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Daily Briefing

June 1, 2006

LSU Health Care Services Division hospital and clinic system is one of the largest providers of health care in the state of Louisiana.

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Health care budget in better shape than previous years

5.31.06

Leesville Daily Leader

BATON ROUGE (AP) - Though they detailed shortfalls, health care officials Monday described a far less dire financial situation than they often offer up to senators working on Louisiana's annual budget.

Health officials described about \$80 million in requests for state dollars they are seeking to ramp up additional care in New Orleans after the hurricanes, maintain medical education training and continue some other services.

But those requests are smaller than some of the giant gaps in funding for health services for the poor and uninsured that have been reported to senators in past years. The state's Medicaid program for the poor is adequately funded, according to the state health department.

The Senate Finance Committee is reviewing the \$21.7 billion budget for the new fiscal year that begins July 1. The budget was approved by the House.

Though the requests were smaller than in previous years, Sen. Francis Heitmeier, chairman of the committee, said significant dollars still were needed for health services.

"There's serious, serious needs here. It's not just wants," said Heitmeier, D-New Orleans.

Don Smithburg heads LSU's Health Care Services Division, which oversees eight charity hospitals including the now-closed facilities in New Orleans that were damaged by Hurricane Katrina. He said the hospitals have enough money to continue services around the state and to temporarily reopen University Hospital in New Orleans with 156 beds and a series of clinics.

Smithburg said the charity hospital system would like to increase the number of beds at University Hospital, which would cost another \$26 million in state dollars.

The public hospitals in Shreveport and Monroe, which run separately from the other charity facilities, are seeking about \$3 million for cardiology, trauma, orthopedics and neurosurgery services.

The LSU Health Sciences Center, which includes the medical school and other training programs based in New Orleans, also described a shortfall that could range from \$15 million to more than \$27 million. Many of the problems in the training programs are tied to Katrina because the training generally was done at the charity hospitals, which are now closed.

Larry Hollier, chancellor of the LSU Health Sciences Center, said 23 health training programs are in accreditation trouble, and he worried some would be forced to close.

The largest share of state health care spending, in Louisiana's Medicaid program, isn't short at all, senators were told. Typically each year, state health officials describe dramatic shortfalls to the committee, but Fred Cerise, secretary of the Department of Health and Hospitals, didn't outline such problems Monday.

Cerise said the \$5.4 billion set aside in the House-backed budget for Medicaid programs covers needs and includes new dollars for hospitals, nursing homes, dentists and doctors who see Medicaid patients. Medicaid is the largest single piece of the nearly \$6.8 billion set aside for DHH next year.

"The Medicaid budget's probably in better shape than I've seen since I've been doing this," said Brian Crow, a research analyst with the Legislative Fiscal Office, which advises lawmakers on financial matters.

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Cerise outlined about \$24 million in items not funded in the health department's budget, including dollars for a statewide trauma care network and money to continue certain services for the developmentally disabled. A point of contention in health spending involves reimbursement for private and community hospitals for their costs of caring for the uninsured, costs that have increased since the hurricanes shut down the charity hospitals in New Orleans. The hospitals are seeking more money.

The Senate Finance Committee, which works to craft the final budget, is combing through a record-setting \$21.7 billion budget that will be \$3 billion larger than the budget lawmakers approved last year.

Gov. Kathleen Blanco's administration says the giant increase is tied to response and reconstruction after hurricanes Katrina and Rita, including \$2.6 billion in direct federal relief aid.

The budget hearings are expected to last several days before the committee makes changes to the spending plans and sends the bill to the full Senate for debate. The final spending bill likely will be worked out in a legislative compromise committee in the final days of the legislative session, which must end June 19.

The budget is filed as House Bill 1 and can be found at www.legis.state.la.us

<http://www.leesvilleleader.com/articles/2006/05/31/news/news6.txt>

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Administration backs larger clinic

The Advocate

6.2.06

The Blanco administration is supporting doubling of the cost of a future LSU medical clinic in north Baton Rouge.

The governor's support clears the way for construction to begin by year's end, the LSU charity hospital system's chief said Thursday.

"We're going to start turning dirt in December or January," LSU Health Care Services Division CEO Don Smithburg said.

Opening is expected in early 2008.

The project had been in the state's proposed construction program at \$6.1 million, Smithburg said.

But the price tag jumped to \$12.5 million as post-hurricane construction costs rose and the project grew to accommodate more poor and uninsured people staying in the area, he said.

Additional costs of equipping the clinic also figured in, he said.

Gov. Kathleen Blanco's office has added the extra funding in the \$4 billion-plus state construction program under legislative review, Smithburg said.

Smithburg gave a status report on the clinic project to a committee of the LSU Board of Supervisors.

Smithburg also advised the panel that by summer's end a formal request for proposal would go out to private developers interested in constructing a full new LSU hospital and trauma center in south Baton Rouge.

Earlier, 10 groups responded to an LSU solicitation to gauge interest.

The new hospital would replace the aging LSU Earl K. Long Medical Center on Airline Highway in north Baton Rouge.

The clinic will be down Airline Highway from EKL on old Kmart property that LSU acquired.

EKL administrator Clay Dunaway said design work is nearing completion on a 45,000-square-foot medical clinic that will operate as an off-shoot of his hospital. He said the clinic design would allow for future expansion if necessary.

Dunaway said the clinic will be committed to primary care, in particular, internal medicine and women's services. "It will be a one-stop shop for women's services to include ultrasound, mammography ...," he said.

In any expansion, Dunaway said, the addition of pediatric services would be considered. Today, they are delivered at the hospital's Mid-City clinic in the old Stanacola Building.

On the hospital project, Smithburg said the consulting group working with LSU needs more time to revamp a facility business plan because of the changing post-hurricane demographics of the area.

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The business plan gets into the size of the hospitals, services that will be offered and potential patient volume needed to make hospital operations financially sound.

Smithburg said that basic plan will be needed whether LSU opts to go with private developers, public funding through a federal Housing and Urban Development program, or a hybrid which he said is “uncharted territory.”

<http://www.2theadvocate.com/news/2918086.html?showAll=y>

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Health Care Advisory Board**Daily Briefing****June 1, 2006**

Low Medicare and Medicaid rates raise costs for employers, consumers

A new study suggests that employers and consumers with private health insurance are paying billions of dollars each year to offset underpayments to hospitals and physicians by Medicare and Medicaid. The study, which was commissioned by Seattle-based Premera Blue Cross and conducted by actuarial and consulting firm Milliman Inc., found that Washington state hospitals in 2004 charged private payers an additional \$738 million—or about 14.3% of their total revenue—to compensate for underpayments by Medicare and Medicaid.

Study finds drug benefit caps increase number of hospital visits

A study in today's NEJM finds that capping Medicare prescription drug benefits lowers pharmacy costs by 31% but increases the number of patient visits to EDs and hospitals, offsetting any cost savings.

Length of average ED visit varies widely among states, study finds

According to a survey conducted by Press Ganey, the length of the average ED visit at hospitals around the nation varied considerably in 2005, with patients in Arizona hospitals spending more than twice as long in the ED as patients in Iowa or Nebraska.

Tenet: Expects dismissal of criminal charges against Alvarado

Federal prosecutors this week asked a San Diego federal judge to dismiss all criminal charges against California-based Alvarado Hospital Medical Center related to allegations that the hospital offered kickback payments to physicians in exchange for patient referrals.

NYC public hospitals: Work to ensure confidentiality for immigrant patients

The New York City Health and Hospitals Corporation (HHC) and the Mayor's Office of Immigrant Affairs this week sent letters in 11 languages to city residents vowing to ensure that the immigration status of patients is kept confidential during treatment at any of the city's public hospitals.

Calif. regulators investigate Kaiser Permanente's marketing practices

State regulators are investigating whether Kaiser Permanente failed to appropriately notify 18,000 Southern California patients that they would need to change primary care physicians after June 30.

Ford Motors seeks approval to shift more health care costs to retirees

In an effort to trim its health care spending, Ford Motor Company yesterday asked a federal judge to approve an agreement with the United Auto Workers that for the first time would require retired Ford employees to pay deductibles and co-payments on their health benefits packages.

Massachusetts may become first to license drug representatives

Massachusetts would become the first state in the nation to require licensing for pharmaceutical representatives if a measure that recently passed the state Senate becomes law.

Around the nation: Bite-sized hospital and health industry news

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Et cetera: Study finds music relieves symptoms, eases depression in chronic-pain patients

A study in a recent issue of the Journal of Advanced Nursing finds that patients suffering from chronic pain can reduce their pain levels by up to 21% and decrease their associated depression by up to 25% by listening to music.

<http://www.advisory.com/members/default.asp?program=1&collectionid=4> or see attached 59596_14_1_06-01-2006_0.pdf

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