



**TESTIMONY OF  
CONNECTICUT HOSPITAL ASSOCIATION  
SUBMITTED TO THE  
FINANCE, REVENUE AND BONDING COMMITTEE  
Friday, March 17, 2017**

**HB 6559, An Act Establishing A Credit Against The Hospital Tax For Hospitals  
That Make Beds Available For Opioid Addiction Treatment Services**

The Connecticut Hospital Association (CHA) appreciates this opportunity to submit testimony concerning **HB 6559, An Act Establishing A Credit Against The Hospital Tax For Hospitals That Make Beds Available For Opioid Addiction Treatment Services**. CHA supports the bill as an important component of an ongoing comprehensive statewide strategy to reduce the misuse and abuse of opioids and other prescription drugs in Connecticut.

Before commenting on the bill, it's important to point out that Connecticut hospitals provide high quality care for everyone, regardless of ability to pay. Connecticut hospitals are finding innovative solutions to integrate and coordinate care to better serve patients and communities, as well as achieve health equity. These dynamic, complex organizations are working to build a healthier Connecticut. That means building a healthy economy, community, and healthcare system. By investing in the future of Connecticut's healthcare and hospitals, rather than continuing to cut away at them, we will strengthen our economy, put communities to work, and deliver affordable care that Connecticut families deserve.

Connecticut hospitals have been engaged for years in efforts to reduce inappropriate opioid use while ensuring patients have appropriate pain medication. The adoption of voluntary opioid prescribing guidelines in January of 2015 has helped Emergency Department (ED) staff treat patients with chronic pain conditions. Formulated by ED directors in collaboration with other prescribers and the Department of Public Health (DPH), these guidelines are now undergoing an update and revision in light of the adoption last year of Public Act 16-43, which, among other measures, limits the prescribing of opioid drugs to seven days (with certain exceptions), and requires municipalities to update their medical service plans to ensure that first responders are equipped with Narcan to treat patients who experience a drug overdose.

CHA continues to partner with other professional societies and DPH to sponsor continuing education programs for prescribers on the topic of controlled substances. Representatives of Connecticut hospitals serve on an array of task forces and working groups, among them the group convened under Section 11 of Public Act 16-43 addressing the narrow question of whether it is a best practice to limit prescriptions to not more than a three-day supply of opioid drugs for the purpose of treating a minor patient's acute medical condition. CHA and

Connecticut hospitals are proud to engage in these and other activities in furtherance of the state's efforts to reduce the potential for people to become addicted to opioid medications. We look forward to continuing to work with the state and with our continuum of care partners to resolve this crisis.

HB 6559 would incent the establishment or repurposing of beds for opioid addiction treatment services by affording hospitals a credit against the hospital tax. The concept is enticing to hospitals, given our ongoing efforts to address the opioid epidemic and our persistent advocacy for relief from the hospital tax.

In 2011, Connecticut imposed a tax on hospitals as a means for the state to qualify to receive additional federal Medicaid funds, which were to be shared by the state with hospitals. Over time, Connecticut began keeping more and more of the hospitals' tax payments to balance the state budget, and opted not to maximize federal matching funds. The hospital tax has ballooned to \$556 million and become a direct tax on hospitals and healthcare in Connecticut. It is now the fourth largest source of state tax revenue, after the income, sales and use, and corporation taxes.

Establishing a credit to incent healthcare providers to develop or redeploy their resources to address the opioid epidemic is a timely and appropriate state action. Connecticut makes available a broad array of credits to taxpayers. These credits are intended to promote expansion and growth in economic sectors, as well as investments in personnel, technology, equipment, and facilities. They are also intended to protect our environment, among other public purposes. Enacting a credit to address an alarming new healthcare epidemic is consistent with sound tax credit policy.

Connecticut hospitals should have access to this proposed new credit and other state tax credits, but CHA and Connecticut hospitals have grave concerns that the administration is moving in the opposite direction. **Senate Bill No. 787, An Act Concerning Revenue Items To Implement The Governor's Budget**, would effectively repeal the only tax credit available against the hospital tax – the Urban and Industrial Site Reinvestment (UISR) Tax Credit. Section 45 of SB 787 would eliminate the ability of hospitals to purchase and use the UISR credit to satisfy a portion of their tax liability. Frankly, we can't think of a good policy reason that hospitals and ambulatory surgery centers would be the only entities precluded from purchasing these credits, particularly given the stimulative effect such purchases have on the larger Connecticut economy.

The impact of hospitals on Connecticut's economy is formidable. Connecticut hospital health systems provide jobs to 100,000 people who make sure we have access to the very best care whenever we need it. Hospitals are often the largest employers in their communities. They spend billions of dollars each year on staff salaries and the purchase of medical supplies and food, as well as facility construction. These dollars have a "ripple effect" as they move through the larger economy, generating additional jobs and spending in communities throughout the state. In total, Connecticut hospitals contribute \$26.2 billion to the state and local economies each year, and serve as a magnet for other business and commerce.

The USIR credit should remain available to hospitals, other existing credits should be made available to hospitals, and this new credit for opioid addiction treatment beds should be extended to hospitals as well.

CHA has three practical concerns relating to this proposal. The first concern pertains to the regulatory regime leading to the creation of these beds. The second concern is related to the financial remuneration available for the services to be provided to the patients who occupy the beds. The third concern pertains to the need for post-hospital care, maintenance, treatment, and support programs to assist these patients in their recovery.

Regarding the first concern, Connecticut General Statutes Section 19a-638(a)(11) specifies that a Certificate of Need is required for an increase in the licensed bed capacity of a healthcare facility. Under current law, Connecticut hospitals seeking authorization for additional licensed beds for opioid treatment would be required to demonstrate that they meet clear public need as well as other criteria set forth in Connecticut General Statutes Section 19a-639. A potentially lengthy and expensive regulatory proceeding would impede a hospital's ability to repurpose or establish new licensed beds for addiction treatment services. CHA recommends that the state implement an expedited procedure or an emergency measure allowing hospitals to redeploy more expeditiously existing beds or to establish new licensed beds to address the need for addiction treatment services.

Second, having enough treatment beds is a good thing. But it is equally important to have a sufficient number of addiction medicine specialists and behavioral health clinicians available to treat these patients. It is essential that reimbursement rates under Medicaid be increased to enable hospitals and other healthcare providers to not only house the patients suffering from opioid addiction but also to provide the expert clinical support and compassionate care that these patients require to recover from the ravages of opiate addiction.

Our third concern is the need for adequate programs and facilities to serve patients once discharged from the hospital. Hospitals and other community providers are struggling to care for these patients, in light of the very real negative impacts of ever-diminishing funding for these vital services. And while funding levels keep shrinking, the number of patients coming to hospitals for these services keeps growing. Because of the lack of resources in the substance use treatment system, patients don't always receive the appropriate care in the appropriate setting at the appropriate time. Often their only recourse is to go to the ED. But an ED is not the optimal environment to receive substance use treatment, especially for children and adolescents.

CHA and Connecticut hospitals are proud to renew our pledge to continue working with the state to address this epidemic. In addition to adopting HB 6559, we ask that the state maintain state-operated treatment facilities, fund adequately substance use treatment programs, and continue to work with hospitals to match bed availability with patient need.

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