



**Testimony of Connecticut Children's Medical Center  
to the Insurance and Real Estate Committee  
Regarding SB 40, An Act Requiring Site-Neutral Payments for Health Care Services  
Thursday, February 7, 2019**

Senator Lesser, Representative Scanlon, members of the Insurance and Real Estate Committee, thank you for the opportunity to share my thoughts about SB 40, An Act Requiring Site-Neutral Payments for Health Care Services.

Before commenting on the bill, I want to provide some background about Connecticut Children's. We are a nationally recognized, 187-bed not-for-profit children's hospital driving innovation in pediatrics as the primary pediatric research partner of Jackson Laboratories. With over 2,600 employees and over 1,100 on our medical staff, we are the only hospital in the State dedicated exclusively to the care of children. Through our partnerships with adult hospitals and primary care providers across Connecticut, we are able to offer a continuum of care for children, from primary prevention to complex disease management, closer to their home. And as the primary pediatric teaching hospital for the University of Connecticut School of Medicine and the Frank H. Netter MD School of Medicine at Quinnipiac University, we trained 284 medical students, 375 physician residents, and 71 physician fellows last year.

SB 40 would require payments for the provision of healthcare services by health insurers to healthcare providers to be site-neutral.

Connecticut residents rely on Connecticut Children's for access to care 24 hours a day, to serve as a safety net provider for vulnerable children, and to have the resources needed to respond to disasters. This includes roles such as security officers, custodians, infection prevention leads, patient and family experience specialists, and others. It also includes the more than \$90 million we spend annually on free and uncompensated care each year for Medicaid patients and others unable to pay. These roles and services are not funded explicitly by insurance, but are instead built into the hospital's overall cost structure and supported by revenues received from providing direct patient care. Hospitals are also subject to more comprehensive licensing, accreditation, and regulatory requirements than other healthcare settings.

SB 40 does not recognize this complex funding and regulatory scheme.

The Medicare and Medicaid programs have set forth specific criteria to determine when the provision of particular services are hospital-based and when they are simply physician office services. When a service meets the test to be hospital-based, the service is entitled to a higher

level of funding, which is accorded in recognition of the fact that the hospital is a more expensive place to deliver care and is held to a higher regulatory standard.

As such, SB 40's site-neutral proposal would either: (1) increase the cost of healthcare by requiring health insurers to pay non-hospital-based providers the hospital rate but not require them to comply with all the hospital standards of care for all regardless of a patient's ability to pay, or (2) result in decreased reimbursement to hospitals, as health insurers reduce payments to hospitals to what they pay to non-hospital providers. This comes at a time when Connecticut Children's is already making difficult choices to account for the resources lost due to government underfunding of the Medicaid program, which covers over 50% of our patients. Health insurers know and understand the differences between provider types, and the appropriate level of funding is properly determined by contract and not by state statute.

We urge you to reject SB 40.

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