



January 20, 2017

The Honorable John Bel Edwards
Governor, State of Louisiana
PO Box 94004
Baton Rouge, LA 70804

Dear Governor Edwards:

Thank you for your leadership as Governor and for your steadfast support for healthcare funding. We appreciate the strong partnership the State has with University Medical Center New Orleans (UMC), home of the Reverend Avery C. Alexander Academic Research Hospital. As you know, UMC is the primary academic training center for 2,400 future physicians, nurses, and allied health professionals, a majority of whom are from the LSU Health Sciences Center and Tulane University School of Medicine.

We were very disappointed to learn of the budget proposal recently put forth by Rep. Lance Harris to counter the State's mid-year budget deficit. While we understand there is a deficit, the proposal would have a devastating impact on the medical education and healthcare ecosystem, including access to mental health, trauma care, hospital services, and graduate medical education both now and in the future. It is our understanding that Rep. Harris's plan would cut the Louisiana Department of Health (LDH) by \$147.2 million, defunding all of the State's public-private partner hospitals in this State Fiscal Year. For UMC, this equates to a \$90 million budget cut to absorb in a matter of months.

UMC does not just serve the downtown New Orleans area. It is a regional Level 1 Trauma Center and has seen dramatic growth in caring for patients from across the region. Over the last year, inpatient admissions have grown by 12%, emergency department visits have increased by 17%, 58% more behavioral health beds have been opened, and outpatient clinic services have expanded. Patients who are using these services are not just from New Orleans—there are 860,000 individuals residing in the hospital's 54 zip code primary service area. Defunding UMC means these services will come to a grinding halt at a time when the State's \$1.2 billion academic medical center is experiencing remarkable regional growth, thanks to the public-private partnership.

The provision of graduate medical education would also be severely impacted. Contracts between the hospital and schools would be reduced or eliminated altogether, impacting the 1,000 residents who are currently training at UMC and the faculty who train them. In a State where approximately half of the State's practicing physicians received some portion of their training at UMC, this cut would disrupt lives and a tremendous opportunity to retain talent, all in the middle of an academic schoolyear, would be lost.

Letter to Governor John Bel Edwards

January 20, 2017

Page 2 of 2

Rep. Harris has stated that the LDH budget has grown dramatically over the years and there is an assumption that LDH can afford to withstand a cut of this magnitude without reducing services.

Over the last four years (SFY 2014 – SFY 2017) LDH's State General Support of the Hospital Program has decreased to \$358 million from \$599 million, a 40% decline. The entire program is largely supported by the Federal Government and the Hospital Providers. Through Provider assessments and other financing mechanisms, the Hospital Providers have doubled their support since SFY 2014 to \$681.5 million. For every single dollar the State cuts healthcare, the State only saves 10 cents in State General Funds, making cuts to healthcare counterproductive to the budget.

We look forward to the opportunity to work with you and members of the Legislature to find a solution that does not cause devastating consequences to patients, students and employees at UMC. Thank you for your ongoing support for healthcare in Louisiana.

Sincerely,



Bill Masterton
President and CEO
UMC New Orleans



Steve Nelson, MD
Dean
LSUHSC School of Medicine



Lee Hamm, MD
Sr. Vice President / Dean
Tulane University School of Medicine

