

### 1. **What size hospital does LSU need?**

The State Office of Facilities Planning, not LSU, hired a national consulting firm, Phase II Consulting, to analyze the number of beds needed in the region. The consultants recommended 484 beds to accommodate both insured and uninsured patients. The 484 beds are substantially fewer than the bed occupancy at University and Charity before Katrina. LSU is not specifying the number of beds. The hospital will be used both by LSU and by Tulane for their training programs, so it needs to be of adequate size to accommodate residents from both schools. Additionally, there are over 2,000 medical, nursing and allied health students who need to train in this facility.

### 2. **Why doesn't LSU just train all of its residents in private hospitals?**

LSU needs a modern teaching hospital to attract the best teachers, residents, and students. Such a hospital fosters the "hands-on" experience they highly desire. Currently, LSU has residents in 15 private hospitals. The local private hospitals lack the capacity to absorb many more trainees.

Each year, physicians go through a "match" through which they select the institution in which they wish to train. Prior to Katrina, Charity was the magnet that attracted young physicians to stay in Louisiana to train. Residency numbers are down nearly 25% from pre-Katrina levels. Of those residents who did match in New Orleans, some are international graduates. Although they are of high quality, they are unlikely to stay in Louisiana to practice. Unless LSU trains more physicians for Louisiana to retain, we will face a severe shortage in 10 years. LSU needs its own hospital.

### 3. **Isn't the public hospital system outdated and backward?**

In most states, county or city governments are responsible for caring for the uninsured. In Louisiana, it is a statewide system where uninsured patients don't have to worry about being eligible for care when they cross parish lines.

### 4. **Isn't LSU going to just reproduce the present "two-tiered" system?**

The term "two-tiered" refers to financing access to care, not

the quality of care. Funding determines access. Historically, Charity Hospital has had to cut services because of limited funding. The business model for the new hospital is a huge break from the past. By changing the payer mix to increase the number of Medicare and commercial patients, the hospital will be self-sustaining from the first day of operations. Furthermore, the hospital will be able to treat a larger percentage of the uninsured, providing relief to the private hospital emergency rooms that have been overwhelmed post Katrina. Building a hospital that is too small will perpetuate the two tiered system because the uninsured population would utilize the overwhelming majority of beds which would severely limit the hospital's ability to diversify its payer mix.

The new hospital is only part of the safety net. Before Katrina, the system didn't have satellite clinics – primary care centers for checkups, non-emergency services and chronic disease management – but LSU will open six such clinics throughout the city to provide patients a medical home to receive primary and preventative care.

### 5. **Isn't the Charity system responsible for Louisiana having the highest Medicare costs and poorest outcomes?**

According to the Louisiana Health Information Network database administered by the Louisiana Hospital Association, the state's private hospitals provided more than 96 percent of all Medicare services from January to June 2005. LSU hospitals provide high quality care to the small number (3.4%) of Medicare patients that it treats. Louisiana would rank among the top 10 states in the country in Medicare quality outcomes, including costs, if the state ranking was based only on MCLNO's Medicare figures.

### 6. **Why do you need to spend \$1.2 billion?**

The \$1.2B covers land acquisition, finance and equipment costs in addition to covering the construction costs. It will be built to survive and operate even after a Category 5 hurricane. The cost will be covered by a combination of state funds, bond financing, and federal funds. At the proposed bed size (484), the hospital will be profitable from the first day of operation by increasing the amount of patients with third party coverage.

### 7. **Why don't you just renovate University and Charity Hospitals?**

As much as people don't like to hear it, Charity was a troubled 70+ year-old hospital before Katrina. It then suffered extensive damage. Bringing it back to even partial use would be time consuming and expensive. Because it has been closed for so long the state, and not LSU, controls its further use.

University Hospital was renovated after Katrina, to the extent that it can be renovated. However, it too is old and too small to meet the State's educational and healthcare needs long term.

### 8. **Why partner with the VA?**

Partnering with the VA is projected to produce operational savings of at least \$400 million over 25 years. The two entities will share equipment such as CT and MRI equipment, automated labs, etc. and infrastructure, such as power plant, food services, laundry, etc. Both VA and the new teaching hospital will have dedicated inpatient and outpatient units for their respective patient populations and services such as surgery, pharmacy and administration, but may share services such as emergency/trauma, imaging, ambulatory service, medical and facilities support, information and communications technology, and laboratory. Moreover, partnering with the VA will enhance research and patient care and serve as the backbone of the medical district.

### 9. **Why not move the Medical School to Baton Rouge and minimize future risk?**

You can't move just the School of Medicine. The Medical School faculty teaches in the Dental School, the School of Public Health, School of Allied Health, School of Nursing, and the Graduate School. All the schools would have to move leaving a total of 22 buildings vacant. It would cost more to move all the Health Science Center to Baton Rouge than to build the Hospital here. Since Katrina, almost all the LSU buildings have had hurricane upgrades paid for by the Federal Government, so they are better than before the storm.

### 10. **What happens if this project is delayed?**

The VA may re-think its commitment, costs will escalate and people will lose hope. Current escalation is tracking about 1% of the project cost per month or \$10 million/month.

### 11. What is Graduate Medical Education?

Graduate Medical Education (GME) is the process wherein newly graduated physicians train in the various specialty areas, such as Internal Medicine, Surgery, Pediatrics, etc. They are generally called residents or fellows.

### 12. Who decides where a resident does his or her training?

The newly graduated physicians go through a process called a "match", which is a national computerized system where they select the hospital in which they wish to train. Residents usually make their choice based on the reputation of the training facility, the quality and volume of cases, and the quality of the facility itself.

### 13. How successful are we in retaining our residents to stay and practice in Louisiana?

Prior to Katrina, over 50% of our graduates stayed to train in Louisiana, and indeed this state has had the second highest rate of physician retention in the country. LSU has trained over 70% of the physicians who practice in the state. However, following Katrina and the loss of Charity Hospital, we have seen a decrease in the number of our graduates choosing to stay and train in Louisiana. It is expected that the opening of a new LSU/VA University Hospital will be the magnet that once again attracts physicians to train and practice in Louisiana.

### 14. How is GME funded?

Ordinarily, GME is funded through the Center for Medicare and Medicaid Services (CMS). The amount available to pay for this, however, is dependent on the percentage of Medicare patients in the teaching hospital. At the present time, LSUHSC-NO receives \$103.5 million yearly to cover GME costs to cover the salaries and benefits of the residents, fellows and supervising faculty. Of this amount, \$52.5 million comes from the Health Care Services Division (HCSD) with the other \$51 million coming from non-HCSD hospitals. It is important to note that, because of the small percentage of Medicare patients in the HCSD hospitals, the main source of GME funding from HCSD is the Medicaid/DSH pool of state funds. Any proposal to diminish the availability of the Medicaid/DSH pool would have the potential to severely compromise Graduate Medical Education in the State of

Louisiana, and put in jeopardy the future healthcare workforce of the state.

### 15. The Healthcare Collaborative that met following Katrina recommended that the state develop a mechanism of providing "health insurance" for the uninsured. Recently, COLLAH (Coalition of Leaders for Louisiana Healthcare) suggested using half of the DSH (Disproportionate Share) dollars to fund such an insurance product. Why does LSU object to this?

DSH funding comes from the Federal Government and Louisiana is currently "capped" at the maximum amount we are eligible to receive. Multiple consultants have all indicated that there is simply not enough DSH funding available to cover all of the uninsured in this State. Moreover, if we were to use DSH funding for an insurance product, there would not be enough DSH funding to cover GME and to maintain the safety net system to provide care for those who would remain uninsured.

### 16. Would LSU support another mechanism of providing insurance for the uninsured?

Yes. LSU would support a plan to significantly increase Medicaid eligibility, thus bringing more Federal funding into the State. For example, if Medicaid eligibility were extended to all parents of children with incomes under 200% of the Federal Poverty Level, you would have additional federal funding for these patients. This would actually expand access to care as opposed to alternative proposals that simply redistribute an insufficient pool of funds and result in reduced access for some people.



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