



**TESTIMONY OF
J. KEVIN KINSELLA
VICE PRESIDENT
HARTFORD HOSPITAL
BEFORE THE
APPROPRIATIONS COMMITTEE
Thursday, February 17, 2005**

HB 6671, An Act Concerning The State Budget For The Biennium Ending June 30, 2007, And Making Appropriations Therefor.

My name is J. Kevin Kinsella, Vice President of Hartford Hospital. I appreciate the opportunity to testify on **HB 6671, An Act Concerning The State Budget For The Biennium Ending June 30, 2007, And Making Appropriations Therefor.**

Last week the Office of Health Care Access (OHCA), released its *Annual Report on the Financial Status of Connecticut's Short Term Acute Care Hospitals*. OHCA reports that hospitals were confronted by many of the same financial pressures in FY 2003 as in FY 2002, including low reimbursements and increased operating expenses statewide for such items as malpractice insurance, which increased 65%, pensions, which rose 63%, and employee fringe benefits, which grew by 17%. The statewide median total margin for Connecticut hospitals increased from 0.10% to 0.4%, while median operating margin declined to 0.3% from 0.69%.

At Hartford Hospital reduced reimbursements and escalating costs have resulted in difficulties in sustaining service delivery needs to the community especially in the areas of Medicaid and the uninsured. In addition, the rising costs of technology and equipment requires hospitals to achieved margins of 2 – 3 % to maintain clinical standards. Current state policy of paying \$.65 to \$.70 on the dollar does not allow hospitals to achieve necessary margins.

On April 1, 2005, 13,000 HUSKY adults will lose their health insurance coverage, which presently reimburses hospitals only a proportion of the cost of providing care to these individuals. After April 1, these individuals will continue to seek treatment at Connecticut's not-for-profit hospitals, and hospitals will continue to treat them, with **no** reimbursement for the cost of their care.

This funding cut is in addition to the \$22 million per year that was cut from hospital SAGA funding last year. While we appreciate the Governor's restoring \$2.6 million of hospital funding per year, hospitals and other providers need full restoration of SAGA funding in order to effectively serve the SAGA population.

The Governor is proposing to:

- reduce critical funding in the DSH and Urban DSH Pools;
- delay scheduled modest increases to the state's lowest inpatient Medicaid case rates (that in many cases are reimbursing at **less than half** the cost of the care);
- limit transitional Medicaid;
- reinstitute Medicaid co-pays (which, in general, are uncollectible as the Legislature recognized last year);
- restructure HUSKY B premium requirements (another strategy rejected by the Legislature last year)
- eliminate self-declaration of income at application and redetermination, and require new verification under HUSKY A; and
- eliminate medical assistance for noncitizens beginning July 1, 2005.

These proposed changes will cut hospital funding by an estimated minimum of \$39 million over the two-year budget.

Hartford Hospital believes that the Appropriations Committee should be considering instead adequate funding for state safety net providers, particularly hospitals. The Governor's proposed FY 06-07 budget includes a 3.9% increase in overall state spending in each year of the budget. Once again, hospitals find themselves fighting to restore critical funding -- when what hospitals really need is increased funding to support their precarious margins and the state's increasing number of uninsured.

Connecticut needs more, not fewer, insured patients. The state relies on hospitals to be the healthcare safety net for all those needing care, regardless of their ability to pay. Hospitals rely on the state to be the insurer of last resort for Connecticut's most vulnerable citizens. Hartford Hospital requests that you please oppose the Governor's proposed reductions made to the DSH and Urban DSH pools, as well as other reductions to hospital funding.

Thank you for your consideration of my comments.