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LOUISIANA'S HOSPITAL SYSTEM

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IN THE NEWS

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[MONDAY, MAY 21, 2007]

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House convenes 2 p.m.

Senate convenes 3:30 p.m.

House Committee Meetings

- Appropriations. 9:30 a.m. in Room 5. Schedule includes: HCR14 urges the Louisiana Recovery Authority to immediately distribute individual mitigation-measures grants. HB71 establishes the Fund for Improvement of Transportation Infrastructure. HB165 creates and establishes Parish Transportation Fund No. 2.
- Environment. 10:30 a.m. in Room 4. Schedule includes: HB430 on litter disposal during solid waste collection and transportation services.
- Ways and Means. 9 a.m. in Room 6. Schedule includes: HB14 provides a tax deduction for uninsured losses associated with natural disaster. HB31 creates a child tax credit. HB232 provides a tax credit for a portion of the premium for property and casualty insurance policies.

Senate Committee Meetings

- Finance. 2 p.m. in Room E. Schedule includes: SB1 authorizes the Department of Health and Hospitals to develop and implement a health care delivery system for Medicaid recipients and low-income uninsured citizens. SB48 creates the Public Retirement Fund in the state treasury. SB52 establishes Parish Transportation Fund No. 2. SB276 provides for a state catastrophe fund.
- Revenue and Fiscal Affairs. 10 a.m. in Hainkel Room. Schedule includes: SCR25 memorializes U.S. Congress to exempt from taxable income benefits under the Road Home Program. SB3 establishes annual Louisiana Sales Tax Holidays for the first of August. SB4 grants a non-refundable income tax credit of 2 percent for medical and dental expenses, home mortgage interest and points, gifts to charity, and casualty and theft losses claimed as federal itemized deductions. SB11 provides an income tax deduction for federal itemized deductions in excess of Louisiana's combined personal exemption and standard deduction.

ON THE INTERNET:

Bills, committee agendas and meetings

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Commentary: A Real No-Brainer Gambit Weekly | 05.21.07

While Louisiana officials bemoan the fact that our state was not chosen as the site of a new German steel mill in St. James Parish, some seem oblivious to the fact that a much larger economic engine is already sitting in downtown New Orleans, just waiting to be started up again: the New Orleans Medical District. Pre-Katrina, the health-care and biosciences industry represented a significant share of southeastern Louisiana's economy. Biotech employed almost 2,700 people and medical-related fields put another 6,000 well-paid professionals to work. Even at those numbers, New Orleans ranked 67th among the nation's biotech markets - behind such "second tier" markets as Orlando, Tampa, St. Louis, Indianapolis and Memphis, yet ahead of Nashville, Birmingham and Louisville. With state lawmakers in a biennial "fiscal session," now is the time to invest in an industry that's a proven winner - and we don't have to throw millions in "inducements" at foreign corporations to make this work. The infrastructure, the land, the university partners - even the federal component - are already here. What's needed are vision and leadership, along with a financial investment by the state.

This one is a real no-brainer.

Before and after Katrina, bioscience institutions conducted cutting-edge research in New Orleans, generating more than \$180 million in federal and private grants in 2003. The National Institutes of Health sent almost \$130 million to the New Orleans area in fiscal year 2005, and the New Orleans Medical District - which includes LSU Health Sciences Center, Tulane Medical Center, Xavier Delgado and associated biotech companies - provides almost 10,000 jobs in downtown New Orleans. Much of the region's economic viability is tied to clustered investment in health care delivery and medical/biotech research. Katrina devastated much of the bio-medical infrastructure, but much remains in place. More important, we now have an opportunity to rebuild a bigger, better and more forward-looking bio-medical district. All we have to do is invest in it.

'Lack of investment in New Orleans' biosciences base threatens to kill the goose that lays the golden egg," says Kurt Weigle, executive director of the Downtown Development District. The DDD has joined virtually every major player in the region to support a plan dubbed the New Orleans Regional Biosciences Initiative (NORBI). Based on an economic strategy that includes a vision of future biosciences growth, NORBI aims to build a globally competitive "innovation economy" for the region by building on its existing institutions. The benefits include conducting globally competitive biomedical research here, attracting private investment and jobs as a result of that research, and anchoring a vibrant community near the heart of downtown.

So what needs to happen to make that reality?

Step One is retaining the VA Hospital in downtown New Orleans. That is the lynchpin. Without the VA - and the huge investment of federal (read: new) dollars in downtown New Orleans - we can kiss a huge swath of land and billions in economic impact goodbye. The good news is, the VA wants to stay here and the money is already in place to make that happen.

The VA's proposed state-of-the-art facility will bring between \$650 million and \$1 billion in capital investment and an annual economic impact of at least \$500 million. Even better, the VA wants to partner with LSUHSC in a teaching facility, which would increase capital investment to \$2 billion - and an annual economic impact of \$1.26 billion.

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The bad news, of course, is that Louisiana politics threaten to muck it all up. Some see this as a move to rebuild the state's Charity Hospital System. Others don't want to see LSU get all that money.

Parochial and political agendas are always the death of progress in Louisiana. This time, we can't afford to let that happen. Lawmakers must support - and fund - the LSU/VA partnership. It already has the support of parish leaders throughout southeast Louisiana, including the Regional Planning Commission. The end result will be a teaching and research campus that serves not only the uninsured but also those with money and insurance who want first-class medical care.

Step Two is assembling a proposed 60-acre tract of land bounded by South Claiborne Avenue, Canal Street, South Rocheblave Street and Tulane Avenue for the LSU/VA campus. Mayor Ray Nagin has endorsed this idea and had pledged to work with the state to make it happen. Best of all, the VA will reimburse the city and state lot much if not all of the costs of expropriating the land. Additional land banking will be necessary to develop ancillary bio-medical complexes as part of the 'cluster concept. Ultimately, the district will extend across parts of Tulane Avenue and all the way to South Broad Street, revitalizing an entire area that has been in a state of decline and/or neglect for decades.

If lawmakers fail to appropriate adequate sums for this project, and if our congressmen and senators don't unite behind this initiative, the VA Hospital may leave New Orleans. That would be a devastating loss, as the hospital draws from across the Gulf Coast. Moreover, the VA Hospital is essential to the success of the medical district. We therefore urge state lawmakers and our elected representatives in Washington to put politics and parochial interests aside and devote all their energies toward keeping the VA Hospital in New Orleans - and to support the LSU/VA-anchored New Orleans Regional Biosciences Initiative.

[Gambit Weekly updates their site on Tuesdays: <http://www.bestofneworleans.com/>]

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N.O. mental health on verge of breakdown

New Orleans CityBusiness | 05.21.07

by Richard A. Webster

Nurse Ione Preston, left, examines Michele Howard at the Lower Ninth Ward Health Clinic, where officials say 95 percent of patients exhibit symptoms of post-traumatic stress disorder. (Photo by Frank Aymami)

In nine years in adult psychiatry, Stephen Menendez has never before seen a population of young psychotics resistant to all forms of anti-psychotic medication.

“We’re seeing a lot of people between the ages of 20 and 30 coming in with their first psychotic breakdown,” said Menendez, supervisor of adult psychiatry at East Jefferson General Hospital. “They’re hearing, seeing and sensing things that aren’t there. They’re paranoid and delusional and they aren’t responding to anti-psychotic medications, and we don’t know why. It seems like a new phenomenon.”

More than 20 months after Hurricane Katrina, mental health professionals say the severity of mental illness in New Orleans has reached new lows and is deteriorating.

More patients are exhibiting post-traumatic stress disorder symptoms while mental health services are nearly impossible to find, said Celeste Lewis, a staff nurse at River Oaks Hospital.

The number of adult inpatient psychiatric beds nosedived 93 percent to 17 from a pre-storm high of 234.

“It’s just a feeling of hopelessness, overwhelming sadness and that life is not going to get better any time soon,” said Lewis. “That spirit of determination that ‘we’re going to get through this and rebuild’ has really faded. It’s made people feel apathetic about their general health. The city is really suffering.”

Mayor C. Ray Nagin recently wrote to Gov. Kathleen Babineaux Blanco demanding the state address the emergency mental health needs of New Orleans. The city lost nearly 100 psychiatric beds and a 40-bed crisis intervention unit after Charity Hospital closed following Hurricane Katrina.

Louisiana State University spokesman Marvin McGraw said the hospital division plans to establish 33 psychiatric beds at its DePaul campus in New Orleans before the end of the year. But there are no plans to recreate a crisis intervention unit.

The New Orleans Adolescent Hospital added 20 psychiatric beds but did little to solve the problem, said Alice Craft-Kerney, executive director of the Lower Ninth Ward Health Clinic, where 95 percent of patients exhibit post-traumatic stress disorder symptoms.

Mentally ill patients in New Orleans are either forced to wait for hours in emergency rooms ill-equipped to handle their needs, sent to hospitals in Mississippi or northern Louisiana if a bed becomes available — or they are medicated and released.

“If that happens, the best case you go to jail, the worst you get killed,” said Craft-Kerney.

Take the case of Terry Burton.

On March 8, the National Guard Military Police shot the 53-year-old Burton to death after he allegedly pointed a BB gun at them. Craft-Kerney said Burton was mentally ill but “harmless.” Unfortunately, the National Guard was unaware of his condition and Burton never received psychiatric care he so badly needed.

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PAR report calls for end to Charity care system New Orleans CityBusiness | 05.21.07

Louisiana's public health care system is on life support and a return to the old Charity Hospital system is not the answer, according to a report released by the Public Affairs Research Council of Louisiana, an independent, nonprofit research group based in Baton Rouge.

"Realigning Charity Health Care and Medical Education in Louisiana" finds the concept of 10 Charity hospitals spread across 64 parishes and 45,000 square miles inefficient and ineffective in delivering medical care for a state with high levels of uninsured people.

At 19 percent, Louisiana has the ninth-highest level of uninsured in the country.

"Louisiana should align itself with the nationwide trend of the past 25 years to bring health care to the people, the reverse of the Charity hospital model of care," the report stated.

"Fundamental reform would include coverage for as many low-income uninsured as possible, giving them ready access to nearby medical care instead of long waiting times and long travel times to get treatment."

<http://www.neworleanscitybusiness.com/viewStory.cfm?reclD=19105>

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LSU hospital gets vote of cash and confidence

Times – Picayune | 05.19.07

By Jan Moller

BATON ROUGE -- Louisiana State University's efforts to build a \$1.2 billion teaching hospital in downtown New Orleans took a key step forward Friday, when a legislative committee unanimously agreed to direct \$300 million in federal block-grant financing to the project.

The decision by the Joint Legislative Committee on the Budget follows months of contentious back-and-forth over the size and scope of the proposed replacement facility for Charity Hospital, which was mothballed after Hurricane Katrina.

It comes three months after the Legislature narrowly rejected a similar financing plan amid concerns by some lawmakers that LSU had not produced a detailed business plan showing how the new hospital would survive financially in a post-hurricane marketplace.

That business plan, unveiled last month by state consultants, says the New Orleans region will be able to support a 484-bed public hospital -- 416 medical/surgical beds, and 68 psychiatric beds -- by 2016, and that the hospital would generate enough money for LSU to pay off the construction bonds that would help finance the project.

"I wanted the hospital to be able to float itself in terms of being able to pay off those bonds," state facilities director Jerry Jones told the committee.

The committee's approval means the debate heads once again to the full House and Senate, which have to approve the financing plan before it goes to the U.S. Department of Housing and Urban Development for final approval.

"This effort is vital to our redesigned health care environment," Gov. Kathleen Blanco said in a written statement in which she urged lawmakers to give the plan swift approval.

Opponents of the project -- including some private hospitals and physicians, along with some Republican lawmakers -- have expressed fears that building too large a hospital would perpetuate a Charity health-care delivery model they view as a failure. "I guess in the end it becomes a question of how many beds, not whether or not to do it," said Rep. Steve Scalise, R-Jefferson.

Jones said the size of the hospital is key to its financial viability, which also depends in large part on its ability to attract patients who can pay for their care through private insurance. If it's built too small, it would fill up with medically indigent patients, while a larger hospital could accommodate both insured and uninsured patients, Jones said.

The business plan, prepared for the state by Adams Management Services Corp. and Phase 2 Consulting, assumes that the new hospital will attract nearly twice as many paying patients as Charity drew before the storm, even though the region's population is expected to be lower. It also projects that LSU will claim a larger share of the New Orleans-area health-care market by 2016 than it had before Hurricane Katrina.

Some lawmakers worried that the new hospital would disrupt the longtime partnership between LSU, Tulane University and other institutions that relied on Charity and University hospitals to train doctors, nurses and other health-care workers.

"Am I happy with everything that's before me today? No," said Sen. Diana Bajoie, D-New Orleans.

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Budget panel advances plan for N.O. hospital

The Advocate | 05.19.07

By MARSHA SHULER

The Legislature's top money panel Friday advanced plans to seek \$300 million in federal hurricane recovery funds for a new LSU teaching hospital in New Orleans.

LSU hospital would be a joint venture with the U.S. Department of Veterans Affairs. It would replace the storm-damaged Charity and University hospitals that treat the poor and uninsured.

The Joint Legislative Committee on the Budget signed off on a business plan for a 484-bed hospital. The facility would start paying for itself the day it opens in 2012, according to plan.

The full Legislature now must ratify the plan before the funding request heads to the U.S. Department of Housing and Urban Development where final approval lies.

Gov. Kathleen Blanco asked the Legislature Friday to hurry and approve the plan.

"We must not hesitate to take advantage of this unique opportunity to partner with the Veteran's Administration for this new self-supporting teaching and research hospital," Blanco said in a prepared statement.

"This effort is a vital to our redesigned health-care environment," she said.

The \$300 million is seed money for a \$1 billion-plus project. The project would be financed with borrowing supported by hospital revenues.

A request for \$74 million in grant funds is already before HUD for land purchase and engineering work. Friday's committee action is the initial step toward obtaining the remainder of the \$300 million in recovery funds.

As the panel approved the move, state construction program manager Jerry Jones warned that time is of the essence in getting the funding lined up.

Jones said he is meeting May 29 with VA officials who are growing impatient with state delays in lining up funding.

"Frankly, I think what they are looking from me is a specific organized plan for acquisition of the property that is on track to get it done in a short period of time," Jones said. "If I cannot (provide it) ... I question whether the VA will stay the course."

Getting the federal grant funds has been plagued with problems.

The Legislature rejected the \$300 million proposal the first time it considered it. Republican lawmakers insisting on a business plan.

The Legislature later approved the land acquisition funding piece — but HUD has not freed the money.

Questions continued to surround the plan, including consultants repopulation projections and the impact the new public hospital would have on private hospitals struggling to survive today.

The consultants estimate that the population of the three-parish area — Orleans, Jefferson and St. Bernard would be 82 percent of what it was pre-Katrina by 2016.

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Budget committee approves plan for new charity hospital

The Associated Press | 05.18.07

By MELINDA DESLATTE

BATON ROUGE, La. (AP) — Amid disputes about how to rebuild health care in New Orleans after Hurricane Katrina, a legislative spending panel signed off Friday on plans to build a new \$1.2 billion public hospital in the city.

The hospital would have nearly as many as beds as the LSU-run charity hospital facilities flooded by the storm.

No one on the Joint Legislative Committee on the Budget voted against approval of the plan, though concerns were raised about whether the state would end up having to help fill in some of the costs of construction and whether the proposed hospital would be too large.

Lawmakers aren't arguing over whether a new teaching and research hospital is needed in New Orleans to replace the damaged charity hospital facilities, but lawmakers are expected to fight over the size of that hospital when the plan comes up for a vote in the full House and Senate.

The disagreement is part of a larger debate over how to restructure health care for the poor and uninsured since Katrina.

Louisiana pours much of its money for uninsured health care into its statewide network of charity hospitals. Lawmakers and officials disagree on how much of the care — and how many of the uninsured care dollars — could be moved to private hospitals in the New Orleans area.

About \$400 million of the new hospital's cost is expected to be covered by federal recovery aid. A consultant hired by Gov. Kathleen Blanco's administration said the proposed 484-bed hospital could attract enough paying patients to pay off the rest of its construction debt once the facility opens in 2012, rather than relying on the state to cover its costs.

"It will stand on its own two feet," said Jerry Jones, the head of Blanco's facility planning office who hired the consultants.

The consulting firm, Salt Lake City-based Phase 2 Consulting, said a smaller hospital wouldn't be able to support itself and would need constant state subsidies because it wouldn't have enough beds for paying patients.

Many Republican lawmakers say LSU and the Blanco administration want a hospital that is bigger than New Orleans needs. LSU officials say the new hospital will focus on medical research and teaching and will attract more paying patients because of its specialty care services, but some lawmakers don't believe the hospital can overcome the stereotype of a "charity hospital."

Rep. Steve Scalise, a member of the joint budget committee, questioned whether the population and usage assumptions of the consultants would play out, but he didn't vote against advancing the proposal.

Sen. Bill Cassidy, R-Baton Rouge, who isn't a member of the committee, spoke against the hospital plan, saying the proposal appears to recreate what already existed in New Orleans, rather than improve health care for the uninsured.

The LSU hospital proposal approved by the joint budget committee Friday still needs approval from both the House and Senate, and a \$300 million portion of the federal funding needs approval from

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