



**TESTIMONY OF  
CONNECTICUT HOSPITAL ASSOCIATION  
SUBMITTED TO THE  
PUBLIC HEALTH COMMITTEE  
Friday, March 15, 2013**

**SB 848, An Act Implementing Provisions Of The Budget Concerning Public Health**

The Connecticut Hospital Association (CHA) appreciates the opportunity to submit testimony concerning **SB 848, An Act Implementing Provisions Of The Budget Concerning Public Health**. CHA opposes the bill as written based on concerns with Sections 6 and 7 of the bill.

In recent debates and discussions on healthcare reform, there is one basic principle that nearly everyone agrees upon—we are struggling to find ways to pay for all of the healthcare services that our citizens need and deserve. Available healthcare dollars are at such devastatingly low levels, hospitals are facing unprecedented challenges simply to maintain access to critical services.

Connecticut's Certificate of Need (CON) system is a transparent, public, and ordered safeguard on the use of scarce healthcare dollars for certain services. Although there have been revisions to keep current with changes in healthcare delivery, the basic foundations of our CON system have been in operation for decades. Two primary purposes of the CON system are to ensure that healthcare dollars are not spent unnecessarily in duplication of services, and that actual and anticipated patient demand justifies each proposed purchase or project.

Over the last several years, CHA has worked closely with this Committee and the Office of Health Care Access to improve CON. We remain dedicated to continuing that work to ensure transparent, public, and balanced CON processes stay in place, while ensuring that the CON process reflects and can incorporate the rapid changes taking place in the delivery of healthcare. The CON application process already captures both payer source and payer mix on applications. Section 6 adds an additional layer of complication into the CON process—one that is unneeded.

In addition, OHCA recently completed its development of a Statewide Facilities Services and Service Plan and Statewide Inventory. The Plan and Inventory took over a year to draft and involved many hours of collaboration among healthcare leaders from across the state, overseen by the Connecticut Statewide Health Care Facilities and Services Plan Advisory Body. The report contains recommendations for modifying the state's CON process and identifies next steps in healthcare planning. CHA welcomes the opportunity to continue working with OHCA in continuous review of the CON process and would like to include in its future discussions, which begin at the end of March, a discussion of if and how more specific details relating to payer source should be included the state's CON process.

Section 7 of SB 848 seeks to expand Section 19a-127k of the General Statutes (which currently addresses filing requirements of community benefits programs) to also include formulation and reporting of Community Health Needs Assessments (CHNAs). CHNAs are part of federal healthcare reform efforts and are overseen by the Internal Revenue Service (IRS), which requires certain processes, reports, and filings for hospitals claiming 501(c)(3) tax status. The federal government has been working through the needed rules and requirements for several years to make these filings meaningful and easy to compare from state to state, to best promote the broad goals of healthcare reform.

The definitions, language, and timing of SB 848's Section 7 indicate that the purpose is to adopt the federal obligations for 501(c)(3) hospitals as concurrent state obligations, and require additional transparency of the federally required processes and reports on a more local basis. CHA supports these goals, but opposes SB 848 as drafted because the bill will not accomplish the intended purpose.

The federal IRS rules for conducting and submitting CHNAs are already in effect, and we expect more updates and clarifications as the federal government continues to update its 501(r) regulations. The mandated federal rule-making process has not been fully completed. Although experts have a good idea what the details of the CHNA process will be, some details are bound to change before the rules become final. Further, the details in SB 848 appear to be based on prior versions of federal law, are not aligned with current federal reporting requirements, and are contrary to IRS guidance on how to implement the CHNA process. In essence, Connecticut will be creating a separate, incongruent system that will not translate to border hospitals, regionalization, or national standards.

Implementing changes to meet the challenges of federal healthcare reform is a priority for Connecticut. But creating inconsistent rules will work against these goals and potentially undermine the federal system. To best support federal healthcare reform, we urge you to import the federal law requirements, as is customarily done in numerous general statutes, including automatic incorporation of any revisions that are adopted from time to time on the federal level.

Thank you for your consideration of our position.

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