



**TESTIMONY OF
HARTFORD HEALTHCARE
SUBMITTED TO THE
INSURANCE AND REAL ESTATE COMMITTEE
Thursday, February 7, 2019**

SB 40 - An Act Requiring Site-Neutral Payments For Health Care Services

Thank you for the opportunity to submit testimony concerning **SB 40 - An Act Requiring Site-Neutral Payments For Health Care Services**. Hartford HealthCare opposes SB 40.

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 hospitals for access to care 24 hours a day, to serve as a safety net provider for vulnerable populations, and to have the resources needed to respond to disasters and trauma care. These roles are not funded explicitly; instead, they are built into a hospital's overall cost structure and supported by revenues received from providing direct patient care. Inpatient surgery does not cost the same as hospital outpatient surgery which is not the same as a freestanding surgical center. Hospitals are also subject to more comprehensive licensing, accreditation, and regulatory requirements than other care settings.

The Medicare program has set forth specific criteria to determine when the provision of that service is hospital-based and when it is simply a physician office service. When it meets the tests to be hospital-based, the service is entitled to a higher level of Medicare 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 standards. SB 40 does not recognize this complicated funding and regulatory scheme.

SB 40 may have some negative unintended consequences. Site neutral reimbursement may: reduce a patient's incentive to determine what the most appropriate care and least costly setting is; and force hospitals to address this expected reduction in reimbursement, by ensuring rates for alternative settings are sufficient for inpatient care, increasing the cost of care for everyone. Further, if the rate hospitals received for inpatient care did not cover the cost of that care, hospitals may be forced to limit access and services to the people they serve.

This proposal comes at a time when Connecticut hospitals are already making difficult choices to account for the resources lost due to government underfunding of the Medicaid program, the hospital tax, and other cuts. Health insurers know and understand the differences between provider types, and the appropriate level of funding is properly determined by contract not by state statute.

We urge you to reject SB 40.

Hartford HealthCare is Connecticut's leading integrated healthcare system. With 20,000 employees, the system offers the full continuum of care with six acute-care hospitals, the state's longest running air-ambulance service, behavioral health and rehabilitation services, a large physician group and clinical integration organization, skilled-nursing and home health services and a comprehensive range of services for seniors, including senior-living facilities.

Thank you for your consideration of our position. For additional information, contact Kim Harrison – 860-263-4137.