

Report on Louisiana Healthcare Delivery and Financing System April 27, 2006



Finding No. 1

QUALITY

The best starting point for system assessment is quality.

Recommended Mission

Healthcare should be:

- **Safe** – avoiding injuries to patients from the care that is intended to help them
- **Effective** – providing services based on scientific knowledge to all who could benefit and refraining from providing services to those not likely to benefit
- **Patient-centered** – providing care that is respectful of and responsive to individual patient preferences, needs, and values and ensuring that patient values guide all clinical decisions

Recommended Mission (continued)

Healthcare should be:

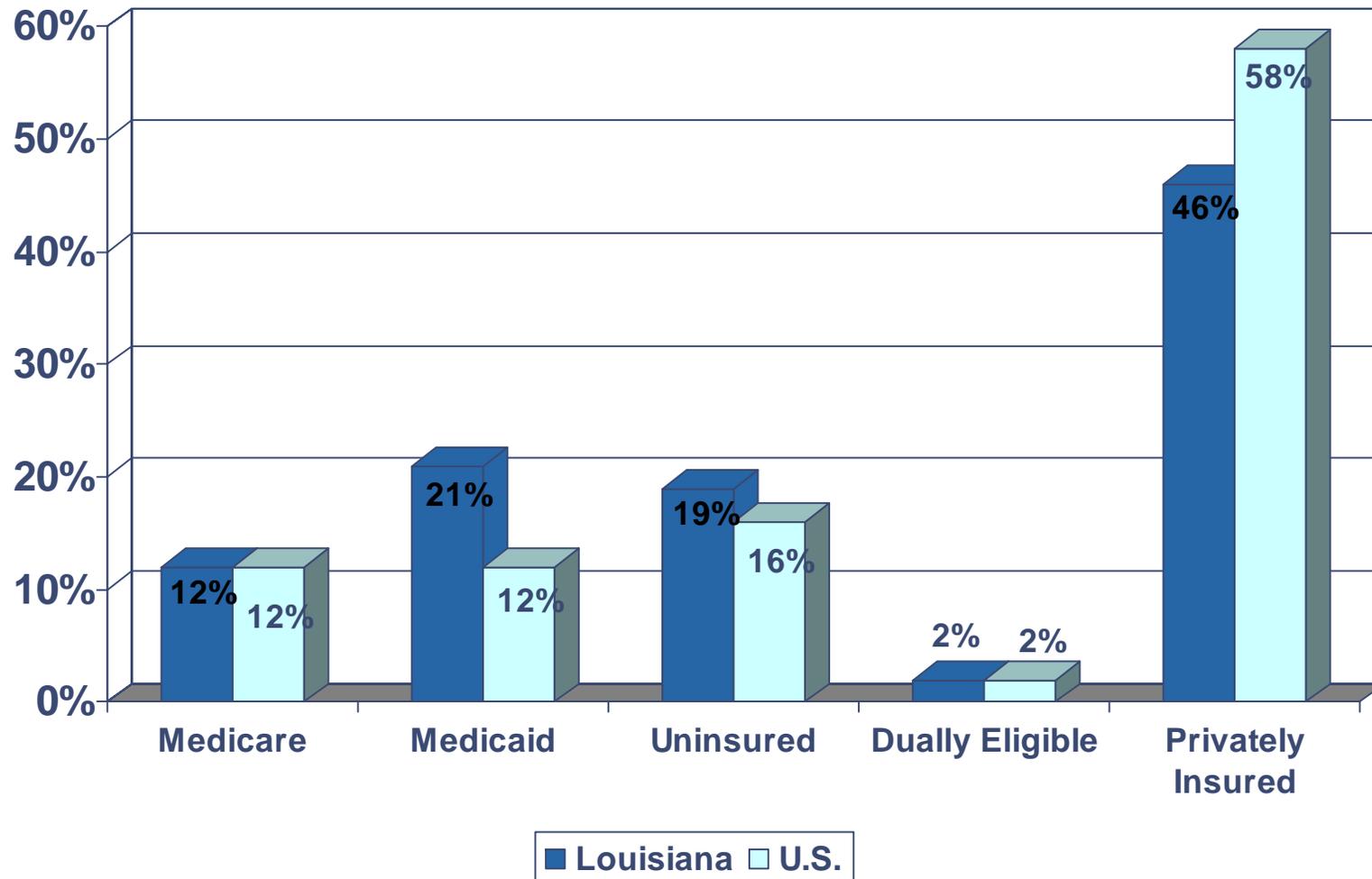
- **Timely** – reducing waits and sometimes harmful delays for both those who receive and those who give care
- **Efficient** – avoiding waste, including waste of equipment, supplies, ideas, and energy.
- **Equitable** – providing care that does not vary in quality because of personal characteristics such as gender, ethnicity, geographic location, and socio-economic status.

Finding No. 2

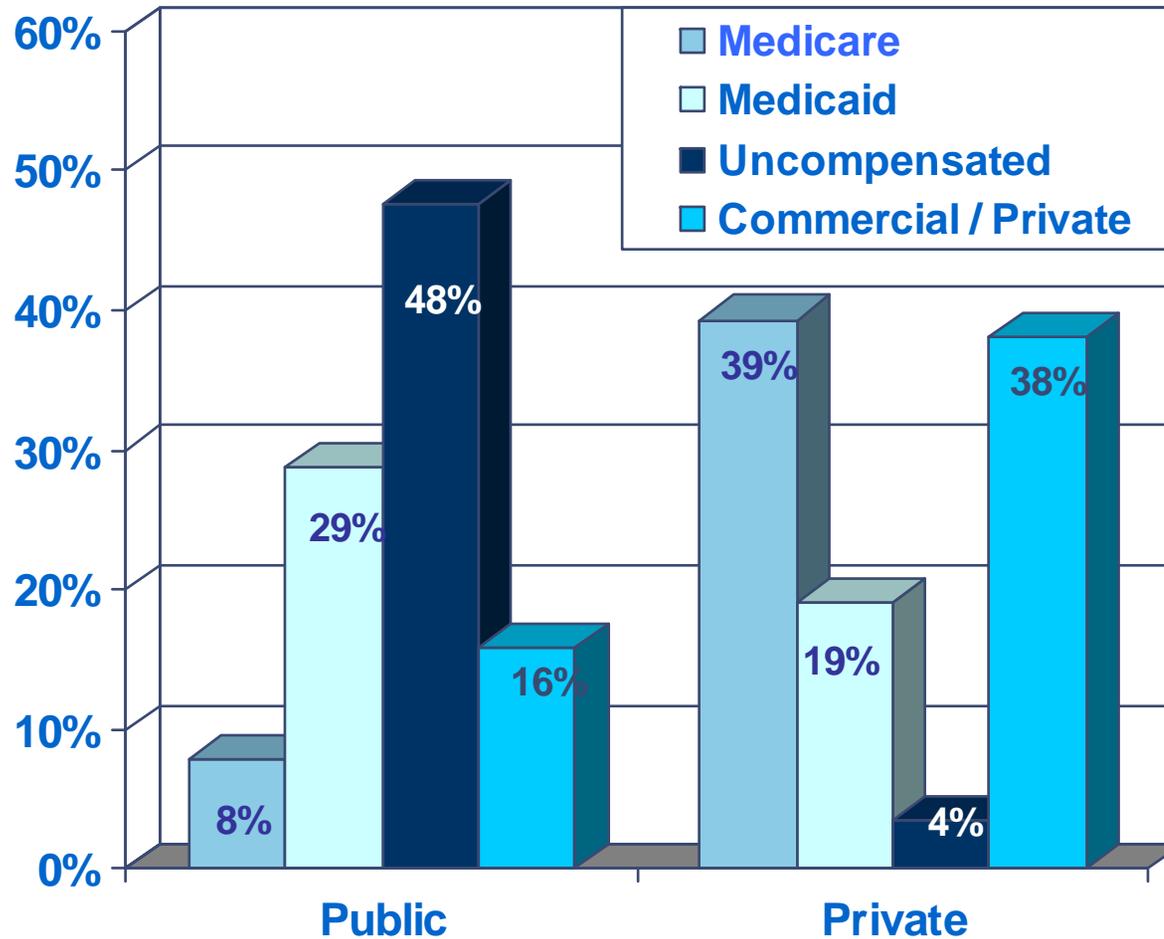
Louisiana's Healthcare System is a Two Tiered System:

- **Insured** – Private Sector
- **Under-insured & Uninsured** – Public Hospital System
- **Quality** – Likely diminished as a result

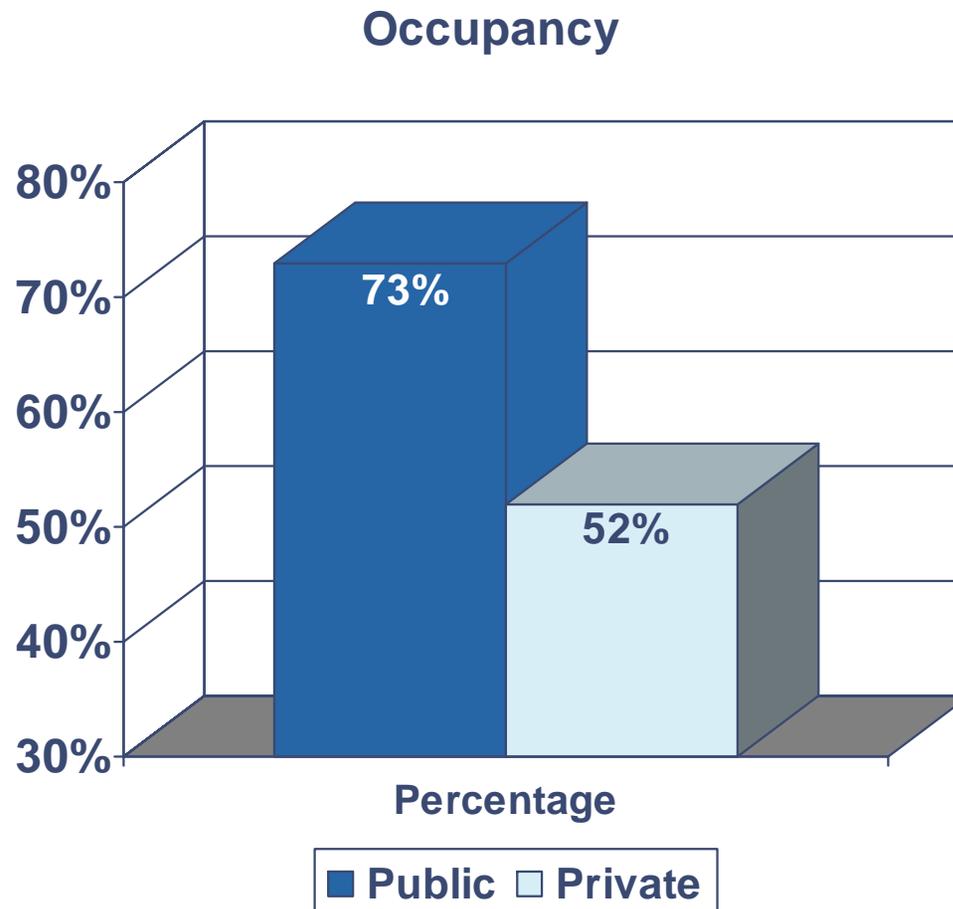
Louisiana is different



Public hospitals care for the poor



Public vs. private hospital occupancy - 2004

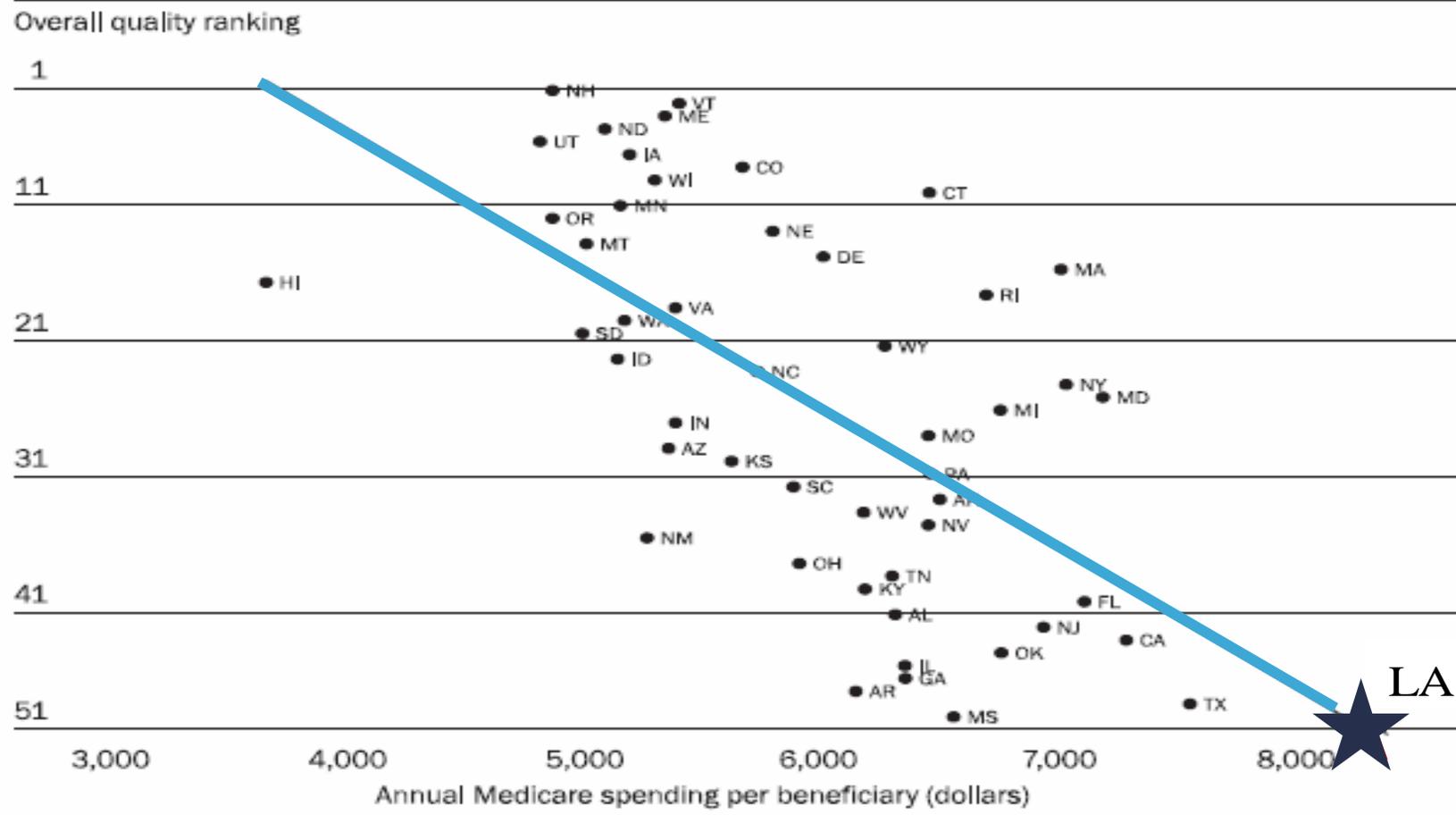


Medicare Utilization Comparison

Region	Acute Beds /1,000	Medicare Days/1,000	Medicare Variance to Comparison
Region 1	4.5	1,946.3	(173.7)
Region 2	3.6	2,347.3	227.3
Region 3	2.8	2,274.7	154.7
Region 4	4.0	2,764.1	644.1
Region 5	4.1	2,585.3	465.3
Region 6	3.3	2,671.6	551.6
Region 7	5.0	3,317.4	1,197.4
Region 8	4.7	3,098.7	978.7
Region 9	2.7	2,469.7	349.7
Total	4.0	2,543.3	423.3
Comparison	2.8	2,120.0	

Louisiana is a high cost low quality state

Relationship Between Quality And Medicare Spending, As Expressed By Overall Quality Ranking, 2000-2001

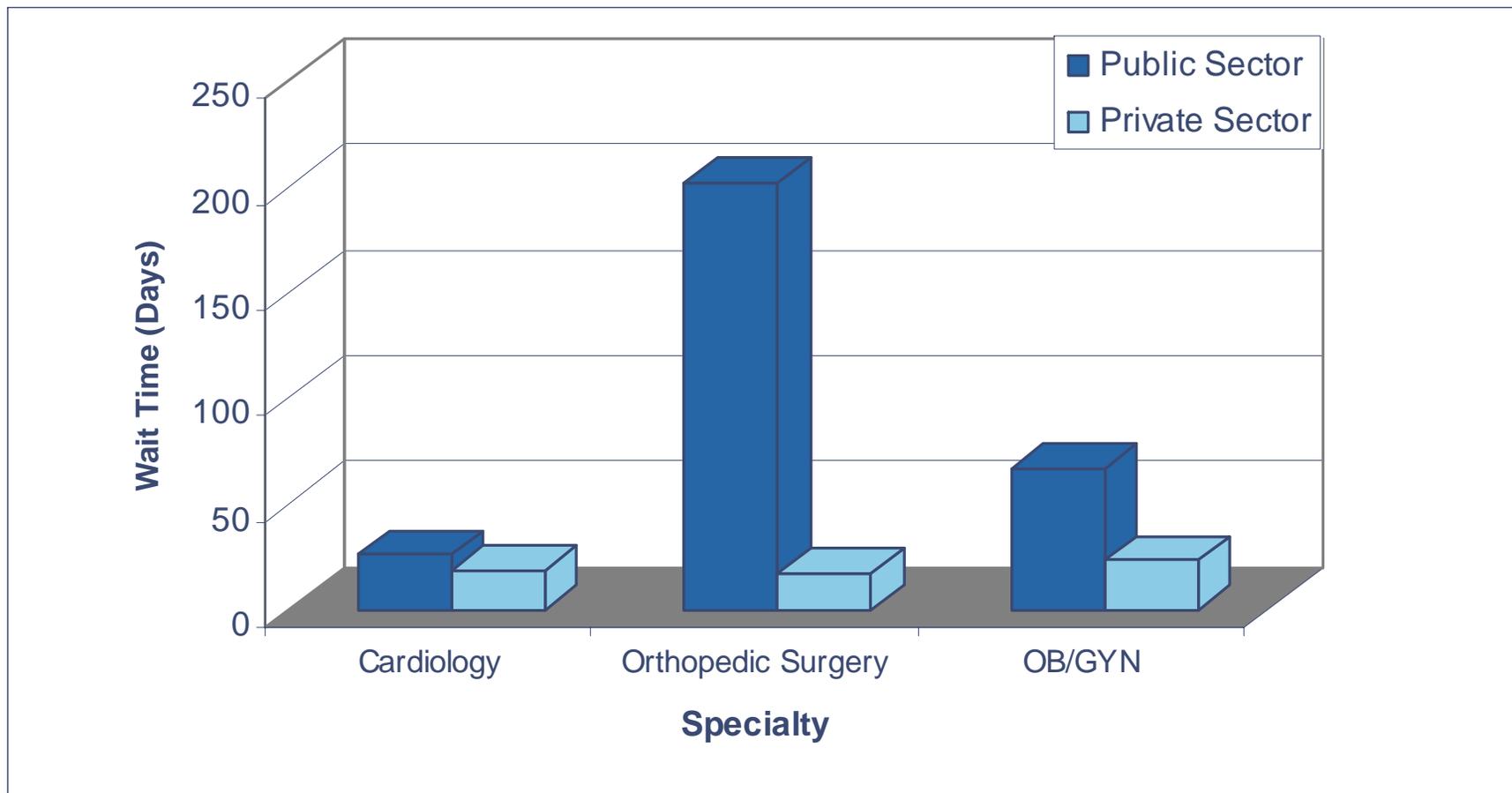


Public hospitals are in serious need of repair

Hospital	Location	Date Built	Physical Condition	Facility Recommendation (Pre-Hurricane)
Medical Center of LA at N.O.	New Orleans	1936	1) Very Poor 2) Fair	Replacement**
University Hospital*	Shreveport	1970	-----	-----
Earl K. Long	Baton Rouge	1968	Poor	Replacement
E. A. Conway	Monroe	1986	Fair	Improvements
University Medical Center	Lafayette	1981	Fair	Improvements
Leonard J. Chabert	Houma	1978	Good	Improvements
Huey P. Long	Pineville	1937	Fair to Poor	Improvements
Bogalusa Medical Center	Bogalusa	1960	Poor	Replacement / Move***
W.O. Moss	Lake Charles	1959	Fair	Improvements
Lallie Kemp	Independence	1939	Very Poor	Replacement

* Not included in study
 ** Option to renovate not included here
 *** Bogalusa facility has since moved into Bogalusa Med. Ctr.

Wait times are longer in public system for non-emergent care



Finding No. 3

Biggest Impact - Region 1

Immediate infrastructure shortages related to:

- Mental health
- Trauma
- Ambulatory care
- Nursing home

Acute care beds in Region 1

Jefferson Parish

Pre-Katrina: 1,922

Current: 1,556

Orleans Parish

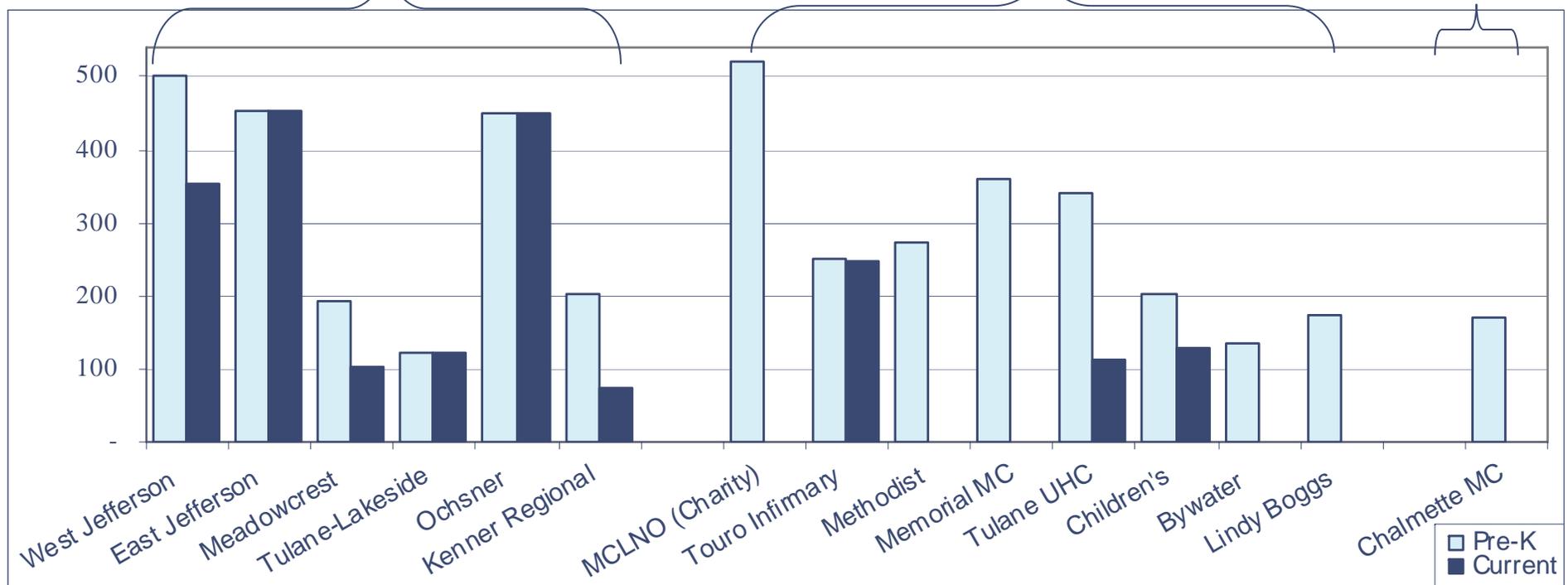
Pre-Katrina: 2,258

Current: 491

St. Bernard Parish

Pre-Katrina: 170

Current: 0

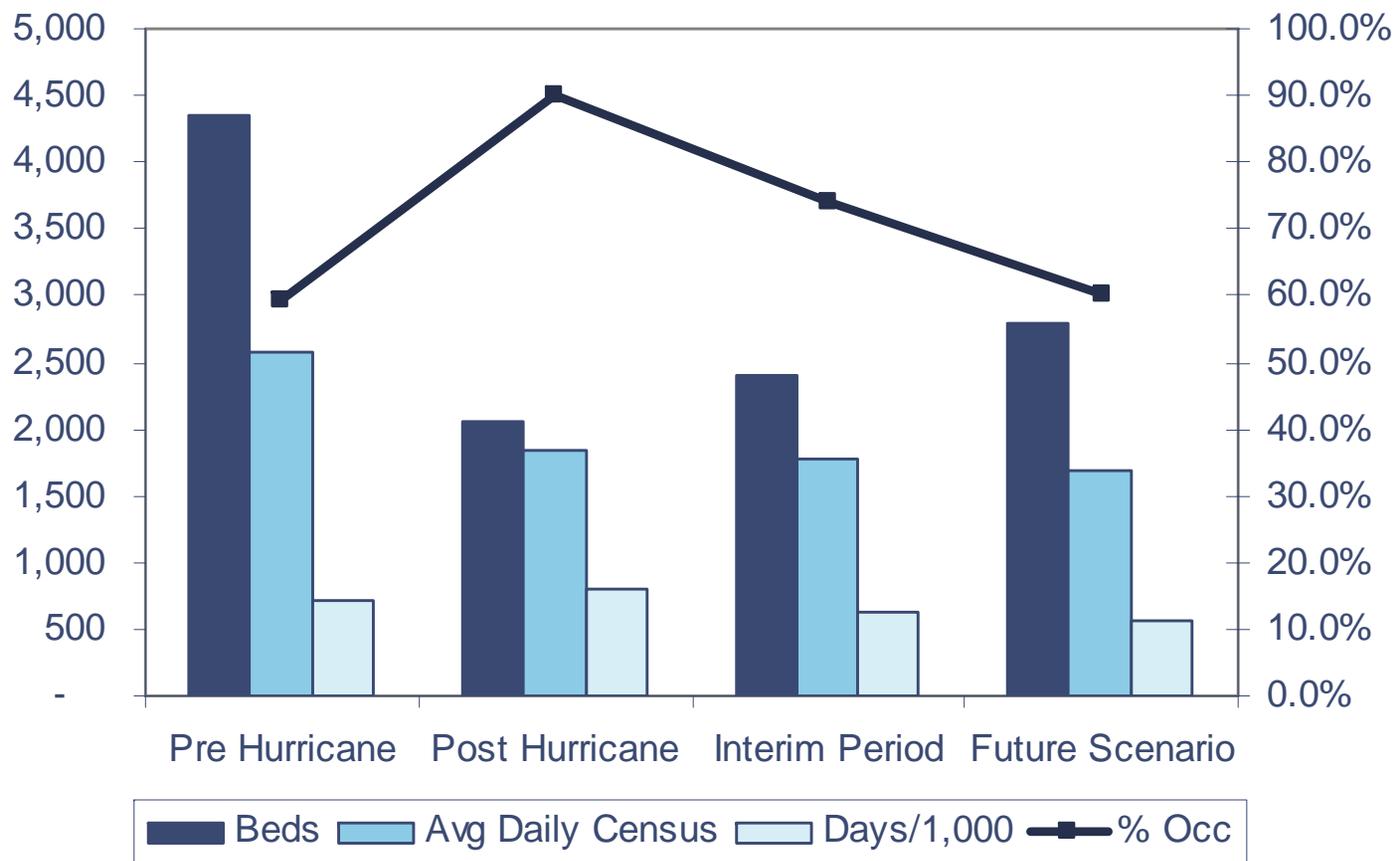


Total Current Beds in Region 1: 2,047

Bed need calculation – Region 1

Region	FY04 Days	FY04 adj for "med" & "best" practice	% receiving care @ Region 1 hosp	Average Daily Census	Bed Need @ 75% Occ
Region 1	745,000	360,000	98%	959	1,280
Region 2	400,000	380,000	6%	55	70
Region 3	250,000	230,000	27%	164	220
Region 9	350,000	300,000	13%	110	150
Other Regions	1,645,000	1,260,000	4%	133	180
Out of State	120,000	120,000	33%	110	150
Total	3,510,000	2,650,000	21%	1,530	2,050

Region 1 occupancy “bubble” illustration



Cost per ambulatory encounter

Typical cost per encounter:

Federally Qualified Health Centers = \$137

Rural Health Clinics - freestanding = \$104

Rural Health Clinics – hospital based = \$120

LSU Clinics = \$129

Private Hospital Outpatient = \$346

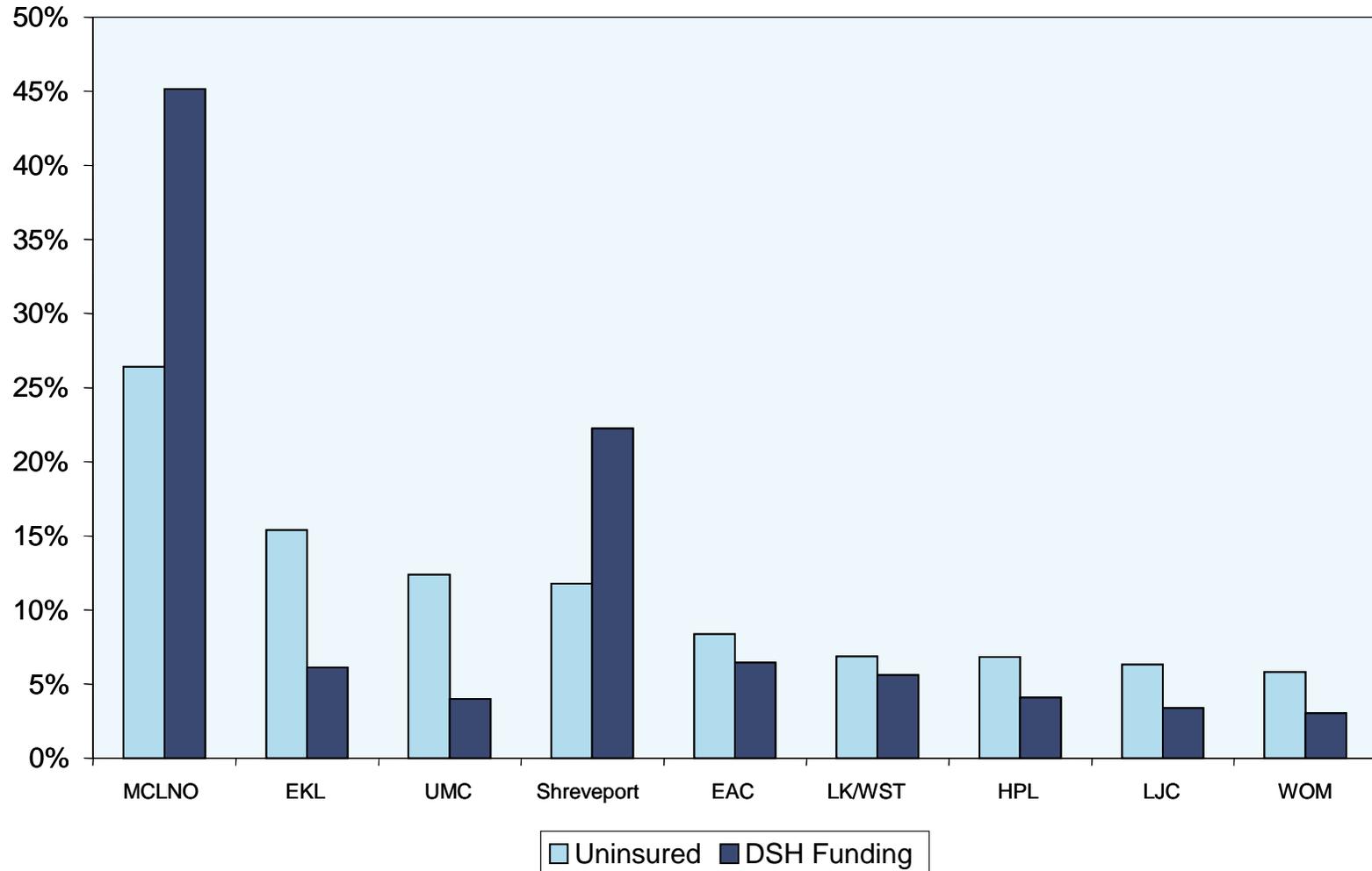
Emergency Room = \$500

Finding No. 4

LSU Management of Public Hospitals

- Divergent interests between academic medical centers and other public hospitals.
- Funding for teaching competes with funding for safety net

Distribution of State-Wide Uninsured (2000) and Medicaid DSH Payments (2003)

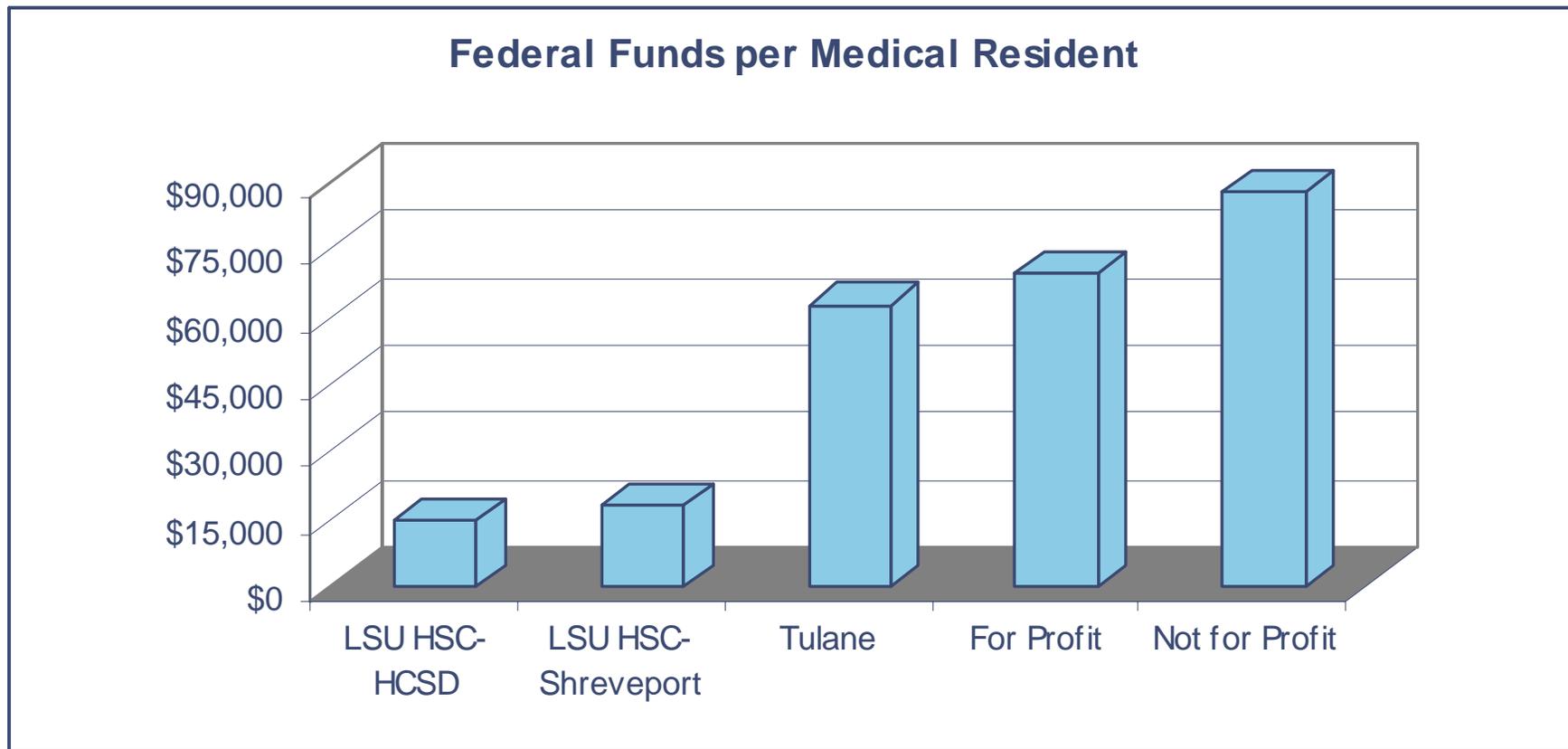


Finding No. 5

Two System Care Model

- Reduces federal dollars available for LSU's graduate medical education program and skews medical experience for trainees

Medicare Funding for Graduate Medical Residents



Finding No. 6

Compared to benchmarks:

- More specialty physicians in the state, concentrated in New Orleans, Shreveport, and Baton Rouge
- Not enough specialists in the rest of the state
- Shortage of primary care physicians
- Shortage of nurses, physicians' assistants, and other health professionals and oversupply of licensed practical nurses (LPNs)
- Too many residency training positions in New Orleans and not enough in Baton Rouge and elsewhere

2004 Louisiana physician supply compared to benchmark states

Region:	State	1	2	3	4	5	6	7	8	9
Primary MDs	Low	Avg	Low	Low	Low	Low	Low	Avg	Low	Low
Specialty MDs	High	High	High	Low	Low	Low	Low	High	Low	Low
All MDs	Avg	High	Avg	Low	Low	Low	Low	Avg	Low	Low

Louisiana Graduate Medical Resident Distribution Scenario

Region	Pre Hurricanes		Future Scenario	
	Primary Care Residents	Specialty Residents	Primary Care Residents	Specialty Residents
Region 1	353	909	91	410
Region 2	53	37	98	442
Region 3	0	0	56	0
Region 4	47	0	81	0
Region 5	0	0	39	0
Region 6	0	0	43	0
Region 7	131	241	74	335
Region 8	21	0	49	0
Region 9	0	0	73	0
Total	605	1,187	605	1,187

Finding No. 7

Information technology infrastructure in LA is immature

- Digital technology infrastructure (backbone) crucial to healthcare continuity in time of disaster.
- Provides foundation for a healthcare system that is integrated, continuous, and patient-centered.

Finding No. 8

Statewide Healthcare Emergency Preparedness System

- Louisiana has an immediate and urgent need

Finding No. 9

Louisiana has a unique opportunity to create significant change to the current healthcare delivery system.

- Redesign has its challenges
- Reducing inefficiencies and accessing new revenue sources create a sustainable system
- Improves quality and coverage for everyone, and a better safety-net

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