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Special Committee on Aging

United States Senate

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VIA FACSIMILE AND U.S. MAIL IMMEDIATE ATTENTION REQUESTED

February 13, 2007

The Honorable Kathleen Blanco
Governor, State of Louisiana
1001 Capitol Access Road
Baton Rouge, LA 70802

The Honorable Alphonso Jackson
Secretary, U.S. Department of Housing and
Urban Development
451 7th Street, SW
Washington, DC 20410

The Honorable Donald Hines
President of the Louisiana State Senate
Post Office Box 262
Bunkie, LA 71322

Dear Governor Blanco, Secretary Jackson, and Senator Hines:

I do not wish to encourage an endless barrage of letters back and forth on health care redesign. I do think it would further the very active public discussion over my letter of February 7, however, to respond briefly to Senator Hines' of February 8.

While I disagree with many of Senator Hines' assertions (see below), I think Senator you've performed a valuable service by confirming the clear objective of the \$300 million LSU/Charity CDBG request. You make it perfectly clear that you and others want to continue to capture virtually all DSH and UCC dollars for a purely public system, to which the indigent and uninsured would be directed as their only alternative for significant health care. Of course, this is the fundamental core of the old two-tier Charity system which segregates care for the poor.

Again, I think it is truly useful for you to confirm that we are at a real crossroads with this \$300 million CDBG request. Do we rebuild the old, segregated two-tier Charity system? Or do we move forward with health care redesign?

With regard to your characterization, Senator, of the health care redesign alternative, I disagree fundamentally with your assertions. Let me just point out the following:

1. You attempt to pigeon-hole health care redesign as a Leavitt/Vitter (to be read as out-of-touch and uncaring Washington Republican) proposal. In fact, this new model has been advanced for some time by many, many diverse Louisiana-based stakeholders, experts, and providers. Politically, it is strongly supported by many Democrats including John Breaux. (See the attached op-ed piece.)

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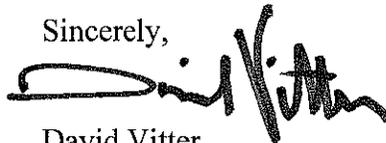
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2. The model does not suggest that we should leave uninsured citizens whose income exceeds 200% of the poverty level out in the cold. That portion of our population should and could be covered in a number of ways.
3. Specifically:
 - a. The state's estimate of the size of that population is significantly inflated, and some of these citizens could buy health insurance with the help of a new Insurance Connector which would gather together and organize pools of those currently uninsured to help reduce the cost.
 - b. In addition, as Secretary Leavitt has made clear, there is a third of a billion dollars of DSH/UCC dollars left over after covering all of those at or under 200% of the poverty level.
 - c. In addition to that, Louisiana could obtain an additional \$250 million of federal DSH funds in return for a corresponding increase in state matching funds of about \$100 million (all per year). For an additional state contribution equal to the cost of interest and depreciation on a new large Charity in New Orleans (to say nothing of its operating cost, which would be in the hundreds of millions of dollars), we could have another \$350 million of new money annually to purchase care for the uninsured.
 - d. In addition to all of that, Louisiana could attract an additional \$100 million or more in Medicare funds by having more Graduate Medical Education positions in our non-public hospitals. We currently leave that Medicare money on the table under the old, segregated two-tier Charity model.
4. I find it offensive for some to attack health care redesign as a scheme by greedy private hospitals and providers out to steal away our health care dollars. Since Hurricanes Rita and Katrina in particular, it is these private hospitals and providers who have saved us. They have provided quality health care to the indigent and uninsured population even though the politicians have refused to let the money flow to them for that care.

Louisiana is dead last in the nation in health care outcomes. Though significant work remains to be done, health care redesign offers us a historic opportunity to change that. Those who want to shut the door on this opportunity and rebuild the old, segregated two-tier Charity system should have to defend its past performance – its historical health care outcomes. And those are simply indefensible.

Sincerely,



David Vitter
U.S. Senator

Attachment

P.S. Senator Hines, this critical issue aside, I enjoyed seeing you at this weekend's Washington Mardi Gras Ball. Your granddaughter, whom you presented there as a princess in the court, is a very capable and lovely young woman.

Health care reform vital to economic development
Reforming the state's charity hospital system can make basic health care affordable to every citizen, along with making Louisiana a more attractive place to do business.

By John Breaux

Louisiana ranked the least healthy state in 2006 by the United Health Foundation, after being 49th behind Mississippi in years past. Louisiana also ranked last among states in Forbes magazine's Best States for Business. What these rankings don't tell you is the rest of the story, the things that make Louisiana special; our culture, our people, our food, our joie de vivre. Unfortunately, most businesses don't make it this far when looking for places to locate and invest their resources.

Louisiana is the only state in the nation that has a two-tier charity system- and that's not a good thing. This system leads to worse health outcomes, higher rates of uninsured, and impedes the state's efforts to bring economic development to the region.

The ongoing debate in Louisiana on how to reform our health care system is a key barometer of the state's internal health and ability to address issues and deficiencies. The country is eagerly watching to see whether Louisiana decides to take a step back into our old ways, into a segregated two-tier system of health care, or decides to take this opportunity to move to a single-tier system similar to policies being enacted in other states.

A vital component of how attractive the state may be to potential investors who bring jobs and economic development is our ability to provide affordable access to health care. With real health reform, the state can give small employers access to group health insurance pools, and subsidize premiums for those with low-incomes and disabilities. Health insurance provides access to a network of providers that provide primary, preventive, and acute care. If we could just give a health insurance policy to people under 200% of the federal poverty level, with annual incomes under around \$19,000 for individuals, we could cover 75% of the state's uninsured. That's a huge step toward universal health insurance.

This week, the State of Louisiana will hopefully move a step closer to reforming the health care system so that every Louisiana citizen has affordable access to basic health care. Although the Louisiana Healthcare Redesign Collaborative submitted its recommendations on October 20, 2006, many details of the plan were left out due to the need for additional information. Since then, data has been made available to federal officials and the hard work of defining the possibilities is finally underway. Federal and state officials meet this week to finalize details of a plan that could fundamentally change Louisiana's health system - for the better.

Real health care reform will be impossible if Louisiana chooses to support buildings instead of people. Federal officials have made it abundantly clear that for health care reform to become a reality, the state must combine all of its resources to finance a new system, along with substantial federal assistance. There is no room for the state to finance the operation of unsustainable facilities. Charity facilities can certainly continue to provide care, and they would be assured a fair payment from private insurance. But they would have to compete on a level playing field, and should no longer rely on direct state funding.

Once there is consensus to eliminate the two-tier system, Louisiana can begin transitioning to insurance plans and forming medical homes, as proposed by the Collaborative. Health reform will help businesses struggling to keep their doors open, will attract potential business investors who bring jobs, and most of all, will help all Louisianans get high quality health care from their choice of providers, instead of trapping them in a system designed in the 1930's.

Former U.S. Sen. John Breaux is currently senior counsel with Patton Boggs in Washington D.C.

Greater Baton Rouge Business Report, January 30, 2007