

## Goal #3: Improve Health Care Financing & Services

### The Problem

Louisiana's working poor and uninsured have recently benefitted significantly from two long overdue breakthroughs in state health care policy. The first was to replace the state's obsolete fee-for-service Medicaid program with competitive managed care models. The second major accomplishment was the replacement of our antiquated state "charity hospital" system in 2013 with a public-private hospital partnership model customized by region. These changes have improved access to care and produced greater value for the taxpayer's dollar.

Unfortunately, Louisiana has not yet reinforced its funding model for the uninsured (commonly known as Disproportionate Share Hospital Payments) with a more sustainable coverage model that would bring an estimated \$7 billion in federal funding over the next five years. This failure encourages hundreds of thousands of uninsured citizens (mostly our working poor) to wander in and out of Louisiana's emergency rooms without any responsibility for, or opportunity to participate in, the efficient and effective management of their own health and health care. Additionally, the projected decline in the Disproportionate Share Hospital Payment model damages the financial stability of our community hospitals and threatens a real financial collapse of our new public-private hospital partnerships.

### THE BLUEPRINT for fixing health care financing:

- 1. Expand health care coverage to all of Louisiana's uninsured citizens living at or below 138% of the federal poverty line.** This expansion would provide real health care coverage to approximately 300,000 uninsured Louisiana citizens. This change is financially attractive, bringing an estimated \$7 billion in federal funding to Louisiana in the next five-year period. The Legislative Fiscal Office estimates this expansion will actually save the state general fund approximately \$100 to \$165 million across the first five years of expansion<sup>1</sup>.
- 2. Customize the coverage expansion to fit Louisiana's needs.** Louisiana's coverage expansion can be designed to best meet the needs of our citizens and health care providers. Louisiana should make sure coverage expansion supports innovative payment and delivery system models focused on improving access to care and health outcomes, strengthens our community hospitals and stabilizes our new public-private hospital partnerships and graduate medical education programs located throughout the state.

<sup>1</sup> Louisiana's Legislative Fiscal Office (2015)