



Testimony Regarding H.B. 5449: An Act Concerning Certificates of Need and S.B. 416: An Act Promoting Competition in Contracts between Health Carriers and Health Care Providers

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Insurance and Real Estate Committee

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Dear Senator Lesser, Representative Wood, and esteemed members of the Insurance and Real Estate Committee,

Thank you for the opportunity to submit testimony regarding H.B. 5449: An Act Concerning Certificates of Need and S.B. 416: An Act Promoting Competition in Contracts between Health Carriers and Health Care Providers on behalf of Health Equity Solutions. Health Equity Solutions (HES) is a nonprofit organization with a statewide focus on promoting policies, programs, and practices that result in equitable health care access, delivery, and outcomes for all people in Connecticut. Our vision is for every Connecticut resident to attain optimal health regardless of race, ethnicity, or socioeconomic status.

People who live in lower income households and Black, Latino/a, and other people of color in our state are more likely to experience medical debt and forgo treatments and prescriptions due to the cost of care.^{1,2} These disproportionate burdens are the result, in large part, of having less accumulated wealth, experiencing higher rates of uninsurance, and other consequences of systemic racism.³

Hospital mergers are known to drive up prices.⁴ For example, data shows that the cost of care for hospitals in markets of less than four competitors is 12% higher than for hospitals in competition with four or more others.⁵ Hartford HealthCare has already seen residents file class action to push back against higher health care prices associated with anticompetitive practices.^{6,7} Hospital monopolies are also associated with lower quality of patient care and adverse outcomes.⁸ Evidence on maternity ward closures indicates a negative impact on maternal outcomes in cities as seen by increased C-section rates.^{9,10} The closure of Windham Hospital's maternity is the most recent example of Connecticut's

¹ Villagra V., Felix M., Coman E., Smith D., Joslyn A., Pitter T., & Powell W. (2019) When Hospitals and Doctors Sue their Patients: The Medical Debt Crisis Through a New Lens. Retrieved from: https://health.uconn.edu/health-disparities/wp-content/uploads/sites/260/2019/06/HDI-Issue-Brief_When-Hospitals-and-Doctors-Sue-Their-Patients.pdf

² Davila, K., Abraham, M., & Seaberry, C. (2020). *Towards Health Equity in Connecticut*. DataHaven. <https://www.ctdatahaven.org/reports/towards-health-equity-connecticut>

³ Perry M, Crear-Perry J., Romer C., & Adjeiwaa-Manu N. (2021) The Racial Implications of Medical Debt: How Moving Towards Universal Health Care and Other Reforms can Address Them. Retrieved from: <https://www.brookings.edu/research/the-racial-implications-of-medical-debt-how-moving-toward-universal-health-care-and-other-reforms-can-address-them/>

⁴ Gaynor M, Ho K, Town RJ. The industrial organization of health-care markets. *J Econ Lit*. 2015;53(2):235-284. doi:[10.1257/jel.53.2.235](https://doi.org/10.1257/jel.53.2.235)

⁵ Cooper, Z., Craig, S. V., Gaynor, M., & Van Reenen, J. (2019). The price ain't right? Hospital prices and health spending on the privately insured. *The quarterly journal of economics*, 134(1), 51-107. <https://doi.org/10.1093/qje/qjy020>

⁶ Singer, S. (2022, February 15). Six Connecticut residents sue Hartford HealthCare, accusing hospital system of anticompetitive practices that drive up prices. Hartford Courant. <https://www.courant.com/business/hc-biz-hartford-health-care-anti-competition-lawsuit-20220215-r7ifvgj3rdwjljdboyuctrfy4-story.html>

⁷ John Brown; Lisa Fagan; Michael Fagan; Jeffrey Forde; Joshua Pawelek; And John Stoehr, v. Hartford Healthcare Corporation, (Superior Court Judicial District Of Hartford February 14, 2022). <https://drive.google.com/file/d/1qP6yZ9aRpE1oHQV4xmEGAMXe3CZTRmo/view>

⁸ Beaulieu ND, Dafny LS, Landon BE, Dalton JB, Kuye I, McWilliams JM. Changes in quality of care after hospital mergers and acquisitions. *N Engl J Med*. 2020;382(1):51-59. doi:[10.1056/NEJMsa1901383](https://doi.org/10.1056/NEJMsa1901383)

⁹ Avdic, Daniel and Lundborg, Petter and Lundborg, Petter and Vikström, Johan, Mergers and Birth Outcomes: Evidence from Maternity Ward Closures. IZA Discussion Paper No. 11772, Available at SSRN: <https://ssrn.com/abstract=3249886>

¹⁰ Battaglia, E. (2021). The Effect of Hospital Closures on Maternal and Infant Health. https://emilybattaglia.github.io/Battaglia/Battaglia_JMP.pdf

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Certificate of Need (CON) process, with Hartford HealthCare being fined \$65,000 for early discontinuation of services.¹¹ Greater resources allocated towards CON would increase the capacity and robustness of these processes to ensure hospitals are meeting the needs of their communities.

The proposals put forward in H.B. 5449 to strengthen the certificate of need process could result in recommendations for regulating some hospital and provider practice consolidation and the discontinuation of services in the aftermath of consolidation. S.B. 416 offers options for addressing anti-competitive practices in agreements between health insurance carriers, plan administrators, and providers. To ensure their effectiveness, either proposal should incorporate strong evaluation and monitoring of these processes to ensure that they advance equity and affordability and do not have unintended negative consequences.

In addition to the hospital regulatory proposals being discussed today, HES notes another proposal related to hospital regulation put forward by the CT Office of Health Strategy.¹² This proposal (currently a raised concept under the purview of the Public Health Committee) would strengthen the state's community benefit regulations. ***HES notes this community benefit proposal here because it would result in increased transparency and foster collaboration between hospitals and communities, providing information relevant to certificate of need requests and encouraging dialogue between hospitals and the communities they serve.*** Ultimately, increased transparency helps ensure consideration of community needs in hospital decision making. In fact, ***the Brookings Institute cites strengthening accountability for community benefit as one of a short list of solutions to racial inequities in medical debt.***¹³

Further, the community benefit proposal seeks to establish a statewide definition of “meaningful participation” to set a standard for soliciting community input and engagement into these processes in ways that are aligned with best practices and comparable across hospitals. Literature on community health needs assessment and implementation strategy processes demonstrates that community engagement processes differ significantly across hospitals, the needs of minoritized communities are more likely to be overlooked, and these processes fail to account for root causes driving community needs.¹⁴ Supporting greater community collaboration and participation has been found to yield higher quality, more responsive assessments and bring greater attention to financial support for community health activities that address these concerns.^{15, 16, 17} It would also stand to reason that meaningful

¹¹ Putterman, A. (2022, February 14). *Hartford HealthCare fined \$65,000 for prematurely closing Windham Hospital maternity ward, state says*. Courant.Com. <https://www.courant.com/news/connecticut/hc-news-connecticut-hartford-healthcare-fine-windham-hospital-20220214-o7yvk7evovf2tmd5ynjv6yokxm-story.html>

¹² The full proposal is available here: <https://portal.ct.gov/-/media/OPM/Budget/Legislative-Proposals-2022/OHS-1--Community-Benefits.pdf>

¹³ Perry M, Crear-Perry J., Romer C., & Adjeiwaa-Manu N. (2021) The Racial Implications of Medical Debt: How Moving Towards Universal Health Care and Other Reforms can Address Them. Retrieved from: <https://www.brookings.edu/research/the-racial-implications-of-medical-debt-how-moving-toward-universal-health-care-and-other-reforms-can-address-them/>

¹⁴ Rozier MD (2020) Nonprofit Hospital Community Benefit in the U.S.: A Scoping Review From 2010 to 2019. *Front. Public Health* 8:72. <https://doi.org/10.3389/fpubh.2020.00072>

¹⁵ Carlton EL, Singh SR. Joint community health needs assessments as a path for coordinating community-wide health improvement efforts between hospitals and local health departments. *Am J Public Health*. (2018) 108:676–82. <https://doi.org/10.2105/AJPH.2018.304339>

¹⁶ Franz B, Skinner D, Kelleher K. The impact of the affordable care act on hospital-led community health evaluation in the U.S. Appalachian Ohio region. *J Eval Clin Pract*. (2017) 23:882–7. <https://doi.org/10.1111/jep.12749>

¹⁷ Kuehnert P, Graber J, Stone D. Using a Web-based tool to evaluate a collaborative community health needs assessment. *J Public Health Manag Pract*. (2014) 20:175–87. <https://doi.org/10.1097/PHH.0b013e31829dc1e5>



participation should also be considered and accounted for in CON processes. As such HES recommends that meaningful participation standards be applied across these various hospital regulations.

To this end, HES urges the Connecticut General Assembly to pass stronger community benefit regulations and has presented recommendations to the Public Health Committee for further embedding equity in the community benefit process.

Thank you for the opportunity to submit this testimony regarding H.B. 5449: An Act Concerning Certificates of Need and S.B. 416: An Act Promoting Competition in Contracts between Health Carriers and Health Care Providers. We can be reached with any questions at ksiegel@hesct.org or 860.937.6437.