

Medical experiment

Proposed universal insurance plan would be new world for health care

By [MARSHA SHULER](#)

Advocate Capitol News Bureau

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Advocate staff photo by Arthur D. Lauck
LSU Health Sciences Center in New Orleans provides physicians-in-training, such as third-year resident Dr. Dedric Clarke, right, to staff charity hospitals around the state.

program for Louisiana's poor and uninsured.

The universal insurance proposal steps up those battles and throws in a new player: health insurance companies.

“If you can insure everybody, that’s a good thing. It’s going to come down to the dollars and cents to be able to do that,” said state Department of Health and Hospitals Secretary Fred Cerise.

Money. It’s the word of the day, the month and the foreseeable future in the debate over a proposed Louisiana experiment in universal health insurance.

The insurance program, pushed by U.S. Health and Human Services Secretary Michael Leavitt, is fraught with uncertainties. Most of them are related to money — how much, who gets it and what it will buy.

State health-care funding is a regular source of political fights among hospitals, doctors and other provider groups vying for more of what is now a \$5.5 billion-a-year Medicaid

The plan, still a concept, would be a major departure in who provides health care for the 127,000 uninsured residents in the New Orleans area and how they get it.

LSU's charity hospital — a major doctor training ground — would have to compete for patients and dollars with private networks that emphasize primary and preventive care. Gone would be guaranteed funds for care of the uninsured, the primary source of money for charity hospitals and doctor training.

The idea is to build competition to improve quality and lower costs so available funds can be stretched.

If a five-year pilot program in Orleans, Jefferson, St. Bernard and Plaquemine parishes is successful, it could be duplicated statewide.

The plan would be a new health-care world for public and private providers.

“You are essentially changing the system, and they are going to be wary,” said Cerise.

“If everybody had great assurances there were going to be enough funds to cover everybody, I don't think there would be a problem. The resistance is going to come from the uncertainty that you have,” he said.

Among the major questions:

- Will the federal government pay for, or help pay for, insurance for the New Orleans area's uninsured — an extra \$520 million or more per year.
- If funds are committed, how long will the commitment last if the political climate changes in Washington?
- Who would be the financial winners and losers in health-care funding in a plan that's short on details?

“We still need to understand at a more in-depth level the financial feasibility of this,” said Gery Barry, president and CEO of Blue Cross Blue Shield of Louisiana, a company interested in participating.

“There seems to be more questions than there are answers,” said Rep. Michael Jackson, D-Baton Rouge, vice chairman of the House Health and Welfare Committee.

New money needed?

Federal officials remain unconvinced of the need for a lot more money to implement the insurance program.

But state officials are pushing for federal approval of a financing plan that would generate \$456 million, with the federal government paying 70 percent and state using some current health spending for its 30 percent share.

Even that plan would leave a gap in the \$520 million estimated cost.

“You cannot give universal health care ... unless you increase the pot of dollars,” said Senate Health and Welfare Committee chairman Joe McPherson, D-Woodworth.

If the state doesn’t watch out, it will have to raise taxes to fund the insurance program, which McPherson called Leavitt’s “preconceived notion of what’s good for Louisiana.”

A study group that worked on New Orleans health-care restructuring moved to the insurance model after Leavitt made it clear nothing else would do.

Funding shake-up

Leavitt wants the state to show how far existing funds can go toward buying health insurance before looking at new federal money, Cerise said.

But those dollars are operating the state’s charity hospitals, which provide the health-care “safety net” for the poor and uninsured, Cerise said.

“You cannot take the funds being used to support the safety net and lose your safety net and pay only insurance for half the people. Then you create a new problem,” Cerise said.

LSU charity hospitals get nearly all of the government dollars for the care of the uninsured today. Other, smaller pieces of the \$946 million pot go to rural hospitals and state mental hospitals.

Private hospitals and physicians, who have been trying to get some of those dollars for years, would get a shot at the funds that have been historically off-limits. But they would have to align with insurance-based, managed-care networks.

Many are ‘leery’

Members of the Legislature’s black and rural caucuses have expressed concern about the loss of guaranteed funding for the hospitals that their constituents rely on for care.

House Health and Welfare Committee chairman Sydnie Mae Durand, D-St. Martinville, wants assurances that rural hospitals won’t be hurt.

Senate President Pro-tem Diana Bajoie, D-New Orleans, said she is “very leery.”

“There needs to be a safety net in place because there are so many people who fall through the cracks,” said Bajoie.

At the end of a five-year phase-in, an estimated 80 percent of the area’s uninsured would have coverage. An estimated 20 percent still would lack insurance.

“I want to make sure that the uninsured using this charity system don’t get left out,” said state Rep. Elcie Guillory, D-Lake Charles.

“Any organization that has any sure source of funds is probably going to feel threatened in some way,” said Blue Cross’ Barry.

The Louisiana Rural Hospital Coalition fears the plan, if implemented statewide, would put many financially struggling rural hospitals out of business. They fear they won’t fit into the insurance network model.

“Is it the right thing to do or is it to make more profits for insurance companies?” said Linda Welch, director of the rural hospitals coalition.

Can LSU compete?

LSU officials aren’t worried.

“I don’t have the concerns about being unable to compete,” said Dr. Larry Hollier, chancellor of the LSU Health Sciences Center in New Orleans.

Hollier said LSU’s hospitals, with their outpatient clinics and specialists, are already practicing the type of managed care that will be required of the proposed insurance provider networks.

“This is what we do,” he said.

He said charity hospitals offer varied and excellent care.

But former state Department of Health and Hospitals Secretary David Hood said LSU should be wondering if it will be able to stay in operation “without the high subsidy” it gets today from uninsured patient care.

If a patient has a choice where to get health care, he said he doubts in most cases that a patient would choose LSU over a private provider.

Opportunity for change

Hood and Republican Caucus co-chairman Sen. Tom Schedler, R-Mandeville, look at the health restructuring as an opportunity to wean the state off of a state hospital system.

“State government ought not be involved in the delivery of health-care services,” said Hood, who now works for the Public Affairs Research Council. “It’s time to set policy and assist with financing and leave this up to the private sector or local government.”

Federal health chief Leavitt says any help from Washington depends on a New Orleans plan that eliminates the two-tiered health-care system — a charity system for the poor and uninsured and a private system for people with insurance.

Sen. Schedler said the state’s insistence on protecting charity hospital uninsured-care dollars as it embarks on an insurance plan doesn’t make sense.

“What do we do ... when we are trying to support a two-tiered system? Big Brother Washington is not going to be here writing checks. ... We will be digging ourselves into a hole that will be twice as deep,” said Schedler.