

# Roadmap to a New Medical School in Central Louisiana

An Initiative by Louisiana College

## Executive Summary and Strategic Model

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## Executive Summary



In July 2009, Louisiana College’s Medical School Task Force presented to its Board Members the findings of a feasibility study and an economic impact report detailing a strategy to add a community-based allopathic medical school to its academic offerings.

Louisiana College’s extraordinary vision to establish a new medical school is a rare opportunity to positively affect several important local and statewide issues while honoring its Christian principles and educational mission to equip, lead, inspire and facilitate new entrants into the workforce.

Its historic decision will have the following impacts:

- It will establish a **sustainable economic foundation** for Central Louisiana.
- It will significantly **improve health care** regionally and statewide by adding more doctors to the physician workforce, particularly to hardest-hit rural and underserved areas.
- It will **create thousands of new jobs** in Central Louisiana and statewide.
- It will directly and indirectly **increase accessibility** of health care services through:
  - Employee-sponsored health insurance plans.
  - More disposable dollars into the economy for preventive care and purchases of prescription medicines.
  - Increased government revenues to fund agencies that provide health care services for the poor.
- It will **increase government revenues** by millions of dollars.

This report summarizes the cost of establishing the new medical school and its economic impact on Central Louisiana and statewide.

Production of two studies to evaluate the feasibility and the economic impact of a new private medical school was managed by Flood International Consulting Agency (FICA), a Louisiana-based health care institution planning and development specialist. FICA retained the services of nationally known health care researcher Tripp Umbach to independently perform the analyses.

## Louisiana College’s Readiness for a New Medical School

Louisiana College’s goal is for an inaugural class **60 students** with a long-term vision of growing capacity to **110**. Achieving class-size objective first depends on Louisiana College’s ability to successfully meet the requirements of the Liaison Committee on Medical Education (LCME) for accreditation to assure quality standards for education, function, structure and performance.



The U.S. Department of Education recognizes the LCME for accreditation of programs of medical education leading to the M.D. in the United States.

Louisiana College is expected to succeed in this endeavor. According to its website, its undergraduate Division of Natural Sciences houses one of the strongest pre-med programs in the southern United States. Its medical school candidates typically score high on the MCAT exam. Louisiana College has been consistently ranked by *US News and World Report* as one of "America's Best Colleges."

The Tripp Umbach report states, that with its institutional longevity, excellent reputation, commitment to academic excellence and strong governance and administration, Louisiana College is fully capable of meeting LCME requirements.

### Louisiana College will be the Founding Authority

The proposed private, allopathic community-based medical school will be located in Central Louisiana with **Louisiana College** acting as the **founding authority**.

The initial capital needed as the “start-up” budget will be **\$100 million (\$30 million for first year and \$70 million for facility costs)**. With this said, Louisiana College will secure, with contributions from multiple hospital partners and private/public funding, a sustainable annual budget. The multiple hospital partners will play a significant role with medical residency programs and help with the proposed integrated teaching model that the school plans to present.

From all of this a positive economic impact will be generated back to the regional community through jobs creation, increased government revenues and possible spin-off, creation and/or expansion of businesses and services

## The State is Not Producing Enough Physicians

Although Louisiana has three other medical schools (Tulane, LSU New Orleans and LSU Shreveport), statewide **physician production has been generally flat (see Figure 1 below)**. At current or even somewhat increased levels it will not meet anticipated physician workforce demands.

The effort to develop a medical college in Central Louisiana also responds to an appeal made by the Association of American Medical Colleges (AAMC). Seeking to avert a national physician shortage, they call for a **30% increase** in medical school enrollment throughout the country by 2015. They recommend adding an additional 5,000 medical students annually by boosting enrollment at existing medical school and creating new allopathic medical schools.

## There is a Critical Need for More Doctors

Louisiana state officials say there is a **critical shortage of primary care providers**. According to the Louisiana Department of Health and Hospitals website:

- **86%** of Louisiana parishes are designated health professional shortage areas.
- **25%** of Louisiana residents live in rural areas, but only **14%** of primary care physicians practice in rural areas.

Physician shortages result in poor health status due to lack of access to primary care.

- Louisiana is ranked **6th** in the nation in percent of the population lacking access to primary care.
- Louisiana has the **3rd** highest percent of uninsured residents in the nation at **19%**.

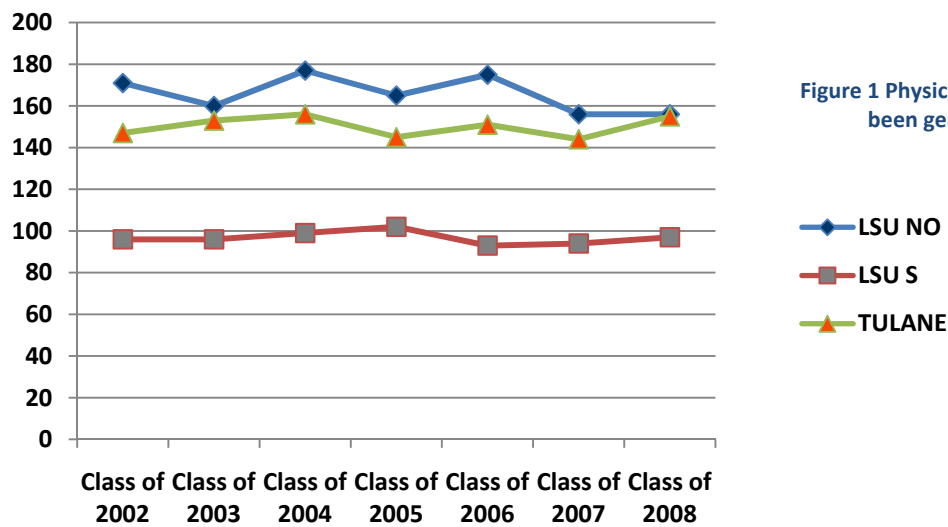
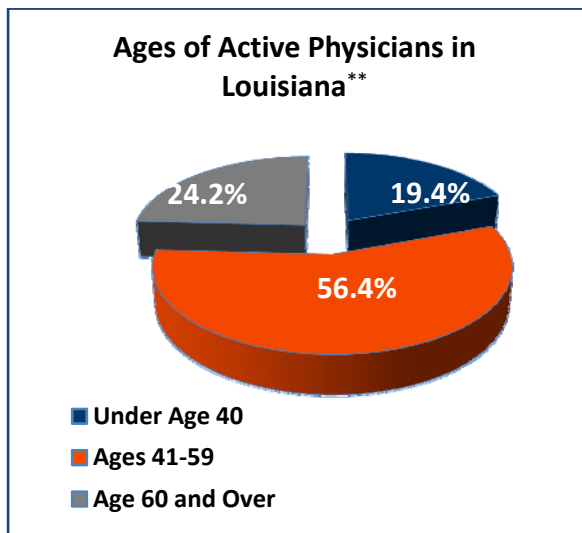


Figure 1 Physician production has been generally flat.

## The Age Factor: Louisiana Physicians Exit Workforce at Faster Rate Than They Enter

At the same time that the state population is increasing and baby boomers are aging (with their corresponding increased health care requirements), Louisiana's active physician force is aging. **The numbers of doctors under age 40 (19.4%) is less than the numbers who are over 60 years of age (24.2%).** It can be reasonably assumed that many physicians age 60 or older will leave their practices in the next few years.

Many older physicians now practice in rural parishes, which are already classified as medically underserved areas.\*



The aging of Louisiana's physician workforce is an often-overlooked aspect of the state's physician shortage issue. This disparity is problematic and adversely affects future physician supply. The trend adds increased urgency to the need to produce more physicians for the workforce.

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## Expected Population Growth Could Further Strain Delivery of Healthcare Services

The U.S. Census Bureau estimates that Louisiana has a current population of 4,410,796 (July 2008). **Some new estimates project that the population will grow to 5,161,800 by 2030,** with many new residents migrating to the state's southern corridor.

An increase in population could further stress mal-distributed health care re-sources.

Projections also indicate that **one-fifth or more of total residents will be age 65 or older,** which could greatly strain delivery of healthcare services to members of that age group.

Lack of access to physicians might inadvertently deny many older individuals needed medical care.

\* Non-metropolitan Generalist Age 56 or Older by County, 2005. *The Aging of the Rural Generalist Workforce: Are Some Locations More Vulnerable than Others?* AAMC, Doescher et al.

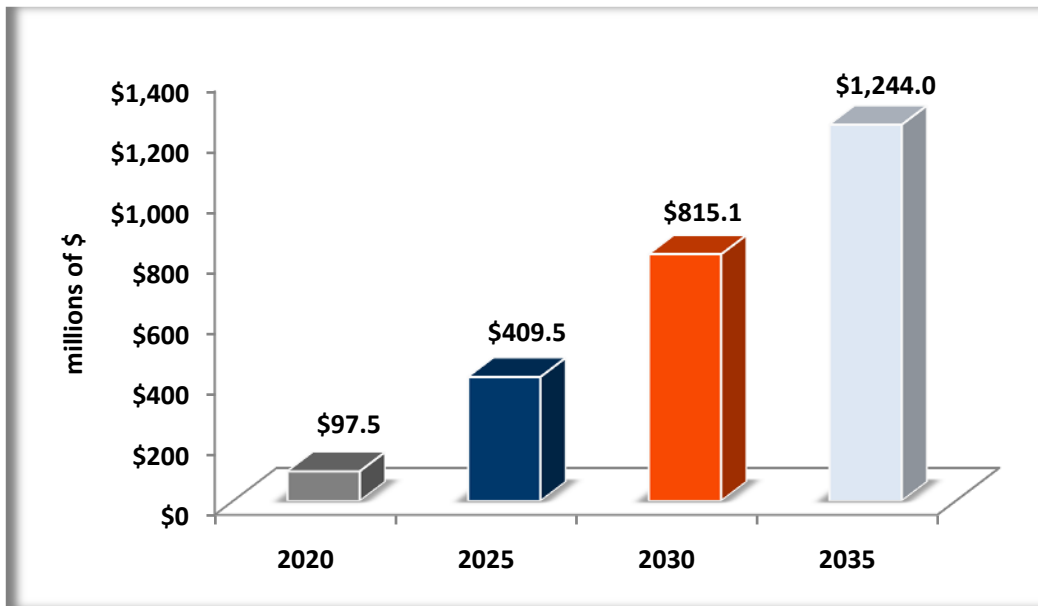
\*\* Data Source: *Ages of Active Physicians in Louisiana. AMA Physician Masterfile (January 2007).* Active physicians include physicians who graduated from a U.S. medical school, U.S. osteopathic school, or an international medical school. M.D.'s and D.O.'s who are residents, fellows, retired, semi-retired, temporarily not in practice, or not active for other reasons are excluded from this figure. Physicians whose age was unknown were also excluded from this analysis.

## The Value of Creating New Medical Doctors in the State of Louisiana

If the proposed medical school could reasonably insure that **66** new doctors were to stay in the State of Louisiana every year (historically the state has been successful in its retention rate of students who attend state universities), the newly created, otherwise non-existent, economic impact would be **\$97.5 million** per year beginning in **2020**.

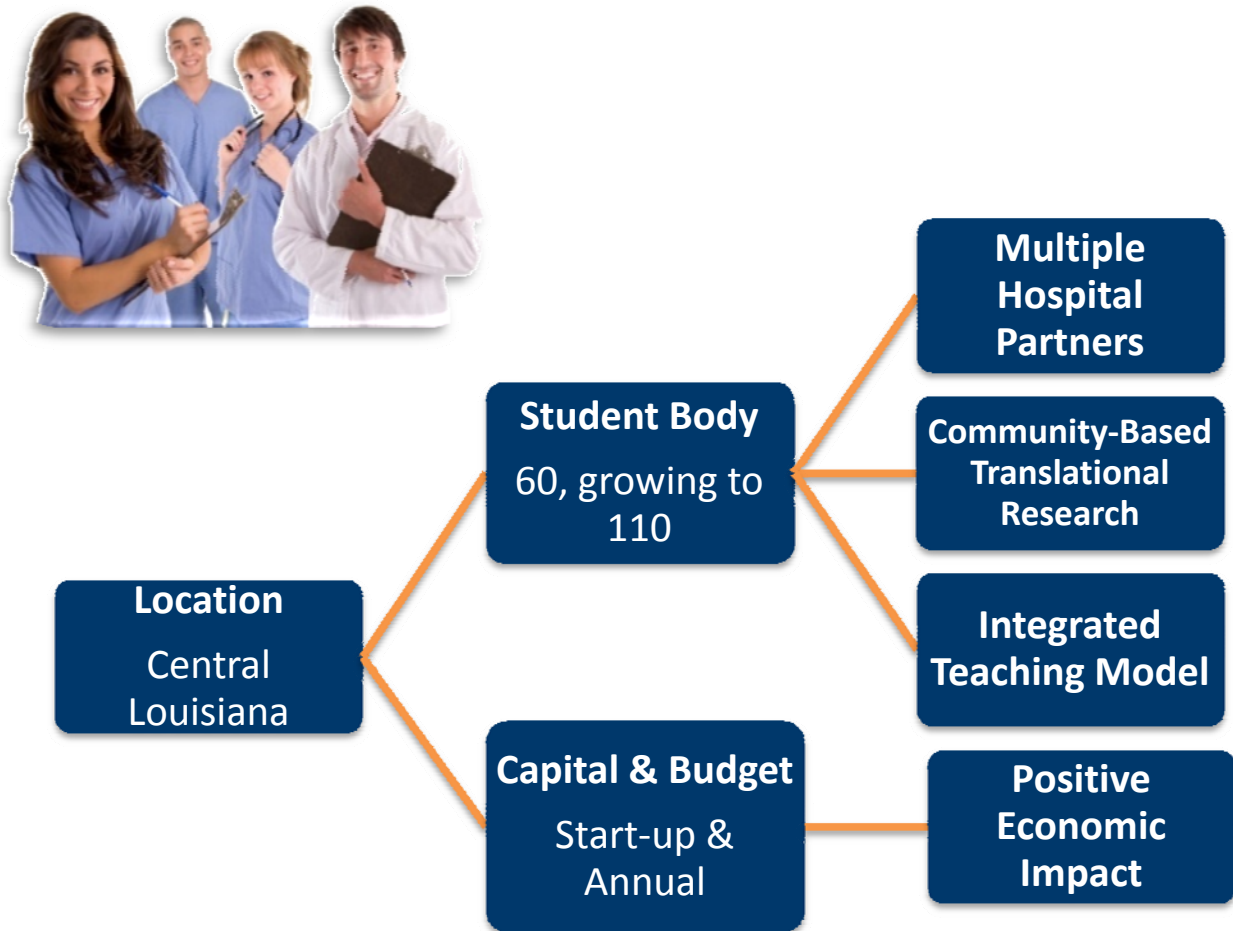
By **2035**, the new proposed medical school will have planted **957** doctors in the region – and these doctors will have an economic impact of more than **\$1.2 billion** (see Figure 2).

(For additional economic impact data and forecast, please contact Flood International Consulting Agency.)



**Figure 2**  
Value of Creating New Medical Doctors on the State of Louisiana  
(2020, 2025, 2030, 2035)  
Tripp Umbach

## The Community-Based Medical School: A Strategic Model



### Advantage of a community-based medical education program\*:

- Provides clinical training in settings that closely parallel the environment in which many physicians practice.
- Offers a greater focus on continuity of care, health improvement and disease prevention.
- Improves the recruitment of qualified physicians to participating communities.
- Strengthens the practices of local hospitals and physicians which interact with the college.
- Provides teaching and research opportunities to community physicians.
- Enhances the research of community and population-focused issues.

\*Source: A Roadmap for Medical Renewal and Economic Development in Northeastern Pennsylvania, Tripp Umbach.

## State of Louisiana

Tripp Umbach calculates the following impacts for the State of Louisiana.



### Economic Impact

- Tripp Umbach estimates that the total combined economic impact of the proposed new medical school at Louisiana College (medical and non-medical), physicians who remain to practice in Louisiana, the commercialization of research, increases in spending at hospital partner facilities, and the expansion of the bioscience industry will be **\$1.4 billion** by 2025.
- Tripp Umbach estimates that the proposed new medical school will become a leading economic engine in Louisiana by 2025; the College of Medicine operational impact is expected to generate **\$124.7 million**.

### Employment Impact

- Tripp Umbach estimates that the total employment impact of the proposed new medical school at Louisiana College educational programs (medical and non-medical), physicians who remain to practice in Louisiana, the commercialization of research, increases in employment at hospital partner facilities, and the bioscience industry expansion will result in a total economic impact of over **8,377 jobs** by 2025.
- Tripp Umbach estimates that the proposed new medical school at Louisiana College operations is estimated to generate over **626 jobs** for Louisiana residents in 2025.

### Government Revenues

- Tripp Umbach estimates that the proposed new medical school at Louisiana College educational programs (medical and non-medical), physicians who remain to practice in Louisiana, the commercialization of research, increases in spending hospital partner facilities, and the expansion of the bioscience industry will generate more than **\$45.1 million** in state tax revenue by 2025.
- Tripp Umbach estimates that operational activities of the new medical school will generate more than **\$3.0 million** annually by 2025.

**FACT:** In 2008, Louisiana ranked 50<sup>th</sup> in Overall State Health Ranking; it was 49<sup>th</sup> in 2007. (Source: United Health Foundation)

## Central Louisiana Region

Tripp Umbach calculates the following impacts for Central Louisiana.



### Economic Impact

- Tripp Umbach estimates that the total combined economic impact of the proposed new medical school at Louisiana College (medical and non-medical), physicians who remain to practice in Louisiana, the commercialization of research, increases in spending at hospital partner facilities, and the expansion of the bioscience industry will be **\$1.1 billion** by 2025.
- Tripp Umbach estimates that the proposed new medical school will become a leading economic engine in Louisiana by 2025; the College of Medicine operational impact is expected to generate **\$99.8 million**.

### Employment Impact

- Tripp Umbach estimates that the total employment impact of the proposed new medical school at Louisiana College educational programs (medical and non-medical), physicians who remain to practice in Louisiana, the commercialization of research, increases in employment at hospital partner facilities, and the bioscience industry expansion will result in a total economic impact of over **6,702 jobs** by 2025.
- Tripp Umbach estimates that the proposed new medical school at Louisiana College operations is estimated to generate over **501 jobs** for Louisiana residents in 2025.

### Government Revenues

- Tripp Umbach estimates that the proposed new medical school at Louisiana College educational programs (medical and non-medical), physicians who remain to practice in Louisiana, the commercialization of research, increases in spending hospital partner facilities, and the expansion of the bioscience industry will generate more than **\$36.0 million** in state tax revenue by 2025.
- Tripp Umbach estimates that operational activities of the new medical school will generate more than **\$2.4 million** annually by 2025.

**FACT:** Louisiana ranks second among states in poverty rate; only Mississippi ranks lower. (Source: Louisiana Poverty by the Numbers, *The Advocate*, April 20, 2008)

## Myriad Opportunities to Increase Economic Opportunity

Numerous studies have documented that lower family income is significantly associated with poorer physical and mental health status, less social support, more behavioral risk factors, higher rates of obesity and uncontrolled blood pressure, and poor medical diagnose.<sup>1</sup>

## Myriad Opportunities to Improve Health Care and Quality of Life by Increasing Physician Numbers and Accessibility

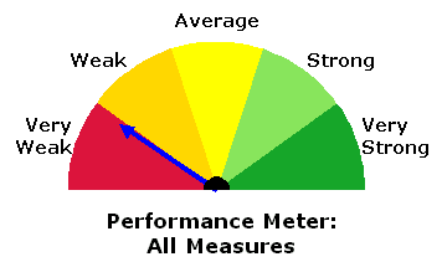
It is crucial that there are an adequate number of physicians and physician-specialists to serve the health care needs of individuals within geographic areas; however simply injecting more physicians into an area is not a health care panacea. Access to health care is also influenced by other factors including economic factors.

The combination of a medical school, which produces physicians, and its powerful economic engine, which produces jobs and services, is a unique match for the physician shortage and financial needs of Central Louisiana.

National surveys<sup>2</sup> reveal that those who have health insurance have better access to health care than those who are uninsured, make better use of preventive services, and have better health outcomes. The proportionate rise of employment due to the presence of the new medical school is expected to greatly increase employment and, in turn, the number of insured workers. This should remove access barriers for many who are currently underinsured or have no insurance.

The medical school's economic stimulus will also increase government revenues, which will fund health care agencies that serve the poor and make their services more widely available.

While there will always be accessibility issues for some segments of the population, a new medical school will provide broader access for many.



### Dashboard on Health Care Quality Louisiana Compared to All States

Source: Agency for Healthcare Research &  
Quality, U.S. Dept. of Health & Human  
Services

### Sources:

<sup>1</sup> Grant Parish Health Profile, Louisiana DHH, p. 158,  
<http://www.dhh.louisiana.gov/OPH/PHP%202005/PDF/Grant/Economics%20Grant.pdf>

<sup>2</sup> One such survey is the *Kaiser Commission on Medicaid and the Uninsured, Uninsured in America: A Chart Book, 2<sup>nd</sup> Ed.*

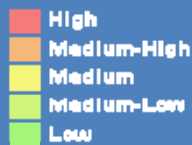
## Central Louisiana: A Safe Harbor from the Consequences of Extreme Hurricanes

Helping ensure the continuity of the State's health care education and biomedical research systems in the face of potential natural disaster

Hurricane Katrina, the third-deadliest hurricane in the United States since 1900, struck coastal Louisiana in August 2005 with devastating consequences. Economic losses were staggering.



Combined Hazards from  
Hurricanes (storm surge,  
flood zone, wind)



Source: National Coastal Data  
Development Center, NOAA

The survival of Tulane University School of Medicine and LSU School of Medicine at New Orleans, both located in downtown New Orleans, was severely jeopardized as every major educational and teaching facility flooded following the storm, closing both undergraduate and graduate medical training programs.<sup>1</sup> Despite extraordinary challenges, however, both schools quickly moved their educational programs to new locations and reestablished training for students and residents one month later.<sup>2</sup>

However much of the storm damage was irrevocable. Many biomedical research projects were interrupted or completely compromised with the losses of facilities, irreplaceable data, tissue samples and genetically engineered and other animals involved in ongoing medical studies.<sup>3</sup> An initial survey by the National Institutes of Health suggests that Katrina affected approximately 300 federally funded projects at New Orleans colleges and universities, cumulatively valued at more than \$150 million, including 153 projects at Tulane and others at Louisiana State University.<sup>4</sup>

Many experts say that New Orleans is in a state of continuous vulnerability to another Katrina-like storm. The issues remain controversial.

**No area is immune to the risks of natural disasters.** While each institution's emergency response plan provides for operational contingencies, weather-related setbacks can affect any organization, coastal or inland. **However, central Louisiana's location shields it from the direct impact of hurricanes.** Geography and the decentralized concept of the new medical school at Louisiana College could protect vital educational infrastructure, sustain operations and likely provide continuity of education and research if a mega-storm struck again.

### Sources

<sup>1</sup> *Medical Education in Post-Katrina New Orleans: A Story of Survival and Renewal*, N. Kevin Krane, MD et al, *JAMA*. 2007;298(9):1052-1055.

<sup>2</sup> Ibid.

<sup>3</sup> *Research Lost in Katrina Flood: A Newsmaker Interview With Paul K. Whelton, MD, PhD*, Medscape, Sept. 22, 2005. <http://www.medscape.com/viewarticle/513289>

<sup>4</sup> Ibid.

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