



# 2020



## CONNECTICUT HOSPITALS TODAY

JANUARY 2020



CONNECTICUT  
HOSPITAL  
ASSOCIATION



## CONNECTICUT HOSPITALS AND HEALTH SYSTEMS: LEADING HEALTHCARE INTO THE FUTURE



### CONNECTICUT FAMILIES RELY ON HOSPITALS AND HEALTH SYSTEMS TO PROVIDE COMPASSIONATE, QUALITY CARE THAT EXCEEDS THEIR EXPECTATIONS.


They are committed to making sure patients experience empathetic and coordinated care – every visit. Doctors and nurses partner with patients and their families, building relationships that put the patient first, and ensuring that patients are satisfied and engaged in their healthcare.

From state-of-the-art facilities and technology, to competent, compassionate staff, Connecticut’s hospitals and health systems are building a healthier Connecticut by improving community health, managing chronic illness, expanding access to primary care, preparing for emergencies, and addressing social determinants of health.

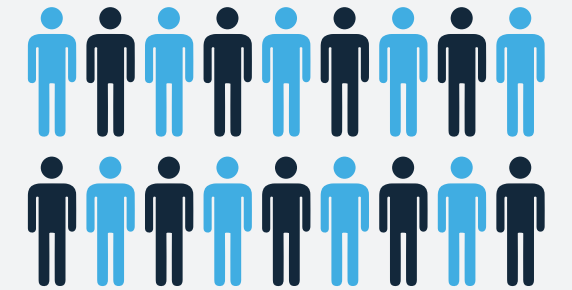
Vibrant hospitals and health systems require support and collaboration from government and many other sectors. *Connecticut Hospitals Today* addresses the key challenges facing Connecticut’s hospitals and health systems, highlights the contributions of hospitals to our quality of life and Connecticut’s economy, and summarizes the complex issue of hospital finance.



## EACH YEAR IN CONNECTICUT HOSPITALS:




**8.3 MILLION**  
Episodes of outpatient services  
provided to individuals



**2.3 MILLION**  
Persons served through community  
benefit programs and activities

**1.9 MILLION**  
Days of inpatient care provided  
for more than 390,000 admitted  
patients

**1.5 MILLION**  
Patients treated  
in emergency departments



**35,000**  
Babies welcomed  
into the world



## HOSPITALS AND HEALTH SYSTEMS: GOOD FOR YOUR HEALTH...

The heart of every Connecticut hospital and health system's mission is its commitment to provide the highest quality care to every patient. Connecticut hospitals and health systems are known nationally for driving culture change through high reliability safety practices and patient-centered care redesign. This work is saving lives and improving quality of care, but there is much more to be done.

Connecticut hospitals and health systems are focused on eliminating infections and errors that lead to patient harm. They are working individually and collaboratively in state and national programs, as well as with partners across the continuum of care, to improve quality.



## ... AND ESSENTIAL FOR A HEALTHY ECONOMY



Connecticut hospitals and health systems provide jobs to more than 106,000 people. And nearly every hospital job produces another job outside the hospital. In total, they generate more than 217,400 jobs in our state.

Connecticut hospitals and health systems help our state's economy grow strong. They generate \$28.9 billion for the state's economy and drive growth in the health, medical, and research fields, as well as in many other sectors.



## HOW CONNECTICUT HOSPITALS ARE PAID



Hospitals receive payment for their services through programs such as Medicare and Medicaid, through commercial health insurance, and from patients who self-pay. Hospitals provide care to all patients regardless of their ability to pay.

Connecticut hospitals provide critical, lifesaving care 24 hours a day to everyone who walks through their doors, whether they can afford that care or not. Hospitals receive in reimbursement approximately 70 percent of what it costs Medicaid to provide that care. More than one in five Connecticut residents are on Medicaid; low Medicaid reimbursement leaves them, and everyone else, with less access to care.

Medicare and Medicaid underpayments total more than \$1.6 billion. In 2018, Connecticut hospitals incurred \$816 million in Medicare losses, \$763 million in Medicaid losses, and spent nearly \$116 million on charity care.

The underfunding of Medicare and Medicaid forces commercial plans to pay more than the cost of care to cover the shortfall. That cost burden is shifted to everyone covered by commercial insurance, primarily employers and their employees, who pay more than their cost to cover the government shortfall.

**MEDICARE** is the federal health insurance program for: people who are 65 or older; certain younger people with disabilities; and people with End-Stage Renal Disease (permanent kidney failure requiring dialysis or a transplant, sometimes called ESRD).

**MEDICAID** provides health coverage to millions of Americans, including eligible low-income adults, children, pregnant women, elderly adults, and people with disabilities. Medicaid is administered by states, according to federal requirements. The program is funded jointly by states and the federal government.



## KEY ISSUES



### The Hospital Tax

At the end of 2019, Governor Ned Lamont, Attorney General William Tong, and the Connecticut Hospital Association (CHA) announced completion of a historic settlement agreement that resulted in a withdrawal of all pending legal claims that hospitals filed against the state challenging the hospital tax and all of the rate appeals brought by hospitals challenging Medicaid payments. The seven-year agreement represents a return of the hospital tax to its original purpose – a means to attract federal dollars to Connecticut without being a real net tax burden to hospitals. It is good for the state and good for hospitals, as it provides stability and predictability. The settlement eliminates \$1.6 billion over the next seven years in real net tax burden to hospitals and attracts \$4 billion in federal dollars for the general fund, while eliminating a \$4 billion potential liability for the state.

### Regulatory Environment

The system by which hospitals and certain other healthcare providers seek state approval to change aspects of their operations, control, or ownership – including integrations, mergers, and affiliations with other providers – known as the Certificate of Need (CON) process – has not kept pace with the transformation of healthcare since the passage of the Affordable Care Act. Hospitals need a CON process that treats Connecticut

hospitals fairly and on an equal basis with other providers, entities, and out-of-state specialty hospitals, and reduces the existing regulatory burden on hospitals.

### Behavioral Health

Each day, Connecticut hospitals treat children and adults in behavioral health crisis. Between 2015 and 2018, Connecticut hospitals experienced a 29 percent increase in patient visits with a behavioral health diagnosis.\* Increased demand for hospital-based services was driven in part by a lack of community-based and other clinical resources to meet the needs of patients before and after a hospital visit. Limited public funding for behavioral health services and substance abuse prevention and treatment programs, high numbers of individuals suffering from opioid and alcohol addiction, and growing shortages of psychiatrists, child and adolescent psychologists, and addiction medicine clinicians to treat these patients are among the other factors driving increased demand for emergency medical and hospital-based behavioral health services.

*\*Data Source: FY 2018 ChimeData*

### Worker Safety

Ensuring worker safety is a top priority of Connecticut hospitals and health systems. They have been collaborating through CHA since 2016 on the *Safer Hospitals Initiative*. The Initiative's goals are to promote worker satisfaction through statewide adoption of successful interventions for a safe and supportive workplace. Using high reliability principles and practices, hospitals and health systems are focused on driving worker safety and workplace violence events to zero; using hospital-specific reporting to identify trends and target improvement; driving improvement through peer learning and best practice education; and implementing peer support programs for healthcare workers who experience on-the-job trauma.

## Social Determinants of Health

Connecticut hospitals and health systems are leading the nation to transform care delivery with a statewide Social Determinants of Health Collaborative, as part of CHA's role coordinating collaboration among providers and community-based organizations to address social determinants of health and reduce disparities that lead to poor clinical outcomes. A statewide system has been implemented with a closed-loop technology platform to screen and refer patients to needed services such as housing, food, and transportation – ensuring the integration of social determinants data with healthcare data. This robust, collaborative, and holistic approach ensures continuity once patients leave the clinical setting, through real-time connections with trusted, accountable community partners who share a vision for a healthy future.

## Costs/Transparency

Connecticut hospitals and health systems are committed to reducing costs and making sure healthcare is affordable and accessible to everyone. Hospitals and health systems strive to offer clear and meaningful pricing information, to assist patients in making informed choices about healthcare. Hospitals offer many resources for patients to assist in the bill payment process and encourage patients to discuss the costs of their services with their provider or insurance company.



- Partner with hospitals to develop new opportunities that benefit patients, communities, hospitals, and the state
- Match available resources to evolving behavioral health needs across the continuum of care (e.g., restore residential levels of care for children and adolescents, and establish an adequate supply of long- and intermediate-term beds)
- Implement integrated service delivery models including medical, psychiatric, social, and residential needs by funding recovery coaches, patient advocates for community care teams, and intensive case managers
- Align state healthcare policy with evidence-based outcomes to ensure effective public and community health
- Protect access to patient care in light of potential changes to healthcare on the national level
- Support a Certificate of Need (CON) process that treats hospitals fairly and on an equal basis with other providers and other entities
- Do not pass legislation that imposes additional regulatory burdens on hospitals
- Support care delivery models that are integrated, focused on optimal patient outcomes, and appropriately financed
- Support measures that address social determinants of health

**Note:** The hospital health system economic analysis found on page 4 is based on the statewide multipliers from the Regional Input-Output Modeling System (RIMS II), developed by the Bureau of Economic Analysis of the U.S. Department of Commerce. It uses data from the hospital health system FY2018 audited financial statements. RIMS II provides an accounting of "inputs" purchased and "outputs" sold by an industry in the state. The spending of one industry will have several rounds of ripple influence throughout the state economy – this is known as the multiplier effect. RIMS II regional multipliers measure both the direct and indirect impact on the state economy from a specific industry. The number of jobs is based on individuals employed by the hospital health systems, as recorded through IRS Form W-3. Hospital services data are from ChimeData FY2019 and Office of Health Strategy, Health Systems Planning Unit FY2018.

## About the Connecticut Hospital Association

The Connecticut Hospital Association has been dedicated to serving Connecticut's hospitals and health systems since 1919. Through state and federal advocacy, CHA represents the interests of Connecticut's hospitals on key healthcare issues in the areas of quality and patient safety, access and coverage, workforce, community health, health equity, and hospital reimbursement.

## For more information, please contact:



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