

**TESTIMONY OF
CONNECTICUT HOSPITAL ASSOCIATION
SUBMITTED TO THE INSURANCE AND REAL ESTATE COMMITTEE
Tuesday, March 2, 2004**

SB 418, An Act Concerning Universal Healthcare

The Connecticut Hospital Association (CHA) appreciates the opportunity to testify on **SB 418, An Act Concerning Universal Healthcare**. SB 418 establishes a board to oversee and implement a program to provide universal healthcare coverage. The bill establishes the Nutmeg Health Plan, a plan that would provide universal coverage for Connecticut residents.

CHA commends the Committee for attempting to address this very critical issue, especially in light of the fact that the number of uninsured individuals in Connecticut and across the country has been increasing. According to a January 2004 Kaiser Commission on Medicaid and the Uninsured fact sheet, there were a total of 49 million uninsured Americans at some point during 2002, approximately 350,000 of whom were Connecticut residents.

Now, as a consequence of changes already enacted in Connecticut in the last few years, the Connecticut Health Foundation has projected the disenrollment of an additional 93,000 individuals from Medicaid coverage as result of the imposition of premium cost sharing. This will increase the amount of free care provided by Connecticut's hospitals by an additional \$55.4 million.

Connecticut hospitals and hospitals across the country are facing a series of daunting fiscal challenges, including inadequate funding for the Medicare program, a severe shortage of healthcare workers, escalating pharmaceutical costs, blood and blood product price increases, and skyrocketing medical and general liability premiums. In addition, 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. This continued financial hardship is threatening Connecticut hospitals' ability to continue serving as the state's healthcare safety net for all those needing care, regardless of their ability to pay.

SB 418 appears to be modeled after Dirigo Health, the universal healthcare plan recently adopted in Maine. The Dirigo plan entails a wide range of changes to how healthcare is delivered and financed. The scope and complexity of those changes are not fully known or understood. At this time, CHA believes it would be prudent to take the time to learn through observing and studying Dirigo's development and implementation, and to benefit from their successes and failures prior to implementing Connecticut's version, the Nutmeg health plan.

CHA has serious concerns over sections of SB 418 that would appear to reduce the rate hospitals are reimbursed for services. Connecticut hospitals currently receive less than 75 cents, on average, for each dollar of care they provide to Medicaid patients, and it has been eight years since a Connecticut hospital has had a cost of living adjustment in the Medicaid fee-for-service system. CHA is not sure how Connecticut hospitals can expand access to hospital services to meet growing patient demand while being paid less for those services.

While Connecticut hospitals urge the Committee to continue to address the issue of the increasing number of uninsured, we ask that you not do so at the expense of hospitals and other providers, which are already struggling at current reimbursement rates to remain financially viable.

Thank you for consideration of our position.

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