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LOUISIANA RECOVERY AUTHORITY
POST OFFICE BOX 94004
BATON ROUGE, LOUISIANA 70804
(225) 342-1624
(225) 342-0002 FAX
www.lra.louisiana.gov

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Contact:
Catherine Heitman
Louisiana Recovery Authority
(225) 376-7797
catherine.heitman@la.gov

Lisa Stearns
For PricewaterhouseCoopers
(781) 210-5015

**Louisiana Recovery Authority to Hear Report on Louisiana's
Healthcare System**

BATON ROUGE, La. – The Public Health and Hospitals Task Force of the Louisiana Recovery Authority (LRA) today will receive a comprehensive report on Louisiana's healthcare system in the aftermath of hurricanes Katrina and Rita, including recommendations for improving the quality of healthcare for all Louisianans and strengthening the safety net system of care for the poor and uninsured.

The 244-page report, drafted by PricewaterhouseCoopers LLP for the LRA Support Foundation, will be presented at a meeting of the LRA Public Health and Healthcare Task Force at 2 p.m. CST. It addresses three critical areas: emergency preparedness and disaster recovery; healthcare workforce and medical education needs, especially in areas of highest devastation; and design of a health system that will ensure equal access to quality care for all Louisianans.

The task force is expected to receive the report today and to make recommendations in the coming weeks to the LRA regarding specific recovery-related issues. One such recommendation that has emanated from the PWC draft regarding "funding the Louisiana Emergency Response Network" had been previously endorsed by the task force and was approved by the LRA at yesterday's meeting.

Because restoring and improving the health care system in the areas most heavily affected by Hurricanes Katrina and Rita is broadly connected to the overall structure of Louisiana's healthcare financing and delivery systems, the PwC report makes recommendations in those areas. The task force could recommend to the full LRA Board that these recommendations be taken up for consideration by a broader group of stakeholders including the LRA, the Department of Health and Hospitals, the LSU Health Sciences Center and Health Care Services Division, private health care providers and interest groups, and the Louisiana Legislature.

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“In the wake of this enormous disaster, Louisiana has an obligation to restore a high quality healthcare system that meets the needs of all our citizens in our devastated communities,” said Dr. Mary Ella Sanders, chair of the Public Health and Healthcare Task Force of the Louisiana Recovery Authority. “But we have another obligation as well: to redesign and improve the health care delivery system as we rebuild the damaged structures, just as the state is doing with the public schools in New Orleans. Because much of Louisiana’s public hospital and medical education systems are anchored in the hurricane-affected areas and because redesigning and improving systems in those areas has statewide implications and financing requirements, this report sets forth a bold agenda and calls on all stakeholders of our health care system to embrace the possibility of change as we strive to achieve equity, quality and affordability in healthcare and continued excellence in medical education.”

According to the PricewaterhouseCoopers report:

- Louisiana has an immediate need for a statewide healthcare emergency preparedness system to prevent the human suffering, loss of life and displacement that occurred as a result of the hurricanes. The report recommends funding the Louisiana Emergency Response Network, formalizing the Public Health and Medical Services emergency support function in accordance with the National Response Plan and National Incident Management System, and establishing long-term funding and planning to sustain emergency preparedness by creating the “Bureau of Emergency Preparedness.”
- Louisiana needs to integrate its two-tier health care system – private hospitals for the insured and the charity hospitals for the uninsured – into one system. The result will be to dramatically improve the quality of care for everyone by eliminating the financial disparities between the public and private sectors.
- There is an urgent need to develop, finance and implement a plan to deal with an expected rise in mental health disorders after Katrina. Post-storm there has been a tripling of adults with mental health needs and an estimated 260,000 adults and 120,000 children who will need treatment.
- Between the public and private sectors, the region that includes New Orleans has a sufficient number of acute care beds. In the region, there is an immediate infrastructure shortage of nursing home beds, long-term acute care beds, and permanent housing and outpatient provider sites. Pre-storm, the region had 4,350 acute care hospital beds, about 50 percent more beds per capita than the national average. The average occupancy rate of acute care beds pre-storm was only 56 percent. Today, there are approximately one-half the pre-Katrina acute care beds available in the region. The current “bubble” of hospital bed occupancy in the region, called Region 1 in the report, is caused by a shortage of safe places to discharge patients.
- There is an opportunity to build a new academic medical center as a state-of-the-art, digital facility focusing on niche special areas of national excellence, research and teaching that would become the new permanent replacement home for level 1 trauma care in New Orleans. The combination of this facility with the substantial Louisiana State University medical school infrastructure in New Orleans could be a source of significant economic development and a magnet for new investments in the city.
- A combination of the need to replace the aging public hospital and the population shift to Baton Rouge strongly suggests demand for additional services and infrastructure there. Planning for a new hospital should take into consideration the need for a Level 1 trauma center and academic medical education program located in Baton Rouge.
- The report recommends integrating Louisiana’s two-tier system – private hospitals for the insured and the charity hospitals for the uninsured - into an integrated model of care that includes physicians, nurses, clinics, hospitals, and emergency rooms. The result will be to dramatically

improve the quality of care for everyone by eliminating the financial disparities between the public and private sectors.

- Louisiana’s healthcare safety net can be strengthened by fairly distributing disproportionate share hospital (DSH) funding among the public and private sectors, based on the provision of care to patients. Under this proposed financing mechanism, the safety net of care for the indigent would be guaranteed by the availability of high-quality integrated services. Both public and private institutions would compete regionally in a mixed, market-driven environment for all patients.
- The state should separate the safety-net mission for the under- and uninsured from the educational mission of the LSU medical professional teaching system. At the same time, the report suggests that the LSU system of teaching hospitals strive to serve the insured and uninsured population, with a healthy and balanced patient mix. LSU’s hospitals should disperse resident physicians to hospitals with a higher percentage of Medicare patients. With a balance of patients in the LSU teaching system, up to \$100 million dollars of additional funding could be available annually for the LSU post-graduate medical program.
- The state needs to upgrade its “digital backbone” of electronic medical records that are critical for healthcare continuity in time of disaster. Louisiana is in a position to lead the nation in creating a digital backbone that will lay the foundation for a system of healthcare for all Louisianans that is integrated, continuous and consumer-centric.
- A financial analysis conducted as part of the development of the report indicates that Louisiana has the financial resources to implement changes recommended in this report.

“Our assignment was to respond to the challenges imposed by the hurricanes by envisioning a dramatically improved healthcare system in the affected regions and for all of Louisiana, and our assessment was largely driven by the people of Louisiana through many discussions with healthcare, business, government and community leaders as well as those who suffered personally from the collapse of the safety net system,” said David Levy, MD, of PricewaterhouseCoopers, who presented the report findings today. “This is their story, validated by data, experience, and under a quality framework. Our conclusion is that the devastation of the state’s healthcare delivery system created an opportunity to start fresh and that to re-institutionalize the weaknesses of the past would be a disservice to the people of Louisiana.”

A full copy of the PricewaterhouseCoopers report is available on the LRA website at www.lra.louisiana.gov or on the long-term planning website at www.louisianaspeaks.org. The findings and recommendations in the report were derived from multiple interviews and represent the accumulated best thinking, insight and experience of PricewaterhouseCoopers and many people from within and outside of Louisiana. PricewaterhouseCoopers was retained by the LRA Support Foundation. The Foundation was created to provide experts needed by the Louisiana Recovery Authority Board of Directors and its committees. No public funds were spent on the production of this report. The LRA Support Foundation and its Board of Directors were not involved in gathering of data, interviews or production of this report. PricewaterhouseCoopers produced the findings of this report independently and without any involvement from the LRA Support Foundation or its board members.

About the Louisiana Recovery Authority

The LRA, a 33-member body appointed by Governor Kathleen Babineaux Blanco to identify and prioritize short-and long-term needs of the recovery, is the planning and coordinating body that will assist in implementing the Governor’s vision for the recovery of Louisiana. It will seek out and value local input as it plans and implements the recovery.

The LRA is supported by the LRA Support Foundation, a private, nonprofit organization that has raised private funds to secure the current team of world-renowned planners and experts who are responsible for developing plans for rebuilding South Louisiana.

About PricewaterhouseCoopers Health Industries Group

PricewaterhouseCoopers Health Industries Group brings together the industry expertise of the specialized Healthcare Provider and Payer, Health Sciences, Biotech/Med Device, Pharmaceutical, and Employer practices to provide assurance, tax, and advisory services to this highly integrated sector.

PricewaterhouseCoopers applies deep industry and technical expertise combined with a broad understanding of how these individual sectors work together to influence the direction and performance of the overall health system. Through its focus on performance improvement, risk management, regulatory compliance, tax, financial assurance, transaction support and human resource management, PricewaterhouseCoopers is uniquely positioned to assist clients address critical issues associated with maximizing stakeholder value, including: mergers, acquisitions and asset disposals, regulatory demands, crisis management, organizational simplification, optimizing current strategies, attracting and retaining talent, and managing risk.

PricewaterhouseCoopers (www.pwc.com) provides industry-focused assurance, tax and advisory services for public and private clients. More than 120,000 people in 139 countries connect their thinking, experience and solutions to build public trust and enhance value for clients and their stakeholders.

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