

**TESTIMONY OF
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SENIOR VICE PRESIDENT, PLANNING AND MARKETING
BRIDGEPORT HOSPITAL
BEFORE THE
HUMAN SERVICES COMMITTEE
January 18, 2007**

On the adequacy of hospital reimbursement from private managed care organizations serving HUSKY and Medicaid clients.

My name is Carolyn Salsgiver, and I am the Senior Vice President, Planning and Marketing, for Bridgeport Hospital. I appreciate the opportunity to testify on behalf of Bridgeport Hospital to provide an urban hospital perspective on the adequacy of hospital reimbursement from private managed care organizations that serve HUSKY and Medicaid clients.

Bridgeport Hospital serves a significant number of Medicaid patients. In Fiscal Year 2005, Bridgeport Hospital had nearly 5,000 Medicaid discharges, half of which were Managed Medicaid patients. This represents 24% percent of our total discharges. Along with our sister institution, Yale-New Haven Hospital, we are the two general acute care hospitals who treat the largest proportion of Medicaid recipients in Connecticut. And we are not reimbursed what it costs us to care for these patients.

There may be the perception that managed care companies pay providers the same rates for Medicaid Managed Care patients as they do for other managed care patients. This is not true. The rates paid to providers for Medicaid Managed Care patients are significantly less than commercial managed care rates and below the actual cost of providing the care. In fact, for Bridgeport Hospital, Medicaid Managed Care pays only 69 cents for every dollar we spend on providing care for these patients.

In FY 2005, our overall loss for Medicaid Managed Care was \$4.2 million. Our loss from all Medicaid programs was \$15 million (see attached graphs). According to Connecticut Hospital Association data, statewide Medicaid losses for all hospitals totaled nearly \$250 million.

Bridgeport Hospital strives to be both a provider and employer of choice that delivers safe, high quality care. We serve residents from the City of Bridgeport and the surrounding towns, and are the health care safety net for many patients. Last year, we provided more than 200,000 outpatient and emergency room visits and almost 20,000 inpatient stays. Additionally, with 2,200 employees, Bridgeport Hospital is one of the largest employers in the greater Bridgeport area.

Over the years, we have had to use our operating dollars to cover these underpayments from Medicaid Managed Care and Medicaid, which has left us less money to reinvest in our organization. Without money to reinvest, our facilities have become outdated, and

we have had to delay implementation of key programs that can improve the quality of care for our patients.

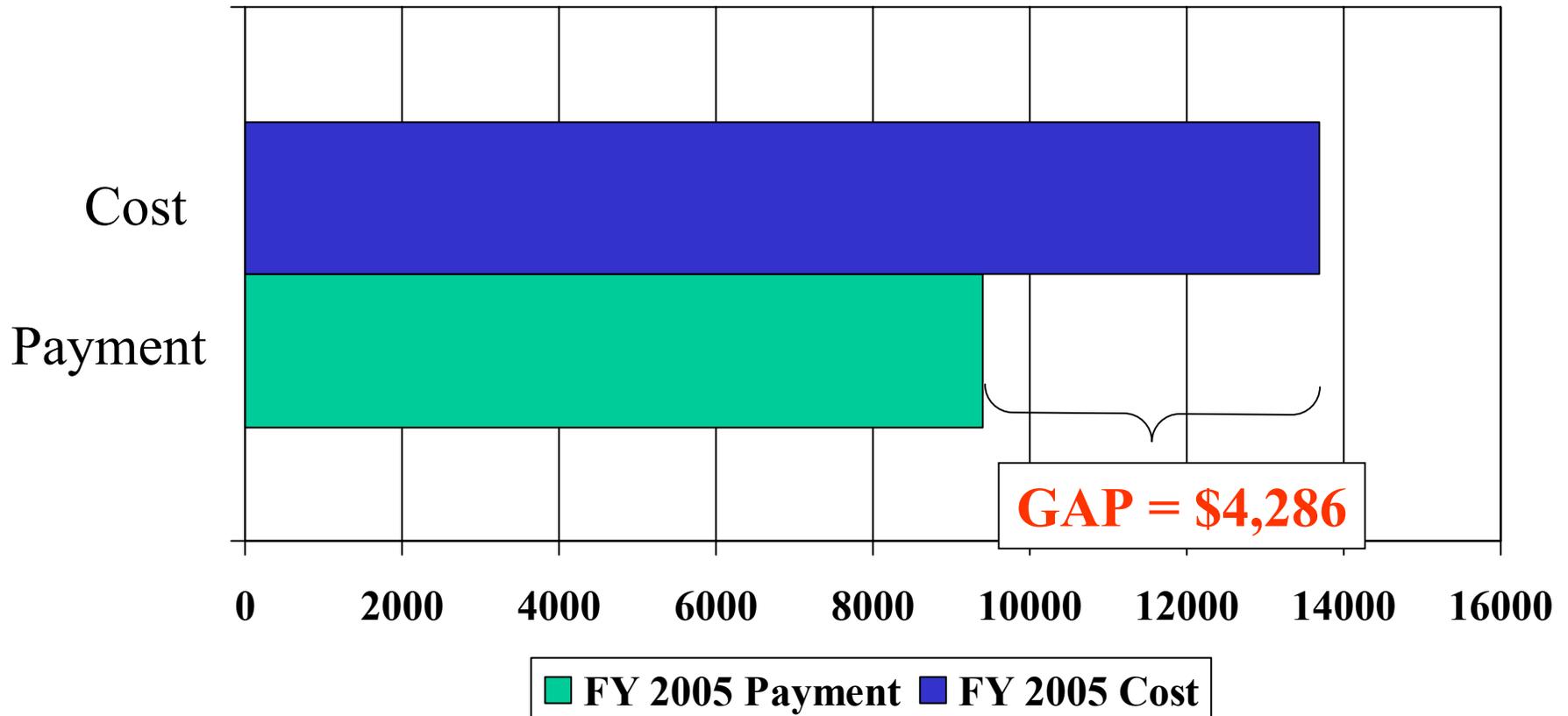
Currently, Bridgeport Hospital has an aging facility infrastructure that needs major reinvestment to keep the building running efficiently. This year, we are replacing generators and air handling systems. Over the next few years, we need to upgrade our heating and cooling systems and our elevators. These projects have been delayed over the years due to lack of available resources. In addition, to meet the increasing demands of our patients, we need to modernize and update our patient care rooms. The lack of adequate funding for Medicaid has slowed our ability to invest in these basic infrastructure upgrades that will benefit our patients, physicians and staff.

To provide a safe environment, we also need to invest in Electronic Medical Records and other clinical information systems that will reduce medical errors and improve care for our patients. The Public Health Committee has identified these information systems as important for enhancing hospital safety. These systems will enhance patient safety and quality, and we want to implement them as quickly as we can. However, it costs millions of dollars to do so. While we have started to make these investments, we are doing them over the course of several years, as we have the funding available. The inadequate reimbursement from Medicaid, which we are forced to cover through other operating revenues, is the largest part of the issue.

Bridgeport Hospital is a valuable asset to the greater Bridgeport region and the State. We train hundreds physicians and nurses, have the only burn service for the State of Connecticut, are a recognized leader in cardiac care, and have the only Pediatric Intensive Care Unit in Fairfield County. We take our mission seriously and are proud to be the safety net provider for the community. However, we need to be paid fairly so we can continue to maintain our infrastructure, invest in necessary technology and offer all the services that are needed by our patients. Hospitals need to be paid what it costs to care for the people enrolled in state programs.

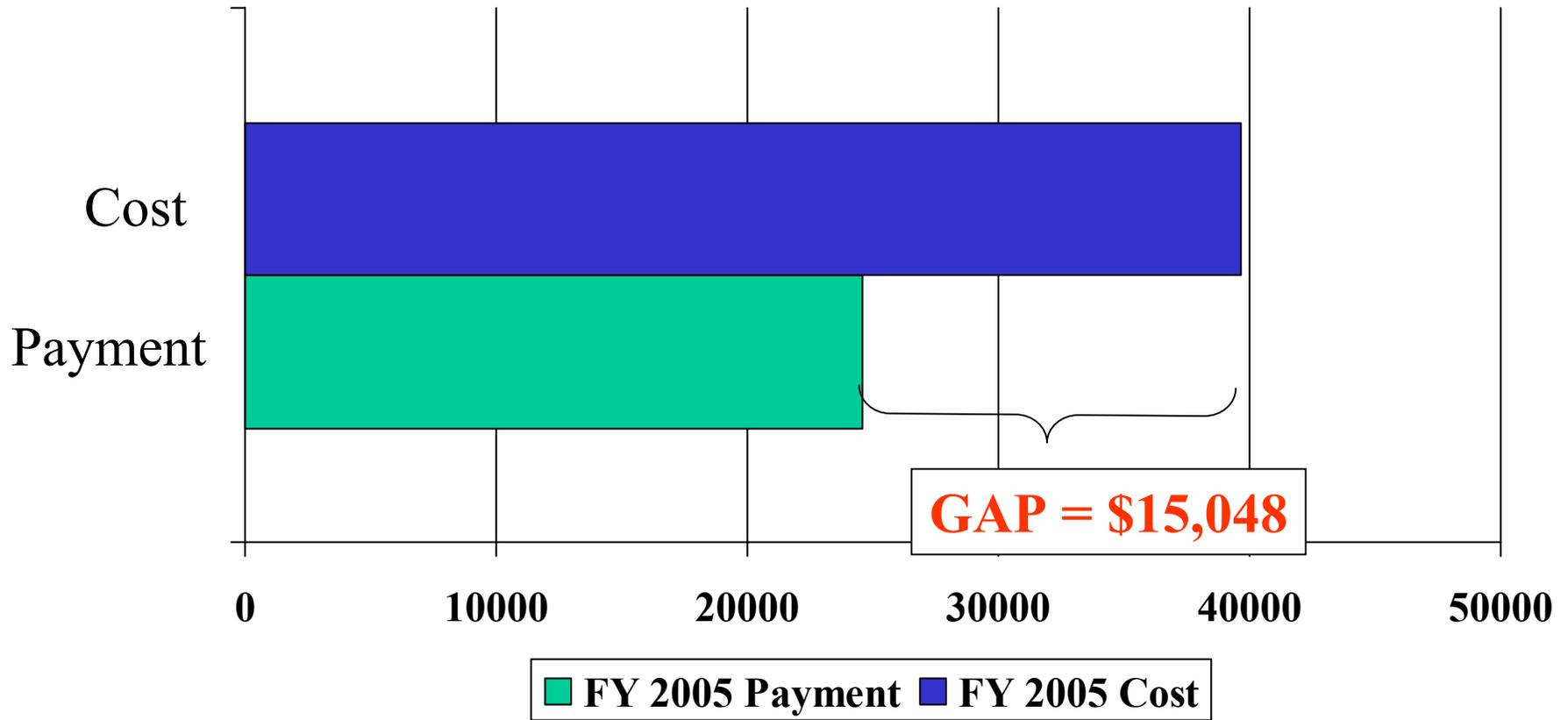
Thank you for your consideration of our position on this important health matter.

Bridgeport Hospital Medicaid Managed Care Cost versus Payment (\$000s)



Total discharges = 2,472

Bridgeport Hospital Total Medicaid* Cost versus Payment (\$000s)



Total discharges = 4,801

*Traditional, managed and SAGA