



**For Immediate Release**

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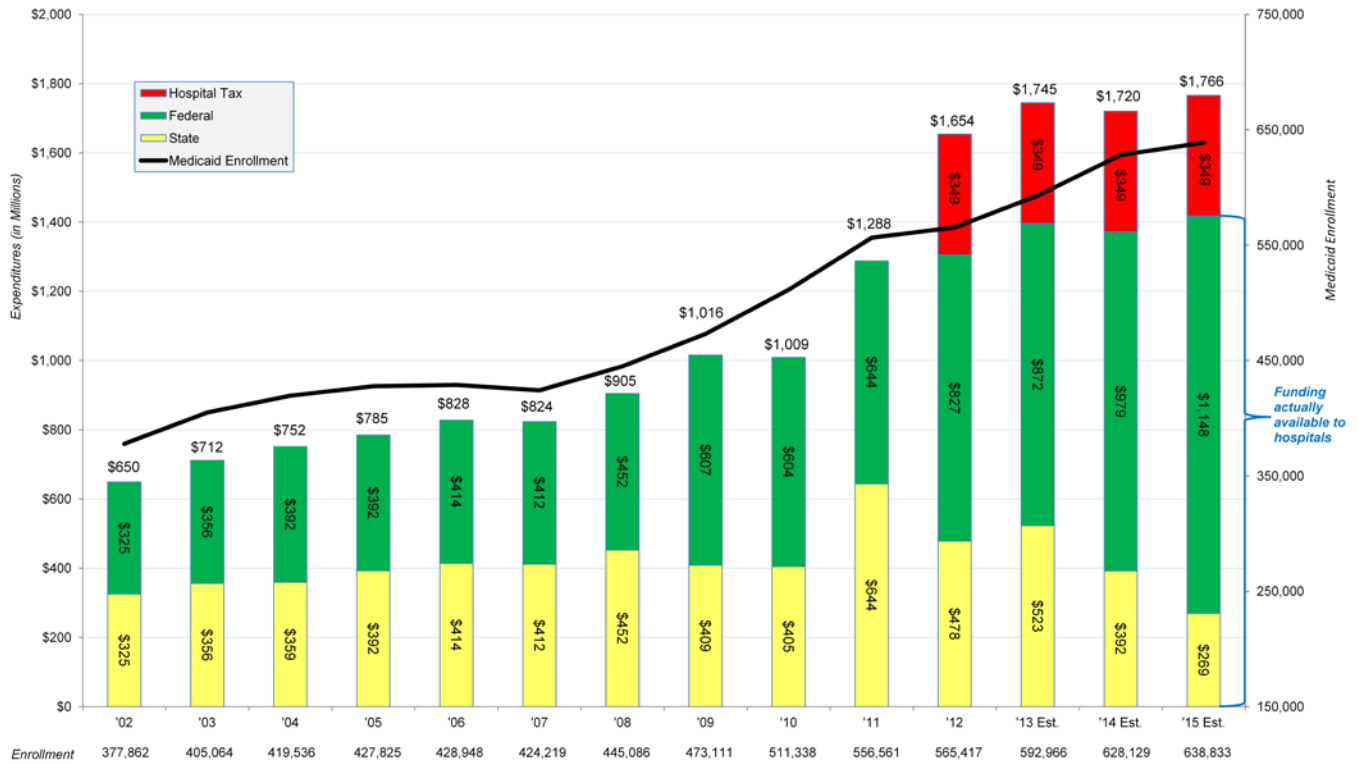
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## **Hospital Medicaid Funding Explained: Setting the Record Straight**

WALLINGFORD – The administration has said that hospital funding has grown dramatically over the last decade, and that the proposed state budget would hold funding steady over the next two years. The administration released a bar chart that showed funding growth. We are releasing the chart with additional information that illustrates the real reason for the increase and the sources of the funding, and shows how a significant portion of these funds are not available to hospitals.

- There has been a dramatic increase in the number of people on Medicaid—from 377,000 in 2002 to 593,000 this year. By 2015, it is projected that there will be 638,000 people on Medicaid. What may look simply like more funding to hospitals is actually the result of hospitals providing many more services to many more people.
- The significant increase in revenue to hospitals that occurred between 2011 and 2012 was the direct result of the state imposing a hospital tax to capitalize on federal matching funds. The state took money from hospitals, and then paid money back to collect matching federal funds. The hospital tax was opposed by hospitals but was implemented despite the objection because it provided a way for the state to get new federal revenue to help balance the state budget. Since its inception, the return to hospitals has and is proposed to continue to steadily decrease, but the tax remains the same—converting a solution to bring in new federal revenue to balance the budget to a pure tax on hospitals to balance the budget.
- If the budget is implemented as proposed, by 2015 the state share of funding hospital Medicaid services will actually be less than it was in 2002, even though there will be almost twice as many people enrolled in Medicaid.
- The administration is projecting that hospitals will be caring for more than 40,000 additional Medicaid patients in 2015 than they are today, so the administration’s plan to “hold [hospitals] at just about the same amount of total funding through 2015 that they got this year” would mean hospitals must care for those additional patients for free.
- The Governor’s budget includes \$550 million in cuts to hospitals over the next two years. There is no way around the fact that cuts of this magnitude will impact patient care, close programs and services, put people out of work in hospitals and communities across the state, and lay an added healthcare cost burden on businesses, resulting in higher premiums for workers.

Hospital Acute Care Expenditures (Estimated) - Medicaid/DSH\*  
(The Whole Story)



\* Includes estimated MCO expenditures under Medicaid Managed Care, as well as DMHAS' GA Managed Care and former State Administered General Assistance expenditures.  
Estimates for FY 13 - FY 15 include proposed reductions.

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### About CHA

The Connecticut Hospital Association has been dedicated to serving Connecticut's hospitals since 1919. Through state and federal advocacy, CHA represents the interests of Connecticut's hospitals on key healthcare issues in the areas of quality and patient safety, access and coverage, workforce, community health, diversity, and hospital reimbursement.