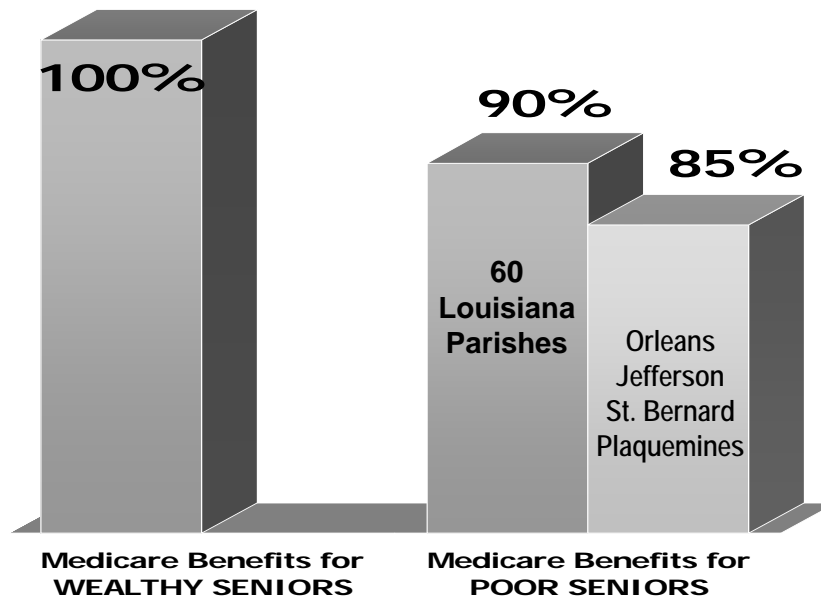


Louisiana Healthcare Agency Penalizes Orleans, Jefferson, St. Bernard, and Plaquemines Parishes

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In Louisiana, wealthy Medicare beneficiaries receive 100% of their promised Medicare benefits; but in 60 Louisiana parishes, poor Medicare beneficiaries with Medicaid receive 90% of their benefits, while poor beneficiaries in Orleans, Jefferson, St. Bernard, and Plaquemines Parishes receive 85% of their Medicare benefits.

Louisiana Penalizes Four Katrina-Damaged Parishes With Reduced Medicare Benefits for Low-Income Seniors



After Hurricane Katrina, the cost to run a medical practice in Orleans, Jefferson, St. Bernard, and Plaquemines Parishes is higher than the cost in the rest of the state. Medicare is required to adjust its payment schedule to account for geographic variations in the cost of providing medical services;¹ so Medicare adds a “cost-of-practice adjustment” to the payment schedule for these four parishes. Medicare divides Louisiana’s 64 parishes into two payment areas.² Medicare Area 01 covers Orleans, Jefferson, St. Bernard, and Plaquemines. In Area 01, for a New Patient office visit (CPT code 99204), the 2008 Medicare allowed fee *with* the Medicare adjustment is \$138.65.³ In Payment Area 99, which covers 60 other parishes, the Medicare fee, *without* any adjustment, is \$130.70.⁴

Louisiana Penalizes Four Katrina-Damaged Parishes - Hersh

The Congressional Balanced Budget Act of 1997 allowed Louisiana to decrease its share of the Medicare payment for low-income Medicare beneficiaries who also have Medicaid.⁵ In 2008, the Louisiana Department of Health and Hospitals decreased the combined Medicare and Medicaid payment for all low-income beneficiaries for this office visit to \$118.25 — and forfeited the Medicare cost-of-practice adjustment for Orleans, Jefferson, St. Bernard, and Plaquemines.^{6 7}

In 60 Louisiana parishes in Medicare Area 99, low-income Medicare beneficiaries lose 10% of their Medicare payment.⁸ But without the Medicare cost-of-practice adjustment, poor beneficiaries in Orleans, Jefferson, St. Bernard, and Plaquemines lose 15% of their Medicare payment.⁹ A physician who moves from these four parishes to another state that allows full Medicare-Medicaid payment will receive a 15% bonus.

About one-quarter of all Medicare beneficiaries in Louisiana are poor and have Medicaid.¹⁰ All Medicare beneficiaries worked, paid payroll taxes, and purchased the same Medicare benefits. A Medicare system where wealthy beneficiaries get 100% benefits, poor beneficiaries in 60 parishes get 90% benefits, and poor beneficiaries in Orleans, Jefferson, St. Bernard, and Plaquemines Parishes get 85% Medicare benefits is unjust. Louisiana's healthcare policy decreases access to healthcare for 108,000 low-income Medicare beneficiaries and encourages physician exodus from New Orleans and Southeast Louisiana.

¹ O'Brien-Strain, Margaret, et al. Review of Alternative GPCI Payment Locality Structures. Burlingame, CA: Acumen, LLC, 28 July 2008. Accessed 15 Nov. 2008
<<http://www.cms.hhs.gov/PhysicianFeeSched/downloads/ReviewOfAltGPCIs.pdf>>.

² Pinnacle Business Solutions, Inc. PBSI Medicare Services for the State of Louisiana. 2008 Fee Schedules. Accessed 15 Nov. 2008 <<http://www.lamedicare.com/provider/disclosure/default.asp>>.

³ Pinnacle Business Solutions, Inc. PBSI Medicare Services for the State of Louisiana. 2008 Fee Schedules. 2008 Louisiana Area 01 Disclosure. 78. Accessed 15 Nov. 2008
<<http://www.lamedicare.com/provider/disclosure/la01mpfsdb2008.pdf>>.

⁴ Pinnacle Business Solutions, Inc. PBSI Medicare Services for the State of Louisiana. 2008 Fee Schedules. 2008 Louisiana Area 99 Disclosure. 78. Accessed 15 Nov. 2008
<<http://www.lamedicare.com/provider/disclosure/la99mpfsdb2008.pdf>>.

⁵ Hersh, Sheldon. Healthcare Discrimination in New Orleans, Louisiana, and Nationwide. National Coalition for Dually Eligible People. Aug. 2008. Accessed 15 Nov. 2008
<<http://www.nacdep.org/HealthcareDiscrimination.8.08.pdf>>.

⁶ Louisiana. Dept. of Health and Hospitals. 2008 Reimbursement Rate Changes. July 2008. Accessed 15 Nov. 2008 <http://www.lamedicaid.com/provweb1/2008_reimb_change.pdf>.

⁷ Louisiana. Dept. of Health and Hospitals. Bureau of Health Services Financing. Louisiana Medicaid Professional Services Fee Schedule. 3 Nov. 2008. 1. Accessed 15 Nov. 2008
<http://www.lamedicaid.com/provweb1/fee_schedules/FEESCHED.pdf>.

⁸ $(\$130.70 - \$118.25) / \$130.70 =$ a 10% loss in Area 99

⁹ $(\$138.65 - \$118.25) / \$138.65 =$ a 15% loss in Area 01

¹⁰ Kaiser Family Foundation. State Health Facts. Accessed 6 June 2007
<<http://statehealthfacts.org/profileind.jsp?ind=304&cat=6&rgn=20>>.