

# HHS Louisiana Healthcare Recovery and Reform Activities

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National Health Policy Forum  
Pre-Briefing - New Orleans site visit  
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Washington, DC





# Purpose:

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- Recovery
  - Guiding Principles
  - Healthcare Redesign Support
- DRA Grants
  - Provider Stabilization
  - Workforce Supply
  - Primary Care Access and Stabilization
- Medicaid Waiver



# Louisiana Health Care: Before the Hurricanes

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- 19% uninsurance rate, one of the highest in the nation.
- Louisiana's own post-Katrina report: “. . .the entire healthcare system suffers from high cost and lower than expected quality.
- Since 1999, Louisiana has alternated rank between 49th and 50th (out of 50) in total Medicare per capita spending. On overall quality performance, ranked at or near the lowest on many indicators.
- Louisiana experiences 43% more ED visits and 18% more outpatient hospital visits that the rest of the country. If care that is delivered now in emergency rooms were delivered at more appropriate sites, up to \$200 million could be saved
- Some of Louisiana's private hospitals had 20-75% more beds than the national average. Overcapacity of hospital beds results in over utilization of services, higher costs, and actually lowers the overall quality of care.
- But a shortfall of beds in the public sector equated to long wait times, overcrowding, and provided less care than was needed

# HHS' Vision for Recovery - 2006

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**New Orleans Health System: *inefficient emergency room care would become a place where every citizen has a medical home that is prevention-centered, neighborhood-located and electronically-connected.***

## ***The vision:***

- Highly functioning, sustainable health infrastructure that is capable of providing high quality care, in the right setting, when needed by the population.
- Potential to serve as a model for the nation: adversity turns to advantage.



# HHS' Guiding Principles

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1. Assist Locally Led Private Sector Efforts/Coordinate between Local, State and Federal Governments
2. Support Ambulatory and Community-Based Services
3. Provide Higher Quality Care and Preventive Services
4. Support Integrated Efforts to Improve Quality
5. Support Personal Responsibility and Control
6. Encourage Emergency Preparedness

# LA Healthcare Redesign Initiative

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## Louisiana Healthcare Rebuild Staff

- Dedicated full time HHS / CMS staff in Baton Rouge, LA and in Washington, DC to: (1) communicate HHS' vision for healthcare reform in Louisiana with key stakeholders; (2) provide technical assistance on reform initiatives; (3) ensure vetting of any new reform proposal by all appropriate components in LA and HHS; and (4) manage real time communication and coordination of local information with HHS components to assure consistency in policy approval.

## LA Healthcare Redesign Collaborative

- Made up of key State and local, private and public leaders in health care.
- Committed to developing a plan with agreed principles, including
  - Medical home
  - Prevention oriented
  - Money follows the person, not the institution (eliminating the two-tier system)
  - Takes maximum advantage of advances in IT interoperability



# LA Healthcare Redesign Collaborative

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oThe Collaborative's Final Concept Paper called, in concept, for key elements—though there was disagreement about how these concepts would be implemented:

- Medical home
- Insurance connector to expand access to health insurance
- Quality-oriented
- Interoperable
- Competition



# NOLA Re-Design

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## Long-term reform

- Utilize Medicaid 1115 and DRA Flexibility to:
  - Expand access to health insurance;
  - Eliminate two-tier system.

## Short term strategy - Targeted investments

- Make stop-gap investments to support Medicaid 1115 waiver proposal



# 2006 Medicaid Demonstration Thinking

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- **Goal:** How to expand coverage to uninsured children, pregnant women, parents, individuals with disabilities, and childless adults in a system that incentivizes the use of private insurance.

# DRA Authority

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- Section 6201 (a) (4) of the DRA provides authority to the U.S Secretary of Health and Human Services to make payments to States in order to restore access to health care in communities impacted by Hurricane Katrina.

# Short Term Needs<sup>1</sup>: DRA Grant Opportunities

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- *Demonstration project entitled “Louisiana Health Service Corps”*
- *Medicare Adjustments – wage index relief*
- Of that amount, Louisiana received a total of \$258M through three grants and three supplemental awards.

<sup>1</sup>*Louisiana Healthcare Redesign Collaborative Concept Paper – Oct. 2006*

<b>Summary of All Grants Awarded to Louisiana by Category</b>				
<b>State</b>	<b>Stabilization</b>	<b>Workforce</b>	<b>Primary Care</b>	<b>Total</b>
Louisiana	\$108,000,203	\$50,000,000	\$100,000,000	\$258,000,203

# Provider Stabilization Grant

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## **ISSUE: SHORTAGE OF DIRECT CARE WORKERS AND OTHER TYPES OF STAFF**

Since Hurricane Katrina hit the Gulf Coast in 2005, hospitals and skilled nursing facilities in these impacted communities had experienced difficulty in hiring and retaining staff as changes in wage rates affected their ability to compete for potential workers.

## ➤ **HHS RESPONSE: PROVIDER STABILIZATION GRANT**

- February 9, 2007 - \$71.6 million sole source awarded to State of Louisiana.
- June 15, 2007 - \$26.2 million supplemental award
- June 5, 2008- \$10.1 million supplemental award.

**STATUS:** all \$ disbursed

# Professional Workforce Recruitment and Retention Grant

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## **ISSUE: SHORTAGE OF PHYSICIANS AND LICENSED HEALTH PROFESSIONALS**

Nearly 6,000 doctors along the Gulf Coast were uprooted by Katrina -- about 4,500 of them from Greater New Orleans.

## **HHS RESPONSE: WORKFORCE SUPPLY GRANT**

- o March 1, 2007 -- \$15 M award issued to the State of LA
- o On June 15, 2007 -- \$35 million supplemental award
- o In return -- professionals must work in Region 1 for 3 years.
- o Recruitment and retention targets for healthcare professionals established.

**STATUS:** As of 3/03/09, 969 awards made to healthcare professionals; As of 2/13/09, \$11.3 M unobligated balance.

# Primary Care Access and Stabilization Grant (PCASG)

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**ISSUE:** Absence of primary care infrastructure with closing of Charity Hospital post Katrina – limited alternatives for poor (i.e. PATH clinics).

## **HHS RESPONSE: PRIMARY CARE ACCESS AND STABILIZATION GRANT**

- o 7/23/07 -- \$100 M award to LA to assist eligible clinics to stabilize and expand access to primary care, including primary mental health care, for all GNO residents, including low-income and uninsured.
- o Of that amount, \$4 M set-aside for City of New Orleans Health Dept.

**STATUS:** As of 1/31/09, \$62.3M in total awards have been made to 25 sub-awardees. 2 Payments remain.

- o 91 clinic sites open (23% increase)



# “Louisiana Health First” Medicaid Waiver

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- 3 building blocks to healthcare reform
  - Care coordination within Medicaid
  - Statewide expansion from 13% FPL to 50% FPL
  - Access to affordable care demonstration in SW Louisiana
- DSH diversion for HIT and PCASG replication



# Summary

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- DRA Grants – emergency funds helping to restore access to care in Gulf Coast communities severely affected by:
  - local wage index disparities,
  - significant recruitment and retention shortages, and
  - limited access to primary care, especially by the poor and uninsured.

# Discussion

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If you have any questions, please contact:

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