

**UNITED STATES HOUSE OF REPRESENTATIVES
COMMITTEE ON ENERGY AND COMMERCE
SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATIONS**

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Mr. Chairman and members of the Committee: Thank you for the opportunity to speak to you all about the state of health care in the New Orleans region eighteen months after Katrina and about Tulane University's role in the recovery. Since Hurricane Katrina devastated our city—and our healthcare system—in August 2005, we've seen enormous progress in some areas despite almost overwhelming challenges. In other, critical areas, we have seen shockingly little progress resulting in a situation that now appears to pit the Federal Government against the State of Louisiana. Such an impasse will only make reform more difficult and the ensuing delays in the decision making process could threaten the very existence of our medical training programs. As you can see, we still have a long way to go before health care for the citizens of our region approaches anything near what we used to deem "normal."

First, I want to thank members of the Committee for your support for the region over the last eighteen months. Many of you have been to New Orleans and have seen firsthand both the devastation and the progress. For those of you who have who have not yet been to the region, I urge you to come at your earliest opportunity. Through efforts such as this hearing and the spotlight it continues to shine on the challenges of our region,

it is my hope we can move toward a system that provides equal access to quality care for all our citizens while also training a qualified and committed physician workforce that will assure the future of care in our state and region. At the end of the day, this is all about access to care for all our citizens, now and in the future.

My institution is somewhat different from those of my colleagues on this panel. I represent an institution of higher education whose mission includes not only providing healthcare to the citizens of the region but also training future physicians. Today, I'd like to focus my comments on four key areas:

1. Tulane University's efforts in the immediate aftermath of the storm;
2. Our continuing efforts to train the future physicians and provide clinical care;
3. The immediate needs for retention of a qualified workforce; and,
4. Long-term needs associated with maintaining and growing an adequate physician workforce to meet patient needs.

Tulane University: After the Storm

The past year and a half has been extremely challenging for everyone in New Orleans, but especially for those of us trying to assess healthcare needs, rebuild a broken healthcare system, continue to provide care for all New Orleanians who need it, and continue to train young physicians. The Tulane University Health Sciences Center suffered losses of greater than \$200 million dollars in property damage, lost research assets and lost revenue. Through the storm and since, despite seemingly overwhelming

challenges Tulane—the largest employer in Orleans Parish—has continued to do exactly what it has done since its creation in 1834: providing health care, educating physicians, and advancing medical knowledge through research and discovery in New Orleans and Louisiana. Over the next few minutes I would like to update you on Tulane’s current activities, our place in the recovery of health care in the New Orleans area, and our concerns for the future.

When Hurricane Katrina struck in August of 2005 it left our 620 medical students, 520 residents and most of our faculty and staff scattered across the country. Our IT system was inoperable, all communications systems had failed and our student and personnel records were trapped in flooded buildings in New Orleans. At that point Tulane University consisted of 30 people working out of a Houston hotel suite.

What was accomplished in the weeks after Katrina is nothing short of remarkable. Faced with a self-imposed target date of September 26 to resume classes and training for our medical students and residents, in three short weeks of long workdays we set up a medical school at the Baylor College of Medicine with our displaced students using Tulane's curriculum and taught by Tulane faculty. We received critical life support from, and will always be indebted to, four Texas institutions that formed the South Texas Alliance of Academic Health Centers: Baylor College of Medicine, The University of Texas Medical School at Houston, Texas A&M University System Health Science Center College of Medicine and the University of Texas Medical Branch at Galveston.

At the same time, back in New Orleans, a small but determined group of physicians and residents remained steadfast in their mission to provide care to those who remained in our

devastated city—both citizens and first-responders. Tulane University provided care at six sites, seven days a week in Orleans Parish, seeing approximately 500 patients per day and becoming the largest ambulatory care provider in the parish. In October of 2005, Tulane faculty and residents began to concentrate activities at Covenant House on Rampart Street. Since that time, more than 8,000 adult patients have been seen and currently 45 patients a day are being cared for. A separate pediatric drop-in clinic at the same site has seen close to 1,500 babies, children and young adults. At the drop-in center annex, mental health services have been provided to more than 141 clients for 536 visits since July.

In addition, Tulane Pediatrics, in partnership with the Children's Health Fund, has operated a Mobile Medical Unit treating patients at a variety of locations in New Orleans and in St. Bernard Parish. Since January, 850 adults and 1,000 children have received primary care services from Tulane Pediatric and Med/Peds faculty and residents in the mobile unit.

Training Our Future Physicians

Well-educated and trained physicians are essential elements in assuring access to quality healthcare services not only in New Orleans but throughout our country. Tulane's healthcare mission and medical education mission are intimately intertwined. Teaching faculty, supervising medical residents, provide a large portion of the care for most there. Today, a total of 327 Tulane residents and fellows are being trained in 40 programs,

approximately 63 percent of the number being trained pre Katrina. Each year that Tulane and the other major medical school in New Orleans, LSU, train a reduced numbers of residents, will have long-term implications for the supply of physicians in Louisiana.

In the 2005-2006 academic year Tulane and LSU required special waivers from the Centers for Medicare & Medicaid services (CMS) in order to allow their residents to continue their training in multiple hospitals throughout Louisiana as well as outside of the state. In order for this to occur, protracted negotiations between the medical schools, the hospitals and CMS occurred. In the event of another major disaster where major teaching hospitals may be forced to close, a better solution is needed to deal with the disruption in medical training. Despite the waivers granted by CMS, Tulane still absorbed unreimbursed costs of approximately \$3 million related to graduate medical education (GME) for the 2005-06 academic year. Even with reduced numbers of residents and redistribution of residents to new locations, we anticipate an additional loss of \$2 million for the current year. It is not a financial burden we are able to carry much longer.

In addition to GME costs, with the city's public hospitals down, the burden of care for the uninsured has been assumed by the city's private hospitals and private physicians. The state's Medicaid Disproportionate Share (DSH) payment system has historically been directed to the state's safety net hospital system. With the closure of the largest components of that system there was a major gap in funding the care of those patients. The federal government has taken steps to assist hospitals in the care of this patient population. In March of 2006, CMS allocated \$384 million for the uncompensated care

pool to help hospitals that were caring for the uninsured. While appreciated, these funds have not been sufficient to compensate hospitals, and none of these funds were allocated directly to physicians and other healthcare providers. Tulane faculty physicians will have provided \$6.8 million in uncompensated patient care between September of 2005 and June, 2007. Tulane University has been able to retain the majority of its physician faculty by guaranteeing salary through the end of June 2007—in effect, a private nonprofit educational institution has been using its dramatically impaired and limited financial resources to help underwrite healthcare in the state and help preserve the healthcare workforce. Having suffered losses of approximately \$500 million in Katrina—\$300 million in addition to the losses at the Health Sciences Center—Tulane cannot continue to do this and survive.

If we are to preserve the physician workforce both at our teaching institutions and in the general medical community, there needs to be immediate funding for providing care to our citizens. If this does not occur, New Orleans physicians will continue to abandon their practices and leave the community, and we will not be able to recruit replacements. Those that suffer will be the patients who cannot find adequate care. It has been calculated that approximately \$30 million per year is needed to provide basic reimbursement to physicians for uncompensated care. A mechanism to providing funding directly to providers must be considered in order to reimburse physicians for care provided in the past 18 months and for ongoing support of care.

Another important component of both the patient care and graduate medical education missions of our medical schools has been the New Orleans Veteran's Affairs Hospital (VA). Pre-Katrina, Tulane faculty physicians provided approximately 70% of the patient care at the VA and 100 resident physicians were on rotation at that facility. Since Katrina the hospital has remained closed, with inpatients being sent to other VA facilities, predominantly out of state. Outpatient clinics have reopened and visits are up to 75% of the pre-storm numbers. Currently, the VA is supporting 26 Tulane residents who are involved in the outpatient care. In order to provide optimal care to Louisiana's veteran population, keep them close to home and to return another important piece to the medical education pie it is essential to re-establish a VA hospital in downtown New Orleans. It is critical for Veterans that this facility be easily accessible from main transportation arteries and to the Tulane and LSU training programs. The VA must also be proximal to the medical schools so that the highly skilled faculty of those schools are available to provide state-of-the-art care, and foster the training of the physician workforce that is so important to the long-term future of health care in the region. It is also important for the economic development of downtown New Orleans that the VA be part of the growth of the Biomedical District. Tulane has been an integral partner with the New Orleans VA and desires to remain such in the facility's re-establishment.

Immediate needs: a stable physician workforce

According to the Louisiana Department of Health and Hospitals there were 617 primary-care physicians in New Orleans prior to Katrina. By April 2006, that number had dropped to 140, a decrease of 77%. In July 2006, Blue Cross Blue Shield of Louisiana reported a 51% reduction in the total number of physicians filing claims in Region I. nearly all of

this reduction—96%—was from Orleans Parish. The loss of additional clinical faculty at Tulane as well as LSU will not only decrease the available current physician workforce, but reduces the clinical teaching faculty needed to teach the next generation of physicians for the region and the state.

In addition to laying the groundwork for the future, there must be an immediate focus on the future of our Graduate Medical Education programs. According to a report prepared by the healthcare redesign collaborative, “The medical workforce situation has quantifiably deteriorated, but it could get worse before it gets better unless the state’s internal engine of physician supply is rebuilt and modified for the new demands of a redesigned healthcare system. That engine is graduate medical education (GME), a rich source of newly minted physicians in any state but particularly in Louisiana. Among the states, Louisiana ranked No. 2 in the number of its doctors having trained within the state, and No. 17 in retention of residents.”

In a sense, this is a long-term issue, but it requires immediate attention. I would request that Congress consider a time-limited grant program that would provide incentives to encourage clinical faculty candidates to come to one of the teaching institutions in the Gulf Region. Recently, \$15 million was made available for recruitment and retention of primary-care physicians. The Louisiana Department of Health and Hospitals is currently working on the details of how those funds will be distributed. But those funds do not apply to highly trained specialists needed to staff academic medical centers and training programs and provide care and educate the future physician work force. We would request that additional funding be made available for recruitment of qualified clinical

faculty to the region's institutions, including loan forgiveness, relocation and bridge funding to allow adequate time for physicians to establish a practice.

Long-term needs: rethinking graduate medical education & establishing a stable healthcare system

As stated earlier, the gridlock in which we now find ourselves is destructive in the short and long term for systems, hospitals, medical schools and most importantly the public we serve. The time has come for all parties to set aside their differences, share vital information and data and have an objective party lead constructive negotiations. As a partner in MCLNO and as a member of the administrative board with legislatively mandated fiduciary responsibility, Tulane would welcome direct involvement in the current business plan development process for the proposed new facility. To this point, we have not yet been asked to participate nor have we been privy to any information beyond what was presented in November, 2006.

The experience of Katrina revealed a major flaw in the way we fund Graduate Medical Education in this country, at least under the circumstances of a major disaster that results in the closure of teaching hospitals. The slots in which residents train are allocated to hospitals by CMS, and the reimbursement for the educational efforts of those residents is paid by CMS to those hospitals. In many cases, like those of Tulane and LSU, the responsibility for training those residents is held by major medical schools. To provide the optimal educational experience these medical schools will rotate residents through a variety of hospitals. In order to provide the residents with a stable pay source the medical

schools function as a common paymaster, paying the residents directly and receiving reimbursement from the hospitals.

When Katrina hit and MCLNO and other training hospitals closed, the medical schools were left with the responsibility of guaranteeing the resident training and payment of salaries, but it left us unable to seek reimbursement from closed hospitals. Other hospitals came to the fore and provided training opportunities, but in most cases were unable to provide payment to the medical schools, which continued to pay the salaries of all the residents. Temporary waivers were finally received from CMS that allowed the residents to continue their training, but these did not go far enough to protect the medical schools, and created a complex system of documentation on the already strained systems of the medical schools and the closed hospitals. To simply comply with the burdensome paperwork required, Tulane was forced to hire outside counsel to navigate the process and complete the documentation. Some look at residents as movable parts that can be rearranged to maximize CMS reimbursement. This is far from the truth, issues of program interrelationship, critical mass and quality of educational experience must be considered or accreditation will be at risk.

This system must be reviewed and revised before another disaster hits one of our nation's training institutions, be it flood, fire, earthquake or an act of terrorism. In Louisiana, medical schools must have greater flexibility and control over slots not being used by the parent hospitals due to full or partial closure. Current arrangements for the redistribution of closed or partially closed hospitals' unused slots require the hospital to enter into

affiliation agreements annually with the “receiving” hospital, and then for the medical schools to reach financial agreements with those receiving hospitals to repay the resident costs of the school. This arrangement puts the resident, the medical school and the receiving hospital at risk if the “home” hospital changes those arrangements or fails to execute affiliation agreements. For the protection of all, but most critically that of the trainee, medical schools must have greater control over both training and funding when a disaster results in total or near total closure of a teaching hospital. We now face a system that is uncertain and the instability created by the absence of our traditional training sites requires that we reconsider how these slots are distributed and by whom.

Conclusion

Tulane University and all the groups represented here today have many challenges still to overcome. But with the support of the American people and through our public leaders such as those of you on this Committee, we will recover. And through our recovery we will provide our citizens with the best possible health care and a highly trained and committed workforce that will be a cornerstone to the long-term revitalization of the city of New Orleans.

Specifically, we ask your consideration in taking the following actions:

1. We request this Committee consider convening a hearing to specifically deal with the issues surrounding Graduate Medical Education and possible solutions to preserve the quality of our training programs in the State. In

addition, Tulane would like to host a panel that would include representatives from the Committee, area medical schools and hospitals, as well as CMS and the AAMC to re-evaluate how resident training, and payment is dealt with in a disaster or other circumstances when the home hospital is either completely or partially closed, disrupting the training of those residents

2. Provide funding for reimbursement of physicians for providing care to the uninsured. It is estimated that \$30 million per year is needed.
3. Create funding to assist medical teaching institutions in the Gulf Coast region recruit qualified specialty teaching faculty to train the future physician workforce.
4. Support the re-establishment of the New Orleans VA Hospital in downtown New Orleans, in proximity to the medical schools to allow for optimal patient care, medical training, and economic development of the New Orleans Biomedical District.

While it is our job to create a healthcare system that will provide the citizens of New Orleans and the State of Louisiana with highest quality care, I would ask that you strongly encourage all of the parties to consider an objective party to lead us to consensus and that we mutually agree upon a deadline for making the broader decisions regarding moving forward. Once again, I thank you for allowing me to speak to members of this Committee today. With your help, we will continue to bring health care in our city and region not just back to where it was, but into an even better future.