



**Testimony of Shannon R. Sullivan, MSW, MS,
President and CEO of Connecticut Children's Medical Center
to the Appropriations Committee regarding House Bill 5032, An Act Adjusting the State
Budget for the Biennium Ending June 30, 2027**

February 18, 2026

Senator Osten, Representative Walker, and members of the Appropriations Committee, thank you for the opportunity to submit testimony for the committee's consideration regarding the Department of Social Services budget. I am grateful for the chance to share Connecticut Children's perspective on Medicaid and how state leaders can strengthen the program to better support children and families.

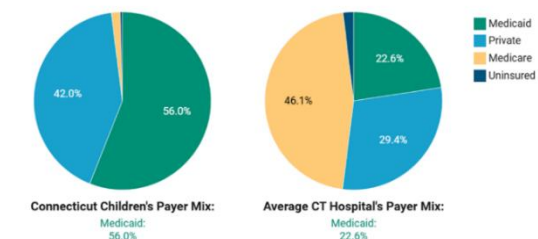
As the newly appointed President and CEO at Connecticut Children's, I am proud to lead the only health system in Connecticut 100% dedicated to the health and wellbeing of children. I was drawn to Connecticut Children's for so many reasons. First and foremost, I was inspired by the mission. I have spent my entire career dedicated to the health of women and children, and Connecticut Children's embodies so much of what is important to me. I am also the mother of three school age children. To me, there is nothing more important than their physical and emotional wellbeing. I know every parent in this assembly feels that way about the children in their lives.

Children need Medicaid and they rely on pediatric experts



Pediatrics and healthcare are team sports and as state leaders, you are part of that team. The decisions you and your colleagues make regarding Medicaid covered services, eligibility, and payments greatly impact children's access to care. Kids are not little adults. Their growing bodies and developing minds come with a unique set of healthcare needs that require specialized care from highly-skilled pediatric experts. Our unique status as a pediatric provider comes with specific strengths and challenges that require a strong partnership with state leaders to ensure that all children have access to the care they deserve. Medicaid must partner with us in recognizing those unique needs and investing in their present and future.

The State of Connecticut does a great job covering kids—more than one in three children receive needed coverage from Medicaid. As the State's only independent children's health system, Connecticut Children's provides significantly more care to patients who rely on Medicaid than any other hospital system in Connecticut, by far. 56% of our patients rely on Medicaid while the program covers only 22% of patients at the average adult hospital. Why does that matter? It means that



Source: OHS FY2023 Annual Report on the Financial Status of Connecticut's Short Term Acute Care Hospitals, page 122. • Created with Datawrapper

Medicaid underpayment disproportionately impacts Connecticut Children's and the patients and families we serve.

The pediatric health care safety net is unique

More than half of our hospital patients are under age 1, and 70% are under age 6. Caring for very young children requires more staff, more services and more time, and all of those resources result in added costs. While pediatric medicine is predictably more expensive than adult medicine, Connecticut Children's is not expensive compared to its peer group of other children's hospitals. A 2024 Children's Hospital Association study completed by Goldman Sachs showed that Connecticut Children's had the fifth lowest system-level operating expenses per adjusted patient day out of the 38 children's hospital systems surveyed nationally. We work hard to do our due diligence to



make sure that we are a high quality but also cost-effective partner to the state, recognizing that we also have a responsibility to assure that we are good partners to Medicaid and our state government.

Medicaid funding matters to children

In adult medicine, Connecticut Medicaid payments cover 62% of hospital costs, but at Connecticut Children's, Medicaid payments cover only 50.8% of our costs. The State must invest in giving children access to the health care services they deserve to the same extent that they invest in health care for adults. In FY2027, the State can achieve that equitable investment by including a \$49 million (state + federal share) increase in Connecticut Children's Disproportionate Share Hospital (DSH) payment in the state budget. Connecticut Children's DSH cap has sufficient headroom to accommodate the entire increase we require.

While we are grateful the Governor's proposed budget included level funding of our DSH payment in FY2027, we were very disappointed to see that it does not include Connecticut Children's in the hospital tax. Connecticut Children's interest in joining the tax demonstrates that we are a team player. We wanted the State to be able to improve our financial sustainability and invest in our patients who rely on Medicaid, while simultaneously generating more federal revenue for the State. Anticipating the benefit that we would receive from participation, we have made accommodations to pay the tax. It is also worth noting the State of Connecticut is a significant outlier on this issue. According to the Children's Hospital Association, Connecticut Children's is the only independent children's hospital in the nation that does not participate in its state's hospital tax.

Since the Governor's revenue bill, Senate Bill 84, seeks to reinstate our exemption from the tax, and thus we are being pushed out of this opportunity, it is essential that the State invest in the vulnerable children who rely on Medicaid by substantially increasing Connecticut Children's DSH payment. A DSH increase will not impact the State's Upper Payment Limit and it will not reduce what other hospitals receive from the tax in supplemental payments.

The Governor's budget includes plans for DSS to raise Medicaid provider payment rates by \$30 million this year and \$90 million next year (state + federal share) "to reduce disparity and

improve access to care.” Unfortunately, these rate increases will improve revenue for all providers except those who are employed by Connecticut Children’s. Our supplemental payment, which brings our provider reimbursements to Medicare levels, will be decreased by the amount of the Medicaid rate increase and thus increased revenue to Connecticut Children’s will be zero.

When Medicaid is underfunded, kids lose access

Connecticut Children’s needs state leaders to raise our Medicaid revenue so our costs are covered at the same level as adult hospitals. Medicaid underfunding limits our ability to hire staff and invest in needed services and has led to diminished access to care for ALL children, regardless of their payors. Additional Medicaid funding would allow Connecticut Children’s to hire more clinicians in high-demand specialties, expand services in our various locations across the state, and bring care closer to home for more families. Funding us at the same level as our adult counterparts allows us to invest in the state’s workforce and retain talent, while avoiding job and service eliminations.

Connecticut Children’s low Medicaid reimbursement drives our low operating margin. We made the decision to only open one of the two neonatal intensive care (NICU) floors in our new tower because our low operating margin makes staffing both floors unaffordable. Since opening the tower, we have had to turn away more than 40 babies who needed NICU care because we did not have available space for them and their families. Those families felt the impact of our low Medicaid reimbursement at a critical moment in their lives.

The bottom line is: Kids deserve better. When we underinvest in children’s healthcare, we are making the decision to underinvest in our state’s present and future. I came to Connecticut and to my new role at Connecticut Children’s to help children, their families and their communities to be the best they can be, but I need your partnership to achieve that goal. While in Rhode Island, I was able to work with our assembly to increase Medicaid obstetrical rates, which allowed us to reinvest in the most modern technology to save the lives of babies and our workforce. I urge you to invest in the children who rely on Medicaid by providing additional Medicaid funding to Connecticut Children’s as the state’s only health care safety net dedicated exclusively to children.

How We Measure Success

As the only health system in Connecticut that is 100% dedicated to kids, Connecticut Children’s measures our success by the impact we have on our patients and their families. Below is the story of a family who our team continues to have the honor to care for.

Carter’s Care Journey at Connecticut Children’s

I am here today on behalf of Connecticut Children’s, my son Carter, and the many children who rely on Medicaid to maintain their health and quality of life.

When my twins, Calvin and Carter, were born, we quickly realized Carter’s journey would be different. Within the first week, he was admitted to Connecticut Children’s, where testing revealed he had markers indicating muscular dystrophy, and after a 6-week wait for genetics, he was diagnosed with a rare form of congenital muscular dystrophy called LAMA2-CMD. In that moment, our lives changed forever.

Since then, Carter has required care from numerous specialists at Connecticut Children's, including neurology, pulmonology, gastroenterology, cardiology, endocrinology, surgical team, orthopedics, and physical and occupational therapy. He has been hospitalized multiple times and depends on specialized equipment and ongoing therapies. Connecticut Children's has supported not only his medical needs, but our entire family, providing expertise, compassion, and guidance during the most difficult moments of our lives.

About one year ago, after a six year wait, Carter was awarded a Medicaid waiver. This has been life-changing. It has allowed him access to critical services and has helped offset the extraordinary costs associated with raising a child with complex medical needs, including adaptive equipment, home modifications, and specialized care.



Medicaid has made Carter's care possible. It allows him to access the specialists, therapies, and services he needs to stay healthy and participate in daily life. Without Medicaid, families like ours would face impossible choices between financial stability and our child's care.

Medicaid is not a luxury. It is a lifeline.

Carter is bright, determined, and full of personality. He deserves the opportunity to grow, learn, and thrive. I ask you to continue protecting and strengthening Medicaid so children like Carter can receive the care and support they need.

Ashley Burkman
Bolton, CT

Thank you for your consideration of our position. If you have any questions about this testimony, please contact Christian Petersen, Connecticut Children's Government Relations Manager at cpetersen@connecticutchildrens.org. To learn more about how Connecticut Children's pediatric experts advocate for policies that support the health and well-being of children and families, please visit our [Policy Library](#).