

Hospital 101

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In communities throughout the state, Connecticut's hospitals are always there, caring for all people 24 hours a day, 7 days a week, 365 days a year.

Unlike other institutions, hospitals are always open, accept all comers regardless of ability to pay, and serve as the "safety net" for those without health insurance or access to care. During these turbulent economic times, as more individuals and families struggle with employment and health insurance, helping our most vulnerable populations is more critical than ever.

Connecticut's hospitals are caring organizations, but they are also complex and sophisticated — offering the latest medical technology; ensuring quality care and patient safety; maintaining and continually upgrading extensive facilities; and meeting the dynamic and evolving healthcare requirements of today's patients.

Hospitals recognize the need to address rising healthcare costs and are committed to continuously improving quality, accountability, transparency, and affordability. While the full impact of the passage of the Patient Protection and Affordable Care Act (PPACA) on healthcare is still evolving, hospitals will persevere in their deep commitment to serving their communities.

This brief overview highlights the unparalleled contributions of hospitals to the economy and the quality of life in Connecticut, examines the key challenges facing Connecticut's hospitals today, and offers a primer on hospital finance.

Each year, Connecticut hospitals:

- Provide care for approximately **400,000** patients admitted to their facilities, accounting for nearly 2 million days of inpatient care.
- Welcome nearly **38,000** babies into the world.
- Treat more than **1.6 million patients** in their emergency departments.
- Provide an additional **6.1 million** episodes of outpatient services* to individuals.
- Serve more than **4 million** persons through community benefit programs and activities.

** Outpatient data reported by the Office of Health Care Access. Outpatient services include diagnostic procedures (such as colonoscopies); ambulatory surgeries (such as gall bladder procedures); diagnostic imaging (MRIs, PET, and CT scans); and clinic visits.*

Hospitals As Economic Engines

Connecticut hospitals make a tremendous contribution to the state's economy and the financial well-being of communities. They are major employers and purchasers of goods and services, and they help to stimulate further economic growth in our communities.

In 2010, Connecticut hospitals:

- Spent \$9.5 billion on staff salaries, the purchase of medical supplies and food, as well as facility construction. These dollars have a "ripple effect" of an additional \$9 billion on the economy, resulting in a total contribution of \$19.6 billion by Connecticut's hospitals to the state's economy.
- Provided nearly 53,000 full-time jobs with a total annual payroll of \$4.8 billion, which generated an additional 48,950 jobs and approximately \$5.1 billion in additional local payroll.

\$19.6 billion

Total Economic Contribution by Connecticut's Hospitals in 2010

How Hospitals Are Paid

Hospitals are not immune from tough economic times, and many are in precarious financial health. After decades of government underfunding, Connecticut's hospitals are facing deteriorating margins and major financial losses. Lack of access to capital and a downturn in philanthropy will continue to make matters worse in 2012. Without adequate funding, the ability of Connecticut's hospitals to maintain necessary programs and services to keep pace with state-of-the-art care and technology will be severely compromised.

Hospitals receive payment from many sources for the services they provide. Sources of hospital payments include the federal and state governments, through programs such as Medicare and Medicaid, as well as commercial health insurance plans.

- The state's underfunding of Medicaid programs shortchanges Connecticut hospitals by more than \$403 million annually—and robs

the state of \$202 million in federal matching funds.

- State underfunding is compounded by the \$270 million shortfall from Medicare and the \$237 million in charity costs provided by hospitals.

Underfunding Results in Cost-Shifting

Commercial health insurance companies (often referred to as "private payers") are a major source of funding for healthcare services through employer-sponsored health insurance coverage. On average, commercial health insurance reimburses more than 131% of the cost of care.

These payments exceed 100 percent of the cost of care, in part because of the "cost shift" that results from government underfunding. Because government does not pay the full cost of care provided to its beneficiaries, employers and workers end up paying more due to cost-shifting to employer-sponsored health insurance plans.

2010 Government Payments to Hospitals

Medicare—a federal health insurance program for people age 65 and older and certain people with severe disabilities.

- On average, Medicare reimburses 92 percent of the cost for treating Medicare patients in Connecticut hospitals.

Medicaid—a means-tested entitlement program funded by state and federal dollars that pays for medical and medically-related services for poor children, families, and the elderly, as well as Medicaid Low Income Adults (MLIA, formerly SAGA). In Connecticut, the Medicaid program for eligible children to the age of 19 is called the HUSKY (Healthcare for the Uninsured Kids and Youth) program.

- On average, Medicaid reimburses 72 percent of the cost for treating Medicaid patients in Connecticut hospitals.

Touching Lives in Many Ways

Hospitals' contributions to community health and quality of life extend far beyond its walls. Hospital "community benefit" services are needed now more than ever. In this bleak economic climate, individuals and families continue to lose jobs and health insurance - and turn to hospital charity care and Medicaid to obtain necessary healthcare services.



Connecticut Hospitals:

- Offer a variety of community benefit programs and services to help residents maintain and enhance their health, including:
 - financial assistance to the uninsured;
 - mobile vans and clinics delivering primary and preventive care;
 - healthy lifestyle education programs, including physical activity and nutrition promotion; and
 - programs for managing chronic conditions like asthma.
- Serve as the core community healthcare provider, sponsoring screenings, support groups, counseling, and a multitude of other programs and activities designed to keep communities healthy.
- Provide teaching facilities for physicians, nurses, pharmacists, technologists, and other health professionals.

Community Benefit by the Numbers

In 2010, Connecticut's hospitals benefitted their communities in many ways.

\$672.7 million	Government-sponsored health benefits to cover the unpaid costs of government programs
\$237 million	Uncompensated care: Charity care/bad debt to provide services for those who cannot pay
\$37 million	Community services to improve the health of the community
\$19.7 million	Research and other programs to advance healthcare for patients and the community
\$14.4 million	Donations to help support community organizations
\$9.9 million	Community building to create stronger, healthier communities
\$3.7 million	Subsidized health services* to provide care needed by the community



\$994 million

Total community benefit provided by
Connecticut Hospitals in 2010

* Most subsidized health services funds are reflected in the "unpaid costs of government programs" numbers

Families Rely on Connecticut's Hospitals

Generations of Connecticut families have come to rely on strong, stable hospitals to care for them in sickness and in health. It is imperative that all stakeholders—including hospitals, government, business, insurers, and community members—work together to ensure that this state has viable hospitals capable of caring for families today and tomorrow.

Other Challenges Facing Connecticut's Hospitals

In addition to hospitals being underfunded, there are other challenges facing Connecticut's hospitals.

Access and Coverage

Access to healthcare services and health insurance coverage continue to be serious issues facing Connecticut hospitals and the state's residents. Nearly 400,000 of Connecticut's non-elderly population—about one in ten—do not have health insurance coverage. More than 500,000 have health insurance coverage through the state's Medicaid program, which gives them limited access to primary care providers. For hospitals, this means increasing demands for care by the growing number of individuals without health insurance or by those who rely on government programs for care.

Emergency Department Overcrowding

Hospital emergency departments (EDs) are often the only place to obtain care for individuals without health insurance or for those who are covered by Medicaid but cannot find a physician to serve their primary needs. People with Medicaid coverage are 3.5 times more likely than patients with commercial coverage to rely on the ED for non-



urgent care. As a result, nearly a quarter of all ED visits are for non-urgent care. This also has led to overcrowding in Connecticut hospital emergency departments.

Workforce Issues

Connecticut's aging healthcare workforce will join the ranks of the state's significantly older population, raising healthcare demand at a time of projected shortages of nurses and other healthcare professionals. In addition, as healthcare reform moves forward, there will be a need for new staff roles and competencies, particularly in the area of health information technology.

The Aging of the State's Population

Connecticut has one of the top ten oldest populations in the nation. This will exacerbate healthcare workforce shortages, and increase the demands for hospital and healthcare services.

Connecticut's hospitals have always been there for their communities.

We must make sure that we maintain and strengthen the investment in these critical healthcare resources.

Public Health Issues

Hospitals play a critical role in tackling public health issues, including leading the charge to improve the health of our communities. Hospitals focus on everything from raising awareness about the need for primary and preventive health services to preparing for major disasters and public health emergencies.

About the Connecticut Hospital Association

Founded in 1919, the Connecticut Hospital Association (CHA) represents hospitals and health-related organizations. With more than 140 members, CHA is one of the largest and most respected hospital associations in the nation. CHA's mission is to advance the health of individuals and communities by leading, representing, and serving hospitals and their related healthcare organizations that are accountable to the community and committed to health improvement.

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