



**TESTIMONY OF
CONNECTICUT HOSPITAL ASSOCIATION
SUBMITTED TO THE
PUBLIC HEALTH COMMITTEE
WEDNESDAY, MARCH 11, 2015**

**SB 809, An Act Concerning Facility Fees
SB 993, An Act Concerning Facility Fees**

The Connecticut Hospital Association (CHA) appreciates this opportunity to submit testimony concerning **SB 809, An Act Concerning Facility Fees**, and **SB 993, An Act Concerning Facility Fees**. CHA opposes SB 809 but supports SB 993.

Before commenting on the bills, it's important to point out that Connecticut hospitals treat everyone who comes through their doors 24 hours a day, regardless of ability to pay.

This is a time of unprecedented change in healthcare, and Connecticut hospitals are leading the charge to transform the way care is provided. They are focused on providing safe, accessible, equitable, affordable, patient-centered care for all, and they are finding innovative solutions to integrate and coordinate care to better serve their patients and communities.

As drafted, SB 809 is challenging to understand. In one instance, it bans facility fees. In another, it limits them. And in yet another, it requires insurers to cover them.

By way of background, facility fees came about because the Medicare and Medicaid programs require facilities to bill the cost of using the facility separately from the cost of the professional medical services rendered. Historically, patients have received separate bills for their stay in the hospital and additional bills from the physicians who took care of them while they were in the hospital. The current flap appears to have arisen from the fact that, today, hospitals are involved in the provision of outpatient physician services as a substantial part of their mission to serve the community.

The Medicare program has set forth specific criteria to determine when the provision of that service is hospital-based and when it is simply a physician office service. When it meets the tests to be hospital-based, the service is entitled to a higher level of Medicare funding, which is accorded in recognition of the fact that the hospital is a more expensive place to deliver care and is held to a number of higher standards.

Regulatory Requirements/Roles	Hospital Outpatient Department	Ambulatory Surgery Center	Physician Office
24/7 Standby Capacity for ED Services	✓		
Back up for Complications Occurring in Other Settings	✓		
Disaster Preparedness and Response	✓		
EMTALA Requirements	✓		
Uncompensated Care/Safety Net	✓		
Teaching/Graduate Medical Education	✓		
Special Capabilities (burn, trauma, neonatal, psychiatric services, etc.)	✓		
Required Government Cost Reports	✓		
Equipment Redundancy Requirements	✓		
Stringent Building Codes (ventilation systems, hallway widths, ceiling heights, etc.)	✓		
Infection Control Program	✓	✓	
Quality Assurance Program	✓	✓	
Joint Commission Accreditation	✓	✓	
Life and Fire Safety Codes	✓	✓	✓
Malpractice Insurance	✓	✓	✓
Admin Staff/Billing	✓	✓	✓
Medical Supplies	✓	✓	✓
Nurses	✓	✓	✓
Space and Utilities	✓	✓	✓

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Hospital-based physician services are required to split the bill into the amount that relates to the facility within which the care was delivered (the hospital) and the amount for the physician's professional service. Medicare pays for the physician's professional service the same amount regardless of setting, and a higher amount for the facility piece, since care is provided in a hospital, which is more expensive. Regardless of setting, both payments include a facility fee. However, in the private office, the facility fee is bundled in and at a lower amount, and in the hospital setting it is required to be separate and is paid at a higher amount.

To provide these services, hospitals need to be able to access Medicare funding. This bill would endanger that funding. Please vote no on SB 809.

CHA supports 993, which furthers the goal of transparency established by the Attorney General last year in PA 14-145. CHA and hospitals supported this legislation. We agree that patients should know that they are being treated in a hospital, that the care may be more expensive, and that there is the potential for less expensive alternatives that a patient can discuss with his or her health insurer. Today, every patient receives that information and, as such, has a greater understanding of the cost of care, which helps him or her to make informed decisions about where to receive care.

Thank you for your consideration of our position. For additional information, contact CHA Government Relations at (203) 294-7310.