Federal officials doubt Louisiana's health-care plan

By MARSHA SHULER
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Federal officials are questioning the funding mechanism for the Edwards administration's plan to implement a new health care delivery system for the poor and solve the $750 million state health care crisis at the same time.

The administration proposal would require the federal government to pay extra dollars, in a different manner than an earlier financing plan that did not meet federal muster.

If the federal officials do not agree with the innovative financing plan, the administration's plan could fail apart and the state is back struggling with a Medicaid funding problem.

"The financing is a big issue. That's a major issue — whether that will be acceptable," said Alisa Adamo, one of the members of the federal team reviewing the state's plan.

Federal and state officials are supposed to meet today and iron out the details of the ramifications of the plan. State officials say they believe they can overcome any federal concerns.

They note prior words of encouragement from the head of the federal Health Care Financing Administration.

Earlier, federal officials turned down a plan that called for a federal bailout until the state could gradually come up with sufficient matching funds to operate a $3.3 billion program.

The new plan relies on the Louisiana Health Care Authority, which runs the state Medicaid program, generating a $391-million profit during the 1995-96 budget year by operating a health insurance program for the poor.

That profit would be, in large part, gained by the federal government agreeing to put up extra funds until the state attracts some 700,000 uninsured citizens to join its plan.

Under the financing plan, the Louisiana Health Care Authority estimates it will sign up some 96,000 Medicaid recipients and another 400,000 uninsured citizens between July 1 and June 30, 1996.

But that alone won't make the state's financial plan work. In order for it to work, the federal government must agree to pay the state as if it had signed up another 300,000 to 375,000 uninsured citizens for the insurance coverage.

"That will be a questionable financing source," Adamo said.

Uninsured citizens with an income of 250 percent of poverty level — that is, a family of four making $37,000 — would be eligible for the program which would be run out of the state's charity hospital system.

Originally up to 200 percent of poverty would be covered — that would be $30,000 for a family of four.

While Medicaid recipients could choose between the public HMO and private health insurance providers, the uninsured would have to join the public HMO.

LHCA chief financial officer Don Elbourne said the federal government would be recognizing that the state-run health insurance program will eventually sign up those extra citizens.

"We know they are out there," said Elbourne. "We want them to pay us on a rate using some methodology to pay for those individuals we know are out there but have not presented themselves for services."

Elbourne said federal officials have indicated they understand the problem.

"There will be another 375,000 uninsured out there still not enrolled but we are at risk for them coming in and (the state) paying their medical expenses. The feds understand that and are willing to pay us for those," Elbourne said.

Elbourne said that the only way the state plan can attract the funds needed to run the estimated $3.3 billion Medicaid program the administration wants.

The plan calls for the extra funding to be there for a "transition period" while the state is working on getting more and more people signed up as members of its health insurance program.

The pool would decrease as more people are signed up.

"Most HMOs don't make a profit in the first year or so. They only get paid when people are signed up," Elbourne said.

"Transition funding is one type of arrangement that recognizes that and helps us get from one type of arrangement to another," Elbourne said.