Testimony of  
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Senator Osten, Representative Walker and members of the Appropriations committee, my name is Pat Rehmer and I am the President of the Behavioral Health Network (BHN) for Hartford Healthcare. The BHN is comprised of The Institute of Living, Rushford Center, Natchaug Hospital, and behavioral health services at Backus hospital, the Hospital of Central Connecticut, and Charlotte Hungerford.

I am here this evening to make you aware of an ongoing issue that we have had with our Natchaug Hospital inpatient child and adolescent unit. Natchaug Hospital is the largest provider of behavioral health services in eastern Connecticut. We serve children, adolescents and adults. We have 96% utilization on any given day, and rarely have an open bed. Natchaug Hospital is also an Institute for Mental Disease (IMD), a federal designation that makes the hospital unable to bill Medicaid for services provided to individuals between the ages of 21 and 64.

Natchaug is the only provider of inpatient child and adolescent services in the East. We have 24 beds, 6 of which are for children and 18 for adolescents. We have provided care for 760 children and adolescents in the past year. We take patients from anywhere in the state, but we are the provider for all of eastern Connecticut. We get referrals from Backus Hospital, Windham Hospital, Lawrence and Memorial, Day Kimball and we take referrals from the Connecticut Children’s Medical Center.

For many years, the Department of Social Services (DSS) and Natchaug Hospital had rate agreements that provided outpatient rates for Partial Hospital and Intensive Outpatient services which were higher than general hospitals in reflection of inpatient rates which were lower than those in the general hospitals due to its IMD designation.

In 2016, the Department of Social Services made a decision in the implementation of its hospital modernization project to move all outpatient hospital providers to a system similar to the Center for Medicare/Medicaid Services (CMS) Outpatient Prospective Payment System, implementing an ambulatory payment classification methodology for paying hospital claims. In this transition, DSS walked away from the distinction of Natchaug Hospital as different from general hospitals for outpatient services but
maintained such a distinction for its inpatient services. The outpatient rates for Natchaug which had been negotiated previously to assist Natchaug with the poor rate of reimbursement on the inpatient child and adolescent unit were reduced by over $1.2 million annually.

Natchaug currently is paid $829.96 per day for services on the child and adolescent inpatient unit. Natchaug has received this same rate for over ten years without even an adjustment for normal inflation of cost of care. The current cost of Natchaug’s adolescent/child services is $1,146.76 per day. Natchaug is losing $316.80 each patient day that a Medicaid patient is on its adolescent and child units. In 2018 we delivered 5,408 such patient days resulting in $1.7 million in unreimbursed cost for caring for these patients.

In 2015 DSS implemented an inpatient reimbursement methodology for all general hospital psychiatric services excluding Natchaug Hospital. The range of payment to the general hospital psychiatric units for this service is tiered at 975+, 1050+, and 1125+. The plus reflects the ability of acute care hospitals to bill for professional fees such as when a psychiatrist sees a patient, additional charges are generated and Natchaug cannot bill for these fees.

Natchaug provides all of the necessary and appropriate services for children and adolescents that are provided by the general hospital units and that are required by CMS and JCAHO. However, it is reimbursed less per patient day than the general hospitals and cannot bill for professional services. In addition, Natchaug provides an on-site school for the patients so that they do not fall behind in their education. This is not required, nor is it offered in all facilities that provide this level of care. The cost of the education service is not included in the aforementioned cost per inpatient day and is borne by the patient’s local education authority though due to limitations on their obligation to provide for this service, we receive payment for only 32% of the school days provided.

Finally, it is important to note that child and adolescent beds in the state are very limited. In the last year, two hospitals have closed their child and adolescent beds and the impacts has increased wait times in ED's for children and adolescents.

I have not been able to negotiate a new inpatient rate with the Department. To date, DSS has agreed to a pay for performance plan making Natchaug eligible for a $500,000 total payment, which only covers part of our cost and is not permanent as the Department can decide not to fund this plan.

Thank you this opportunity to bring this issue before you this evening and I’m happy to answer any questions you may have.