

2025

CONNECTICUT HOSPITALS TODAY



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CARING FOR CONNECTICUT

Connecticut hospitals are there when we need them, providing high-quality care for everyone who walks through their doors, regardless of their ability to pay.

The value of hospitals transcends the essential medical and surgical care they provide within their four walls. They are dynamic, complex organizations working to build a healthier Connecticut — bolstering the state's healthcare system, communities, and economy.

Hospitals and health systems enhance quality of life in Connecticut. They are building innovative, integrated care delivery networks with physicians, services, and technology to ensure patients receive high-quality, coordinated, cost-effective, person-centered care. They are investing in improving the health of their communities and addressing social drivers of health to advance health equity for all Connecticut residents.

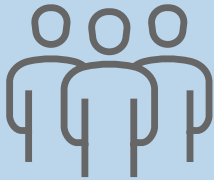
As leaders in community preparedness and disaster response, they are always ready for any potential emergency — whether it be a severe weather event, supply shortage, or global pandemic.

Today, Connecticut hospitals are providing world-class care to patients, supporting an exemplary workforce, and investing in their communities, all while managing significant financial hardship as the cost of drugs, supplies, and labor continue to climb.

This brief overview highlights the many indispensable contributions of hospitals, examines the key challenges they face, and offers a primer on hospital finance and the fiscal condition of Connecticut hospitals today.



CONNECTICUT HOSPITALS AND HEALTH SYSTEMS BY THE NUMBERS



345,700

Admitted patients
received care



1.97 million

Days of
inpatient care



1.5 million

Patients treated in
emergency departments



35,500

Babies welcomed
into the world



9.5 million

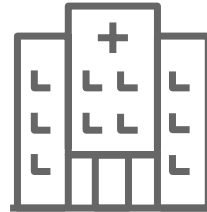
Episodes of outpatient
services provided

Hospital services data are from ChimeData FY 2023.

Outpatient data reported by the Office of Health Strategy based on fiscal year (FY) 2023 data. Outpatient services include diagnostic procedures (such as colonoscopies); ambulatory surgeries (such as gallbladder procedures); diagnostic imaging (MRIs, PET, and CT scans); clinic visits; and COVID-19 testing and vaccinations.



A MISSION OF SERVICE ...



The role of hospitals is progressing beyond treating individuals when they are sick to addressing the structural factors that shape an individual's health. Hospitals are investing in community health and preventive care, working to keep people healthy while tackling chronic diseases and their complications — like diabetes, congestive heart failure, and chronic obstructive pulmonary disease. Hospitals are engaging in cross-sector collaborations to eradicate profound inequities that predominate in low-income communities and many communities of color. Addressing social drivers of health, like stable employment, housing security, and access to nutritious food, fosters healthier families.



Hospitals provide life-saving care **24 hours a day, seven days a week** to anyone who walks through the doors, regardless of their ability to pay. In FY 2023, medical care for those who cannot pay — including charity care and bad debt — cost Connecticut hospitals about **\$270.9 million.**



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... WITH A LOCAL FOCUS

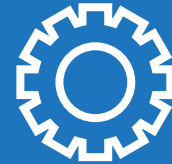


Connecticut hospitals are pillars of every community. They develop and implement innovative initiatives that connect individuals and families throughout the state with vital resources and services. As major employers and purchasers, they are reliable, sustaining engines of local commerce, creating hundreds of thousands of jobs and purchasing billions in local goods and services — dollars that stay in state. Strong local hospitals promote community well-being and stimulate economic prosperity.



Note: The hospital and health system economic analysis 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 each hospital and health system's FY 2023 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 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.

FAST FACTS



259,877 jobs
created directly and indirectly



**\$3.5 billion in
community
investments**

contributed, including subsidized health services, research programs, health professions education, donations, and more



**\$41.1 billion in
economic impact**
generated across the state

* Numbers based on FY 2023 data

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 (in part or in full) 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 is the jointly-funded federal and state program that provides health coverage to eligible low-income adults, children, pregnant women, elderly adults, and people with disabilities. Medicaid is administered by states, according to federal requirements.

DID YOU KNOW?

Hospitals receive reimbursement from Medicaid for **ONLY 62%** and from Medicare for **ONLY 74%** of what it costs to provide the care to those patients.*

In FY 2023, this **underpayment** for services amounted to over **\$2.8 billion.**

In FY 2023, Connecticut hospitals incurred **\$1.43 billion** in Medicaid losses and **\$1.38 billion** in Medicare losses.

* Source: OHS Annual Report on the Financial Status of Connecticut's Short Term Acute Care Hospitals for FY 2022, released September 2023

KEY ISSUES

Workforce Development, Recruitment, and Retention

Like most of the nation, Connecticut is experiencing a critical healthcare workforce shortage. We must take action to both retain the talent we have and grow the workforce for the future. Workforce shortages, precipitated by pandemic-related demands and an aging workforce, are felt across the entire continuum of care. The breadth of need requires collaboration across sectors, industries, and government. Hospitals are implementing ways to keep their employees healthy and resilient — supporting team dialogue around challenges and stress, offering education and career development opportunities, focusing on appreciation, and advancing ongoing efforts to maintain safe environments for staff, visitors, and patients alike. Hospitals have invested substantial resources to support patient care and the workforce as labor costs continue to rise, exacerbating financial pressures throughout healthcare. State and federal support can enhance hospital initiatives that bolster recruitment and retention and help manage these growing labor-related expenses.

Financial Challenges

Connecticut hospitals continue to face significant economic headwinds that threaten their financial health and sustainability. The mounting costs of drugs, medical supplies, and labor are straining hospitals. And, critically, Connecticut hospitals are spending more to provide care than they are receiving in payments. From 2022 to 2023, operating expenses grew by \$1 billion, outpacing neighboring regions. At the same time hospitals are navigating workforce shortages and caring for patients with more severe health needs than they saw before the pandemic, they are spending more on uncompensated care attributed to insufficient Medicaid and Medicare reimbursements. Medicare reimbursements in the state averaged only 74 cents on the dollar and Medicaid reimbursed even less — only 62 cents on the dollar — in FY 2022, according to the Connecticut Office of Health Strategy (OHS). Hospitals are also grappling with commercial insurers and Medicare Advantage payers delaying, withholding, or denying payment for necessary services or imposing needless and costly administrative requirements. Policy proposals that would cut payments to hospitals or impose greater regulatory burdens will only worsen these challenges and hinder efforts to make healthcare more affordable and accessible.

Regulatory Environment Impeding Care

Hospitals are constantly evolving to meet patient demand for timely services in optimal settings. Connecticut's process for regulating healthcare delivery changes — called the Certificate of Need (CON) process — has not kept pace with the transformation in healthcare. Excessive administrative burden, decision delays, and bureaucratic procedures in the current CON process create barriers to healthcare access and affordability and hamper jobs development and economic growth. Hospitals are advocating for system reforms that put patients first, improve access to high-quality healthcare, and bolster the state's economy.

Hospital Settlement

Historically, federal and state governments have treated hospitals as tax exempt entities, recognizing the vital role they play in strengthening the health and well-being of the communities they serve. While most hospitals in Connecticut are not-for-profit and exempt from corporate, sales and use, and property taxes, they are one of the state's largest providers of tax revenue. In 2019, Governor Ned Lamont and Connecticut hospitals announced a historic settlement of a longstanding dispute over the hospital tax. The settlement covers seven years, through 2026, gradually reducing the tax burden on hospitals, while preserving revenue gains for the state. In accordance with the settlement, hospitals received the fourth year of tax burden reduction in 2023, while providing more than \$570 million in revenue gain for the state.

Community Health and Equity

Hospitals are partnering with communities to drive regional transformative change in community health, care delivery, and health equity. Poor nutrition, air quality, and living conditions as well as issues such as diaper insecurity and economic instability contribute to chronic disease and increased need for medical care. Connecticut has among the nation's greatest disparities in wealth, particularly in economically marginalized communities, which are often disproportionately communities of color. These wealth disparities contribute to longstanding health inequities that became starkly visible during the pandemic. Hospitals have renewed their commitment to identifying solutions that promote prosperity in all communities. To further these efforts, Connecticut hospitals through CHA are advocating for critical Medicaid reforms, including the implementation of a new framework focused on strengthening collaboration between hospitals and their communities to address root cause drivers of health.

KEY ISSUES

Behavioral Health

Augmenting the availability of behavioral health services, both in the hospital and community, must be prioritized. The pandemic exposed and aggravated deficiencies in Connecticut's behavioral health system. Rising numbers of people experiencing mental health and substance use issues due to isolation, delays in care, and fear, compounded by chronic staffing shortages, have stressed the state's healthcare system even further. The crisis is evident in hospital emergency departments (EDs), which are often the only option for people who cannot access care in more appropriate settings. The state can take important steps to enhance access to timely acute and preventive care, such as establishing Medicaid rate structures for initiatives like children's behavioral health urgent care centers, making emergency mobile psychiatric services available statewide during high-demand times, expanding community-based and school-based services to all areas of the state, and instituting Medicaid reimbursement for care coordination initiatives, including but not limited to collaborative care model (COCM) services and community care teams (CCTs).

Affordability and Price Transparency

Connecticut hospitals and health systems are dedicated to making healthcare affordable and accessible to everyone. Hospitals have been active participants in the implementation of the Healthcare Cost Growth Benchmark. If properly utilized, it can be a tool in measuring and controlling spending across the healthcare delivery system. However, its implementation must be based on sound and accurate data and examine the entire healthcare spending landscape, including chronic underpayment by the state Medicaid program. Hospitals strive to offer clear and meaningful pricing information to help patients make informed decisions — meeting and exceeding federal pricing transparency requirements — and work directly with patients to avoid unanticipated costs. Connecticut also leads the nation in financial assistance programs and protections against medical debt. Local hospitals actively advise patients on their policies, including by ensuring they know help is available for underinsured individuals facing astronomical deductibles. They also connect uninsured patients to coverage and advocate for policies to prevent medical debt in the first place.

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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