



# LOUISIANA HOSPITAL ASSOCIATION

JOHN A. MATESSINO  
PRESIDENT & CEO

9521 BROOKLINE AVENUE ♦ BATON ROUGE, LOUISIANA 70809-1431  
(225) 928-0026 ♦ FAX (225) 923-1004 ♦ [www.lhaonline.org](http://www.lhaonline.org)

## FOR IMMEDIATE RELEASE

### **Joint Statement from Louisiana Hospital Association and Metropolitan Hospital Council of New Orleans Regarding Medicaid Reform and Coordinated Care Networks March 1, 2011**

#### **Joint Statement from LHA President & CEO John Matessino and MHCNO CEO Paul Salles**

Several weeks ago, Department of Health and Hospitals (DHH) Secretary Bruce Greenstein announced a freeze on Medicaid provider rate reductions for the remainder of this fiscal year and the continuation of the program that provides funding for the care of premature, low-birth weight babies. Additionally, the Administration and DHH have been working with hospitals to mitigate the impact of recent rate reductions by accelerating a new Upper Payment Limit (UPL) program. Under this program, agreements are put in place to transfer health programs for the poor and needy from public institutions to private hospitals, freeing up state general funds to be used as Medicaid match. This is extremely important to hospitals and the entire Medicaid program. Under the current fee-for-service system, hospitals have been cut over \$250 million in the last two years. Making matters worse, the looming deficit in the state budget signals a grim future unless there are reforms both to the way Medicaid services are paid for and delivered. The Louisiana Hospital Association (LHA) and the Metropolitan Hospital Council of New Orleans (MHCNO) recognize that, going forward, reform is necessary. The LHA and MHCNO supported efforts in 2009 to update admission and length of stay criteria for Medicaid in one of the first efforts to reforming the system. This effort alone has saved the program a total of \$52 million in the last two fiscal years!

The road to reforming the Medicaid program in Louisiana has had bumps along the way. In the fall of 2010, DHH issued emergency rules for a program of coordinated care networks to manage the care of the Medicaid population through either a prepaid or a shared savings type network. This first plan was withdrawn so that DHH could revise sections that many providers felt needed further attention. Since that time, various healthcare provider and consumer organizations, including the LHA and MHCNO, have continued to work with DHH to help build assurances and structure into the program for healthcare providers as they exist in commercial managed care and health plan situations. Both the Administration and DHH staff have been at the table in discussions and negotiations to bring about changes, such as rate floors, medical loss ratios, appeal mechanisms, prompt pay provisions and request for proposals for CCNs.

The LHA and MHCNO have, for the last few months, been working with a coalition of other healthcare providers to help affect some of the needed revisions to the program. Effective today, the LHA and MHCNO have resigned from the coalition, but remain fully committed to working with the Administration, DHH, other healthcare providers and the legislature to make the CCN program successful, not only for its member hospitals but also for physicians and other healthcare professionals.

Reform is necessary. The LHA and MHCNO will continue to work on behalf of its members and with all stakeholders, as healthcare in Louisiana is evolving on both the state and national scenes, to ensure access to care, to improve quality and to better manage Medicaid dollars through the implementation of CCNs.

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#### **CONTACT:**

Michelle Clement, APR

Director of Communications & Public Relations, LHA

Phone: (225) 928-0026 Fax: (225) 923-1004 E-mail: [mclement@lhaonline.org](mailto:mclement@lhaonline.org)