

The LRHA Policy Corner

April 3, 2006

- Special Notice -

**LRHA and the La. Primary Care Association will be hosting a
Legislative Reception on April 5, 2006 @ 6:00pm.**

**This reception will take place in the Livingston Room of the Sheraton Hotel,
102 France Street, Baton Rouge, La.**

Please make plans to attend!

LEGISLATIVE AGENDA:

- LRHA has put together its' legislative agenda for the ongoing regular session of the La. State Legislature.
- This agenda will be tracked accordingly by LRHA staff and distributed to our Association's membership and Members of the State legislature.
- If and when questions arise on this agenda, please forward them to Calabro@lrha.org.

STATE & LOCAL ACTION:

- The regular session of the La. State Legislature is up and running and LRHA will keep you in touch with the rural healthcare related issues facing our communities.

****Blanco Outlines Legislative Agenda In Speech To Legislators***

Governor Kathleen Blanco opened the first regular legislative session since hurricanes Katrina and Rita with a pointed jab at the political dissension that has plagued her since the storms.

- In an 11-page speech, Blanco stressed the importance of economic development and education - she avoided political land mines, such as proposed legislation to ban abortions and to determine how far to go with stem-cell research.
- Blanco did make it clear that she will flex her political power in at least one area - proposed legislation to expand gambling (One bill would increase the number of video poker machines at truck stops - - Another would increase the amount of money that can be wagered on video poker.)
- The biggest part of the governor's legislative agenda is her proposed \$20.3 billion budget for the fiscal year that starts July 1.
 - The budget includes pay raises for public schoolteachers and college faculty.

- Other big-ticket items in the budget include \$15 million for work-force development, \$6 million for business growth and \$4.6 million for the purchase of land in Richland Parish to attract a manufacturer.
- The Governor is also pursuing a housing recovery plan for hurricane victims that would pay homeowners up to \$150,000 for their damaged or destroyed house.
 - The Louisiana Recovery Authority drew up the plan, which must be approved by legislators and the federal government.
- The governor is making a second run at downsizing New Orleans government an issue that failed to get resolved during the recent special session.
 - The failure to downsize New Orleans government was one of several disappointments for the governor during the special session - Legislators also rejected her plan to create a vehicle to get federal housing aid to storm victims.
 - ✓ Some of the criticism about the last special session resonated with the Governor's office, especially complaints about a lack of communication - this time, the Blanco administration briefed all but 18 lawmakers about the current session.

****Medicaid Deadline Update /Reminder***

More than 24,000 elderly and low-income hurricane evacuees will lose their Medicaid coverage in mid-May unless they move back to Louisiana or apply for benefits in the state where they are now living, the Department of Health and Hospitals said last week.

- The agency mailed notices Monday to 24,448 displaced Louisianians in nine states and the District of Columbia, letting them know that their coverage will be cut off May 11 unless they notify state authorities that they'll be moving back by then.
- Louisiana has been picking up health care costs for Medicaid recipients who were forced to relocate because of Hurricanes Katrina or Rita, and getting reimbursed 100 percent by the federal government.
- Another 8,283 evacuees in five states were notified March 1 that their benefits would be cut off in late April - Anyone who loses their benefits can enroll in the Medicaid program in the state they are living, provided they meet eligibility criteria that vary from state to state.

****GAO Says Hospitals Not Worth Salvaging***

Charity and University hospitals in New Orleans were so badly damaged by the flooding from Hurricane Katrina -- and in such poor condition before the storm -- that spending money on repairs doesn't make sense, a federal report released last week concludes.

- The finding by the Government Accountability Office would seem to bolster Louisiana State University's contention that the Charity facility, the flagship of the state's public hospital system run by the university, should be rebuilt from the ground up.

- "Since the facilities were severely damaged and were already outdated, proceeding with federal funding for repairs may be wasting tens of millions of dollars," the March 28 report says.
- LSU has signed a "memorandum of understanding" with the Department of Veterans Affairs, whose hospital facility also was devastated by Katrina, to join in developing a new coordinated medical facility in downtown New Orleans - plans should be ready for review by June 1.
 - In the meantime, financing for a new hospital is being sought after.
 - The VA is well on its way after the U.S. House of Representatives two weeks ago approved \$550 million and the Senate Appropriations Committee is expected to take up the request -- part of a \$19 billion hurricane recovery package -- this week.
 - For the state's share of the project, Gov. Kathleen Blanco said recently that she would like to use \$300 million of the anticipated recovery money to rebuild the hospital.
- LSU officials originally had hoped to use disaster payments from the Federal Emergency Management Agency to rebuild, but the contentious negotiations over the cost and extent of the storm damage have stalled.
 - FEMA hired a private engineering firm specializing in medical facilities to estimate the cost of repairing flood and wind damage at Charity and University hospitals.
 - The FEMA estimate for Charity, where the first floor and basement flooded, was \$23.9 million - repairing University Hospital would cost \$12.4 million - both hospitals remain closed.
 - LSU hired its own firm, whose numbers were significantly higher - fixing Charity would cost \$257.7 million, and University Hospital would be \$117.4 million.
 - One reason for the discrepancy is that LSU's estimate counted repairing pre-disaster problems - both hospitals were so rundown before Katrina that LSU was concerned about accreditation and had already begun exploring financing for rebuilding - damage from the storm only accelerated the drive to rebuild.
 - FEMA, which is guided by strict federal disaster regulations, considered only hurricane damage. And under the rules, if damage is less than half the total replacement value -- which the agency estimated could be as high as \$371 million for the two facilities -- FEMA will pay 90 percent of repair costs - if the damage is more than half the rebuilding price, FEMA would pay 90 percent of total reconstruction.
- ✓ The report said that FEMA's estimate did not include cleanup of asbestos or mold, elevator repairs or building code upgrades - but even if it had, the estimate wouldn't be high enough to prompt FEMA to cover the costs of rebuilding.

****Louisiana Republican Legislative Delegation Releases Their Priority Listing***

Facing a staggering crisis in health care, the Louisiana Republican Legislative Delegation announced on March 30th that health care reform would be its number one priority for the 2006 regular session.

- Hurricanes Katrina and Rita have exacerbated a bad pre-storm situation to the point of crisis in the Health Care delivery systems across Louisiana.
- The Republican Delegation has filed or will file legislation on the following health care issues in the regular session:
 - 1) Immediately change the payment mechanisms to allow Uncompensated Care Payments to follow the patient to community hospitals, doctors and other providers.
 - 2) A seven-year plan to transform state-run health care delivery systems to the private sector by converting existing facilities into Federal Qualified Health Centers and allowing Medicaid dollars to follow the patient to their hospital of choice.
 - 3) Focus rebuilding efforts on medical education – urging the Governor and DHH to properly fund and account for medical education in Louisiana.
 - 4) Embrace a small university hospital concept in New Orleans along with research facilities to support and develop a strong medical education community – opposing the rebuilding of a mega-Charity Hospital.
- Other Issues On the Agenda:
 - 1) Support Consolidation of Local Government in New Orleans including, the consolidation of Orleans Parish district and juvenile courts, clerks, sheriffs, and other judicial officials and officers of Orleans parish (HB 514 by Bruneau) - the consolidation of Orleans Parish assessors and their offices (HB 656 and 642 by Badon and SB 271 by Mount)
 - 2) Support the private property rights of Louisiana Citizens - legislation prohibiting the taking of property in certain circumstances (HB 28 by Bruneau)
 - 3) Oppose any change to TOPS.
 - 4) Continue to fight to make sure CDBG funds go to the people devastated by both Katrina and Rita and not into administration and bureaucracy - opposing the approval of the recovery centers and the expenditure of 5% of the CDBG funds for administrative bureaucratic cost.
 - ✓ The delegation will continue to take positions on other issues as the session develops.
 - The Teacher Pay proposal, for example, has support from many members, but the delegation will wait until the Revenue Estimating Conference meets again before taking an official position.

****Levee Repair Costs Triple***

The Bush administration said on March 30th that the cost of rebuilding New Orleans's levees to federal standards has nearly tripled to \$10 billion and that there may not be enough money to fully protect the entire region.

- Donald E. Powell, the administration's rebuilding coordinator, said some areas may be left without the protection of levees strong enough to meet requirements of the national flood

insurance program - those areas probably would face enormous obstacles in attracting home buyers and investors willing to build there.

- The news represents a shift for the administration; President Bush had pledged in the weeks after Hurricane Katrina to rebuild New Orleans "higher and better."
 - Now, some areas may lose out as they compete for levee protection - Powell's announcement, in a conference call with reporters, prompted denunciations from state and local officials who said the federal government is renegeing on promises to rebuild the entire region.
- The change followed a surprise announcement from the Army Corps of Engineers that the levee reconstruction project, most recently estimated at \$3.5 billion, would now cost \$9.5 billion if insurance-certified levees were extended throughout the region.
- Powell had said in December when the administration announced a \$3.1 billion levee plan that Bush's commitment to rebuild the Gulf Coast "would be satisfied as it relates to the safety and security of the people."
 - In February, after Congress approved \$2 billion for the project, Bush said an additional \$1.5 billion would be needed. The Senate will consider the request next week.
- The news shattered the fragile relationship between Washington officials and Louisiana leaders, who have assumed that the rebuilding effort would cover the entire New Orleans area.
 - State and local leaders said the U.S. government had broken a trust and appeared to backing away from commitments to rebuild. Louisiana officials also questioned why federal engineers are just now announcing that the task would cost \$6 billion more.
- In the conference call, Powell reiterated the promise that the levees will be at least as strong as they were designed to be before Hurricane Katrina hit on Aug. 29.
 - Powell said that science, "not any bureaucracy, politics nor any member of the political branches," determined the cost revisions – President Bush "is concerned with the well-being of the area's residents," he said, but "he wants to make sure we make the right rebuilding decisions, not just for the residents but for the American taxpayers."
 - Indicating that not all of the \$6 billion will be forthcoming, Powell said he will be in discussions with state and local leaders about which portions of the region should be protected with insurance-certified levees, and also how much the state and local governments can pay.
 - He played down the difference between the ordinary levees and those that meet the standards of the insurance program, saying the \$6 billion in improvements is "an insurance issue, and not necessarily a safety issue."
- In areas where the levees do not meet the standards, buildings may have to be constructed up to 20 to 35 feet above ground - also, in a city where there is a desperate need for housing investors, areas with less-than-optimal levees could scare off flood-wary developers.

- To help state and local officials choose which areas might be protected by insurance-certified levees, Powell broke the four-parish New Orleans region into 10 areas and listed the populations and cost of building such levees.
 - In the analysis, three Plaquemines Parish sections, southeast of the city, look ripe for cost-cutting - less than 2 percent of the area's population lives there, but it would cost nearly \$2.9 billion to build certified levees.
 - By contrast, protecting Algiers, where 13 percent of the region's population lives, would cost \$129 million.
 - ✓ The reason the cost estimates have risen so dramatically is that the science of hurricanes and hurricane protection is evolving, Maj. Gen. Don T. Riley, director of civil works for the Army Corps of Engineers, stated.
 - ✓ The loss of coastal wetlands protecting New Orleans from storms, as well as the lowering of the ground level in the area, have reduced the city's natural safeguards from flooding -- and altered assumptions.
 - ✓ Moreover, new storm data from the past 20 years suggest that powerful storms are more likely to hit New Orleans than previously believed - the previous levee design was meant for less powerful storms, but the recent surge of activity has changed ideas about what kinds of storms the city should be prepared for.

ON THE FEDERAL FRONT:

****S. 1952 – The Health Insurance Marketplace Modernization and Affordability Act of 2005***

Bill Sponsor: Senator Norm Coleman(R-MN) - Introduced: November 2, 2005

Co-sponsors: Five (5) Sen. Evan Bayh, (D-IN,) Sen. Thad Cochran, (R-MS,) Sen. John Cornyn (R-TX,) Sen. Johnny Isakson, (R-GA) & Sen. Richard Lugar, (R-IN.)

Official Title: A bill to provide grants for rural health information technology development activities.

Latest Major Action: Referred to the Senate Committee on Health, Education, Labor and Pensions.

- Critical Access to Health Information Technology Act of 2005 - Requires the Secretary of Health and Human Services to establish a program to award grants to states to increase access to health care in rural areas by improving health information technology.
 - Requires a state that receives such a grant to designate a lead agency to: (1) administer the grant; (2) develop the state plan for use of grant funds; and (2) coordinate the expenditure of funds and provision of services under the grant with other federal and state health care programs.
 - Directs the lead agency to award local grants on a competitive basis based on the extent to which an entity: (1) demonstrates a need to improve its health information reporting and health information technology; and (2) will serve a community with a significant low-income or other medically underserved population.
 - Requires each grant recipient to be a government-owned or private nonprofit hospital located in a rural area.

- Requires the lead agency to annually report to the Secretary on: (1) the amounts received under the grant; (2) the amounts allocated to state grant recipients; and (3) the types of expenditures made by local grant recipients.
- Requires the Secretary to review and monitor state compliance with the requirements of this Act.
- Directs the Secretary to promulgate a final rule concerning the replacement of the International Statistical Classification of Diseases, 9th revision, Clinical Modification with the International Statistical Classification of Diseases and Related Health Problems, 10th revision, Clinical Modification and Clinical Modification Coding System.
- Authorizes the Secretary to adopt specified standards for electronic health care transactions that are recommended in relation to such replacements.

****Senators Back Guest Workers Program In Panel Measure***

A key Senate panel broke with the House's get-tough approach to illegal immigration on Monday, March 27th and sent to the floor a broad revision of the nation's immigration laws that would provide lawful employment to millions of undocumented workers while offering work visas to hundreds of thousands of new immigrants every year.

- With bipartisan support, the Senate Judiciary Committee voted 12 to 6 to side with President Bush's general approach to an immigration issue that is dividing the country, fracturing the Republican Party and ripening into one of the biggest political debates of this election year.
 - Conservatives have loudly demanded that the government tighten control of U.S. borders and begin deporting illegal immigrants - but in recent weeks, the immigrant community has risen up in protest, marching by the hundreds of thousands to denounce what they see as draconian measures under consideration in Washington.
- Judiciary Committee Chairman Arlen Specter (R-Pa.) rushed committee members to complete their work to meet a midnight deadline imposed by Senate Majority Leader Bill Frist (R-Tenn.), who favors a tougher approach more in line with the version passed by the House last December.
 - Once the committee had acted, Frist declined to say whether he would substitute the committee's legislation for his own, which includes no guest-worker program.
- Polls indicate about 60 percent of Americans oppose guest-worker programs that would offer illegal immigrants an avenue to lawful work status, and three-quarters of the country believe the government is doing too little to secure the nation's borders.
- The immigrant community has been galvanized by what it sees as a heavy-handed crackdown on undocumented workers by Washington.
 - The House in December rejected calls for a guest-worker program and instead approved a bill that would stiffen penalties on illegal immigrants, force businesses to run the names of each employee through federal databases to prove their legality, deploy more border agents and unmanned aerial vehicles to the nation's frontiers and build massive walls along sections of the U.S.-Mexican border.

- At least 14,000 students stormed out of schools in Southern California and elsewhere, waving flags and chanting to protest congressional actions.
 - About 100 demonstrators, including members of the clergy, appeared at the Capitol yesterday in handcuffs to object to provisions in the House bill that would make illegal immigrants into felons and criminalize humanitarian groups that feed and house them.
 - More than a half-million marchers protested in Los Angeles on Saturday, following protests in Phoenix, Milwaukee and Philadelphia.
- Specter, the committee chairman, had tried for weeks to find a middle ground between senators advocating a generous guest-worker program and those categorically rejecting amnesty for illegal immigrants.
 - In the end, that search for a compromise failed because advocates of the guest-worker program had more than enough votes to overcome conservative opposition.
 - The panel voted to accept a bill largely patterned on the measure sponsored by Kennedy and McCain. Specter and Republican Sens. Lindsey O. Graham (S.C.), Sam Brownback (Kan.) and Mike DeWine (Ohio) joined the committee's Democrats to win passage.
- ✓ The panel's bill would allow the estimated 11 million illegal immigrants in this country to apply for a work visa after paying back taxes and a penalty.
- ✓ The first three-year visa could be renewed for three more years - after four years, visa holders could apply for green cards and begin moving toward citizenship - an additional 400,000 such visas would be offered each year to workers seeking to enter the country.
- ✓ Other proposals accepted by the panel included offering to 1.5 million illegal farm-workers a "blue card" visa that would legalize their status and a provision that would shield humanitarian organizations from prosecution for providing more than simple emergency aid to illegal immigrants.

****President Bush Announces Change In White House***

On Tuesday, March 28th, the President announced that White House Chief of Staff, Andrew H. Card Jr. will resign April 14 and be replaced by Office of Management and Budget Director Joshua B. Bolten.

****U.S. Senate Passes Lobbying Ethics Reform – First New Rules In Over A Decade***

The Senate gave lopsided approval on Wednesday, March 29th, to scandal-inspired legislation that will restrict lobbyist gift-giving and make lobbying activities more open.

- The 90-8 vote came just hours after a U.S. district judge in Miami sentenced former lobbyist Jack Abramoff, whose influence-peddling activities spawned the Senate action, to five years and 10 months in prison on conspiracy and wire fraud charges.
- The Senate bill emphasizes disclosure of lobbying contacts rather than new rules, and this increased openness would make a big difference in enhancing public confidence - critics said

the measure fell short of steps needed to restore the integrity of Congress in the eyes of the public.

- Under the bill, senators would no longer be able to accept gifts or meals from lobbyists and lobbyists would be required to reveal more information about their contacts with lawmakers.
 - But the bill, to the chagrin of many pushing for more fundamental change, does not ban privately funded travel. Nor would it establish a new office in the Senate to investigate ethical violations.
- Many were dissatisfied with the final product, saying it didn't go far enough to cut unhealthy ties between lawmakers and lobbyists.
 - The Senate bill does not ban privately funded trips, and on Tuesday the Senate defeated a priority of clean government groups: a proposal to establish an independent Office of Public Integrity to carry out investigations of possible ethics violations by senators.
 - Such investigations are now done by the Senate ethics committee, composed of three Republicans and three Democrats, and members of the panel led the effort to reject the new office, proposed by Sen. Susan Collins, R-ME and Sen. Joe Lieberman, D-CN (the measure was defeated 67-30.)
 - Senate ethics committee members said their panel is doing its job — unlike the House ethics committee, which has been paralyzed by partisan battles.
 - The new office, which under the Collins proposal would still cede ultimate authority on punitive actions to the Senate committee, means “more bureaucracy and a more belabored process,” said Senate ethics committee member Tim Johnson, D-S.D.
- The Senate approved, by 84-13, a proposal offered by Sens. Ron Wyden, D-Ore., and Charles Grassley, R-Iowa, to end the practice of secret “holds” in which senators can single-handedly block action on legislation.
 - It would require a senator taking advantage of this common procedure to publish a notice of the objection in the Congressional Record within three days.
- ✓ The Senate lobbying bill would ban accepting meals from lobbyists, require lobbyists to make quarterly reports of their contacts with lawmakers, and force lawmakers to wait two years before accepting jobs lobbying Congress, up from the current one-year moratorium.
- ✓ The bill also sets up a procedure by which lawmakers can try to eliminate from legislation those earmarks, or specific projects, that often are inserted in conference reports without the knowledge or vote of other members.
- ✓ The House has yet to take up similar legislation emphasizing greater disclosure of lobbyist activity - the Senate lobbying reform bill is S. 2349.

****U.S. House Budget Would Meet Bush Discretionary Cap, Nick Mandatory Spending***

On March 29th, the House Budget Committee started work on a fiscal 2007 budget resolution that embraces President Bush's proposed discretionary spending limit and seeks \$6.8 billion savings over five years from mandatory spending.

- The plan by Chairman Jim Nussle, R-Iowa, would stick to Bush's proposed \$873 billion discretionary spending cap, a 3.6 percent increase over fiscal 2006.
 - Although appropriators would allocate the spending under the overall cap, Nussle's mark assumes they will fully fund the president's request for a 7 percent increase in Defense spending while making cuts to domestic discretionary programs.
 - GOP moderates say they will fight reductions in those programs, and amendments seeking to add spending are expected to be offered throughout the resolution process.

- Nussle's \$6.8 billion proposal for savings from mandatory spending would give reconciliation instructions to eight committees, including \$4 billion from the Ways and Means Committee.
 - The assumed savings would not come from Medicare, Medicaid or student loans, according to GOP staff.
 - President Bush had sought \$65 billion in reconciliation savings over five years, with more than half coming from Medicare, but that was quickly dismissed by congressional Republicans facing mid-term elections.

****Court Orders FEC To Reconsider Refusal To Regulate 527 Groups***

With the House scheduled to take up legislation this week to regulate 527 organizations, a federal judge on the 30th of March ordered the Federal Election Commission to reconsider its refusal to issue extensive regulations on the conduct of such groups.

- The organizations, named after a section of the tax code, raise and spend unlimited and virtually unregulated sums of money on political activities.
 - In the last election cycle, groups favoring Democrats outspent 527s supporting Republicans.

- A spokeswoman for Rep. Martin T. Meehan, D-MA, said the ruling was a significant victory for him and his Republican colleague, Christopher Shays, R-CN., who together with the Bush-Cheney election campaign brought suit against the Federal Election Commission.
 - The plaintiffs argued that the FEC should have issued a ruling governing when section 527 groups must register as political committees, while the FEC said that it should be allowed to proceed on a case-by-case basis, arguing that the issues involved were too complex to proceed any other way.
 - The district court sent the case back to the FEC to "either to articulate its reasoning for its decision to proceed by case-by-case adjudication or to promulgate a rule if necessary."

**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.*