Good Evening. My name is Pat McCabe and I am testifying on behalf of Yale New Haven Health.

We are Connecticut’s 2nd largest employer with more than 25,000 employees and 7000 medical staff and I appreciate the opportunity to testify on HB 7148, AN ACT CONCERNING THE STATE BUDGET FOR THE BIENNium ENDING JUNE THIRTIETH 2021 to implement the Governor's budget recommendations.

Yale New Haven Health System, through Bridgeport, Greenwich, Lawrence & Memorial, Yale New Haven and Westerly Hospitals, and their affiliated organizations, including the North East Medical Group, provides access to high-quality, patient-centered care. We care for our State’s most vulnerable population, by providing all types of care, including behavioral health care to children, adolescents, adults and the elderly who come to us from every corner of Connecticut. Through our Y-ACCESS program we receive patient transfers from every hospital in the state.

The proposal before you continues the hospital tax, which in our state is based on revenue, not profit. No other industry pays tax based on revenue. YNHHS paid more than $300 million in the state hospital tax this year. Many of you know an agreement adopted by the legislature in 2017 mandated a reduction in this tax in FY 2020. This budget, as proposed, violates the agreement and continues the tax at current levels while reducing supplemental payments, thus increasing the tax on hospitals by $43 million.

While we continue to look for ways to reduce the cost of healthcare, the state’s hospital tax policy, together with Medicaid under reimbursement, increases the cost of health care. Yale New Haven Hospital, for example, receives 42 cents on the dollar of cost for the care provided to patients insured by Medicaid. Hospitals across the state offset these losses, in part by negotiating rates with commercial insurers that exceed the cost of care making it more expensive for businesses and those who obtain insurance through the Exchange. The budget further reduces inpatient Medicaid reimbursement by implementing the latest “Grouper” DRG, resulting in a $120 million cut over the biennium, as proposed.

We ask you to reject all attempts to deviate from the 2017 Hospital Agreement, and those new proposals that seek to impose cuts on hospital reimbursement. State funding through Medicaid is not a subsidy. Medicaid reimburses for care provided to the citizens of our state who are insured by this program.
We appreciate your consideration of our testimony in your deliberations and I am happy to answer your questions.