**TESTIMONY OF**
**CONNECTICUT HOSPITAL ASSOCIATION**
**SUBMITTED TO THE**
**HUMAN SERVICES COMMITTEE**
**Tuesday, February 26, 2019**

## SB 896, An Act Establishing Rational Hospital Pricing

The Connecticut Hospital Association (CHA) appreciates this opportunity to submit testimony concerning **Proposed SB 896, An Act Establishing Rational Hospital Pricing**. CHA opposes 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.

SB 896 directs the Department of Social Services (DSS) to apply to the Centers for Medicare & Medicaid Services for a waiver from the Medicare program to allow DSS to establish an all-payer system whereby all payers will pay the same for services. A similar system, as best we know, only exists in Maryland. The Maryland all-payer system has been in operation for decades.

Undertaking an all-payer system is extraordinarily complex, and would be a dramatic shift from Connecticut's current system.

The Medicare program has been operating in its current form since 1982 and is the leader in research and policy development; other payers, to the extent practical and desirable, import pieces of the Medicare system into their own. DSS has very limited experience with regard to the development and application of these payment systems, having only started down this road in 2015.

Given the complexity of the Medicare program and the lack of experience of DSS, it is very easy for things to go wrong quickly. A perfect example is the recent implementation of a new inpatient payment software (Version 36 of the APR-DRG Grouper and Weights). The year-to-year transition should have been very routine and not result in in any reductions; instead, hospitals experienced a 26% reduction. Three months later, we still have no commitment to

fix it even though DSS agreed the reduction was not intended. Applying this lack of responsiveness or care to all payers would turn the lights out on access to hospital care.

Beyond the lack of experience of DSS and complexity of the undertaking, the fiscal impact is also an important consideration. For the Medicaid program to pay the same as all other payers, it would require a significant increase in expense and elimination of the state's dependence on the hospital tax to help balance the General Fund.

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