



Louisiana Streamlining Commission

Suggested Recommendations to Advisory Committee Chairmen

Preamble:

The following comments on this cover sheet have been prepared at the Mercatus Center by Hon. Maurice McTigue. The purpose of the analysis was to identify issues that the committee might pursue and finally develop into recommendations to the full commission.

- The suggested recommendations are based on very limited information and the committee's local knowledge may determine that the suggestions are not viable. In that case the Committee should discard the suggested recommendation.
- If the Committee thinks the suggestion has merit then they should refer it to officials for their analysis.
- Some of our suggestions may be recommending a practice that is already in place, in which case the recommendation may be put aside or may be worded to endorse that practice or to extend it further than is the current practice.

Health & Hospitals:

- We would recommend a careful review of any extension of Medicaid beyond the minimum required by federal law with a view to returning to those minimum criteria.
- For each Medicaid program, the cost per provider per patient should be examined for comparative cost per treatment analysis.
- For each Medicaid provider, the health outcomes per patient treated should be compared.
- Measures should give information on the efficacy of care and improvements in the health of people covered by programs.
- For people with disabilities cared for under a number of programs, measures should indicate improvements in quality of life, outcomes for the people covered and improvements to levels of independence.
- We recognize that health services fall under a number of appropriations and the following recommendation is intended to be applied across the entire health sector.
 - We would recommend that Commission do some benchmarking across the same health facilities in other states. The following factors could be some of the items benchmarked:
 - Hospital beds per head of population separated by hospital classification
 - Bed occupancy rates by hospital classification.
 - Various ailments treated at outpatient facilities as opposed to hospitalization.
 - The efficacy of care for each benchmarked practice.
 - The size of hospital facility by classification to set some optimal size criteria. E.g. large versus small and related cost and health outcomes.

- No new hospitals should be built with State funds or guarantees until the system is compliant with the chosen benchmarks.

Savings:

- It is essential to the improved fiscal position of the State that substantial savings be achieved in the health services area.
- The closure of hospitals with consistently low bed occupancy rates will be necessary.
- The consolidation of expensive procedures and facilities into strategic locations will be necessary. E.g. teaching hospitals, acute trauma facilities etc.
- Some outsourcing or internal contracting for some procedures like laboratory tests will be necessary. This might require investing in facilities like video conferencing and other upgraded technology but would ultimately lead to efficiencies and improved quality of support services as benefits of scale bring improved facilities and equipment.

Savings:

- From the resources and information available to us, we are unable to quantify savings.
- Savings should be considered from two perspectives: immediate cost reductions and structural change that will bring long term cost containment.

Streamlining State Government
Agency Information Worksheet

Department of Health and Hospitals
September 2009

Department Name: Department of Health and Hospitals

Department Mission: To protect and promote health and to ensure the access to medical, preventative, and rehabilitative services for all citizens of the State of Louisiana.

Agency Overview: The Department of Health and Hospitals' (DHH) is the largest agency of state government, with five statutorily created program offices and the Medicaid program under its direction. DHH has a State Fiscal Year (SFY) 2010 budget of over \$8 billion and more than 11,000 employees. This year's budget calls for the lowest number of T.O. positions in ten years.

The leadership of DHH is committed to enhancing regulatory and monitoring functions to mitigate fraud and abuse; creating coordinated systems of health and long-term care; providing choice in a competitive market; and employing health data information and policy analysis to improve health care outcomes, manage growth in future health care costs and create a more sustainable model of state financing for health care that is quality-driven.

Assignment: DHH has been asked by the Streamlining Commission to complete a worksheet consisting of seven questions for each program managed by our agency. DHH manages thousands of programs made available to millions of Louisiana's citizens. There are more than 1.7 million people alone covered by the Louisiana Medicaid program. Because DHH is so large and covers such a broad spectrum of programs and services, this response is not all encompassing, but rather a sampling that includes twenty of the programs managed directly by DHH or established in the Appropriations Act (HB 1 of 2009) within the DHH SFY 10 budget.

As required by the assignment, DHH limited responses on the twenty individual programs included in this document to one-half page. This resulted in a gross simplification of several multi-million dollar programs. DHH is pleased to provide any additional information on these programs, or on any other programs under its jurisdiction that are not included in this document in an effort to better understand this agency.

1. Bureau of Health Services Financing – Payments to Private Providers

Outcome addressed: The Medicaid private provider program provides Medicaid eligible citizens with access to primary and preventive health care services including home and community-based services (HCBS) through waiver slots. Nearly 65% of program participants are children.

Public impact: More than 1.173 million Louisiana citizens received services through this program in SFY 09. There are 20,979 in-state Medicaid private providers (as of SFY 09).

Money expended on program last FY: \$4,418,354,328

Measures used to determine success: The number of children ages 2 to 6 receiving primary care provider (PCP) visit; the number of children below age two who were immunized; and the availability of HCBS through waiver slots to Medicaid eligibles.

Level of success for each of the last three years: Percentage of children age 25 months to 6 years with PCP visit increased from 79.9% in SFY 06 to 87.4% in SFY 08. Immunization rate for children 24 months old increased from 59.5% in SFY 06 to 81.9% in SFY 08. Unduplicated count of persons served by HCBS through waiver slots increased from 11,173 in SFY 07 to 15,101 in SFY 09.

The societal issue addressed by this program is: Getting better.

2. Bureau of Health Services Financing – Payments to Public Providers

Outcome addressed: Provide access to care through safety net state providers that provide services not readily available in the private sector, such as services provided to individuals with severe mental illness, developmental disabilities, and specialty care.

Public impact: There are 2,556 state enrolled providers ranging from clinic services to hospital inpatient services (as of 06/30/09).

Money expended on program last FY: \$793,426,654

Measures used to determine success: The number of Medicaid recipients served.

Level of success for each of the last three years: Number of Medicaid recipients served by public providers increased from 283,155 in SFY 07 to 312,764 in SFY 09.

The societal issue addressed by this program is: Remaining static.

3. Bureau of Health Services Financing – Uncompensated Care Costs

Outcome addressed: Louisiana's disproportionate share (DSH) hospital cap allotment provides federal funding to cover a portion of qualifying hospitals' costs to treat uninsured and Medicaid patients.

Public impact: The estimated 673,370 uninsured Louisiana residents and the 123 hospitals receiving DSH payments (as of SFY 08).

Money expended on program last FY: \$845,284,654

Measures used to determine success: The number of hospital/providers receiving DSH.

Level of success for each of the last three years: The number of hospitals receiving DSH payments has increased by approximately 5% over the last three years from 116 for SFY 07 to 122 for SFY 09.

The societal issue addressed by this program is: Getting better.

4. Bureau of Health Services Financing - Medical Vendor Administration

Outcome addressed: Proper administration of the Louisiana Medicaid Program. Expectations include integrity in the administration and delivery of care, value for dollars spent, and cost containment efforts comparable to the private health insurance sector.

Public impact: There are 23,535 Medicaid enrolled health care providers in Louisiana who received approximately \$6.2 billion in payments for SFY 09 for the provision of services to more than 1.173 million Medicaid recipients and hundreds of thousands of uninsured residents.

Money expended on program last FY: \$186,275,823.

Measures used to determine success: The percentage of expenditures for administration to payments to providers.

Level of success for each of the last three years: Administrative expenditures compared to payments to providers decreased from 3.16% in SFY 07 to 2.83% in SFY 09.

The societal issue addressed by this program is: Getting better.

5. Bureau of Health Services Financing – Medicare Buy-Ins and Supplements

Outcome addressed: Reduction in Louisiana’s cost to provide health care for persons eligible for both Medicaid and Medicare. A portion of the state’s costs associated with treating these “dual-eligibles” can be transferred from the Title XIX Medicaid program, which is partially state financed, to the Title XVIII program which is financed at 100% by the Federal government.

Public impact: There are 160,337 enrollees eligible for services under this program (as of SFY 09).

Money expended on program last FY: \$293,303,462

Measures used to determine success: Total savings (cost of care less premium costs for Medicare benefits).

Level of success for each of the last three years: Savings have increased from \$779,956,015 in SFY 07 to \$1,180,139,997 in SFY 09.

The societal issue addressed by this program is: Getting better.

6. Office of Management and Finance

Outcome addressed: Provides administrative support for the agency including budget, IT, personnel, finance, etc. for all program offices and bureaus within DHH.

Public impact: Impact to public is mostly indirect.

Money expended on program last FY: \$73.3 million

Measures used to determine success: Level of programs' satisfaction that administrative needs have been met.

Level of success for each of the last three years: Programs have been successful over the past three years primarily because of consolidation of activities and more efficient use of resources.

The societal issue addressed by this program is: Getting better.

7. Office for Citizens with Developmental Disabilities – Central Office Administration

Outcome addressed: Provides administrative, programmatic and support functions to the Louisiana State Developmental Disability Supports and Service System that are responsive to citizens needs, of high quality, and delivered effectively and efficiently.

Public impact: 34,506 people served through waivers, public ICF/DDs , Early Steps, resource centers, community support teams and with state general fund dollars.

Money expended on program last FY: \$9,305,641, or 1.04 % of the total annual cost of programs the Office manages statewide, including Medicaid funded programs

Measures used to determine success: La Consumer Satisfaction Surveys and interviews completed in 2008, and satisfaction surveys from 2007.

Level of success for each of the last three years: In the 2008 survey OCDD scored above average on 13, average on 27 and below average on 11 indicators. In the 2007 survey OCDD received a 95.3% response of very satisfied or satisfied with services.

The societal issue addressed by this program is: Getting better.

8. Office for Citizens with Developmental Disabilities - Community Services

Outcome addressed: Provision of a flexible and responsive system of services and supports necessary to assist them and their families in achieving their personal goals.

Public impact: 16,225 people receive community services.

Money expended on program last FY: \$20,963,208

Measures used to determine success: Numerous, including increase adherence of single point of entry timelines and the number of people evaluated for entry into the developmental disability service system.

Level of success for each of the last three years: Adherence of single point of entry was 96.1% and the number of people evaluated for entry into the developmental disability service system was 1757 in SFY 09.

The societal issue addressed by this program is: Getting better.

9 Office for Citizens with Developmental Disabilities – EarlySteps

Outcome addressed: To enhance the development of infants and toddlers with disabilities, to minimize their potential for developmental delay, to reduce the educational costs to our society by minimizing the need for special education and related services after infants and toddlers with disabilities reach school age.

Public impact: 8,143 children and their families participated in EarlySteps (SFY 09)

Money expended on program last FY: \$16,224,208

Measures used to determine success: 15 performance indicators to demonstrate the quality of the services provided and compliance with Federal Requirements.

Level of success for each of the last three years: Steady positive percentage increases demonstrate continued success of the program. (Specific performance indicators available upon request).

The societal issue addressed by this program is: Getting better.

10. Office for Citizens with Developmental Disabilities - Supports and Services Centers

Outcome addressed: Provides that people with developmental disabilities live in residential options that support their individual needs, fulfill social roles through community involvement, maintain community connections, and have access to increased quality community professional and technical supports and services.

Public impact: 1,340 people receive residential services, 262 receive day habilitation services, 233 people on average per year receive community support team services, and 54,651 received resource center services over the past three calendar years.

Money expended on program last FY: \$234,652,653

Measures used to determine success: Accreditation with The Council on Quality and Leadership, Title XIX compliance of 95% or better, and reduction of census of main center campuses through transition of people to community options of their choice.

Level of success for each of the last three years: OCDD has maintained accreditation, had a compliance rating of 98.3% in SFY 07, 97.5% in SFY 08 and 100% in SFY 09. Census reduction from SFY 06 to SFY 09 was 21.17% (1,384 to 1,091).

The societal issue addressed by this program is: Getting better.

11. Office of Aging and Adult Services– Medicaid-funded Long-term Care for Elderly and Adult Disabled

Outcome addressed: Meeting individual needs for personal care and assistance while slowing or preventing functional decline and maximizing independence and community integration.

Public impact: Elderly & Disabled Adult waiver: 4,658; Adult Day Health Care waiver: 868; Long Term Personal Care: 9,216; Nursing Homes: 30,137; PACE (New Orleans & Baton Rouge): 130.

Money expended on program last FY: \$1,033,882,242 (total)

Measures used to determine success: Percentage spending on community-based services and institutional services compared to national average.

Level of success for each of the last three years: The percentage of Medicaid spending on community-based services to elderly/adult disabled has grown from 20% in 2007, to 30% in 2009. The most recently reported national average for the elderly/adult population was 27% on community-based services versus 73% on nursing home services in FFY 07.

The societal issue addressed by this program is: Deteriorating.

12. Office of Aging and Adult Services - Adult Protective Services

Outcome addressed: To prevent abuse, neglect, and exploitation of adults with disabilities ages 18 through 59 by investigating reports and initiating appropriate services and protective interventions.

Public impact: There are potentially 600,000 adults age 18-59 with disabilities who are potential victims 2,541 clients were served in SFY 09.

Money expended on program last FY: \$3,690,226 (all SGF)

Measures used to determine success: 75% target for investigations completed within prescribed timeframes.

Level of success for each of the last three years: 79.5% in SFY 09 and 72.7% in SFY 08. (OAAS created in 2007)

The societal issue addressed by this program is: Remaining static.

13. Office of Mental Health – Hospital Based Psychiatric Treatment Programs

Outcomes addressed: OMH psychiatric hospitals provide the necessary safety net treatment options for persons with the greatest psychiatric needs.

Public impact: 4,632 children, adolescents, and adults were served in the OMH hospital based psychiatric treatment programs in SFY 09.

Money expended on program last FY: \$202,587,990

Measures used to determine success: LAPAS (Louisiana Performance Accountability System), TOMS (Telesage Outcome Measurement System), and BIPS (new Joint Commission outcome standards for psychiatric hospitals).

Level of success for each of the last three years: Outcome indicators were met or exceeded in each of the past three years.

The societal issue addressed by this program is: Getting better.

14. Office of Mental Health – Outpatient Psychiatric Treatment Programs

Outcomes addressed: OMH provides outpatient mental health care through centers and satellites, contracted programs, specialty service programs, forensic community based programs, clinic based and home and community based services.

Public impact: Over 60,000 individuals were provided services in SFY 09

Money expended on program last FY: \$116,666,364

Measures used to determine success: LAPAS (Louisiana Performance Accountability System), TOMS (Telesage Outcome Measurement System) will be utilized during FY 2010 for Acute Unit outcome, LOCUS and CA LOCUS (Level of Care Utilization System), and LaFETE and C'est Bon consumer satisfaction surveys.

Level of success for each of the last three years: Outcome indicators were met or exceeded in each of the past three years.

The societal issue addressed by this program is: Getting better.

15. Office of Addictive Disorders – Prevention Services

Outcome addressed: OAD Prevention reduces high risk behaviors associated with alcohol, tobacco and other drug use.

Public impact: 57,342 individuals were enrolled in evidence-based prevention programs and 160,938 individuals were provided one-time evidence-based prevention strategies during SFY 09.

Money expended on program last FY: \$9,359,741

Measures used to determine success: Number of individuals enrolled in evidence-based programs, number of participants positively impacted by one-time prevention services and perceived risk / harm of substance use.

Level of success for each of the last three years: Individuals enrolled in evidence-based programs have increased from 10,477 to 57,342. Participants positively impacted by one-time prevention services increased from 77,523 to 160,938. Perceived risk/harm of substance use increased from 41.15% to 46.85%.

The societal issue addressed by this program is: Getting better.

16. Office of Addictive Disorders – Treatment Services

Outcome addressed: OAD provides treatment services and recovery support services for individuals addicted to alcohol, drugs and gambling.

Public impact: 73,796 individuals received combined treatment and recovery support services during SFY 09.

Money expended on program last FY: \$90,216,126

Measures used to determine success: Rate of abstinence at discharge, improved employment and education rates, and decreased involvement in the criminal justice system

Level of success for each of the last three years: Rate of abstinence (at discharge) decreased from 87% to 82%. Employment and education decreased from 59% to 58%. Involvement in the criminal justice system decreased from 98% to 97%.

The societal issue addressed by this program is: Getting better.

17. Hotel Dieu Bond Payment – Grants Program in the Office of the Secretary

Outcome addressed: Lease purchase of hospital operated by LSU/HCSO located in New Orleans.

Public impact: Undetermined, but in addition to the number of patients served at this facility it is a teaching facility that produces physicians that will serve a diverse population of Louisiana citizens.

Money expended on program last FY: \$5,298,988

Measures used to determine success: Timely payment of scheduled debt service.

Level of success for each of the last three years: Debt service payments have been made timely.

The societal issue addressed by this program is: N/A

18. Bureau of Primary Care and Rural Health – State Conrad 30 Program

Outcome addressed: Placement of foreign trained primary care and specialty physicians in health professional shortage areas that have not been successful in the recruitment of American trained physicians. These physicians that have gone to medical school in foreign countries and trained in American residency programs commit to 3-5 years of service in high need areas in exchange for a work visa to stay in the country.

Public impact: Greatest impact is to the medically underserved. Conrad 30 physicians must treat all patients regardless of their ability to pay, maintaining a minimum of 30% of their practice in the treatment of Medicaid and the uninsured patients.

Money expended on program last FY: \$25,917 - 50% of state funding for a program monitor's salary is committed to the administration of the program.

Measures used to determine success: Number of placements up to the 30 available slots that the state has available each year.

Level of success for each of the last three years: 12 placements in FFY 06, 27 placements in FFY 07, and 26 placements in FFY 08.

The societal issue addressed by this program is: Deteriorating

19. Louisiana Developmental Disabilities Council

Outcome addressed: The Council facilitates change in Louisiana's system of supports and services to individuals with disabilities and their families in order to enhance and improve their quality of life.

Public impact: Approximately 150,000 people are directly affected.

Money expended on program last FY: \$2,129,227 in SFY09. This included \$1,416,237 of Federal Grant funds and \$712,990 of State General Funds.

Measures used to determine success: Council success is measured by policy and practice changes that result in increased self-determination, independence, productivity, integration and inclusion of people with developmental disabilities in their communities.

Level of success for each of the last three years: Successfully advocating for 3,500 additional New Opportunities Waiver slots which reduced the waiting time from over 12 years to 9 years for 9,500 people.

The societal issue addressed by this program is: Getting better

20. Louisiana Emergency Response Network

Outcome addressed: Decrease trauma-related deaths and incidents of morbidity and mortality by facilitating access to definitive care within one hour (the “Golden Hour”) of sustaining a traumatic injury.

Public impact: LERN Call Centers are currently routing traumatically injured patients from seven of the nine DHH regions which is improving the level of care for those populations.

Money expended on program last FY: \$3,886,257

Measures used to determine success: Percentage of the state’s population that has access to LERN resources. The LERN Strategic Plan as submitted to DHH calls for 100% coverage of the citizens of Louisiana by December 2012.

Level of success for each of the last three years: 26% of population covered for trauma in SFY 08. 74% covered for trauma in SFY 09.

The societal issue addressed by this program is: Getting better.