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Budget problems threaten change

Health program cuts proposed

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- Advocate Capitol News Bureau
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State budget woes that trigger major cuts in health-care spending could stop Jindal administration restructuring efforts in their tracks, the state's top hospital association executive said Thursday.

“You plan for it but I don't know what you do about implementing right now,” John Matessino, chief executive officer for the Louisiana Hospital Association.

“If all of a sudden we are going to cut the hell out of health care and health care is going to be struggling, health-care reform is going to be a challenge. There's no question about it,” Matessino said.

Meanwhile, Matessino said lawmakers meeting today should reject an administration proposal that would cut Medicaid reimbursement to hospitals to help balance the current year's budget.

Matessino warned that already struggling hospitals would cut patient services and employees if the cuts go through as planned.

Gov. Bobby Jindal did not respond to two interview requests Thursday on the issue. Jindal spokesman Kyle Plotkin said the governor was unavailable.

State health chief Alan Levine countered Thursday that the financial downturn makes it “even more imperative that we restructure” the health-care system.

“The current system does not run efficiently,” spending too much money for poor health results, Levine said. “The needs are highlighted even more.”

Levine said his agency's use of \$54 million in surplus funds helped mitigate health-care cuts, including those in the hospital arena. The hospitals could have faced a 7 percent cut instead of the 3.5 percent proposed, he said.

The Joint Legislative Committee on the Budget is scheduled to meet today to consider Jindal's plan to

bring a \$341 million out-of-kilter state budget in balance by the June 30 end of the fiscal year.

The state revenue downturn is projected to continue next year and the budget hole increase to \$2 billion. Health care and higher education are unprotected from cuts.

Matessino said his association will push for “budget reform” to stop the disparate treatment health care receives.

The fiscal situation comes at a time when the Jindal administration is seeking federal approval of a plan to revamp the state’s health-care delivery system. Jindal must also win legislative approval of changes.

The state would pay insurance premiums to private firms that would form health-care provider networks of physicians, hospitals and others to provide care.

Today, the state directly pays physicians, hospitals and others a fee for services delivered.

“This financial situation beginning with this year’s budget really throws health care into a tizzy,” Matessino said.

As part of budget-balancing efforts, the state Department of Health and Hospitals had to close a \$118 million gap. It identified excess cash that could be used to cover most of the budget hole.

But it also proposed cuts, including a 3.5 percent reduction in Medicaid payments hospitals and some other health-care providers get for the care of the poor.

Another initiative would change hospital admission criteria for a \$1.3 million savings.

Matessino said hospitals are already paid below the costs of treating Medicaid patients. In addition, he said for every \$1 million cut in state dollars to support Medicaid there is a corresponding loss of \$3.3 million in federal funds.

Hospital association officials have been meeting with Levine in recent days, Matessino said. “We have been encouraging him to find more one-time money to negate this,” he said.

Levine said Thursday: “I can’t print money.”

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