



State of Louisiana
Department of Health and Hospitals
Office of the Secretary

May 26, 2010

Cindy R. Mann
Director, Center for Medicaid and State Operations
Centers for Medicare and Medicaid Services
Department of Health and Human Services
7500 Security Blvd.
Baltimore, MD 21244-1850

Dear Ms. Mann:

We write you today in response to your request for a white paper concerning the impending end to the Primary Care Access and Stabilization Grant (PCASG) funding, the impact on the Greater New Orleans region's health care infrastructure, and ideas to maintain and build on the gains that resulted from the U.S. Department of Health and Human Services' (DHHS) investment. We appreciate your interest in the State, particularly this region whose residents are not only disproportionately poor, uninsured and at high risk medically, but have also fallen victim to two of the most devastating natural disasters in our nation's history – Hurricane Katrina and the Deepwater Horizon Oil Spill.

As you know, PCASG funding provided support to the primary and mental health care infrastructure in Jefferson, Orleans, St. Bernard and Plaquemines parishes, which was desperately needed following the destruction of Hurricane Katrina. As a result, 25 organizations are operating more than 90 clinics, and providing access to people with medical, preventive, behavioral health and wellness needs. Since the beginning of the grant, more than 250,000 individuals have been served by more than one million visits to these clinics. We are grateful for the federal government's efforts, which have helped to improve the delivery of care in this region and the implementation of patient-centered medical home model.

Despite all of the positive momentum the federal, state and city partners have created collectively, the Greater New Orleans region is in danger of losing this robust network of high quality, affordable community-based care. Although many clinics have diversified their funding sources to include Medicaid and private insurance, and have worked to enhance sustainability through billing third party payers, charging sliding scale fees and applying for status as Federally Qualified Health Centers, most are still dependent upon PCASG dollars to remain open. Without a continued source of funding, the participating providers would have to scale back capacity by 40 percent. As a result, many of the most vulnerable patients would lose access to the care they need to stay healthy to avoid reliance on costly, episodic emergency department care; the federal government's investment in primary care and building health care capacity and infrastructure in post-Katrina New Orleans would be effectively lost.

In addition to the expiration of the PCASG funds in 2010, the State is working steadfastly to prepare for the 2014 expansion of Medicaid, which could add as many as 550,000 enrollees to the Louisiana Medicaid program. The issue is exacerbated by the fact that more than 20 percent of new enrollees are expected to reside in the New Orleans region.

Today we propose continued collaboration with our federal partners and community partners in the development of a Section 1115 Medicaid Research and Demonstration Waiver to preserve and enhance the primary care provider infrastructure. By redirecting Disproportionate Share Hospital (DSH) funding and

transitioning to a patient-centered primary care model, the waiver will allow the State to provide more cost effective care. We are also researching federal funding opportunities in which the State can assist in addressing continued access to primary and preventive care through provisions in the Patient Protection and Affordable Care Act of 2010 to further develop the health care infrastructure, such as expansion of FQHCs, community health centers and the health home planning grant and state plan option.

The enclosed white paper outlines our ideas to preserve and enhance access to primary care for the New Orleans region's residents and transition them to Medicaid and the Exchange in 2014. We believe there is an opportunity to build on the gains made in the region's primary care infrastructure and demonstrate a delivery model that could be replicated to benefit vulnerable populations elsewhere in the nation.

As always, we are grateful for our partnership with HHS, and we look forward to hearing back from you. Please contact Julia Kenny, DHH Chief of Staff, at 225-342-2534 or julia.kenny@la.gov to coordinate further discussions. Thank you.

Cordially,



Alan Levine
Secretary
Department of Health and Hospitals



Mitch Landrieu
Mayor
City of New Orleans

Cc: Kathleen Sebelius, HHS Secretary
Governor Bobby Jindal
Senator Mary Landrieu
Senator David Vitter
Representative Steve Scalise
Representative Anh "Joseph" Cao
Representative Charlie Melancon
Representative John Fleming
Representative Rodney Alexander
Representative William "Bill" Cassidy
Representative Charles Boustany
President Joel Chaisson, Louisiana State Senate
Senator Mike Michot, Louisiana State Senate Finance Committee
Senator Willie Mount, Louisiana State Senate Health and Welfare Committee
Speaker Jim Tucker, Louisiana House of Representatives
Representative Jim Fannin, Louisiana House of Representatives Appropriations Committee
Representative Kay Katz, Louisiana House of Representatives Health and Welfare Committee