

Summary of Hospital User Fee
Office of Fiscal Analysis, June 2011

Federal law allows the state to levy a hospital user fee on net patient revenue of up to 5.5% (this allowed limit increases to 6% on October 1, 2011). States collect this fee from hospitals, and then pay out the proceeds via a redistributive formula under the Disproportionate Share program. The state is then able to claim a 50% federal reimbursement on the distribution. In Connecticut, the hospital user fee was first instituted in April 1994 and was eliminated in April 2000.

Sections 102 and 103 of PA 11-44 and Section 79 of PA 11-61 implement a user fee on hospital inpatient and outpatient revenue. This user fee will be levied at a rate of 5.5% on inpatient revenue and 3.83% on outpatient revenue. This will apply to all non-governmental hospitals with the exception of the children’s hospital, psychiatric hospitals and specialty hospitals. Certain financially distressed hospitals will also be exempt from the fee on outpatient revenue. Distressed hospitals were identified as having experienced aggregate net losses of more than one percent of aggregate revenue over the five year period 2005-2009. Exempt hospitals are identified in Table 2.

The user fee is expected to raise \$349.1 million annually. The budget appropriates \$399.5 million to the state's hospitals via the Disproportionate Share Hospital (DSH) account and supplemental Medicaid payments. This includes the \$349.1 million raised from the user fee, plus an additional \$50.4 million in supplemental payments. This total appropriation of \$399.5 million then generates \$199.75 million in federal matching funds. In total the state gains \$149.4 million annually, while hospitals realize a net gain of \$50.4 million. The following table summarizes these changes:

Table 1	
Expenditures	
Medicaid	\$ 131,000,000
DSH	\$ 268,486,847
Total	\$ 399,486,847
Revenues	
User Fee	\$ 349,122,279
Federal Match	\$ 199,743,424
Total	\$ 548,865,703
Net State Impact	\$ 149,378,856
Net Hospital Impact	\$ 50,364,568

Table 2

Exempt Children's, Psychiatric, and Specialty Hospitals	Financially Distressed Hospitals
Capital Region Mental Health Center	Bristol
Connecticut Children's Medical Center	Johnson Memorial Hospital
Connecticut Hospice	Milford Hospital
Connecticut Mental Health Center	New Milford Hospital
Gaylord Hospital	Hospital of St. Raphael
Hebrew Home and Hospital	Waterbury Hospital
Hospital for Special Care	
Masonicare Health Center	
Mount Sinai Rehabilitation Hospital	
Natchaug Hospital	
River Valley System	
Silver Hill Hospital	
Southeast Mental Health Authority	
Southwest Connecticut Mental Health Network	
Western Connecticut Mental Health Network	

Estimated Impact of Hospital Changes

As Proposed June 2011

	A			B			A+B	C			A+B+C
	DSH Allocation	Urban DSH Allocation	Net DSH Cut	Tax Assessment	DSH and Supplemental Payments	Net Impact of User Fee	DSH Cut Plus Net Fee Impact	Estimated Elimination of SAGA*	Estimated Implementation of MLIA**	Net Impact of MLIA	Total Net Impact of Changes
BACKUS	(\$2,032,535)	\$0	(\$2,032,535)	(\$11,268,023)	\$13,985,848	\$2,717,825	\$685,289	(\$3,395,964)	\$10,361,664	\$6,965,700	\$7,650,989
BRIDGEPORT	(\$3,268,717)	(\$3,474,093)	(\$6,742,810)	(\$16,925,421)	\$19,966,708	\$3,041,287	(\$3,701,524)	(\$5,953,940)	\$18,933,829	\$12,979,889	\$9,278,366
BRISTOL	(\$644,002)	\$0	(\$644,002)	(\$2,938,986)	\$2,719,305	(\$219,681)	(\$863,682)	(\$2,074,640)	\$6,535,429	\$4,460,790	\$3,597,107
CT CHILDREN'S	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$13,322)	\$49,082	\$35,760	\$35,760
DANBURY	(\$2,445,295)	\$0	(\$2,445,295)	(\$20,585,238)	\$21,228,352	\$643,114	(\$1,802,181)	(\$3,393,767)	\$12,487,266	\$9,093,499	\$7,291,318
DAY KIMBALL	(\$460,285)	\$0	(\$460,285)	(\$4,052,452)	\$4,418,695	\$366,243	(\$94,041)	(\$1,280,877)	\$3,948,141	\$2,667,263	\$2,573,222
DEMPSEY	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$2,710,459)	\$10,237,591	\$7,527,132	\$7,527,132
GREENWICH	(\$983,634)	\$0	(\$983,634)	(\$12,130,657)	\$4,618,478	(\$7,512,179)	(\$8,495,814)	(\$200,780)	\$2,309,486	\$2,108,706	(\$6,387,108)
GRIFFIN	(\$536,159)	\$0	(\$536,159)	(\$5,423,895)	\$4,322,723	(\$1,101,172)	(\$1,637,330)	(\$1,498,364)	\$4,365,408	\$2,867,045	\$1,229,714
HARTFORD	(\$4,055,068)	(\$4,773,980)	(\$8,829,048)	(\$34,683,478)	\$38,200,801	\$3,517,323	(\$5,311,724)	(\$10,400,105)	\$33,941,789	\$23,541,684	\$18,229,960
HOSP. OF CENTRAL CT	(\$1,736,441)	(\$2,079,819)	(\$3,816,260)	(\$16,146,616)	\$19,170,426	\$3,023,810	(\$792,450)	(\$5,667,173)	\$16,346,684	\$10,679,510	\$9,887,060
HUNGERFORD	(\$538,229)	\$0	(\$538,229)	(\$4,396,161)	\$5,077,917	\$681,756	\$143,528	(\$1,957,555)	\$6,660,990	\$4,703,435	\$4,846,963
JOHNSON	\$0	\$0	\$0	(\$1,373,473)	\$2,491,526	\$1,118,053	\$1,118,053	(\$700,229)	\$1,400,104	\$699,875	\$1,817,928
LAWRENCE & MEM.	(\$1,709,533)	\$0	(\$1,709,533)	(\$12,346,219)	\$14,979,193	\$2,632,974	\$923,441	(\$2,987,880)	\$12,522,520	\$9,534,639	\$10,458,080
MANCHESTER	(\$516,923)	\$0	(\$516,923)	(\$7,204,578)	\$6,508,830	(\$695,748)	(\$1,212,671)	(\$2,425,253)	\$7,037,422	\$4,612,168	\$3,399,498
MIDDLESEX	(\$1,765,074)	\$0	(\$1,765,074)	(\$13,858,593)	\$12,444,591	(\$1,414,002)	(\$3,179,076)	(\$2,941,300)	\$11,316,999	\$8,375,699	\$5,196,623
MIDSTATE	(\$1,084,222)	\$0	(\$1,084,222)	(\$7,721,251)	\$7,779,179	\$57,928	(\$1,026,294)	(\$1,743,547)	\$5,345,267	\$3,601,720	\$2,575,426
MILFORD	(\$389,566)	\$0	(\$389,566)	(\$2,363,466)	\$5,214,656	\$2,851,190	\$2,461,624	(\$586,721)	\$1,429,424	\$842,702	\$3,304,327
NEW MILFORD	(\$240,307)	\$0	(\$240,307)	(\$1,446,301)	\$2,074,349	\$628,048	\$387,741	(\$304,409)	\$1,447,557	\$1,143,148	\$1,530,889
NORWALK	(\$2,515,778)	\$0	(\$2,515,778)	(\$13,891,084)	\$18,974,856	\$5,083,772	\$2,567,995	(\$2,430,084)	\$9,189,681	\$6,759,597	\$9,327,592
ROCKVILLE	(\$309,068)	\$0	(\$309,068)	(\$2,770,391)	\$1,968,150	(\$802,241)	(\$1,111,309)	(\$710,684)	\$1,960,170	\$1,249,486	\$138,177
ST FRANCIS	(\$4,040,959)	(\$3,449,255)	(\$7,490,214)	(\$27,627,703)	\$28,802,804	\$1,175,101	(\$6,315,113)	(\$7,960,295)	\$25,975,780	\$18,015,485	\$11,700,372
ST MARYS	(\$1,251,051)	(\$1,685,714)	(\$2,936,765)	(\$8,789,072)	\$11,096,942	\$2,307,870	(\$628,894)	(\$3,997,136)	\$9,781,943	\$5,784,807	\$5,155,913
ST RAPHAEL	(\$2,056,323)	(\$2,107,970)	(\$4,164,293)	(\$16,949,808)	\$19,834,227	\$2,884,419	(\$1,279,873)	(\$4,267,565)	\$17,132,737	\$12,865,171	\$11,585,298
ST VINCENTS	(\$2,201,463)	(\$2,444,119)	(\$4,645,582)	(\$16,167,067)	\$23,060,580	\$6,893,513	\$2,247,931	(\$4,785,685)	\$16,741,652	\$11,955,967	\$14,203,897
SHARON	(\$219,280)	\$0	(\$219,280)	(\$2,247,353)	\$1,792,202	(\$455,151)	(\$674,431)	(\$178,276)	\$408,932	\$230,656	(\$443,775)
STAMFORD	(\$3,393,448)	(\$2,278,528)	(\$5,671,976)	(\$17,310,741)	\$22,853,469	\$5,542,728	(\$129,248)	(\$2,805,375)	\$10,528,417	\$7,723,042	\$7,593,794
WATERBURY	(\$1,400,289)	(\$1,647,628)	(\$3,047,917)	(\$8,287,738)	\$8,912,621	\$624,883	(\$2,423,034)	(\$3,840,259)	\$9,616,758	\$5,776,499	\$3,353,465
WINDHAM	(\$498,044)	\$0	(\$498,044)	(\$3,693,275)	\$3,191,257	(\$502,018)	(\$1,000,062)	(\$1,539,808)	\$4,610,360	\$3,070,553	\$2,070,491
YALE NEW HAVEN	(\$11,433,309)	(\$7,608,894)	(\$19,042,203)	(\$56,523,237)	\$73,798,159	\$17,274,922	(\$1,767,281)	(\$14,950,743)	\$49,562,174	\$34,611,432	\$32,844,151
TOTAL	(\$51,725,000)	(\$31,550,000)	(\$83,275,000)	(\$349,122,277)	\$399,486,848	\$50,364,571	(\$32,910,429)	(\$97,702,194)	\$322,185,254	\$224,483,060	\$191,572,630
Losers	27	10	27			8	20			0	2

* Projected expenditures based on distribution of hospital payments in FY 09 (pre-LIA).

** Projected expenditures (DSS and DMHAS) based on distribution of payments from July - December 2010.

DSH = Disproportionate Share Hospital

SAGA = State Administered General Assistance

MLIA = Medicaid Low-Income Adult