



LOUISIANA HOSPITAL ASSOCIATION

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Statement to the Media Regarding Proposed Medicaid Cuts John Matessino, LHA President & CEO March 13, 2009

The Medicaid budget reductions to hospitals outlined in Gov. Jindal's executive budget call for swift legislative action when session begins April 27, 2009 and further the need for a constitutional amendment that would allow the governor to spread the cuts through the entire state budget during tough economic times. The ripple effects of these cuts, the financial market crisis, the subsequent rise in unemployment and the loss of job-based healthcare coverage have impacted the ability of hospitals to continue to serve their communities. These pressures are leading to a decline in hospitals' financial health at a time when the demand for healthcare services is growing.

To make matters worse, hospitals are already underpaid by the state for Medicaid services. In fiscal year 2008 for example, Louisiana hospitals were underpaid in excess of \$150 million. The burden of these proposed hospital Medicaid reductions, combined with underpayments that hospitals already face and the economic climate, leaves our healthcare system and our citizens' pocketbooks in a fragile state. Hospital cuts adversely affect healthcare costs for businesses and privately insured individuals through cost-shifting, which means those with insurance have to pay even higher healthcare premiums to cover the cost of individuals who do not have insurance.

The negative financial impact of the cuts is tremendous, but the human impact is even more devastating. Services will be reduced. Jobs will be lost. Our communities will suffer.

As the largest employer statewide, hospitals play a critical role in our state's economy. Healthy communities need healthy hospitals, and the Louisiana Hospital Association and Metropolitan Hospital Council of New Orleans stand ready to work with the Louisiana Legislature to protect funding for critical healthcare services for those in need.

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