



# Hospital 101



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# Caring in Connecticut

Connecticut hospitals treat everyone who comes through their doors 24 hours a day, regardless of ability to pay. In 2013, they provided nearly \$218 million in free services for those who could not afford to pay.

Connecticut's hospitals are caring, mission-driven organizations, offering the latest medical technology, ensuring quality care and patient safety, maintaining and upgrading extensive facilities, and meeting the dynamic and evolving healthcare requirements of today's patients.

Connecticut hospitals are nationally recognized for their relentless focus on patient safety, as well as for their dedication to eliminating disparities and improving health equity.

In today's new healthcare landscape, Connecticut hospitals are finding innovative solutions to integrate and coordinate care to better serve patients and communities. They are making thoughtful and measured decisions to improve patient care, quality, and access, and ensure patients receive the right care at the right

time, in the right setting, and in the right way.

They are playing a bigger role than ever in our state's emergency preparedness and response. As part of comprehensive community disaster plans, training drills, and surveillance systems, Connecticut hospitals are prepared not only to care for the ill and injured, but to provide shelter and help coordinate recovery. It is this level of constant readiness and responsiveness that defines hospitals as a hub of safety and security for people in every community in Connecticut.

This brief overview highlights the many contributions of Connecticut hospitals, examines the key challenges facing Connecticut hospitals, and offers a primer on hospital finance.



## Each year, Connecticut hospitals:



Provide **7.8 million** episodes of outpatient services\* to individuals.



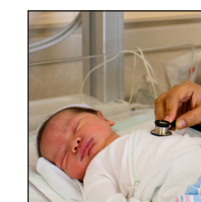
Serve **2.6 million** persons through community benefit programs and activities.



Treat more than **1.6 million patients** in their emergency departments.



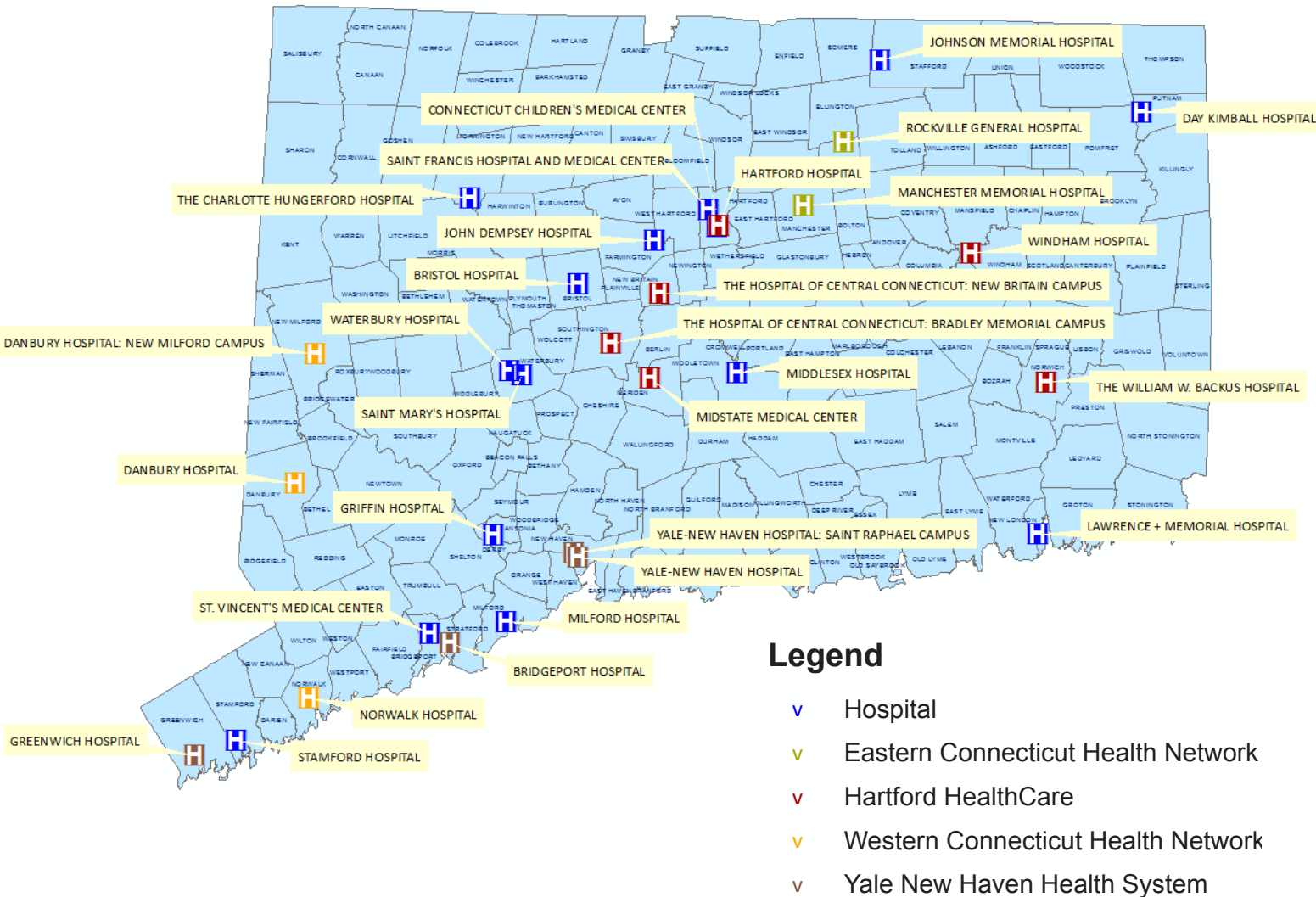
Provide care for approximately **409,000** patients admitted to their facilities, accounting for **more than 2 million days of inpatient care.**



Welcome more than **35,000** babies into the world.

\* 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.

# Touching Lives in Many Ways



## Hospitals: Good for Your Health and Essential for a Healthy Economy

Connecticut hospitals serve as the economic lifeblood of our communities, providing enormous benefits that drive growth in the health and medical fields as well as numerous other industries.

Connecticut hospitals provide great jobs to more than 55,000 people who make sure we have access to the very best care whenever we need it, and hospitals are often the largest employers in our communities. They spend billions

**\$21.9 billion**  
Total Economic Contribution by Connecticut's Hospitals in 2013

of dollars each year on staff salaries and the purchase of medical supplies and food, as well as facility construction.

These dollars have a "ripple effect" as they move through the larger economy, gen-

erating additional jobs and spending in communities throughout the state.

In total, Connecticut hospitals contribute \$21.9 billion to the state and local economies, generate more than 110,000 jobs in our communities, and serve as a magnet for other business and commerce.

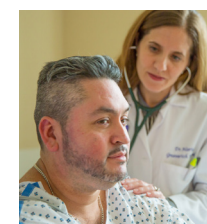
## Community Benefit by the Numbers

In 2013, Connecticut's hospitals benefitted their communities in many ways.

<b>\$1.2 billion</b>	Unpaid government-sponsored healthcare
<b>\$217.7 million</b>	Uncompensated care: Charity care/bad debt to provide services for those who cannot pay
<b>\$57.2 million</b>	Community services to improve the health of the community
<b>\$29.3 million</b>	Research and other programs to advance healthcare for patients and the community
<b>\$12.4 million</b>	Donations to help support community organizations
<b>\$7.3 million</b>	Community building to create stronger, healthier communities
<b>\$3.9 million</b>	Subsidized health services* to provide care needed by the community

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

**\$1.5 billion** Total community benefit provided by Connecticut Hospitals in 2013



Connecticut hospitals provide outreach and support services for cancer, diabetes, asthma, and other chronic conditions, financial assistance to the uninsured, mobile vans and clinics delivering primary, preventive, and mental health care, healthy lifestyle education programs, services for the homeless, clinics for migrant farm workers, crisis intervention services, and many other programs targeted to meet specific community needs.



## Quality of Care and Patient Safety

Connecticut hospitals have always been dedicated to providing the best quality care to patients. They are achieving quality objectives and making care more effective, and participating in programs to improve outcomes and share data.

Connecticut hospitals launched the first statewide initiative in the country to become high reliability organizations, creating cultures with a relentless focus on safety with the goal to eliminate all preventable harm. More than 10,000 people in hospitals across the state have been trained in high reliability and, in 2014, Connecticut hospitals were recognized nationally for this pioneering, lifesaving work with the Dick Davidson Quality Milestone Award.

### Ensuring Integrated, Equitable Care

In the fourth year of the CHA Diversity Collaborative, more than 150 people from 28 hospitals are working together to implement improvement strategies and interventions, share best practices, collect data, and use metrics to track performance and progress. The CHA Diversity Collaborative is a multi-year, statewide endeavor to increase leadership diversity, improve cultural competence in the delivery of care, and eliminate health disparities.

### A Focus on Mental Health

Because of a lack of resources in the behavioral health system, patients don't always receive the appropriate care in the appropriate setting at the appropriate time. Connecticut hospitals are pursuing initiatives to improve behavioral health-care for children and adults.

## Hospital Funding

### How Hospitals are Paid

Hospitals receive payment from many sources including the federal and state governments through programs such as Medicare and Medicaid, as well as commercial health insurance plans.

In 2013, Medicare reimbursed 85% of the cost of treating patients in Connecticut hospitals; Medicaid reimbursed an average of 69% of the cost of care (there have been no adjustments to improve Medicaid reimbursement in six years). As a result, in 2013, Connecticut hospitals incurred \$573 million in Medicare losses, \$588 million in Medicaid losses, and spent \$218 million on charity care. Adding to that cost to Connecticut hospitals is the \$254 million per year hospital tax.

### The Hospital Tax

In 2010, Connecticut balanced the state budget by imposing a hospital tax that was not supposed to hurt hospitals or patient care. The state taxed hospitals, returned that money to hospitals, and received a 50% federal match on the payment the state made to hospitals. The state was able to balance the budget, and hospitals in the aggregate were whole. Now, however, the state budget continues taxing hospitals \$350 million per year, but returns only \$96 million.

The hospital tax costs hospitals \$254 million each year and means providing care with even fewer resources, affecting access and services for all patients. At a time when hospitals are trying to reduce the cost of care, this tax adds \$123 per year to the cost of care for people with commercial insurance. Hospitals are advocating for a five-year phase out of the tax.

The underfunding of Medicare and Medicaid programs forces commercial insurance 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 wind up paying 50% more than their cost to cover the government shortfall.

### Impact of Healthcare Reform

Connecticut hospitals are undergoing a transformation due to the Patient Protection and Affordable Care Act (ACA), which is being funded in large part by hospitals through cuts to Medicare payments previously intended to help them cover the cost of providing care for the uninsured.

When every Connecticut resident eligible for health insurance has it, Connecticut hospitals will have lost \$4 in Medicare funding for every dollar of additional coverage. The reason for the shortfall is that, nationally, all hospitals will contribute to fund the expansion of coverage, but funds are returned to the states with the largest population of uninsured. Overall, Connecticut had fewer uninsured patients due to long standing, generous Medicaid eligibility standards.

**CONNECTICUT is experiencing four dollars in cuts for every dollar of additional coverage under the ACA; over the next decade, the Medicare cut to hospitals in Connecticut to pay for expanded coverage is approximately \$2.1 billion.**

### Payment for Value

Connecticut hospitals have always focused on providing excellent quality care, and changes in how hospitals are reimbursed due to healthcare reform reflect this focus, providing new challenges and opportunities to improve patients' lives. Hospitals are being measured on improving quality and safety. Payments are adjusted for multiple factors including how hospitals decrease preventable complications, prevent readmissions, improve the patient experience, and make care more effective.

## Today's Rapidly Changing Healthcare Environment

### Need for Flexibility

In this new healthcare landscape, Connecticut hospitals are finding innovative solutions to integrate and coordinate care to better serve patients and communities. Their thoughtful and measured decisions are intended to improve patient care, quality, and access, and ensure patients receive the right care at the right time, in the right setting, and in the right way. Hospitals need flexibility to care for people effectively, and in the manner most appropriate for them.

### Access to Care

Connecticut hospitals support initiatives to improve access to health insurance coverage for Connecticut residents and reduce the number of uninsured.

Hospital emergency departments (EDs) are often the only place to obtain care for individuals without health insurance, for those who are covered by Medicaid but cannot find a physician to serve their primary needs, or for those with mental health issues.

People with Medicaid coverage are 5.5 times more likely than patients with commercial coverage to rely on the ED for non-emergent or preventable care. This also has led to overcrowding in Connecticut hospital emergency departments.

### 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 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 healthcare providers across the continuum of care that are accountable to the community and committed to health improvement.

### For more information, please contact:



**Jim Iacobellis**, Senior Vice President, Government Relations and Regulatory Affairs  
(203) 294-7310 | [iacobellis@chime.org](mailto:iacobellis@chime.org)



**Karen Buckley-Bates**, Director, Government Relations  
(203) 294-7259 | [buckleybates@chime.org](mailto:buckleybates@chime.org)



**Brian Cournoyer**, Director, Government Relations  
(203) 294-7295 | [cournoyer@chime.org](mailto:cournoyer@chime.org)