



**Testimony of the
New Hampshire Hospital Association**

Senate Bill 489

**An act relative to table gaming and video lottery at certain locations throughout the state
and relative to the recovery of horse racing.**

Senate Finance Committee

March 4, 2010

Good morning Mr. Chairman and members of the Committee. My name is Leslie Melby, and I am the Vice President for State Government Relations of the New Hampshire Hospital Association, representing the state's 32 acute care and specialty hospitals. Thank you for the opportunity to appear before you today.

I'm here to support Senator Sgambati's amendment to set aside a portion of the expected revenues to restore funding for health and social services and programs that were cut last month. As you know, New Hampshire's hospitals have had their Medicaid payment rates repeatedly cut over the last few years and yet again in February of this year. These rate reductions were put in place solely for the purpose of compensating for the unprecedented increase in the Medicaid caseload and their use of health care services.

At last count, HHS Commissioner Nick Toumpas reported a 10% increase in the last year in the number of Medicaid beneficiaries. So that simply means hospitals get paid less for serving more patients. In fact, Medicaid pays hospitals only 54 cents for every dollar it costs them to provide care to Medicaid patients. Repeated and persistent Medicaid rate cuts further exacerbate the so-called "cost shift" problem whereby uncompensated costs are shifted to private insurers. Last year, this resulted in a \$500 million cost shift. And it continues to grow. So, while the state is cutting general fund spending, it is also contributing to the increasing cost of health care on the private side.

Cuts to Medicaid hospital payments also reduces projected federal Medicaid DSH payments to the state because of reduced hospital revenues in the aggregate. And finally, by not restoring Medicaid hospital payments, New Hampshire is leaving on the table federal funds of \$3.8 million in FY 2010 and \$10.8 million in FY 2011.

Therefore, we urge you to add a provision to SB 489 to dedicate a portion of these revenues to restore hospital rates to the level they were at when you passed the FY 2010/2011 budget. As you recall, on February 5, 2010, approval was given by the Legislature to reduce Medicaid hospital payments (general funds) by \$2,537,000 in FY 2010 and \$10,018,000 in FY 2011.

We are asking for nothing more than to restore this important funding to the state's hospitals for providing quality health care to the patients and communities they serve. Thank you for the opportunity to appear before you today