



OFFICE OF THE ATTORNEY GENERAL
CONNECTICUT

WILLIAM TONG
ATTORNEY GENERAL

Testimony of the Attorney General

Good afternoon to the distinguished Chairs, Vice Chairs, Ranking Members and distinguished members of the Appropriations, Finance, Revenue & Bonding, Public Health and Human Services committees. I appreciate the opportunity to come before you today in accordance with Section 3-125a of the Connecticut General Statutes, seeking approval of a settlement in the Superior Court case, *The Connecticut Hospital Association, et al. v. Connecticut Department of Social Services, et al.*

This settlement is perhaps one the most significant to come before you for your consideration. It is the product of hundreds, if not thousands, of hours of negotiations on some of the most complex financial arrangements involving our state. From tax policy to Medicaid rates to constitutional claims, this comprehensive settlement addresses those issues, and more importantly, fashions a path forward for the state and our hospitals. Not only does it resolve legal claims that could potentially expose the state to significant monetary liability, but it also improves the state's financial position when compared to legislation passed in 2017 to address hospital user fee and payment provisions.

This is a fair and reasonable settlement. Even though the state is prepared to litigate the complex issues in this case, we believe this settlement is a better alternative that limits and manages the state's long-term risk. I will leave the explanation of the financial details to Secretary McCaw, but I do want to address the structure of this settlement and explain why from a legal perspective it makes sense. In short, this settlement provides all parties with both predictability and flexibility. It is designed to give both the state and the hospitals predictability as to user fee and Medicaid rates over the next seven fiscal years. Importantly, it is also flexible enough to protect the state from any federal actions or changes in the law that might impose unforeseen costs on the state. For example, the state can negotiate with the hospitals for mutually agreed upon adjustments at any time, and if a change in circumstances causes a financial impact to the state of more than \$50 million, the state can ask the court to modify the settlement agreement. Additionally, the court retains jurisdiction to enforce the agreement, should the need arise.

Our Office has been at the table for every step of the negotiations, and I want to thank Department Head and Assistant Attorney General Henry Salton for his leadership in this work. We are confident that this settlement fully resolves the legal claims before us in this case, and I urge you to take the first step in approving it at the committee level. Thank you again for the opportunity to appear before you today.

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