

BOBBY JINDAL
GOVERNOR



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OFFICE OF THE GOVERNOR

July 2, 2010

The Honorable Alfred W. Speer
Clerk of the House
State Capitol
Baton Rouge, LA 70802

Re: House Bill No. 1443 by Representative Edwards

Dear Mr. Speer:

House Bill 1443 by Representative Edwards establishes new procurement process requirements related to the privatization of certain mental health and addictive disorder facilities and programs. More specifically, the bill adds additional steps to the Department of Health and Hospitals' contracting process, which prolongs the process and the Department's ability to implement best practices for those with mental health needs as well as adding costs to the state.

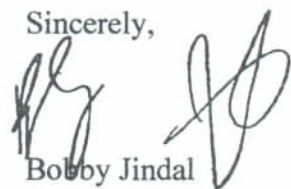
National best practices indicate persons with mental health needs should receive care in the least restrictive environment while still meeting their health care needs. Most mental health services delivered by the Department today are provided through private contracts, and this has enabled the state to provide more services to more people at lower cost. The Department utilizes patient by patient assessments as to needs, involves families and the care team, and seeks to provide the service in the setting best for the individual. It has been demonstrated that institutional services in certain instances can be operated more efficiently utilizing best practices within the private sector, and it is incumbent upon us to take advantage of those opportunities to save taxpayer dollars wherever we can, with the ultimate goal being to deliver high quality services cost effectively.

The state is facing a budget crisis that has not been matched in over 25 years. This is due to multiple factors, such as the federal government's decreased contribution to the state Medicaid program resulting in a \$339 million loss, and the federal DSH audit rule, which will decrease available DSH by \$200 million. The DSH audit rule itself is leading to a \$43 million reduction in funding for Louisiana's mental health institutions. The proposed executive budget filled this \$43 million federal hole with \$36 million in state general funds, but we must explore more cost effective measures. Our budget invests in expanded community-based services, and protects the institutions from what would have been devastating reductions.

The reality is that we cannot keep doing what we have always done and ignore the major reductions in funding by the federal government. And we must at the same time improve services. There are sufficient protections in law to ensure the request for proposal process has oversight. Adding additional steps to the procurement process outside of those protections will hinder the state's ability to deal with the challenges we face, will discourage potential partners from participating, may create legal impediments to implementation, and could result in increased expenditures.

For these reasons, I have vetoed House Bill No. 1443 and hereby return it to the House of Representatives.

Sincerely,

A handwritten signature in black ink, appearing to be 'Bobby Jindal', written over a printed name.

Bobby Jindal
Governor