

**TESTIMONY OF  
STEPHEN FRAYNE  
SENIOR VICE PRESIDENT, HEALTH POLICY  
CONNECTICUT HOSPITAL ASSOCIATION  
BEFORE THE  
APPROPRIATIONS COMMITTEE  
Friday, February 15, 2008**

**HB 5021, An Act Making Adjustments To The Budget For The  
Biennium Ending June 30, 2009**

Good evening Senator Harp, Representative Merrill, and members of the Committee. My name is Stephen Frayne and I am the 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 5021, An Act Making Adjustments To The Budget For The Biennium Ending June 30, 2009.**

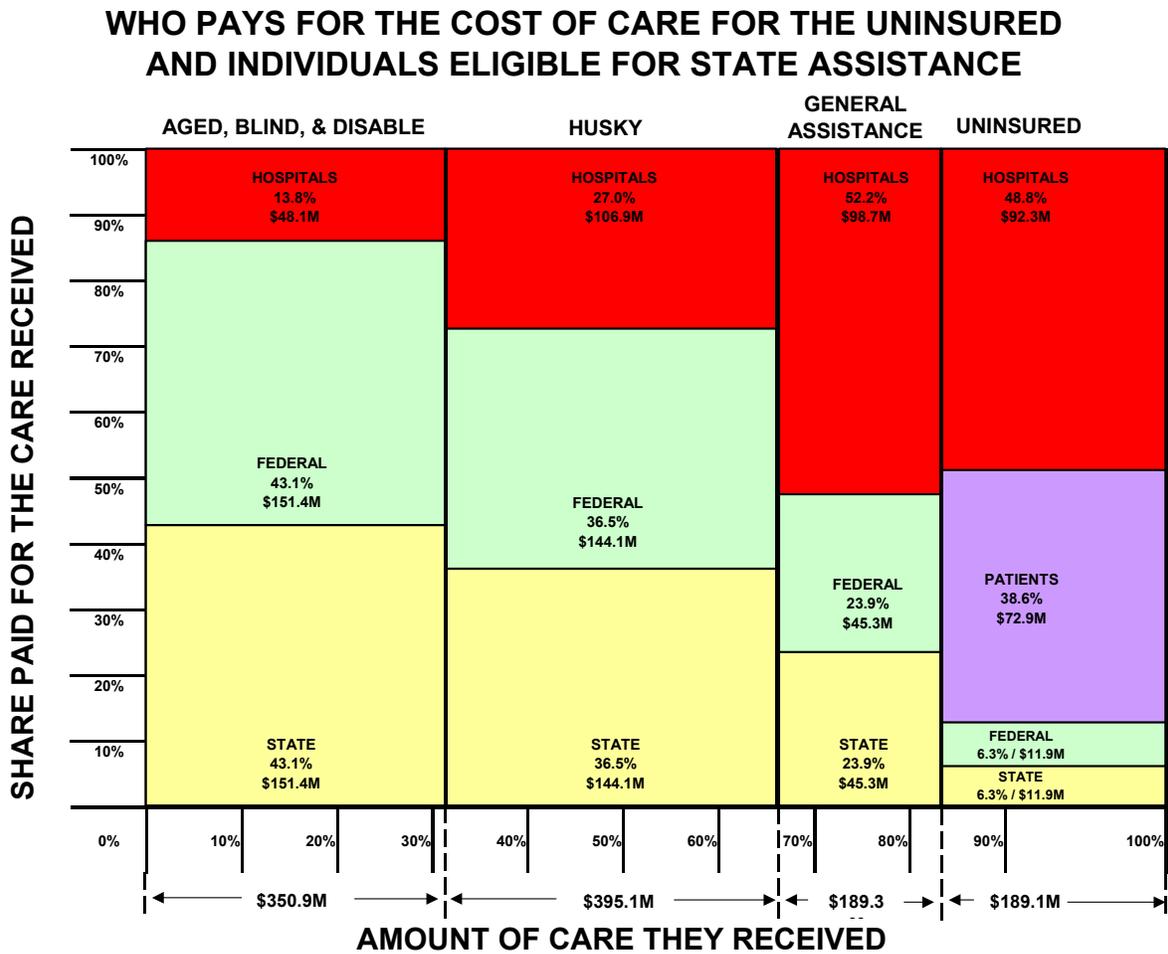
I am here tonight to ask you to continue to make the adequacy of rates for hospitals and other healthcare providers a priority. Last year, following the report of the Legislative Regulations Review Committee, this Committee decided the status quo was no longer acceptable and successfully fought for the inclusion of provider rate relief in the biennium budget. Thank you for your leadership on this issue; it is making a real difference in the ability of all providers to care for those in need. Strong hospitals, like good schools and safe roads, are an essential part of what makes Connecticut a great state.

Providing patients and communities with the finest quality healthcare services is the highest priority for Connecticut's not-for-profit hospitals. Hospitals fulfill a vital role, caring for Connecticut residents 24 hours a day, seven days a week, and they make enormous contributions to the health and quality of life for millions of Connecticut residents. Last year, Connecticut hospitals provided 2.1 million days of inpatient care. In addition, hospitals provide a significant amount of outpatient care. Last year, Connecticut hospitals provided more than 4 million outpatient visits, including: 1.5 million emergency department visits; 183,000 ambulatory surgery visits; 30,000 cardiac procedures; 99,000 cardiac rehab visits; 144,000 gastroenterology procedures; 43,000 chemotherapy visits; 204,000 radiation therapy visits; 844,000 outpatient rehabilitation visits; 344,000 psychiatric care visits; and 624,000 primary care visits. Every moment of every day, hospitals touch the lives of Connecticut residents by providing high quality healthcare services.

In the bill before you, the administration has proposed several initiatives to further the rate relief effort. Two of the initiatives are studies to be conducted by the Office of Health Care Access by November 30, 2008. The first study is on reimbursement systems for hospitals and reimbursement mechanisms for specialist services at federally qualified health centers. The second study is of primary care service capacity and the identification of geographical gaps in access. The third initiative is an effort to educate and inform patients about appropriate ways to

access primary care and avoid inappropriate use of the emergency department. CHA supports these initiatives.

We are grateful that the budget adjustments proposed do not include a retreat from the recently granted rate relief included in the biennium budget. As the chart below clearly indicates, every year before a hospital plans a new program, hires another nurse, and invests in a quality initiative, it must first figure out how to cover the annual \$250 million dollar deficit caused by state underfunding of its existing insurance programs. Under current law, this is a never-ending and ever-growing deficit for which we have to annually implore you for help because current law always presumes rates will never increase. The rate relief in the biennium budget, while it won't eliminate the problem, will make a real dent in it.



There are several proposed cuts that we would ask that you oppose. First, please oppose cutting the \$4.7 million in funding for medical interpreters. There is no more basic need than the ability of patients and providers to be able to communicate. This funding is essential to make that communication possible. Second, please oppose reducing SAGA funding by \$5.7 million dollars and instead add the dollars needed to cover enrolling individuals leaving prison into SAGA.

Over the last several years, SAGA cuts and the application of an annual fixed cap is just killing the program. Hospitals start the year on October 1. In 14 days, hospitals will have completed five months of the year. Sadly, the funding necessary to cover the cost of care for SAGA recipients will have run out.

Last spring, Governor Rell established the *Hospital System Strategic Task Force*, chaired by Secretary of the Office of Policy and Management Robert Genuario and Commissioner of the Office of Healthcare Access Cristine Vogel. Its members included representatives of Connecticut hospitals and other healthcare experts, as well as business leaders. The report is final and has been submitted to the Governor. I urge you to review the report's findings and recommendations. One of the topics extensively discussed by the task force was "cost shifting" of losses from underfunded government programs to employer-sponsored insurance. The report concludes cost shifting is one of the leading drivers of the financial instability of Connecticut hospitals, is unsustainable, and is eroding the employer-sponsored insurance system hospitals rely on to make ends meet.

While your efforts are making a real difference, there is still much to be done. The most important thing you can do to help hospitals and other providers is to continue fighting for increases in funding in the state budget so that hospitals receive the full cost of providing care to patients who are covered by government-funded programs, such as Medicaid and SAGA.

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