



LEAGUE OF WOMEN VOTERS® of LOUISIANA HEALTHCARE POSITIONS

League of Women Voters of Louisiana continues to advocate and educate our community on healthcare issues. Our position is consistent with the LWVUS and as such we support the passage of the Affordable Care Act (ACA). We continue to work to further basic healthcare reforms and accountability in Louisiana and support the Medicaid Expansion component of the ACA. Basic healthcare for all must be the goal as we expand coverage to millions of Louisianans regardless of their income levels. Additionally the Louisiana's economy will prosper and financial security will benefit our citizens. The following is a letter that was sent that outlined LWVLA concerns and questions given the recent changes to Louisiana's healthcare systems and it remains relevant today.

August 6, 2012

**Re: Privatization of health care,
Medicaid cuts, and rejection of the Medicaid Expansion of the Affordable Care Act,
Petition for Extraordinary Legislative Session to address fiscal/budget crisis**

To: Senator Jack Donahue, Chairman, Finance Committee and Chairman, Revenue Study Commission,
Representative Scott Simon, Chairman Health and Welfare Committee
Senate President, John Alario, Jr.
Speaker of the House, Charles Kleckley
James J. Donelon, Commissioner of Insurance

The League of Women Voters of Louisiana requests that the Legislature investigate, review and intervene in the health care policy decisions that are rapidly dismantling Louisiana's health care systems. We are concerned that the decisions will produce negative short and long term health and economic impacts in Louisiana. We are asking that the Legislature take responsibility for providing positive oversight and protections to stop the eroding of funding for and the rapid privatization of Louisiana's healthcare system foundations.

A major concern is that Louisiana may be compromising the health of its people. We therefore ask these questions:

Are our traditional safety-net institutions being financially broken in order to outsource their operations?

Our primary safety-net, The LSU Healthcare System, consists of 10 hospitals and dozens of clinics throughout the state including the Lallie Kemp Regional Medical Center in Independence, Walter O. Moss Lake Regional Medical Center in Lake Charles, Interim LSU Public Hospital in New Orleans, and LSU Medical Center in Shreveport.

Mental Health Services have been drastically reduced throughout the state with facilities closing or being closed: New Orleans Adolescent Hospital in 2009, Greenwell Springs Hospital this past spring, Southeast Louisiana State Hospital in Mandeville, partial cuts to Eastern Louisiana Mental Hospital in Jackson and Central Louisiana State Mental Hospital in Pineville and the entire third floor of Charity Hospital

Are our state-supported health care operations being overturned by repeated budget crises due to the choices of elected officials?

- Will there be more "unfortunate and unforeseen" healthcare crises by the Department of Health and Hospitals produced during the next round of cuts?
- Will further budget cuts result in closing down the Central Louisiana State Hospital in Pineville and East Louisiana State Hospital in Jackson which will then be re-opened as for-profit or non-profit private sector entities?
- How will rural hospitals cover service to patients given the severe cuts?
- What are the health care outcomes for patient well-being measured other than dollars suggested to be saved? Who will measure the outcomes and who will evaluate them?

- What are the standards of service contract requirements and guarantees to the state for default on private services after there are no longer any state provided or state supervised services?
- What will be the cost to local governments for sheriff and police services and training to handle emergencies of the mentally ill when there are no specialized facilities anywhere near or accessible?
- Can we expect contractors to reliably represent Louisiana's patients as ombudsmen

High Visible and Invisible Costs

It appears to the League of Women Voters of Louisiana that the move to quickly revamp many of the state-run healthcare operations using state internal organization mechanisms through private contractors has occurred with minimal oversight from the Legislature. The speed in which the Department of Health and Hospitals entered into the contracts this year places private companies at the core of delivering, monitoring, evaluating and paying for the state's services. Many jobs have been lost. State civil service employees are being replaced with contract staff, and the state's brick and mortar facilities are no longer recognizable as belonging to Louisiana. The cost to citizens may be high both in tangible and intangible ways:

- Contracts were awarded to out of state contractors Bayou Health and Magellan for unknown profit margins.
- Major hospital services have been contracted to private or non-profit entities.
- The Charity Hospital in New Orleans is renamed to University Medical Center in New Orleans and opens as a non-profit business model in 2015. An 11 member Board of Directors outside of the State Government.
- Information Technology (IT) Department of Department of Health & Hospitals' Medicaid Program contracted February 2012 for 3 years at approximately \$11.5 million.
- Massive budget cuts have been made to the LSU healthcare.
- Education and training for next generation of doctors, dentist and other health care providers including research programs will be compromised or lost.
- Direct and indirect loss of jobs has negatively affected Louisiana's employment levels.
- Outsourcing will reduce Louisiana's per capita income levels by the weakening of the job market.
- Louisiana will have a loss/decrease in federal matching funds for state health care operations, both public and private for uncompensated patient care.

The Need for Government Policy for Process and Outcomes for Privatization

In June 2012 the League of Women Voters of the United States studied and came to member consensus on a policy position for the transfer of governmental services, assets and/or functions to the private sector. The new privatization position acknowledges the need to avoid entirely the privatizing of services that protect and provide basic human needs, including public health. A decision to privatize should be made after an informed transparent planning process and thorough analysis of the implications of privatizing service delivery. It appears to the LWVLA that a transparent and thorough process for planning and analysis was not provided by the Governor's Office, the Department of Health and Hospitals, or the Legislature. These vulnerabilities exist with our current privatization of healthcare:

- Transparency and oversight responsibility are unknown or minimal.
- With loss of institutional knowledge over time, re-establishment of state programs will be costly and difficult.
- Contractors are expected to watch over contractors, rather than state oversight.
- Total cost prior to the contracting, including all personnel, equipment, space, previous contracts, etc. required for benchmarking and effectiveness is unknown.
- Benchmarks and milestones will be instituted and analyzed by contractors, not the state.
- Cost effectiveness of contracted services and programs for years three through five are unknown.
- Initial contract cost/charges typically change and increase over time.
- The legislature has not protected critical health care services and hospitals.

Effects of Refusing Federal Opportunities in Health Care

Did our elected officials miss an opportunity to avoid Medicaid cuts? The 2013 Medicaid revenue projections and operating budget approved by the Legislature included federal money that was questionable and fluid even before the budget was signed. The recent RESTORE Act / Transportation Bill funding crisis demonstrates that even this Medicaid crisis may have been averted and a compromise between the federal and state levels reached to restore the funding, if the Governor and the Legislature had actively intervened.

The LWVLA believes that a great investment for Louisiana's future would be realized and the status of low-income, uninsured Louisianians would improve greatly beginning in 2014 if Louisiana expanded Medicaid eligibility up to 133 percent of poverty level. This expansion of eligibility would mean those individuals with an income of about \$14,850 and a family of three with an income of \$25,390 would have increased possibility for access to basic healthcare. The expansion would cover an estimated 400,000 additional Louisianians, mostly working poor people. The federal government currently contributes 75% with the state only contributing 25% to Medicaid funding.

Each state determines its own rules for Medicaid eligibility and "Low Medicaid Eligibility Currently Leave Many Working Louisianians Uninsured, www.labudget.or ... Louisiana has some of the strictest Medicaid eligibility requirements for adults. Louisiana adults have to make less than 15% of the federal poverty line - \$2,860 a year for a family of three- and only parents of minor children are eligible. Adults without children cannot qualify for Medicaid regardless of income."

Taking advantage of the new opportunity afforded in the Patient Protection & Affordable Care Act (PPACA) would have a far-reaching advantage to all in Louisiana and be a great economic investment for the state's future.

- Financial stability for our healthcare providers with the influx of billions of new federal dollars.
- The new federal dollars would benefit our economy directly by creating jobs in the health care sector and indirectly by supporting jobs for ancillary support services and products.
- A healthier workforce means a more productive workforce that will benefit all of Louisiana. In time citizens will also be able to come off the Medicaid rolls.
- The generous federal funding is estimated to result in Louisiana's state spending on Medicaid only at 1.7 to 2.8% higher between 2014 and 2019 (Urban Institute). We believe that this would be a sound fiscal and budgetary move for everyone in Louisiana.

Mississippi is developing its PPACA Exchange. Their leaders have determined the needs of their citizens and are creating an Exchange to address them. They believe the Exchanges will decrease health care insurance cost by 20% and the federal government is funding a large portion of the cost. Louisiana sits on the sidelines waiting on the federal government to decide what is best for our citizens in a PPACA Exchange. In the meantime Louisiana's mental health care has worsened. Louisiana will rank 50th in the country behind Mississippi after PPACA is implemented. The federal funding that Louisiana could have benefited from will go to the more creative and ambitious states.

There are more Medicaid cuts later in this year for Louisiana as the State Administration has only made two-thirds of the cuts required and they have delayed on the others, thereby creating yet another crisis in the near future.

In summary, since 2009 the future of healthcare in Louisiana appears clearly as a spiral downward unless there is significant Legislative intervention. Precious citizen resources will suffer. It will be very difficult to impossible to rebuild a broken healthcare system once it is torn down. The League of Women Voters of Louisiana believes that real measurable damage is being done to the very fabric of our state without public oversight and accountability for our healthcare services.

We ask that the Legislature seriously consider new revenues, reduce tax credits, rebates and exemptions and look for other solutions to prevent the cycle of cuts to our health care system in an Extraordinary Session. In deficit/budget crises good business practices call for wise investments especially when inexpensive and lucrative financing is available from the federal government at \$9 (federal) to \$1 (state) rate for the PPACA (Patient Protection and Affordable Care Act) Medicaid expansion.

Louisiana's very survival and the legacy and inheritance left to the next generations of Louisianians are in your hands.

Sincerely,

Thetis Cusimano, President, League of Women Voters of Louisiana

Cc: Members of the Louisiana Legislature, e-mailed

Bobby Jindal, Governor State of Louisiana
Bruce Greenstein, and Secretary of Department of Health and Hospitals (DHH)
Donna Fraiche, Esq., Chairperson, Louisiana Health Care Commission
Ann S Williamson, President and CEO of Louisiana Association of Non-Profit Organizations
Jan Moller, Director, Louisiana Budget Project
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