**TESTIMONY OF**
**STEPHEN A. FRAYNE**
**SENIOR VICE PRESIDENT, HEALTH POLICY**
**CONNECTICUT HOSPITAL ASSOCIATION**
**BEFORE THE**
**HUMAN SERVICES COMMITTEE**
**Tuesday, March 6, 2018**

## HB 5038, An Act Concerning The Governor's Budget Recommendations For Human Services

Good afternoon. My name is Stephen A. Frayne, and I am the Senior Vice President, Health Policy, Connecticut Hospital Association (CHA). I am here today to testify in opposition Section 36 of **HB 5038, An Act Concerning The Governor's Budget Recommendations For Human Services**. Section 36 would eliminate reimbursement for a portion of the cost of graduate medical education by Medicaid.

Before commenting on the bill, it's important to point out that Connecticut hospitals provide high quality care for everyone, regardless of their ability to pay. Connecticut hospitals are dynamic, complex organizations that are continually working to find innovative ways to better serve patients and communities and build a healthier Connecticut. By investing in the future of Connecticut's hospitals, we will strengthen our healthcare system and our economy, put communities to work, and deliver affordable care that Connecticut families deserve.

Section 36 is an effort by the Administration to chip away at the hospital agreement by eliminating $21.1 million per year in inpatient rate payments that support graduate medical education (GME). There seems to be confusion about these payments, so here is an explanation: Connecticut, as almost every other state, has long been committed to supporting the training of the next generation of caregivers by paying its pro rata share of the direct cost of training interns and residents.

Hospitals are key sites for the education of future physicians, who are often referred to as resident physicians ("residents"). Residents have graduated from medical school and then go on to complete several years of supervised, hands-on training in a particular area of expertise, such as primary care or surgery. This phase of their training is called GME. The physician is referred to as an intern in his or her first year out of medical school. Thereafter, he or she is referred to as a resident for the duration of the training program, which could vary from two to seven more years, depending on the residency. Once the residency is completed, the physician can go on for further advanced training and is then referred to as a fellow. So, for example, a physician who wants to be a cardiothoracic surgeon would first be an intern, then a

surgery resident, and then, after the residency is complete, the physician can pursue further advanced training through a cardiothoracic surgery fellowship.

Twenty Connecticut hospitals are involved in training our future physicians; they have between them 1,653 full time equivalent (FTE) residents in training. About 46% of those are in either primary care or OB/GYN residencies – the balance are in other specialties. According to the most recent data, the annual cost to train those interns and residents is a little over $410 million per year. Medicare and Medicaid have always paid a pro rata share of these expenses; for the most recent year it was $80 million from Medicare and $21 million from Medicaid. These services are not billed or paid for under the Medicare or Medicaid physician fee schedule. Cuts like what is proposed could jeopardize the ability of teaching hospitals to fulfill their commitment to train future physicians. The nation is already facing a critical shortage of physicians, and cuts to GME would further exacerbate the problem.

Eliminating GME funding, reducing primary care funding, eliminating grant funding, raising the tax – if implemented individually or in any combination – undermine the budget agreement that helped the state reduce the deficit by $650 million per year and hospitals to reduce losses under the tax by $229 million per year.

We respectfully request you reject these proposals.

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