

**Testimony of the Connecticut Children's Medical Center  
to the Select Committee on Children regarding  
HB 6158, An Act Concerning Health Insurance Coverage for Children and  
HB 6722, An Act Concerning Healthy Kids Initiatives  
February 6, 2007**

Senator Meyer, Representative McMahon, members of the Select Committee on Children, thank you for the opportunity to speak with you today. My name is Marty Gavin, and I am President and CEO of the Connecticut Children's Medical Center. I am here to speak in support of **HB 6158, An Act Concerning Health Insurance Coverage for Children** and **HB 6722, An Act Concerning Healthy Kids Initiatives**. Through the introduction of these and several other bills this year, this committee and the leadership in both houses have demonstrated a strong commitment to creating a better health care system for Connecticut's children and providing better access to high quality pediatric health care services.

HB 6158 would provide health insurance coverage to every child in Connecticut and HB 6722 would promote child wellness through healthy kids initiatives. As Connecticut's only hospital dedicated exclusively to children, CCMC fully supports the goals of these two bills. All children should have the health care they need to grow and learn. The children of Connecticut deserve a health care system that both provides them with coverage and enables them to access high quality health care services. It is critically important for the State to provide coverage for uninsured children, but the coverage will not help them if providers cannot afford to treat them. The State must pay safety net providers like CCMC adequately in order to ensure access to care.

CCMC offers the full spectrum of pediatric care to children from each of Connecticut's 169 cities and towns. Each year, CCMC provides:

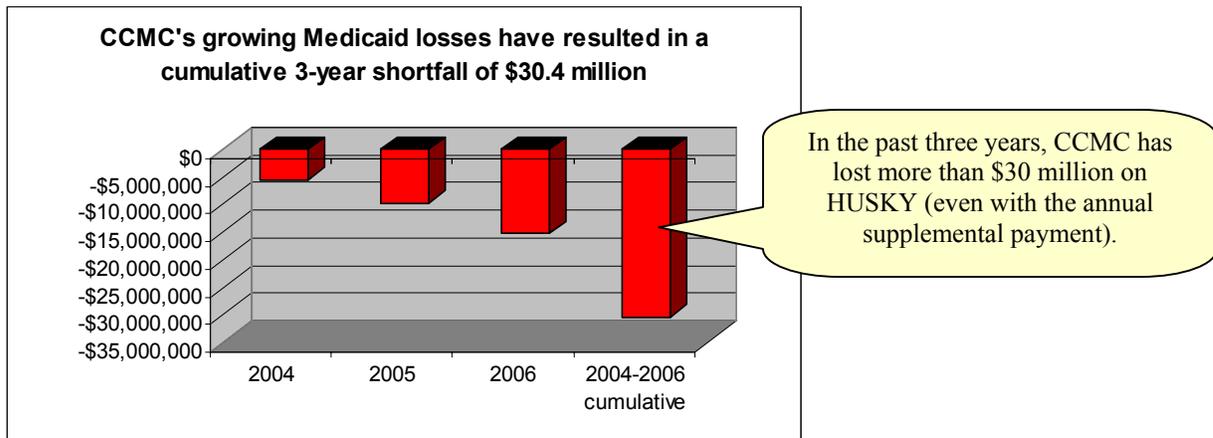
- 30,000 primary care visits (78% for HUSKY kids)
- 41,000 emergency care visits (62% for HUSKY kids)
- 89,000 physician specialty care visits (40% for HUSKY kids)
- 32,000 inpatient hospital days (43% for HUSKY kids)
- 7,500 surgical procedures (35% for HUSKY kids)

CCMC is a vital resource for children and families across the state. We are the only independent children's hospital in Connecticut and we are the Pediatric Department for the State's medical school. We have trained over 150 new pediatricians in the past 10 years and 66 of these are currently practicing in Connecticut. We develop pioneering treatment programs for asthma, diabetes, cancer, pain management and other major concerns of childhood. Our 10 hospital affiliation agreements and 13 satellite clinics are improving the quality of pediatric care throughout the state for all of Connecticut's children.

Connecticut's HUSKY program has been very successful in providing coverage to vulnerable children with about 30% of all children enrolled in the program. Unfortunately, HUSKY reimbursement rates are very inadequate. This combination of high enrollment for children and low reimbursement puts an undue burden on Connecticut's pediatric providers.

Unlike other hospitals, CCMC does not receive significant Medicare payments (which cover 97% of the average Connecticut hospital's cost of caring for Medicare patients). We also do not participate in the Uncompensated Care Disproportionate Share Hospital (DSH) pool or the Urban DSH pool. We do receive a supplemental payment because we are in our own DSH category under the Medicaid State Plan.

At CCMC, 43% of the children who receive inpatient care rely on HUSKY for their coverage. This is by far the highest percentage of any Connecticut hospital. But by providing a critical safety net for HUSKY, CCMC suffers huge financial losses. CCMC only receives 80¢ in total reimbursement (including the supplemental payment) for every dollar we spend caring for these vulnerable children. Our growing Medicaid losses have resulted in a 3-year shortfall of \$30 million.



CCMC's current and growing Medicaid shortfall threatens our long-term financial solvency. The cumulative losses noted in the chart above and the potential for continued losses in the future diminish our ability to meet the needs of all of Connecticut's kids, HUSKY or not. This ongoing loss trend reduces our ability to make needed capital investments and impairs our ability to recruit and retain exemplary staff.

CCMC's ongoing efforts to cut costs and maximize other revenue cannot solve the problem. We are one of the least expensive children's hospitals in the country and our operating expenses per staffed bed are 20% lower than that of the average independent children's hospital.

CCMC's FY 2007 supplemental payment does not allow us to fully meet the needs of HUSKY kids because our total projected FY 07 Medicaid loss is \$26.3 million. The State can eliminate this loss and create a more secure future by providing an increase in our Medicaid inpatient reimbursement rates, providing an increase in our Medicaid physician reimbursement rates, and/or increasing the level of our supplemental payment. In any event, a long-term solution is required. The State must fix the HUSKY reimbursement structure in order to preserve access to health care services for Connecticut's kids.