

FEBRUARY 2022



CONNECTICUT HOSPITALS TODAY



HOSPITALS CONTINUE THE FIGHT AGAINST COVID-19

Hospitals and the residents of Connecticut began 2021 with renewed hope as vaccines proved highly effective in protecting against COVID-19. Since the pandemic began in 2020 we have learned a lot about how to treat COVID-19 patients with newly developed monoclonal antibodies and antivirals. We now know much more about the vast list of complications, the multiple body systems affected, and the long-term effects of COVID-19 infection in so many patients.

Hospitals stepped up to assist in the vaccination of Connecticut's residents. Hospitals worked alongside community health centers, health departments, and local pharmacies to bring life to a vaccine distribution plan that relied on hospitals and health systems as its backbone—first healthcare workers, residents of nursing homes, and those with high-risk conditions, and then cohorts by descending age. Hospitals also coordinated with community partners to address vaccination access and confidence in historically

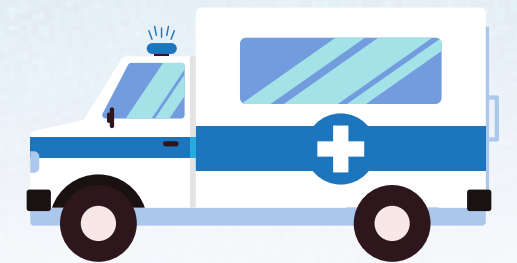
under-resourced communities disproportionately affected by the virus. By May of 2021, half of all adults in Connecticut had been vaccinated. By year's end, more than 70% of Connecticut residents were fully vaccinated.

At the same time, hospitals were caring for a spring surge, then a fall surge of COVID-19 patients infected with the delta variant of the virus, and then a massive winter surge of patients with the omicron variant. All the while, hospitals were still meeting the needs of patients with traumatic injuries, heart attacks, cancer and other conditions that urgently need treatment. Hospitals and physician practices—worrying that conditions that, ideally, should be caught and treated early would be missed—have spent the year encouraging healthy patients who have opted to skip well-care visits and screening exams to catch up with their routine healthcare visits.

CONNECTICUT HOSPITALS AND HEALTH SYSTEMS:



Provide **7.4 million** episodes of outpatient services* to individuals.

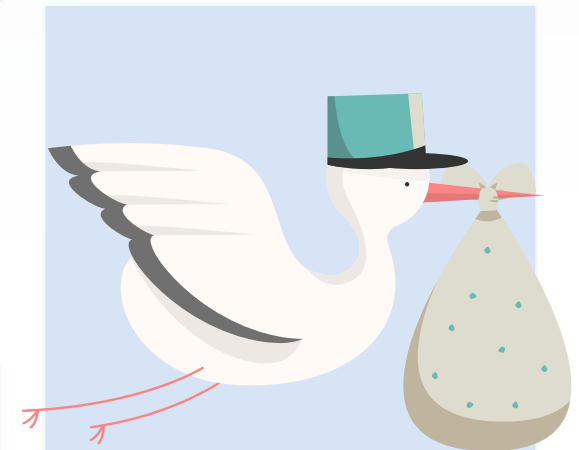


Treat nearly **1.1 million** patients in their emergency departments.

Serve **2.1 million** persons through community benefit programs and activities.



Provide care for nearly **337,000** admitted patients, accounting for over **1.9 million** days of inpatient care.



Welcome nearly **35,000** babies into the world.

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

Hospital services data are from ChimeData FY 2021 and the Office of Health Strategy, Health Systems Planning Unit FY 2021.

A MISSION OF SERVICE

More and more the role of hospitals in our communities spans the variables of the human condition. Of course, we are there when people are acutely sick.

We are also key leaders in community preparedness and disaster response.

In addition, hospitals are focused on “population health,” the education and support of people living with or at high risk for chronic diseases. Chronic diseases—like diabetes, congestive heart failure, and chronic obstructive pulmonary disease—and their complications make up a significant portion of the illnesses in a community, and education and active disease management can control their negative impact.

Increasingly, hospitals are becoming focused on factors that drive poor health and the profound inequities that predominate in low income communities and many communities of color—factors like unemployment, food insecurity, and unstable housing. Cross-sector efforts that look at these and other social influencers of health are growing as we develop innovative ways to address the systemic factors that enable health and wellness throughout Connecticut’s diverse communities.



...WITH A LOCAL FOCUS



Hospitals are important institutions in our communities—significant employers, purchasers, and engines of local commerce that are not likely to move away. Strong hospitals stimulate local opportunities for economic growth and prosperity.

OF NOTE

Connecticut hospitals are economic drivers in our communities, collectively contributing directly and indirectly to more than 222,000 jobs in our state and a total economic impact of approximately \$32.7 billion. In addition, hospitals contribute to community well-being in other ways, by providing uncompensated, subsidized, and free health services, contributing to research, and supporting community health improvement and community building activities. In 2020, the value of these types of community contributions was approximately \$2.5 billion statewide.



HOW HOSPITALS ARE PAID

Hospitals receive payment for patient services from government insurance programs like Medicare and Medicaid, from commercial insurance companies, and from patients who pay for services themselves.

Medicare is the federal health insurance plan for people who are 65 or older, certain younger people with disabilities, and people with End Stage Renal Disease (kidney failure that requires dialysis or a kidney transplant).

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.

The hospital payment system in the U.S. is complex. Hospitals provide critical and life-saving care, 24 hours a day, to anyone who walks through the doors, regardless of their ability

to pay. Medical care for those who do not pay—called charity care/bad debt—cost Connecticut hospitals about \$231.5 million in 2020. Hospitals receive reimbursements from government payers for only about 75% of what it costs to provide the care to those patients. This underpayment for services amounted to nearly \$2 billion in 2020. In fiscal year 2020, Connecticut hospitals incurred \$1.1 billion in Medicare losses, and \$909.7 million in Medicaid losses.

Note: The hospital health system economic analysis found on page 4 is based on 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 FY 2020 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 a state’s 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 total number of jobs is based on individuals employed by Connecticut’s hospitals and health systems, as recorded through IRS Form W-3.

KEY ISSUES:

Behavioral Health

The COVID-19 pandemic has contributed to a rise in the prevalence of mental health and substance misuse conditions, which has exacerbated the pre-existing care crisis in Connecticut among those living with behavioral health issues. In the fall of 2021, CHA convened an incident command structure response with hospitals to address demand for pediatric and adult behavioral health services at hospital emergency departments and for psychiatric inpatient beds. Yet hospitals are only a part of the solution, which must include expanded mobile crisis services and family respite care, as well as outpatient and partial hospitalization services, school-based and home-based care for both children and adults suffering from behavioral health issues.

Workforce Development, Recruitment and Retention

Hospitals across the country are struggling to retain doctors, nurses, and others on the care team in the wake of pandemic-related demands, and as the workforce ages and retires. Workers are tired after nearly two years on the COVID-19 battle lines. Hospitals are creating new ways to keep their employees resilient, encouraging personal time off, supporting team dialog around challenges and stress, and focusing on appreciation. The costs of providing services increases as wages for these jobs rise. At the same time, educational institutions don't have the space and teachers to accommodate the need for growth. This is a key area of focus among hospitals working together to keep our healthcare system strong.

Hospital Settlement

While most hospitals in Connecticut are not-for-profit and tax exempt, they are one of the largest sources of tax revenue for the state of Connecticut. In 2019, Governor Ned Lamont and the hospitals announced a historic settlement of a longstanding dispute around the hospital tax. In accordance with that settlement, hospitals received the second year of tax burden reduction in 2021, while providing more than \$583 million in revenue gain for the state. The settlement covers seven years, through 2026, reduces the tax burden on hospitals, and preserves revenue gains for the state in each year.

Social Influencers of Health

Increasingly, hospitals are joining with community partners to identify and develop solutions for social conditions that are the precursors to poor health, negative healthcare outcomes, and associated health disparities. Poor nutrition, air quality, living conditions, and lack of economic stability and mobility contribute to chronic disease and increased need for medical care. The generational wealth gap, particularly among communities of color, has contributed to health inequities that have become starkly visible during the pandemic, creating a renewed focus on solutions that will afford meaningful opportunities for these communities to prosper.

Regulatory Environment

As the healthcare landscape continues to shift, hospitals are making changes, increasing access to services, partnering with others to improve the health and health equity in our communities, and growing to meet the evolving demands of the communities we serve. Connecticut's process for regulating service delivery changes—called the Certificate of Need (CON) process—has not kept pace with the transformation in healthcare. Hospitals will pursue changes in the process that level the playing field for all healthcare providers and entities, and reduce the regulatory burden on hospitals.

Costs/Transparency

Connecticut hospitals and health systems are committed to reducing costs and making sure healthcare is affordable and accessible to everyone. Hospitals have been and continue to be supportive of the Healthcare Cost Growth Benchmark—when properly implemented, it can be a tool in measuring and controlling healthcare spending across the healthcare delivery system. Patients need information about their healthcare in order to make informed choices and to know what to expect. Hospitals strive to offer clear and meaningful pricing information and work directly with patients to avoid unanticipated patient costs. Patients have many resources available to assist in the bill payment process and hospitals encourage patients to discuss the costs of their services with their provider or insurance company.

CONNECTICUT HOSPITAL ASSOCIATION ADVOCACY PRIORITIES

PUTTING PATIENTS AND COMMUNITIES FIRST

RESPOND TO AND RECOVER FROM COVID-19

SUPPORT AND GROW THE HEALTHCARE WORKFORCE

IMPROVE THE HEALTH OF OUR COMMUNITIES

ENSURE THE VIABILITY OF THE HEALTHCARE SYSTEM



Ensure hospitals have the financial strength and regulatory flexibility to respond to and recover from the COVID-19 pandemic, while meeting the current and future health needs of Connecticut residents



Focus on retaining and growing a skilled, diverse, resilient workforce to meet the patient needs of today and tomorrow



Partner with others to improve community health, advance health equity, stabilize and strengthen our behavioral health system, promote public health infrastructure, and focus on quality to improve health outcomes



Expand affordable coverage and access to care, ensure a sustainable payment system, and eliminate inefficient, burdensome payer practices that harm patients and delay care

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.

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