



**WRITTEN TESTIMONY OF
MIDDLESEX HOSPITAL
BEFORE THE HUMAN SERVICES COMMITTEE**

Thursday, January 18, 2007

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

The Connecticut Hospital Association (CHA) in testimony before this Committee outlines the aggregate burden for hospitals resulting from HUSKY under funding. We echo their comments about the role of the state's hospitals as businesses, employers and corporate citizens in treating community members' illnesses and improving their health and well being. With your indulgence we would put that in context for one medium sized Hospital, Middlesex Hospital, Middletown (Middlesex).

The aggregate annual burden absorbed by Middlesex for providing care to individuals eligible for state assistance is annually some \$6.8 million. Nearly two-thirds of the burden is the result of Medicaid Managed Care (MMC) payments for services falling short of the cost of providing those services. Even the MMC shortfall alone, though it represents only a small fraction of the Middlesex total operation budget, is some 50% of Middlesex's 2006 income from operations.

Improvement in its income from operations will help to improve Middlesex's bond ratings which benefits Middlesex with lower interest expense through refinancing existing debt and allows Middlesex to borrow at reasonable rates for projects such as the expansion and upgrade of the emergency department facility on its main campus currently in process (a \$31 million dollar project). Income from operations also helps Middlesex pay for keeping up with technological changes in diagnostic and treatment modalities which, as we are sure you are familiar, is ongoing and accelerating as well as information technology, such as the electronic medical record, the cost of which will outpace any efficiencies gained through its use. While Middlesex already invests a great deal in community health improvement, additional income from operations would provide seed money to further refine our understanding of community health needs and allow us to fund additional or better focused programs to lessen those needs and monitor the results to expand the outreach of Middlesex's expansive and already successful community benefit initiatives.

Please consider these benefits associated with reducing the under funding burden placed on Middlesex Hospital as you deliberate on the performance of managed care organizations that provide healthcare coverage to HUSKY and Medicaid beneficiaries. Thank you.