TESTIMONY OF
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TRINITY HEALTH OF NEW ENGLAND
SUBMITTED TO THE
APPROPRIATIONS COMMITTEE
TUESDAY, MARCH 5, 2019

HB 7148, An Act Concerning The State Budget For The Biennium Ending June Thirtieth, 2021, And Making Appropriations Therefor

Good Afternoon. My name is David Bittner, and I am Senior Vice President and Chief Financial Officer for Trinity Health Of New England. I am here today to testify in opposition to HB 7148, An Act Concerning The State Budget For The Biennium Ending June Thirtieth, 2021, And Making Appropriations Therefor.

Trinity Health Of New England opposes any change to the terms and conditions of the current agreement in place between hospitals and the state pertaining to the hospital tax and supplemental payments.

Trinity Health Of New England includes Saint Francis Hospital and Medical Center and Mount Sinai Rehabilitation Hospital in Hartford; Saint Mary’s Hospital in Waterbury; and Johnson Memorial Hospital in Stafford Springs. In addition, our ministry includes an acute care hospital in Springfield, Massachusetts, physician practices, an ambulatory services network, and post-acute care services. We are more than 13,000 health care providers committed to being a transforming and healing presence in the communities we serve. Our hospitals provide more than 265,000 emergency department visits, 40,000 surgeries and 5,000 births annually.

Before commenting on this bill, I have to admit that I did not expect to be sitting before you again this year.

As you know, we worked with you and the Administration to come to a 3-year hospital tax agreement – one that we all strongly supported. Your understanding of the impact that hospitals have on the communities we serve was strongly demonstrated in those budget deliberations. This agreement, in short, increased the hospital tax to $900 million per year, but also raised supplemental payments to
$496M. These supplemental payments qualified the state for increased federal reimbursement. The 2017 agreement also set the tax and supplemental payment level for FY20 at $384M in tax and $166.5M in supplemental payments.

Basically, the 2017 agreement has helped address the chronic and persistent operating deficits in the state budget by enabling the state and hospitals to benefit from increased federal reimbursement, while diminishing the state’s reliance on a direct tax on healthcare services. The 2017 hospital tax agreement moved Connecticut in the direction of the intended use of hospital provider taxes under federal regulations (use of revenue collected from provider taxes and federal reimbursements to support the Medicaid program and those it serves).

HB 7148 proposes to abandon the agreement between the hospitals and the state during its third and final year. If enacted into law, hospitals will experience a $516 million increase in the hospital tax, with a corresponding reduction in supplemental payments amounting to $43 million – to $453 million.

Trinity Health Of New England also opposes those sections of HB 7148 which propose to:

- Reduce hospital inpatient payments resulting from the implementation of Version 36 of the 3M APR-DRG Grouper, for an annualized reduction of approximately $230M for all hospitals. TH Of NE hospitals are have an estimated annual reduction of $22.5M. (The budget proposes to restore partially the $230 million reduction from the implementation of the Grouper.) We have been assured that this was an unintended reduction as a result of these new calculations. While there have been ongoing discussions with the Administration on this issue, there is still has been no resolution. This problem is the responsibility of the Administration and as a measure of good faith and restoring trust, they should correct it.
- Link hospital payments to readmission rates, for a reduction of $6.1 million in FY 2020 and $7.3 million in FY 2021.
- Set a ceiling on the maximum price that the state employee health plan will pay for services (hospitals and providers) based on a percentage (not yet defined) above the Medicare payment rate.
- Increase utilization management in the Medicaid program for a reduction of $1.4 million in FY 2020 and $9.8 million in FY 2021.

We know that you are facing a challenging budget situation, and we want to continue to work with you to use the provider tax system as a means to strengthen the Connecticut healthcare delivery system and our hospitals.
We implore this General Assembly to honor the state’s commitment to hospitals by the keeping our agreement in place. We urge you to reject efforts to deviate from 2017 hospital agreement that we all worked so hard to accomplish.

Thank you for your consideration of our position. For additional information, contact Daniel F. Keenan, Vice President Advocacy and Government Relations Trinity Health Of New England at dkeenan@trinity-health.org or 860-714-0437.