

Letters: Consequences of Louisiana budget not funding UMC? Loss of jobs, education support, state revenue

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In response to Dan Fagan's Sunday opinion column, "Fiscal cliff not nearly what governor cited as an excuse to raise taxes," and as someone who has devoted my career to understanding the complexities of healthcare finance in the hospital industry, I wanted to provide some needed clarifications.

As the Legislature and members of the public know, the current version of the state's budget has absolutely no funding for University Medical Center New Orleans, a \$1.2 billion hospital built by the state and run by LCMC Health. In describing this bill, Fagan wrote to "expect cries of doom and gloom over the cuts."

Absolutely agreed, a community without this hospital would indeed be a situation of doom and gloom. To be concrete, it would mean nearly 2,500 employees are laid off, a reduction of roughly \$90 million in lease payments from LCMC Health to the state, the elimination of \$160 million in education support to LSU and Tulane University.

Our organization takes issue with these impacts characterized as an idle threat. It is my hope that the public should absolutely understand and feel the urgency around the hospital potentially closing; and more importantly, all of the above would not save the state any money.

Additionally, Fagan wrote that "the House budget still provides LDH with \$12 billion. LDH's budget was \$9.5 billion only three years ago. It was a little more than \$14 billion last year." This argument is often made at the Legislature, and the hospital industry has worked hard to educate them and the public about the fact that much of this increase is due to Medicaid expansion, and is federal match dollars that is actually saving Louisiana money, not costing money. Cuts to hospitals do not make sense for this reason, because for every single dollar the state cuts, they only save 20 cents.

UMC is thriving, and so is the health of many of our citizens because of it. The economic development of the area could come to a screeching halt if this budget is passed. I urge our leaders at the Legislature to acknowledge this, to truly understand the impact of no funding, and to make responsible decisions that prioritize the state's financial and physical health.

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