

**TESTIMONY OF  
STEPHEN A. FRAYNE  
VICE PRESIDENT OF FINANCE AND INSURANCE SERVICES  
CONNECTICUT HOSPITAL ASSOCIATION  
BEFORE A JOINT MEETING OF THE  
APPROPRIATIONS, HUMAN SERVICES, AND PUBLIC HEALTH COMMITTEES  
Friday, February 20, 2004**

Good afternoon, I am Stephen Frayne, Vice President, Finance and Insurance Services at the Connecticut Hospital Association (CHA). CHA and its members appreciate the opportunity to be part of this panel today.

CHA requests that the Appropriations Committee, the Human Services Committee, and the Public Health Committee resolve to:

- repeal last year's HUSKY, State-Administered General Assistance (SAGA), and Medicaid changes, as well as cuts to the Uncompensated Care Pool;
- reject efforts to eliminate transitional Medicaid and non-critical dental services;
- require, as a minimum, provider hold harmless protection before permitting a restructuring of the managed care pharmacy, dental and behavioral health benefits; and
- support rate increases that bring payments in line with costs for inpatient and outpatient providers.

The major restructuring of these human services programs over the last several years has been portrayed as necessary to protect and pay for important safety net programs into the future because increases in the cost of providing healthcare are reducing the amount of money available for other services. We respectfully disagree.

Eliminating coverage for HUSKY Adults, cutting funding for SAGA, shifting SAGA's insurance-risk to providers, imposing co-pays (that in general are uncollectible), eliminating continuous, guaranteed, and presumptive eligibility, restructuring HUSKY coverage, cutting funding for the Uncompensated Care Pool, eliminating transitional Medicaid, and eliminating non-critical adult dental services do not today or in the future protect the safety net. These strategies, by definition, reduce state funding for insurance coverage and add more of Connecticut's citizens to the rolls of the uninsured and under-insured.

As a consequence of changes already enacted, excluding the potential catastrophic effects of a projected massive disenrollment of 93,000 individuals from Medicaid as a consequence of the imposition of premium cost sharing, Connecticut's hospitals will have to provide an additional \$55.4 million in free care during the biennium. Thereafter, Connecticut's hospitals will have to annually provide an additional \$58.2 million in free care. (Attached to this testimony are seven spreadsheets that illustrate the impact on Connecticut hospitals of recent changes to state-funded healthcare programs.)

At the end of this biennium budget period, it will have been eight years since a Connecticut hospital has had a cost of living adjustment in the Medicaid fee-for-service system. During the same period, the Tobacco settlement, the Uncompensated Care Pool, the increase in the federal

match, and other federal maximization efforts will have netted the state well in excess of \$1 billion. Rather than expanding state-based funding for healthcare services, these new revenues were used to replace state-based funding.

Connecticut hospitals and hospitals across the country are facing a series of daunting fiscal challenges, including inadequate funding for the Medicare program, a severe shortage of healthcare workers, escalating pharmaceutical costs, blood and blood product price increases, and skyrocketing medical and general liability premiums. In addition, hospitals must continue to expend their limited resources on disaster and emergency planning at unprecedented levels. These pressures have put Connecticut's hospitals in a financially tenuous position. In 2003, 28 of the state's 31 acute care hospitals ended the year unable to collect enough funds to cover the cost of care delivered to those patients. This continued financial hardship is threatening Connecticut hospitals' ability to continue serving as the state's healthcare safety net for all those needing care, regardless of their ability to pay.

We believe there is no better time than now when the state and national economies appear to be improving to fundamentally shift course to stabilize Connecticut hospitals and other providers vital to the state's safety net programs and to provide healthcare services to those most in need.

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. These are separate roles but inseparable obligations.

CHA urges you to:

- increase the level of Medicaid payment for outpatient services, and implement a series of phased-in increases to the base level of Medicaid payment for inpatient services until payment equals cost;
- make hospitals and the patients they serve a priority by maintaining state-based healthcare funding and using Tobacco settlement funds, increases in the federal match rate, and other federal maximization efforts to expand, not replace, state funding for healthcare services;
- fulfill the state's obligation to be the insurer of last resort for Connecticut's most vulnerable citizens, rather than shifting this burden to providers. Specifically, CHA is advocating for the reinstatement of continuous, guaranteed, and presumptive eligibility under the Medicaid program, and the restoration and expansion of covered services and eligibility under the Medicaid and SAGA programs.

Connecticut's hospitals are there for all of us, 24 hours a day, 7 days a week. CHA is asking you to be there for hospitals this legislative session and repair the damage to Connecticut's healthcare safety net.

Thank you for consideration of our comments.

SAF:pas  
Attachments

**Schedule A**  
**Summary of Biennium Reductions in Hospital Funding Enacted in 2003**

|                | Eliminate Husky<br>Adults, add<br>Co-Pays, and<br>Reduce Eligibility*<br><b>Schedule B</b> | DSH<br>Reductions<br><b>Schedule C</b> | SAGA<br>Reductions<br><b>Schedule D</b> | Husky B Cost<br>Sharing and<br>Benefit Redesign<br><b>Schedule E</b> | Premium Cost<br>Sharing<br><b>Schedule F</b> | Total of<br>Biennium<br>Reductions |
|----------------|--|--|---|--|--|------------------------------------|
| Backus         | (511,706)  | (1,369,414)                            | (790,698)                               | (96,652)   | (1,766,650)                                  | (4,023,413)                        |
| Bradley        | (103,718)  | (102,281)                              | (82,065)                                | (19,590)   | (359,163)                                    | (563,099)                          |
| Bridgeport     | (2,121,349)  | (1,159,988)                            | (1,671,552)                             | (400,682)  | (7,938,262)                                  | (11,170,484)                       |
| Bristol        | (501,858)  | (687,470)                              | (607,003)                               | (94,791)   | (2,097,549)                                  | (3,486,813)                        |
| CCTC           | (376,853)  | -                                      | -                                       | (71,180)   | (11,031,438)                                 | (11,102,619)                       |
| Danbury        | (4,631,641)  | (2,605,945)                            | (910,535)                               | (874,829)  | (2,294,185)                                  | (6,685,494)                        |
| Day Kimball    | (299,951)  | (656,995)                              | (281,306)                               | (56,655)   | (1,899,948)                                  | (2,894,905)                        |
| John Dempsey   | (529,976)  | -                                      | (652,473)                               | (100,102)  | (5,814,886)                                  | (6,567,462)                        |
| Greenwich      | (1,562,896)  | (945,098)                              | 25,835                                  | (295,201)  | (405,915)                                    | (1,620,380)                        |
| Griffin        | (62,168)   | (391,341)                              | (536,068)                               | (11,742)   | (1,810,495)                                  | (2,749,646)                        |
| Hartford       | (507,837)  | (2,892,238)                            | (4,381,965)                             | (95,921)   | (12,090,466)                                 | (19,460,590)                       |
| Hungerford     | (2,226,001)  | (512,992)                              | (177,150)                               | (420,449)  | (1,256,960)                                  | (2,367,551)                        |
| Johnson        | (124,308)  | (378,556)                              | (187,062)                               | (23,479)   | (449,272)                                    | (1,038,370)                        |
| L & M          | (879,351)  | (1,347,658)                            | (994,206)                               | (166,093)  | (3,652,031)                                  | (6,159,988)                        |
| Manchester     | (454,432)  | (558,920)                              | (541,821)                               | (85,833)   | (1,824,519)                                  | (3,011,093)                        |
| Middlesex      | (792,291)  | (981,552)                              | (1,343,930)                             | (149,649)  | (3,336,728)                                  | (5,811,858)                        |
| Midstate       | (671,617)  | (978,997)                              | (608,086)                               | (126,856)  | (2,602,346)                                  | (4,316,285)                        |
| Milford        | (236,945)  | (250,865)                              | (4,839)                                 | (44,754)   | (815,947)                                    | (1,116,405)                        |
| New Britain    | (1,439,309)  | (362,201)                              | (892,012)                               | (271,858)  | (5,156,739)                                  | (6,682,810)                        |
| New Milford    | (89,208)   | (224,381)                              | (70,093)                                | (16,850)   | (455,835)                                    | (767,158)                          |
| Norwalk        | (578,851)  | (1,510,316)                            | (995,319)                               | (109,334)  | (3,100,841)                                  | (5,715,810)                        |
| Rockville      | (282,231)  | (182,557)                              | (180,208)                               | (53,308)   | (930,043)                                    | (1,346,116)                        |
| St. Francis    | (2,003,353)  | (779,327)                              | (2,553,497)                             | (378,395)  | (12,518,590)                                 | (16,229,810)                       |
| St. Mary's     | (1,413,447)  | (323,584)                              | (1,112,649)                             | (266,973)  | (6,265,721)                                  | (7,968,928)                        |
| St. Raphael    | (725,282)  | (1,290,158)                            | (1,626,301)                             | (136,992)  | (5,573,700)                                  | (8,627,151)                        |
| St. Vincent's  | (57,392)   | (971,602)                              | (542,312)                               | (10,840)   | (4,498,989)                                  | (6,023,743)                        |
| Sharon         | (569,719)  | (168,035)                              | (215,957)                               | (107,609)  | (342,013)                                    | (833,615)                          |
| Stamford       | (569,719)  | (1,234,592)                            | (439,291)                               | (107,609)  | (2,612,250)                                  | (4,393,743)                        |
| Waterbury      | (1,034,982)  | (399,687)                              | (844,184)                               | (195,488)  | (4,626,104)                                  | (6,065,464)                        |
| Windham        | (541,496)  | (398,262)                              | (189,380)                               | (102,278)  | (1,920,748)                                  | (2,610,669)                        |
| Yale-New Haven | (5,866,162)  | (2,985,314)                            | (4,343,872)                             | (1,108,006)  | (24,063,492)                                 | (32,500,683)                       |
| <b>Total</b>   | <b>(31,766,048)</b>  | <b>(26,650,327)</b>                    | <b>(27,750,000)</b>                     | <b>(6,000,000)</b>   | <b>(133,511,828)</b>                         | <b>(193,912,154)</b>               |

\*Eliminates continuous and guaranteed eligibility and self declaration.

**Schedule B**  
**Summary of Annual Reductions in Hospital Funding Enacted in 2003**

|                       | <b>Eliminate Husky<br/>Adults, add<br/>Co-Pays, and<br/>Reduce Eligibility*<br/>Schedule B</b> | <b>DSH<br/>Reductions<br/>Schedule C</b> | <b>SAGA<br/>Reductions<br/>Schedule D</b> | <b>Husky B Cost<br/>Sharing and<br/>Benefit Redesign<br/>Schedule E</b> | <b>Premium Cost<br/>Sharing<br/>Schedule F</b> | <b>Total of<br/>Annual<br/>Reductions</b> |
|-----------------------|--|--|---|---|--|---|
| <b>Backus</b>         | (345,768)  | (684,707)                                | (527,132)                                 | (70,878)  | (1,413,320)                                    | (2,696,037)                               |
| <b>Bradley</b>        | (70,084)   | (51,140)                                 | (54,710)                                  | (14,366)  | (287,330)                                      | (407,547)                                 |
| <b>Bridgeport</b>     | (1,433,428)  | (579,994)                                | (1,114,368)                               | (293,834)   | (6,350,610)                                    | (8,338,805)                               |
| <b>Bristol</b>        | (339,113)  | (343,735)                                | (404,668)                                 | (69,514)  | (1,678,039)                                    | (2,495,956)                               |
| <b>CCMC</b>           | (254,645)  | -  | -   | (52,199)  | (8,825,151)                                    | (8,877,350)                               |
| <b>Danbury</b>        | (3,129,670)  | (1,302,973)                              | (607,023)                                 | (641,541)   | (1,835,348)                                    | (4,386,885)                               |
| <b>Day Kimball</b>    | (202,681)  | (328,498)                                | (187,537)                                 | (41,547)  | (1,519,958)                                    | (2,077,541)                               |
| <b>John Dempsey</b>   | (358,113)  | -  | (434,982)                                 | (73,408)  | (4,651,909)                                    | (5,160,300)                               |
| <b>Greenwich</b>      | (1,056,073)  | (472,549)                                | 17,224                                    | (216,481)   | (324,732)                                      | (996,539)                                 |
| <b>Griffin</b>        | (42,008)   | (195,671)                                | (357,379)                                 | (8,611)   | (1,448,396)                                    | (2,010,056)                               |
| <b>Hartford</b>       | (343,153)  | (1,446,119)                              | (2,921,310)                               | (70,342)  | (9,672,373)                                    | (14,110,144)                              |
| <b>Hungerford</b>     | (1,504,143)  | (256,496)                                | (118,100)                                 | (308,329)   | (1,005,568)                                    | (1,688,493)                               |
| <b>Johnson</b>        | (83,997)   | (189,278)                                | (124,708)                                 | (17,218)  | (359,418)                                      | (690,622)                                 |
| <b>L &amp; M</b>      | (594,191)  | (673,829)                                | (662,804)                                 | (121,801)   | (2,921,625)                                    | (4,380,059)                               |
| <b>Manchester</b>     | (307,066)  | (279,460)                                | (361,214)                                 | (62,945)  | (1,459,615)                                    | (2,163,233)                               |
| <b>Middlesex</b>      | (535,363)  | (490,776)                                | (895,953)                                 | (109,742)   | (2,669,382)                                    | (4,165,854)                               |
| <b>Midstate</b>       | (453,822)  | (489,499)                                | (405,391)                                 | (93,027)  | (2,081,877)                                    | (3,069,794)                               |
| <b>Milford</b>        | (160,107)  | (125,432)                                | (3,226)                                   | (32,820)  | (652,758)                                      | (814,236)                                 |
| <b>New Britain</b>    | (972,563)  | (181,100)                                | (594,675)                                 | (199,363)   | (4,125,391)                                    | (5,100,529)                               |
| <b>New Milford</b>    | (60,279)   | (112,190)                                | (46,729)                                  | (12,356)  | (364,668)                                      | (535,943)                                 |
| <b>Norwalk</b>        | (391,139)  | (755,158)                                | (663,546)                                 | (80,178)  | (2,480,673)                                    | (3,979,555)                               |
| <b>Rockville</b>      | (190,708)  | (91,278)                                 | (120,139)                                 | (39,093)  | (744,034)                                      | (994,544)                                 |
| <b>St. Francis</b>    | (1,353,696)  | (389,664)                                | (1,702,332)                               | (277,490)   | (10,014,872)                                   | (12,384,357)                              |
| <b>St. Mary's</b>     | (955,088)  | (161,792)                                | (741,766)                                 | (195,780)   | (5,012,577)                                    | (6,111,916)                               |
| <b>St. Raphael</b>    | (490,084)  | (645,079)                                | (1,084,200)                               | (100,461)   | (4,458,960)                                    | (6,288,700)                               |
| <b>St. Vincent's</b>  | (38,781)   | (485,801)                                | (361,541)                                 | (7,950)   | (3,599,191)                                    | (4,454,483)                               |
| <b>Sharon</b>         | (384,968)  | (84,018)                                 | (143,972)                                 | (78,913)  | (273,610)                                      | (580,513)                                 |
| <b>Stamford</b>       | (384,968)  | (617,296)                                | (292,860)                                 | (78,913)  | (2,089,800)                                    | (3,078,870)                               |
| <b>Waterbury</b>      | (699,353)  | (199,844)                                | (562,790)                                 | (143,358)   | (3,700,883)                                    | (4,606,875)                               |
| <b>Windham</b>        | (365,897)  | (199,131)                                | (126,253)                                 | (75,004)  | (1,536,598)                                    | (1,936,987)                               |
| <b>Yale-New Haven</b> | (3,963,855)  | (1,492,657)                              | (2,895,914)                               | (812,538)   | (19,250,793)                                   | (24,451,902)                              |
| <b>Total</b>          | <b>(21,464,800)</b>  | <b>(13,325,163)</b>                      | <b>(18,500,000)</b>                       | <b>(4,400,000)</b>  | <b>(106,809,462)</b>                           | <b>(143,034,625)</b>                      |

**Schedule C**  
**Effect of Imposing a \$1 Co-Pay for Outpatient Services and**  
**Eliminating Coverage for Husky Adults, Continuous and Guaranteed Eligibility and Self-Declaration**

|                | SFY 2004<br>Impose<br>Co-PAY<br>for Outpatient<br>Services | SFY 2004<br>Eliminate<br>Coverage<br>for Husky<br>Adults | SFY 2004<br>Eliminate<br>Continuous &<br>Guaranteed<br>Eligibility, and<br>Self-Declaration | SFY 2004<br>Reductions | SFY 2005<br>Impose<br>Co-PAY<br>for Outpatient<br>Services | SFY 2005<br>Eliminate<br>Coverage<br>for Husky<br>Adults | SFY 2005<br>Eliminate<br>Continuous &<br>Guaranteed<br>Eligibility, and<br>Self-Declaration | SFY 2005<br>Reductions | Total<br>Biennium<br>Reductions |
|----------------|--|--|---|------------------------|--|--|---|------------------------|---------------------------------|
| Backus         | (63,790)   | (57,045)   | (45,104)  | (165,939)              | (72,489)   | (228,175)  | (45,104)  | (345,768)              | (511,706)                       |
| Bradley        | (12,930)   | (11,562)   | (9,142)   | (33,634)               | (14,693)   | (46,249)   | (9,142)   | (70,084)               | (103,718)                       |
| Bridgeport     | (264,450)  | (236,486)  | (186,985)   | (687,921)              | (300,512)  | (945,931)  | (186,985)   | (1,433,428)            | (2,121,349)                     |
| Bristol        | (62,562)   | (55,947)   | (44,236)  | (162,745)              | (71,093)   | (223,783)  | (44,236)  | (339,113)              | (501,858)                       |
| CCMC           | (46,979)   | (42,011)   | (33,217)  | (122,208)              | (53,385)   | (168,043)  | (33,217)  | (254,645)              | (376,853)                       |
| Danbury        | (577,387)  | (516,331)  | (408,253)   | (1,501,971)            | (656,121)  | (2,065,295)  | (408,253)   | (3,129,670)            | (4,631,641)                     |
| Day Kimball    | (37,392)   | (33,438)   | (26,439)  | (97,270)               | (42,491)   | (133,751)  | (26,439)  | (202,681)              | (299,951)                       |
| John Dempsey   | (66,068)   | (59,081)   | (46,714)  | (171,863)              | (75,077)   | (236,322)  | (46,714)  | (358,113)              | (529,976)                       |
| Greenwich      | (194,833)  | (174,230)  | (137,761)   | (506,824)              | (221,401)  | (696,911)  | (137,761)   | (1,056,073)            | (1,562,896)                     |
| Griffin        | (7,750)  | (6,930)  | (5,480)   | (20,160)               | (8,807)  | (27,721)   | (5,480)   | (42,008)               | (62,168)                        |
| Hartford       | (63,308)   | (56,613)   | (44,763)  | (164,684)              | (71,941)   | (226,450)  | (44,763)  | (343,153)              | (507,837)                       |
| Hungerford     | (277,496)  | (248,152)  | (196,210)   | (721,858)              | (315,337)  | (992,596)  | (196,210)   | (1,504,143)            | (2,226,001)                     |
| Johnson        | (15,496)   | (13,858)   | (10,957)  | (40,311)               | (17,610)   | (55,430)   | (10,957)  | (83,997)               | (124,308)                       |
| L & M          | (109,621)  | (98,029)   | (77,510)  | (285,160)              | (124,569)  | (392,111)  | (77,510)  | (594,191)              | (879,351)                       |
| Manchester     | (56,650)   | (50,660)   | (40,056)  | (147,365)              | (64,375)   | (202,636)  | (40,056)  | (307,066)              | (454,432)                       |
| Middlesex      | (98,768)   | (88,324)   | (69,836)  | (256,928)              | (112,236)  | (353,290)  | (69,836)  | (535,363)              | (792,291)                       |
| Midstate       | (83,725)   | (74,871)   | (59,199)  | (217,795)              | (95,142)   | (299,481)  | (59,199)  | (453,822)              | (671,617)                       |
| Milford        | (29,538)   | (26,414)   | (20,885)  | (76,838)               | (33,566)   | (105,656)  | (20,885)  | (160,107)              | (236,945)                       |
| New Britain    | (179,426)  | (160,453)  | (126,867)   | (466,746)              | (203,894)  | (641,802)  | (126,867)   | (972,563)              | (1,439,309)                     |
| New Milford    | (11,121)   | (9,945)  | (7,863)   | (28,929)               | (12,637)   | (39,779)   | (7,863)   | (60,279)               | (89,208)                        |
| Norwalk        | (72,160)   | (64,530)   | (51,023)  | (187,713)              | (82,000)   | (258,116)  | (51,023)  | (391,139)              | (578,851)                       |
| Rockville      | (35,183)   | (31,463)   | (24,877)  | (91,523)               | (39,981)   | (125,850)  | (24,877)  | (190,708)              | (282,231)                       |
| St. Francis    | (249,741)  | (223,332)  | (176,584)   | (649,657)              | (283,796)  | (893,315)  | (176,584)   | (1,353,696)            | (2,003,353)                     |
| St. Mary's     | (176,202)  | (157,570)  | (124,587)   | (458,359)              | (200,230)  | (630,270)  | (124,587)   | (955,088)              | (1,413,447)                     |
| St. Raphael    | (90,415)   | (80,854)   | (63,930)  | (235,198)              | (102,744)  | (323,410)  | (63,930)  | (490,084)              | (725,282)                       |
| St. Vincent's  | (7,155)  | (6,398)  | (5,059)   | (18,611)               | (8,130)  | (25,592)   | (5,059)   | (38,781)               | (57,392)                        |
| Sharon         | (71,022)   | (63,512)   | (50,218)  | (184,751)              | (80,707)   | (254,044)  | (50,218)  | (384,968)              | (569,719)                       |
| Stamford       | (71,022)   | (63,512)   | (50,218)  | (184,751)              | (80,707)   | (254,044)  | (50,218)  | (384,968)              | (569,719)                       |
| Waterbury      | (129,022)  | (115,379)  | (91,228)  | (335,629)              | (146,616)  | (461,509)  | (91,228)  | (699,353)              | (1,034,982)                     |
| Windham        | (67,504)   | (60,365)   | (47,730)  | (175,599)              | (76,709)   | (241,458)  | (47,730)  | (365,897)              | (541,496)                       |
| Yale-New Haven | (731,284)  | (653,954)  | (517,070)   | (1,902,308)            | (831,005)  | (2,615,781)  | (517,070)   | (3,963,855)            | (5,866,162)                     |
| <b>Total</b>   | <b>(3,960,000)</b>   | <b>(3,541,248)</b>                                       | <b>(2,800,000)</b>  | <b>(10,301,248)</b>    | <b>(4,500,000)</b>   | <b>(14,164,800)</b>                                      | <b>(2,800,000)</b>  | <b>(21,464,800)</b>    | <b>(31,766,048)</b>             |

**Schedule D**  
**Combined Effect of Decreases to UCP DSH and Increases to Urban DSH**

|                       | SFY 04<br>UCP DSH<br>Decrease | SFY 04<br>Urban DSH*<br>Increase | SFY 04<br>All DSH<br>Changes* | SFY 05<br>UCP DSH<br>Decrease | SFY 05<br>Urban DSH*<br>Increase | SFY 05<br>All DSH<br>Changes* | Total Biennium<br>DSH Changes |
|-----------------------|-------------------------------|----------------------------------|-------------------------------|-------------------------------|----------------------------------|-------------------------------|-------------------------------|
| <b>Backus</b>         | (684,707)                     | -                                | (684,707)                     | (684,707)                     | -                                | (684,707)                     | (1,369,414)                   |
| <b>Bradley</b>        | (51,140)                      | -                                | (51,140)                      | (51,140)                      | -                                | (51,140)                      | (102,281)                     |
| <b>Bridgeport</b>     | (1,478,344)                   | 898,350                          | (579,994)                     | (1,478,344)                   | 898,350                          | (579,994)                     | (1,159,988)                   |
| <b>Bristol</b>        | (343,735)                     | -                                | (343,735)                     | (343,735)                     | -                                | (343,735)                     | (687,470)                     |
| <b>CCMC</b>           | -                             | -                                | -                             | -                             | -                                | -                             | -                             |
| <b>Danbury</b>        | (1,302,973)                   | -                                | (1,302,973)                   | (1,302,973)                   | -                                | (1,302,973)                   | (2,605,945)                   |
| <b>Day Kimball</b>    | (328,498)                     | -                                | (328,498)                     | (328,498)                     | -                                | (328,498)                     | (656,995)                     |
| <b>John Dempsey</b>   | -                             | -                                | -                             | -                             | -                                | -                             | -                             |
| <b>Greenwich</b>      | (472,549)                     | -                                | (472,549)                     | (472,549)                     | -                                | (472,549)                     | (945,098)                     |
| <b>Griffin</b>        | (195,671)                     | -                                | (195,671)                     | (195,671)                     | -                                | (195,671)                     | (391,341)                     |
| <b>Hartford</b>       | (2,431,919)                   | 985,800                          | (1,446,119)                   | (2,431,919)                   | 985,800                          | (1,446,119)                   | (2,892,238)                   |
| <b>Hungerford</b>     | (256,496)                     | -                                | (256,496)                     | (256,496)                     | -                                | (256,496)                     | (512,992)                     |
| <b>Johnson</b>        | (189,278)                     | -                                | (189,278)                     | (189,278)                     | -                                | (189,278)                     | (378,556)                     |
| <b>L &amp; M</b>      | (673,829)                     | -                                | (673,829)                     | (673,829)                     | -                                | (673,829)                     | (1,347,658)                   |
| <b>Manchester</b>     | (279,460)                     | -                                | (279,460)                     | (279,460)                     | -                                | (279,460)                     | (558,920)                     |
| <b>Middlesex</b>      | (490,776)                     | -                                | (490,776)                     | (490,776)                     | -                                | (490,776)                     | (981,552)                     |
| <b>Midstate</b>       | (489,499)                     | -                                | (489,499)                     | (489,499)                     | -                                | (489,499)                     | (978,997)                     |
| <b>Milford</b>        | (125,432)                     | -                                | (125,432)                     | (125,432)                     | -                                | (125,432)                     | (250,865)                     |
| <b>New Britain</b>    | (650,150)                     | 469,050                          | (181,100)                     | (650,150)                     | 469,050                          | (181,100)                     | (362,201)                     |
| <b>New Milford</b>    | (112,190)                     | -                                | (112,190)                     | (112,190)                     | -                                | (112,190)                     | (224,381)                     |
| <b>Norwalk</b>        | (755,158)                     | -                                | (755,158)                     | (755,158)                     | -                                | (755,158)                     | (1,510,316)                   |
| <b>Rockville</b>      | (91,278)                      | -                                | (91,278)                      | (91,278)                      | -                                | (91,278)                      | (182,557)                     |
| <b>St. Francis</b>    | (1,483,584)                   | 1,093,920                        | (389,664)                     | (1,483,584)                   | 1,093,920                        | (389,664)                     | (779,327)                     |
| <b>St. Mary's</b>     | (545,777)                     | 383,985                          | (161,792)                     | (545,777)                     | 383,985                          | (161,792)                     | (323,584)                     |
| <b>St. Raphael</b>    | (1,320,034)                   | 674,955                          | (645,079)                     | (1,320,034)                   | 674,955                          | (645,079)                     | (1,290,158)                   |
| <b>St. Vincent's</b>  | (1,078,871)                   | 593,070                          | (485,801)                     | (1,078,871)                   | 593,070                          | (485,801)                     | (971,602)                     |
| <b>Sharon</b>         | (84,018)                      | -                                | (84,018)                      | (84,018)                      | -                                | (84,018)                      | (168,035)                     |
| <b>Stamford</b>       | (1,304,176)                   | 686,880                          | (617,296)                     | (1,304,176)                   | 686,880                          | (617,296)                     | (1,234,592)                   |
| <b>Waterbury</b>      | (616,424)                     | 416,580                          | (199,844)                     | (616,424)                     | 416,580                          | (199,844)                     | (399,687)                     |
| <b>Windham</b>        | (199,131)                     | -                                | (199,131)                     | (199,131)                     | -                                | (199,131)                     | (398,262)                     |
| <b>Yale-New Haven</b> | (3,240,067)                   | 1,747,410                        | (1,492,657)                   | (3,240,067)                   | 1,747,410                        | (1,492,657)                   | (2,985,314)                   |
| <b>Total</b>          | (21,275,163)                  | 7,950,000                        | (13,325,163)                  | (21,275,163)                  | 7,950,000                        | (13,325,163)                  | (26,650,327)                  |

\* The annual appropriation for DSH has been reduced from 85 million in 2002 to 63.725 million for 2004 and 2005.  
The annual appropriation for Hold Harmless and UDSH has been increased from 23.6 million in 2002 to 31.55 million for 2004 and 2005.

**Schedule E**  
**Effect of a Reduction to and Cap on SAGA Expenditures**

|                       | SFY 04<br>SAGA<br>Reduction | SFY 05<br>SAGA<br>Reduction | Total Biennium<br>SAGA<br>Reduction |
|-----------------------|-----------------------------|-----------------------------|-------------------------------------|
| <b>Backus</b>         | (263,566)                   | (527,132)                   | (790,698)                           |
| <b>Bradley</b>        | (27,355)                    | (54,710)                    | (82,065)                            |
| <b>Bridgeport</b>     | (557,184)                   | (1,114,368)                 | (1,671,552)                         |
| <b>Bristol</b>        | (202,334)                   | (404,668)                   | (607,003)                           |
| <b>CCMC</b>           | -                           | -                           | -                                   |
| <b>Danbury</b>        | (303,512)                   | (607,023)                   | (910,535)                           |
| <b>Day Kimball</b>    | (93,769)                    | (187,537)                   | (281,306)                           |
| <b>John Dempsey</b>   | (217,491)                   | (434,982)                   | (652,473)                           |
| <b>Greenwich</b>      | 8,612                       | 17,224                      | 25,835                              |
| <b>Griffin</b>        | (178,689)                   | (357,379)                   | (536,068)                           |
| <b>Hartford</b>       | (1,460,655)                 | (2,921,310)                 | (4,381,965)                         |
| <b>Hungerford</b>     | (59,050)                    | (118,100)                   | (177,150)                           |
| <b>Johnson</b>        | (62,354)                    | (124,708)                   | (187,062)                           |
| <b>L &amp; M</b>      | (331,402)                   | (662,804)                   | (994,206)                           |
| <b>Manchester</b>     | (180,607)                   | (361,214)                   | (541,821)                           |
| <b>Middlesex</b>      | (447,977)                   | (895,953)                   | (1,343,930)                         |
| <b>Midstate</b>       | (202,695)                   | (405,391)                   | (608,086)                           |
| <b>Milford</b>        | (1,613)                     | (3,226)                     | (4,839)                             |
| <b>New Britain</b>    | (297,337)                   | (594,675)                   | (892,012)                           |
| <b>New Milford</b>    | (23,364)                    | (46,729)                    | (70,093)                            |
| <b>Norwalk</b>        | (331,773)                   | (663,546)                   | (995,319)                           |
| <b>Rockville</b>      | (60,069)                    | (120,139)                   | (180,208)                           |
| <b>St. Francis</b>    | (851,166)                   | (1,702,332)                 | (2,553,497)                         |
| <b>St. Mary's</b>     | (370,883)                   | (741,766)                   | (1,112,649)                         |
| <b>St. Raphael</b>    | (542,100)                   | (1,084,200)                 | (1,626,301)                         |
| <b>St. Vincent's</b>  | (180,771)                   | (361,541)                   | (542,312)                           |
| <b>Sharon</b>         | (71,986)                    | (143,972)                   | (215,957)                           |
| <b>Stamford</b>       | (146,430)                   | (292,860)                   | (439,291)                           |
| <b>Waterbury</b>      | (281,395)                   | (562,790)                   | (844,184)                           |
| <b>Windham</b>        | (63,127)                    | (126,253)                   | (189,380)                           |
| <b>Yale-New Haven</b> | (1,447,957)                 | (2,895,914)                 | (4,343,872)                         |
| <b>Total</b>          | <b>(9,250,000)</b>          | <b>(18,500,000)</b>         | <b>(27,750,000)</b>                 |

**Change became effective 1/1/04.**

**Schedule F**  
**Effect of Eliminating Presumptive Eligibility, Imposing Husky B Cost Sharing, and Redesigning Benefits**

|                       | SFY 2004<br>Eliminate<br>Presumptive<br>Eligibility | SFY 2004<br>Husky B<br>Cost Sharing | SFY 2004<br>Benefit<br>Redesign | SFY 2004<br>Reductions | SFY 2005<br>Eliminate<br>Presumptive<br>Eligibility | SFY 2005<br>Husky B<br>Cost Sharing | SFY 2005<br>Benefit<br>Redesign | SFY 2005<br>Reductions | Total<br>Biennium<br>Reductions |
|-----------------------|---|-------------------------------------|---------------------------------|------------------------|---|-------------------------------------|---------------------------------|------------------------|---------------------------------|
| <b>Backus</b>         | (18,042)  | (7,732)                             | -                               | (25,774)               | (19,330)  | (15,464)                            | (36,083)                        | (70,878)               | (96,652)                        |
| <b>Bradley</b>        | (3,657)   | (1,567)                             | -                               | (5,224)                | (3,918)   | (3,134)                             | (7,314)                         | (14,366)               | (19,590)                        |
| <b>Bridgeport</b>     | (74,794)  | (32,055)                            | -                               | (106,849)              | (80,136)  | (64,109)                            | (149,588)                       | (293,834)              | (400,682)                       |
| <b>Bristol</b>        | (17,694)  | (7,583)                             | -                               | (25,278)               | (18,958)  | (15,167)                            | (35,389)                        | (69,514)               | (94,791)                        |
| <b>CCMC</b>           | (13,287)  | (5,694)                             | -                               | (18,981)               | (14,236)  | (11,389)                            | (26,574)                        | (52,199)               | (71,180)                        |
| <b>Danbury</b>        | (163,301)   | (69,986)                            | -                               | (233,288)              | (174,966)   | (139,973)                           | (326,603)                       | (641,541)              | (874,829)                       |
| <b>Day Kimball</b>    | (10,576)  | (4,532)                             | -                               | (15,108)               | (11,331)  | (9,065)                             | (21,151)                        | (41,547)               | (56,655)                        |
| <b>John Dempsey</b>   | (18,686)  | (8,008)                             | -                               | (26,694)               | (20,020)  | (16,016)                            | (37,372)                        | (73,408)               | (100,102)                       |
| <b>Greenwich</b>      | (55,104)  | (23,616)                            | -                               | (78,720)               | (59,040)  | (47,232)                            | (110,208)                       | (216,481)              | (295,201)                       |
| <b>Griffin</b>        | (2,192)   | (939)                               | -                               | (3,131)                | (2,348)   | (1,879)                             | (4,384)                         | (8,611)                | (11,742)                        |
| <b>Hartford</b>       | (17,905)  | (7,674)                             | -                               | (25,579)               | (19,184)  | (15,347)                            | (35,810)                        | (70,342)               | (95,921)                        |
| <b>Hungerford</b>     | (78,484)  | (33,636)                            | -                               | (112,120)              | (84,090)  | (67,272)                            | (156,968)                       | (308,329)              | (420,449)                       |
| <b>Johnson</b>        | (4,383)   | (1,878)                             | -                               | (6,261)                | (4,696)   | (3,757)                             | (8,766)                         | (17,218)               | (23,479)                        |
| <b>L &amp; M</b>      | (31,004)  | (13,287)                            | -                               | (44,291)               | (33,219)  | (26,575)                            | (62,008)                        | (121,801)              | (166,093)                       |
| <b>Manchester</b>     | (16,022)  | (6,867)                             | -                               | (22,889)               | (17,167)  | (13,733)                            | (32,044)                        | (62,945)               | (85,833)                        |
| <b>Middlesex</b>      | (27,934)  | (11,972)                            | -                               | (39,906)               | (29,930)  | (23,944)                            | (55,869)                        | (109,742)              | (149,649)                       |
| <b>Midstate</b>       | (23,680)  | (10,148)                            | -                               | (33,828)               | (25,371)  | (20,297)                            | (47,359)                        | (93,027)               | (126,856)                       |
| <b>Milford</b>        | (8,354)   | (3,580)                             | -                               | (11,934)               | (8,951)   | (7,161)                             | (16,708)                        | (32,820)               | (44,754)                        |
| <b>New Britain</b>    | (50,747)  | (21,749)                            | -                               | (72,495)               | (54,372)  | (43,497)                            | (101,494)                       | (199,363)              | (271,858)                       |
| <b>New Milford</b>    | (3,145)   | (1,348)                             | -                               | (4,493)                | (3,370)   | (2,696)                             | (6,291)                         | (12,356)               | (16,850)                        |
| <b>Norwalk</b>        | (20,409)  | (8,747)                             | -                               | (29,156)               | (21,867)  | (17,493)                            | (40,818)                        | (80,178)               | (109,334)                       |
| <b>Rockville</b>      | (9,951)   | (4,265)                             | -                               | (14,215)               | (10,662)  | (8,529)                             | (19,902)                        | (39,093)               | (53,308)                        |
| <b>St. Francis</b>    | (70,634)  | (30,272)                            | -                               | (100,905)              | (75,679)  | (60,543)                            | (141,267)                       | (277,490)              | (378,395)                       |
| <b>St. Mary's</b>     | (49,835)  | (21,358)                            | -                               | (71,193)               | (53,395)  | (42,716)                            | (99,670)                        | (195,780)              | (266,973)                       |
| <b>St. Raphael</b>    | (25,572)  | (10,959)                            | -                               | (36,531)               | (27,398)  | (21,919)                            | (51,144)                        | (100,461)              | (136,992)                       |
| <b>St. Vincent's</b>  | (2,024)   | (867)                               | -                               | (2,891)                | (2,168)   | (1,734)                             | (4,047)                         | (7,950)                | (10,840)                        |
| <b>Sharon</b>         | (20,087)  | (8,609)                             | -                               | (28,696)               | (21,522)  | (17,217)                            | (40,174)                        | (78,913)               | (107,609)                       |
| <b>Stamford</b>       | (20,087)  | (8,609)                             | -                               | (28,696)               | (21,522)  | (17,217)                            | (40,174)                        | (78,913)               | (107,609)                       |
| <b>Waterbury</b>      | (36,491)  | (15,639)                            | -                               | (52,130)               | (39,098)  | (31,278)                            | (72,982)                        | (143,358)              | (195,488)                       |
| <b>Windham</b>        | (19,092)  | (8,182)                             | -                               | (27,274)               | (20,456)  | (16,365)                            | (38,184)                        | (75,004)               | (102,278)                       |
| <b>Yale-New Haven</b> | (206,828)   | (88,640)                            | -                               | (295,468)              | (221,601)   | (177,281)                           | (413,656)                       | (812,538)              | (1,108,006)                     |
| <b>Total</b>          | (1,120,000)   | (480,000)                           | -                               | (1,600,000)            | (1,200,000)   | (960,000)                           | (2,240,000)                     | (4,400,000)            | (6,000,000)                     |

**Schedule G  
Effect of Imposing Premium Cost Sharing**

|                       | FY04*                              | FY04*                              | FY04                               | FY05                               | FY05                               | FY05                               |                                 |
|-----------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|---------------------------------|
|                       | Disenrollment<br>of 7,333          | Disenrollment<br>of 86,000         | Disenrollment<br>of 93,333         | Disenrollment<br>of 7,333          | Disenrollment<br>of 86,000         | Disenrollment<br>of 93,333         |                                 |
|                       | Aged, Blind &<br>Disabled          | Medicaid                           | From<br>Medicaid                   | Aged, Blind &<br>Disabled          | Medicaid                           | From<br>Medicaid                   | Total<br>Biennium<br>Reductions |
|                       | Reduces<br>Hospital<br>Funding by: |                                 |
| <b>Backus</b>         | (115,268)                          | (238,062)                          | (353,330)                          | (461,071)                          | (952,249)                          | (1,413,320)                        | (1,766,650)                     |
| <b>Bradley</b>        | (23,580)                           | (48,253)                           | (71,833)                           | (94,318)                           | (193,012)                          | (287,330)                          | (359,163)                       |
| <b>Bridgeport</b>     | (600,732)                          | (986,920)                          | (1,587,652)                        | (2,402,930)                        | (3,947,680)                        | (6,350,610)                        | (7,938,262)                     |
| <b>Bristol</b>        | (186,030)                          | (233,480)                          | (419,510)                          | (744,118)                          | (933,921)                          | (1,678,039)                        | (2,097,549)                     |
| <b>CCMC</b>           | (51,499)                           | (2,154,788)                        | (2,206,288)                        | (205,997)                          | (8,619,154)                        | (8,825,151)                        | (11,031,438)                    |
| <b>Danbury</b>        | (319,290)                          | (139,547)                          | (458,837)                          | (1,277,161)                        | (558,187)                          | (1,835,348)                        | (2,294,185)                     |
| <b>Day Kimball</b>    | (133,428)                          | (246,562)                          | (379,990)                          | (533,711)                          | (986,247)                          | (1,519,958)                        | (1,899,948)                     |
| <b>John Dempsey</b>   | (435,868)                          | (727,110)                          | (1,162,977)                        | (1,743,471)                        | (2,908,439)                        | (4,651,909)                        | (5,814,886)                     |
| <b>Greenwich</b>      | (52,261)                           | (28,922)                           | (81,183)                           | (209,043)                          | (115,689)                          | (324,732)                          | (405,915)                       |
| <b>Griffin</b>        | (125,837)                          | (236,262)                          | (362,099)                          | (503,346)                          | (945,049)                          | (1,448,396)                        | (1,810,495)                     |
| <b>Hartford</b>       | (1,382,486)                        | (1,035,607)                        | (2,418,093)                        | (5,529,944)                        | (4,142,429)                        | (9,672,373)                        | (12,090,466)                    |
| <b>Hungerford</b>     | (76,068)                           | (175,324)                          | (251,392)                          | (304,271)                          | (701,297)                          | (1,005,568)                        | (1,256,960)                     |
| <b>Johnson</b>        | (32,022)                           | (57,832)                           | (89,854)                           | (128,089)                          | (231,329)                          | (359,418)                          | (449,272)                       |
| <b>L &amp; M</b>      | (321,304)                          | (409,102)                          | (730,406)                          | (1,285,216)                        | (1,636,409)                        | (2,921,625)                        | (3,652,031)                     |
| <b>Manchester</b>     | (153,488)                          | (211,416)                          | (364,904)                          | (613,950)                          | (845,665)                          | (1,459,615)                        | (1,824,519)                     |
| <b>Middlesex</b>      | (298,746)                          | (368,599)                          | (667,346)                          | (1,194,985)                        | (1,474,397)                        | (2,669,382)                        | (3,336,728)                     |
| <b>Midstate</b>       | (208,012)                          | (312,458)                          | (520,469)                          | (832,046)                          | (1,249,831)                        | (2,081,877)                        | (2,602,346)                     |
| <b>Milford</b>        | (52,955)                           | (110,234)                          | (163,189)                          | (211,821)                          | (440,937)                          | (652,758)                          | (815,947)                       |
| <b>New Britain</b>    | (361,735)                          | (669,613)                          | (1,031,348)                        | (1,446,939)                        | (2,678,452)                        | (4,125,391)                        | (5,156,739)                     |
| <b>New Milford</b>    | (49,664)                           | (41,502)                           | (91,167)                           | (198,658)                          | (166,010)                          | (364,668)                          | (455,835)                       |
| <b>Norwalk</b>        | (350,868)                          | (269,300)                          | (620,168)                          | (1,403,472)                        | (1,077,201)                        | (2,480,673)                        | (3,100,841)                     |
| <b>Rockville</b>      | (54,706)                           | (131,303)                          | (186,009)                          | (218,823)                          | (525,211)                          | (744,034)                          | (930,043)                       |
| <b>St. Francis</b>    | (920,467)                          | (1,583,251)                        | (2,503,718)                        | (3,681,866)                        | (6,333,006)                        | (10,014,872)                       | (12,518,590)                    |
| <b>St. Mary's</b>     | (321,120)                          | (932,024)                          | (1,253,144)                        | (1,284,480)                        | (3,728,097)                        | (5,012,577)                        | (6,265,721)                     |
| <b>St. Raphael</b>    | (457,159)                          | (657,581)                          | (1,114,740)                        | (1,828,636)                        | (2,630,324)                        | (4,458,960)                        | (5,573,700)                     |
| <b>St. Vincent's</b>  | (562,373)                          | (337,424)                          | (899,798)                          | (2,249,494)                        | (1,349,698)                        | (3,599,191)                        | (4,498,989)                     |
| <b>Sharon</b>         | (41,702)                           | (26,701)                           | (68,403)                           | (166,807)                          | (106,803)                          | (273,610)                          | (342,013)                       |
| <b>Stamford</b>       | (257,398)                          | (265,052)                          | (522,450)                          | (1,029,594)                        | (1,060,207)                        | (2,089,800)                        | (2,612,250)                     |
| <b>Waterbury</b>      | (443,714)                          | (481,507)                          | (925,221)                          | (1,774,856)                        | (1,926,027)                        | (3,700,883)                        | (4,626,104)                     |
| <b>Windham</b>        | (132,228)                          | (251,921)                          | (384,150)                          | (528,914)                          | (1,007,685)                        | (1,536,598)                        | (1,920,748)                     |
| <b>Yale-New Haven</b> | (2,083,571)                        | (2,729,128)                        | (4,812,698)                        | (8,334,283)                        | (10,916,510)                       | (19,250,793)                       | (24,063,492)                    |
| <b>Total</b>          | (10,605,578)                       | (16,096,788)                       | (26,702,366)                       | (42,422,311)                       | (64,387,151)                       | (106,809,462)                      | (133,511,828)                   |

Note assumes changes become effective 4/1/04.