DSS Issues SAGA Payment Plan

The state Department of Social Services (DSS) last week issued an outline of its plan for implementing a new payment system for the State-Administered General Assistance (SAGA) program. The new system will transfer a significant portion of the state’s financial responsibility for that program to the state’s hospitals, creating a significant revenue shortfall.

The new payment system, which was created as one of the budget-cutting measures from last summer’s special legislative session, took effect January 1, 2004, effectively converting the SAGA program from a fee-for-service to a grant-based program by requiring an annual cap on SAGA payments to providers.

Traditionally, the state has paid hospitals and other healthcare providers on a fee-for-service basis for healthcare services provided to SAGA clients, which averaged about $60 million per year for hospitals alone. With the restructuring of the SAGA payment system, the state will now finance the program with a limited block grant of $43 million per year for hospital services, to be divided among Connecticut’s hospitals based on the volume of services provided.

CHA has continued to make known its opposition to the changes instituted by the legislature this past session. However, CHA has worked with the Administration on how to implement these changes.

CHA has scheduled meetings with

DSS this month to discuss the creation of a single pool of SAGA funds from which all providers would be paid, and the Association plans to address hospital reimbursement issues with the SAGA program during the upcoming legislative session, which begins Wednesday, February 4, 2004.

St. Vincent’s Medical Center Appoints New CEO

Susan L. Davis, R.N., Ed.D., has been appointed President and Chief Executive Officer of St. Vincent’s Medical Center in Bridgeport, the hospital announced earlier this week.

Dr. Davis, who will assume her new post on February 16, comes to St. Vincent’s from Vassar Brothers Medical Center in Poughkeepsie, New York, after 18 years at that institution. She was the Medical Center’s CEO for the past three years. Sr. Margaret John Kelly, Chairperson of the Board of Directors for St. Vincent’s, said that Dr. Davis was the unanimous choice of the Board after a lengthy national search.

John Ahle, who served as interim CEO following the retirement of William Riordan, will return to his position as Corporate Senior Vice President/CFO.

Hospitals’ Financial Picture Remains Bleak

The financial outlook for hospitals nationwide is not improving, while demand for services continues to increase, based on recent reports from the American Hospital Association
(AHA) and the Healthcare Finance Management Association (HFMA).

According to Hospital Statistics 2004, AHA's report on its annual survey of the nation's hospitals, the aggregate hospital operating margin was 4.1% in FY01 and increased slightly to 4.3% in FY02. By comparison, Connecticut's average hospital operating margin was 0.15% in FY01 and 0.4% in FY02. While audited FY03 financial results are not yet available for all of Connecticut's hospitals, unaudited results reported to CHA suggest that the final aggregate operating margin should be similar to the FY02 percentage.

Meanwhile, admissions rose by 2% to 34.1 million nationally in FY02, while inpatient days also grew by 2% to 174.1 million, according to the AHA report. The average hospital length of stay remained unchanged at 5.1 days, and emergency department visits increased 4% to 110 million. According to CHA's ChimeData statistics for the same period, Connecticut utilization indicators showed similar rates of increase.

Both nationally and in Connecticut, this increasing patient volume, coupled with sluggish operating results, is adding more strain to hospitals' already fragile financial infrastructure. According to the HFMA report, four out of every 10 U.S. hospitals are investing insufficient capital to keep ahead of asset depreciation. Between 1997 and 2001, overall capital spending for fixed hospital assets grew to $23.7 billion from $23 billion, a rate of increase that was easily outpaced by increases in demand for inpatient and outpatient services.

The ability to reinvest in hospitals through capital expenditures, such as physical plant maintenance and expansion and the acquisition of new technology, is crucial to the long-term health of hospitals, both nationally and in Connecticut. CHA will continue to advocate for increased state and federal reimbursement for its member hospitals to help improve their fiscal health as part of its 2004 advocacy agenda.

**Griffin Hospital Named to Fortune List**

Griffin Hospital is celebrating its fifth year on the Fortune magazine “100 Best Companies to Work for in America” list. Griffin, the only hospital in the country named to the list for five consecutive years, was ranked 26th on the list, its highest position thus far. The hospital is the smallest company on the list in terms of revenue.

Griffin President and Chief Executive Officer Patrick Charmel said, “We can collectively take pride in this achievement and I personally thank every Griffin employee on behalf of the Griffin organization and those we serve. It is our 1,200 employees that make Griffin a great place to work and a great place to receive care.”

**CPTV to Broadcast Series on Caring for Elderly**

Connecticut Public Television (CPTV) will launch a new 10-part series on the interests and concerns of seniors and their families later this month.

The CPTV series, Seniors: Living a Quality Life, will premiere at 9:00 p.m. Thursday, January 22, 2004. The series features segments such as living to 100, family caregiving, and the best ways to prevent falls. Middletown resident Bill Wasch, a nationally recognized author, hosts the series, which will air new episodes on the fourth Thursday of each month through October.

The series was produced, directed, and written by New Haven resident Karyl K. Evans, a four-time Emmy Award winner. The series’ title sponsor is Masonicare, with additional funding provided by Qualidigm and others.

**CHA Offers Educational Program on Writing Business Plans**

A practical session on how to prepare and draft business plans will be held from 9:00 a.m. to 12:30 p.m. Thursday, January 29, 2004.

The program, Writing a Business Plan for Health-care Entities, will include discussions on target audiences and their needs, the core components and basic structure of a compelling plan, and process recommendations to gain organizational support, as well as writing tips on style, language, and format, and case studies to illustrate business plan concepts.

For more information on CHA’s educational programs, visit the Education section of the CHA website at www.cthosp.org or contact Rhonda Bates at (203) 294-7267 or bates@chime.org.