



**TESTIMONY OF
CONNECTICUT HOSPITAL ASSOCIATION
SUBMITTED TO THE
INSURANCE AND REAL ESTATE COMMITTEE
Thursday, March 7, 2019**

HB 7267, An Act Concerning Public Options For Health Care In Connecticut

The Connecticut Hospital Association (CHA) appreciates this opportunity to submit testimony concerning **HB 7267, An Act Concerning Public Options For Health Care In Connecticut**. CHA has concerns with the bill.

Before commenting on the bill, it's important to point out that Connecticut hospitals and health systems provide high quality care for everyone, regardless of their ability to pay. They do more than treat illness and injury. They build a healthier Connecticut by improving community health, managing chronic illness, expanding access to primary care, preparing for emergencies, and addressing social determinants of health. 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.

Among other provisions, HB 7267 requires the Comptroller, among other things, in consultation with the Office of Health Strategy and a to-be-established ConnectHealth Advisory Board, to create a public option health insurance plan called the ConnectHealth Plan. HB 7267 would also authorize the Comptroller to offer coverage from the state employee health plan to small employers.

CHA applauds the sponsors of HB 7267 for thinking about ways to ensure that every resident has access to affordable health insurance. We know that access to affordable health insurance is essential to building a healthier Connecticut.

Although CHA is supportive of the goals to provide access to affordable coverage, we have specific concerns with lines 51 and 52, which require the Comptroller "to establish a schedule of payments and reimbursement rates for the ConnectHealth Plan...", and on lines 87 and 88, which require the Comptroller to develop "a proposed schedule of the initial payments and reimbursement rates for the ConnectHealth Plan." These two provisions are highly problematic if the rates to be established are not commercial rates.

Hospitals receive payments for services from a number of payers, including government programs like Medicaid and Medicare. They contract with and receive payments for services provided to individuals and families covered by commercial health insurance. Also, hospitals provide services to patients who have little or no ability to pay, which is covered by a hospital's charity care program. This current system of reimbursement is a system that is delicate, unstable, underfunded, and unsustainable.

Connecticut hospitals provide critical, lifesaving care 24 hours a day to everyone who walks through their doors, whether they can afford that care or not, but hospitals aren't reimbursed anywhere close to what it costs them to provide that care. Connecticut's hospitals receive less than 70% of what it costs from Medicaid to provide care. More than one in five Connecticut residents are on Medicaid, including about 40 percent of the children born in Connecticut. Low Medicaid reimbursement leaves them, and everyone else, with less access to care.

Medicare and Medicaid underpayments total nearly \$1.5 billion each year. In 2017, Connecticut hospitals incurred nearly \$763 million in Medicare losses, nearly \$679 million in Medicaid losses, and spent more than \$111 million on charity care. Adding to that cost is the hospital tax.

The underfunding of Medicare and Medicaid forces commercial plans to pay more than the cost of care to cover the shortfall. That cost burden is shifted to everyone covered by commercial insurance, primarily employers and their employees.

To keep the healthcare safety net strong, HB 7267 should clarify that the rates to be paid to providers will be based on commercial insurance rates established through negotiation between the insurer and provider, rather than Medicaid rates. Basing a new Public Option on Medicaid rates would destabilize the Health Insurance Exchange and the Medicaid program, and negatively impact the already fragile provision of employer-sponsored health insurance in Connecticut.

We offer to work with this Committee and the sponsors of this legislation to find ways to increase access to health insurance and health services, address Medicaid's underfunding of hospitals, and reduce the tremendous costs being shifted to Connecticut businesses and employees.

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