



State of Louisiana

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**GOVERNOR BOBBY JINDAL**

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## **Governor Jindal Announces \$83 Million in Payments to Hospitals**

**BATON ROUGE** – Today, Governor Bobby Jindal joined Department of Health and Hospitals Secretary Bruce D. Greenstein, State Sen. David Heitmeier, Louisiana Hospital Association President John Matessino, Woman’s Hospital CEO Teri Fontenot and other hospital leaders to announce the most extensive collaboration and largest payment to date in the state’s new Low-Income and Needy Care Collaboration Agreement (LINCCA) program, with \$83 million going to 27 private hospitals and savings of millions for local and state public hospitals.

LINCCA agreements between private hospitals and public state and local hospitals and hospital districts allow private hospitals to take on services for low-income and needy patients with federal funds, which frees up local and state funding. The money can be used to maximize available federal matching funds through the Upper Payment Limit (UPL) program in Medicaid or to help fund the Medicaid program. In December of last year, DHH made the first set of UPL payments totaling \$27 million to 16 hospitals. Today’s event highlights the second round of payments made under the program, which was approved by the Centers for Medicare and Medicaid Services in November.

Governor Jindal said, “We know we must rethink how government works and must be innovative in our approaches. This program is the definition of innovation at work in our health care system. While other states are slashing hospital funding in reaction to the national crisis in Medicaid, we’re here today giving hospitals \$83 million in funding while ensuring increased and continued access to care because we understand that you can really do more with less when you work smarter and collaborate between the public and private sectors.”

Under the LINCCA program, a public entity, such as a local public hospital district, an LSU hospital or even DHH, partners with a private entity to take over the costs of providing services to low income and needy patients. Those collaborations can include paying for physician services at an LSU Hospital emergency room that cares for low income and needy patients or behavioral health services provided through the DHH Office of Behavioral Health. This saves dollars for the public entity while also ensuring continued and improved access to care for the uninsured and Medicaid patients. The proposed executive budget for FY 2012, for example, includes \$30 million in savings for LSU Hospitals and \$5.3 million in savings for DHH.

**The Governor also announced today that the state has developed a supplemental UPL program for physicians, which will make its first set of payments totaling about \$2.8 million this week.** Under this program, physicians who are employed by or contract with public hospitals not owned by the state are eligible for UPL supplemental physician payments. Supplemental payments will be the difference between the average commercial rate and the Medicaid rate, in addition to the usual Medicaid payment—essentially allowing payment for a Medicaid patient to equal the average commercial rate. DHH estimates that about \$10 to \$15 million could be paid out through this program annually.

DHH Secretary Greenstein said, “We have spent the past six months building and strengthening a collaborative environment between our private and public health care sectors. Today’s announcement is a testament to how far we’ve come. Because of this collaboration, we’re standing here announcing payments instead of rate cuts, and improved and continued access to services instead of reductions to services.”

State Sen. David R. Heitmeier, O.D., said, “Finding solutions to our state's health care challenges has been a priority of mine since taking office. The policies we have implemented will bring hospitals in our state hundreds of millions of federal dollars in coming years without any additional tax burden to our citizens. When I suggested the plan allowing the state to leverage these federal dollars, it was truly a team effort in getting it done. I was supported by my colleagues in the legislature, Governor Jindal, and the Louisiana Department of Health and Hospitals where much hard work took place to implement the programs. What makes this truly a win-win for the state is the fact that public-owned hospitals are working in collaboration with private-owned hospitals, so all are benefiting. Our hospitals across the state have been suffering financially since Hurricane Katrina. We got them to work together for everyone's financial benefit which keeps our medical infrastructure strong and makes Louisiana a better state for our citizens.”

John Matessino, LHA President & CEO, said, “It is imperative that hospitals have the resources they need to provide life-saving services in every community. This program will help provide those resources, which are crucial for our community hospitals to thrive and survive during these tough economic times. The funding will help offset a portion of the almost \$230 million in Medicaid and DSH cuts that hospitals have received over the past two years. We appreciate the opportunity we have had to work with the governor, his

administration and DHH on this program, and our association is proud to be a part of our state's healthcare solution."

Teri Fontenot, Woman's President and CEO, said, "Woman's is pleased to have the opportunity to help expand care to Louisiana's low income and needy patients. Thanks to this innovative program, Woman's is becoming better positioned to improve the lives of women and infants by enhancing access to quality care and services, which is desperately needed throughout our state. This program will ensure that needed programs are available to Louisiana's most vulnerable patients."

Pat Quinlan, CEO of Ochsner Health Systems, said, "We must deal with the financial crisis our state is facing, like so many states. I'm grateful that in Louisiana we have found a solution that enables hospitals to continue to provide high quality care in spite of our difficult budget reality. Approved by the federal government, our care collaborative is the result of true partnership between Louisiana's hospitals, Governor Jindal, Secretary Greenstein, Senator Heitmeier and a host of other committed health care leaders."

Fred Cerise, MD, LSU System Vice President for Health Affairs, said "These collaboratives represent an unprecedented approach to partnering with the private sector in delivering quality health care to our most vulnerable populations. LSU is proud to be a part of this effort that ensures continued and improved access to health care for the people we serve. With the loss of federal dollars we've seen, this initiative allows us to mitigate reductions that would negatively impact the many Louisiana residents who rely on us for care."

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