



**TESTIMONY OF
CONNECTICUT HOSPITAL ASSOCIATION
SUBMITTED TO THE
INSURANCE AND REAL ESTATE COMMITTEE
Tuesday, March 15, 2022**

SB 354, An Act Concerning Reimbursements For Certain Covered Health Benefits

The Connecticut Hospital Association (CHA) appreciates this opportunity to submit testimony concerning **SB 354, An Act Concerning Reimbursements For Certain Covered Health Benefits**. CHA opposes the bill.

SB 354 requires health insurers to reimburse healthcare providers for evaluation and management (CPT E/M), assessment and management (CPT A/M), telehealth codes, or drug infusion services at the same rate notwithstanding whether the service is provided in a physician office or a hospital-based facility, known as “site-neutral” payments. In addition, SB 354 requires the Department of Insurance (DOI) to set the rate for any such services.

CHA opposes site-neutral payments. Connecticut residents rely on hospitals for access to care 24-hours-a-day, to serve as a safety net provider for vulnerable populations, and to have the resources needed to respond to medical and public health emergencies and disasters. Many of these roles are not generally funded explicitly; instead, they are built into a hospital’s overall cost structure and supported by revenues received from providing direct patient care.

The Medicare program recognizes the difference between a hospital setting and other settings. It 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 held to a higher regulatory standard and must be prepared for all emergencies.

Additionally, since early 2020, hospitals and health systems have been at the center of Connecticut’s response to the COVID-19 public health emergency, acting as a vital partner with the state and our communities. Hospitals expanded critical care capacity, procured essential equipment and supplies, and stood up countless community COVID-19 testing locations. Hospitals have been an essential component of the statewide vaccine distribution plan including efforts to reach and serve historically under-resourced communities disproportionately affected by the virus. Through it all, hospitals and health systems have continued to provide high-quality care for everyone, regardless of ability to pay. This tireless

commitment to the COVID-19 response confirms the value of strong hospitals in Connecticut's public health infrastructure and the well-being of our communities and reinforces the need for a strong partnership between the state and hospitals. SB 354 "site-neutral" payment proposal does not recognize this important role of hospitals.

SB 354 also proposes that the DOI set rates for CPT E/M, CPT A/M, and drug infusion services. Government-set rates underfund critical hospital services. For example, hospital rates are currently set in both the Medicaid and Medicare programs. Currently, hospitals are reimbursed far less than what it costs them to provide the care in these programs. In Connecticut, Medicare and Medicaid underpayments reaches approximately \$2 billion each year. In 2020, Connecticut hospitals incurred nearly \$1.1 billion in Medicare losses, \$909.7 million in Medicaid losses, and spent more than \$111.6 million on charity care. Connecticut hospitals cannot withstand additional rate-setting of services by the state or federal government.

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