

**TESTIMONY OF
STEPHEN A. FRAYNE
SENIOR VICE PRESIDENT, HEALTH POLICY
CONNECTICUT HOSPITAL ASSOCIATION
BEFORE THE
HUMAN SERVICES COMMITTEE
TUESDAY, MARCH 8, 2016**

**HB 5588, AN ACT CONCERNING THE TIMING OF PAYMENTS
FROM SUPPLEMENTAL INPATIENT PAYMENT POOLS FOR
SHORT-TERM GENERAL HOSPITALS**

Good afternoon. My name is Stephen A. Frayne, and I am the Senior Vice President, Health Policy, for the Connecticut Hospital Association (CHA). I am here today to testify in support of **HB 5588, An Act Concerning The Timing Of Payments From Supplemental Inpatient Payment Pools For Short-Term General Hospitals.**

Before commenting on the bill, it's important to point out that Connecticut hospitals provide core healthcare services to all of the people in Connecticut, 24 hours a day, regardless of ability to pay. Connecticut hospitals offer safe, accessible, equitable, affordable, patient-centered care that protects and improves peoples' lives.

On June 3, 2016, in PA 15-244, the legislature established two funds for supplemental Medicaid payments to hospitals. One fund had appropriated \$241 million and was available to all hospitals as a supplement for inpatient services. The other fund had appropriated \$14.8 million and was available as a supplement to six small hospitals. The legislature reaffirmed those appropriations on June 29, 2015, in PA 15-5 of the June Special Session.

In the normal course, hospitals expected the Administration to submit State Plan Amendments (SPAs) to CMS so the state could receive matching funds for these expenditures. All outward appearances seemed to suggest the state was proceeding in the normal course; notices appeared in the Connecticut Law Journal and comments were submitted. However, we later discovered that the Department of Social Services (DSS) never submitted the paperwork to CMS to get approval for the matching funds, even though the Governor did not rescind any of these payments until four and half months later – on September 18, 2015.

On December 10, 2015, PA 15-1 of the December Special Session modified the budget and reduced the inpatient supplement by \$90 million to \$150 million. Like *déjà vu*, the state went through the appearance of proceeding in the normal course, with notices in the law journal

and accepting comments, but three months have passed and DSS has yet to file the paperwork with CMS.

At this point, hospitals have made two tax payments – \$139 million each time – to the state, totaling \$278 million, and have received only \$22 million in return. That amount is \$100 million short of what they should have received.

As these matters have come to light, we are grateful that many have come to the defense of hospitals and urged the Administration to honor the commitments made as part of the budget. While we appreciate those efforts, it is clear that the Administration feels it is under no obligation to respond, and there is no legislated schedule to make the payments.

Our next tax payment of \$139 million is due at the end of April and another tax payment is due at the end of July. Last week we learned hospitals should not count on receiving any of the remaining \$142 million due for this year.

We need your help and passage of HB 5588 before the next tax payment due date of April 30, 2016. HB 5588 would make it clear that payments are due to hospitals quarterly and are to include the federal share estimated as part of the budget. We will also be proposing a companion piece of proposed legislation that would allow hospitals to deduct from their taxes amounts owed, in the event that the administration fails to make the payments.

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