

The LRHA Policy Corner

STATE & LOCAL ACTION:

- The next session of the La. State Legislature will convene on March 27th and continue until June 19, 2006.

****Drug Discount Program Covers All La. Residents***

With the number of uninsured residents rising in Louisiana, major employers are hoping more people will take advantage of prescription discount programs – savings can range from 5 to 50 percent on most drugs.

- Prescription drug costs are a factor in rising health-care costs and by giving consumers the power, and responsibility, to lower their health-care bills, employers hope to demonstrate the effectiveness of consumer-driven health care.
- Everyone in the state is eligible for the discount program, whether they have health insurance or not.
 - The Louisiana Business Group on Health originally made the program available to its members, but after hurricanes Katrina and Rita, the program was extended to companies affected by the storms.
 - The program has since been extended to all Louisiana residents, with the help of drug plan vendor United Networks of America - the cards carry a low-cost guarantee, which means consumers get the lower price of discounts for which they're eligible.
 - If the pharmacy has negotiated a discount with a supplier that's lower than the discount through the card, consumers get the pharmacy-negotiated price, the same holds true for people who have no health insurance. (Although the discounts may be as much as 55 percent, most fall in the 5 percent to 25 percent range.)
- There are hundreds of participating Louisiana pharmacies and more than 50,000 nationwide - consumers can print the list along with their card by going to the Web site:
<http://www.louisianadrugcard.com>.

****Ethics Board Finds Legislator Profited From Bill***

The La. Board of Ethics on Thursday, March 9th, found that state Rep. Arthur Morrell used his legislative position to help his legal clients and issued a \$1,000 fine for violating state conflict-of-interest laws. (The New Orleans Democrat faced a fine up to \$10,000 and the possibility of censure.)

- The Ethics Board ruled that Morrell violated state ethics laws when he pushed a legislative resolution to get the state Department of Health and Hospitals to change its rules so that some mental health firms facing sanctions could continue to operate without restrictions.
 - At the time Morrell was representing seven of the 15 providers affected and State ethics laws prohibit a public official from participating in a transaction in which he has “a personal substantial economic interest.”
 - Morrell said the resolution he filed helped all mental health rehabilitation facilities, not just his clients and that other legislators often vote or sponsor legislation in which they may have an interest.
 - Morrell represented seven out of 15 mental health rehabilitation agencies that had been stopped from accepting new clients by DHH because of problems with their operations.
 - Eight of 11 Ethics Board members found Morrell violated conflict of interest laws. (Board member John Greene recused himself/Joseph Maselli voted no/Dolores Spikes was absent.)
- ✓ DHH Secretary Fred Cerise testified that Morrell approached him about problems his clients were encountering and the lengthy time it was taking for appeals to be considered and decisions rendered.
 - After investigating the situation, Cerise decided to allow providers to accept new patients unless there were health and safety concerns and moved to expedite appeals hearings at the same time.

****Landlords Can Get Rebuilding Help If They Keep Rent Low***

Small-scale landlords who agree to cap their rents at prescribed levels would qualify for \$1 billion in special state government loans to rebuild or repair hurricane-damaged properties under Governor Kathleen Blanco’s proposal to stimulate affordable housing in south Louisiana.

- The program, announced Tuesday, March 14, 2006, would also offer \$1.7 billion in federal tax credits for larger developers to build mixed-income apartments, combining those credits with \$600 million in “gap financing” provided by the state to ensure that a portion of the units are available to the very poor.
 - The theory is that a program to foster building of rental housing is necessary in New Orleans, where renters made up about 53 percent of the population before Hurricane Katrina.
- The rental plan also includes \$75 million in proposed developer incentives, including a loan fund that would provide “flexible” financing to developers of new housing for lower-income families and matching funds for faith-based and other community programs to rebuild housing stock.
 - Officials have stated that the proposal is still preliminary and that they are hoping to get feedback from landlords and others about the feasibility of their ideas.
 - As with any proposal to offer rebuilding and buyout grants to homeowners, the rental housing program is dependent on Congress appropriating \$4.2 billion in additional federal funds that President Bush has said is needed for Louisiana’s hurricane-created housing crisis.

- The rental housing proposal developed by Blanco’s Louisiana Recovery Authority emphasizes that small-landlords, who often own just a handful of investment properties, would not be able to successfully tap the available federal tax credits - instead, the recovery authority would use \$1 billion in Community Development Block Grants to offer so-called “soft mortgages” to landlords that would range from \$25,000 to \$75,000 per unit depending on the rents they would later be allowed to charge.
 - Unlike the \$7 billion program Blanco has proposed for homeowners, the rental proposal will not be available to every landlord with damaged property across south Louisiana.
 - ✓ Property owners will be expected to apply to an entity that has not yet been named or established and those with the best applications would be eligible for assistance.
 - ✓ In the proposal for small-scale landlords there would be financing available to repair a total of 20,000 units, according to the written proposal put out by the recovery authority - about 7,000 of those units would be eligible for \$25,000 in soft mortgages — which are no interest, no payment loans — that could then be rented out at market rates.
 - ✓ Another 13,000 units could receive higher loan amounts if the landlord agreed to offer reduced rents for 10 years and the loans would not have to be repaid until the property is sold.

- The low-income housing tax credit portion of the program would be aimed at building 25,000 new or rebuilt apartments, including 15,000 units that would be rented at below-market rates.
 - The proposal to create mixed-income developments would pair private equity investments generated by the low-income tax credits, which have already been approved by Congress, with \$600 million in “gap financing” from the Community Development Block Grants.
 - This financing could take the form of either a loan or a soft mortgage and the assistance would subsidize the development of 9,000 apartments that would be available for “very low rents” to households that earn 40 percent or less of the area median income.
 - The proposal estimates that about 10,000 of the 25,000 apartments that could be built under the program would be market-rate rentals.
 - The rental proposal also includes \$75 million that would be used to pay for “supportive services” for five years at 3,000 of the subsidized units and would be for families or individuals with special needs.

- Many of the details of the proposal have not yet been worked out, including whether there will be a geographic basis for determining what projects are awarded the tax credits or other assistance.
 - It likely will be necessary to create a formula based on geography to ensure that the money is spent in the areas that need it the most.

ON THE FEDERAL FRONT:

- The U.S. Congress will be on a St. Patrick's Day District Work Period recess from March 20-24, 2006 – Set to reconvene on Monday March 27, 2006.

****Gulf Coast Senators Introduce Offshore Oil And Gas Revenue Sharing Bill***

Six Gulf Coast senators joined together on March 8, 2006 to introduce bipartisan legislation that will direct a portion of offshore oil and gas revenues from the Gulf of Mexico to the states of Mississippi, Louisiana, Alabama and Texas.

- The bill, authored by U.S. Senators Trent Lott, R-Miss., Mary Landrieu, D-La., Thad Cochran, R-Miss., David Vitter, R-La., Richard Shelby, R-Ala., and Jeff Sessions, R-Ala., responds to legislation reported out by the Senate Energy Committee to open as much as 3.6 million acres of the Gulf to oil and gas production.
- The Gulf Coast senators' bill would share with the coastal producing states 50 percent of the federal revenue generated by production in an area known as Area 181.
 - This coastal impact assistance had not been included in S. 2253, the legislation passed by the committee this morning despite a letter from Senators Lott and Landrieu last month stating that they could not support such a bill unless coastal impact assistance was included.
 - The legislation allows for the funding to be used by states and parishes or counties for the restoration of coastal wetlands; mitigation of damage to wildlife and natural resources; implementation of federally-approved conservation management plans; projects pertaining to onshore infrastructure; and activities related to energy production or administrative costs necessary to comply with the legislation.
 - While the exact amount of funding created by the legislation remains unknown, Area 181's total lifetime royalties are estimated to be as high as \$11 billion.
 - The Gulf Coast senators' bill is expected to be re-offered as an amendment to or as a substitute for the underlying legislation, S. 2253, when it reaches the Senate floor.

****U.S. House Approves Spending Bill***

On Thursday, March 16th, the U.S. House voted 348 to 71 to approve a \$92 billion measure to fund the wars in Iraq and Afghanistan and ongoing hurricane relief - after members rejected calls from conservatives to pay for at least some of that spending with budget cuts

- Key elements of the \$92 billion spending bill for Iraq, Afghanistan and Hurricane Katrina recovery that the House passed:

- IRAQ AND AFGHANISTAN
 - Total \$67.6 billion. Much of the money is for operations and maintenance costs, personnel and replacement of equipment. The total includes:
 - \$4.85 billion for training and equipment for security forces of Afghanistan and Iraq.
 - About \$2 billion to develop and purchase countermeasures to prevent roadside bomb attacks.
 - \$423 million to allow battlefield commanders to conduct small reconstruction projects considered urgent.

- KATRINA
 - \$19.2 billion for hurricane relief and rebuilding along the Gulf Coast.

- OTHER PROVISIONS
 - Prohibits Dubai-owned DP World from controlling terminals at U.S. ports.
 - Bars money already made available from being used to support the Palestinian Authority unless Secretary of State Condoleezza Rice certifies certain conditions have been met.
 - Allows \$750 million of contingency money for home-heating aid provided in an earlier bill to be spent over the next two years.

****Senate Clears Unpopular Increase In Debt Limit/Ceiling***

On Thursday, March 16th the Senate cleared a \$781 billion increase in the \$8.184 trillion federal debt limit on a 52-48 vote, averting a first-ever government default.

- Earlier that day, the Senate rejected, 44-55, an amendment by Sen. Max Baucus, D-Mont., that would have required a study of foreign ownership of the debt - more importantly, that amendment would have required the House to take up the measure before adjourning today and cast a roll call vote that House leaders have long-sought to avoid.
- The measure (H J Res 47) was adopted by the House last year without a roll call vote under a procedure known as the Gephardt Rule.
 - Republicans who had thought of adding amendments for a line-item veto and other changes to budget rules held off at the urging of GOP leaders - who delayed the politically unsavory vote until the day before a scheduled recess in an effort to minimize the chances for amendments to be adopted.

- It was the fourth increase in the federal debt limit since President Bush took office, adding a total of \$3 trillion.
 - The debt includes bonds held by the public and money owed to government trust funds such as Social Security.

***S Con Res 83 – U.S. Senate Budget Resolution**

Bill sponsor: Senator Judd Gregg (R-NH) – Introduced: March 10, 2006

Official Title: An original concurrent resolution setting forth the congressional budget for the United States government for fiscal year 2007 and including the appropriate budgetary levels for fiscal years 2006 and 2008 through 2011.

- As introduced to the Senate, the budget resolution would call for fiscal 2007 discretionary budget authority of:
 - \$542.6 billion for defense - \$33.2 billion for international affairs - \$26.1 billion for general science, space and technology - \$3.8 billion for energy - \$28.2 billion for natural resources and environment - \$5.7 billion for agriculture - \$3.1 billion for commerce, housing and credit - \$22.9 billion for transportation - \$11.7 billion for community and regional development - \$76.2 billion for education, training, employment and social services - \$54.5 billion+ for health - \$5 billion for Medicare - \$47.8 billion for income security - \$4.7 billion for Social Security - \$36.2 billion for veterans benefits and services - \$43.8 billion for administration of justice - \$17.2 billion for general government - \$13 million in undistributed offsetting receipts.
 - As amended, it also would provide the Centers for Medicare and Medicaid Services with \$1.75 billion to create a demonstration program that assigns a case manager to coordinate the care of chronically ill and other high-cost Medicare beneficiaries in traditional fee-for-service Medicare.
- The \$2.8 trillion budget squeaked through Thursday, March 16th, 51 to 49.
 - Senate Budget Committee Chairman Judd Gregg (R-N.H.) expressed regret that he could not hold President Bush's \$873 billion line on discretionary spending (**See *debt ceiling above***.) but said negotiations with the House could bring spending back down in conference.
 - Technically the measure did not break the budget resolution's \$873 billion limit on federal programs funded annually at Congress's discretion, because the extra money was taken from prospective spending in 2008.
- The Senate budget blueprint for the fiscal year that begins in October had dropped President Bush's proposed cuts to Medicare before it reached the Senate floor.
 - As they worked to complete the budget, senators from both parties voted overwhelmingly to boost funding for health, education and labor programs by \$7 billion.
- The only Democrat voting for the budget was Senator Mary Landrieu (La.)
 - Republicans voting against the budget were Lincoln D. Chaffee (R.I.), Norm Coleman (Minn.), Susan Collins (Maine), Mike DeWine (Ohio) and John Ensign (Nev.)
 - Independent James M. Jeffords (Vt.) also voted against the budget.

**The mission of the Louisiana Rural Health Association is to serve as a unified voice for the promotion of rural health care through advocacy, education, and leadership. The information above was provided in part by the National Rural Health Association and gathered from various publicly released documents of news related sources.*