



**TESTIMONY OF
CONNECTICUT HOSPITAL ASSOCIATION
SUBMITTED TO THE
INSURANCE AND REAL ESTATE COMMITTEE
Tuesday, March 5, 2019**

**SB 976, An Act Establishing A Task Force To Study Reimbursement Rates
Paid By Health Carriers To Hospitals**

The Connecticut Hospital Association (CHA) appreciates this opportunity to submit testimony concerning **SB 976, An Act Establishing A Task Force To Study Reimbursement Rates Paid By Health Carriers To Hospitals**.

Before commenting on the bill, it's important to point out that Connecticut hospitals and health systems provide high quality care for everyone, regardless of their ability to pay. They do more than treat illness and injury. They build a healthier Connecticut by improving community health, managing chronic illness, expanding access to primary care, preparing for emergencies, and addressing social determinants of health. By investing in the future of Connecticut's hospitals, we will strengthen our healthcare system and our economy, put communities to work, and deliver affordable care that Connecticut families deserve.

SB 976 creates a task force to study reimbursement rates paid by health carriers to hospitals.

Hospitals receive payment for their services through programs such as Medicare and Medicaid, through commercial health insurance, and from patients who self-pay. Hospitals also provide charity care, meaning services to patients with no payment expected.

The current payment system is unstable and underfunded. 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, but hospitals aren't reimbursed anywhere close to what it costs them to provide that care. Connecticut's hospitals receive less than 70% of what it costs from Medicaid to provide care. More than one in five Connecticut residents are on Medicaid, including about 40 percent of the children born in Connecticut. Low Medicaid reimbursement leaves them, and everyone else, with less access to care.

Medicare and Medicaid underpayments total nearly \$1.5 billion each year. In 2017, Connecticut hospitals incurred nearly \$763 million in Medicare losses, nearly \$679 million in Medicaid losses, and spent more than \$111 million on charity care. Adding to that cost is the hospital tax.

The underfunding of Medicare and Medicaid forces commercial plans to pay more than the cost of care to cover the shortfall. That cost burden is shifted to everyone covered by commercial insurance, primarily employers and their employees.

If the Committee decides to take action on SB 976, CHA urges the Committee to ensure that the task force takes into account the entire hospital reimbursement system and specifically provide that the Connecticut Hospital Association shall be a member of the task force.

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