



**TESTIMONY
OF THE
CONNECTICUT HOSPITAL ASSOCIATION**

**APPROPRIATIONS AND FINANCE, REVENUE AND BONDING
COMMITTEES**

Thursday, November 21, 2002

Joint Informational Hearing on the Budget Deficit

On behalf of Connecticut's 31 acute care hospitals, the Connecticut Hospital Association (CHA) respectfully submits the following testimony for your consideration.

The Governor and the General Assembly are faced in this biennial budget legislative session with the task of adopting a balanced budget. This year that task is greatly complicated by the estimated \$500 million deficit. As the Governor and legislative leaders seek solutions to eliminating the deficit, CHA strongly urges rejection of any solutions that have a negative fiscal impact on Connecticut's hospitals. Connecticut will end the 2002 calendar year with 14 of Connecticut's 31 acute care hospitals distressed or severely distressed according to the latest Office of Health Care Access "Annual Report on the Financial Status of Connecticut's Short Term Acute Care Hospitals."

It is precisely during these difficult economic times that hospitals should be protected from any reductions in state reimbursement. Connecticut hospitals are the state's safety net in providing quality care to anyone in need, seven days a week, twenty-four hours a day, regardless of their ability to pay.

Connecticut's hospitals are struggling to maintain the viability of their fragile infrastructures. They are confronted on a daily basis with one of the lowest rates of Medicaid reimbursement in the country, reductions in the Medicare program, a severe shortage of healthcare workers, rising pharmaceutical prices, escalating costs for blood and blood products, and growing health care liability insurance premiums. In addition, and maybe paramount, we have and will continue to expend resources in disaster and emergency planning.

As you know, in June of 2001, Governor Rowland and the General Assembly agreed upon a budget for the state of Connecticut that suspended for two years the sales tax on patient care services. As of July 1, 2003 this tax will be reinstated on our hospitals at an

estimated cost of \$130 million. We will however, feel the effect of this tax as early as May 1, 2003 as we prepare to make payments to the state beginning in July. So in this very difficult budgetary situation Connecticut faces, we will be asking you to make the critically important decision to protect the fragile infrastructure of Connecticut's hospitals and permanently repeal the sales tax on patient care services.

CHA requests that as solutions to the deficit are being considered, the legislature protect Connecticut's hospitals from any negative fiscal impact. Hospitals, in return, will continue to partner with the state in providing care to the neediest of our population and protecting our most vulnerable citizens.

Thank you for your consideration.

AVB:pas