



**TESTIMONY OF  
CONNECTICUT HOSPITAL ASSOCIATION  
SUBMITTED TO THE  
INSURANCE AND REAL ESTATE COMMITTEE  
Thursday, March 17, 2022**

**HB 5449, An Act Concerning Certificates Of Need**

The Connecticut Hospital Association (CHA) appreciates this opportunity to submit testimony concerning **HB 5449, An Act Concerning Certificates Of Need**. CHA opposes the bill.

Since early 2020, hospitals and health systems have been at the center of Connecticut's response to the COVID-19 public health emergency, acting as a vital partner with the state and our communities. Hospitals expanded critical care capacity, procured essential equipment and supplies, and stood up countless community COVID-19 testing locations. Hospitals have been an essential component of the statewide vaccine distribution plan including efforts to reach and serve historically under-resourced communities disproportionately affected by the virus.

HB 5449 prohibits a healthcare provider from "breaking ground" on a new facility or expanding an existing facility prior to obtaining a Certificate of Need (CON); prohibits the Connecticut Health and Educational Facilities Authority (CHEFA) from issuing a bond to a healthcare provider to build a new facility, or to expand an existing facility, unless CHEFA has reviewed a capital budget with recommendations provided by the Office of Health Strategy (OHS); increases the CON application fee from \$500 to \$25,000; and requires OHS to conduct a study on a variety of issues.

These changes to the CON process come in the midst of the most historic public health crisis in generations and when existing CON applications are facing staggering delays affecting providers' ability to plan, innovate, and modernize their facilities and equipment.

We object to the provision of the bill that would prohibit CHEFA from issuing a bond to a healthcare provider absent significant influence and instruction about the provider's capital budget as reviewed by OHS. The stated mission of OHS is "to implement comprehensive, data driven strategies that promote equal access to high quality health care, control costs and ensure better health for the people of Connecticut." OHS expertise is not in the area of construction and capital budgets. We look forward to working with the Committee and CHEFA if this bill goes forward with this section.

HB 5449 proposes to increase the current \$500 CON application fee to \$25,000. Literally, a 50-fold increase. Healthcare providers under HB 5449 would pay the state \$25,000 for every CON application without regard to the complexity or reasonableness of the fee. The exorbitant fee would apply to simple relocation of a service even if it is just to change the address to one down the street, the replacement of imaging equipment, or upgrading of imaging equipment for safety and quality improvement. This 4,900% fee increase is extreme and will add to the cost of healthcare as well as impede innovation and modernization of equipment and practice settings.

HB 5449 would also require OHS to conduct a study on several issues, even though many of those issues are already under OHS's authority or are part of the current OHS CON decision-making process. If the Committee determines OHS should undertake another study, CHA encourages the Committee to require OHS to review and make recommendations on how the state can assist hospitals and healthcare providers with the increasingly problematic workforce shortage crisis; access to specialized services and mental health services, specifically focused on the effect of Medicaid underpayment on access and how state investment could help improve access; the spike in malpractice premiums; and the regulatory burdens that make it difficult for small practices to remain independent.

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