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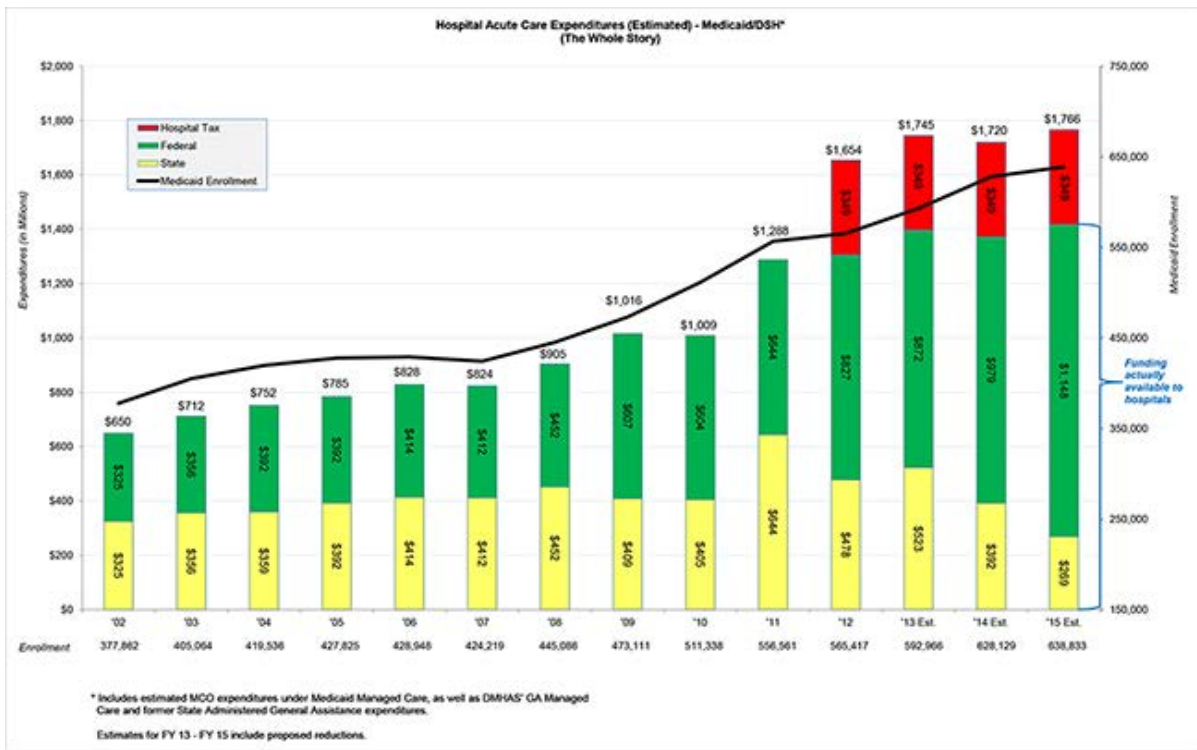
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Hospital Medicaid Funding Explained: Setting the Record Straight

The administration has said that hospital funding has grown dramatically over the last decade, and that the proposed state budget would hold funding steady over the next two years. The administration released a bar chart that showed funding growth. We are releasing the chart with additional information that illustrates the real reason for the increase and the sources of the funding, and shows how a significant portion of these funds are not available to hospitals.

- There has been a dramatic increase in the number of people on Medicaid—from 377,000 in 2002 to 593,000 this year. By 2015, it is projected that there will be 638,000 people on Medicaid. What may look simply like more funding to hospitals is actually the result of hospitals providing many more services to many more people.
- The significant increase in revenue to hospitals that occurred between 2011 and 2012 was the direct result of the state imposing a hospital tax to capitalize on federal matching funds. The state took money from hospitals, and then paid money back to collect matching federal funds. The hospital tax was opposed by hospitals but was implemented despite the objection because it provided a way for the state to get new federal revenue to help balance the state budget. Since its inception, the return to hospitals has and is proposed to continue to steadily decrease, but the tax remains the same—converting a solution to bring in new federal revenue to balance the budget to a pure tax on hospitals to balance the budget.
- If the budget is implemented as proposed, by 2015 the state share of funding hospital Medicaid services will actually be less than it was in 2002, even though there will be almost twice as many people enrolled in Medicaid.
- The administration is projecting that hospitals will be caring for more than 40,000 additional Medicaid patients in 2015 than they are today, so the administration's plan to "hold [hospitals] at just about the same amount of total funding through 2015 that they got this year" would mean hospitals must care for those additional patients for free.
- The Governor's budget includes \$550 million in cuts to hospitals over the next two years. There is no way around the fact that cuts of this magnitude will impact patient care, close programs and services, put people out of work in hospitals and communities across the state, and lay an added healthcare cost burden on businesses, resulting in higher premiums for workers.

(Click chart to enlarge)



Committees Vote on FY 2014-2015 Budget



On April 19, the General Assembly's Appropriations Committee [voted](#) to approve a FY 2014 – 2015 budget proposal that mirrors the \$550 million in hospital cuts proposed by Governor Malloy. Additionally, the Finance, Revenue and Bonding Committee [voted](#) to release the revenue side of the budget that makes no changes to current hospital tax.

In total, the Appropriations Committee proposes spending \$43.9 billion over the two fiscal years—approximately \$11 million more spending than Governor Malloy in the first fiscal year, and about \$38 million more in the second. The Finance Committee bill:

- Authorizes a tax amnesty program covering all state taxes (other than motor carrier road taxes) from September 16, 2013, to November 15, 2013. This is projected to generate a General Fund revenue gain of \$35 million in FY 2014 and a revenue loss of \$7 million in FY 2015 due to an anticipated shift in the timing of the receipt of delinquent taxes.
- Extends the 20% corporate income tax surcharge until income year 2015, which is projected to result in a General Fund revenue gain of \$44.4 million in FY 2014 and \$74.0 million in FY 2015.
- Reduces the Earned Income Tax Credit (EITC) from 30% to 25% of the federal program for FY 2014, increases it to 27.5% in FY 2015, and then restores it to 30% for subsequent tax years. The changes are projected to result in a savings of \$21.1 million in FY 2014 and \$11 million in FY 2015.
- Allows an exemption from the motor vehicle tax on the first \$20,000 of the assessed value of motor vehicles beginning in the 2018 assessment year. This is projected to create a revenue loss to municipalities and a revenue gain to the state beginning in FY 2020.

During the Finance Committee meeting, Senator Michael McLachlan (R-Danbury) proposed an amendment that would have eliminated the hospital tax. Representatives Prasad Srinivasan (R-Glastonbury), John Piscopo (R-Thomaston), David Scribner (R-Brookfield), and John Shaban (R-Redding), citing conversations with their hospitals, all spoke of the negative impact the tax will have on hospitals, patients, and communities throughout the state. After a lengthy debate, the proposed amendment to eliminate the hospital tax was defeated on a vote of 31-16.

CHA Reacts to Committee Vote



CHA President and CEO Jennifer Jackson reacted to the Appropriations Committee vote, saying "We are deeply disappointed by the decision of the Appropriations Committee to present a budget that includes the unprecedented decreases to hospital funding proposed by Governor Malloy. Cuts of this magnitude threaten care for all of us. The immediate effect will be devastating cuts to hospital staffing, services, and programs.

"Let us be explicit: If the budget passes with \$550 million in hospital cuts, people will lose jobs. Patients and

communities will be hurt when hospitals are forced to shutter critical programs and services, and postpone investments in lifesaving technology and infrastructure that are required to maintain the best, most up-to-date, quality care. It will also shift healthcare costs to businesses, resulting in higher premiums for workers.

"Taxing hospitals and the patients they serve as a way to balance the budget doesn't reduce the cost of care. It increases it, causing patients, businesses, employees, and communities to pay more."

Click [here](#) to read CHA's full statement.

Tomorrow: Healthcare Leaders Discuss Best Practices for Improving Quality and Value



Tomorrow, the [American College of Surgeons](#) (ACS) will host the [ACS Surgical Health Care Quality Forum Connecticut](#), a community discussion about the state of healthcare in Connecticut and how surgeons and other clinicians, hospitals, health plans, and government can work together to achieve better patient outcomes and increase the value of healthcare.

The event will be hosted by Scott J. Ellner, DO, MPH, FACS, Director of Surgical Quality, Saint Francis Hospital and Medical Center; Assistant Professor of Surgery, University of Connecticut Medical School; and Co-Chair, ACS Connecticut Chapter Committee on Patient Safety. It will feature a keynote presentation by Kevin J. Counihan, CEO, Connecticut Health Insurance Exchange.

Other speakers include Rocco Orlando III, MD, FACS, Senior Vice President and Chief Medical Officer, Hartford HealthCare; Kathleen A. LaVorgna, MD, FACS, private practice surgeon, Norwalk Hospital, and President, ACS Connecticut Chapter; Alison L. Hong, MD, Director, Quality and Patient Safety, CHA; Colleen Desai, MSN, RN, CEN, Trauma Program Manager, Saint Francis Hospital and Medical Center, and President-Elect, Connecticut Emergency Nurses Association; and Kevin Lembo, Comptroller, State of Connecticut.

*Scott J. Ellner, DO, MPH, FACS,
Director of Surgical Quality, Saint
Francis Hospital and Medical
Center; Assistant Professor of
Surgery, University of
Connecticut Medical School; and
Co-Chair, ACS Connecticut
Chapter Committee on Patient
Safety*

The program is sponsored by the [ACS Connecticut Chapter](#), the Connecticut Surgical Quality Collaborative, and the [Connecticut State Medical Society](#).

Tomorrow's program will be held from 9:30 a.m. – 11:30 a.m. in the Old Judiciary Room at the State Capitol Building, 210 Capitol Avenue, Hartford. On-site registration is available for those interested in attending.

Rich Umbdenstock: Bending the Cost Curve



Rich Umbdenstock, President and CEO, American Hospital Association, published a column in the Wall Street Journal on hospitals' contributions to bending the cost curve. He urged legislators not to further ratchet down Medicare and Medicaid payments for hospital care.

Mr. Umbdenstock wrote, "Hospitals have been spearheading efforts to transform health care for more than a decade. We're collaborating to keep people healthy in the first place, make hospital care more efficient, and reduce health problems after discharge.

"Hospitals, physicians, and post-acute care facilities are sharing information and implementing best practices to achieve the best transitions, outcomes, and value for patients.

"Hospitals and their clinicians are increasing teamwork, making huge investments in health information technology, and improving data collection and use—leading to better value care. They are also making major strides in engaging patients, families, and communities in their health and health care.

"Dramatic improvements in quality and safety are occurring in virtually every American hospital. Hospitals have reduced one kind of bloodstream infection by 40 percent in adults and 58 percent in infants, and are lowering the percentage of readmission rates, early elective deliveries, and complications in newborns. Of course, improving quality of care is an unending challenge, and we're striving to provide our patients with the best possible outcomes.

"Working together, we can achieve a sustainable level of health care spending by better managing advanced illness, engaging individuals in their health care, and using limited health care dollars wisely."

Read the entire column [here](#).

Education Updates

Partnership for Patients--Preventing CAUTI Session

Tuesday, April 30, 2013

9:00 a.m. - 1:00 p.m.

Healthcare associated infections are targeted by the Centers for Medicare and Medicaid (CMS) for improvement through the Partnership for Patients national initiative. Join us for an interactive session, which will focus on the sharing of strategies that can assist you in implementing highly reliable processes proven to reduce catheter-associated urinary tract infections (CAUTI).

[Event Registration](#)

CHA Nurse Preceptorship Program

Thursday, May 23, 2013

8:30 a.m. - 3:45 p.m.

Supporting and strengthening the work of nurse preceptors is critical to the development of new nurses and retention of the highly skilled staff registered nurses who teach them at the bedside. Curriculum for the Nurse Preceptorship Program was developed by a team of educators from area hospitals and schools of nursing, and is designed to provide core content that is foundational for the role of nurse preceptor. The program includes presentations and interactive sessions that cover topics such as roles and responsibilities, characteristics of a professional role model, basics of teaching and learning, tools and strategies for effective communication, principles of constructive feedback delivery, evaluating competence, delegating effectively, and more. The Nurse Preceptorship Program will serve to start new nurse preceptors off with critical information and also may be of interest to nurse preceptors that have not had this content, or would like to be refreshed on these concepts.

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

[View Brochure](#) | [Event Registration](#)

