased since 2008 from 91% to a projected 65% in 2016. This has resulted in Connecticut Children's Medicaid shortfall increasing from \$7.6 million to \$65 million per year during the same time period.

Connecticut Children's has taken its commitment to promoting children's healthy development to a new level through the establishment of the Office for Community Child Health (OCCH). Social determinants—the circumstances in which people live and work—powerfully affect health. In fact, social and environmental factors are estimated to have twice the impact on the overall health of individuals as does the health care they receive. OCCH has embraced a broader definition of community benefit that includes community-building activities. Indeed, even a cursory review of our community-oriented programs reveals the extent to which they address such social determinants of health as housing (e.g., Connecticut Children's Healthy Homes), community safety (e.g., Injury Prevention Center), and

early childhood development (e.g., *Help Me Grow*[®] National Center). OCCH helps the Medical Center make our children healthier through community based prevention and wellness.

Connecticut Children's acknowledges that the healthcare system can be difficult to navigate, and Senate Bill 281 attempts to simplify the experience for the consumer by establishing matching reimbursement for services regardless of the setting where the care is received. This bill will negatively impact hospitals, as insurers will push to reduce the reimbursement for services to the amounts paid in a physician office setting. This is not reflective of the additional cost hospitals must absorb to provide access to medically necessary services and meet their financial obligations.

Many physician practices cannot afford the cost of upgrading the necessary equipment to continue to provide their patients the highest quality care. Often these practices turn to a hospital and seek the medical equipment upgrades through partnerships and mergers that afford them access to hospital capital. In the northern part of the state, the majority of pediatric subspecialists are already reliant on the resources of Connecticut Children's Medical Center due to the disproportionately high number of children who rely on Medicaid. Without a hospital partner, many of these providers may no longer be able to afford to provide the same level of service to patients.

Connecticut Children's provides care to all patients, regardless of their ability to pay. Continued erosion of our reimbursement from commercial payers will seriously impact our ability to thrive and provide new and novel treatments to our patients. We provide care to more than 300,000 patients every year, and more than half of those children rely on the Medicaid program. Caring for our state's most vulnerable citizens is a key part of our mission, but this bill will challenge our ability to grow and achieve our aim to make the kids of Connecticut the healthiest in the nation.

I would be happy to serve as a resource for you as you debate this proposed legislation.

Thank you for your consideration of our position. If you have any questions about this testimony, please contact Jane Baird, Connecticut Children's Director of Government Relations, at 860-837-5557.