



**TESTIMONY OF
CONNECTICUT HOSPITAL ASSOCIATION
SUBMITTED TO THE
FINANCE, REVENUE AND BONDING COMMITTEE
Tuesday, April 20, 2021**

**SB 1101, An Act Establishing CT Renaissance And Concerning
Investments In Renaissance Zones**

The Connecticut Hospital Association (CHA) appreciates this opportunity to submit testimony concerning **SB 1101, An Act Establishing CT Renaissance And Concerning Investments In Renaissance Zones**. CHA opposes the bill as drafted.

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.

Many Connecticut communities suffer from long-standing underinvestment and structural racism contributing to high levels of avoidable chronic illness, reduced life expectancy, and health disparities. These health disparities, long apparent to those in healthcare, were starkly revealed to the general public this past year in COVID-19 morbidity and mortality statistics.

This bill would establish CT Renaissance to implement investments and project financing in eligible municipalities to increase the funds for state investments in community banks and credit unions to promote community or economic development in such zones. The focus of these investments would be renaissance zones, which are defined as geographic areas that have a high population of Black or African-American residents, Hispanic or Latino residents, or both, high poverty rates, high unemployment rates, and needs that are not being met.

Hospitals have demonstrated an enduring commitment to addressing public health needs and inequities within their communities and they recognize that racism is a public health threat that is felt here in Connecticut as in the nation. Even so, hospitals recognize the limits of what they can achieve without meaningful state participation and investment. CT Renaissance is potentially an important means to promote community revitalization and restoration in Black and Latino communities that are affected by poverty, unemployment, and racism. However, several of the means of accruing funds for community investments are problematic.

We oppose Section 5, which provides that each state agency must require any entity entering into a state contract for more than \$500,000 to deposit funds to be invested in the State Treasurer's renaissance fund once it is established. Apart from any impact on hospitals, this mandatory requirement will have unintended negative consequences on state contracting, since dictating to-be-determined amounts of investments with low yields may discourage some businesses from having any dealings with the state. It is also likely to increase state costs, since contractors are apt to incorporate into their bids any costs associated with this deposit requirement.

Moreover, the proposed language may be interpreted to broadly apply to *any* state contract that exceeds \$500,000, including Medicaid provider agreements, contracts for grants that hospitals and other providers receive from the state and services that hospitals provide to the state (e.g., COVID-19-related services such as Care Partner contracts for testing at long-term care facilities). We strongly recommend that Medicaid provider agreements be specifically excluded from this deposit requirement, along with any contracts between the state and licensed healthcare providers related to the provision of health services.

We also oppose Section 6 under which CHEFA must require colleges and universities, as well as tax-exempt hospitals and other healthcare institutions and nursing homes, to make an investment into the fund as a condition of receiving a "loan, grant or other financial assistance" totaling more than \$500,000. The amount to be invested is to be determined by CHEFA and the length is the longer of one year or the loan term (which in many cases can span years). This provision would result in direct and potentially substantial increases in the cost of borrowing.

Connecticut's hospitals welcome the opportunity to take concerted action, in partnership with the state, municipalities, residents, and other community providers, to develop and execute a comprehensive plan to address the drivers of health, health disparities, structural racism, and income inequality in Connecticut. However, it is critically important that funding solutions avoid introducing additional healthcare costs and associated inefficiencies, which are entirely at odds with the state's and hospitals' efforts to make healthcare more affordable. We further believe that initiatives should be structured to encourage rather than discourage meaningful business dealings and other partnerships with the state.

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