N.O.'s Care System May Grow Financially Stronger

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Downsizing may put New Orleans' two medical schools, Tulane University and Louisiana State University Health Sciences Center, on sounder financial footing than they were before the floods of Hurricane Katrina wiped out much of their infrastructure and dispersed their faculty, residents, and student bodies.

While closure of several hospitals and clinics affiliated with those schools is of concern now, Dr. Larry Hollier, chancellor of the LSU Health Sciences Center predicted that a new primary care system under consideration eventually could better serve the city's charity care needs. Louisiana had the second highest number of uninsured individuals in the nation in 2005. Access and payment issues, however, continue to be a concern in the interim.

In late February, the federal Government Accountability Office estimated that only 456 beds were open at three hospitals in the city, down from 2,269 before the storm. (See box.) Outside the city, about 1,528 beds out of a total 1,814 had reopened.

Just two of the city's nine hospitals are fully reopened. A third, Tulane University Hospital and Clinic, has opened 62 of its 237 beds. Before the storm, 90 clinics, including 70 that were operated by the state, provided care for the uninsured. Now just 10 are open, and most are operating at 50% or less capacity, according to the U.S. Government Accountability Office.

Hurricane Katrina accelerated a long-simmering debate about what to do with the city's two main charity care facilities—University and Charity hospitals, both owned by the state and operated by Louisiana State University. Charity Hospital is housed in a 21-story facility built in 1939, but has been in continuous operation since 1736. University Hospital was built in the 1960s.

Together they had 500 beds; Charity was the central service site for the uninsured, but was deteriorating before Katrina, said Dr. Larry Hollier, chancellor of the LSU Health Sciences Center, in an interview.

LSU has said that it will not reopen Charity, but that it will reopen University on a phased-in basis, with 100 beds in July, 200 by November, and 250 by January. An LSU-hired consultant estimated that it would take $117 million to repair University and $257 million to get Charity back in operation. However, the Federal Emergency Management Agency—which is slated to pay for the hospitals' recovery because they are in a federal disaster area—had much lower estimates: $12 million for University and $24 million for Charity, according to the GAO report.

Without Charity, Tulane University Hospital is seeing more uninsured patients these days—about 30% of its patient visits. "That's a huge increase" from before the hurricane, said Dr. Ronald Amedee, dean of graduate medical education at Tulane.

Dr. Hollier, his LSU colleagues, and state government officials are proposing to build a new hospital in conjunction with the Department of Veterans Affairs, which also lost its 206-bed facility.

"We need more third-party payers," said Dr. Hollier in an interview, noting that Louisiana pays for most of the charity care in a state where 23% of the population is uninsured.

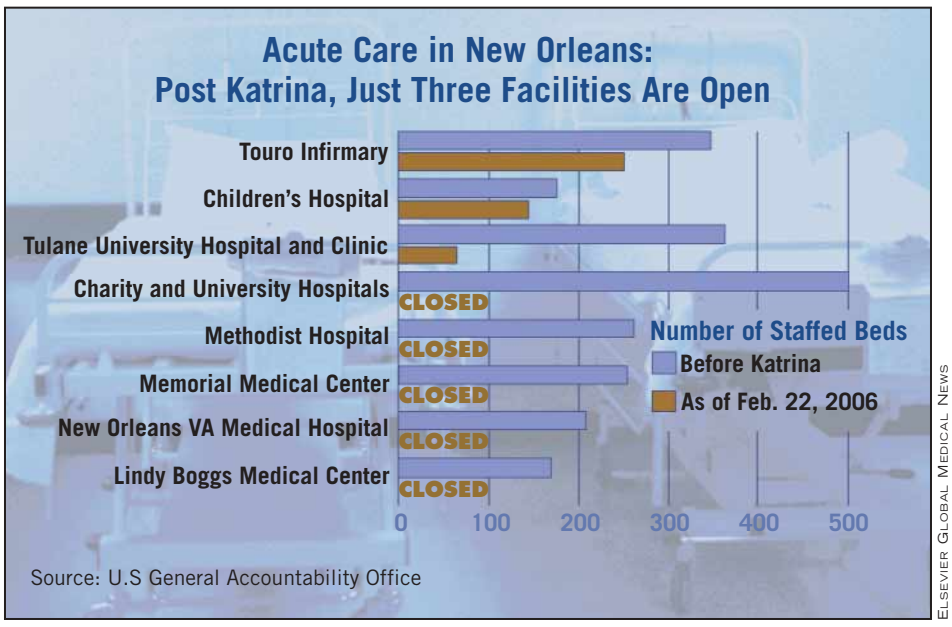
So far, Congress has approved $75 million in planning funds, and the Bush Administration set aside $600 million for new construction in the hurricane relief package. But the joint hospital plan still needs to be approved and fully funded by Congress. The soonest that could happen is the end of the year, Dr. Hollier said.

"Everybody understands the urgency of this to the city," Dr. Hollier said. But under the new post-Katrina system, he added, "I think there will be better access for the uninsured."

Under a plan being advanced by LSU, the state would open more primary care clinics around the city. But it's not yet clear who will pay for those clinics, Dr. Hollier said.

And with so many neighborhoods still sitting empty, no one knows where those clinics would be built or whether there will be anyone to serve in those areas.

With all seven of LSU's teaching hospitals initially out of commission, LSU moved its residents to hospitals outside the city and across the state, in particular to Baton Rouge. Some are now back at work in New Orleans. At Touro Infirmary, which is down to 250 beds (from 345), LSU now has 50 residents—a substantial increase from the 8 who served there before the storm.



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Dr. Ronald Amedee, dean of graduate medical education at Tulane, said that before the storm, the school had 46 fully accredited programs and 521 residents and fellows in the city. With the evacuation and closures, most were transferred elsewhere.

LSU had 802 residents at 12 teaching hospitals around the state before the storm. Most were moved to other hospitals in Louisiana, and 100 have been granted permanent transfers.

But just because Tulane and LSU found positions for its residents doesn't mean the schools are going to be paid for their salaries and upkeep. Under the federal graduate medical education program, schools are required to have affiliation agreements. The schools sought a waiver from the Centers for Medicare and Medicaid Services to receive payment for those new slots.

In April, CMS announced its intention to grant the waiver, which would let schools receive payments retroactive to the storm for residents at any institution and will become final later in the year.

Since the hurricane, 132 medical faculty members at Tulane and 270 at LSU have lost their jobs. LSU faculty members were furloughed, but most are not expected to return, according to Dr. Hollier.

Primarily supported by the state, LSU has more of an uphill financial battle than does Tulane, which has benefited from its hospital being owned by HCA Inc.

In the months after the storm, LSU was losing $13 million a month, and at the end of 2005, it was facing a $50 million deficit even after $63 million in cutbacks. In February, LSU received $50 million in federal hurricane relief money, which was distributed by the state-run Louisiana Recovery Authority to help cover resident and faculty salaries.

On a bright note, the medical schools and residency programs are experiencing intense interest. At LSU, 76 of the 172 students in their graduating medical school class decided to stay in-state for residency. Tulane's 70 residency slots were easily filled; 20 are from the medical school's 2006 graduating class.

"This is one of the most successful matches we've had in decades," Dr. Amedee said. "We really hit it big."

Tulane aims to reopen its medical school in July. About 8,000 students have applied for 155 positions. The school attracted top-tier candidates. But they were different than those in years past—many have done charity work in developing countries or with organizations like Habitat for Humanity, and many are seeking a dual master's degree in public health and an MD degree.

"I've got an overfilled class," said Barbara Beckman, Ph.D., dean of admissions at the Tulane Medical School, noting that Tulane always has a large number of applicants, but "what's different this year is the enthusiasm level." Added Dr. Beckman, "I wouldn't be anywhere else, and I think that's what the students feel." ■

Hospital Mortality Reports Are Not Always Best Measure of Quality

SAN DIEGO — So-called zero-mortality hospitals subsequently experience mortality rates that are similar to or higher than those of other hospitals, Dr. Justin B. Dimick reported at a congress sponsored by the Association for Academic Surgery and the Society of University Surgeons.

To determine whether zero-mortality hospitals actually achieved better results than did other hospitals "or were just lucky," Dr. Dimick and his associates obtained national Medicare data for 1997-1999 on five high-risk operations that are widely included in quality improvement measures and programs: coronary artery bypass grafting; abdominal aortic aneurysm repair; and resections for colon, lung, and pancreatic cancers. For each procedure, the researchers defined zero-mortality hospitals as those with no inpatient or 30-day deaths over the 3-year period.

The investigators compared the mortality rates of the zero-mortality hospitals for the subsequent year (2000) with the mortality rates at other hospitals.

No significant difference in mortality was observed between zero-mortality hospitals and the other hospitals for the following four procedures: coronary artery bypass surgery (4.0% zero-mortality hospitals vs. 5.0% other hospitals), abdominal aortic aneurysm repair (6.3% vs. 5.8%, respectively), colon cancer resection (6.0% vs. 6.6%, respectively), and lobectomy for lung cancer (5.1% vs. 5.3%, respectively). In pancreatic cancer resection, however, the mortality rate was significantly worse for zero-mortality hospitals than it was for other hospitals (11.2% vs. 8.7%, respectively).

The researchers also observed that zero-mortality hospitals had fewer cases of all five operations than the other hospitals had.

"More attention should be paid to sample size in quality measurement," recommended Dr. Dimick of the University of Michigan, Ann Arbor. He also called for hospital quality measures that "are more reliable and precise."

The findings suggest that in deciding where to have surgery, patients "cannot consider a reported mortality of zero as a reliable indicator of future performance," said Dr. Dimick.

Right now the Agency for Healthcare Research and Quality is using operative mortality rates as quality measures. These are being published on Web sites, despite data showing [such measures] may not be useful," he said.

—Doug Brunk