



TESTIMONY OF
Day Kimball Hospital
BEFORE THE
HUMAN SERVICES COMMITTEE
Thursday, January 18, 2007

Day Kimball Hospital (DKH) loses well over one million dollars annually from private managed care organizations serving HUSKY and Medicaid clients. Please find below fiscal year 2005 data which reflects DKH’s losses based on cost versus payments.

- Data based on twelve months
- DKH provided treatment to 7,741 patients enrolled in Medicaid and Husky managed care programs.

	Cost	Payments	Shortfall
Inpatient	\$905,454	\$662,443	\$243,010
Outpatient	<u>\$2,038,630</u>	<u>\$1,298,859</u>	<u>\$739,772</u>
Subtotal:	\$2,944,085	\$1,961,302	<u>\$982,782</u>

- DKH writes-off upwards of \$100,000 annually based on the cost of providing services from denials issued from these managed care organizations serving Husky and Medicaid patients. These technical denials are minor errors in pre-certification, authorization, referrals and billing. In many cases, there is not a second opportunity to bill, thus these claims result in a total loss of reimbursement.

Other areas where DKH is losing substantial dollars providing services to the community:

- Day Kimball Hospital writes-off between **\$600,000** and **\$800,000** per year in charity care. Charity Care is provided to families of low income not qualifying for state, town, or federal programs. In essence, these are self-pay patients without the means to pay that DKH subsidizes.
- In addition, DKH was under-funded by Title 19 and Saga by **\$984,680**. The hospital is typically paid 66% of cost by these programs.
- Billing for these programs, which does not follow standard billing regulations set forth by the Federal government, costs DKH an additional \$50,000 in IT programming and annual maintenance fees.

As DKH talks about hospital financing, it should first be remembered that hospitals are more than facts and figures and dollars and cents—hospitals, at their core, are really people taking care of people. DKH provides care to all regardless of their ability to pay; 24 hours a day, seven days a week, 365 days a year.

Day Kimball Hospital is under funded by T-19, SAGA and MCO’s by over \$2.5 million dollars per year. If hospitals were funded at least to the level of the cost of care, it would have a substantial impact on the care provided to the thirteen communities DKH services. More

resources and programs could be offered, particularly for the elderly and mental health populations.

DKH has had to postpone major facility renovations and upgrades, including the Emergency Room, which is one our key services due to the significant capital and operating costs associated with a renovation of this magnitude. Additional funding would allow DKH to offer more comprehensive services to the patients in Northeast Connecticut, including: wellness/preventive health programs, expand current geriatrics program, expand mental health services, expand pediatric programs, add primary adult care in under-serviced communities, renovate key areas in the hospital including the Emergency Department, ACU, and Endoscopy areas.

If state reimbursement continues to be flat or decline, DKH and other Connecticut hospitals may have to re-evaluate the services and programs offered.

Respectfully submitted

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