



**TESTIMONY OF
CONNECTICUT HOSPITAL ASSOCIATION
SUBMITTED TO THE
INSURANCE AND REAL ESTATE COMMITTEE
Thursday, March 11, 2021**

**SB 1006, An Act Concerning Health Care Costs, The Connecticut
Health Insurance Exchange And Health Equity**

The Connecticut Hospital Association (CHA) appreciates this opportunity to submit testimony concerning **SB 1006, An Act Concerning Health Care Costs, The Connecticut Health Insurance Exchange And Health Equity**.

Before commenting on this bill, it is important to acknowledge that, since early 2020, Connecticut's hospitals and health systems have been at the center of the global public health emergency, acting as the critical partner in the state's response to COVID-19. Hospitals expanded critical care capacity, stood up countless community COVID-19 testing locations, and are a critical component of the vaccine distribution plan. Through it all, hospitals and health systems have continued to provide high-quality care for everyone, regardless of ability to pay. This tireless commitment to the COVID-19 response confirms the value of strong hospitals in Connecticut's public health infrastructure and economy and reinforces the need for a strong partnership between the state and hospitals.

SB 1006 would codify the cost growth benchmark created by the Governor via executive order, create a Canadian drug importation program, make changes to medical stop-loss coverage, develop a health insurance reinsurance program, and empanel a task force to study current inequities in the provision of health insurance coverage and healthcare to minority populations in the state.

Connecticut hospitals and health systems are committed to sustaining and improving access to affordable health insurance coverage and high-quality healthcare services for all patients throughout our state. We appreciate that SB 1006 includes policies that strive to meet those goals. We support the creation of a reinsurance program to help lower consumer health insurance premiums. We also recognize the important focus on the impact of rising drug costs on families, employers, and healthcare providers. As a 2019 report by the American Hospital Association showed, average total drug spending per hospital admission increased 18.5 percent between fiscal years 2015 and 2017.¹ Such increases are unsustainable and if we are to lower the trajectory of healthcare spending in our state, addressing drug prices will be critical.

¹ <https://www.aha.org/system/files/2019-01/aha-drug-pricing-study-report-01152019.pdf>

We also support a critical focus on the inequities in healthcare that COVID-19 has laid bare. Communities of color have paid a steep price during the pandemic for the structural and systemic issues in healthcare that should have been addressed long ago.

Regarding the codification of the cost growth benchmark, we believe that statewide coalescence around a more sustainable growth rate for healthcare expenditures can be an important opportunity to alter the trajectory of healthcare spending in our state.

This work should be undertaken in a collaborative spirit. CHA and its member hospitals have worked closely with the state on the implementation of the cost growth benchmark thus far and appreciate the opportunity to work with the legislature on implementing legislation. CHA has and will continue to use the following principles to guide its work on the process for development and implementation of the cost growth benchmarks:

- Preserve and expand access to care
- Memorialize robust stakeholder participation and full transparency in the development of the benchmarks and subsequent periods of evaluation
- Develop spending targets that appropriately reflect and promote healthcare's important role in the state's economy
- Implement a non-punitive assessment and evaluation process
- Define the parameters by which measurement of performance against the benchmark will be determined, including what costs will be excepted
 - Excepted costs should include state spending agreements (i.e., Medicaid rate increases); exceptional circumstances (i.e., public health emergency, novel therapies, pharmaceutical price increases, financial recovery); and costs not within a provider's control
- Allow for exceptional activities (i.e., service line expansion)
- Provide that all healthcare spending (physician, hospital, long-term care, pharmaceutical, device, payer, government, etc.) is captured in the benchmark calculation
- Include appropriate adjustment factors (i.e., risk adjustment)
- Accommodate alternative payment models (i.e., risk contracts, shared savings arrangements, etc.)
- Ensure appropriate access to and protections for data and information submitted and used for benchmark purposes

We believe the legislation addresses a number of these principles and we look forward to additional conversation to ensure that the work to slow the growth of healthcare spending in our state continues to be done in a non-punitive, collaborative way that appreciates the role of hospital and health systems in the state's public health infrastructure and economy.

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