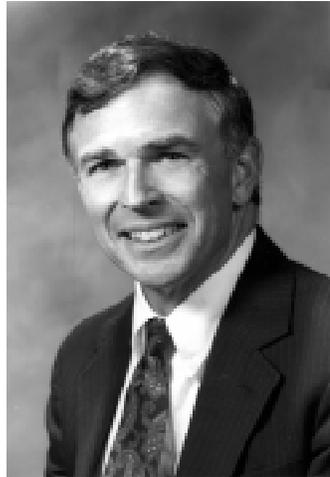


The public's confidence in hospitals and America's healthcare delivery system is ailing despite the fact that hospitals provided more free care and community outreach programs this year than ever before in our history.

According to results of an American Hospital Association report on public perceptions released this year, people view America's insurance companies and hospitals as being motivated by profit rather than service and self-interest rather than public interest.

Against a national backdrop of federal investigations, conversions and takeovers by for-profits, and forced closing of small community hospitals, Connecticut's hospitals, more than ever, see the need to extend their reach, strengthen their ties, and reaffirm their commitment to their communities.

The heart of CHA's mission and the mission of our members is to advance the health of the people of our state. Our collective focus upon patient care is steadfast as we've struggled to keep pace with the industry changes. Our dedication to ethical decision-making in healthcare is evidenced, among other things, by our creation of CHA's Health Care Ethics Resource Center.



President's Message

Through new alliances, we've come together as providers to regain and maintain our place at the table of healthcare decision-making. This year, CHA too has formed a new partnership with the shared goal of improving community health. The Connecticut Health Collaborative is the first effort of its kind to unite a hospital and home care association around common values. I invite the private healthcare insurers in the state to join us in addressing the public's concern.

I welcome you now to read through our 1997 Annual Report, which highlights the challenges, accomplishments, and achievements made by CHA and its membership. We honor our members for their commitment, dedication and caring.

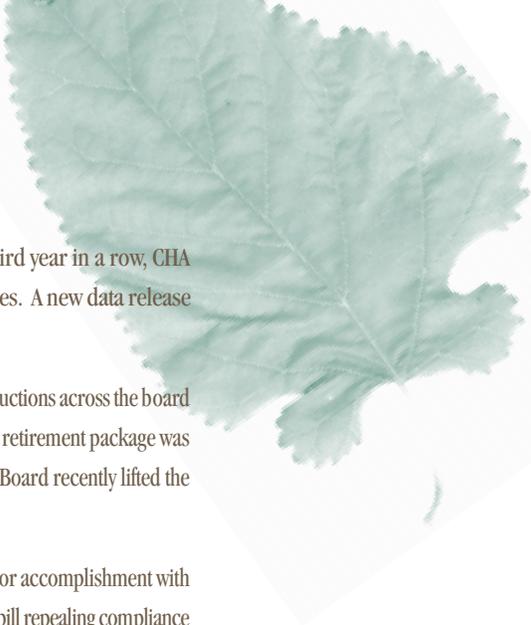
A handwritten signature in dark ink, appearing to read "Dennis P. May". The signature is written in a cursive style with a decorative flourish above the name.

Dennis P. May, President
Connecticut Hospital Association

Over the past twelve months, CHA consistently demonstrated - through a series of successful initiatives - its willingness to change, its ability to evolve, and its strength in dealing with the important issues of today:

- Through the efforts of the ad hoc board Committees on Governance and CHA Conflict Resolution and Mission, bylaw changes for the reorganization of the Board in terms of the role and composition of the Executive Committee, the CHA Board, and the Committee on Nominations were approved. Changes in the Board meeting schedule and the development of a Board self-evaluation process were also implemented. Other Bylaw changes included the creation of two new CHA membership categories: Physician Group Practices (Type VI) and Associate Corporate Membership.
- Since the adoption of its new mission statement last year, CHA has applied extra initiative in improving community health status. Community Needs Assessment data was provided to the public and to member institutions on morbidity, mortality, and health status indicators on both statewide and town-specific basis. The development of these reports was underwritten by an \$80,000 grant from Northeast Utilities. CHA's quarterly Community Needs Assessment Sharing Forum brought together for informational and educational purposes, not only hospital staff but health directors and others involved in community health improvement projects. Recognizing the importance of this group, the state Department of Public Health chose to preview the new state health plan at its spring meeting to elicit feedback and input.
- In the last year, a task force comprised of representatives from the Connecticut Association for Home Care, Inc. and CHA met to determine common areas of cooperation and collaboration. The CHA Board approved the establishment of a joint venture between the two associations to advance the health of Connecticut individuals in communities. The *Connecticut Health Collaborative* hopes to become a prototypical model demonstrating how associations can effectively work together in a collaborative way on behalf of the communities they serve.
- More emphasis has been placed upon trustee education. Under the leadership of the CHA Trustee Task Force, biannual educational forums were held at CHA.

Our Accomplishments

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- CHA has been a leader in the public release of outcome data in research activities. For the third year in a row, CHA released statewide and hospital specific heart attack survival rate data and cesarean section rates. A new data release is currently in the works for trauma and major injuries with an emphasis on prevention.
 - CHA successfully reorganized its management team, resulting in a 20 percent reduction in staff. Salary reductions across the board were implemented in order to survive the four-year membership dues freeze, and a very successful early retirement package was created for CHA employees as another way to save costs. The Financial Oversight Committee and CHA Board recently lifted the freeze on membership dues by using the existing formula and applying it to fiscal 1996 expenses.
 - CHA witnessed the passage of several important bills during a difficult and busy legislative session. A major accomplishment with significant financial implications for CHA member institutions was the approval of CHA's emergency certified bill repealing compliance payments for last year and all future years. Also, the adoption of legislation involving managed care form was enacted, placing Connecticut at the forefront of states regulating health maintenance organization activities. Although there was a proposal to authorize the establishment of Provider-Sponsored Organizations (PSOs), the legislation did not go forward in this session. But the end result was a strong commitment to establishing a task force to study PSOs in order to revive the issue during the next legislative session.
 - In response to a growing need for information and guidance, CHA established the *Health Care Ethics Resource Center* to assist member institutions in developing institutional policies, addressing specific patient care problems, and monitoring state, regional, and national trends in healthcare ethics. In addition to hosting educational seminars on current issues, the Center also serves as a forum for multidisciplinary discussion and consensus building and houses a library of current literature and sample policies on a variety of topics.

Both CHA and its membership experienced rapid, dramatic changes this year. Just as CHA members have reorganized the way in which they deliver healthcare, so too has CHA reorganized its own internal operations and workforce. This reorganization enabled the Association to effectively eliminate the previous year's operating deficit while still maintaining high quality services to its member organizations. Yet, in the face of these daunting challenges, CHA remained committed to its goal of uniting with the membership to successfully advance the health of individuals and communities in our state.



CHA President Dennis P. May, Outgoing Board Chairman John J. Meehan, and Incoming Board Chairman Raymond S. Andrews, Jr.

The Board of Trustees acts as CHA's principal policy maker, with its 23 members meeting six times a year to set objectives and goals. This governing body branches into four standing committees: The Executive Committee, The Committee on Government, The Financial Oversight Committee, The Pension Investment Committee, and several ad hoc committees which are created to study specific subjects and are dissolved when their work is done. The Board also oversees the operation of the Connecticut Healthcare Research and Education Foundation, Incorporated (CHREF) and has appointment powers for CHIME, Inc., CHA Workers Compensation Trust (WCT), Diversified Network Services, Inc. (DNS), and The Connecticut Hospital Association Trust (CHAT).

As CHA moved through the first year of its new mission, it began the process of transforming itself from being a hospital association to becoming a comprehensive healthcare association - with the purpose of providing leadership and guidance to all facets of integrated delivery systems. CHA's new mission statement, along with a renewed emphasis upon community health improvement, played an integral role in developing a unique joint venture with the Connecticut Association for Home Care, Inc. The resulting effort, the *Connecticut Health Collaborative* - the first of its kind in the nation - will provide specialized focus on healthy communities.

Our
Family

CHA's membership family continues to include personal and associate members, short-term acute care hospitals, non-governmental psychiatric hospitals, governmental hospitals, ambulatory care institutions, health maintenance organizations and other insuring entities, long-term care facilities, and home care organizations. However, reflecting the gradual movement toward integrated delivery systems, changes in membership categories were implemented this year to include Physician Group Practices and a special category for corporations with a strong interest in healthcare. These changes only help to further ensure CHA's reputation as a leader in healthcare policy and advocacy in the state.

The ongoing evolution of healthcare has resulted in changing demographics, new technology, integrated delivery systems, increased regulatory oversight, and higher patient expectations. These factors created a new base of educational opportunities that CHA continues to address through its educational arm, The Connecticut Healthcare Research and Education Foundation, Incorporated (CHREF).

During the 1996 - 1997 academic year, CHA sponsored 67 specialty programs open to the entire membership. These events provided the tools and information that Connecticut's healthcare providers need to stay current in their respective fields of expertise. CHA educational seminars addressed a diverse range of topics such as the Do- Not-

Education

Resuscitate (DNR) Transfer System, the Health Insurance Portability and Accountability Act, Health Care Ethics, Patient Satisfaction and JCAHO Standards. Connecticut healthcare leaders assembled for the *First Annual Integration Symposium*, a day-long event designed to explore the opportunities and challenges posed by Integrated Delivery Systems. For the third consecutive year, CHA offered its members the American Hospital Association's teleconference series consisting of 15 live programs with a national perspective on current issues.

CHA's conference structure offers professionals an opportunity to network at CHA's Wallingford offices. These roundtable discussions enable professionals in 35 healthcare fields to meet, share information and foster relationships. In 1996-97 CHA hosted approximately 1,455 meetings, serving more than 37,000 people within the healthcare community.

CHA's *7th Annual Healthcare Expo* remained Connecticut's largest forum of its kind. The two-day exposition featured ongoing educational programs and lectures by noted guest speakers. As Connecticut's healthcare providers continue to integrate, meeting the educational needs of our members remains an integral part of CHA's mission. Education is the cornerstone to understanding and, ultimately, effective transitioning.



It has been a time of upheaval in the complex world of healthcare. With managed care continuing to rapidly redefine the dimensions of care, and with the relatively recent concept and development of integrated delivery systems, the public's perception of health providers is becoming confused and mistrusting. Never has it been more vital to win back the public's loyalty and trust. Historically, hospitals focused mainly on inpatient acute-care. But today, as modern technology and health costs increase, hospitals have adopted a more global perspective towards reinforcing their role as community health leaders. Instead of buckling under the intensive scrutiny the public and media has placed upon them, Connecticut's health leaders are uniting to create innovative, quality programs to promote wellness and health education in their local communities.

From child safety advocacy to support groups for teen mothers to asthma control and education programs, providing comprehensive service programs for the community remains the primary mission of Connecticut's hospitals. The need to continually educate and provide compassionate care to specific audiences in our communities has become crucial in this time of uncertainty. Our hospitals have stayed true to CHA's mission of advancing the health of individuals and communities in extraordinary and creative ways.

Sharon Hospital spearheaded a unique collaborative effort to develop the Primary Healthcare Network (PHN), which provides healthcare services and education to area residents who do not have health insurance or are at or within 200 percent of the federal poverty level. The PHN operates under the auspices of Sharon Hospital's *Good Neighbors* Community Health Promotion Program. The hospital provides the staff, space and financial support for the hospital services utilized by PHN members. Local physicians volunteer their time to see patients in their own offices, and the local mental health center provides its services to qualifying PHN members. A community Advisory Board provides oversight and assists in fundraising.

Our Leaders

The overall goal of Sharon Hospital's Primary Healthcare Network is to achieve optimum health for all residents in need. The program's three primary objectives of providing high quality health services to those who do not qualify for other assistance or are in need of primary coverage, educating and enabling individuals to utilize healthcare services appropriately and make healthy lifestyle choices, and demonstrating a low-cost rural healthcare delivery system through partnership with physician volunteers, the local hospital, and other community resources serve as a primary example of how hospitals and health leaders can effectively work together as a team to better the health of their communities.



Stephen A. Harriman, Commissioner, DPH, presents James E. Sok and Louisa LaFontan of Sharon Hospital with the Community Service Award.

Not only are Connecticut hospitals extending their reach and strengthening their ties to the community, but they are also taking major steps inside the walls of their institutions to redesign internal operations to better the quality of healthcare they provide. By taking a hard look at statistics and data reports, and adopting clear objectives and goals, our hospitals are developing programs to streamline costs and broaden patient care.

Bridgeport Hospital initiated a comprehensive program in 1993 to improve clinical outcomes in critically ill patients. The program included the recruitment of a full-time medical director of the medical intensive care unit (ICU), the development of a formal curriculum for resident training in critical care, and the establishment of a critical care clinical research program intended to contribute to improved patient care. The ICU medical director assumed responsibility as the attending physician for all unassigned patients admitted to the ICU and provided formal consultations on other patients when requested. All patients in the ICU were cared for 24 hours a day by medical residents, who had the sole authority in writing orders. Each morning the ICU medical director conducted teaching/work rounds in which all patients were presented by the residents' systematic fashion. Care plans were formulated by the team. A comprehensive curriculum was also formulated in critical care medicine to improve patient outcomes by enhanced housestaff education and oversight.

The hospital credits the success of its project to teamwork and the sharing of a common goal. Quality of care and education were improved in the following areas: (1) patient outcomes, including acuity-adjusted mortalities and lengths of stay in the ICU; (2) housestaff medical education, as demonstrated by performance on a standardized examination; and (3) research that has been applied to care of patients in the form of standardized protocols derived directly from the hospital's experimental findings.

Our hospitals are teaming together, working as a collective whole, to ensure the quality of healthcare for our communities. But there are other leaders, those individuals who have devoted their lives and careers, who are actively involved in advancing healthcare through selfless noteworthy contributions and personal distinction.

The late Reverend Thomas J. Lynch, or "Father Tom" as he was more affectionately known by his friends and colleagues, devoted a great portion of his life to improving the quality of healthcare for the residents of Connecticut. During his career, Father Lynch served on a number of boards, including the Saint Francis Hospital and Medical Center board of directors and Operation Fuel. He was actively involved with CHA and served as the chairman of the Board of Trustees in 1988 and held the position of CHA Board Treasurer for several years thereafter. He also sat on numerous CHA committees, including the Audit Committee, Committee on Nominations, Committee on Quality Assessment, Committee on Patient Care Services, and the Financial Oversight Committee, among others.



Drs. Constantine Manthous and Nicholas Dainiak receive the J.D. Thompson Award from New Britain General President Laurence A. Tanner.

Father Lynch, who was posthumously awarded the *T. Stewart Hamilton, M.D. Distinguished Service Award* during CHA's 79th Annual Meeting, was well respected by his fellow priests and peers at Saint Francis Hospital and Medical Center, which credits him as instrumental in helping to guide the hospital through a period of tremendous growth. He was a staunch supporter of Catholic healthcare and, more globally, just and nondiscriminatory healthcare. A student, scholar, and teacher of medical ethics, his contributions were at the heart and basic truths governing the delivery of healthcare services today.

Katrina Clark has played an increasingly important role in the healthcare field, demonstrating both her personal commitment and understanding of community health needs. For over 25 years, Ms. Clark has served as director of the Fair Haven Community Health Clinic in New Haven, Conn., developing it from a free clinic operating on a minimal annual budget to a multi-faceted healthcare facility. Under her guidance, the Clinic today offers a broad range of healthcare services provided by skilled physicians and related health professionals specifically geared toward an underserved segment of the local community. The author of numerous studies on urban community health issues, Ms. Clark has served as commissioner of the New Haven Health Department, and currently sits on the board of directors for the Community Health Network (HMO for community health centers) and sits on the Special Commission on Infants and Children.

During her distinguished career, Martha L. Fordiani has made many notable achievements to the healthcare field. She served in an administrative capacity with the former Commission on Hospitals and Health Care where she helped shape the formation, regulation and growth of healthcare organizations in the state. She also paved the way for other healthcare administrative changes and trends, having been the first director of planning for Saint Francis Hospital and Medical Center and later became the first person to serve as a full-time risk manager at Danbury Hospital. She was chief executive officer of World War II Veterans' Memorial Hospital, where she worked with the Board and the community to successfully develop and negotiate a plan of merger with

Meriden-Wallingford Hospital. She undertook the effort in order to preserve and improve the availability and quality of healthcare for the community.



Martha L. Fordiani was one of two recipients of CHA's Honorary Membership Award.

As executive vice president/general counsel of the merged entity, Veterans Memorial Medical Center, she played a key role in gaining approval to build a new hospital for the region. A well-known community health advocate, one of Ms. Fordiani's most important contributions is her active involvement on the steering committee of *Healthy Meriden 2000*, an innovative pilot program which seeks to improve the health and well-being of the Meriden community.

Together, these hospitals and individuals are exemplary examples of how the healthcare community can unite to better the health and well-being of the people they have dedicated themselves to serving. They were the CHA award recipients for 1997.

The Diversified Network Services, Inc. (DNS) Shared Services Program celebrates its twentieth year of providing cost-effective programs that help participating members compete in today's dynamic healthcare environment. The membership includes hospitals and a variety of other healthcare providers. DNS offers a broad range of traditional products in Group Purchasing areas including: Pharmacy, Medical/Surgical, Laboratory, Food Services, and Radiology. Other services offered as part of the Shared Services Program include: Waste Management, Human Resource Consulting, Records Management, Information Systems, Equipment Maintenance Insurance, Equipment Service, Surplus Equipment Program, and Financial Services, to name a few. The DNS Shared Services Program is committed to providing its members with the best quality, pricing, and service available while maintaining a voluntary compliance program. In a highly-regulated healthcare environment, the voluntary compliance program offers participating members the flexibility and freedom to choose those programs that meet their specific needs.

In fiscal year 1996-97, DNS members purchased more than \$85 million in supplies, equipment, and services with a projected savings of \$12.3 million. The collaborative purchasing power of all its members has allowed DNS to achieve significant leverage in

the marketplace, resulting in agreements that are equal to, or in some cases better than, national pricing agreements.



Diversified
Network
Services, Inc.
Shared Services
Program

The DNS Program's innovative products and services are a result of membership in several multi-state purchasing groups. This combined purchasing power provided program participants with the savings of nationally-developed contracts while giving members the ability to maintain local control.

1996-97 was a year of change for the DNS Shared Services Program. While decreasing its overall operating costs, staff was increased by the addition of two full-time sales representatives responsible for promoting the DNS Shared Services Program. In

addition to improved day-to-day communications with members, the sales representatives are also responsible for enrolling new members and showing current participants how to maximize their savings through better program utilization.

During the past year, DNS added approximately 50 contracts to its portfolio including: agreements for Benchmarking Services, Pre-Employment Screening, Mortgage Services, Information Technology Research, Elevator Consulting, Rehabilitation Management, Staffing Services, Collections and Human Resources Auditing. Other program enhancements include the first issue of the DNS *Chronicle* newsletter and the DNS Shared Services Program web site (<http://www.dns-ssp.com>).

The DNS Shared Services Program is committed to remaining a strong regional group, offering a mix of national and local agreements that will service the needs of all healthcare providers. DNS will continue to evaluate its portfolio, researching the marketplace for emerging technologies (products and services) that reduce costs and improve quality of outcomes.



Our Healthcare Consulting Program continues to meet the demands for Community Needs Assessment (CNA), benchmarking, bed need projections, market demand analysis, strategic planning, and Certificate of Need (CON) applications.

Community Needs Assessment, a process whereby all segments of the community come together to improve the health status of the community, recognizes that lifestyle and environmental factors are major determinants of chronic disease and disability which are beyond the control of individual doctors, hospitals, insurers and employers and can only be effectively addressed through cooperative efforts that extend into the community. Through Community Needs Assessment, hospitals are beginning to re-examine their roots and their role in service to their communities. Seeking a balance between mission and margins in this changing marketplace, hospitals are considering ways to improve their community's health status through community service planning. It is through the Community Needs Assessment process that Connecticut citizens can both improve their health and well-being and reduce health care expenses.

Healthcare Consulting Program

DNS healthcare management consultants provide ongoing presentations, furnishing Connecticut's hospital leadership with vital statewide & town/city mortality and community health indicators to support them in their individual community health assessment projects.

Certain Connecticut hospitals also achieved effective results through participation in our Energy Management Program, which was specifically designed to help facilities conserve energy resources. Under DNS management of the Conservation Loan Program, \$4,945,327 was committed to initiate 74 energy conservation measures at 19 Connecticut hospitals.

CHIME®, Inc. is a national leader in the data collection, integration, analysis, reporting and exchange of health care information. CHIME's commitment to data quality, timeliness, and completeness have provided the foundation for the ongoing success of the program. The data are transformed into information and used in a variety of administrative, clinical and research studies to support the endeavors of the healthcare community.

Data quality improvement continues to be a major goal as the data are being more heavily relied upon for strategic decision-making, research, advocacy, and managed care. Major data quality improvement processes



continue to assess the accuracy of the CHIME data through on and offsite audits and edits.

CHIME introduced a comparative Physician Model to member hospitals. This is the second physician-based inpatient analysis package that provides further detail using severity-adjusted statistics compared to a benchmark of statewide “best practice” norms.

The Patient Census Report continues to provide comparative, current utilization information to our members. The Patient Census Report for the private psychiatric hospitals was converted and the data was merged with the historical Patient Census Report database during 1996.

CHIME-Net™, the statewide Health Care Information Network, continues to grow. CHIME-Net is both a public and private network. Internet access, e-mail and information sharing capabilities are available via the CHIME-Net network. A current events hotline, online registration for CHA's education programs, access to strategic planning information, links to other healthcare sites, submission of CHIME data, access to group purchasing contracts and happenings affecting healthcare in the state are a few of the applications currently available using the CHIME-Net web site (www.chime.org). The network will, through the proper security and authorization, allow limited secured access to the CHIME database with the ultimate goal of supporting providers' patient care decision-making processes.

CHIME-Net applications (CHIME-Link) that are in the process of development are eligibility requests, patient transfer information, and bed availability for long term care facilities.



CHIME-Link is an Application Suite that widens the span of information sharing beyond a single institution. CHIME-Link's InterAgency Patient Referral is a Discharge Planning Information Exchange Service. This electronic form can help reduce administrative overhead associated with the generation of paper forms such as W10, W1487 and W289.

CHIME-Link's Eligibility Verification provides a **real-time electronic link** to payors. Using CHIME-Link, healthcare providers (Group Practices, Hospitals, Nursing Homes, Home Care Agencies) can verify patient eligibility for medical services, plan benefits, inclusion and exclusions and co-pay requirements.

A computerized reminder and recall system, a collaborative project between CHREF and the State Department of Health is now operational. The centralized autodialer located at our Wallingford offices will call patients prior to a scheduled immunization to remind them about an upcoming appointment and will recall them if they miss an appointment.

The nationwide shift in the healthcare field to a managed care environment places new emphasis upon hospital quality improvement and cost-containment strategies. The ability for hospitals and other providers to measure and demonstrate the quality of their patient care has never been more urgent, as managed care companies and consumers need to distinguish between and identify quality providers to make informed decisions about the most cost-effective allocation of their healthcare dollars.

CHREF produces a quarterly newsletter entitled Quality Matters[®], targeting boards of directors/trustees, physicians, and quality improvement personnel. The newsletter provides a forum for sharing information about quality improvement strategies and the latest research findings. The Committee on Quality Assessment continues to serve as the editorial advisory board for the Quality Matters newsletter.

Since 1988 CHA's Toward Excellence in Care Program® (TEIC) has assisted hospitals in evaluating the quality of their patient care. Under the administration of The Connecticut Healthcare Research and Education Foundation, Incorporated (CHREF), all of CHA's member hospitals participate in TEIC. Cooperation, effort and contribution of clinical expertise by the state's hospitals and physician leaders resulted in the ability to generate valuable reports. These reports assist hospitals in evaluating their system of providing care. From there, CHREF staff provides administrative and educational support to participating hospitals to further enhance quality improvement strategies.



Research,
Education &
Quality
Improvement

The Joint Commission on Accreditation for Healthcare Organizations (JCAHO) has recognized TEIC as an approved performance measurement system. Under the ORYX initiative, accredited organizations will be required to participate in a performance measurement system approved by the JCAHO Council on Performance Measurement. Hospitals and long term care facilities must select a system and two performance indicators by December 31, 1997. The CHREF Toward Excellence in Care (TEIC) program has been approved as one of the systems meeting JCAHO's criteria, and several existing indicators have been identified for ORYX. Institutions participating in TEIC will be able to satisfy the ORYX requirements through their current data submission and quality improvement efforts.

Similar requirements exist for ambulatory care, behavioral healthcare, and home care organizations for 1998.



CHREF continues to release clinical data reports that provide data hospitals need to improve their procedures and outcomes over time and educate the public on clinical issues.

The Trauma Committee of the Connecticut Emergency Services Advisory Board, in collaboration with CHREF and the Connecticut Office of Emergency Medical Service, are preparing to publish a report on FY '96 Connecticut injury data. The report will illustrate the impact of injury in Connecticut and identify areas where prevention programs could assist in minimizing injury in Connecticut. The data are aggregated at a statewide level.

Acute myocardial infarction (AMI) survival data was released for the third consecutive year as part of a collaborative effort to improve the quality of healthcare in the state. Connecticut hospitals support the ongoing public dissemination of statewide hospital-specific AMI data to alert the community of heart attack symptoms and to serve the community's need for education and awareness.

Public Accountability

The readmission study and the mastectomy study were created by CHIME staff in support of public health issues that were addressed during the 1997 Connecticut legislative session.

The readmission study examines selected surgical and medical procedures to identify any trends in length of stay and potentially resulting readmissions. This study has been developed for the Legislative Program Review & Investigations Committee. The requested procedures include:

- Single Total Hip Replacement
- Removal of Ruptured Disc
- Delivered Maternity
- Double Coronary Artery Bypass Procedure
- Abdominal Hysterectomy

The mastectomy study was developed by the Connecticut Health Information Management Exchange (CHIME) Program with technical advice from the State of Connecticut Department of Public Health. The study population for this report was determined by a panel of clinical experts, chaired by John Russell, M.D. Chairman of the Department of Surgery, New Britain General Hospital. The study population included Female Modified Radical Mastectomy with a malignant diagnosis.



As a method of continually defraying costs to its members, CHREF has pursued a number of national grants. The following national grants have been awarded:

- The NIST project entitled “Healthcare Information Technology Enabling Community Care” (HITECC) involves developing and demonstrating the information mechanisms needed to turn fragmented, paper-based healthcare data into a community-wide information resource. This project will provide secure and simple access to integrated multi-media information across local and wide area networks.
- CHREF participates in another NIST program entitled “Healthcare Information Infrastructure Technology” (HIIT). The major goal of this project is to create and commercialize healthcare information infrastructure tools aimed at improving healthcare quality with cost control. The HIIT project is evaluating the potential of workflow software developed by the University of Georgia for healthcare settings. The software is being prototyped for immunization tracking and eligibility tracking. A second piece of this project is to explore efficient ways of processing large databases such as CHIME in real time for use in a decision support system. CHREF is helping develop rules to define ontologies, comorbidities and complications.
- CHREF was awarded a grant from the National Highway Transportation and Safety Administration (NHTSA) to link the CHIME inpatient, ambulatory surgery and emergency databases with the Department of Transportation’s Motor Vehicle Crash database to perform analyses on the outcomes of the motor vehicles crashes. Three studies will demonstrate the usefulness of using linked data sets and will also provide information to design appropriate prevention strategies to decrease the incidence, morbidity and mortality associated with motor vehicle crashes.
- The National Library of Medicine grant allows CHREF to build Internet connections for medical institutions. Again, CHREF serves as the central coordination site to provide Connecticut medical institutions connectivity with the Internet. Such an infrastructure will allow for multiple healthcare related applications and communications.



These grants and projects will provide the research and development tools to fund the newest technology. Such projects will foster the following benefits: increased productivity, development and analysis of security measures for clinical outcome data, and an emergency department query tool that will provide information immediately on patients involved in trauma.

CHA's Government Relations Department leads the Association's legislative advocacy efforts with Connecticut's Congressional delegation in Washington, members of the Connecticut General Assembly, and the executive branch of state government. Frequently, CHA can be helpful with issues pending before municipalities as well.

The advocacy process includes CHA's Committee on Government, as well as the Board of Trustees, and is focused on membership involvement, grassroots communication and specialized, targeted lobbying methods. Success in advocacy is usually achieved by marshalling the resources of CHA and its members in support of legislative initiatives in Connecticut and supporting the goals of the American Hospital Association at the national level.

At the state level, CHA joined a coalition of other interests in promoting safeguards for consumers faced with the often arbitrary practices of the managed care industry. The resulting passage of An Act Concerning Managed

Legislative Advocacy

Care in the 1997 General

Assembly sessions places Connecticut in the forefront of all 50 states in regulating Health Maintenance Organizations by providing for an external appeals process for patients denied approval for necessary medical services. Only two other states in the nation have such safeguards in place to protect patient care.

CHA also led the fight for the protection of hospitals and the public when nonprofit hospitals are purchased by for-profit hospital chains with the passage of An Act Requiring Advance Review and Approval of the Sale of Non-Profit Health Care Facilities. In addition, CHA testified at several legislative public hearings, supported the successful passage of compliance repeal, and the defeat of several proposals which would have caused difficulty for hospitals.



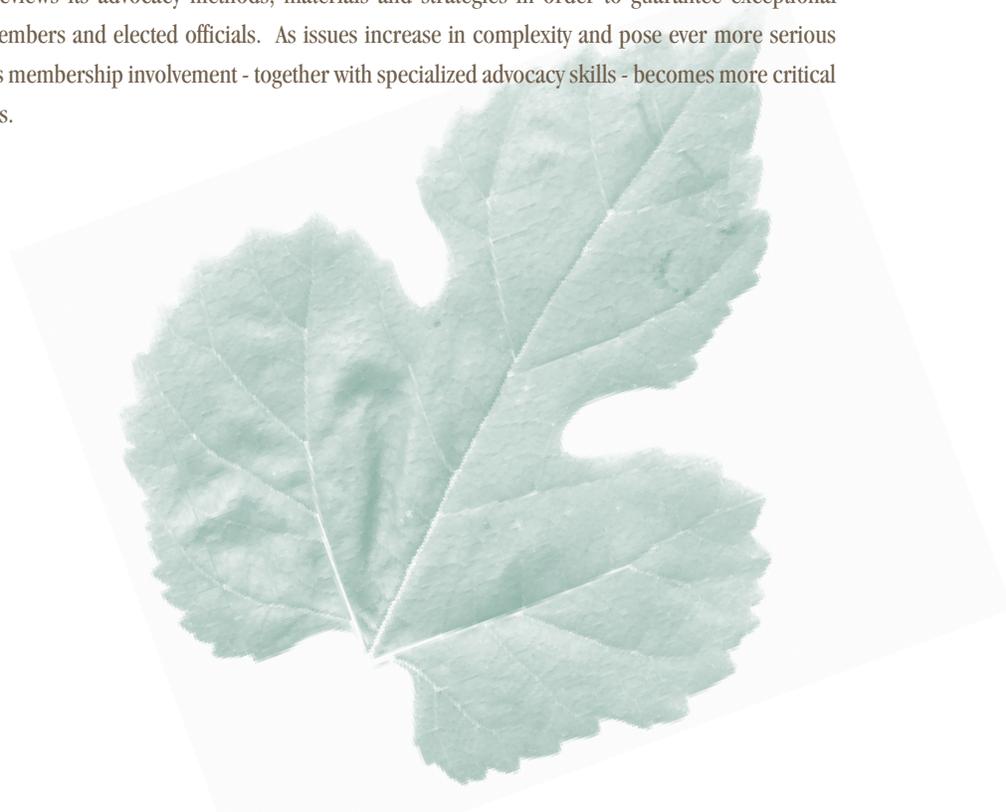
Lisa Winkler-Piela, Joseph Coatsworth and Joseph Walkovich comprise CHA's Government Relations team.



Grassroots efforts from the hospital membership remained strong all session, culminating in CHA's annual *Hospital Day at the Capitol*, which was attended by representatives of 26 hospitals, 30 state legislators, and the Commissioner of Public Health. Legislative advocacy continues to focus on the goals of promoting health care access for all and encouraging members to help in the formulation of public policy on all health-care related issues.

At the national level, CHA schedules meetings with Connecticut's Congressional delegation and the statewide hospital community several times a year to keep members of Congress informed of the impact of pending federal legislation. This year proposed cuts in the Medicare and Medicaid program consumed great national attention and drew the immediate response and opposition of CHA and member hospitals. Modifications in proposed reimbursement cuts to providers are pending at this time, but significant improvements in the major Congressional budget bill have already been approved thanks to the assistance of U.S. Senator Christopher Dodd and his Washington staff. The Dodd Amendment to the Senate Budget resolution, requested by CHA, changed the transfer of patients' provisions - saving hospitals more than \$400 million. This is but one example of CHA working with members of Congress and their staffs to protect hospitals from both unnecessary and unwarranted changes in the Medicare law.

CHA annually reviews its advocacy methods, materials and strategies in order to guarantee exceptional communication with members and elected officials. As issues increase in complexity and pose ever more serious fiscal impact, grassroots membership involvement - together with specialized advocacy skills - becomes more critical to our industry's success.



The primary focus of CHA Insurance Services, Inc. (CH AIS) during the past year has been on efforts to enhance marketing strategies for the CHA Workers' Compensation Trust (WCT). These strategies included building closer working relationships with insurance brokers; designing joint marketing strategies with other healthcare associations; and providing high-quality brokerage services to clients serviced directly by CH AIS.

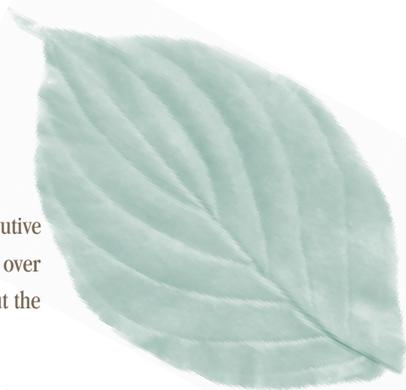
Activities with the insurance brokerage community included the creation of a Broker Advisory Committee. Committee representatives represent agencies that place a large amount of workers' compensation insurance business with the WCT. The purpose of the Committee is to enhance communication and to gain their insights and recommendations on marketing, pricing, and servicing the WCT business. In addition, meetings are held periodically with a broad base of the brokerage community to apprise them of the WCT operating policies and procedures, as well as those of CHA Insurance Services, Inc. A broker incentive compensation program was implemented to provide financial recognition to agencies that write a significant amount of business with the WCT.

A second strategy focused on the development of group programs for associations. Under these programs, special group volume discounting can be achieved with the endorsement, marketing, and administrative assistance of the participating association.

CH AIS enhanced its underwriting and marketing functions with the addition of staff during the year to better respond to the needs of our direct insureds, as well as those served through the brokerage community.

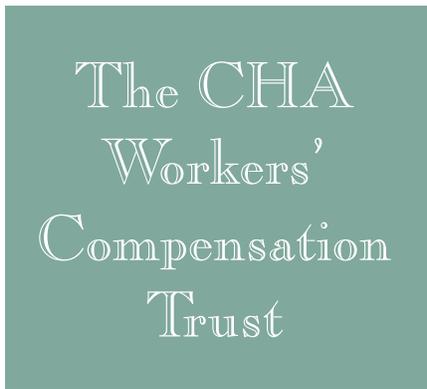
CHA Insurance Services, Inc. continues to offer a wide array of other insurance products to the healthcare community including Professional and General Liability, Directors & Officers Liability, Long-Term Care, Excess, Group Life, and Long-Term Disability, to name a few.

The logo for CHA Insurance Services, Inc. is displayed on a teal rectangular background. The text is arranged in three lines: "CHA" on the top line, "Insurance" on the middle line, and "Services, Inc." on the bottom line. All text is in a white, serif font.



The Connecticut Hospital Association Workers' Compensation Trust (WCT) completed its fifteenth consecutive year of operation on December 31, 1996. The complexion of the Trust membership has changed significantly over the years. Originated in 1981 by 8 hospitals, it has grown to represent over 250 healthcare organizations throughout the state of Connecticut.

The 1996 policy year ending December 31, 1996 looks very strong at this point. Current actuarial projections suggest that \$1.3 million (over 9 percent of billed premium) may be available for eventual return to 1996 Trust participants.



The CHA
Workers'
Compensation
Trust

During the year, the Board authorized a retrospective premium return totaling \$1.5 million. Partial premium returns were released for policy years 1992, 1993, 1994 and 1995 of \$200,000; \$500,000; \$300,000 and \$500,000 respectively. Over the life of the Trust, a total of \$4.8 million of collected premium has been returned to participants, and current actuarial projections suggest an additional \$10.8 million will be returned over time to Trust participants from the 1989 through 1996 policy years.

At the end of 1996, Trust assets were valued at \$41,800,000. Major liabilities recorded at year-end included loss reserves of \$19,000,000; reserves for state assessments of \$8,400,000; and the previously-mentioned reserve for retrospective premium returns to members of \$10,800,000.

Since January 1, 1995 the Trust has experienced a 21 percent reduction in the average medical payment per claim and a 38 percent reduction in the average indemnity payment per lost time claim. These cost reductions were achieved primarily as a result of implementation of the Trust's medical care plan including the preferred provider network, the integrated managed care program, implementation of light duty return-to-work programs, and continued improvement in the overall effectiveness of the Trust's claims administration and loss control programs. A major upgrade of the information system (hardware and software) during the past year should help ensure continued program efficiencies in the years ahead.

We continue to believe the Trust is the most cost-effective vehicle, over time, for providing workers' compensation insurance protection. All funds not required to pay the costs of claims and program administration are returned to participants. Governance of the Trust continues to be provided through a Board of Trustees comprised of representatives from Trust participants.



The major event of the 1996-97 year was the implementation of a partnership agreement with the Hospital Association of New York subsidiary, *Healthcare Community Services Corporation* (HCSC). HCSC brings its expertise gained from over 36 years of experience administering retirement programs for more than 100,000 participants involving over \$1.5 billion in assets. This association partnership was initiated to assure CHA members superior retirement products and services coupled with efficient, cost-effective program administration.

CHA Securities, Inc. continues to endorse the financial planning services of The New England Guild, which currently has approximately \$13.4 million under management. CHA Securities, Inc. also continues to endorse the institutional investment advisor, SEI Asset Management Group. The SEI investment program is designed for management of large institutional investments such as hospital endowment funds and pension funds. SEI currently manages pension, endowment, and trust funds in Connecticut valued at over \$110,000,000.

CHA
Securities, Inc.

CHA Securities, Inc. was created in 1993 by the CHA Board of Trustees. It is licensed to market, through various broker dealers, investment products such as mutual funds and annuities, and to endorse investment advisors both for institutions and for individuals. CHA Securities, Inc. is a member of the National Association of Securities Dealers (NASD), is licensed by the Securities & Exchange Commission (SEC), and is a Registered Investment Advisor under the banking laws of the state of Connecticut.

Executive Committee:

Chairman:	John J. Meehan	Hartford Hospital
Chairman-Elect:	Raymond S. Andrews, Jr.	Hospital for Special Care
Immediate Past Chairman:	John J. Pacowta	The Waterbury Hospital
President:	Dennis P. May	Connecticut Hospital Association
Secretary:	Clarence J. Silvia	Bradley Memorial Hospital & Health Center
Treasurer:	Theodore M. Donovan	Bristol Hospital, Inc.

Terms Expire June, 1997:

William B. Maley, Sr., Milford Hospital
Andria A. Martin, John Dempsey Hospital
Louis Meyer, M.D., Veterans Memorial Medical Center
Ann B. Richard, R.N., Manchester Memorial Hospital
Robert J. Trefry, Bridgeport Hospital

Terms Expire June, 1998:

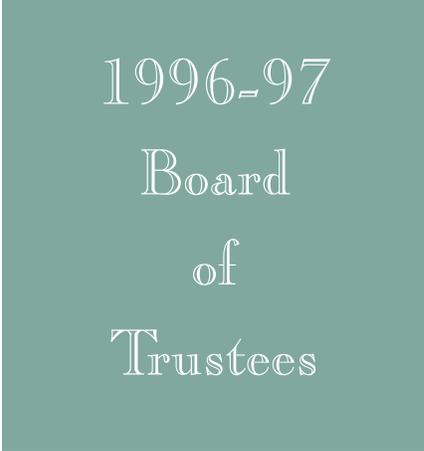
Marna Borgstrom, Yale-New Haven Hospital
Delores P. Graham, Saint Francis Hospital and Medical Center
William J. Riordan, St. Vincent's Medical Center
Laurence A. Tanner, New Britain General Hospital
J. Peter Tripp, The William W. Backus Hospital

Terms Expire June, 1999:

Daniel I. Katz, William & Sally Tandet Center for Continuing Care
Thomas P. Pipicelli, The William W. Backus Hospital
Charles E. Riordan, M.D., The Hospital of Saint Raphael
Edward S. Sawicki, M.D., Windham Hospital
Karen D. Stone, East Hartford Visiting Nurse Association, Inc.
Sister Marguerite Waite, St. Mary's Hospital

Term Expires December, 1999:

Delegate to the American Hospital Association
Gerard D. Robilotti, The Danbury Hospital



1996-97
Board
of
Trustees

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Chairman-Elect:	Gerard D. Robilotti	The Danbury Hospital
Immediate Past Chairman:	John J. Meehan	Hartford Hospital
President:	Dennis P. May	Connecticut Hospital Association
Secretary:	Michael R. Gallacher	Manchester Memorial Hospital
Treasurer:	Theodore M. Donovan	Bristol Hospital, Inc.
At Large:	Marna Borgstrom	Yale-New Haven Hospital
At Large:	Edward S. Sawicki, M.D.	Windham Hospital

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Karen D. Stone, East Hartford Visiting Nurse Association, Inc.
Sister Marguerite Waite, St. Mary's Hospital

Term Expires June, 2000:

Elizabeth T. Beaudin, Sharon Hospital, Inc.
Duane A. Carlberg, Windham Hospital
William B. Maley, Sr., Milford Hospital
Barry M. Spero, Masonicare Corporation
John H. Tobin, The Waterbury Hospital

Term Expires December, 1999:

Delegate to the American Hospital Association
Gerard D. Robilotti, The Danbury Hospital

1997-98

Board
of
Trustees