

**TESTIMONY OF  
STEPHEN FRAYNE  
SENIOR VICE PRESIDENT, HEALTH POLICY  
CONNECTICUT HOSPITAL ASSOCIATION  
BEFORE THE  
APPROPRIATIONS COMMITTEE  
Friday, February 17, 2006**

**HB 5007, An Act Making Adjustments To The Budget for the  
The Biennium Ending June 30, 2007**

My name is Stephen Frayne and I am Senior Vice President, Health Policy of the Connecticut Hospital Association (CHA). I appreciate the opportunity to testify on behalf of CHA and its members on **HB 5007, An Act Making Adjustments to the Budget for the Biennium ending June 30, 2007.**

Connecticut hospitals fully appreciate the challenges facing the State as it attempts to balance the many, often competing, priorities facing State government. Hospitals know, all too well, the struggle of balancing growing needs for services with limited and ever-dwindling resources.

In making her proposed midterm budget adjustments, Governor Rell stressed that her proposal is aligned with her agenda for Connecticut, which includes building Connecticut's future, ensuring that Connecticut remains economically competitive and remains conducive to job growth and life-long learning, investing in the state's environment, providing for the neediest citizens, and providing tax relief for virtually every taxpayer in the state. With these goals in mind, Connecticut hospitals anticipated that the midterm budget adjustments might make critical investments in the state's hospitals and improve access to health coverage.

But we were to be disappointed. Before I turn to the specifics of the proposed midterm budget adjustments, I'd like to take a moment to review the many contributions hospitals make to families and communities throughout Connecticut.

It's a fact that hospitals are an essential ingredient to the State's future, economic development plans, and providing for Connecticut's neediest citizens. Hospitals provide patients and communities with access to safe, high quality healthcare services. Each year, Connecticut hospitals provide care for more than 400,000 people admitted to their facilities, treat nearly 1.4 million people in their emergency rooms, and welcome more than 43,000 babies into the world.

Hospitals fulfill a vital role caring for all Connecticut residents regardless of their ability to pay. They serve the more than 400,000 people in the State without health insurance and the nearly one million people enrolled in under-funded state and federal programs. Hospitals provide more than a half a billion dollars a year in free care to low income and uninsured patients and to cover the cost of care to patients covered by under-funded state and federal programs.

Often overlooked is the role hospitals play in the economy of both local communities and the State as a whole.

Hospitals and health systems generate nearly **\$10 billion** per year for the state and local economies—about 5.3% of the Gross State Product. As such, cuts to hospitals, are cuts to local and state economies. Every \$1 million in cuts to hospitals forfeits a half a million in funding from the federal government and \$2 million in local economic activity.

Given the vital role and contributions made by Connecticut hospitals, it is disquieting to not see a call for investment in Connecticut's hospitals and healthcare system in the Governor's agenda for the State's economy and its future, as presented in the midterm budget amendments, and disappointing to not see a call for restoring the funds cut when the State thought it had a deficit.

Instead of strengthening our hospitals and healthcare system through planned investments and planning for the future, the proposed midterm budget adjustments:

- Maintain a \$10 million reduction to the Uncompensated Care Pool, scheduled to be implemented July 1, 2006.
- Cut funding to the State Administered General Assistance (SAGA) Program by \$5.5 million.
- Eliminate the \$600,000 of funding for General Assistance Enhanced Care Clinic.
- Eliminate the \$510,000 of funding for Partial Hospital Programs under the General Assistance Behavioral Health Program.
- Transfer \$50 million from the Medicaid program into the rainy day saving account.

Whether you believe the state should assure a strong hospital and healthcare system as an essential good, or that the state should make investments to promote a vital economy, or that reversing cuts that in retrospect were not necessary is just the right thing to do, CHA and its members ask that you include the following in the midterm adjustments:

- Return to hospitals the \$27 million SAGA cut that was not needed to balance the budget.
- Increase the ongoing annual hospital SAGA cap by \$15 million so that SAGA funding can be on par with Medicaid funding.
- Return to hospitals the \$5 million Uncompensated Care Pool cut that was not needed to balance the budget.
- Eliminate the next \$5 million Uncompensated Care Pool cut scheduled for this July.
- Establish a cost of living increase for hospital inpatient and outpatient Medicaid rates so that, at a minimum, the difference between funding and costs does not continue to deteriorate.

Thank you for your consideration. I would be happy to answer any questions.

## CHA Analysis of SAGA Cuts and DSH Cuts

<u>Acute Care Hospitals</u>	Existing SAGA Cut	Existing DSH Cut	Total Existing Cuts
The William W. Backus Hospital	(718,874)	(190,868)	(909,742)
Bradley Memorial Hospital and Health Center	(129,835)	(9,137)	(138,972)
Bridgeport Hospital	(1,465,103)	(372,844)	(1,837,947)
Bristol Hospital	(476,358)	(72,551)	(548,909)
Connecticut Children's Medical Center	(2,312)	0	(2,312)
Danbury Hospital	(864,222)	(247,314)	(1,111,536)
Day Kimball Hospital	(292,643)	(80,796)	(373,439)
John Dempsey Hospital	(1,072,971)	0	(1,072,971)
Greenwich Hospital	(80,765)	(111,675)	(192,440)
Griffin Hospital	(512,690)	(68,880)	(581,570)
Hartford Hospital	(2,641,380)	(572,259)	(3,213,639)
The Charlotte Hungerford Hospital	(300,704)	(56,037)	(356,741)
Johnson Memorial Hospital	(203,176)	(28,772)	(231,948)
Lawrence & Memorial Hospital	(687,452)	(186,659)	(874,111)
Manchester Memorial Hospital	(467,073)	(65,071)	(532,144)
Middlesex Hospital	(720,781)	(155,612)	(876,393)
MidState Medical Center	(503,835)	(106,963)	(610,798)
Milford Hospital	(277,306)	(33,691)	(310,997)
New Britain General Hospital	(1,392,772)	(125,128)	(1,517,900)
New Milford Hospital	(217,927)	(26,815)	(244,742)
Norwalk Hospital	(783,928)	(186,928)	(970,856)
Rockville General Hospital	(257,769)	(27,676)	(285,445)
Saint Francis Hospital and Medical Center	(1,947,437)	(373,129)	(2,320,566)
Saint Mary's Hospital	(1,047,551)	(127,025)	(1,174,576)
Hospital of Saint Raphael	(1,404,955)	(312,780)	(1,717,735)
St. Vincent's Medical Center	(1,218,500)	(237,130)	(1,455,630)
The Stamford Hospital	(820,416)	(305,136)	(1,125,552)
Waterbury Hospital	(984,925)	(137,584)	(1,122,509)
Windham Community Memorial Hospital	(580,485)	(52,562)	(633,047)
Yale-New Haven Hospital	(4,476,171)	(709,870)	(5,186,041)
<b>Total</b>	<b>(26,550,316)</b>	<b>(4,980,892)</b>	<b>(31,531,208)</b>