Governor’s Budget Proposes Significant Reductions to Hospital Funding

Governor Malloy’s two-year $43.8 billion state budget proposal closes an estimated $1.2 billion deficit by cutting $207 million to hospitals in FY 2014 and $341.5 million in FY 2015, extending certain taxes that were set to expire at the end of the current fiscal year, limiting the amount low-income individuals are allowed to receive under the earned income tax credit program, and relying on bonding to cover operational expenses. The budget also increases funds to municipalities under the Education Cost Sharing (ECS) program, restores a sales tax exemption on the first $25 of clothing purchases, and modifies the property tax calculation on motor vehicles.

CHA is currently reviewing the 700+ page budget documents, but what we know now is that the budget:

- Reduces hospital disproportionate share (DSH) funding. In 2012, hospitals received DSH payments of $268.4; in 2014, hospitals will receive DSH payments of $134.2 million; and in 2015, hospitals will receive no DSH payments.
- Reduces hospital inpatient supplemental payments. In 2012, hospitals received $131 million in inpatient supplemental payments; in 2014 and 2015, hospitals will receive inpatient supplemental payments of $80.6 million.
- Eliminates Administrative Service Organization (ASO) transition supplemental payments by a cut of $27 million in 2013, and $22.7 million in 2014 and 2015.
- Reduces the fee schedule for certain services (reduces reimbursement for medical equipment, devices, supplies, and laboratory; hospice services; community-based physicians when the services are provided in a hospital or ambulatory surgery center; and eliminates reimbursement for non-emergency ambulance services) under the Medicaid program for a reduction of $7.7 million in FY 2014 and $7.8 million FY 2015.
- Eliminates incentive payments and enhanced reimbursement to Federally Qualified Health Centers under the Patient-Centered Medical Homes, for a reduction of $5.3 million in FY 2014 and $7.3 million in FY 2015.
- Reduces funding for non-emergency medical transportation by $5.4 million in FY 2014 and FY 2015.
- Enhances efforts to curtail Medicaid fraud, for a savings of $60 million in FY 2014 and FY 2015.
- Moves certain adults in the Medicaid program to the Connecticut Health Insurance Exchange, for a savings of $6 million in FY 2014 and $60 million in FY 2015.
- Restructures behavioral health reimbursement to certain behavioral health providers, for a reduction of $4 million in FY 2014 and $5 million in FY 2015.
- Increases reimbursement for primary care providers as required under the Patient Protection and Affordable Care Act, at a cost of $103 million in FY 2014 and $46.6 million in FY 2015.
- Expands eligibility in the Medicaid program for the Connecticut Department of Social Services and the Division of Mental Health and Addiction Services (DMHAS) in accordance with the Patient Protection and Affordable Care Act, at a cost of $51.6 million in FY 2014 and $301 million in FY 2015.
- Establishes a health home program for a cost of $10 million in FY 2014 and FY 2015. The goal of this program is to better coordinate behavioral and physical healthcare for DMHAS clients.

Click [here](#) to read CHA's statement in opposition to the provisions of the Governor's budget that negatively impact hospitals.

Click [here](#) to view a video of Governor Malloy's budget address to the General Assembly.
The budget will now be referred to the General Assembly's Appropriations Committee for review and action, and the Committee will hold a series of public hearings over the next two weeks.

**Hospital Leaders Address Budget Concerns With Legislative Leaders**

On January 31, hospital leaders held several meetings with key legislative leaders at the Legislative Office Building in Hartford. In total, 14 hospital leaders spent more than four hours meeting with Speaker of the House Brendan Sharkey (D-Hamden), Senate President Pro Tempore Don Williams (D-Brooklyn), House Minority Leader Larry Cafero (R-Norwalk), and Senate Minority Leader Pro Tempore Len Fasano (R-North Haven). During the meetings, hospital leaders described the harm caused by the recent budget reductions, and urged lawmakers to restore those funds. They also discussed moving forward with the hospital community’s ideas about modernizing the Medicaid program.

Legislative leaders discussed the difficult budget and economy the state is facing, and said they anticipate having to make undesirable budget reductions. They encouraged hospital leaders to continue to speak up about the specific impact reductions are having on the communities and patients they serve, and asked hospital leaders to work with them to modernize Medicaid.

Hospital leaders participating in the advocacy meetings included: Marna Borgstrom, President and Chief Executive Officer, Yale New Haven Health System; Patrick Charmel, President and Chief Executive Officer, Griffin Hospital; Bruce Cummings, President/CEO, Lawrence + Memorial Hospital; Christopher Dadlez, President and Chief Executive Officer, Saint Francis Hospital and Medical Center; Jeffrey Flaks, President and CEO, Hartford Hospital; William Jennings, President and Chief Executive Officer, Bridgeport Hospital; Stephen Larcen, Ph.D., President and CEO, Windham Hospital; Kimberly Lumia, President & CEO, Sharon Hospital; David Morgan, President and Chief Executive Officer, Johnson Memorial Hospital; Marie O’Brien, Chairman of the Bristol Hospital Board; Clarence Silvia, President/CEO, The Hospital of Central Connecticut; Robert Smanik, President and Chief Executive Officer, Day Kimball Hospital; Darlene Stromstad, President and CEO, Waterbury Hospital; and Chad Wable, President and Chief Executive Officer, Saint Mary’s Hospital.

**Maternal and Infant Health is Focus of County-Wide Program**

CHA was pleased to participate, along with Connecticut Department of Public Health (DPH), Uncas Health District, and Community Health Centers, Inc., in a year-long project to improve maternal and infant health in New London County. The William W. Backus Hospital and Lawrence + Memorial Hospital were also involved in this project.

The project was part of the CDC Public Health Institute's National Leadership Academy for the Public's Health (NLAPH).

The NLAPH team planned, recruited participants, and convened a county-wide coalition of more than 25 advocates with an interest in maternal and infant health. The coalition examined the best ways to collaborate on the issue to promote system change and improve outcomes. The group also created a community resource guide for maternal and infant health in New London County.

The now-complete NLAPH work has the potential to be expanded statewide. Separately, improving birth outcomes will be the subject of new work, as Connecticut was recently among three states selected by the National Governors Association to participate in a Learning Network on Improving Birth Outcomes.

**Connecticut Hospitals Highlight Policy Makers**

CHA is profiling newly elected members of Connecticut’s congressional delegation and key leaders in healthcare in the Connecticut General Assembly. These elected officials will play a new and/or important role in the decisions being made in Washington and Hartford. CHA has profiled U.S. Representative Elizabeth Esty, U.S. Senator Christopher Murphy, State Rep. Brendan Sharkey, and House of Representatives Majority Leader Joe Aresimowicz. This week, we profile State Representative Susan Johnson.

**Public Health Committee Co-Chair Susan Johnson: Representing the Community of Windham in the 49th House District**

Rep. Susan Johnson (D-Windham) was reelected to her third term in the Connecticut House of Representatives on November 6, 2013. Sworn into office on January 9, 2013, Rep. Johnson was named as the House Chair of the Public Health Committee. In this role, Rep. Johnson will have considerable influence on the bills raised, drafted, debated, and acted upon by the Committee. Rep. Johnson joins State Senator Terry Gerratana (D-New Britain) as leader of the...
Prior to her election to the General Assembly, Rep. Johnson worked as an advocate for Medicare beneficiaries at Connecticut Legal Services, and then the Center for Medicare Advocacy. After graduating from law school, Rep. Johnson entered private practice in partnership with her husband, Dennis O’Brien, as Attorneys O’Brien & Johnson, of Willimantic.

In addition to serving as Chair of the Public Health Committee, Rep. Johnson also serves on the Education Committee; Finance, Revenue & Bonding Committee; and the Insurance & Real Estate Committee. She also serves on the General Assembly’s Council on Medical Assistance Program Oversight.

Prior to her election to the General Assembly, Rep. Johnson served as a member of the Windham Board of Selectman, where she chaired the Utilities Committee and the Mid Northeast Recycling Operating Committee, helped create the Julia De Burgos Poetry Park, and secured funding for a housing code enforcement officer. Dedicated to environmental preservation, Rep. Johnson serves as Chairman of the Inland Wetlands and Watercourses Commission of the Town of Windham.

For six years, Rep. Johnson and her husband have co-hosted “Let’s Talk About It,” a weekly public affairs show on WILI-AM radio in Willimantic. Rep. Johnson graduated from Eastern Connecticut State University and Western New England School of Law, is a member of the Connecticut Bar Association, Windham County Bar Association, the American Legion Auxiliary, Willimantic Elks Lodge #1311, and the Windham Democratic Town Committee.

CHA congratulates Rep. Johnson on her appointment as House Chair of the Public Health Committee, and looks forward to working with her during the 2013 Legislative Session.

2013 Healthcare Executive Summit

On Tuesday, February 26, CHA will hold the 2013 Healthcare Executive Summit. The Summit will focus on the unprecedented strategic and operational change underway in hospitals, other healthcare organizations, businesses, and various institutions throughout the nation—triggered by health reform.

Rob Reilly, Chief Marketing Officer, GE Healthcare, who is returning to CHA at member request following his thought-provoking presentation at the CEO Forum last November, will present a provocative look at emerging new healthcare models—and GE’s unique perspective on the threats and opportunities it faces to provide health benefits to its 600,000 employees, while managing almost $3 billion in health-related costs.

We are pleased to announce that also joining us for the Summit is Susan Keane Baker, author and nationally-recognized speaker, who will present HCAHPS and Willingness to Recommend: What Senior Leadership Can Do Next. Ms. Baker will focus on specific actions senior leaders can implement to move the dial on HCAHPS rankings, including best practices of hospitals with a willingness to recommend of 90 percent or more.

Continuing education credits will be awarded. Please see the brochure for details.

View the brochure here. Register here.

Education Updates

HIPAA Privacy and Security Rule Changes
The long-delayed HIPAA privacy and security rule changes have finally been issued! These changes will substantially affect operations for all HIPAA-covered entities and business associates. This program will explain what’s changed, review which policies and contracts related to business associates and their subcontractors need revision, and outline the compliance deadlines.

Continuing education credits will be awarded. Please see the brochure for details.

View the brochure here. Register here.

Leaping from Staff to Management: You’re a Manager. Now What?

Tuesday, February 19, 2013
8:30 a.m. - 3:45 p.m.

Making the transition from being a staff person one day to a supervisor/manager the next is a significant step. Being effective in a leadership role is far more challenging and complicated than ever before. Managing the demands of your organization for high productivity and quality, combined with financial prudence and regulatory compliance, are only part of the equation. You will discover that those tasks must be balanced with an excellent grasp of human relations skills in working closely and collaboratively with others.

Continuing education credits will be awarded. Please see the brochure for details.

View the brochure here. Register here.

Lean Principles: Process Flow and Value Stream Mapping in Healthcare

Wednesday, February 20, 2013
9:00 a.m. - 2:00 p.m.

As the demands of health reform drive change in all areas of healthcare delivery, hospital leaders are focused on transforming their organizations through strategies that simultaneously increase revenue and sharply reduce costs. Lean principles offer leaders a management system and methodology that eliminates road blocks and allows hospitals to improve the quality of care for patients by reducing errors and waiting times. It is a systematic approach to reducing costs and risks, while simultaneously setting the stage for growth and expansion. Please note: this is a two-session program. The second session is being held on February 27. Participants should plan to attend both sessions.

Continuing education credits will be awarded. Please see the brochure for details.

View the brochure here. Register here.

2013 Smart Moves Forum on Safe Patient Handling

Thursday, February 28, 2013
8:30 a.m. - 12:00 p.m.

Please join us for the seventh annual Smart Moves Forum. Kelly Smith Papa, RN, MSN, of the Alzheimer’s Resource Center of Connecticut, our keynote speaker, will discuss managing the challenges of safe patient handling for patients/residents with dementia. This year’s Forum will also include other helpful sessions related to safe patient handling challenges and successful safe patient handling programs.

View the save-the-date flyer here. Register here.