

TESTIMONY OF

**DONALD R. SMITHBURG
EXECUTIVE VICE PRESIDENT – LOUISIANA STATE UNIVERSITY SYSTEM
CEO – HEALTH CARE SERVICES DIVISION**

BEFORE

THE

**COMMITTEE ON
VETERANS AFFAIRS**

U. S. HOUSE OF REPRESENTATIVES

March 8, 2006

TESTIMONY OF DONALD R. SMITHBURG

Mr. Chairman and members of the committee, I am Don Smithburg, CEO of the Louisiana State University (LSU) Hospital and Clinic System in Louisiana. I thank you for your interest in health care in Louisiana after Katrina and Rita. I also thank you for your invitation to appear today and the opportunity to answer any questions you may have about Louisiana's state public hospital system, especially as a potential partner with the Veterans Administration (VA) in New Orleans.

I represent 9 of the 11 state public hospitals and over 350 clinics that traditionally have been called the "charity hospital system" in Louisiana. I would like to describe this system briefly.

Our hospitals and their clinics constitute the health care safety net for the state's uninsured and underinsured, particularly the working uninsured – 2/3 of our patients are hard-working Americans. In your states, this role is generally a local government function, but in Louisiana it is the responsibility of a state-run and statewide hospital and clinic system under the aegis of LSU. We have one of the highest rates of uninsurance in the nation – over 20 percent of the population, estimated to include more than 900,000 individuals. Another 21 percent of the citizenry is on Medicaid. So, 41 percent of Louisiana's population is without private health insurance. That was before Katrina and Rita. Blue Cross of Louisiana has recently projected a 200,000-person increase in the ranks of the uninsured as businesses fail because of the storms' destruction. Other state government reports estimate 275,000 are newly unemployed since

Katrina & Rita.

The LSU hospitals also have had an integral role in supporting the education programs of our medical schools and training institutions, and that includes not only LSU but also Tulane and the Ochsner Clinic Foundation. Our system flagship is in New Orleans and is commonly known as Big Charity. Big Charity actually consists of two hospitals - Charity and University operated under one medical center umbrella. At our New Orleans facility alone, there were over 1,000 Tulane and LSU medical students and residents in training, and many more nursing and allied health students, when Katrina struck and then devastated our institution. Some of these same students had rotations at the VA hospital in New Orleans as well.

As the flagship of our statewide system, Charity Hospital sits a stone's throw from the VA Hospital. Big Charity operated the only Level 1 Trauma Center that serves South Louisiana and much of the Gulf Coast. Today, these facilities sit in ruins. Charity Hospital has been deemed "uninhabitable and unsalvageable" for health care by consulting engineers, and the somewhat younger University Hospital (35 years old), although severely damaged and not viable in the long term, will be temporarily propped up by the end of the year as an interim solution to New Orleans' critical need for health services.

The potential collaboration between the Veterans Administration and Louisiana's state public hospital system is one propelled by unintended opportunity. With both systems' hospitals in New Orleans devastated by Katrina and the floods, we stand at a moment that may not occur again: A chance to jointly design and cooperatively operate a new facility that meets the needs of

both institutions and the patients they serve while at the same time achieving significantly enhanced efficiency, cost savings and quality health care.

But even more fundamentally, the collaboration rests on a natural and logical partnership between two similar health care systems. The new partnership may be historic, but it represents the historic joining of two public health systems – systems with similarities of structure and constraints. Both the VA and the LSU Hospitals and Clinics provide more extensive outpatient than inpatient care. Both are integrated systems incorporating a full range of medical specialties serving a relatively fixed population, a structure that opens opportunities for effective disease management and other programs that improve care while they conserve resources. Both systems live with appropriated budgets that have risen far less than the cost of care elsewhere. And yet, both of us have targeted and achieved substantial improvements in the operation of our systems.

The integrated structure and vision of the VA system has permitted it to become a leader in the development and use of electronic medical records. It has made tremendous progress in this and other areas in the last decade. Electronic medical records also are a high priority for LSU, although we are not as far along as the VA. In fact, the VA is more advanced in the electronic arena than most in health care. We feel that automated records management is a key to cost-effective, high quality care in the years ahead.

There are differences between the two systems, of course, and both should maintain levels of independence. LSU is distinguished by its mission to provide training for Louisiana's

future health professionals, but even that can only be enhanced by a constructive relationship with the VA. And there is every reason to think that care at the VA will be enhanced through our partnership. At the same time, its limited resources can be maximized.

The collaboration of the VA and LSU in the narrowest view offers the opportunity to solve the immediate facility problem of the two systems in New Orleans. But it also is an enlightened and visionary step that will create a major asset for a rebuilding community and a base from which to better serve the patients who depend upon us.

Some say the devil is in the details, but that does not give due credit to the need to secure financing. I am confident that with the VA we can develop a clear path to collaboration, but LSU and the State of Louisiana face the task of funding the capital costs of their share of the project. Funding capital for projects in the state is not easy, and the demands on the budget in the aftermath of the storms are far beyond our available resources.

Governor Blanco, and legislative leaders, have recognized and embraced the benefits of collaboration with the VA. The media has extolled the virtues of this potential collaborative. Despite so much coverage about what has gone wrong in dealing with the hurricane zone, thoughtful editorials have applauded this effort as a real diamond-in-the-rough. We welcome involvement from other allies. Together we can take advantage of an historic opportunity to improve care for those we serve and help rebuild a major American city.

Thank you again for your interest and for this opportunity to share LSU's perspective on this critical matter.