



**TESTIMONY OF
CONNECTICUT HOSPITAL ASSOCIATION
SUBMITTED TO THE
INSURANCE AND REAL ESTATE COMMITTEE
Thursday, March 5, 2020**

SB 346, An Act Concerning Public Options For Health Care In Connecticut

The Connecticut Hospital Association (CHA) appreciates this opportunity to submit testimony concerning **SB 346, An Act Concerning Public Options For Health Care In Connecticut**. CHA opposes the bill.

Before commenting on this 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, and work to improve the health of those who live in our communities. Supporting Connecticut's hospitals strengthens our healthcare system and our economy.

Among other provisions, SB 346 requires the Comptroller, in consultation with the Office of Health Strategy and a to-be-established ConnectHealth Advisory Board, to create a public option health insurance plan called the ConnectHealth Plan. SB 346 would also authorize the Comptroller to offer coverage from the state employee health plan to small employers.

CHA applauds the sponsors of SB 346 for thinking about ways to ensure that every resident has access to affordable health insurance. We know that access to affordable health insurance is essential to building a healthier Connecticut.

Although CHA is supportive of the goal to provide access to affordable coverage, we have specific concerns with lines 57 to 59, which require the Comptroller “to establish a schedule of payments and reimbursement rates for the ConnectHealth Plan...”, and with lines 94 and 95, which require the Comptroller to develop “a proposed schedule of the initial payments and reimbursement rates for the ConnectHealth Plan.” These two provisions are highly problematic if the rates to be established are not commercial rates.

Hospitals receive payments for services from a number of payers, including government programs like Medicaid and Medicare. They contract with and receive payments for services provided to individuals and families covered by commercial health insurance. Also, hospitals provide services to patients who have little or no ability to pay, which is covered by a hospital's charity care program.

Connecticut hospitals provide critical, lifesaving care 24 hours a day to everyone who walks through their doors, whether they can afford that care or not. Hospitals rely on the payments they receive from insured individuals to sustain this level of care. Unfortunately, government payers reimburse hospitals far below the cost of care. For example, Connecticut hospitals receive Medicaid reimbursement that is less than 70% of the cost of providing care. More than one in five Connecticut residents are on Medicaid, including about 40 percent of the children born in our state.

Medicare and Medicaid underpayments total more than \$1.5 billion each year. In 2018, Connecticut hospitals incurred nearly \$816 million in Medicare losses, nearly \$763 million in Medicaid losses, and provided more than \$115 million in charity care. These losses are likely to worsen in future years, although at a lesser rate as a result of the recent tax settlement.

To keep the healthcare safety net strong, SB 346 should clarify that the rates to be paid to providers will be based on commercial insurance rates established through negotiation between the insurer and provider, rather than government rates like Medicaid or Medicare. Basing a new Public Option on government rates would destabilize the Health Insurance Exchange and the Medicaid program, and negatively impact the already fragile provision of employer-sponsored health insurance in Connecticut.

We offer to work with this Committee and the sponsors of this legislation to find ways to increase access to health insurance and health services, improve affordability, and address Medicaid's underfunding of hospitals.

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