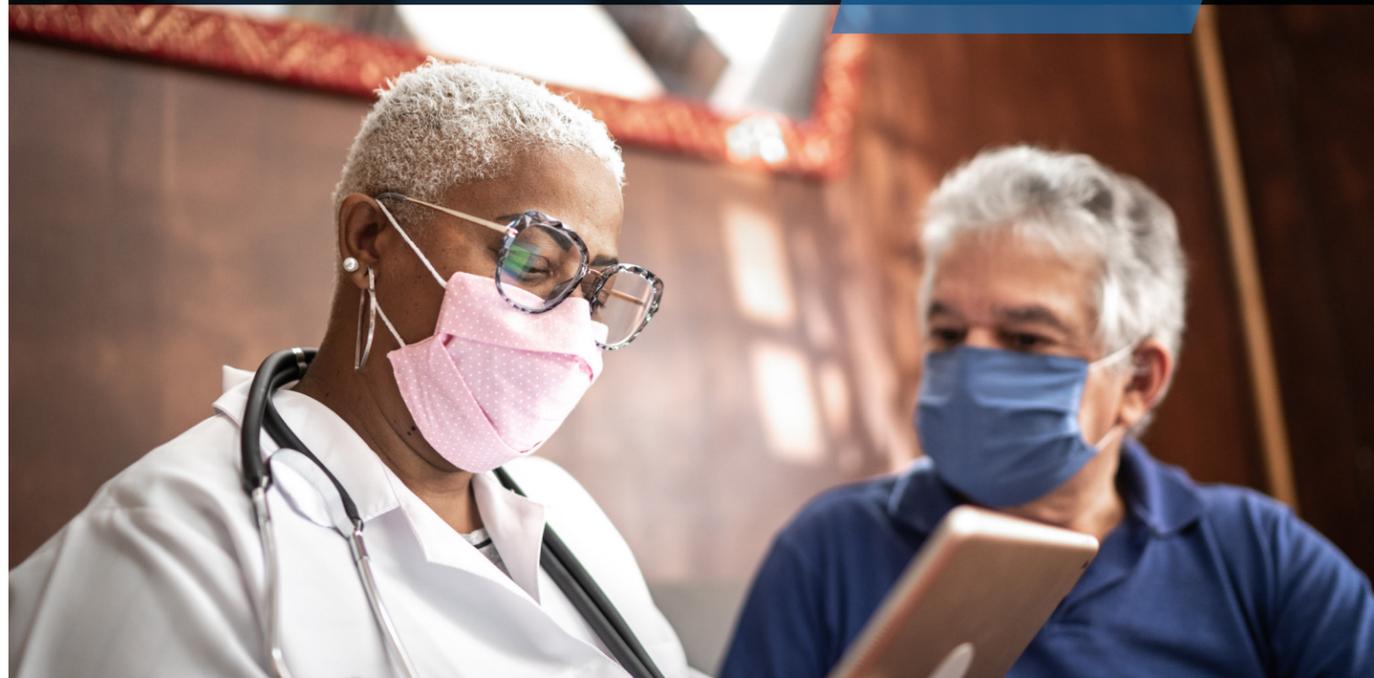




CONNECTICUT HOSPITALS TODAY

FEBRUARY 2021

THE MANY ROLES OF HOSPITALS



As our world continues the fight against the onslaught of COVID-19, hospitals have stepped up in inspiring ways.

Our dedicated employees are caring for those sickened by the virus in an effort unprecedented in living memory. This has meant converting and opening dedicated COVID-19 care units, increasing intensive care capacity, investing in the personal protective equipment (PPE) needed to keep caregivers safe, and staffing to unprecedented patient need. Hospitals' strength and flexibility have been tested this year and have proven up to the task.

Connecticut hospitals also have contributed to the growing body of knowledge about this novel coronavirus, participating in research around treatment strategies, as well as vaccine trials. Hospitals have also taken their place in the public health infrastructure, standing up

dozens of COVID-19 testing facilities, providing infection control expertise that has helped shape public policy, and now providing skill and expertise in the administration of the vaccines that promise to put an end to the pandemic.

All this new activity layers on the already busy role hospitals typically play in their communities, treating other illnesses and injuries, providing specialty care, and serving as a large employer and contributor to local and regional economies.

Hospitals were able to respond in 2020 because they are strong, flexible and mission-driven. Connecticut Hospitals Today will help you understand how to help Connecticut keep its hospitals strong and ready to respond.



CONNECTICUT HOSPITALS AND HEALTH SYSTEMS:

Provide **8.3 million** episodes of outpatient services* to individuals.



Treat nearly **1.1 million** patients in their emergency departments.



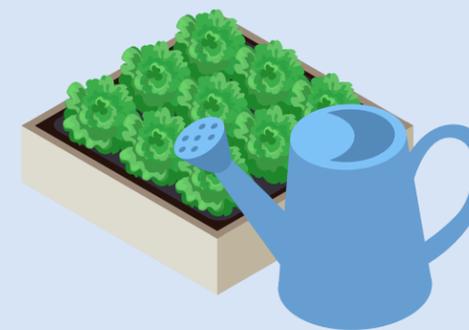
Provide care for nearly **331,000** admitted patients, accounting for over **1.8 million** days of inpatient care.



Welcome nearly **35,000** babies into the world.



Serve **2.1 million** persons through community benefit programs and activities.



* Outpatient data reported by the Office of Health Strategy. Outpatient services include diagnostic procedures (such as colonoscopies); ambulatory surgeries (such as gallbladder procedures); diagnostic imaging (MRIs, PET, and CT scans); and clinic visits.

PROTECTING THE HEALTH OF CONNECTICUT RESIDENTS

Connecticut hospitals and health systems are mission-driven organizations, with a commitment to be prepared for whatever healthcare challenges arise. We have proven the value of close collaboration with our colleagues in state and federal government, participating in COVID-19 emergency planning and response. Connecticut hospitals and health systems are known nationally for driving culture change through high reliability safety practices, reducing serious safety events in Connecticut by 84 percent over the past seven years. These tools have proven effective during the pandemic.

As always, Connecticut hospitals and health systems are focused on eliminating preventable infections and errors that lead to patient harm. Hospitals work individually and collaboratively in state and national programs, as well as with partners in the community to enhance patient support and to improve quality.



... AND CONTRIBUTING TO A HEALTHY ECONOMY



In a time of tremendous stress on Connecticut’s economy, strong hospitals and health systems can be a stabilizing influence. In 2019, hospitals and health systems employed 109,268 people. In addition, nearly every hospital-based job produced another job outside the hospital. In total, hospitals generated more than 230,000 jobs in our state.

Hospitals purchase goods and services and drive growth in the health, medical, and research fields, as well as in many other sectors. Hospitals generated an estimated \$29.8 billion for the state’s economy in 2019.

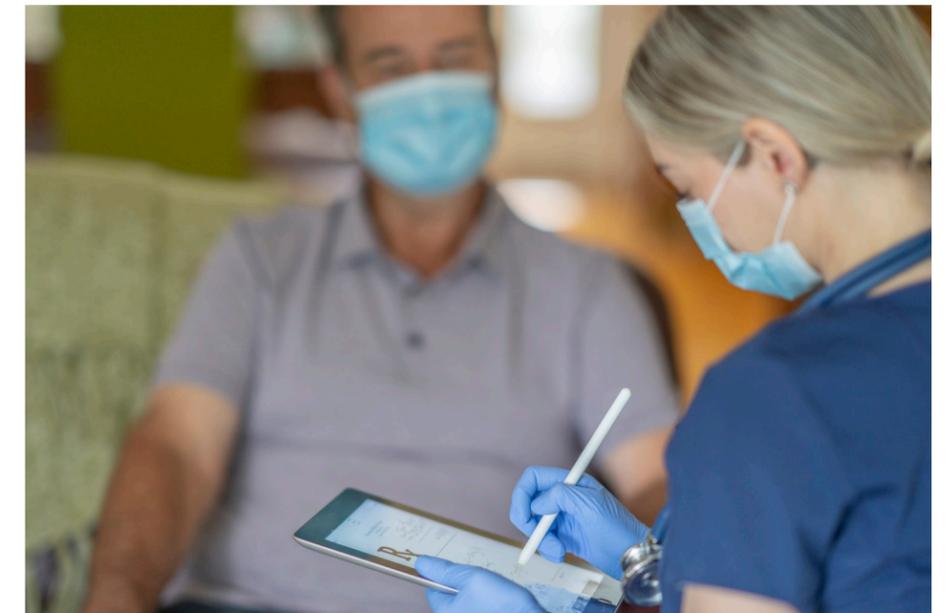
HOW HOSPITALS ARE PAID

Hospitals receive payment for patient services from government insurance programs like Medicare and Medicaid, from commercial insurance companies, and from patients who pay for their services themselves.

Medicare is the federal health insurance plan for people who are 65 or older, certain younger people with disabilities, and people with End Stage Renal Disease (kidney failure that requires dialysis or a kidney transplant).

Medicaid provides health coverage to millions of Americans, including eligible low-income adults, children, pregnant women, elderly adults, and people with disabilities. Medicaid is administered by states, according to federal requirements. The program is funded jointly by states and the federal government.

The hospital payment system in the U.S. is complex. Hospitals provide critical and lifesaving care, 24 hours a day, to anyone who walks through our doors,



regardless of their ability to pay. Medical care for those who can’t pay – called charity care – cost

HOSPITALS RECEIVE REIMBURSEMENTS FROM GOVERNMENT PAYERS FOR ONLY ABOUT 78 PERCENT OF WHAT IT COSTS TO PROVIDE THE CARE TO PATIENTS.

Connecticut hospitals about \$233.9 million in 2019. Hospitals receive reimbursements from government payers for only about 78 percent of what it costs to provide the care to patients. This underpayment for services amounted to nearly \$1.7 billion in 2019. In Fiscal Year 2019, Connecticut hospitals incurred \$899.2 million in Medicare losses and \$794.7 million in Medicaid losses.

Note: The hospital health system economic analysis found on page 4 is based on statewide multipliers from the Regional Input-Output Modeling System (RIMS II), developed by the Bureau of Economic Analysis of the U.S. Department of Commerce. It uses data from the hospital health system FY 2019 audited financial statements. RIMS II provides an accounting of “inputs” purchased and “outputs” sold by an industry in the state. The spending of one industry will have several rounds of ripple influence throughout the state economy – this is known as the multiplier effect. RIMS II regional multipliers measure both the direct and indirect impact on the state economy from a specific industry. The total number of jobs is based on individuals employed by Connecticut’s hospitals and health systems, as recorded through IRS Form W-3. Hospital services data are from ChimeData FY 2020 and the Office of Health Strategy, Health Systems Planning Unit FY 2019.

KEY ISSUES

The Hospital Tax

While most hospitals in Connecticut are not-for-profit and tax exempt, they are one of the largest sources of tax revenue for the state of Connecticut. In 2019, Governor Ned Lamont and the hospitals announced an historic settlement of a longstanding dispute around the hospital tax. In accordance with that settlement, hospitals received the first year of tax burden reduction in 2020, while providing more than \$600 million in revenue gain for the state. The settlement covers seven years thru 2026, reduces the tax burden on hospitals, and preserves revenue gains for the state in each year.

Regulatory Environment

The system by which hospitals and certain other healthcare providers seek state approval to change aspects of their operations, control, or ownership – including integrations, mergers, and affiliations with other providers – known as the Certificate of Need (CON) process – has not kept pace with the transformation of healthcare since the passage of the Affordable Care Act. Hospitals need a CON process that treats Connecticut hospitals fairly and on an equal basis with other providers, entities, and out-of-state specialty hospitals, and reduces the existing regulatory burden on hospitals.

Behavioral Health

Each day, Connecticut hospitals treat children and adults in behavioral health crisis. Between 2015 and 2020, Connecticut hospitals experienced a 27 percent increase in patient visits with a behavioral health diagnosis. Inpatient, Emergency Department, and Outpatient Observation visits where a behavioral health condition was the principal or secondary diagnosis increased from 30 percent of all hospital visits in FY 2015 to 45 percent in FY 2020.* Demand for hospital-based services was driven in part by a lack of community-based and other clinical resources to meet the needs of patients before and after a hospital visit. Other factors include limited public funding for prevention and treatment programs, growing shortages of medical specialists to treat these patients and reasons associated with social determinants of health such as unemployment, interpersonal violence, poverty resulting in food insecurity and lack of shelter or stable housing.

**Data Source: FY 2020 ChimeData*

Worker Safety and Wellness

Worker safety in 2020 became characterized by the need for supplies of personal protective equipment to minimize exposure to COVID-19. Yet the safety of the workforce has been a top priority for Connecticut's hospitals for many years. Since 2016, CHA and its members have collaborated on the Safer Hospitals Initiative, with goals to promote satisfaction and engagement through statewide adoption of proven strategies to promote a safe and supportive workplace. Hospitals are sharing data and successful approaches to reduce safety incidents and workplace violence. They are also implementing peer support programs for healthcare workers who experience on-the-job trauma.

Social Determinants of Health

Connecticut hospitals and health systems are leading the nation to transform care delivery with Unite Connecticut, a statewide social determinants of health collaborative. CHA is coordinating collaboration among providers and community-based organizations to address social determinants of health and reduce disparities that lead to poor clinical outcomes. A statewide system has been implemented with a closed-loop technology platform to screen and refer patients to needed services such as housing, food, and transportation – ensuring the integration of social determinants data with healthcare data. This robust, collaborative, and holistic approach ensures continuity once patients leave the clinical setting, through real-time connections with trusted, accountable community partners who share a vision for a healthy future.

Costs/Transparency

Connecticut hospitals and health systems are committed to reducing costs and making sure healthcare is affordable and accessible to everyone. Hospitals and health systems strive to offer clear and meaningful pricing information, to assist patients in making informed choices about healthcare. Hospitals offer many resources for patients to assist in the bill payment process and encourage patients to discuss the costs of their services with their provider or insurance company.

WHAT LEGISLATORS CAN DO IN 2021

Telehealth

Make permanent the critical telehealth advancements in Public Act 20-2 of the July 2020 Special Session.

Health Insurance and Access to Care

Support efforts that improve insurance affordability and avoid unintended consequences that weaken hospitals' ability to meet the needs and expectations of our patients and our communities.

- Support the cost growth benchmark that Governor Lamont created by Executive Order
- Provide increased subsidies to individuals and families to allow greater access to health insurance on the Exchange
- Re-establish a Connecticut reinsurance program to lower premiums
- Reduce the cost of prescription drugs
- Support programs that reduce the burden of avoidable chronic illness and associated health disparities.

Community and Population Health and Health Equity

Focus on immediate investments to help communities in need, including:

- Loan forgiveness for small businesses
- Job creation for the recently unemployed
- Safe and affordable housing, access to transportation
- Food security and nutrition
- New models of care that integrate social, environmental, and clinical strategies

Regulatory Environment

Avoid imposing any additional regulatory burdens on hospitals and healthcare workers, especially unfunded mandates.

Behavioral Health and Substance Use Services

Support the seamless integration of treatment for individuals of all ages experiencing behavioral health disorders.

- Match available resources to evolving needs, establish reimbursement rates that reflect cost of care, and support workforce recruitment and retention
- Implement integrated service delivery models, including high-risk navigators, recovery coaches and support specialists, and intensive case managers
- Support the creation of community-based psychiatric assessment centers



About the Connecticut Hospital Association

The Connecticut Hospital Association has been dedicated to serving Connecticut's hospitals and health systems 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, health equity, and hospital reimbursement.

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