



**TESTIMONY OF
CONNECTICUT HOSPITAL ASSOCIATION
SUBMITTED TO THE
COMMISSION ON ENHANCING AGENCY OUTCOMES
Monday, December 14, 2009**

The Connecticut Hospital Association (CHA) appreciates the opportunity to submit testimony before the Commission on Enhancing Agency Outcomes in support of two recommendations listed in your preliminary areas of focus.

Connecticut's hospitals are among the finest in the nation. Access to the most skilled professionals and latest technology is expected by patients in our state, and Connecticut hospitals deliver. Providing care to all who need it, regardless of ability to pay, 24 hours per day, seven days per week year-round, hospitals are integral to the quality of life and health in our communities. Hospitals are among the largest employers in the state, supporting over 97,000 jobs and generating nearly \$13 billion in annual economic activity. In more ways than one, the health of our communities is inextricably linked to the health of the local hospital. Like state government, hospitals have felt the full force of the current economic crisis and have been working to ensure that access to quality care is not impacted during these difficult times.

First, CHA supports item 25, which calls for the Department of Social Services (DSS) to pursue a Section 1115 Medicaid waiver for the State-Administered General Assistance (SAGA) population.

As noted in the Commission's initial list of proposed areas of focus, pursuing the Section 1115 Medicaid waiver for the SAGA program, as required by Section 17b-192(g) of the Connecticut General Statutes, is critically important to the state, as well as to the economic well being of healthcare providers. While the federal government pays for half the expenses of the state's Medicaid program, the state pays the majority of the cost of SAGA. Shifting the SAGA population to Medicaid through the waiver or state plan amendment process would permit Connecticut to match all SAGA expenditures, saving the state approximately \$38.6 million per year, while hospitals and other providers would get the benefit of \$91 million in increased SAGA funding.

The General Assembly has, on three occasions, recognized the importance of seeking an 1115 waiver for the SAGA program. Section 17b-192(g) was passed originally in 2003, was reaffirmed in 2007, and was included in the FY 2010-2011 state budget. The laws passed in 2003 and 2007 required the Commissioner of the Department of Social Services to submit a waiver application to the federal government by March 1, 2004 and January 1, 2008, respectively. The most recent revision calls for the waiver application to be submitted by January 1, 2010.

The failure to file a waiver application during the past six years has resulted in the following: Connecticut passed up \$231.6 million in federal funding; hospitals missed out on \$433.2 million in SAGA funding and \$180 million in Medicare funding; and Community Health Centers and other SAGA providers missed out on \$114 million in SAGA funding. Before us is an economic opportunity we cannot afford to squander; each day we delay implementing this waiver, the state fails to maximize available federal revenue.

Second, CHA supports item 28, which calls on the state to pursue the creation of a statewide, interoperable electronic health records (EHR) system.

The federal government, through the American Recovery and Reinvestment Act (ARRA), has created two unprecedented opportunities to help healthcare providers make the transition to EHR. ***Both opportunities require state government intervention to access federal funds:***

1. Section 3014 of the ARRA authorizes competitive grants to states for the development of EHR loan programs to facilitate the widespread adoption of certified EHR technology. Key benefits of the program include a **5-to-1 match** on state funds invested, a loan repayment period of up to 10 years, and the ability to purchase or enhance the utilization of EHR technology. This may include upgrading EHR technology, training personnel in the use of EHR technology, or improving the secure exchange of health information. ***To date, 23 hospitals have indicated interest in this loan program and have identified \$250 million in projects that need to be undertaken to transition to EHR.***
2. Section 4201 of the ARRA provides state Medicaid incentive payments to encourage the adoption and use of EHR and may provide approximately \$43 million for Connecticut hospitals. The special Medicaid provider health information technology funding available to states through section 4201 is reimbursed 100 percent to the state by the federal government and available to hospitals with at least 10 percent Medicaid patient volume. Eligible hospitals must demonstrate engagement in efforts to adopt, implement, or upgrade certified EHR technology. States taking advantage of this special Medicaid funding can begin providing incentive payments by 2011, and can distribute the funds in three years.

Both of these programs will provide much needed funding to Connecticut hospitals for critical EHR projects, but the unprecedented benefit to providers will occur only if the state initiates the programs with the federal government.

CHA requests that:

- The state budget approximately \$50 million for the establishment of an EHR loan program, matched by federal funding at a rate of 5-to-1.
- The state appropriate approximately \$25 million in the FY 2011 budget for the Medicaid incentive payment program, all of which is 100 percent reimbursable by the federal government.
- The state begin making payouts through the Medicaid incentive fund in 2011 and complete the payments by 2013.

CHA respectfully urges the Commission to include the SAGA waiver and EHR initiatives in its initial and final reports, due to the Governor, the Speaker of the House of Representatives, and the President Pro Tempore of the Senate on February 1, 2010 and December 31, 2010, respectively.

Thank you for considering our requests.