



**TESTIMONY OF
STEPHEN FRAYNE
SENIOR VICE PRESIDENT, HEALTH POLICY
CONNECTICUT HOSPITAL ASSOCIATION
BEFORE THE
HUMAN SERVICES COMMITTEE
Thursday, February 23, 2006**

HB 5198, An Act Concerning State Payments To Hospitals

My name is Stephen Frayne and I am Senior Vice President, Health Policy of the Connecticut Hospital Association (CHA). I appreciate the opportunity to testify on behalf of CHA and its members on **HB 5198, An Act Concerning State Payments To Hospitals**.

Connecticut hospitals fully appreciate the challenges facing the State as it attempts to balance the many, often competing, priorities facing State government. Hospitals know, all too well, the struggle of balancing growing needs for services with limited and ever-dwindling resources.

We had hoped that Governor Rell's midterm budget agenda for Connecticut might make critical investments in the state's hospitals and improve access to health coverage. But we were to be disappointed.

Before asking for your support of HB 5198, I'd like to take a moment to review the many contributions hospitals make to families and communities throughout Connecticut.

Hospitals are an essential ingredient to the State's future. Hospitals provide patients and communities with access to safe, high quality healthcare services. Each year, Connecticut hospitals provide care for more than 400,000 people admitted to their facilities, treat nearly 1.4 million people in their emergency rooms, and welcome more than 43,000 babies into the world.

Hospitals fulfill a vital role caring for all Connecticut residents regardless of their ability to pay. They serve the more than 400,000 people in the State without health insurance and the nearly one million people enrolled in under-funded state and federal programs. Hospitals provide more than a half a billion dollars a year in free care to low income and uninsured patients and to cover the cost of care to patients covered by under-funded state and federal programs.

Often overlooked is the role hospitals play in the economy of both local communities and the State as a whole.

Hospitals and health systems generate nearly **\$10 billion** per year for the state and local economies – about 5.3% of the Gross State Product. As such, cuts to hospitals, are cuts to local and state economies. Every \$1 million in cuts to hospitals forfeits a half a million in funding from the federal government and \$2 million in local economic activity.

Given the vital role and contributions made by Connecticut hospitals, it is disquieting not to see a call for investment in Connecticut's hospitals and healthcare system in the Governor's agenda for the State's economy and its future, as presented in the midterm budget amendments, and disappointing not to see a call for restoring the funds cut when the State thought it had a deficit.

Whether you believe the state should assure a strong hospital and healthcare system as an essential good, or that the state should make investments to promote a vital economy, or that reversing cuts that in retrospect were not necessary is just the right thing to do, CHA and its members ask that you:

- Enact HB 5198 and establish a cost of living increase for hospital inpatient and outpatient Medicaid rates so that, at a minimum, the difference between funding and costs does not continue to deteriorate.
- Return to hospitals the \$27 million SAGA cut that was not needed to balance the budget.
- Increase the ongoing annual hospital SAGA cap by \$15 million so that SAGA funding can be on par with Medicaid funding.
- Return to hospitals the \$5 million Uncompensated Care Pool cut that was not needed to balance the budget.
- Eliminate the next \$5 million Uncompensated Care Pool cut scheduled for this July.

Thank you for your consideration. I would be happy to answer any questions.