



Kentucky Health Policy Institute  
3505 Winterberry Circle  
Louisville, KY 40207  
phasselbacher@khpi.org  
www.khpi.org  
502 802-5092

December 15, 2011

Louisville Metro Council  
601 West Jefferson Street  
Louisville, KY 40202

**Re: QCCT Hearing for December 15, 2011**

Dear Metro Council Members,

I understand you will meet today to consider a further appropriation for the Quality Care Charitable Trust for indigent care services at the University of Louisville Hospital. I cannot attend, but wish to offer these comments.

It is regrettable that the process of reauthorization of this program had to hit this bump in the road, but surely the University of Louisville and its Hospital should have anticipated that their new claim to be a private hospital, and their plans to affiliate with a religious health care system would necessarily have required additional review to determine if further QCCT payments were still legal and appropriate. Refusal to disclose meaningful records of their plans triggered a justifiable demand for such review.

The QCCT fund made good sense when it was begun nearly 30 years ago, but it may no longer be the most appropriate way for the City to fund the indigent care of its community. In the past, the finances of the Trust relied on Intergovernmental Transfer mechanisms (some would say scams) to leverage even more Federal Medicaid money that was not always used for required health care purposes. I do not know if this is still the case, but the fact that the University of Louisville returns over \$2 million of the City's \$9.6 M contribution makes me think it is.

Additionally it has been my understanding that University of Louisville Hospital captures its money by billing the Trust for its full charges to eligible patients. This has, in my opinion, led to undesirable inflation in charges, or at the very least a removal of incentives to keep charges as low as possible. What this means is that all other patients, including the indigent, uninsured, or those on sliding scale fee schedules are asked to pay more than they should. All three of my earlier studies of hospital charges in Louisville over the last 15 years place University hospital as one of the more expensive hospitals in the city and state in this regard.

The QCCT had its origin in Humana's promise that if the city and state made a contribution to indigent care, that Humana would make up the difference in the

hospital they managed at that time. The plan was focused on the hospital, not the needs of the indigent of Louisville. For example, Norton Hospital, and Jewish & St. Mary's Hospital both provide large amounts of indigent care, placing them in the top 20% of such providers nationally. Why should they not receive city and state assistance in that work? I recommend that it is time to take a fresh look at both the need and the mechanism of local and state support for medical care of indigent and underserved Louisvillians. If you wish to evaluate the program further, the Kentucky Health Policy Institute and I are willing to help. My 30-year involvement with many aspects of the healthcare systems of Louisville and the nation has given me the credentials to do so.

Should you decide that it is not appropriate to extend the City's appropriation without the review and accountability that I understand you want, University Hospital has some resources that it can use. For example, why is the Hospital transferring millions of dollars yearly to the Medical School for its commercial research operation? Should not that money be going towards medical care and capital development in the first place? Perhaps some of the Hospital's obviously large advertising budget can be used. There should be \$2 million "returnable" dollars in limbo somewhere. Unless you gave other assurances, surely University Hospital must have anticipated that this problem might arise and might appropriately have budgeted for it.

You have been placed in an unfortunate and undesirable situation. Perhaps you also now have an opportunity to consider whether the QCCT program still makes sense, or whether there is a better way to provide for the safety of our citizens.

Respectfully,



Peter Hasselbacher, MD  
President, KHPI  
<http://www.khpi.org/blog>