



# LSU

## HEALTH CARE SERVICES DIVISION

### LOUISIANA'S HEALTH SYSTEM

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## IN THE NEWS...

FRIDAY, JUNE 30, 2006

Many on Medicaid overdue for review  
Times – Picayune | 06.28.06

Hospital operator Tenet settles Medicare probe for \$900 million  
The Associated Press | 06.29.06

Four Tenet hospitals in New Orleans area to be sold  
The Associated Press | 06.29.06

Power Outages Plague New Orleans  
ABC News | 06.29.06

Daily Briefing  
Health Care Advisory Board

## Many on Medicaid overdue for review Times – Picayune | 06.28.06

Thousands on rolls are unreachable  
By Susan Finch

In the wake of Hurricane Katrina, as many as 45,000 New Orleans area Medicaid recipients are overdue for required annual interviews to see whether they're still eligible for the federally assisted health insurance program for the poor, according to the state Department of Health and Hospitals.

But with no current addresses for many of these people -- residents of Jefferson, Plaquemines, Orleans, St. Bernard and St. Tammany parishes -- the department will not remove any from the rolls until Medicaid's national office sends guidance about "the best way to go through these cases and come up with a set of procedures for putting people off and keeping people on Medicaid," DHH spokeswoman Kristen Meyer said Tuesday.

The bulk of the review backlog is in Orleans Parish.

After Katrina scattered thousands of Louisianians, state Medicaid officials suspended all Medicaid eligibility determinations for two months.

"To date, the only ones disenrolled are those who have been enrolled in other states' Medicaid programs, and those other states have sent us information verifying that," Meyer said. "You can't be in Medicaid in more than one state."

Since October, the eligibility reviews have been getting back on track, cutting the backlog to slightly more than 83,000 cases statewide. Interviews recently started again in Jefferson and Plaquemines parishes, Meyer said.

Meyer said no such activity is under way in Orleans and St. Bernard parishes, home to many Medicaid recipients who are unreachable, though some of them have contacted DHH for eligibility reviews.

Meyer said people who received Louisiana Medicaid before Katrina and haven't had an eligibility interview since then should contact DHH toll-free at 1 (888) 342-6207 to speak with an eligibility determiner about staying on or getting off the program.

"All this is being handled on a case-by-case basis," Meyer said.

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[\[BACK TO TOP\]](#)

## Hospital operator Tenet settles Medicare probe for \$900 million

The Associated Press | 06.29.06

By DAVID KOENIG

DALLAS (AP) — Tenet Healthcare Corp., the nation's second-largest hospital operator, has reached a \$900 million settlement with federal officials to end investigations into alleged overbilling of Medicare, and plans to sell about a dozen hospitals in an effort to regain its financial footing.

The settlement — valued at about one-fourth of Tenet's stock-market value — will be paid over four years and ends all federal investigations by the Department of Justice and several U.S. attorneys, Tenet said.

The deal means that there will be no finding that Tenet broke the law, but President and Chief Executive Trevor Fetter said the Dallas-based company "made mistakes" before 2003, when the company came under investigation.

Tenet will pay \$725 million plus interest to settle allegations that it overbilled Medicare for the most costly cases, made illegal kickbacks to doctors to refer Medicare patients to its hospitals, and used improper billing codes to bilk the health care program.

Tenet said it would pay \$450 million plus \$20 million interest immediately and pay off the balance by mid-2010. The company also agreed not to seek an additional \$175 million that it argued it was owed by Medicare.

Some analysts had expected Tenet to pay even more — estimates ran as high as \$1.5 billion. Prosecutors said the final amount was based on the company's ability to pay.

"Today's settlement reflects our continued resolve to hold responsible those who engage in health care fraud in any form," said Peter D. Keisler, an assistant U.S. attorney in Los Angeles.

Fetter, who became CEO in 2003, said, "Some of this company's past actions did not measure up to the high standards that we have imposed on ourselves."

Tenet officials had hoped that with a settlement, the company would put behind it a series of investigations and lawsuits that have alienated doctors and sent Tenet's stock price plunging. They even raised their outlook for 2006 operating profits by \$25 million, to between a pretax loss of \$75 million to a pretax gain of \$25 million.

But investors responded tepidly to the deal. Tenet shares fell 20 cents, or 2.8 percent, to \$7.03 in afternoon trading on the New York Stock Exchange. They have crashed from more than \$50 in late 2002 to a range of \$6.77 to \$13.06 in the past year.

The settlement did not end a Securities and Exchange Commission investigation into the company's disclosure of Medicare and managed-care payments.

Analysts said investors were digesting not only the price of the settlement, but executives' comments that patient volume at its hospitals will fall 2 percent this year but somehow rise by 1 percent next year. Other hospitals companies have also been hit by weak volume, partly because of a mild flu season.

Erik Chiprich, an analyst with BMO Capital Markets, said reversing the volume decline would be difficult but possible, partly because Tenet's steady recent decline in patients has lowered the bar for improvement.

[\[BACK TO TOP\]](#)

"I'm not sure they can win that battle in the next 12 months, but maybe they can over two or three years," he said. "It's going to be a challenge."

Kemp Dolliver, an analyst with Cowen & Co., said investors may have reacted negatively to the news that Tenet will sell more hospitals and that its profit outlook isn't as rosy as some forecasters had hoped.

"But getting this done is a good thing," Dolliver said. "They were essentially in paralysis."

Tenet hopes to improve its financial health by removing poorly performing hospitals.

The company announced Thursday it will sell about a dozen more hospitals by mid-2007. Four are in New Orleans, including Memorial Medical Center, where more than 40 bodies were discovered after Hurricane Katrina last year. Those deaths are being investigated by the state attorney general's office.

Kris Wartelle, spokeswoman for Attorney General Charles Foti, said Foti would likely announce the investigation's findings by the first week of August. Tenet's plans to sell Memorial would not affect the investigation, she said.

Authorities also are investigating patient deaths after Katrina at Lindy Boggs Medical Center, another Tenet-run hospital in New Orleans the company plans to sell. But Wartelle said investigators are far from "ready to say anything about that."

Tenet has denied any wrongdoing at either hospital.

Three other hospitals up for sale are in Philadelphia and two in Florida. In addition, Tenet just sold a hospital in Biloxi, Miss., a partner plans to buy out Tenet's 51 percent share of a third Florida facility, and the company agreed in May to sell a San Diego hospital as part of a \$21 million settlement of charges that it made illegal kickbacks to doctors.

Officials said the company might also drop two leased hospitals in Dallas next year, leaving Tenet with as few as 55 hospitals — fewer than half the number it had three years ago.

Tenet said it would take an unspecified charge against earnings in the June quarter to cover the divestitures.

The company expects to raise \$250 million to \$275 million from the sales. Officials vowed to increase investment in new equipment at the remaining hospitals to attract doctors who have been sending patients elsewhere.

The deal announced Thursday ends investigations by federal prosecutors in Los Angeles, San Francisco, St. Louis, New Orleans, Memphis, Tenn., and El Paso, Texas.

The amount of the payment is nearly identical to Tenet's \$724 million loss on sales of \$9.61 billion last year.

Up to one-fourth of the money could go to whistleblowers who tipped off the government about the company's behavior, prosecutors said.

<http://www.nola.com/newsflash/louisiana/index.ssf?/base/business-3/115161356731300.xml&storylist=louisiana>

[\[BACK TO TOP\]](#)



## Power Outages Plague New Orleans

### ABC News | 06.29.06

City Council President: People Won't Move Back Without Power

By SIGFRID RYDQUIST

With temperatures regularly climbing into the 90s and straining New Orleans' power supply, the fragility of the storm-beaten utilities has started to show. Tuesday afternoon the lights suddenly went out on thousands of residents, and the lights stayed out for hours.

As power was restored to one area, it was lost in another, and power was lost again Wednesday.

"We need restoration of the infrastructure," said City Council member Cynthia Hedge-Morrell. "Right now, they are patching the holes, but sooner or later we'll run out of patches."

#### Lacking Money, Backup Power

Entergy, the supplier of electricity to the region, is struggling to fix the problems without the money or resources it needs for a complete overhaul. The utility company once had backup stations that would protect against lengthy blackouts, but many of these sustained damage during Hurricane Katrina last August and remain offline. The result is that customers have to wait until repairs are made to the already strained stations before power returns.

Today City Council members on the city's utility committee urged the Louisiana Recovery Authority to help. The LRA is responsible for funding the Community Development Block Grants that will be awarded from the \$4.2 billion coming to the state. Entergy, one of New Orleans' two Fortune 500 companies, has already asked for \$718 million in federal financing to revamp the ailing power supply.

While some of the committee members worry about the negative impact the blackouts have on residents who are rebuilding their homes or living in FEMA trailers, City Council President Oliver Thomas is also worried about the populace that hasn't returned since Katrina.

"We need drastic improvement or people are not going to come home [without power] or if their rates are through the roof," he said.

#### Water Leaking Out

The city's water supply is suffering from the same fate as the electricity. Extensive leaks in the system cost New Orleans hundreds of thousands of dollars. The city loses an estimated 80 million to 100 million gallons of potable water a day. On June 7 City Hall was shut down because of low water pressure, a problem that many residents also face.

"I don't think people know how devastated the infrastructure is," said Hedge-Morrell "Every time we think we're making headway, we discover something else."

Asked about the water problem, Thomas described yet another situation where the cash-strapped city is waiting for money for repairs. "We are waiting on FEMA for \$300 million for capital improvements. But we are losing a lot of water."

#### Businesses Suffer From Lack of Power

[\[BACK TO TOP\]](#)



## Daily Briefing Health Care Advisory Board

June 29, 2006

### Suit challenges constitutionality of Medicaid citizenship requirement

Chicago attorneys yesterday filed a proposed class-action lawsuit on behalf of nine low-income Americans challenging the constitutionality of a federal law requiring Medicaid beneficiaries to prove their citizenship before receiving health benefits. The measure, which was included in the Deficit Reduction Act and signed into law by President Bush in February, was passed in an effort to rein in skyrocketing Medicaid costs and ensure that only citizens or “qualified legal immigrants” have access to the program.

### L.A. Times probe finds 20% of transplant centers fail to meet standards

An investigation by the Los Angeles Times finds that about one-fifth of the nation’s federally funded transplant programs do not meet standards for volume or patient survival established to help ensure competency.

### Survey finds many employers plan to restrict retiree health benefits

A report released this week by human resource consultant Watson Wyatt Worldwide finds that despite the availability of Medicare subsidies encouraging employers to continue offering retiree health benefits, the vast majority of companies plan to limit retiree medical plans during the next five years.

### Class-action suit alleges ‘ripple effect’ of Saint Barnabas Medicare fraud

Two hospitals have filed a \$514 million class-action lawsuit against West Orange, N.J.-based Saint Barnabas Health Care System, contending that the alleged Medicare fraud committed by Saint Barnabas led to a “national ripple effect” that decreased reimbursement by millions of dollars for thousands of other U.S. hospitals.

### Mississippi Medicaid program to tax revenue of all state hospitals

Beginning this weekend, all Mississippi hospitals will be taxed on the revenue they earn as part of a statewide initiative to shore up a \$360 million deficit in the existing Medicaid budget.

### Tenet: To pay \$725 million to settle Medicare fraud investigation

Dallas-based Tenet Healthcare today announced an agreement with the U.S. Department of Justice to pay \$725 million over the next four years to settle allegations that it sought inappropriate Medicare outlier payments between 2000 and 2002.

### N.J. hospitals: Quality collaborative slashes ICU infections

Participation in a two-year collaborative quality improvement project helped 18 New Jersey hospitals prevent an estimated 216 deaths due to pneumonia and bloodstream infections in ICU patients.

### General Motors to curb spending by promoting generic alternatives

General Motors—which provides health insurance to 1.1 million current and former employees, making it the nation’s largest private provider of health insurance—has asked its beneficiaries taking Pfizer’s cholesterol-reducing drug Lipitor to switch to a lower-cost generic version of Merck’s Zocor.

### Pfizer offers own discounted generic version of antidepressant Zoloft

As competition between brand-name drug makers and generic manufacturers heats up, Pfizer this week announced plans to begin manufacturing a “heavily discounted” generic version of its blockbuster antidepressant Zoloft after it loses domestic patent protection this week.

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

### Et cetera: Muhammad Ali launches healthy food line to combat childhood obesity

In an effort to combat obesity among children and young adults, three-time heavyweight boxing champion Muhammad Ali is partnering with Mars Inc. and the Arnell Group to develop a line of low-calorie snacks.

<http://www.advisory.com/members/default.asp?program=1&collectionid=4>

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[\[BACK TO TOP\]](#)