

LOUISIANA RECOVERY AUTHORITY

Medical Center of Louisiana Funding Allocation Approval

January 12, 2007

OVERVIEW: A resolution to request the Louisiana Recovery Authority (LRA) Board to approve and recommend to the Governor and the Louisiana Legislature for approval Action Plan No. 2 Amendment No. 1 to allocate \$74,000,000 in Community Development Block Grants (CDBG) to the Division of Administration for the purpose of land acquisition and architecture and engineering design work for the new academic Medical Center of Louisiana – New Orleans (MCLNO), and stating the LRA’s commitment to recommend to the Governor and the Louisiana Legislature at a future date an Action Plan Amendment that would allocate an additional \$226,000,000 to the Division of Administration for the construction of the new MCLNO.

Whereas, a new Medical Center of Louisiana – New Orleans will serve as an academic health care center to provide a foundation for three critical services provided by Louisiana State University, including health professions education, biomedical health sciences research and development, and health care delivery.

Whereas, LSU is engaged in a joint planning process with the Veterans Administration to share services between MCLNO and the new VA medical center to reduce the costs and improve administrative efficiencies associated with operating the hospitals.

Whereas, the LRA Board continues to support broad reform of the state’s health care delivery and financing system through efforts including, but not necessarily limited to, the blueprint drawn by the Louisiana Health Care Redesign Collaborative to create an evidence-based, quality-driven health care system for Louisiana, beginning in the New Orleans region.

Whereas at the LRA board meeting held on December 14, 2006, the LRA and OCD staff developed and published for public comment and presented for preliminary approval, Action Plan No. 2 Amendment No. 1 to allocate \$74,000,000 in Community Development Block Grants (CDBG) to the Division of Administration for the purpose of land acquisition and architecture and engineering design work for the new Medical Center of Louisiana to the Governor and the Louisiana Legislature for approval.

Whereas Action Plan No. 2 Amendment No. 1 was passed in concept, drafted and published for public comment.

THEREFORE BE IT FURTHER RESOLVED, that the Louisiana Recovery Authority Board does hereby approve Action Plan No. 2 Amendment No. 1 Action to allocate \$74,000,000 in Community Development Block Grants (CDBG) to the Division of Administration for the purpose of land acquisition and architecture and engineering design work for the new Medical Center of Louisiana.

THEREFORE BE IT FURTHER RESOLVED, that the Louisiana Recovery Authority Board does hereby recommend the MCLNO Allocation Action Plan No. 2 Amendment No. 1 for Disaster Recovery funds to the Governor and the Louisiana Legislature for approval.

THEREFORE BE IT FURTHER RESOLVED, that the Louisiana Recovery Authority Board does hereby commit to recommending the allocation of an additional \$226,000,000 in Community Development Block Grants to the Division of Administration for the construction of the new academic MCLNO.

Louisiana State University and the Office of Facility Planning and Control, within the Division of Administration, have also committed to the following:

(1) LSU Health Care Services Division produces a strategic plan, to be reviewed by the LRA Board, which considers, but is not limited to, the possibility of operating the new academic medical center in accord with a redesigned health care delivery and financing system including but not necessarily limited to the concepts proposed by and described in the final report of the Louisiana Health Care Redesign Collaborative, the criteria for which are included in the attached document from the Louisiana Department of Health and Hospitals.

(2) Adams Management Services Corporation and Phase 2 Consulting, or appropriate experts and consultants, provide the LRA Board with a completed financial analysis, to be reviewed and approved by the LRA, which includes but is not necessarily limited to the feasibility of MCLNO as an academic medical center in accord with the above described concepts, and which further calculates the financial benefit of shared services between MCLNO and the VA medical center.

THEREFORE BE IT FURTHER RESOLVED, that the Louisiana Recovery Authority Board recognizes that costs affiliated with construction and operation of the new MCLNO, inclusive of land acquisition, site development, financing and ancillary service buildings, will exceed available CDBG funds, and thus expects CDBG funds for construction will only be invested as part of an overall package of financing from multiple sources that have been identified and committed to this project, consistent with the requirements of state law.