

# Commission on Streamlining Government

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## NOTICE OF MEETING

November 17-18, 2009

9:00 a.m.

Room A-B

## REVISED AGENDA

*added additional items to IX.*

*Consideration of Advisory Group Recommendations*

### I. CALL TO ORDER

### II. ROLL CALL

### III. APPROVAL OF MINUTES

*November 10, 2009*

### IV. SPECIAL ORDER - Charity Hospital/Medicaid

Mr. Fred Cerise, Vice-President, *Office of Health Affairs & Medical Education*

Mr. Alan Levine, Secretary, *Department of Health & Hospitals*

Mrs. Sandra Stokes, *Foundation for Historical Louisiana*

**AGEB #17** To rehabilitate and use the currently unoccupied "Big Charity Hospital" building as a public teaching hospital if the State of Louisiana decides to go forward with its plans to construct such a hospital in New Orleans.

**AGEB #20** If the existing but currently unoccupied "Big Charity Hospital" building is rehabilitated (instead of being rebuilt on a new site), and used as a public teaching hospital, \$50 million of the projected savings achieved by rehabilitating the hospital will be used to recruit health care professionals and researchers to the hospital and the schools affiliated with it in order to establish a world class academic research and medical center.

**AGEB #33** That the preferred drug list program for Medicaid be changed to provide for the two, and only the two, most effective therapeutic drugs that are also the cheapest for each illness. (This includes both generics and brand name drugs that offer rebates.) This will eliminate hundreds of less effective and more expensive drugs from the preferred drug list and could save taxpayers tens of millions of dollars.

**V. PRESENTATION**

Student-Based Budgeting

*Lisa Snell, Director of Education & Child Welfare, Reason Foundation*

**VI. RECEIVE ADVISORY GROUP RECOMMENDATIONS**

**VII. RECEIVE COMMISSION MEMBER RECOMMENDATIONS**

**VIII. PUBLIC COMMENTS**

**IX. CONSIDERATION OF ADVISORY GROUP RECOMMENDATIONS**

**Outsourcing, Privatization & Risk Management:**

- |                   |   |
|-------------------|---|
| <b>AGOPRM #21</b> | Department of Wildlife and Fisheries write an RFP to outsource control of aquatic plants.   |
| <b>AGOPRM #22</b> | Higher education institutions study the consolidation of purchasing functions among the campuses to increase purchasing power.  |
| <b>AGOPRM #23</b> | Department of Public Safety and Corrections – Corrections Services expand its partnership with Louisiana State University Health Sciences Center - Shreveport to provide the more costly medications to inmates in the Shreveport region. |
| <b>AGOPRM #24</b> | Office of Juvenile Justice consider privatizing health care services in secure care through an RFP.   |
| <b>AGOPRM #25</b> | Office of Juvenile Justice consider privatizing pharmacy services in secure care through an RFP.  |
| <b>AGOPRM #26</b> | Office of Juvenile Justice consider privatizing laundry services in secure care through an RFP.   |
| <b>AGOPRM #27</b> | The Military Department consider outsourcing billeting on their installations through an RFP.   |
| <b>AGOPRM #28</b> | The Military Department consider outsourcing utilities on their installations through an RFP.   |
| <b>AGOPRM #29</b> | The Military Department consider outsourcing fixed charge services on their installations through an RFP.   |

- AGOPRM #30** The Military Department consider outsourcing upgrades/replacement of sewerage treatment and waste water collections on expanding bases through an RFP.
- AGOPRM #31** The Military Department consider outsourcing and improving fleet utilization through an RFP.
- AGOPRM #32** The Department of Health and Hospitals establish a competitive procurement process for operation of inpatient mental health institutions and/or certain services provided at the institutions, and include in the solicitations a requirement for constructing new facilities without using any state debt.
- AGOPRM #33** The Department of Health and Hospitals, Office of Aging and Adult Services implement a needs-based allocation of services in the Elderly and Disabled Adult Waiver Program and the Personal Care Attendant Services Medicaid Option by the end of FY 2009-2010.
- AGOPRM #34** The Department of Health and Hospitals implement a competitive procurement process for Personal Care Services to reduce the number of providers in each Department of Health and Hospitals administrative region.
- AGOPRM #35** The Department of Health and Hospitals write an RFP to privatize secure residential services for persons found "Not Guilty by Reason of Insanity" and the "Lockhart" population.

**Efficiency and Benchmarking:**

- AGEB #37** The Department of Insurance be given permission to buy its own telephone system, which will be an improved system, and also save \$250,000 each year, beginning with the second year after the purchase.
- AGEB #38** The LSU Health Care Services Division be directed, to the maximum extent possible, to execute affiliation agreements with other hospitals that have high levels of Medicare patients and a commitment to resident training in order to receive additional money from Medicare for graduate medical education, which such additional monies are currently being left on the table because of low numbers of Medicare patients in the Charity Hospital system.
- AGEB #39** The Louisiana Department of Health and Hospitals be directed to reduce the administrative costs of the Louisiana Medicaid Program by 20%, which will achieve an annual savings of \$50.4 million.
- AGEB #40** The Louisiana Department of Health and Hospitals be directed to bid out Louisiana's Medicaid Program to a private health insurance company with the amount to be paid by the state capped at \$4,000 per insured. If a private insurer agreed to insure all 1.23

Louisiana Medicaid recipients for an annual premium of \$4,000 per insured, Louisiana taxpayers would save \$539 million in health care costs and \$252 million in administrative costs. The Commission further urges Louisiana's Congressional Delegation to encourage the United States Department of Health and Human Services to give its consent to Louisiana to take this action within six months.

- AGEB #41** The Louisiana Streamlining Government Commission recommends to the governor and the Louisiana Legislature that the Louisiana Department of Health and Hospitals roll back the Medicaid transportation program provider rates to the 2006 level, for a savings of \$13 million.

**Elimination of Duplicative and Non-Essential Services:**

- AGDNES #8A** Department of Transportation and Development further study reduction of back office functions and the number of DOTD project engineer offices. Review should also be taken regarding the elimination or consolidation of DOTD district offices.
- AGDNES #10** Develop plan to remove the state of Louisiana from the leasing of buildings and office space.
- AGDNES #24** Create a privatization and outsourcing unit within Division of Administration having appropriate experience and expertise and provide that such unit is a resource for all departments and agencies considering or implementing privatization or outsourcing regardless of which department controls the asset or the service being privatized or outsourced. The unit will serve as a center of functional excellence for privatization and outsourcing.
- AGDNES #25** Every department and agency be require to: (1) Organize itself structurally for the delivery of services along uniform regional boundaries as determined by the state; (2) Shift transactions with the public to an electronic online capability as appropriate; and (3) Support regional Government Services Centers under a "mall concept" whereby citizens may go for all government services and processes that could be accessed electronically or with the help of skilled specialists. Department and agency field offices be consolidated to such centers and surplus buildings and personnel be addressed.
- AGDNES #26** Each state department is to prepare and provide a review or an analysis of what could be changed, modified, consolidated, eliminated, streamlined, improved, and/or enhanced to ultimately permanently reduce or eliminate continuation costs or expenses in their respective department, agency, board or commission. Provide financial incentives for implementation of permanent sustainable savings.

- AGDNES #27A** Office of Juvenile Justice partner with Department of Social Services and other stakeholders to better implement the Families in Need of Services Program with a goal of preventing youth from entering the costly juvenile justice system.
- AGDNES #28A** School districts should work with Office of Juvenile Justice to forward Minimum Foundation Program funds to OJJ for students transferred to state custody and are no longer in local schools, eliminating the "double payment" for each student's education by the state and so that MFP dollars follow the student.
- AGDNES #29** Develop plan and explore efficiency opportunities for consolidating field sampling programs within the departments of Health and Hospitals, Environmental Quality and Wildlife and Fisheries.
- AGDNES #30** Department of Health and Hospitals to continue implementation plan to sell and/or lease the John J. Hainkel Home and Rehabilitation Center.
- AGDNES #31** Department of Health and Hospitals to study appropriate role and determine best future use of Villa Feliciano Medical Complex either as a medical facility or otherwise.
- AGDNES #32** Develop plan and explore efficiency opportunities for consolidating/leveraging of Department of Health and Hospitals and Department of Environmental Quality drinking water programs for testing and monitoring. Also, transfer the Lead-Based Paint Program from DHH to DEQ.

**Civil Service and Employee Benefits:**

- AGCS #1** The Department of Natural Resources should restructure the Office of the Secretary, Management, and the Atchafalaya Basin.
- AGCS #2** The Department of Natural Resources should integrate audit functions with the Department of Revenue where possible.
- AGCS #3** The permitting teams of the Departments of Natural Resources, Wildlife and Fisheries, and Environmental Quality should be co-located.
- AGCS #4** The Office of Coastal Protection and Restoration should promote cost savings by holding unfilled positions open and restricting travel.
- AGCS #5** The Public Service Commission should be subjected to the criteria of full cost recovery.

- AGCS #7** Increase the employee share of Group Benefits premium from the current level of 25% to 40% for the 2011 and 2012 fiscal years; reduce premium share to 35% for FY 2013, to 30% for FY 2014, and back to 25% for FY 2015 and thereafter.
- AGCS #8** The Department of State Civil Service should be redesigned to provide 21st Century working conditions and workforce management, including market equivalence for wages and salary, full decentralization of employment decisions, and seamless exit and reentry into the system
- AGCS #9** After a review of all Louisiana Public Service Commission telecommunication services, reduced the number of telephone lines plus delete voice mail.
- AGCS #10** Reviewed dues/subscriptions for the entire LPSC and eliminated those that were no longer serving our needs and/or were too costly.
- AGCS #11** Consolidated the number of copiers and electronic devices throughout the LPSC.
- AGCS #12** Downsized the number of vehicles from 32 to 14 and drastically cut back on personal assignment and home storage.
- AGCS #13** Use one purchasing source, all purchase orders are issued from one central location. Every effort is taken to buy in bulk and an adequate inventory of supplies and equipment is maintained. A requisition system for issuance of statewide has been implemented.
- AGCS #15** Continue to move toward electronic documentation and filing requirements to reduce paper, office supplies, postage, and other associated costs.
- AGCS #16** Continue to move toward electronic documentation and filing requirements to reduce paper, office supplies, postage, and other associated costs.
- AGCS #17** Whenever possible we will consolidate multiple investigations into subpoena requests to reduce enforcement cost.
- AGCS #18** Agency database has been created to maintain information obtained through subpoena process to avoid duplication of request for records that must be purchased.
- AGCS #19** The Office of Coastal Protection and Restoration should continue to integrate the state's existing coastal restoration, hurricane, and flood protection efforts.
- AGCS #20** The Office of Coastal Protection and Restoration should continue utilizing the support, staff, science and legal services of other agencies to avoid duplication and retain efficiency.
- AGCS #21** The Office of Coastal Protection and Restoration should continue to develop a prioritization tool to guide funding decisions and to identify the best opportunities to restore the ecosystem and protect Louisianans from hurricane and storm damages.

- AGCS #22** The Office of Coastal Protection and Restoration should initiate a study to determine the appropriate roles and responsibilities of levee districts, parish governments, the state, and federal agencies involved in hurricane protection and coastal restoration efforts.
- AGCS #23** The Office of Coastal Protection and Restoration should provide programs for carbon and water credits and apply the revenue raised to the cost of project development and implementation within the agency.
- AGCS #24** The Coastal Protection and Restoration Authority should ensure that the Office of Coastal Protection and Restoration engages in the third party, project-level technical review known as Independent Technical Review (ITR) that provides recommendations concerning project plans and designs.
- AGCS #25** The Office of Coastal Protection and Restoration should continue to pursue the strategic deployment of mitigation funds to provide quicker start and faster completion of projects.
- AGCS #26** The Office of Coastal Protection and Restoration should continue to reduce the time it takes to complete the contracting process.
- AGCS #27** The Office of Coastal Protection and Restoration should work with federal partners to improve the project development and implementation process, focusing on a reduction in the time which elapses between the initiation of a concept to completion of the project.
- AGCS #28** The Office of Coastal Protection and Restoration should continue to improve the new project budgeting and management system.
- AGCS #29** The legislature should require that all institutions of higher education bring their Tables of Organization on budget, to the extent and in the same manner followed by other executive branch agencies.
- AGCS #31** The Office of Workforce Development and the Department of Civil Service should begin discussions now, in anticipation of a reduction in the state workforce, to develop a plan for easing the transition from state service to private employment.

## **X. CONSIDERATION OF MEMBER RECOMMENDATIONS**

- Martin #01** Create Office of Behavioral Health within Department of Health and Hospitals to replace the current Office of Mental Health and Office of Addictive Disorders.
- Martin #02** Department of Transportation and Development eliminate its airplane.
- Martin #03** Department of Transportation and Development eliminate three ferry routes (Melville, White Castle and Reserve).

- Martin #04** Department of Public Safety and Corrections – Corrections Services outsource their pharmaceutical services.
- Martin #05** Department of Public Safety and Corrections – Corrections Services outsource the collection of probation and parole fees.
- Martin #06** Governor's Office of Homeland Security and Emergency Preparedness outsource commodity inventory.

## **XI. ADVISORY GROUP RECOMMENDATIONS HELD OVER**

### *Efficiency and Benchmarking*

#### **■ AGEB #3 - (10/27/09 referred back to AGEB)**

To limit the number of emergency room visits to two annually for treatment of non-emergency medical conditions for Medicaid enrollees under Louisiana's Medicaid Program who wish to have Medicaid pay for their treatment, and for patients who are not covered by a public or private insurance program, and therefore are uninsured, and who wish to receive their treatment without cost or substantially without cost because they are unable to pay for their treatment.

#### **■ AGEB #5 (10/27/09 "Fiscal Note")**

To provide that a Louisiana state prisoner, except those determined to have certain disabilities, who does not have a high school diploma, or who has not passed the General Education Development test (GED) certifying that he has American high school academic skills, shall not be eligible for probation or parole until he has passed the GED through a program offered by the La. DPS&C. To provide funds to the DPS&C for this responsibility.

#### **■ AGEB #10 (10/27/09 deferred)**

To direct state government to reduce the number of state government positions by at least 5,000 positions for each year of the next three years pro-rata by department through vacancies and attrition and without reducing the quality of products or services. Department heads are directed in their reorganization efforts to study and take into account layers of management, spans of control, clerical staffing levels, unit consolidation, process re-engineering restructuring, retraining for enhanced skills and headquarters staffing reductions. Department heads should increase productivity by providing training opportunities for employees who wish to learn new skills or improve old skills. To use twenty percent of the savings to increase compensation for employees taking on additional responsibilities.

- AGEB #21** To provide, by statute, for a Louisiana spending limit identical to the Oregon spending limit, known as the Oregon kicker law, with the exception that, under the Louisiana spending limit, excess revenues would first be deposited into the Louisiana Budget Stabilization Fund (the Rainy Day Fund) until that fund reaches its cap before any rebates are returned to individual or corporate taxpayers. The spending limit shall



be cancelled or overridden in a particular year only by a two-thirds vote of the Louisiana Legislature, which shall be subject to veto by the governor.

**AGEB #28** The Department of Natural Resources field audit program for royalties be transferred to the Department of Revenue and that no more than 75% of the monies spent by the Department of Natural Resources to perform this service be appropriated annually to the Department of Revenue to perform the service.

**AGEB #34** All departments and agencies in Louisiana state government be required to obtain the approval of the Joint Committee on the Budget of the Louisiana Legislature in order to retain an outside consultant in a contract equal to or greater than \$50,000 per year. The application for approval of the Joint Committee shall explain the following: (1) Why the department or agency needs to hire an outside consultant; (2) How the service provided by the outside consultant conforms to the mission of the department or agency; (3) Why the service of the outside consultant cannot be performed by a regular employee or employees of the department or agency; (4) How the outside consultant was selected; (5) What action the department or agency will take to satisfy the need that the outside consultant is being hired to address if the Joint Budget Committee does not approve the contract.

**Duplicative and Non-Essential Services:**

**AGDNES #6** Potential elimination of taxes that generate small revenues yet require substantial administrative management and infrastructure to the point that administrative costs exceed revenue proceeds.

**XII. MEMBER RECOMMENDATIONS HELD OVER**

**Donahue #2** That certain government services and processes be identified as activities to be funded in whole or in part through "full cost recovery" of expenses by the user or customer; that the criteria for setting the amount of cost recovery be established in consultation with the Society of Louisiana Certified Public Accountants; and that the data and information used, as well as the process employed to calculate the specific charge, and any audits thereof, be displayed on the department's or agency's website.

**XIII. OTHER BUSINESS**

**XIV. ADJOURNMENT**

**THIS NOTICE CONTAINS A TENTATIVE AGENDA AND MAY BE REVISED PRIOR TO THE MEETING.**

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Senator Jack Donahue, *Commission Chairman*