

To: Vicki Veltri, Executive Director, Office of Health Strategy
From: Paul Kidwell, Senior Vice President, Policy, Connecticut Hospital Association
Re: Mathematica Analysis Findings

The Connecticut Hospital Association appreciates the opportunity to provide the Technical Team with contextual information important to a complete understanding of Mathematica's findings.

The information provided is related to the report's findings that between 2016 and 2018, "Spending per service unit drove spending growth." A full understanding of the findings requires information related to factors that had a material impact on hospital spending trend during that period – increasing levels of Medicare, Medicaid and uninsured underpayment (including impact of the state-imposed hospital provider tax) and rising patient acuity.

Medicare/Medicaid/Uninsured Underpayment (Includes Impact of Hospital Provider Tax)

- From 2015 to 2018, annual underpayment from Medicare, Medicaid and the uninsured grew from \$1.39 billion in 2015 to \$1.62 billion in 2018.
- Underpayments from these sources is generally growing between 7 and 8 percent annually.
- Underpayment includes more than \$1.3 billion in net tax liability between 2015 and 2018 as required by the state-imposed hospital provider tax.

Patient Acuity

- Since 2015, acuity has been steadily increasing at a rate of about 2.7 percent annually when factoring in all payers (Commercial, Medicare, Medicaid and uninsured).
- Acuity for the uninsured has been rising at a steeper rate of growth, increasing by, on average, more than 5 percent per year.

Supplemental exhibits can be found [here](#).