



**TESTIMONY OF
CONNECTICUT HOSPITAL ASSOCIATION
SUBMITTED TO THE
HUMAN SERVICES COMMITTEE
Tuesday, March 7, 2006**

**HB 5642, An Act Concerning Programs Administered By The Department
Of Social Services**

The Connecticut Hospital Association (CHA) appreciates the opportunity to submit testimony in opposition to section 2 of **HB 5642, An Act Concerning Programs Administered By The Department Of Social Services.**

The purpose of the section 2 of **HB 5642** is to compel hospitals to require all affiliated physicians to accept Medicaid patients by threatening hospitals with reductions in uncompensated care pool dollars if physicians do not acquiesce. CHA agrees enthusiastically with the goal of ensuring that Medicaid patients have access to medical care, but this bill would only thwart, not help, the effort. Section 2 of HB 5642's approach of punishing hospitals for physicians' decisions about Medicaid is simply not workable: it would deprive hospitals of uncompensated care pool dollars, even though hospitals are already Connecticut Medicaid patients' medical safety net and need every dollar available to continue to serve those patients; it fails to recognize that attempts by hospitals to induce physicians to accept Medicaid patients would put them at risk of violating state and federal laws; and it ignores the failings of the Medicaid system and places the burden for fixing the system on hospitals, upon whose shoulders the heavy Medicaid burden already rests.

All of Connecticut's not-for-profit hospitals accept Medicaid patients, 24 hours a day, seven days a week, and CHA has been advocating for much-needed repairs to the system to enable hospitals to continue to serve in this critical role as the safety net for Medicaid patients. The state, however, as a result of serious economic factors, was forced to implement budget cuts, eliminating programs and services for the state's neediest citizens and exacerbating the problems with Medicaid. In addition, the state has failed to increase Medicaid reimbursement rates for all providers to adequate levels. The proposed bill will only compound these problems and failures and increase the risk that access to care for Medicaid covered patients will decrease, because hospitals have no realistic way to require physicians to accept Medicaid patients.

In addition to wrongly putting the burden of the Medicaid system's failures on hospitals, the proposed bill conflicts with regulatory and accreditation standards that govern the relationship between hospitals and their attending, staff physicians. Put simply, hospitals are not legally able to mandate that attending staff or affiliated physicians who treat patients at their facilities participate in certain managed care programs, including

Medicaid. In addition to violating the regulatory framework that controls the hospital-physician relationship, this approach could expose hospitals to significant liability risks and potential litigation from physicians, because it would require hospitals to exert market power in a manner that could implicate state and federal antitrust and unfair trade practice laws. The Medicaid system does not envision that physicians must accept Medicaid patients, even when treating Medicaid patients at a hospital. This feature of the Medicaid system was specifically developed to take into consideration the economic and due process facets of the hospital-physician relationship and the fact that physicians can lawfully make decisions independent of and without coercion from hospitals.

Though hospitals cannot force physicians to accept Medicaid patients, hospitals rely on these physicians to provide a variety of specialty hospital services to Medicaid patients, which already causes hospitals to lose revenue. The unfortunate result of this bill – which is meant to help the poor – will be to siphon money from hospitals that, ironically, is provided to defray the burden and losses that hospitals already incur in treating the poor. There is also little hope that this bill would increase the number or type of providers. To the contrary, the proposed bill will more likely diminish access as physicians choose not to affiliate with hospitals at all, because in many cases it will not be economically viable for them to do so.

CHA encourages the legislature to make every viable effort to restore Medicaid funding, invest the necessary resources to ensure that our neediest citizens have access to care and to broaden the number and type of providers. Although well-intentioned, this bill will serve none of these goals, and will have an immediate negative effect on patient access and the ability of hospitals to continue to provide care to Connecticut's Medicaid patients.

Thank you for your consideration of our position.

For additional information, contact CHA Government Relations at (203) 294-7310.