

**TESTIMONY OF
CONNECTICUT HOSPITAL ASSOCIATION
SUBMITTED TO
THE FINANCE, REVENUE AND BONDING COMMITTEE
Monday, March 1, 2004**

SB 32, An Act Increasing Certain Bond Authorizations For Capital Improvements

The Connecticut Hospital Association appreciates the opportunity to submit testimony in support of Section 18 of **SB 32, An Act Increasing Certain Bond Authorizations For Capital Improvements**. Section 18 of SB 32 allows the Connecticut Health and Education Facilities Authority (CHEFA) to back up to \$100 million in bonds for hospital equipment purchases. The bonds would be supported by a state special capital reserve mechanism to enhance the bonds.

Connecticut hospitals are facing a series of daunting fiscal challenges, including inadequate reimbursement from the Medicare and Medicaid programs, a severe shortage of healthcare workers, escalating pharmaceutical costs, blood and blood product price increases, and skyrocketing medical and general liability premiums. In addition, our hospitals must continue to expend their limited resources on disaster and emergency planning at unprecedented levels.

These pressures have put Connecticut's hospitals in a financially tenuous position. In 2003, 28 of the state's 31 acute care hospitals ended the year unable to collect enough funds to cover the cost of care delivered to those patients, resulting in operating losses for nearly a third of the state's hospitals.

This was not a new development, as many of Connecticut hospitals' operating margins have historically fallen short of the 3-5% range that bond agencies require to qualify for loans at lower interest rates. Because of this, hospitals' access to capital is limited. Inadequate access to capital threatens the long-term financial health of Connecticut hospitals and their ability to continue serving as the state's healthcare safety net for all those needing care, regardless of their ability to pay. CHA urges the Finance, Revenue and Bonding Committee to act favorable upon section 18 of SB 32 as it will provide needed assistance to Connecticut hospitals.

Thank you consideration of our position.

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