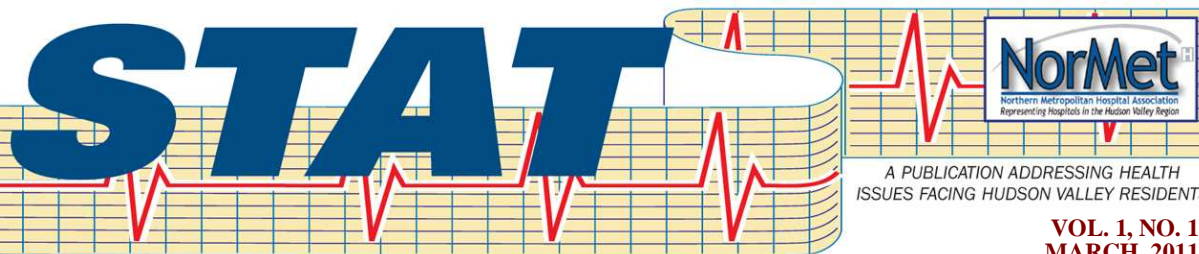


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***State Update: Tort Reform Holds Up Budget***

The medical malpractice reform measures proposed by the Medicaid Redesign Team (MRT) and accepted by the governor's office, hang in uncertainty as the State Senate, Assembly, and Governor Cuomo's office work these next few weeks to negotiate a state budget. These unresolved tort reform issues threaten the overall progress the MRT has made in reforming the massive and expensive Medicaid program, fear many hospital leaders. Hospitals are counting on projected savings from malpractice reform to offset other provider cuts advanced by the MRT and incorporated into Governor Cuomo's budget.

The Senate and Assembly budgets differ on medical malpractice reform with the Senate version incorporating the governor's entire medical malpractice package. Most notably, this includes a \$250,000 cap on non-economic damages and a neurologically-impaired infant fund, and two financial contributions from hospitals to help finance the impaired infant fund. The Assembly version removes the cap, but retains the two assessments from hospitals without attaining the same level of benefit that would accrue under the governor's proposal in the form of reduced premiums.

Advocacy groups have taken to an electronic campaign to inform their state legislators about the urgency to adopt the governor's medical malpractice package in its entirety. The Greater New York Hospital Association/1199 Service Employees International Union Healthcare Education Project offers three websites wherein visitors can sign a petition and send it to their specific Albany legislators. The sites are: [www.medmaltruth.org](http://www.medmaltruth.org); [www.docformedmalreform.org](http://www.docformedmalreform.org); [www.protectnymoms.org](http://www.protectnymoms.org).

Other noteworthy budget elements:

- **Global Medicaid spending cap** (both Assembly and Senate), but Assembly version yields more oversight to the executive branch and makes it permanent, while Senate version sets a two-year trial and allows for a more active role by the Legislature.
- **Two percent across the board Medicaid cut to hospitals** with Senate and Assembly calling for a two-year plan related to this cut while governor calls for permanency.

***Federal Update: Continuing Resolution; Payment Recommendations***

► Congress passed another three-week continuing resolution that will keep the government running until April 8. However, time spent working on these continuing resolutions infringes upon work for the next fiscal year budget.

► The Medicare Payment Advisory Commission (MedPac) in its March report to Congress is recommending that Congress increase payment rates for the acute care hospital inpatient and outpatient prospective payment systems in 2012 by one percent.