ONE HUNDRED NINTH CONGRESS

U.S. House of Representatives
Committee on Energy and Commerce
Washington, DC 20515–6115

JOE BARTON, TEXAS
CHAIRMAN

December 15, 2005

The Honorable Michael O. Leavitt
Secretary
Department of Health and Human Services
200 Independence Avenue, S.W.
Washington, D.C. 20201

Dear Secretary Leavitt:

On September 15, 2005 – before the water had even fully receded from the streets of New Orleans – President Bush stood in front of St. Louis Cathedral and promised that the Federal Government would provide the majority of the funding for a combined Federal, State, and local program to resurrect New Orleans. It would be "one of the largest reconstruction efforts the world has ever seen" and the Federal Government "will do what it takes, we will stay as long as it takes to help citizens rebuild their communities and their lives." When the streets were rebuilt, "there should be many new businesses, including minority-owned businesses, along those streets." (*See,* "Bush Promises a Massive Rebuilding of Gulf Coast," *The Los Angeles Times*, Sept. 16, 2005, A1.)

It is now more than three months since Hurricane Katrina devastated most of the City of New Orleans, and much of the Southern Gulf coast. What once was a national crisis is now a national disgrace. As the *New York Times* reported this past weekend, "We are about to lose New Orleans." ("Death of an American City," *New York Times*, Dec.11, 2005.) While some progress has been made in cleaning up the debris and housing evacuees, large sections in this region – particularly in the New Orleans area – still lack basic services including electricity and other utilities and functioning educational and healthcare systems. The Federal agencies, including the Department of Health and Human Services (HHS), have not followed through on the President's promises. (*See,* "Wearying Wait for Federal Aid in New Orleans," *The New York Times*, Dec. 3, 2005, A1; "New Orleans Utility Struggles to Relight a City of Darkness," *The New York Times,* Nov. 19, 2005, A1; "Louisiana Sees Faded Urgency in Relief Effort," *The New York Times*, Nov. 22, 2005, A1; and "New Orleans Health Another Katrina Casualty," *The Washington Post*, Nov. 25, 2005, A3.)

You declared a public health emergency for the Katrina-affected area on August 31, 2005. That emergency still exists, and the continuing absence of the healthcare infrastructure for much of the New Orleans region hinders the area's recovery. We are writing you to ask your personal assistance, as the Cabinet officer responsible for guaranteeing the public health of the Nation, in mobilizing the Department to carry out the President's commitments. A well-functioning healthcare system is necessary not only to serve the returning residents and workers of New Orleans, but also for the reconstruction workers, the tourists, and the students who are so critical to the city's economy. While we do not suggest that this is the only sector facing continuing challenges in the recovery process, this area in particular should receive critical attention because much of the economic recovery promised by President Bush cannot go forward without the successful restoration of the healthcare system.

The first priority in that restoration must be Charity Hospital. The medical infrastructure of Louisiana revolves around Charity Hospital, the linchpin of the area's healthcare system for the poor, the uninsured, and those suffering serious trauma. Prior to the hurricane, Charity had more than 700 beds serving more than 130,000 patients per year in its hospitals and outpatient clinics. Charity is also the State's chief medical training facility. Affiliated with Tulane University and Louisiana State University, Charity annually trained more than 600 medical and dental residents and fellows and 2,300 nurses and allied health professionals, 40 percent of whom remain in Louisiana.[1] The once growing Louisiana medical research industry was based around Tulane, LSU, and Charity Hospital. Before Hurricane Katrina, Charity was also an internationally known Level I trauma center designated by the Secret Service as the trauma center of choice for the President and visiting dignitaries. The trauma center served nine parishes. (*See,* "Hospitals to Share Charity's Load," *The Times-Picayune,* Oct. 29, 2005, p. 1; and "Trauma Cases Test Oschner Clinic Team," *New Orleans City Business,* Nov. 28, 2005.)

But this center of Louisiana's healthcare system, which contributed $1 billion[2] to the city's economy, is not operational and, according to its chief executive, is "near its end" for lack of funds. ("Money Needed to Keep Charity Going," *The Times-Picayune,* Dec. 10, 2005.) The 3,300 university faculty, researchers, residents, and students are now scattered to other cities and States, and many may never return. New Orleans has been without a trauma center now for more than a month since a temporary military unit based at the convention center was redeployed to the Middle East. The nearest trauma center is in Shreveport, a four-hour drive by car. This would be unacceptable for any major metropolitan area in the United States, but additionally, this healthcare system serving the poor and the uninsured has been destroyed, and no replacement has been provided. And many reconstruction workers and returning residents are not only uninsured, but living and working in areas where serious traumas could result.

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[1] FY2005 Fact Sheet, Medical Center of Louisiana at New Orleans.

[2] Louisiana Hospital Association, "Hospitals and the Louisiana Economy," May 2002

A recent article in *The Washington Post* outlined the growing problems related to the closure of Charity Hospital, and the damage caused to many other medical facilities. The article notes that Hurricane Katrina damaged more than a dozen hospitals and uprooted thousands of private physicians.

> "Now, nearly three months later, health care remains scarce. The last military medical unit in the city is gone, leaving only Touro and Children's hospitals partially reopened. At the emergency room at Oschner Clinic Foundation in neighboring Jefferson Parish, visits are up 35 percent over this time a year ago, the number of uninsured patients has tripled and some wait as long as 10 hours for emergency care . . . [F]or most of the 25,000 clean-up workers – many of them uninsured – and an estimated 75,000 residents, health care is delivered in military tents that recently moved from a parking lot to the concrete floor of the convention center." (*The Washington Post*, Nov. 25, 2005, A3, *supra).*

It is clear that the Louisiana healthcare system and training structure will not be rebuilt without the focus and assistance of the Federal Government. So far, that assistance appears to be lacking or caught in bureaucratic delays and indecision. This is not conducive to restoring the region's population, its economy, or any of the goals established by the President. Many residents still struggle to find ways to access basic care, and the entire region continues to lose key healthcare staff through furloughs and eventual layoffs.

We further understand that in less than two weeks the entire staff of the Charity Hospital system in New Orleans, about 2,600 healthcare workers, will be laid off for lack of a $15 million per month grant or loan to preserve New Orleans's healthcare system ("A New Orleans without Public Health Care?", WAFB, Nov. 29, 2005). While many in the region are seeking some form of assistance to keep these workers from losing their jobs, no plan – including some form of Federal assistance – appears forthcoming. The Federal Emergency Management Agency (FEMA) denied a request for a community development loan. *Id.* If these critical healthcare workers leave the State to seek employment elsewhere, it will be particularly difficult to meet the increasing healthcare needs as recovery progresses. The loss of these healthcare workers will have profound consequences for not only the New Orleans region, but the State as a whole as 40 percent of all Louisiana's healthcare professionals train at Charity and its related institutions. It is increasingly difficult to square the President's commitment to rebuild the region with the reality on the ground.

Our staffs have been in contact with senior officials from HHS regarding these matters, but the information we have received has been disappointing. While we do appreciate the efforts that are being made by HHS officials, particularly those in the field, this effort still appears *ad hoc*, uncoordinated, and without the sense of urgency and priority needed to address the region's critical needs. Some basic steps have not been taken. For example, Charity needed a waiver from HHS before it could bill for the patients it treats in its "Spirit of Charity" tent facility, a makeshift facility which treats 150 people a day without charge. This waiver has not yet been received. HHS also needs to work with FEMA to determine what Federal funds are available for

the rebuilding of these public facilities and to make the money available as soon as possible. A strategic plan is needed from your Department – a plan that details the objectives for restoring the healthcare coverage, a list of priority services that must be available, dates for meeting crucial milestones, and officials assigned to carry out those priorities. Billions of dollars will be spent in that region. HHS (and other departments) should put in place a formal written plan and create a task force to help guide these efforts and maximize the funds spent on this recovery. Given our continuing concerns, we request that you answer the questions attached to this letter and that timely staff briefings be scheduled.

We appreciate your attention to this matter and request a response by Friday, December 22, 2005. We also request that your staff contact Committee staff to set up times for briefings. If you have any questions or need additional information, please have your staff contact Christopher Knauer or Edith Holleman with the Committee on Energy and Commerce Minority staff at (202) 226-3400.

Sincerely,

JOHN D. DINGELL
RANKING MEMBER

BART STUPAK
RANKING MEMBER
SUBCOMMITTEE ON OVERSIGHT
AND INVESTIGATIONS

SHERROD BROWN
RANKING MEMBER
SUBCOMMITTEE ON HEALTH

HENRY A. WAXMAN
MEMBER
COMMITTEE ON ENERGY AND
COMMERCE

Attachment

cc: The Honorable Joe Barton, Chairman
Committee on Energy and Commerce

The Honorable Ed Whitfield, Chairman
Subcommittee on Oversight and Investigations

The Honorable Nathan Deal, Chairman
Subcommittee on Health

The Honorable David M. Walker, Comptroller General
U.S. Government Accountability Office

Attachment

Questions for the Honorable Michael O. Leavitt
Secretary, Department of Health and Human Services

1. A written strategic plan developed by HHS for the restoration of healthcare services in the Gulf Coast region would focus the Federal response more effectively. It should include (a) the priorities of where hurricane relief monies for healthcare restoration should be spent, the source of those funds, and detailed reasons for such expenditures; (b) a listing of the healthcare services and institutions that should be restored or rebuilt; (c) the role of various Federal agencies in funding and/or restoring such services; and (c) a schedule for restoration Has HHS or any other agency developed such a plan? If yes, please attach a copy and include the names of HHS officials responsible for carrying out such a plan. If not, please describe any other strategic planning.

2. Has HHS established a task force to coordinate its response to the destruction of healthcare facilities and systems on the Gulf Coast resulting from Hurricanes Katrina, Rita, and Wilma? If so, please list the purpose of the task force, its members, and their respective responsibilities. If not, please describe how the Department is coordinating the response among its various offices and other government agencies and attach any relevant documentation.

3. Is there an inter-agency task force in place that has as one of its responsibilities coordination of the restoration of the healthcare systems along the Gulf Coast? If yes, please describe the task force, list the HHS representatives, and attach any relevant documentation. If the answer is no, please discuss in detail how the Federal response is being coordinated.

4. Under its Public Assistance program, FEMA is responsible for providing 75 percent of the funds to rebuild public facilities, such as hospitals and community health centers, damaged or destroyed by natural disasters. Five hospitals – three of which are public facilities – and several community healthcare centers were destroyed or severely damaged by Hurricane Katrina. At least one was damaged by Hurricane Rita. In previous disasters, FEMA has not provided funds to rebuild healthcare facilities in a timely manner. Has HHS been briefed regularly by FEMA concerning the status of the reimbursement? Has HHS taken any steps to encourage and facilitate timely payments by FEMA?

5. The current Federal cost share under the FEMA Public Assistance Grant Program is 75 percent, which can be increased in catastrophic disasters. Hurricane Katrina has been classified as an "incident of national significance," or a catastrophic disaster. Has HHS taken any steps to evaluate whether the Federal share should be increased for these facilities? If so, please describe them. If not, please explain why not.

6. FEMA has the authority to provide emergency shelter for medical personnel on the basis that medical care is an "essential community service." HHS has reported that its Public Health Service team in New Orleans is "working on" housing for healthcare workers. However, *USA Today* recently reported that New Orleans-area hospitals were "in desperate need of staff," mainly because there was no housing for staff ("Gulf Region's Hospitals Struggling after Katrina," *USA Today,* Dec. 5, 2005). What steps is HHS taking to encourage FEMA to respond in a timely manner to these medical needs?

7. Was HHS consulted on FEMA's recent decision to deny a community development grant to Louisiana State University to assist in keeping Charity viable until new facilities could be obtained?

8. In a document presented to staff by Leslie Norwalk, Deputy Administrator of the Centers for Medicare and Medicaid Services (CMS) on November 29, 2005, it is reported that medical care for seniors, persons with disabilities, limited-income families, and children is "being addressed." Please explain what steps have been taken to address this need and if new legislative authority is needed.

9. The health care of the survivors and the existing Medicaid recipients are in jeopardy as long as Louisiana's tax base is in jeopardy. In the House reconciliation bill, there is a provision that would address this issue by providing a 100 percent federal match for all of Louisiana's Medicaid population as well as for evacuees who have been reallocated to other states. Please explain why the Administration is not supporting this bipartisan effort.

10. The Administration has said that it is using FEMA funds to help States set up uncompensated care pools. Please list the states and the amount of funds that have been committed for this purpose. If a State does not have an uncompensated care pool, how does it reimburse providers for giving medically necessary services and supplies for Katrina evacuees who have no other coverage for such services?

11. Please list all of the additional grants and other assistance provided to physicians willing to provide services in areas designated as Health Professional Shortage Areas that were also affected by Hurricanes Katrina, Rita and/or Wilma. Describe any outreach done to providers, local, and state governments to make them aware of this program.

12. Please list all of the State hospital preparedness grants issued by Health Resources and Service Administration to address needs resulting from Hurricanes Katrina, Rita and/or Wilma and the purpose of each of the grants.

13. Please list all of the Crisis Counseling Assistance and Training Program grants for outreach and crisis counseling that were issued by FEMA and being monitored by the Substance Abuse and Mental Health Services Administration to address evacuee needs resulting from Hurricanes Katrina, Rita and/or Wilma and the purpose of each of the grants.

14. Please list all of the applications from provider hospitals that the CMS has received under the Medicare Extraordinary Circumstances Exception provision resulting from Hurricanes Katrina, Rita and/or Wilma and that status of each of those applications.

15. Charity Hospital needs a waiver from CMS to bill for the services that it is providing in its tent facilities. What is the status of this waiver and any other CMS waiver of requirements that would be necessary for payment?

16. Charity Hospital is negotiating with Oschner Hospital to lease some facilities for a small Level I trauma center. Is HHS working with Charity to facilitate the accreditation of this center and its ability to bill patients and obtain Medicare and Medicaid reimbursement? Please describe the steps HHS is taking, if any.

17. Before Hurricane Katrina, Charity Hospital operated a Level I trauma center that served nine parishes in New Orleans and parts of Mississippi. What is the position of HHS and/or the Administration as to whether and when this capability should be restored? What steps is HHS taking to restore this capability? Has HHS and/or FEMA undertaken any action to establish a temporary Level I trauma facility staffed by the Public Health Service or other volunteer medical staff such as those serving as part of the National Disaster Medical System?