



**TESTIMONY OF
CONNECTICUT HOSPITAL ASSOCIATION
BEFORE THE
HUMAN SERVICES COMMITTEE
THURSDAY, FEBRUARY 26, 2015**

**HB 6846, An Act Implementing The Governor's Budget Recommendations
For Human Services Programs**

The Connecticut Hospital Association appreciates the opportunity to provide testimony in opposition to **HB 6846, An Act Implementing The Governor's Budget Recommendations For Human Services Programs**.

Before commenting on the bill, it's important to point out that Connecticut hospitals treat everyone who comes through their doors 24 hours a day, regardless of ability to pay.

This is a time of unprecedented change in healthcare, and Connecticut hospitals are leading the charge to transform the way care is provided. They are focused on providing safe, accessible, equitable, affordable, patient-centered care for all, and they are finding innovative solutions to integrate and coordinate care to better serve their patients and communities.

Section 16 of HB 6846 would eliminate the supplemental pool of funding for low-cost hospitals. The legislature added this funding beginning in FY 2014 as a way to mitigate the other substantial cuts to hospitals. However, the budget as proposed offers more cuts and no help to mitigate those cuts. As a consequence, these funds should be retained.

Section 25 states that the intent of the Department of Social Services is to transition the DRG payment system from hospital-specific to statewide rates (except for Connecticut Children's Medical Center and John Dempsey Hospital) over four years. As drafted, HB 6846 gives the Commissioner power to establish the speed of the change as well as to decide what to include or exclude in the transition.

Given the enormity of the undertaking, these changes, at a minimum, should be subject to the normal rule-making process. In addition, the transition from hospital-specific rates to statewide or peer-based rates needs to be done over time and in consultation with the hospitals, must recognize legitimate cost differences among hospitals, and must be done coincident with reductions in underfunding of the system statewide. The transition should not

be undertaken at all if the existing rates are not updated and increased annually to recognize legitimate cost increases. Redistributing the existing level of funding, for which a five percent cut is being proposed, would destabilize dangerously an already teetering hospital system of care. If these issues are addressed, a transition should start no sooner than October 1, 2016, and should consider comprising a blend of hospital-specific, statewide, or peer-based of 25 percent/75 percent for FY 2017, 50 percent/50 percent for FY 2018, 75 percent/25 percent for FY 2019, and zero percent/100 percent for FY 2020.

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