



COMMENTARY

Public Affairs Research Council of Louisiana, Inc.

October 19, 2012
FOR IMMEDIATE RELEASE

CONTACT: Robert Scott
President
(225) 926-8414 ext. 221

PAR Says More Time and Planning Needed for Successful Health Care Transition

[As early as 2007, PAR has called for fundamental reform of Louisiana's public health care system](#) that would include coverage for as many low-income uninsured as possible, providing the insured access to nearby medical care and a replacement safety net for the remaining uninsured comprised of locally-operated primary care clinics, specialty care, doctors and hospitals. PAR has long called for the LSU hospitals in New Orleans, Baton Rouge, Shreveport and Monroe to continue to be operated as academic medical centers by LSU, while the rest of the state should have regionally integrated systems of care established by local authorities. That change would allow LSU to focus primarily on its mission of medical education rather than devoting scarce resources to the administration of a far-flung, 10-hospital system.

Unfortunately, a sudden reduction in federal funds for Louisiana has created a dire situation in health care financing. The administration and LSU leaders have responded by pursuing a long-overdue initiative to downsize and potentially privatize many of the charity hospital operations across the state.

However, PAR's public health care reform recommendations have called for deliberate, transparent strategic planning with partners, adequate funding and implementation time. The frantic approach currently underway does not bode well for a successful transition for citizens or our communities.

Despite the financial crisis that led to these changes, PAR believes that more transition time is needed for successful reforms. The administration and LSU should plan and implement a multi-year phase-out of much of the current LSU hospital system. If near-term financial constraints require a special session to deal with this situation more adequately, then a special session would be warranted.

In following the proposed plans revealed thus far by the administration and LSU to address this crisis, PAR believes the reforms should be anchored in the following principles.

- **Explain the plan for coverage.** The governor has stated that Louisiana will not participate in the Medicaid expansion offered through the Affordable Care Act. The act offers a policy option to cover an estimated 400,000 additional Louisiana residents under Medicaid starting in 2014. Although the near-term federal funding for this additional coverage is generous to the state, the cost of the state's burden for this expansion is uncertain beyond 2020. Instead, the administration appears to be relying on Disproportionate Share Hospital (DSH) payments for funding these public hospital reforms. Given the uncertainty of this funding source as it is reduced under the current federal health plan, it is unclear what formula and assumptions the administration and LSU are using to justify their plan. There also appears to be disagreement between the administration and LSU on this critical point. The details of the plan to provide coverage should be shared immediately.
- **Engage local communities in meaningful long-term planning.** PAR in 2007 recommended that "regionally integrated systems of care should be established by local authorities and health care providers in order to plan for an orderly transition of indigent care over a reasonable period of time..." Conversations have begun in local communities about this transition. When presenting the reduction plans, LSU leaders have said they support "local solutions for local problems." But the pace of decision-making and

implementation has not given communities time to fully understand and respond with a local solution. Where will the uninsured go for care and how will this care be funded? Will the costs shift to local hospitals? Even locals who are so inclined to consider local tax and revenue options do not have the time to implement these solutions in the current timeframe. Concurrent dismantling of the safety net, while initial conversations with potential partners are just beginning, holds tremendous risk for assuring the continued care and safety of citizens who rely on public health care.

- **Ensure good outcomes.** If these reforms are handled deliberately and inclusively, privatizing parts of the LSU hospital system could produce good results such as increased access to medical treatment, reduced costs and improved quality of care compared with the current safety net.
- **Be transparent.** Given the pace of decisions that will have real effects on lives and communities, utmost transparency is needed. PAR reiterates that health care planning should have active involvement and input from all stakeholders as well as the legislative branch of government. This has not occurred to the fullest extent possible. The shielding of documents by LSU reportedly at the advice of the governor's administration gives us significant concern about the openness of these reforms. Louisiana in recent years has improved its image as a fair and ethical place to do business. We should guard against any step backward in transparency or any appearance of favoritism that might be implied by shielding public documents.

Louisiana's public health care system, for better and worse, currently serves a need for our citizens. Health care advocates, policy leaders and citizens alike have long called for reformation to this safety net. PAR urges our leaders to put these principles first in carefully implementing reforms to the public health care system.

P. O. Box 14776 Baton Rouge, LA 70898-4776
Phone: (225) 926-8414 Fax: (225) 926-8417 Web Site: www.parlouisiana.org