



Jefferson EDGE 2020 Strategic Implementation Plan: **HOSPITALS & HEALTH CARE**

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Introduction

High quality health care is an essential and expected component of any first rate community. As medical procedures and technologies grow more complex and as the demographic profile of the United States becomes increasingly elderly, the availability of quality health care is frequently cited as a key community asset. Jefferson Parish is fortunate to boast exceptional health care infrastructure, as exemplified by its three main hospitals, East Jefferson General, West Jefferson General, and Ochsner. All three hospitals have a legacy of exceptional patient care, innovative practice, and innumerable professional accolades.

The aftermath of Hurricane Katrina has presented a new set of challenges to health care providers in Jefferson Parish and throughout the New Orleans metropolitan area. The most pressing threat is a financial one. As a result of Katrina, hospitals in the area have been faced with rising property and casualty insurance costs as well as significantly higher labor costs. At the same time, reimbursement rates from Medicare have not kept pace with these increased costs. Furthermore, many hospitals have had to assume a greater responsibility for providing care to the uninsured due to the closure of Charity Hospital and due to the shifting geography of the displaced, uninsured population. This confluence of circumstances has presented Jefferson Parish's hospitals with substantial financial difficulties—difficulties which threaten both the quality and the extent of the medical services that they are able to provide.

While the challenges to the region's health care infrastructure are very real, as with so many other quality of life issues, Katrina has presented an historic opportunity to address some of the endemic, longstanding problems that have plagued our health care system. Originally, the sole focus of this plan was to be the narrow range of pressing problems that the Parish's major hospitals are facing. Interviews with the heads of the hospitals revealed, however, that many of the challenges that they face are not the result of specific operational issues. Rather, they are directly tied to systemic problems in the way that health care has historically been provided in Louisiana.

The number of Louisianians who lack health insurance is one of these systemic problems. Providing quality, affordable health care for the uninsured is truly a nation-wide issue; but due to the level of poverty and the sheer number of uninsured in Louisiana, it is a particularly acute problem in our state. This not only results in inadequate health care for the uninsured but it also affects the quality and cost of health care for those with insurance. With the Charity Hospital system (the traditional avenue in Louisiana for providing health care to the poor) in a state of flux, now is clearly the time to rethink the health care delivery system for the poor and uninsured.

Now is also the time to take a fresh look at all of the other issues that contribute to the overall health of the residents of Jefferson Parish. The communities of southeast Louisiana—Jefferson included—have long scored poorly on measures of “wellness.” From obesity to heart disease to life expectancy, the greater New Orleans area lags well behind other communities along many metrics of community health.¹ Studies suggest that traditional clinical health care is responsible for only 10% of an individual’s health. The remaining 90% is influenced by behavioral and environmental considerations, including diet, smoking, exercise, and other issues.² There are a multitude of ways that Jefferson Parish could encourage more healthy behaviors and provide a healthier environment for its residents. Such actions would not only improve the health of the populace but would also contribute to a more effective, more cost efficient system of clinical health care.

A healthier Jefferson Parish with more financially robust hospitals is clearly a community good in and of itself. There are other reasons, though, why improving our health care system should be a core policy goal in the coming years. The first reason is that Jefferson is an aging parish. According to the most recent Census data, the median age of Jefferson Parish residents—39.3 years—is 3.7 years greater than the median age of Louisiana as a whole and 2.7 years greater than the median age nationally.³ A continued commitment to quality health care will give older residents of Jefferson the confidence to “age in place” by continuing to make Jefferson their home. Another reason why health care should be a principal public policy focus is that high quality health care could be a selling point to attract a larger retiree population in Jefferson as residents of other communities age and consider relocating. This in turn would add to the population, tax base, and disposable income of Jefferson Parish.

There is a compelling need to build upon Jefferson Parish’s existing health care infrastructure to ensure that the community has stronger hospitals, a more holistic approach to community health, and a more efficient, more accessible health care delivery system. This report will outline the tremendous health care assets that Jefferson Parish already boasts (i.e. its major hospitals) and the significant accomplishments that the hospitals have made in recent years. The report will also enumerate the major public policy initiatives that must be pursued to address key deficiencies in our local health care system and to elevate the overall health of Jefferson’s residents.

Demographic Changes in Jefferson and Opportunities for Improved Health Care

In order to more fully understand both the threats to Jefferson's current health care infrastructure and the opportunities to build a healthier community, one must first become familiar with certain demographic trends that are having a profound impact on the health care delivery system in Jefferson Parish. The first is the aging of the population across the country and in Jefferson in particular. The second is the issue of the poor, uninsured population.

America's—and Jefferson Parish's—Aging Population

It is a well documented demographic truism that the population of the United States is increasingly an elderly population. Over the past three decennial Censuses, the median age of the United States has increased from 30.0 in 1980, to 32.8 in 1990, to 35.3 in 2000.⁴ According to the most recent inter-decennial estimate provided by the Census Bureau's American Community Survey (ACS) in 2007, the country's median age now stands at 36.6 years. Over the same intervals, the percentage of the population that is 65 and older has increased from 11.3% in 1980 to an estimated 12.6% in 2007.⁵ As life expectancies increase and as the Baby Boom generation ages, both the median age and the percentage of the population 65 and older will continue to rise.

As a result of this demographic trend, there is a growing strain on health care services and resources. According to a recent article published in the *Journal of Health Affairs*, Medicare enrollment growth is expected to have the strongest influence on national health care spending in the United States in the coming years, with an annual 1.6% increase in enrollees through 2050. Additionally, the rise in health care expenditures to nearly 20% of GDP is largely attributable to the aging of America's population.⁶ These figures highlight both the challenge of providing an adequate level of care to meet rising demand as well as the challenge of securing adequate resources to fund these services. The two issues of service provision and resource constraints are interrelated, particularly because of the primary funding mechanism for health care services for seniors, the Medicare program.

Due to competing budgetary priorities and large federal budget deficits in recent years, there is constant pressure on the federal Medicare budget.⁷ Consequently, reimbursements from the Medicare program to health care service providers typically lag well behind reimbursements from private insurers. While private insurers typically reimburse providers at a rate of approximately \$0.37 to \$0.41 per dollar billed, Medicare reimburses at only \$0.27 per billable dollar.⁸ Hospitals across the country are increasingly coming to terms with this financial "double whammy": a larger and larger share of their patient base is comprised of elderly patients on Medicare while at the same time the hospitals collect lower reimbursements for Medicare patients than for patients with private insurance.

This issue is especially problematic in Jefferson Parish for two reasons. First, Jefferson Parish's population is older than the population of the country as a whole. As stated earlier, the median age of Jefferson's population is nearly three years greater than the national median age. The percentage of Jefferson's population that is 65 and older (13.5%) is an entire percentage point higher than that of the country as a whole.⁹ Thus, in comparison to the typical American community, an inordinately high percentage of patients at Jefferson Parish hospitals are Medicare patients—patients whose reimbursement rates are discounted relative to the privately insured.

The second reason why Jefferson's aging population is particularly problematic for the Parish's hospitals is that current Medicare reimbursement rates do not account for post-Katrina increases in operational costs, such as exponentially higher insurance and labor costs. Medicare reimbursement schedules are not fixed at a single national rate but instead account for regional differences in operational costs.¹⁰ While this approach has succeeded in yielding more nuanced, real world reimbursement rates, there is typically a three-year lag time between the implementation of revised reimbursement schedules and the statistics upon which the schedules are based.¹¹ In the case of the New Orleans region, area hospitals have taken a financial beating over the past three years because local Medicare reimbursement rates are based on pre-Katrina labor and insurance markets. This is the crux of the financial challenge that Jefferson Parish hospitals are facing: an aging population with an insurer (i.e. the Medicare program) that is reimbursing the hospitals at rates that cannot cover their costs.

With the challenges presented by an aging, Medicare-dependent population, there also comes an opportunity for Jefferson Parish. Attracting an older, retiree population is viewed by most communities as an extremely worthwhile goal. Older residents typically have substantial disposable incomes and therefore contribute significantly to a community's tax base and overall economic activity.¹² Additionally, because older households are frequently "empty nesters," they do not generate demand for what is typically the most expensive public service that local communities provide: public education.¹³ Before relocating to another community, though, seniors must have confidence in the medical infrastructure of the community in question. Clearly, Jefferson's first priority is to mitigate the financial challenges that its hospitals are facing. Once it accomplishes this, Jefferson can then potentially capitalize on its tremendous medical infrastructure to market itself as an ideal retirement community.

Thus, the trend of an aging population nationally and locally presents both challenges and opportunities for Jefferson Parish—the challenge of maintaining a fiscally robust hospital system and the opportunity of leveraging that health care infrastructure to attract a larger community of retirees to the Parish.

The Poor and Uninsured Population

The United States is unique among western nations in that a substantial percentage of its population lacks access to regular medical care. According to recent data from the National Center for Health Statistics, fully 14.5% of American households—approximately 43 million individuals—do not have health insurance.¹⁴ While the severity of this problem has been recognized for several decades, for a variety of reasons the federal government has not taken major steps to address the issue.

The most immediate, obvious consequence of this failure is that a substantial number of Americans are not getting adequate health care. It therefore comes as little surprise that along key indicators of health, such as infant mortality and life expectancy, the United States lags somewhat behind other western countries.¹⁵ In addition to this basic shortcoming, the issue of the uninsured has a number of additional consequences for our system of health care delivery. First, individuals without insurance are discouraged from seeking preventative care in the form of regular check-ups. As a result, problems that can be diagnosed much earlier and that can be treated for far less money are not addressed until they become more acute.¹⁶ At that point, treatments are much more costly; and hospitals are rarely reimbursed for services provided to uninsured patients. This dysfunctional system therefore results in the provision of less effective, more expensive medical treatments which hospitals provide at a considerable financial loss.¹⁷

The means by which the uninsured are able to obtain medical services for acute conditions is another principal problem with the present medical delivery system. A federal law, the Emergency Medical Treatment and Active Labor Act, requires hospitals that participate in Medicare to provide treatment to emergency room patients, whether or not they have any means of payment.¹⁸ Consequently, for the indigent and uninsured, the emergency room (ER) functions as the de facto, primary portal to medical care. Not only is the treatment of acute conditions much more expensive than preventative care but emergency room care— independent of the medical condition being treated—is also intrinsically more expensive than non-emergency care.¹⁹ This overburdening of emergency rooms also has the effect of driving up wait times at the ER and reducing patient satisfaction with ER services.²⁰



The emergency room is often the primary way that the uninsured seek medical care

The final major consequence of the problem of the uninsured and all of its attendant inefficiencies is that it makes the cost of insurance for everyone else substantially higher. Hospitals and physicians have to rely disproportionately on the treatment of patients who have private insurance, thereby increasing the cost of medical care for those individuals and insurance companies.²¹ The insurance companies, in turn, pass

the cost of higher premiums along to employer-funded insurance plans—the primary avenue for private insurance coverage in the United States. This constitutes a significant operating cost to employers and one that would be significantly lower if the cost of medical care did not fall so disproportionately on their shoulders.²²

All of the dysfunction described above is not unique to Louisiana or the New Orleans metropolitan area. The problem of the uninsured is truly a national issue. However, as with the issue of Medicare reimbursements, this problem is especially acute in the New Orleans metropolitan area, precisely because the New Orleans region has so many uninsured individuals. According to data compiled by the Louisiana Health Insurance Survey (LHIS), 546,348 adults or 21.2% of Louisiana residents aged 19-64 are uninsured. Additionally, 64,355 of Louisiana's children or 4.7% are uninsured. In the New Orleans region, the percentage of uninsured children is even higher—an estimated 9% of the population.²³ Nationally, the percentage of uninsured, while still significant, is substantially less—14.5% of the population.²⁴

In Jefferson Parish, the percentage of individuals without health insurance is slightly lower than the state and regional figure²⁵; but a number of conditions since Katrina have exacerbated the strain of uninsured care on Jefferson Parish hospitals. First, and most significantly, the Medical Center of Louisiana at New Orleans (more commonly known as Charity Hospital) was heavily damaged by Katrina and has not been restored. Charity Hospital provided both emergency and basic medical care to the poor and uninsured prior to Katrina; now that its operations have been suspended, more indigent patients are seeking treatment via the emergency rooms of Jefferson Parish hospitals. Second, a number of private hospitals in New Orleans were badly flooded and have not been restored. Prior to Katrina, the burden of providing medical care to the uninsured was more evenly distributed among a number of private hospitals in tandem with Charity Hospital. As a result of their closure, uncompensated care for the uninsured is concentrated at the fewer hospitals that remain, many of which are in Jefferson Parish. Possible demographic shifts following the storm have also potentially made this problem more acute. Of the many households in Orleans Parish that were displaced by flooding, some have likely relocated to Jefferson Parish, including some households that are low income and lack insurance. There is no evidence to suggest a massive in-migration of displaced New Orleanians into Jefferson Parish, but there is anecdotal evidence to suggest that some in-migration has occurred. If additional residents without health insurance are indeed moving to Jefferson Parish, additional strain will be placed on the Parish's hospitals and emergency rooms.



This phenomenon of increased responsibility for the uninsured is supported by data from the hospitals. Before the Hurricane, approximately 2% of East Jefferson General's patients lacked health insurance. That figure rose to 8% in 2006. It has declined since then but remains slightly higher than the pre-Katrina share. The pre- and post-storm discrepancy is more pronounced at West Jefferson General Hospital. Before Katrina, 5% of its patients were uninsured; that figure rose to 14% after the Hurricane.²⁶

The problem of uninsured, uncompensated patient care cannot be avoided any longer. For the purposes of improving health outcomes for the uninsured, stabilizing the fiscal condition of the major hospitals, and reducing health care costs, a major expansion of health insurance coverage must be a priority. The closure of Charity Hospital and the financial exigencies that area hospitals are experiencing provide an opportunity to radically rethink our state's approach to health care for the uninsured.

Healthy Communities: More Than Just Hospitals

Up to this point, the primary focus of this report has been on clinical care and the national and local trends that are affecting the quality and availability of health care from our hospitals. There is an ample body of research, though, that suggests that an emphasis on the medical, clinical component of individuals' health overlooks the tremendous impact that behavioral and environmental factors have upon community wellness. As with the discussion of primary health care in the previous section, healthier lifestyles not only result in healthier individuals but they also can help hospitals, businesses, insurers, and individuals to realize tremendous savings in health care costs by obviating the need for expensive clinical procedures.

Apart from seeking customary, preventative health care, there are numerous behaviors—often influenced by the physical and social environment of a community—that impact one's health. These include diet, regular exercise, and tobacco and alcohol consumption. While all of these behaviors are matters of individual choice to a large extent, there are numerous ways in which the environment can shape lifestyles in a positive or negative way. These environmental factors include:

- The proximity of full service grocery stores offering fresh produce and other healthy eating options
- Public outreach in the form of advertisements, promotional campaigns, and information about best practices in diet and exercise
- The proximity of neighborhood parks and other recreational programs and amenities
- The degree to which neighborhoods are “walkable” and allow for customary, incidental exercise such as walking to and from work or school
- The availability and ease of use of other, non-automobile forms of transportation such as bicycling and public transit
- Regulations, treatment, and public outreach concerning smoking, alcohol consumption, and drug use
- Programs to encourage responsible sexual behavior among young people
- The incidence of violent crime
- Safety on streets and highways



Access to full service groceries is one factor that contributes to overall community health

Numerous statistical measures paint an extremely unflattering picture of Louisiana with respect to the health of its residents. A simple examination of the data from the United Health Foundation’s 2007 “American Health Rankings”²⁷ reveals some unfortunate findings:

- Louisiana ranks 49th among the 50 states for overall health
- Obesity occurs in 27.1% of the state’s population (state rank: 38th)
- 111.9 per 1,000 Medicare enrollees in Louisiana had preventable hospitalizations (state rank: 48th)
- Louisiana has an infant mortality rate of 9.9 deaths per 1,000 live births (state rank: 49th)
- Louisiana has 221.9 cancer deaths per 100,000 people (state rank: 48th)
- Louisiana has 10,802 premature deaths per 100,000 people (state rank: 49th)

The above data should not be interpreted in such a way as to suggest that lifestyle changes can singlehandedly improve the health of our residents. Nonetheless, there is an impressive body of recent research that directly connects environmental factors, such as those listed above, with significantly improved health outcomes. For instance, a recent article in the *American Journal of Health Behavior* cited several environmental factors as barriers to changes in behavior, including inaccessible health promotion programs and safety concerns involving crime and traffic.²⁸ Additionally, it has been suggested that heart disease and stroke can be substantially reduced through social and environmental factors that mitigate risky behaviors such as physical inactivity and poor diet.²⁹ At the state level, programs such as the “Louisiana Two Step” ad

campaign underscore a new recognition of the connection between a healthy lifestyle and improved health outcomes. Jefferson should build upon these nascent, statewide efforts to craft local strategies to encourage healthier behaviors and create an environment that is conducive to healthy living.

One strategy that Jefferson Parish could explore is the concept of creating neighborhood based “wellness centers” that combine preventative medical services with other wellness resources such as gymnasiums, exercise classes, and information on nutrition, diet, and other lifestyle concerns. Aimed at communities that lack health insurance and that have a high incidence of poor health outcomes, networks of wellness centers have been very successful in communities such as Hillsborough County, Florida and Buncombe County, North Carolina.³⁰ These community-based programs reach a large percentage of the underserved population and use multi-pronged



A healthy lifestyle, including frequent exercise, is a well documented way to improve health outcomes

approaches to enhance community wellness. Efforts such as school nutrition programs, physical-activity promotion through recreation, and coordinated community efforts with employers have improved the overall quality of life in these communities while reducing costs and strains on the entire medical system.

When paired with a focus on expanding insurance coverage and primary care, a concerted focus on improving overall community wellness could result in dramatically improved health outcomes, a significant reduction in emergency room and acute care procedures, and significant savings to the community in the form of reduced insurance and uncompensated care costs.

Recent Accomplishments in Health Care

From expanding coverage for the uninsured to improving overall community wellness, Jefferson Parish has many pressing health care needs. In spite of all of these unresolved issues, it is important not to overlook the considerable health care infrastructure that Jefferson already possesses. Its three principal hospitals—East Jefferson General, West Jefferson General, and Ochsner—all have a tremendous track record of delivering exceptionally high quality medical care. They provide the community with a robust foundation of medical professionals, technologies, and facilities upon which further improvements in health care can be made. The major accomplishments of the three hospitals are numerous and varied.

It is of primary importance to note that East Jefferson, West Jefferson, and Ochsner have all operated continuously since Katrina. In spite of the conditions during the storm and in spite of the many, well documented operational challenges that they have faced since the storm, all three facilities have provided an uninterrupted level of medical care to the community over the past three years. Furthermore, in spite of the many challenges that this report has outlined, all three hospitals have eschewed cuts in service in spite of budgetary pressures. The number of in-patient beds and emergency beds has remained at pre-Katrina levels, and the quality of care that they offer has not fallen one iota. This invaluable contribution to the community has played a critical role in expediting the recovery of Jefferson Parish and the entire metropolitan area.

Most impressively, the three hospitals have remained aggressive in aiming for even higher standards of care, forming key professional partnerships, and building on areas of expertise. Their expectation for quality is most succinctly captured by the many new programs that have been initiated and the accolades that have been earned in recent years. They include the following items:

- In 2008 East Jefferson General Hospital launched a partnership with the renowned M.D. Anderson Cancer Center in Houston to provide its cancer patients with access to the best treatment protocols and processes developed by one of the world's most respected leaders in cancer care.
- East Jefferson was honored as a five-star hospital by HealthGrades in the areas of Cardiovascular and Pulmonary Services and was recognized as being in the top 5% in the nation for cardiac surgery.
- In 2002, East Jefferson became the first hospital in Louisiana to earn the prestigious Magnet Status for nursing excellence from the American Nurses Credentialing Center. The distinction of being named a Nurse Magnet Hospital was renewed in 2006.



East Jefferson has recently announced a partnership with the M.D. Anderson Cancer Center in Houston

- Ochsner’s emergency room department is in the 98th percentile nationally for patient satisfaction and is recognized as one of the most technologically sophisticated ER’s in the county.
- In 2007, Ochsner received for the eighth time the prestigious designation of being named one of “America’s Best Hospitals” by *U.S. News and World Report* magazine.
- In *New Orleans Magazine*’s most recent, annual installment of their Top Doctors issue, nearly 30% of the metro area physicians who received this distinction were Ochsner physicians.
- West Jefferson General Hospital has received recognition in recent years from HealthGrades for outstanding practice in Stroke Care, Orthopedic Services, Cardiac Services, and other services.
- In recent years, West Jefferson has also received prestigious recognition from *U.S. News and World Report* for its Rheumatology, Respiratory and Digestive Disorders, and Neuroscience practice areas.
- Within the past five years, West Jefferson was also named as one of “America’s Best Hospitals” by *U.S. News and World Report* magazine.



In 2007, Ochsner was named one of “America’s Best Hospitals”



West Jefferson has received national recognition in a number of practice areas

Health Care Action Items

In comparison to other communities throughout the United States, Jefferson Parish truly can boast of exceptional medical infrastructure and medical care. As the previous sections have shown, though, significant work must be done to strengthen the financial standing of the hospitals, address the issue of uncompensated care for the uninsured, and push for a more holistic approach to health and overall community wellness. Only a truly comprehensive approach will adequately address the full range of health care challenges that the community faces. External funding assistance from the federal government, new state-led initiatives to expand insurance coverage, and locally driven efforts to create an environment that is more conducive to healthy living must all be part of the discussion.

The key action items that are needed in the coming months and years to strengthen the health care system in Jefferson Parish are outlined below:

1. **Advocate for direct financial assistance from the federal government to assist hospitals in the New Orleans Region.** Without a doubt, the hospitals in the New Orleans area would not be facing the financial challenges that they are currently facing had there not been the catastrophic flooding associated with Katrina. The exponential rise in insurance and labor costs, the loss of private medical facilities in the region, and the closure of Charity Hospital are all directly tied to the aftermath of Hurricane Katrina. Just as the federal government has provided financial assistance for the housing, transportation, and economic infrastructure of the region, a similar financial assistance package should be provided to assist in the recovery of area hospitals. During the summer of 2008, a \$157 million appropriation for assisting the hospitals in the New Orleans area was included in a draft version of a larger appropriations bill for the war in Iraq.³¹ However, this assistance package was ultimately stripped from the final version of the bill that was passed by Congress and signed by the President.³² The single most immediate imperative for health care in Jefferson Parish is for the full \$157 million in federal assistance to be approved by Congress and signed into law. In the absence of this assistance, services and overall capacity at the major hospitals in Jefferson may have to be cut.
2. **Work closely with the federal Department of Health and Human Services to implement the updated Medicare reimbursement schedule as quickly as possible.** Arguably the single biggest financial challenge to area hospitals following Katrina has been the fact that federal Medicare reimbursement rates for this region do not jibe with post-Katrina increases in operating costs. Typically, there is a three year lag time between the collection of statistics upon which the rates are based and the actual implementation of those revised rates. Because the circumstances of this region are anything but typical, pressure must be applied on the Department of Health and Human Services to make interim adjustments to Medicare reimbursement rates and/or to implement comprehensive revisions on an expedited timetable. Jefferson Parish must aggressively solicit the assistance of the Governor's office and Louisiana's congressional delegation to ensure that this happens.

3. **Collaborate with the State’s Department of Health and Hospitals to establish a formal program to increase enrollment in Medicaid.** The federally and state funded Medicaid program— while falling woefully short of covering health care needs for the indigent—does provide coverage and reimbursement to health care providers for some indigent patients. Anecdotal evidence from area hospitals suggests that many area residents who are eligible for Medicaid coverage have not registered for the program, whether due to Medicaid bureaucracy or to their being unaware of the program. Expanding Medicaid coverage to all eligible residents would reduce strain on emergency rooms, would provide better health care coverage to at least some indigent individuals, and would provide some compensation to hospitals that would not otherwise be reimbursed. Jefferson Parish should work with area hospitals, non-profit organizations, and the Department of Health and Hospitals to expand coverage in two ways: by increasing awareness of the Medicaid program through enhanced public outreach and by providing direct assistance in guiding people through the Medicaid registration process. At various health care “points of entry,” such as neighborhood clinics and emergency rooms, case workers would be available to assist individuals to determine their eligibility and to complete the enrollment process.

4. **Work with the State’s Department of Health and Hospitals to establish a “certificate of need” program for proposed specialty hospitals.** For any hospital that offers a comprehensive suite of services, there are certain procedures that are money makers and others that are money losers. For those hospitals that are financially secure, there is a healthy enough balance between money-making and money-losing procedures to allow them to fulfill their core service mission and continue to offer some services at a loss. An emerging threat to this equilibrium is the rise of so-called “specialty hospitals.” Specialty hospitals cater almost entirely to patients with private health insurance; they typically do not have emergency rooms that can act as gateways for uncompensated care; and they only provide a narrow range of (typically lucrative) services. Because they package care in an appealing, “boutique” format, they are able to siphon patients and revenue away from general service hospitals, thereby relegating large hospitals to providing less lucrative services. This, in turn, threatens the financial viability of the large hospitals and the availability of a wide range of medical services.



One strategy that other states have adopted is a “certificate of need” program for new medical facilities. Such a program requires proposed, new hospitals to demonstrate that they will meet a well documented medical need in the community and that they will not merely be duplicating capacity that already exists.³³ This regulatory process will help to ensure that more lucrative medical procedures and insured patients in general are not siphoned away from full service hospitals, thereby helping to keep the large hospitals on a financially sustainable course.

5. **Work with the LSU Hospital System to chart a mutually beneficial direction for the planned new hospital in downtown New Orleans.** There is, without question, a major need for additional medical infrastructure in the New Orleans area. Since Katrina, large geographical swaths of the city remain physically distant from medical care; emergency rooms remain overtaxed; and even with an estimated 11% decline in the region’s population³⁴, there remains a shortage of in-patient beds and medical services generally. Soon after Katrina, the Medical Center of Louisiana at New Orleans (MCLNO, operated by the LSU Health Sciences System) announced plans for a \$1.2 billion facility in the downtown New Orleans area to replace the shuttered Charity Hospital.³⁵ Leaders of the initiative announced that the hospital would be built according to the operating model of MCL-Shreveport, a hospital that cares for both the indigent and the insured by offering a wide range of top notch specialty services. While MCLNO’s proposal has been met with enthusiasm for the most part, concerns have been raised both about the proposed location of the facility and its operational size.

Relative to operational issues, some local medical professionals have expressed concern that the size, capital budget, and operational budget may simply be too big. Since MCLNO administrators have publicly expressed an interest in attracting insured patients (itself a worthwhile goal), the concern is that the facility will have so much heft that it may cannibalize substantial numbers of patients away from the existing hospitals in the region, thereby weakening their footing. Another concern is that the proposed public subsidy for the new hospital, as proposed, would be so substantial as to distort the market relative to labor costs.



Planning is underway for a replacement facility for Charity Hospital

In the first several months of Governor Jindal’s administration, the State Department of Health and Hospitals recommended that the size of the hospital be reduced somewhat.³⁶ This report does not mean to suggest an exact number of beds or specific business plan for the new hospital; it merely recommends a more transparent process that includes closer collaboration with the heads of the extant hospitals in the region. Such a process would help to “right size” the MCLNO, mitigate the cannibalization of patients and services, and best meet the community’s need for additional hospital facilities.

6. **Seek closer collaboration among the service district hospitals, the Parish government, and the state to reduce their operating costs and increase revenues.** Because of the community-serving mission of the two service district hospitals in Jefferson Parish (East Jeff and West Jeff) and because of the myriad administrative constraints associated with being publicly operated, they have been particularly affected by the increased costs of the post-Katrina period. Unlike private hospitals, East Jeff and West Jeff are encumbered by bureaucratic procedures such as public bid laws; they are also limited to a circumscribed service area and, therefore cannot expand into more lucrative markets. Over the years, the two hospitals have functioned completely independently and have not realized any economies of scale from combining administrative functions. As public hospitals, they have also been asked to assume certain costs that are not strictly associated with their core mission of operating a hospital, such as the cost of prisoner care at the Parish jail. Addressing these two issues could be a potential source of cost savings for East Jeff and West Jeff. Possible ways to increase revenue and reduce costs include the following measures:

- Under the stewardship of their respective boards, dramatically increasing the level of coordination between the two hospitals in negotiating reimbursement rates from insurers and in purchasing goods and services
- Ensuring that revenues from the Parish’s newly installed traffic violation cameras be directed to the two hospitals, as was originally stipulated
- De-obligating the hospitals from providing services that are beyond the strict purview of their operations, such as the cost of prisoner care at the Parish jail and the cost of operating neighborhood-based health clinics
- Obtaining a greater portion of “disproportionate share” dollars from the state to cover the cost of care for the uninsured. The overwhelming majority of these dollars have typically gone to the Charity Hospital system. As the service district hospitals are assuming a greater burden of uncompensated care in the absence of a Charity Hospital, they should be reimbursed accordingly.³⁷

7. **Aggressively advocate for the funding and implementation of the recommendations of the COLLAH report pertaining to coverage for the uninsured.** In the absence of any coordinated Federal approach to improving health care for the uninsured, states such as Oregon and Massachusetts have taken matters into their own hands and crafted state-level plans to extend coverage. Following Katrina, the Coalition of Leaders for Louisiana Healthcare (COLLAH) was convened to develop detailed policy proposals to address many of Louisiana’s longstanding problems in health care. Comprised of leading doctors, administrators, and researchers, the COLLAH team devised a proposal entitled RightCare that would extend insurance coverage to approximately 80,000 individuals in the region who do not presently have health insurance.³⁸ This proposal has been extensively vetted and widely praised by health care professionals. The full details of the RightCare proposal are available at www.collah.org. In addition to providing health care to those who need it the most, the RightCare program would result in more revenue (and financial stability) for the local hospitals. It would also reduce costs for those who disproportionately bear the cost of uncompensated care, i.e. businesses and insured patients.
8. **Adopt and implement a “healthy communities” component of the *Envision Jefferson 2020 Comprehensive Plan*.** Because there are so many different ways for a Parish to encourage overall community wellness, the natural starting point for a “healthy communities” initiative would be through a comprehensive planning process to be overseen by the Parish Planning Department. The *Envision Jefferson 2020 Comprehensive Plan*, adopted in 2003, is the single policy document that outlines the Parish’s vision and investment priorities for a wide range of topical areas, from transportation to recreation to land use. As such, it provides the proper framework for engaging the public and crafting the strategies and investment priorities to make Jefferson a healthier community. The ultimate outcome of this process would be a series of capital, regulatory, and promotional action items to encourage Jefferson residents to lead healthier lifestyles. Some of the specific items that could emerge from this process include:
- Attracting “green grocers” to neighborhoods that are identified as being isolated from grocery stores
 - Developing better bicycle and pedestrian infrastructure to encourage alternatives to the automobile
 - Augmenting the existing network of neighborhood-based health clinics to include broader “wellness” functions such as classes on nutrition and access to gymnasiums
 - Requiring fast food vendors to display the caloric content of foods, as New York City is now requiring
 - Initiating promotional campaigns to encourage healthy lifestyles

The subsequent implementation of this Comprehensive Plan element could lead to healthier outcomes, fewer hospital visits, a more productive workforce, and lower health care costs.

Summary Matrix of Action Items

The following table provides a summary of recommended action items for strengthening the hospitals and improving health care in Jefferson Parish.

Action ID#	Implementation Action	Responsible Local Agencies/ Actors	Benchmarks	Local Resources/ Funding	Timeline
H1	Advocate for direct financial assistance from the federal government to assist hospitals in the New Orleans region	JEDCO, Jefferson Business Council (JBC), Parish Gov't., GNO Inc., major hospitals, Jefferson Chamber	<ul style="list-style-type: none"> Inclusion of assistance package in federal appropriations bill Appropriations bill passed by Congress, signed into law 	<ul style="list-style-type: none"> Staff time and travel costs related to advocacy 	Secure funding in 2008 - 2009
H2	Work closely with the federal Department of Health and Human Services to implement updated Medicare reimbursement schedule	JEDCO, JBC, Parish Gov't., congressional delegation, Governor's office, Jefferson Chamber, GNO Inc.	<ul style="list-style-type: none"> Implementation of updated schedule through administrative and/or legislative action 	<ul style="list-style-type: none"> Staff time and travel costs related to advocacy 	Implement new schedule in 2008 - 2009
H3	Collaborate with State's Department of Health and Hospitals to establish a formal program to increase enrollment in Medicaid	Major hospitals, Jefferson's state legislative delegation, JBC	<ul style="list-style-type: none"> Completion of program design in coordination with DHH Securing funding within existing DHH/local budgets or through legislative action 	<ul style="list-style-type: none"> Staff time and travel costs related to program design and advocacy Local funding contingent on program design 	Complete program design in 2009 - 2010; implement program in 2010 - 2011
H4	Work with the State's Department of Health and Hospitals to establish a "certificate of need" program for specialty hospitals	Major hospitals, Jefferson's state legislative delegation, JBC	<ul style="list-style-type: none"> Completion of program design based on models from other states Legislation establishing program passed by state legislature 	<ul style="list-style-type: none"> Staff time and travel costs related to advocacy 	Complete program design in 2010; pass legislation in 2010 - 2011
H5	Work with the LSU Hospital System to chart a mutually beneficial direction for the planned new hospital in downtown New Orleans	Major hospitals, Jefferson's state legislative delegation	<ul style="list-style-type: none"> Scheduling series of forums among health care professionals and policy makers Increased transparency about design of facility/operations Satisfactory resolution of concerns about size, cost, business model 	<ul style="list-style-type: none"> Staff time and incidental administrative costs 	Conduct forums in 2009
H6	Seek closer collaboration among the service district hospitals, Parish government, and the state to reduce operating costs and increase revenue	Parish Gov't., Parish Council, Sheriff's Office (JPSO), Jefferson's state legislative delegation, JBC, service district hospitals	<ul style="list-style-type: none"> EJ and WJ board approval for closer collaboration between hospitals State legislative action relative to disproportionate share dollars Parish council action relative to costs incurred by hospitals and crime camera revenue 	<ul style="list-style-type: none"> Staff time and travel costs related to advocacy \$2 - 3 million in Parish/JPSO revenues for shifting cost burdens away from hospitals 	Secure board approval for closer collaboration in 2009; council action on costs and revenues in 2009 - 2010; legislative action on disproportionate share funds in 2010
H7	Aggressively advocate for the funding and implementation of the COLLAH report pertaining to uninsured coverage	GNO Inc., Jefferson's state legislative delegation, Louisiana Public Health Institute	<ul style="list-style-type: none"> Completion of final program design Legislative action to establish program and allocate funding 	<ul style="list-style-type: none"> Staff time and travel costs related to advocacy 	Obtain legislative approval in 2010 - 2011
H8	Adopt and implement a "healthy communities" component of the Envision Jefferson 2020 Comprehensive Plan	Parish Gov't., Louisiana Public Health Institute	<ul style="list-style-type: none"> Securing Parish funding and issuing RFP for plan development Completion of plan 	<ul style="list-style-type: none"> Incidental administrative costs Approximately \$120,000 in consultant services 	Secure funding in 2009 - 2010; complete plan in 2010 - 2011

Conclusion

Improving the financial condition of Jefferson Parish's hospitals is the single most immediate health care challenge that the Parish faces. In the absence of direct financial assistance, changes in funding formulas, and new approaches to increase revenues and cut costs, the hospitals may be forced to curtail services. This, in turn, would reduce the availability of quality health care in Jefferson, historically one of the community's strongest assets. Given that the three major hospitals have operated without interruption since Katrina and given their continued commitment to providing the highest quality care, Jefferson cannot afford to see a regression in its core health care infrastructure.

At the same time, the hospitals' ability to remain financially robust and to continue to offer high quality care hinges largely on whether the community is able to address systemic problems in the overall health care delivery system. In particular, the community must address the longstanding problem of uninsured, uncompensated care and must also adopt a more holistic approach to addressing community wellness. Since the uninsured care issue in particular is one that does not respect jurisdictional boundaries, legislative action and the commitment of resources must occur at the regional and statewide levels.

This plan outlines those local, regional, and statewide actions that are required to address both the immediate financial challenges that the Parish's hospitals face and the underlying problems that have plagued our health care system for some time. The implementation of this plan will help to strengthen the Parish's major health care facilities, ensure greater efficiency and effectiveness in the delivery of health care services, and improve the overall wellness of Jefferson Parish residents.

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