CHA
CONNECTICUT
HOSPITAL
ASSOCIATION

TESTIMONY OF
STEPHEN FRAYNE
SENIOR VICE PRESIDENT, HEALTH POLICY
CONNECTICUT HOSPITAL ASSOCIATION
BEFORE THE
APPROPRIATIONS COMMITTEE
Thursday, February 17, 2005

HB 6671, An Act Concerning The State Budget For The Biennium Ending
June 30, 2007, And Making Appropriations Therefor

My name is Stephen Frayne and I am Senior Vice President, Health Policy of the Connecticut Hospital Association (CHA). I appreciate the opportunity to testify on behalf of CHA and its members in opposition to **HB 6671, An Act Concerning The State Budget For The Biennium Ending June 30, 2007, And Making Appropriations Therefor**.

According to the Department of Social Services (DSS), its budget, as proposed, outlines a series of difficult, but necessary, reforms to control expenditure growth. Those reforms are captioned under the banner "Preserving the Safety Net While Controlling Costs." In particular, DSS proposes to:

- Reduce critical funding in the DSH and Urban DSH Pools in State Fiscal Year (SFY) 2007 – the cut to hospitals is $15 million in SFY 2007 and every year thereafter;
- Add 13,000 individuals to the ranks of the uninsured beginning April 1, 2005 – the cut to hospitals is $12 million in SFY 2006 and every year thereafter;
- Continue ninety-five percent of the funding cuts imposed on January 1, 2004 to the State Administered General Assistance (SAGA) program – the cut to hospitals is $20 million in SFY 2006 and every year thereafter;
- Limit transitional Medicaid to twelve months from twenty-four – the cut to hospitals is $2.4 million in SFY 2006 and $4.4 million in SFY 2007 and every year thereafter;
- Reinstitute Medicaid co-pays (which, in general, are uncollectible as the Legislature recognized last year) – the cut to hospitals is $3.1 million in SFY 2006 and $3.3 million in SFY 2007 and every year thereafter;
- Eliminate medical assistance for non-citizens beginning July 1, 2005 – the cut to hospitals is $2.6 million in SFY 2006 and $2.8 million in SFY 2007 and every year thereafter;
- Eliminate self-declaration of income at application and re-determination, and require new verification under HUSKY A – the cut to hospitals is $800,000 per year beginning in SFY 2006 and every year thereafter;
- Delay scheduled modest increases to the state's lowest inpatient Medicaid case rates (that in many cases are reimbursing at **less than half** the cost of the care) – the cut to hospitals is $713,000 in SFY 2006 and $1.6 million in SFY 2007;

- Eliminate a subsidy to the Connecticut Children's Medical Center (CCMC) – a cut to CCMC is $6.75 million in 2007 and every year thereafter.

We respectfully disagree with the notion that these reforms preserve the safety net.

Eliminating coverage for HUSKY Adults, perpetuating cuts to the SAGA program, speeding Medicaid recipients along into the ranks of the uninsured by limiting their transitional period, imposing co-pays (that in general are uncollectible), cutting funding for the uninsured while swelling the ranks of the uninsured, eliminating self declaration, delaying modest rate increases, and cutting funding to CCMC do not today, nor in the future, protect the safety net. These strategies, by design, choke off the resources needed to care for those shoved off the safety net of insurance and into the ranks of the uninsured.

It is tragically sad that the blues lyric "I've been down so long, it looks like up to me" succinctly portrays our jaded thinking relative to DSS' proposed changes. The irony is that the overall budget contains the promise of a nearly four percent increase in state expenditures in each of the next two years – growing those state expenditures from current levels by more than $550 million in SFY 2006 and more than $700 million in SFY 2007. Yet, despite that growth, those who will become uninsured, and the hospitals and other providers that serve those individuals, are here with hat in hand – pleading to get to zero – and hoping for a modest increase to help offset the routine cost increases every Connecticut employer experiences.

Connecticut needs more, not fewer, insured patients. The state relies on hospitals to be the healthcare safety net for all those needing care, regardless of their ability to pay. Hospitals rely on the state to be the insurer of last resort for Connecticut's most vulnerable citizens. The Connecticut Hospital Association requests that you please oppose the Governor's proposed reductions outlined above.

CHA and its members are grateful for the resounding support this Committee demonstrated yesterday when it voted in favor of HB 6438, An Act Concerning Restoration of HUSKY Plan, Part A Benefits for Parents and Needy Caretaker Relatives. CHA is committed to working with you on the provisions of the budget needed to preserve and protect our public's access to medical care.

SAF:kas
Attachments

CHA Analysis of Governor's Proposed Budget 2006 - 2007
Biennial Budget Impact on Hospitals

HOSPITALS	Existing SAGA Cuts	Proposed SAGA Increases	Transitional	Self Declaration	Non-Citizens	Co-Pays	Rate Delay	Husky A	DSH	UDSH	CCMC	Total Cuts
BACKUS	(729,361)	86,413	(120,461)	(35,959)	(122,259)	(154,938)	(99,938)	(539,378)	(383,923)	-	-	(2,099,805)
BRADLEY	(113,620)	13,461	(20,788)	(6,205)	(21,099)	(26,738)	-	(93,082)	(11,696)	-	-	(279,767)
BRIDGEPORT	(2,399,065)	284,235	(346,101)	(103,314)	(351,267)	(445,157)	(325,313)	(1,549,706)	(692,852)	(518,500)	-	(6,447,038)
BRISTOL	(862,467)	102,183	(132,755)	(39,628)	(134,736)	(170,750)	(51,750)	(594,423)	(145,352)	-	-	(2,029,677)
CH. HUNGERFORD	(394,704)	46,763	(64,672)	(19,305)	(65,637)	(83,182)	(48,563)	(289,577)	(145,135)	-	-	(1,064,012)
CT. CHILDREN'S	-	-	(353,024)	(105,380)	(358,293)	-	-	(1,580,706)	-	-	(6,750,000)	(9,147,404)
DANBURY	(1,854,425)	219,707	(159,346)	(47,566)	(161,724)	(204,951)	(204,375)	(713,488)	(498,890)	-	-	(3,625,057)
DAY KIMBALL	(555,919)	65,864	(113,997)	(34,029)	(115,698)	(146,623)	(69,188)	(510,434)	(173,730)	-	-	(1,653,754)
GREENWICH	(20,646)	2,446	(26,852)	(8,016)	(27,253)	(34,538)	-	(120,234)	(215,740)	-	-	(450,833)
GRIFFIN	(409,570)	48,525	(66,452)	(19,837)	(67,444)	(85,471)	(29,257)	(297,548)	(102,034)	-	-	(1,029,087)
HARTFORD	(6,491,639)	769,112	(524,657)	(156,614)	(532,488)	(674,817)	(21,072)	(2,349,212)	(1,153,389)	(758,000)	-	(11,892,776)
JOHNSON	(166,561)	19,734	(28,082)	(8,383)	(28,501)	(36,119)	(24,188)	(125,740)	(66,207)	-	-	(464,047)
LAWRENCE & MEM'L.	(1,306,999)	154,850	(151,572)	(45,245)	(153,835)	(194,953)	(72,767)	(678,682)	(398,130)	-	-	(2,847,334)
MANCHESTER	(736,721)	87,285	(110,270)	(32,916)	(111,916)	(141,830)	-	(493,747)	(162,223)	-	-	(1,702,339)
MIDDLESEX	(1,494,239)	177,033	(221,650)	(66,164)	(224,958)	(285,088)	(102,750)	(992,463)	(305,503)	-	-	(3,515,782)
MIDSTATE	(884,354)	104,776	(124,140)	(37,057)	(125,993)	(159,670)	(81,563)	(555,852)	(231,589)	-	-	(2,095,442)
MILFORD	(22,580)	2,675	(48,386)	(14,444)	(49,108)	(62,235)	(11,438)	(216,655)	(39,642)	-	-	(461,812)
NEW BRITAIN GEN'L.	(1,368,914)	162,185	(294,617)	(87,945)	(299,014)	(378,938)	(63,938)	(1,319,181)	(296,420)	(292,500)	-	(4,239,282)
NEW MILFORD	(98,608)	11,683	(23,694)	(7,073)	(24,048)	(30,476)	(1,764)	(106,095)	(53,323)	-	-	(333,398)
NORWALK	(1,611,455)	190,921	(100,969)	(30,140)	(102,476)	(129,867)	-	(452,099)	(402,678)	-	-	(2,638,761)
ROCKVILLE GEN'L.	(285,931)	33,876	(60,463)	(18,049)	(61,365)	(77,768)	(26,438)	(270,729)	(66,672)	-	-	(833,538)
SHARON	(840,504)	99,581	(20,351)	(6,075)	(20,654)	(26,175)	(5,813)	(91,122)	(37,940)	-	-	(949,053)
STAMFORD	(1,070,612)	126,843	(99,034)	(29,562)	(100,512)	(127,378)	(265,500)	(443,437)	(580,276)	(477,500)	-	(3,066,969)
ST. FRANCIS	(3,311,659)	392,356	(371,772)	(110,977)	(377,321)	(478,175)	(407,250)	(1,664,651)	(758,163)	(627,000)	-	(7,714,611)
ST. MARY'S	(1,677,426)	198,737	(274,997)	(82,089)	(279,101)	(353,703)	-	(1,231,330)	(163,605)	(258,500)	-	(4,122,014)
ST. RAPHAEL	(1,837,638)	217,718	(258,948)	(77,298)	(262,813)	(333,061)	(212,374)	(1,159,470)	(459,099)	(362,000)	-	(4,744,983)
ST. VINCENT'S	(1,165,754)	138,115	(98,363)	(29,362)	(99,832)	(126,516)	(132,699)	(440,434)	(459,112)	(385,000)	-	(2,798,956)
WATERBURY	(1,581,779)	187,405	(202,018)	(60,304)	(205,034)	(259,837)	-	(904,560)	(325,282)	(267,500)	-	(3,618,909)
WINDHAM	(217,824)	25,807	(95,344)	(28,461)	(96,767)	(122,632)	(56,813)	(426,913)	(84,715)	-	-	(1,103,662)
YALE-NEW HAVEN	(5,942,642)	704,068	(693,667)	(207,065)	(704,020)	(892,198)	-	(3,105,971)	(1,586,682)	(1,053,500)	-	(13,481,677)
JOHN DEMPSEY	(4,546,382)	538,643	(152,555)	(45,539)	(154,832)	(196,217)	-	(683,082)	-	-	-	(5,239,963)
OVERALL - TOTAL	(44,000,000)	5,213,000	(5,360,000)	(1,600,000)	(5,440,000)	(6,440,000)	(2,314,744)	(24,000,000)	(10,000,000)	(5,000,000)	(6,750,000)	(105,691,744)

HOSPITALS	Existing SAGA Cuts 2006	Proposed SAGA Increases 2006	Transitional 2006	Self Declaration 2006	Non-Citizens 2006	Co-Pays 2006	Rate Delay 2006	Husky A 2006	Total Cuts 2006
BACKUS	(364,681)	43,206		(17,979)	(58,433)	(75,063)	(33,313)	(269,689)	(775,951)
BRADLEY	(56,810)	6,731		(3,103)	(10,084)	(12,954)	-	(46,541)	(122,761)
BRIDGEPORT	(1,199,532)	142,117		(51,657)	(167,885)	(215,666)	(108,438)	(774,853)	(2,375,913)
BRISTOL	(431,233)	51,091		(19,814)	(64,396)	(82,723)	(17,250)	(297,212)	(861,537)
CH. HUNGERFORD	(197,352)	23,382		(9,653)	(31,371)	(40,299)	(16,188)	(144,789)	(416,269)
CT. CHILDREN'S	-	-		(52,690)	(171,243)	-	-	(790,353)	(1,014,286)
DANBURY	(927,213)	109,854		(23,783)	(77,294)	(99,293)	(68,125)	(356,744)	(1,442,598)
DAY KIMBALL	(277,960)	32,932		(17,014)	(55,297)	(71,035)	(23,063)	(255,217)	(666,654)
GREENWICH	(10,323)	1,223		(4,008)	(13,025)	(16,732)	-	(60,117)	(102,983)
GRIFFIN	(204,785)	24,262		(9,918)	(32,234)	(41,408)	(7,722)	(148,774)	(420,579)
HARTFORD	(3,245,819)	384,556		(78,307)	(254,498)	(326,930)	-	(1,174,606)	(4,695,605)
JOHNSON	(83,281)	9,867		(4,191)	(13,622)	(17,499)	(8,063)	(62,870)	(179,658)
LAWRENCE & MEM'L.	(653,499)	77,425		(22,623)	(73,524)	(94,449)	(15,571)	(339,341)	(1,121,583)
MANCHESTER	(368,361)	43,642		(16,458)	(53,489)	(68,713)	-	(246,873)	(710,252)
MIDDLESEX	(747,120)	88,517		(33,082)	(107,517)	(138,117)	(34,250)	(496,232)	(1,467,800)
MIDSTATE	(442,177)	52,388		(18,528)	(60,217)	(77,356)	(27,188)	(277,926)	(851,004)
MILFORD	(11,290)	1,338		(7,222)	(23,471)	(30,151)	(3,813)	(108,327)	(182,936)
NEW BRITAIN GEN'L.	(684,457)	81,093		(43,973)	(142,911)	(183,585)	-	(659,591)	(1,633,424)
NEW MILFORD	(49,304)	5,841		(3,536)	(11,494)	(14,765)	-	(53,047)	(126,305)
NORWALK	(805,727)	95,460		(15,070)	(48,977)	(62,917)	-	(226,049)	(1,063,280)
ROCKVILLE GEN'L.	(142,966)	16,938		(9,024)	(29,329)	(37,676)	(8,813)	(135,365)	(346,234)
SHARON	(420,252)	49,790		(3,037)	(9,872)	(12,681)	(1,938)	(45,561)	(443,551)
STAMFORD	(535,306)	63,422		(14,781)	(48,039)	(61,711)	(88,500)	(221,718)	(906,634)
ST. FRANCIS	(1,655,829)	196,178		(55,488)	(180,337)	(231,663)	(135,750)	(832,325)	(2,895,214)
ST. MARY'S	(838,713)	99,368		(41,044)	(133,394)	(171,359)	-	(615,665)	(1,700,807)
ST. RAPHAEL	(918,819)	108,859		(38,649)	(125,609)	(161,359)	(67,406)	(579,735)	(1,782,718)
ST. VINCENT'S	(582,877)	69,058		(14,681)	(47,714)	(61,293)	(28,725)	(220,217)	(886,448)
WATERBURY	(790,890)	93,702		(30,152)	(97,994)	(125,884)	-	(452,280)	(1,403,497)
WINDHAM	(108,912)	12,904		(14,230)	(46,249)	(59,412)	(18,938)	(213,457)	(448,294)
YALE-NEW HAVEN	(2,971,321)	352,034		(103,532)	(336,480)	(432,245)	-	(1,552,986)	(5,044,530)
JOHN DEMPSEY	(2,273,191)	269,321		(22,769)	(74,001)	(95,062)	-	(341,541)	(2,537,242)
OVERALL - TOTAL	(22,000,000)	2,606,500	-	(800,000)	(2,600,000)	(3,120,000)	(713,048)	(12,000,000)	(38,626,548)

f: SAF Bienium Budget 06 07 2-17-05 testimony corrected

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CHA Analysis of Governor's Proposed Budget 2007
Budget Impact on Hospitals

HOSPITALS	Existing SAGA Cuts 2007	Proposed SAGA Increases 2007	Transitional 2007	Self Declaration 2007	Non-Citizens 2007	Co-Pays 2007	Rate Delay 2007	Husky A 2006	DSH 2007	UDSH 2007	CCMC 2007	Total Cuts 2007
BACKUS	(364,681)	43,206	(120,461)	(17,979)	(63,826)	(79,875)	(66,625)	(269,689)	(383,923)	-		(1,323,854)
BRADLEY	(56,810)	6,731	(20,788)	(3,103)	(11,015)	(13,784)	-	(46,541)	(11,696)	-		(157,006)
BRIDGEPORT	(1,199,532)	142,117	(346,101)	(51,657)	(183,382)	(229,491)	(216,875)	(774,853)	(692,852)	(518,500)		(4,071,125)
BRISTOL	(431,233)	51,091	(132,755)	(19,814)	(70,340)	(88,026)	(34,500)	(297,212)	(145,352)	-		(1,168,140)
CH. HUNGERFORD	(197,352)	23,382	(64,672)	(9,653)	(34,267)	(42,883)	(32,375)	(144,789)	(145,135)	-		(647,743)
CT. CHILDREN'S	-	-	(353,024)	(52,690)	(187,050)	-	-	(790,353)	-	-	(6,750,000)	(8,133,118)
DANBURY	(927,213)	109,854	(159,346)	(23,783)	(84,429)	(105,658)	(136,250)	(356,744)	(498,890)	-		(2,182,459)
DAY KIMBALL	(277,960)	32,932	(113,997)	(17,014)	(60,401)	(75,588)	(46,125)	(255,217)	(173,730)	-		(987,101)
GREENWICH	(10,323)	1,223	(26,852)	(4,008)	(14,228)	(17,805)	-	(60,117)	(215,740)	-		(347,850)
GRIFFIN	(204,785)	24,262	(66,452)	(9,918)	(35,210)	(44,063)	(21,535)	(148,774)	(102,034)	-		(608,508)
HARTFORD	(3,245,819)	384,556	(524,657)	(78,307)	(277,990)	(347,887)	(21,072)	(1,174,606)	(1,153,389)	(758,000)		(7,197,171)
JOHNSON	(83,281)	9,867	(28,082)	(4,191)	(14,879)	(18,620)	(16,125)	(62,870)	(66,207)	-		(284,389)
LAWRENCE & MEM'L.	(653,499)	77,425	(151,572)	(22,623)	(80,311)	(100,504)	(57,196)	(339,341)	(398,130)	-		(1,725,751)
MANCHESTER	(368,361)	43,642	(110,270)	(16,458)	(58,427)	(73,117)	-	(246,873)	(162,223)	-		(992,087)
MIDDLESEX	(747,120)	88,517	(221,650)	(33,082)	(117,441)	(146,971)	(68,500)	(496,232)	(305,503)	-		(2,047,982)
MIDSTATE	(442,177)	52,388	(124,140)	(18,528)	(65,776)	(82,314)	(54,375)	(277,926)	(231,589)	-		(1,244,438)
MILFORD	(11,290)	1,338	(48,386)	(7,222)	(25,638)	(32,084)	(7,625)	(108,327)	(39,642)	-		(278,876)
NEW BRITAIN GEN'L	(684,457)	81,093	(294,617)	(43,973)	(156,103)	(195,353)	(63,938)	(659,591)	(296,420)	(292,500)		(2,605,858)
NEW MILFORD	(49,304)	5,841	(23,694)	(3,536)	(12,555)	(15,711)	(1,764)	(53,047)	(53,323)	-		(207,093)
NORWALK	(805,727)	95,460	(100,969)	(15,070)	(53,498)	(66,950)	-	(226,049)	(402,678)	-		(1,575,481)
ROCKVILLE GEN'L.	(142,966)	16,938	(60,463)	(9,024)	(32,036)	(40,091)	(17,625)	(135,365)	(66,672)	-		(487,304)
SHARON	(420,252)	49,790	(20,351)	(3,037)	(10,783)	(13,494)	(3,875)	(45,561)	(37,940)	-		(505,503)
STAMFORD	(535,306)	63,422	(99,034)	(14,781)	(52,473)	(65,667)	(177,000)	(221,718)	(580,276)	(477,500)		(2,160,335)
ST. FRANCIS	(1,655,829)	196,178	(371,772)	(55,488)	(196,984)	(246,513)	(271,500)	(832,325)	(758,163)	(627,000)		(4,819,397)
ST. MARY'S	(838,713)	99,368	(274,997)	(41,044)	(145,707)	(182,344)	-	(615,665)	(163,605)	(258,500)		(2,421,207)
ST. RAPHAEL	(918,819)	108,859	(258,948)	(38,649)	(137,204)	(171,702)	(144,968)	(579,735)	(459,099)	(362,000)		(2,962,265)
ST. VINCENT'S	(582,877)	69,058	(98,363)	(14,681)	(52,118)	(65,222)	(103,975)	(220,217)	(459,112)	(385,000)		(1,912,508)
WATERBURY	(790,890)	93,702	(202,018)	(30,152)	(107,040)	(133,953)	-	(452,280)	(325,282)	(267,500)		(2,215,412)
WINDHAM	(108,912)	12,904	(95,344)	(14,230)	(50,518)	(63,220)	(37,875)	(213,457)	(84,715)	-		(655,368)
YALE-NEW HAVEN	(2,971,321)	352,034	(693,667)	(103,532)	(367,540)	(459,953)	-	(1,552,986)	(1,586,682)	(1,053,500)		(8,437,147)
JOHN DEMPSEY	(2,273,191)	269,321	(152,555)	(22,769)	(80,831)	(101,155)	-	(341,541)	-	-		(2,702,721)
OVERALL - TOTAL	(22,000,000)	2,606,500	(5,360,000)	(800,000)	(2,840,000)	(3,320,000)	(1,601,696)	(12,000,000)	(10,000,000)	(5,000,000)	(6,750,000)	(67,065,196)