



University of Connecticut Health Center

TESTIMONY

Select Committee on Children

February 6, 2007

HB 6722, An Act Concerning Healthy Kids Initiatives

My name is Peter Deckers, Executive Vice President, University of Connecticut Health Center. Thank you for the opportunity to provide testimony on **HB 6722, An Act Concerning Healthy Kids Initiatives**. As your academic medical center we are committed to supporting initiatives that will increase prevention and promotion of healthy kids. Speaker Amann's bill is a step in the right direction. We believe any reforms that increase access to quality and affordable health care must address the current underfunding of the existing health care system; we support full Medicaid cost reimbursement to hospitals.

The Health Center is comprised of the Schools of Medicine and Dental Medicine and the Graduate School in Bio Medical Sciences, the UConn Medical Group (our faculty practice) and John Dempsey Hospital (JDH). We are the only public academic medical center in the state and we operate the only public acute care hospital in the state. We are committed to supporting efforts to improve access to quality healthcare and believe strongly that any system that is adopted must adequately finance the healthcare system that already and will continue to provide health care to the state's most vulnerable populations.

I would like to tell you a little about JDH and how it currently provides value to the Greater Hartford region and the entire state. The JDH is an integral part of the Health Center's mission and a fundamental component of our success as an academic health center. The hospital provides the on site clinical facilities to accomplish the integration of research and clinical efforts; it is a key recruiting tool for attracting and retaining high quality faculty and students to UConn, the region and state. Your public hospital also helps train physicians and staff across the state. Recently our faculty and staff trained the physicians and staff of Waterbury and St. Mary's Hospitals as they began a regional program in cardiac surgery and interventional cardiology; we also trained and assisted ECHN in establishing a Level II nursery at Manchester Hospital. We run the statewide neonatal transport program and regional neonatal intensive care unit. We provide continuing medical education for physicians throughout the state. We provide the workforce at Burgdorf Clinic in the North End of Hartford in association with St. Francis hospital. We are the regional dental emergency room service, the largest single provider of dental care to the state's under and uninsured, and the mainstay of dental services to adult citizens with mental retardation (providing 69% of all dental care services to this population). The UConn clinical operation collaborates with other state agencies, including the Department of Public Health, Department of Corrections, Department of Mental Health and Addiction Services, Department of Veterans Affairs in Rocky Hill, and Department of Mental Retardation. Our medical students see residents across the state just to name a few programs, at South Park Inn Medical Clinic in Hartford, Covenant House in Willimantic and provide health care services to migrant workers.

JDH is the second smallest academic health center hospital in the country. It has 224 licensed beds; 204 adult and 20 bassinets in multi-bedded rooms. All are in service and staffed; 116 of those beds are dedicated to specialized services including newborn and neonatal maternity, psychiatry and the secured ward for Department of Correction

patients, leaving a balance of only 108 “flexible” medical/surgical beds to serve the region’s general health care needs.

Our hospital exists in an extremely competitive healthcare marketplace and experiences the same financial challenges other hospitals do: medical malpractice liability coverage, Medicare/Medicaid reimbursement rates, third party payor rates and aging facilities. Our hospital does not receive basic support from the state; the state appropriation goes only to support our academic and research functions. (State support represents 15.9% of the Health Center’s operating budget; the remaining 84.1% of our revenue is self-generated.) Our status as a state institution is a source of great pride, but is also leaves JDH with challenges no other hospital has to contend with. The hospital’s profit margin is not reinvested in its own operations; instead it is used to cover the gap between the actual cost of the academic/research program and the state appropriation (this translated into \$19.3 million over the past 5 years), our hospital pays state fringe benefit rates, and operates in keeping with statewide collective bargaining contracts and the provisions of the Standard Wage Act. To give you a sense of what that means, in 2005, the average fringe benefit percentage (of salary) for CHA member hospitals (including JDH) was 27%; for JHD, it was 39%. That translated into an additional cost to JDH of \$8 million a year.

JDH is a ‘Disproportionate Share Hospital’ and provides inpatient and outpatient services to a significant amount of Medicaid eligible recipients (Husky B or Medicaid Managed Care, Husky A or Medicaid and SAGA). Inpatient Discharges for FY 2006 was 1,543 as compared to 1,195 discharges in FY 2002 an average annual increase of 7.3%. Total discharges of 1,543 were 15.7% of the overall total discharges compared to 13.9% in FY 2002. Outpatient Visits for FY 2006 was 32,690 as compared to 18,083 visits in FY 2002 an average annual increase of 20.1%. Total outpatient visits of 32,690 was 12.7% of the overall total outpatient visits compared to 10.7% in FY 2002. Year to date Medicaid inpatient cases is at 16.2%. Our Medicaid inpatient days in FY 2006 were 22.3% of total patient days, the fifth highest in Connecticut. This is comparable to St. Francis (22.8%) and greater than Hartford Hospital (18.9) and New Britain General Hospital (19.4%).

JDH’s total admissions have grown from 6,923 in FY2000 to 9,826 in FY2006. Total outpatient visits have grown from 140,588 in FY2000 to 255,909 in FY2006. The total loss for FY 2006 to JDH for all Medicaid programs is \$10.3 million and the payments represent 68.6% of the total cost of providing hospital clinical services. The inpatient portion of this category is a loss of \$7.9 million and the payments represent 66.9% of the total cost of providing services. The outpatient portion of this category is a loss of \$2.4 million and the payments represent 73.1% of the total cost of providing services. The true loss is determined by an internal cost accounting system.

Some of you may recall the 2000 session, when we asked you for special assistance and you responded with \$16.9 million to cover a deficit. We promised efficiencies and focus in return, and since that time we have achieved \$74 million in cost-reductions and revenue enhancements (many achieved through JDH and the clinical enterprise). We are proud of the financial turnaround we have achieved, but without a fundamental change in the reimbursement structure, there is not a lot more we will be able to do. And as an academic hospital, certain “through-put” efficiencies are simply not available to us: it will always take more time for a doctor to see a patient when she is simultaneously explaining the examination to a medical student. The dividends paid from that time investment are invaluable to the State of Connecticut.

We ask that Medicaid reimbursement rates be adjusted to more accurately reflect the cost of providing quality service patients deserve and have become accustomed to receiving at the John Dempsey Hospital. Thank you for your attention.