



**TESTIMONY OF
CONNECTICUT HOSPITAL ASSOCIATION
SUBMITTED TO THE
Connecticut Health Insurance Exchange
Monday, February 6, 2012**

STAKEHOLDER COMMENTS ON THE MERCER FINAL REPORT

The Connecticut Hospital Association (CHA) appreciates this opportunity to present comments with respect to the Mercer's final report on the design and development of Connecticut's Health Exchange.

Before outlining our concerns, it's important to detail the critical role hospitals play in the health and quality of life of our communities. Our state's hospitals are more than facts and figures, and dollars and cents. Hospitals, at their core, are all about people. All of our lives have, in some way, been touched by a hospital: through the birth of a child, a life saved by prompt action in an emergency room, or the compassionate end-of-life care for someone we love. Or perhaps our son, daughter, husband, wife, or friend works for, or is a volunteer at, a Connecticut hospital.

Hospitals provide care to all people regardless of their ability to pay. In fact, every three minutes, someone without health insurance comes to a Connecticut hospital in need of inpatient, emergency, or outpatient surgical services. Connecticut hospitals are the ultimate safety net providers and offer care 24 hours a day, seven days a week, 365 days a year.

Every day, healthcare professionals in hospitals see the consequences and health implications for individuals and families who lack access to care and coverage. Emergency departments are filled with individuals who cannot find a physician to care for them because they are uninsured or underinsured – or they are Medicaid beneficiaries and few physicians will accept the low rates paid by Medicaid. Throughout Connecticut, our emergency rooms are treating both those who have delayed seeking treatment because of inadequate or no coverage, and those who have no other place to receive care.

Thus, as front line caregivers, Connecticut hospitals are absolutely committed to initiatives that improve access to high quality care and expand health insurance coverage. Connecticut hospitals stand ready to partner on solutions to create a system of healthcare coverage that ensures access to all residents. Such a system must ensure seamless care that is affordable to individuals and families, and is sufficiently financed. The ultimate goal is to establish a healthcare system through which coverage is affordable and sustainable, and access to care is guaranteed.

The Mercer report does an excellent job of laying out the many policy choices facing the Health Insurance Exchange Board as it establishes a Connecticut Health Insurance Exchange pursuant to the Patient Protection and Affordable Care Act, including assessing: the mechanisms for providing consumers the best choice of health plans; the Connecticut healthcare market; the advantages and disadvantages of requiring Connecticut benefits that are above the federal essential benefits; the interaction of the Exchange with the Medicaid and CHIP programs; and the benefits and pitfalls of establishing a Basic Health Plan.

CHA looks forward to working with the Health Insurance Exchange Board on all of these issues, but today we'll focus our comments on the establishment of a Basic Health Plan. The Mercer report, in section 4f, addresses the feasibility of establishing a Basic Health Plan and enrolling those adults currently on Medicaid, whose income exceeds 133 percent of the FPL.

CHA is concerned that this approach does not resolve the existing problems that plague our Medicaid program for patients, providers, or businesses. As we all know, in both good times and bad, inadequate funding for Medicaid has been a chronic problem that has affected beneficiaries, the state, hospitals, and employers. Beneficiaries suffer inadequate access to non-hospital services. The lack of adequate state reimbursement forces hospitals to struggle to shift the Medicaid shortfall of more than \$1 million a day to those who get their health insurance through their employer.

As a solution to these existing problems, the Basic Health Plan approach falls short. First, and most importantly, it does not provide a way to improve access to non-hospital based services for Medicaid patients. Nor does it address the underfunding of hospitals, which results in costs being shifted to Connecticut businesses and employees. The Basic Health Plan may help relieve the state of its existing obligation to pay for half of the cost of the service for these individuals, but does little to improve access to care. When the dust settles, as best we can tell, there will be little or nothing left that could be used for the purpose of improving access or reducing the cost shift. As a consequence, we will have missed an historic opportunity to break the cycle of inadequate access, and the employer burden that results from cost-shifting.

Our concerns are echoed by Mercer's analysis. Specifically, Mercer cautions that the implementation of a Basic Health Plan would increase the Medicaid patient base and further exacerbate the strain on Connecticut's Medicaid providers, increasing the cost-shifting to commercial carriers, and reducing the access and availability of providers to Medicaid patients. "A thorough analysis of the Connecticut Medicaid provider infrastructure should be undertaken to assess the impact of expanding Medicaid eligible population as required by PPACA, as well as the additional impact of potentially adding the basic health population to the patient base."

In our opinion, a better approach would be to provide these individuals access to the Exchange and use federal funds to provide them with the resources necessary to cover any out-of-pocket expenses and missing services. This would improve care through expanded access to providers, reduced costs to the state, and a materially reduced cost shift to Connecticut businesses and workers. Moreover, it and makes it possible for hospitals to remain strong and viable in their role and Connecticut's healthcare safety net.

Thank you for your consideration of our position.

For additional information, contact CHA Government Relations at (203) 294-7310.