



**TESTIMONY
OF
STEPHEN A. FRAYNE, VICE PRESIDENT OF FINANCE
AND INSURANCE SERVICES OF THE
CONNECTICUT HOSPITAL ASSOCIATION
BEFORE THE PUBLIC HEALTH COMMITTEE
ON THURSDAY, MARCH 7, 2002**

**IN SUPPORT OF
SB 533, AN ACT CONCERNING THE ESTABLISHMENT
OF MEDICAID RATES**

**AND
SB 531, AN ACT CONCERNING PAYMENTS FOR
MENTAL HEALTH SERVICES**

Good afternoon Co-Chairs Senator Toni Harp, Representative Mary Eberle, and members of the Public Health Committee. My name is Stephen A. Frayne. I am the Vice President of Finance and Insurance Services of the Connecticut Hospital Association (CHA). I am here to testify in support of Senate Bill 533, an Act Concerning the Establishment of Medicaid Rates and SB 531, an Act Concerning Payments for Mental Health Services.

Senate Bill 533 amends the Department of Social Services statutes by increasing the rate of payment for hospital services. The Bill, as proposed, would increase the rate of payment over two years. In fiscal year 2004, it would require that payment be set at no less than 80% of the Medicare rate. In fiscal year 2005, it would require that payment be set at no less than 90% of the Medicare rate. SB 531 would increase, in fiscal year 2002,

the rate of payment for outpatient mental health services to 90% of what Medicare pays for those services. These bills continue the process began by the Legislature and the Administration last year. Last year the minimum payment threshold for inpatient services was set at 62.5% of 1999 costs. While it may be hard to believe, two-thirds of the hospitals received an increase in payment in order to bring them up to 62.5% of cost. Thank you again for setting that minimum threshold last year.

It is important to continue the work of updating the hospital payment system. Prior to last year, some parts of the hospital payment system were over a decade old, and other parts were over two decades old. However, CHA and its members are not insensitive to the current and projected fiscal plight facing the State. Our goal is that you work with us and find some way to continue to update the hospital payment system into the future.

In summary, CHA supports Senate Bills 533 and 531 and requests the Committee support them too. I would be happy to answer any questions.