

## Health care debate takes new directions on campaign trail

Posted by [Jan Moller, Capital bureau](#) September 29, 2007 9:26PM

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BATON ROUGE -- The health-care debate in the state Legislature used to boil down to a basic question: How can we balance the budget?

That was before Hurricane Katrina wiped out large chunks of the hospital infrastructure in New Orleans and gave rise to multiple blue-ribbon proposals for how to restructure a delivery system that many view as outmoded and inefficient.

"The discussion was, 'Where do you make your cuts in Medicaid?' " said Dr. Fred Cerise, who headed the state Department of Health and Hospitals under Gov. Kathleen Blanco until this month, when he took a job overseeing the Louisiana State University health-care system. "It's less of a focus on money right now and more of, 'What's the appropriate delivery system and the way to provide access?' "

As Louisiana prepares to elect a new governor, the changes started under Blanco remain incomplete, and the much-discussed effort to build a replacement for Charity Hospital in New Orleans is still in its infancy. And even though the state's budget shortfalls have been replaced by record surpluses, Louisiana languishes at or near the bottom of almost every national health-care indicator.

From obesity and cancer rates to infant mortality and overreliance on emergency rooms, Louisiana seemingly has nowhere to go but up.

Into this breach steps four major gubernatorial candidates: Democrats Walter Boasso and Foster Campbell, independent John Georges and Republican Bobby Jindal. While they agree on the need to build a new teaching hospital in New Orleans, they differ on the scope of the facility and the best way to care for the 41 percent of Louisiana residents who are either uninsured or rely on the Medicaid program to pay for their care.

Meanwhile, the budget crunches that have bedeviled previous administrations figure to return, if not next year then certainly before the next governor's four-year term is finished. Health-care costs continue to rise faster than the public's ability to pay for it, and there is widespread agreement that Louisiana cannot cover the uninsured without incurring substantial new costs.

Coverage plans differ

"The surest way to make (improvements) happen is to provide coverage for an uninsured person," said David Hood, who was Health and Hospitals secretary under Gov. Mike Foster and is now a senior researcher at the nonpartisan Public Affairs Research Council of Louisiana. "Once you give that person an insurance card or a Medicaid card, they're going to seek out care that's more convenient, that they believe is better."

Critics, however, say that covering more people won't produce a healthier population unless the state makes fundamental changes to the way it provides health care. They point to Louisiana's experience in the federal Medicare program -- which works like private insurance -- where the state spends more per recipient than any other state and has the worst quality results.

While all four major candidates favor a stronger emphasis on preventive and primary care, they differ markedly on how to achieve it. Nowhere is the difference more stark than in the candidates' ideas for the financing and governance of the Charity Hospital System, Louisiana's network of 10 state-owned hospitals that provides most of the care for Louisiana's 700,000 or so uninsured.

Most of the care in the Charity System is financed by \$1 billion in state and federal "disproportionate share" Medicaid dollars that go to the uninsured, a financing stream that's long been eyed by reformers and private health-care interests.

Blanco's plan involved spreading some of the money to HMO-like "medical home" networks of neighborhood clinics and specialists for the uninsured, while expanding the Medicaid program to cover low-income parents of minor children.

Three of the four major candidates want to tap at least some of the money in the Charity System to buy private coverage for the uninsured, or to help private and nonprofit hospitals defray some of the costs they incur for treating the indigent.

It's an idea that has strong backing from the state's private hospitals, insurers and business groups and was the cornerstone of an overhaul plan proposed last year by the Bush administration. A modified version of the Bush plan -- put together by private hospitals and insurers and focused on the New Orleans area -- is due to be released soon.

Of the major candidates, only Campbell says that money should stay within the state hospitals, arguing that any diversion of cash from the Charity System would "tear a hole in the safety net." As he does on a range of issues, Campbell uses questions about health-care policy as an occasion to plug his signature issue: a 6 percent tax on oil and gas processing that would replace the state income tax and leave the state with money to pay for a host of new priorities.

The biggest problem with Louisiana's health-care system isn't the model of care, but a lack of financing, Campbell said, adding that he would work to provide a new pool of indigent-care money for private hospitals and clinics.

#### Subsidizing care

Supporters of pouring indigent-care dollars into insurance products argue that fewer people would need safety-net care as more people get covered, while costs would gradually stabilize as fewer people rely on emergency rooms for routine care.

Boasso, who had little to say on health-care policy during his single term in the Senate, pledged to "strengthen" the Charity System, but also would plow part of its financing stream into private insurance. A policy paper issued by his campaign does not spell out how much money he would commit to such a program and expresses support for the "medical home" concept advanced by Blanco.

Boasso's plan is similar to the Bush approach, which would have used most of the indigent-care dollars in the Charity System to buy private coverage for 319,000 low-income uninsured people. The Bush plan was not pursued by state officials, who complained that it was unaffordable and would leave hundreds of thousands of people without insurance or a medical safety net.

Jindal, who served as health secretary under Gov. Mike Foster and as a federal health policymaker under President Bush, offers a plan that also dovetails with Bush's emphasis on using tax dollars and other incentives to subsidize private coverage.

Jindal said his approach would essentially split the difference between Blanco's approach and the Bush administration. He said he would steer money from the Charity System into Medicaid "waiver" programs, where state and federal tax dollars would be mixed with financial contributions from companies and their workers to provide insurance for the working poor.

But, he said he would continue to leave substantial dollars in the public system for the uninsured.

Georges said he would shuffle some dollars from the Charity System to the private and nonprofit hospitals that have seen a sharp uptick in uninsured patients since the storms. Unlike Boasso and Jindal, however, Georges does not explicitly call for using that money to buy insurance.

Teaching hospital needed

The candidates also differ in subtle ways on the proposed New Orleans teaching hospital, a \$1.2 billion, 484-bed downtown edifice that would serve as the main hub for medical students and post-graduate residents from Louisiana State University and Tulane University.

All four candidates said a new hospital is needed and expressed support for the collaboration with the U.S. Department of Veterans Affairs. But while Campbell supports the cost and configuration that's been proposed by a state consultant, Jindal and Boasso questioned the size of the facility, and indicated they might push for a smaller, less expensive facility.

Georges did not venture an opinion on how big a hospital should be built. But like the others, he said a key to the success of the hospital would be its ability to attract paying patients with private insurance as well as those who don't have insurance.

The candidates also differ on how they would handle the smaller regional hospitals in the LSU-run Charity System, including those that have little or no role in doctor training. Jindal and Georges favor turning over more control to regional authorities, bringing Louisiana more in line with the other 49 states.

Jindal's plan would guarantee each area of the state a level of indigent-care financing but give local officials more power to decide how and where that money should be spent.

Campbell said he favors the current statewide approach by which LSU and the Legislature provide a budget for each of the state hospitals.

LaCHIP program works

One of the few exceptions to Louisiana's poor health-care performance is the LaCHIP program for children of low-income working parents. Outreach efforts by the Blanco administration have brought more than 100,000 children onto the public insurance rolls, and Louisiana is tied for 10th nationally in the percentage of eligible children who are signed up for the program.

The Legislature this year voted to expand the program to cover children in families that earn up to three times the federal poverty rate, or about \$62,000 a year for a family of four. But new rules issued last month by the Bush administration forced the state to scale back, and the current plan is to expand eligibility to 250 percent of poverty.

All four major candidates support the program, and said they would continue the state's effort to beef up enrollment and cover children in higher-earning families.

The LaCHIP expansion is a particularly touchy issue for Jindal, who recently voted against a bill to expand the scope of the program and skipped a vote on the matter last week. While Jindal supports the state's effort to expand eligibility to 300 percent, he wants to change how the program is administered. LaCHIP is run by the state, but Jindal would give private insurers an opportunity to compete for that business.

#### Incremental approach

In the New Orleans area, the next governor will likely be asked to consider the "RightCare" plan, which is the name of the proposal being advanced by the Coalition of Leaders for Louisiana Healthcare, a group that was formed in February after federal-state negotiations on an overhaul broke down.

According to a draft, the "RightCare" plan, which is due to be released this week, aims to provide coverage for up to 80,000 low-income uninsured residents using money that now flows largely to the LSU system. Numerous business groups and private hospitals back the plan.

People enrolled in the plan, which would cost an estimated \$135 million to \$210 million a year, would have a choice of "medical homes" where their care would be coordinated by a primary care physician.

John Matessino, president of the Louisiana Hospital System who helped develop the plan, said the problem with the previous post-Katrina overhaul plans was that they tried to do too much, too soon.

"We have always said that any of these changes need to be done incrementally," Matessino said. "To try to do everything in one fell swoop is not going to work."

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