Governor Presents
Budget Proposal

Governor John G. Rowland presented his 2003-05 biennial budget proposal Tuesday to a joint session of the General Assembly. The Governor's budget – a blueprint for the $13 billion state budget that is subject to modification and approval by the legislature – contains nearly $1 billion in spending reductions, and increases spending 2.5 percent from last year. The Governor's proposal also calls for the consolidation of several state agencies.

Highlights of the Governor’s proposal include: the permanent repeal of the hospital sales tax; an increase in the outpatient rate; and the maintenance of level funding of the DSH pool and the Urban DSH pool. However, the Governor also proposed a redesign of current benefit programs such as SAGA, HUSKY, and behavioral health.

CHA Presents
Legislative Testimony

CHA submitted testimony to the General Assembly on a variety of issues, including Medicaid reimbursement, the admission of psychiatric patients to nursing homes, and the uncompensated care pool.

Visit the CHA Web site at www.cthosp.org or click here to view this week’s testimony.

MedPAC Report to Congress: Payment Rates are Sufficient

The Medicare Payment Advisory Commission (MedPAC) told Congress that "Medicare payments for hospital services are adequate as of fiscal year 2003," and it recommended an inpatient update of 0.4 percent less than inflation for 2004. Growing patient volume and hospitals' continued access to capital support the premise that payment rates are sufficient, MedPac said in its biannual report to Congress.

The American Hospital Association (AHA) argues a full inflation update is necessary, saying 57 percent of hospitals had negative Medicare margins in 2001. MedPAC recommended an update of 0.9 percent less than inflation for hospital outpatient departments, physicians, and outpatient dialysis programs, citing expected improvements in productivity. It urged Congress to eliminate the 2004 update for ambulatory surgery centers and to make sure procedures at freestanding centers are not reimbursed at higher rates than similar procedures at hospital outpatient departments.

Testifying before the House Ways and Means subcommittee on health, AHA Chairman Dennis Barry, president and CEO of Moses Cone Health System in Greensboro, North Carolina, urged Congress to address area wage index inequities.
and to restore funding lost when indirect medical education payments were cut in October.

**HHS Proposes Smallpox Compensation Fund**

Responding to concerns from healthcare workers, hospitals, and public health departments, the Department of Health and Human Services (HHS) announced this week that it is working with Congress to establish a limited compensation package for caregivers who are injured or die as a result of receiving the smallpox vaccine. The administration's proposal is based on a compensation package similar to that currently available to police officers and firefighters.

AHA, which has been pushing HHS for better protection of hospital employees and patients, is reviewing the department's proposal to see how well it addresses the association's concerns. To see the HHS press release, visit the Web site at [www.hhs.gov/news/press/2003.html](http://www.hhs.gov/news/press/2003.html) or click here.

The program would be similar to the Public Safety Officers Benefit administered by the Department of Justice for police officers and firefighters, providing up to $262,100 for deaths or permanent and total disabilities, up to $50,000 for lost wages from temporary or minor illness, and compensation for "reasonable" out-of-pocket medical expenses for other than minor injuries.

The lost-wages benefit would be secondary to workers' compensation or other disability benefits and apply only after the fifth day of lost work. The same benefits would be available to people who become ill after contact with an individual vaccinated under the government program, but not to members of the public who get vaccinated on their own initiative.

As of March 4, 2003, about 12,400 people nationwide had been vaccinated against smallpox as part of the federal initiative.

**AMA: Connecticut Joins List of States in Medical Malpractice Crisis**

The American Medical Association (AMA) said Connecticut is among six states that have reached a medical malpractice crisis, with insurance rates so high that physicians are choosing to retire or relocate and patients are losing access to care.

The AMA's list of crisis states, which debuted last June, now totals 18. The new states are: Arkansas, Connecticut, Illinois, Kentucky, Missouri and North Carolina. AMA's announcement of its expanded list came as the House readied for more hearings on malpractice reform and to consider changes to a bill introduced by Rep. Jim Greenwood (R-Pa.) that would limit noneconomic damages in malpractice cases to $250,000.

The Medical Group Management Association, meanwhile, said medical malpractice premiums for its members increased by more than 53 percent between 2002 and 2003, based on an online survey of a sampling of its members. About 26 percent of the practices said their physicians planned to retire, relocate, or restrict their services over the next three years.

In addition, more than 8 in 10 Americans surveyed (84 percent) believe the availability and quality of healthcare is threatened because rising medical liability costs and the lack of medical liability insurance coverage in some states are forcing doctors and health care providers to abandon the practice of medicine, according to survey findings released last week by the Health Coalition on Liability and Access.

Almost three-quarters of respondents said one of the primary factors driving up healthcare expenses for all people was the rising cost of medical liability lawsuits.

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**CHA Presents Educational Program on Managing Young Workers**

CHA will offer an educational program on Managing Young Workers: A Guide to Introducing Teens to the Workplace and Achieving Maximum Performance from 9:00 a.m. - 3:30 p.m. Wednesday, March 26, 2003.

Young workers are a tremendous asset in almost any organization. However, their success is contingent on the organization's willingness to plan ahead and create an environment that brings out the best in each worker. This program will outline how to develop professional, committed young workers in your workplace.

The program will feature material on understanding and interacting with teenagers, utilizing their talents, and developing training programs to prepare them to be contributing members of the workforce.

To register or for more information on the program, go to the education section of the CHA Web site at [www.cthosp.org/educational_program.htm](http://www.cthosp.org/educational_program.htm) or contact Rhonda Bolduc at (203) 294-7267 or [bolduc@chime.org](mailto:bolduc@chime.org).