



Budget brief: Looming Medicaid cuts threaten Louisiana's health care system and put lives in jeopardy

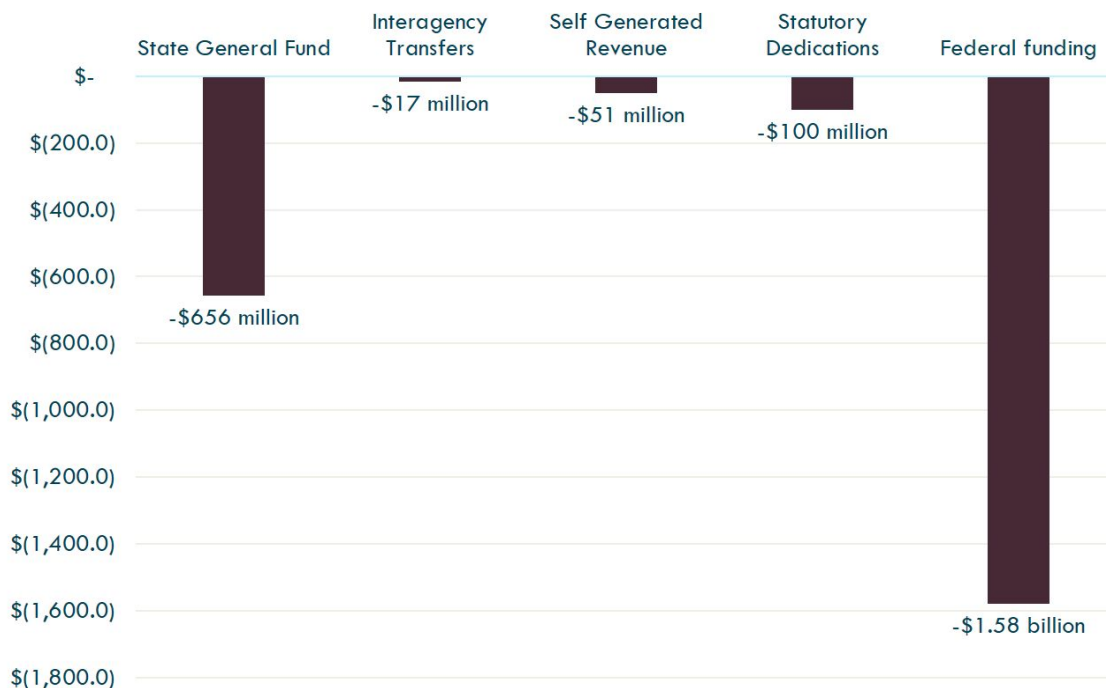
As the end of state fiscal year 2018 nears, Louisiana's state agencies and administrators are trying to figure out what their budgets might look like come July 1. For now, they have to plan as if the state will go over the "fiscal cliff," meaning the Legislature will allow almost \$1.4 billion in temporary taxes to expire without enacting any replacement measures.

There is still an opportunity for state lawmakers to go into a second special session and raise revenue to avoid the fiscal cliff. But for now, state agency leaders have had to come before the budget writing committees - House Appropriations and Senate Finance - to share the impact on programs and services if they had to cut hundreds of millions of dollars from their agencies' budgets.

Medicaid would be program most impacted by fiscal cliff

The state's Medicaid program, administered by the Louisiana Department of Health (LDH), is the area of spending that would be most deeply cut if the Legislature does not enact revenue raising measures. The executive budget proposes a [\\$656 million](#) cut in state funding for Medicaid, which would trigger the loss of \$1.58 billion in federal Medicaid funding and \$168 million from other sources. The result is a \$2.4 billion cut to a program that serves Louisiana children, people with disabilities, the elderly and people with very low incomes. That's a reduction of nearly 20 percent compared to current funding levels.

Reduction in state funding for Medicaid would trigger \$1.8 billion loss in funding from other sources



The proposed cuts to Medicaid would have an enormously negative impact on patients, families, health care providers and the state economy. Nearly [1.6 million Louisianans](#) receive health insurance through Medicaid, including 737,000 children, 168,000 people with disabilities, and 57,000 seniors. The health care providers who treat Medicaid patients provide life-saving services, so the biggest threat posed by the proposed cuts is the possible loss of lives. The elimination of some Medicaid services would reduce quality of life for tens of thousands of vulnerable Louisiana residents and their families.

The secondary effects of the proposed cuts are also alarming. The impact of taking \$2.4 billion out of Louisiana’s health care system would have negative ripple effects for the state economy and jobs. State economist Manfred Dix told legislators that if proposed Medicaid cuts take effect, the result would be [57,000 jobs](#) lost from the Louisiana economy in the first year alone.

The human impact of cutting Medicaid programs

Secretary of Health Dr. Rebekah Gee and her staff have come before the House Appropriations and Senate Finance Committees to share with legislators the real consequences of the proposed Medicaid cuts. Each of the reductions would have a human impact - by reducing or eliminating vital medical services that patients rely on. The health department has calculated the number of patients that would be affected by each proposed program cut.

The cut that would impact the greatest number of people is the elimination of the Medicaid Long-Term Care Special Income Level program. This program allows more than 46,000 elderly, blind and disabled people who earn above the traditional Medicaid eligibility threshold (\$750/month) to receive long-term care in nursing facilities or via home and community-based services. Under the special income program, individuals who earn up to \$2,250 per month (\$27,000 per year) are eligible to receive services they would otherwise be unable to afford.

More than 18,000 adults would lose mental health services they currently get, and 7,300 adults would lose access to substance abuse treatment.

Proposed cuts to Louisiana Medicaid programs	Individuals impacted by cut
Eliminate Long-Term Care Special Income Level program serving low-income elderly and disabled persons	46,063
Eliminate mental health services for adults	18,041
Eliminate provisional Medicaid (for those who meet SSI requirements but are waiting for formal decision from Social Security Admin)	15,036
Eliminate Long-Term Personal Care Services	13,960
Eliminate Medicaid payments to Ambulatory Surgical Centers	10,765
Eliminate drug and alcohol residential and outpatient treatment	7,302
Eliminate the Medicaid for those deemed “Medically Needy”	6,329
Eliminate Supports Waiver for persons with developmental disabilities	2,050
Reduce NOW Waiver Services	1,576
Eliminate Children's Choice Waiver	1,475
Eliminate Pediatric Day Healthcare	796
Eliminate Medicaid for those deemed “Medically Needy” with excessive health care costs	547
Eliminate inpatient psychiatric beds for the uninsured	74 beds
Reduce Medicaid payments to the public/private partnership hospitals	11 hospitals
Eliminate nursing home bed hold payments	34,747 beds

Source: House Fiscal Division

Waiver services top list of priorities for restored funding

Gee also shared a list of what program funding would be restored first if additional state general funds become available. Topping the list are the waiver programs and other services that allow people with disabilities and seniors to receive care in their homes, which keeps them from having to live in a nursing home. Toward the bottom of the list are supplemental payments to the private operators of what was formerly the state’s charity hospital system and adjustments to nursing home payments.

Services for people with disabilities and seniors top administration’s list of priorities for restored funding		
Priority ranking	Medicaid program	Cost to fully restore
1	Children's Choice Waiver to prevent institutionalization of children with intellectual and developmental disabilities	\$4.8 million
2	Supports Waiver for adults with developmental disabilities to maintain vocational and community inclusion	\$4.7 million
3	Long-Term Personal Care Services for seniors and people with disabilities needing assistance with basic self-care tasks	\$56.4 million
4	NOW waiver services for people wwho need assistance with living independently	\$4.8 million
5	Inpatient psychiatric beds for the uninsured	\$5.3 million
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12	Mental health services for adults	\$17.6 million
13	Pediatric Day Healthcare	\$10.9 million
14	Medicaid payments to public-private partnership hospitals	\$205.7 million
15/16	Payments to nursing homes	\$4.8 million

Source: House Fiscal Division

The ripple effects of cutting public-private partnership hospitals

Under the executive budget, the state’s safety net hospitals, which are operated by nine private entities as public-private partnerships, would be subject to a \$206 million cut in state general funds due to the elimination of supplemental Medicaid payments. Two of the private operators, [LCMC Health](#) in New Orleans and [Lafayette General Health](#) in Lafayette, have already sent letters to Gov. John Bel Edwards and leaders in the Legislature threatening to walk away from their contracts if the state doesn’t honor the deals by providing full funding.

If the hospital contracts are broken, it would create havoc for patients as well as the faculty physicians, students, post-graduate residents and other allied health professionals who use them as a training ground. Officials at LSU Health Science Center of New Orleans have said it's unlikely the state would be able to find new private operators willing to run the hospitals at the reduced rate. Medicaid residents at LSU New Orleans and LSU Shreveport would no longer be able to serve in the hospitals, which would take 463 resident physicians and 418 LSU faculty physicians out of the state's health system.

Loss of residents and physicians would cripple state's ability to provide health care to Medicaid patients and uninsured			
	Full-time residents	Full-time faculty physicians	Total Loss
University Medical Center New Orleans	252	213	465
Children's Hospital (New Orleans)	27	24	51
Our Lady of the Lake (Baton Rouge)	105	108	213
Lafayette General Medical Center	42	56	98
Our Lady of Angels (Bogalusa)	19	9	28
Women's Hospital (Baton Rouge)	18	8	26
Total loss of residents and physicians	463	418	881
Total patients visits lost	745,000		

Source: LSU Health Sciences Center

The Legislature must act

The cuts to Louisiana's Medicaid program are entirely avoidable. State lawmakers can and should come together in a special legislative session to replace the temporary taxes that are expiring and protect vulnerable Louisianans from the harm that would be caused by the proposed cuts. Lawmakers have heard extensive public testimony on the budget, with people sharing the importance of live-saving Medicaid services they receive - services that are on the chopping block. Now, it is incumbent upon legislators to take action to stop those cuts from becoming a reality.

By Jeanie Donovan
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