



**TESTIMONY OF
CONNECTICUT HOSPITAL ASSOCIATION
SUBMITTED TO THE
FINANCE, REVENUE AND BONDING COMMITTEE
Monday, March 4, 2019**

**HB 5192, An Act Establishing A Pilot Program Allowing A Tax Credit For Hospitals
That Make Beds Available For Opioid Addiction Treatment Services**

The Connecticut Hospital Association (CHA) appreciates this opportunity to submit testimony concerning **HB 5192, An Act Establishing A Pilot Program Allowing A Tax Credit For Hospitals That Make Beds Available For Opioid Addiction Treatment Services**. CHA supports the bill as an important component of an ongoing comprehensive statewide strategy to combat the opioid epidemic in Connecticut.

Before commenting on the bill, it is important to point out that Connecticut hospitals and health systems provide high quality care for everyone, regardless of their ability to pay. They do more than treat illness and injury. They build a healthier Connecticut by improving community health, managing chronic illness, expanding access to primary care, preparing for emergencies, and addressing social determinants of health. By investing in the future of Connecticut's hospitals, we will strengthen our healthcare system and our economy, put communities to work, and deliver affordable care that Connecticut families deserve.

Connecticut hospitals have been engaged for years in efforts to reduce inappropriate opioid use while ensuring patients have appropriate pain medication. The adoption of voluntary opioid prescribing guidelines in January of 2015 helped Emergency Department (ED) staff treat patients with chronic pain conditions. Developed by ED directors in collaboration with other prescribers and the Department of Public Health (DPH), these guidelines were updated in 2018 in light of new laws developed with input from hospitals and other healthcare providers, and adopted by the state of Connecticut.

For several years, CHA has collaborated with other professional societies and DPH to sponsor continuing education programs for prescribers on the topic of controlled substances. Representatives of Connecticut hospitals have served on a variety of task forces and working groups in furtherance of the state's efforts to reduce the potential for people to become addicted to opioid medications.

Other measures taken by hospitals to combat the opioid epidemic include:

- Deploying recovery coaches in EDs
- Hosting evening intensive outpatient programs for patients recovering from drug addiction
- Supplying naloxone kits to first responders, as well as to patients and their loved ones
- Incorporating opioid awareness into clinical integrated care programs
- Sponsoring community awareness and education programs
- Screening and enrolling patients in buprenorphine/naloxone treatment programs for opioid dependence
- Establishing a statewide collaborative to assess and treat babies born with neonatal abstinence syndrome (NAS)
- Initiating the NAS Comprehensive Education and Needs Training (NASCENT) project, which educates providers on best practices for opioid prescribing and NAS treatment, as well as identifying substance use disorders in women of childbearing age
- Partnering with the Connecticut Perinatal Quality Collaborative to improve the health, equity, and quality of care for mothers and infants, including those affected by opioid use disorder

We look forward to continuing to work with the state and with our continuum of care partners to resolve this crisis.

HB 5192 would pilot a program to incent the establishment or repurposing of beds for opioid addiction treatment services by affording hospitals a credit against the hospital tax. The concept is enticing to hospitals, given our ongoing efforts to address the opioid epidemic and our persistent advocacy for relief from the hospital tax.

In 2011, Connecticut imposed a tax on hospitals as a means for the state to qualify to receive additional federal Medicaid funds, which were to be shared by the state with hospitals. Over time, Connecticut kept more and more of the hospitals' tax payments to balance the state budget, and opted not to maximize federal matching funds. In 2017, with bipartisan support in the legislature, hospitals and the Administration agreed on a three-year (2017-2020) reduction of the hospital tax burden. While the hospital tax burden has decreased from \$438 million a year in 2017 to \$229 million a year in 2018 and 2019, it remains a formidable financial obligation for hospitals, resulting in higher healthcare costs and adverse impacts on jobs, programs, and services.

Establishing a credit to incent healthcare providers to develop or redeploy their resources to address the opioid epidemic is a timely and appropriate state action. Connecticut makes available a broad array of credits to taxpayers. These credits are intended to promote expansion and growth in economic sectors, as well as investments in personnel, technology, equipment, and facilities. They are also intended to protect our environment, among other public purposes. Enacting a credit to address this alarming healthcare epidemic is consistent with sound tax credit policy.

The impact of hospitals on Connecticut's economy is formidable. Connecticut hospitals and health systems provide jobs to 103,000 people who make sure we have access to the very best care whenever we need it. Hospitals are often the largest employers in their communities. They spend billions of dollars each year on staff salaries and the purchase of medical supplies and food, as well as facility construction. These dollars have a "ripple effect" as they move through the larger economy, generating additional jobs and spending in communities throughout the state. In total, Connecticut hospitals contribute \$27.7 billion to the state and local economies each year, and serve as a magnet for other business and commerce.

CHA has three practical concerns relating to this proposal. The first concern pertains to the regulatory regime leading to the creation of these beds. The second concern is related to the financial remuneration available for the services to be provided to the patients who occupy the beds. The third concern pertains to the need for post-hospital care, maintenance, treatment, and support programs to assist these patients in their recovery.

Regarding the first concern, Connecticut General Statutes Section 19a-638(a)(11) specifies that a Certificate of Need is required for an increase in the licensed bed capacity of a healthcare facility. Under current law, Connecticut hospitals seeking authorization for additional licensed beds for opioid treatment would be required to demonstrate that they meet clear public need as well as other criteria set forth in Connecticut General Statutes Section 19a-639. A potentially lengthy and expensive regulatory proceeding would impede a hospital's ability to repurpose or establish new licensed beds for addiction treatment services. CHA recommends that the state implement an expedited procedure or an emergency measure allowing hospitals to redeploy more expeditiously existing beds or to establish new licensed beds to address the need for addiction treatment services.

Second, having enough treatment beds is a good thing. However, it is equally important to have a sufficient number of addiction medicine specialists and behavioral health clinicians available to treat these patients. It is essential that reimbursement rates under Medicaid be increased to enable hospitals and other healthcare providers to not only house the patients suffering from opioid addiction but also provide the expert clinical support and compassionate care that these patients require to recover from the ravages of opiate addiction.

Our third concern is the need for adequate programs and facilities to serve patients once discharged from the hospital. Hospitals and other community providers are struggling to care for these patients, in light of the very real negative impacts of ever-diminishing funding for these vital services. And while funding levels keep shrinking, the number of patients coming to hospitals for these services keeps growing. Because of the lack of resources in the substance use treatment system, patients do not always receive the appropriate care in the appropriate setting at the appropriate time. Often their only recourse is to go to the ED. But an ED is not the optimal environment to receive substance use treatment, especially for children and adolescents.

CHA and Connecticut hospitals are proud to renew our pledge to continue working with the state to address this epidemic. In addition to adopting HB 5192, we ask that the state maintain state-operated treatment facilities, fund adequately substance use treatment programs, and continue to work with hospitals to match bed availability with patient need.

Thank you for your consideration of our position. For additional information, contact CHA Government Relations at (203) 294-7310.