

# **N E W S   R E L E A S E**

For Immediate Release

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## **STATEMENT FROM SPEAKER DEWITT/CHAIRMAN LEBLANC ON POSSIBLE MEDICAID-DSH FUNDS INCREASE**

Louisiana House Speaker Charlie DeWitt and Appropriations Chairman Jerry Luke LeBlanc issued the following statement concerning the possible increase of Federal Medicaid-DSH (disproportionate share) funds for Louisiana.

Recent action by the U.S. House of Representatives suggests that Congress may increase Federal Medicaid-DSH funds available to Louisiana. Depending on the final version, this could mean an increase of the DSH cap by as much as \$126 million. Due to the speculation that FY 03-04 budget levels may increase we felt very strongly that our position on this issue should be stated in advance of any federal action.

We believe any discussion on spending these additional dollars is premature for several reasons. First, these increases are part of a larger bill affecting Medicare drug coverage. Drug benefits will be the main focus of any conference committee action. Second, the U.S. Senate action reflects a more conservative view on increasing Medicaid -DSH. The Senate bill reflects smaller amounts and delays the additional DSH money until 2004-05. These factors suggest that we should **NOT** look to this federal action as an easy way to increase funding for state hospitals or health care in general.

(more)

### **add one - Medicaid-DSH Funds**

More importantly, since congressional action in 1997 to cap and gradually reduce DSH payments, the Louisiana House has taken the position that Federal Medicaid -DSH should not be spent just because it is available. We have consistently sought to avoid a rapid escalation of DSH spending, and as a result the state did not exceed its declining DSH cap over the past four years. Federal action to increase the DSH cap is not sufficient reason to change this basic policy now.

Finally, we believe that the state should, to the maximum extent possible, use any new Federal Medicaid -DSH money to mitigate the impact of the loss of Federal Fiscal Relief money after this year. In our positions as Speaker and Chairman, we will actively research options that will further this purpose. We intend to make those recommendations to our house colleagues once federal intentions become more clear. Conversely, we will look very critically at any proposals that only increase current spending and further add to the problems in the coming years.

In conclusion, we do not believe that pending action for more Federal Medicaid -DSH funds should be viewed as another federal bailout. It was made very clear that the current Federal Fiscal Relief was temporary. Adding more spending on top of this temporary money would only add to the future fiscal crisis. A more rational fiscal approach would be to use any new, more permanent, Federal Medicaid-DSH relief to reduce one time revenue exposure. State agencies affected by tight budgets should not expect such a bailout, and should not delay their decisions to implement their FY 03-04 budgets as appropriated.

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