



A charity case

LSU searches for BR hospital site as argument over scrapping the state charity system continues.

By [Steve Clark](#), *Business Report staff*

The obstacles LSU is running into trying to build a new charity hospital in New Orleans in a joint project with the Veterans Administration won't influence whether Baton Rouge gets a new university hospital to replace Earl K. Long Medical Center, the city's crumbling charity institution.

That's according to Don Smithburg, chief of LSU's Health Care Services Division, who says the problem in Baton Rouge has been locating enough land --50 to 70 acres--to build it on. Two leading sites LSU had been looking at fell through.

"Finding land has become much more difficult than we had anticipated," Smithburg says. "That is the holdup for us right now. We have a couple of irons in the fire that could pan out."

Or not, depending on how the ideological struggle between pro- and anti-charity system activists plays out.

Smithburg wouldn't be more specific other than saying the new sites are being examined. LSU is looking at the possibility of going through a private developer to build its Baton Rouge hospital, but has yet to issue a request for proposals because no site has been identified.

Smithburg hoped to have an RFP issued by October and a decision on the builder by the end of the year. An indication of whether the parcels LSU is looking at now will be available may come before Thanksgiving.

While LSU has touted building the hospital privately as potentially the best way to get it done, Smithburg believes responses to an RFP could show that it's prohibitively expensive in terms of a higher level of debt service.

"We may have sticker shock and revert back to the state revenue bond approach, as opposed to having a private developer do it," he says.

Regardless of how it's done, there is more support for a new hospital in Baton Rouge than there was before Katrina. Following the post-hurricane population shift, even former foes of a new bricks-and-mortar

institution in Baton Rouge softened their stances. An influential report last April by PriceWaterhouseCoopers also recommended a new public hospital for Baton Rouge. But things can change quickly.

LSU officials' publicly sanguine attitude is that sooner or later, one way or another, a university hospital is going to happen in Baton Rouge. However, it comes at a time when the state's health care system is being pulled in different directions. And there are influential voices that want to see the charity system scuttled forever.

The forces in play are the same ones that have been arguing for years about the best direction for health care: upgrading and modernizing the statewide charity system or scrapping it and using the money to pay for indigent care and medical education at existing private hospitals.

The arguments and finger-pointing seem to be intensifying as the federal government is pressuring Louisiana to get rid of its "two-tier" health care system that delivers one standard of care to the insured and another to the uninsured.

Among the anti-state-charity-system warriors is the Public Affairs Research Council, a government watchdog group that has gotten under the skin of LSU officials, some of whom accuse PAR of caving in to special interests who want to privatize health care.

LSU System President William Jenkins worries that ditching the charity system and privatizing for the sake of privatizing will do incalculable harm to medical education in Louisiana, which relies mostly on state charity hospitals to train future doctors and nurses.

David Hood, PAR's senior health care policy analyst, says LSU appears to be digging in its heels and defending a system whose time is past.

"They ought to be open to ideas," he says. "There seems to be a stubborn adherence to the status quo. I just think we ought to be willing to be more open minded about what the possibilities are."

From Smithburg's vantage point, PAR's criticism of LSU's drive to build a new charity hospital in New Orleans--and the continued existence of the state charity system in general--comes from "a very superficial look at a complex set of issues."

Likewise, a survey from the Council for a Better Louisiana, released in October, that purported to use scientific sampling to conclude that a majority of Louisianians supported getting rid of the charity system was in fact a poll "cloaked in scientific objectivity" that queried few actual users of the public hospital system, Smithburg says.

Yes, the gloves are off.

Does it mean privatization will win and Baton Rouge won't get its new charity hospital after all? Hood says new bricks and mortar for Baton Rouge and New Orleans both shouldn't be taken off the table, though every viable option should be explored before anything happens.

"More work needs to be done in terms of trying to determine the best size and mission of both markets in terms of teaching hospitals," Hood says. "I'm not thinking in terms of charity hospitals but academic medical centers for both areas."

He says it's possible that existing hospitals could absorb the medical education programs now housed in charity hospitals, notwithstanding LSU's argument that any institution doing so must be dedicated to the medical education cause and not do it as a mere sideline.

Smithburg recognizes the ideological rift between pro- and anti-charity system forces, but says the argument should translate into build versus no-build.

"We need to replace our facilities because our facilities are in terrible shape," he says. "Whatever the new ideology is we think we're a natural fit. Whether it's the old or new model, the facilities have to be replaced."

Hood says that whether or not Baton Rouge and New Orleans end up building new LSU hospitals, the process for redesigning the state's health care system has been totally out of whack because it has allowed LSU to proceed with its own plans independent of the work of the body charged with the revamp: the Louisiana Health Care Redesign Collaborative under the Louisiana Recovery Authority.

LSU officials are part of the collaborative, though somehow the idea of folding the LSU hospital system into the overall redesign process never came up, Hood says.

"We can't have two parallel things going on. We're accused of having a two-tiered service delivery system, which is obviously true, but we've also got a two-tiered planning system."