

**TESTIMONY OF
Saint Francis Hospital and Medical Center
BEFORE THE
HUMAN SERVICES COMMITTEE
Thursday, January 18, 2007**

On the Adequacy of Hospital Reimbursement from Private Managed Care Organizations Seeking Husky and Medicaid Clients

Saint Francis Hospital and Medical Center appreciates the opportunity to testify on the adequacy of hospital reimbursement from private managed care organizations serving Husky and Medicaid clients.

Saint Francis Hospital and Medical Center is a tertiary, acute care, teaching hospital serving residents of the Greater Hartford region. In FY2006, Saint Francis provided inpatient services to over 31,000 patients, delivered over 3,000 babies, treated 82,000 plus outpatients in our clinics, and cared for in excess of 62,000 patients in our Emergency Department. Saint Francis is the primary hospital for over 600 active private and full-time physicians, has nearly 4,000 employees and trains over 3,000 residents, interns, nurses and allied health students annually.

We are a major economic force in the state generating over \$240 million dollars in payroll and over \$550 million dollars in total revenue annually.

We are a vital part of the infrastructure of the Greater Hartford region and work very hard to live our mission which states “...We are committed to health and healing through excellence, compassionate care and reverence for the spirituality of each person...”

As part of living this mission we provide health care to all who seek our help regardless of their ability to pay, 24 hours per day, seven days a week, 365 days a year.

Who pays for Medicaid, Medicaid Managed Care and the SAGA Programs Today

The simple answer to this question is “...We all do...”. Unfortunately the hospital’s ability to cover the shortfall cost associated with these state programs has reached the breaking point. In FY2006, Saint Francis treated over 6,200 Medicaid and SAGA recipients on an inpatient basis and provided 102,178 outpatient visits to clients from one of these three insurance programs. The losses Saint Francis incurred providing these inpatient and outpatient services exceeded \$28 million dollars, \$13 million dollars of this loss was generated by patients who belonged to one of the Medicaid Managed Care programs offered by private insurance companies in this state. In addition to the \$28 million dollars Saint Francis lost serving its Medicaid and SAGA populations, Saint Francis delivered over \$9 million in free care to those without any insurance at all.

In summary, at the present time the Medicaid and SAGA insurances programs create over three times the losses annually that the uninsured do at Saint Francis. This level of loss is unsustainable going forward.

What Should Be Done

Hospitals must be paid what it costs to serve individuals enrolled in state sponsored insurance programs just as private insurers and Medicare pay for the cost of the services they purchase from hospitals.

In Connecticut, we are fortunate to have a health care system whose quality is second to none. In fact, the types and breadth of health care services available in Connecticut can be used as a real competitive advantage for the State. However, this quality health care system is in jeopardy because of the drain on resources created by the significant underfunding of the Medicaid and SAGA programs.

We must find ways to ensure that the Medicaid and SAGA insurance programs pay their fair share of the costs of the health care their clients receive. In doing so, the State should also seek to maximize the federal matching dollars available to support Medicaid expenditures.