

HOSPITAL PERSPECTIVE: FEDERAL BUDGET IMPACTS TO STATE INSURANCE PLANS

PRESENTATION AT THE INSURANCE AND REAL ESTATE COMMITTEE MEETING OCTOBER 1, 2025



CONNECTICUT HOSPITALS TODAY



Financial Challenges Continue

- Negative 2023 Operating Margins (-0.5%)
- Growing expenses (expenses grew \$1 billion in one year)

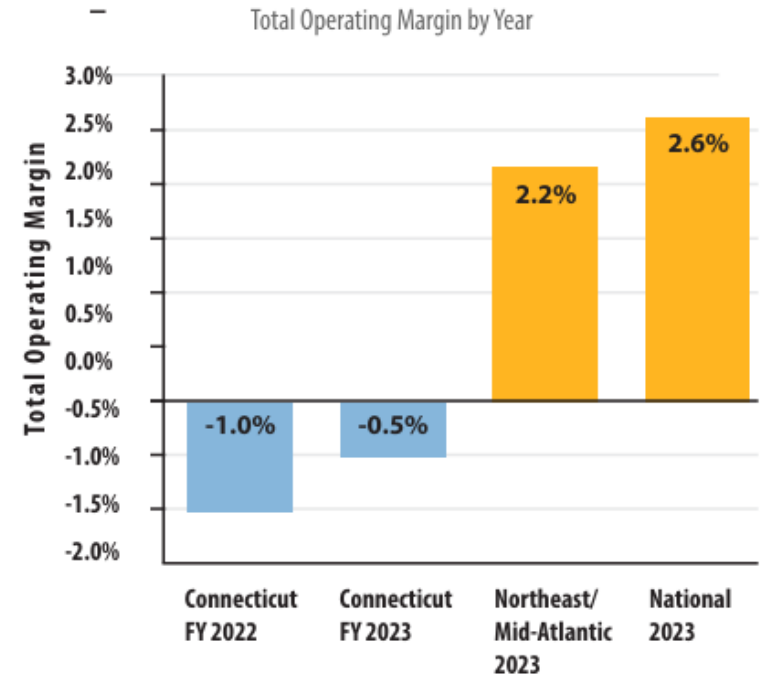
Payer Mix

- Commercial – 36%
- Medicaid – 21.9%
- Medicare Advantage – 21.4%
- Medicare FFS – 15.5%
- Uninsured – 3.3%
- Other – 1.9%

Provider Tax

- \$10.3 billion in taxes paid between 2012 and 2026
 - \$820 million in taxes paid in fiscal year 2026

**CONNECTICUT TOTAL HOSPITAL
OPERATING MARGIN REMAINED NEGATIVE
IN 2023 AT -0.5% AND WAS HIGHLY DEPRESSED
RELATIVE TO THE NATION**



H.R.1 – ONE BIG BEAUTIFUL BILL



- Eliminates the use of the state directed payment as a means to fund community health investments and increase Medicaid payments to hospitals
- Restricts Medicaid eligibility (redeterminations and work requirements) leading to higher rate of uninsured and larger volume of uncompensated care provided by hospitals
- Impacts the availability of provider taxes to fund state portion of Medicaid services

HOSPITAL TAX AND MEDICAID

The \$820 million in taxes that hospitals pay helps Connecticut fund the state share of the Medicaid program, freeing up general fund revenue for other purposes. A little more than \$300 million is used to fund the state share of Medicaid rate and supplemental payments for hospitals. The balance of more than \$500 million is used to fund other Medicaid services.

Despite the hospital tax funded payments, hospitals experience \$1.4 billion in Medicaid losses each year.

ANTICIPATED COVERAGE IMPACTS OF FEDERAL POLICY ACTION



■ **Reduced Access**

- Drop in Medicaid and marketplace coverage
- Reduced access to preventive care
- Delayed treatment and management of chronic conditions

■ **Increased Costs and Strain on Care Delivery**

- Greater reliance on emergency departments, increasing wait times
- Need for more intensive, costly treatment
- Increased uncompensated care costs

■ **Systemwide Ripple Effects**

- As community health centers face restrictions on the patients they can serve based on immigration status, hospitals may take up additional demand

PARTNERSHIPS TO ADDRESS IMPACTS



- Medicaid Coverage Impacts
 - Partnership with state and community organizations on protecting eligibility
 - Limit administrative hurdles to coverage
- Marketplace Coverage Impacts
 - Extension of enhanced premium tax credits
- Provider Financial Impacts
 - Provider tax program that maximizes federal reimbursement and net payment to hospitals to address \$1.4 billion Medicaid payment shortfall