New Orleans: Demolition of homes to make way for new medical complex

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The New Orleans City Council approved an ordinance April 22 that allows the closure of streets in lower Mid City in preparation for the demolition of homes and construction of a new Veterans Administration Medical Center.

The move is part of a larger plan, developed before Hurricane Katrina, to build a new medical complex for both the VA and Louisiana State University, while shuttering the old Charity Hospital, known for both its Level 1 Trauma Center and the free care it provided to thousands of working class families.

At stake is not just the old Charity Hospital building—built under the authority of the Public Works Administration during the New Deal. More importantly, coming under attack are homes in the neighborhood—to be taken by eminent domain or state buyouts—and the provision of quality health care to working class families in the area.

Prior to Hurricane Katrina, the Charity Hospital system encompassed 10 state-owned hospitals and some 350 outpatient clinics throughout Louisiana. While a number of these have been threatened by budget cuts, the centerpiece of the system was the “Big Charity”—or Avery C. Alexander Charity Hospital on Tulane Avenue in New Orleans.

Until Katrina, Big Charity was the second oldest continually operated hospital in the country, having opened in 1736 shortly after New York’s Bellevue Hospital. It had been housed in its current building since the end of the 1930s, and was renowned for its government-funded care. Since the 1990s that care had been funded through the Louisiana State University (LSU) system.

According to this Internet timeline, the Avery C. Alexander Charity Hospital was ordered closed by LSU three weeks after Katrina. In the aftermath of the storm, temporary facilities euphemistically named “the Spirit of Charity” were moved first to the Morial Convention Center and then to an abandoned Lord & Taylor department store.

While the storm was used as a pretext for the closing, the damage—mainly flooding in the basement and blown-out windows—would not have been difficult to rectify. An architectural study released in August 2008 indicated that not only could the building be renovated into a state-of-the-art facility, but that doing so would cost less than a new building.

That Katrina was used as a pretext for closing the hospital is evident from the fact that Democratic Governor Kathleen Babineaux Blanco had launched a “health care reform” study in 2004, motivated in part by concern that Louisiana had the highest percentage of uninsured people in the country. According to a report by the National Economic & Social Rights Initiative, “At least two years before the storm, the state started weakening its commitment to the human right to health care through severe state budget cuts to the Charity Hospital system.”

A presentation given by the state’s Department of Health and Hospitals in March 2005 indicates that it had studied Massachusetts’ move toward a system requiring individuals to purchase health insurance. While Massachusetts did not pass its law until the following year, Louisiana was already considering the use of “insurance products” geared toward its uninsured population.

In this regard, Louisiana residents could learn from the experience of the Cambridge Hospital in Massachusetts, which was forced to lay off hundreds of people after losing revenue from the state’s traditional free care pool for low-income patients. The inclusion of an “individual mandate” to buy health insurance in the new nation al law will dry up government sources of funding throughout the country. Threats to workers' health in Louisiana will continue as the Obama administration attacks Medicaid and the associated Disproportionate Share Hospital dollars upon which the LSU system relies.

In its May 2008 report, the National Economic & Social Rights Initiative found that the percentage of uninsured non-elderly adults in the greater New Orleans area had increased to 25 percent from 21 percent before the storm, and that 27 percent of adults in the area were relying on emergency rooms as their primary source of care.

At the time of the report, more than half of those who had relied on Charity Hospital before Katrina were uninsured. The report noted that approximately 90 percent of uninsured New Orleanians received medical care at Charity or the smaller University Hospital before Katrina (University Hospital has since been reopened). Under these conditions, local authorities deemed it adequate to use an abandoned department store to provide medical care.

An August 2006 report on the HealthAffairs.org website indicates that even before Katrina only 54 percent of non-elderly adults in Louisiana had employer-sponsored health insurance, compared with a nationwide average of 61 percent. Health Affairs report notes, "The low employer coverage rate was tied to the large number of small businesses in Louisiana (about 95 percent of firms in Louisiana had fifty or fewer workers) with jobs in the service and tourism industries."

According to the US Census website, in the three years after Katrina (2006-2008), 16.1 percent of New Orleans families and 23.8 percent of individuals lived below the federal poverty level. The per capita income in New Orleans during that period was $22,000, and the median household income was slightly less than $40,000. In 2007-2008, 19.3 percent of all New Orleanians were uninsured.

The Kaiser family foundation reports that, in 2007-2008, 12 percent of Louisiana's children were in uninsured families, and more than 35 percent were in families relying on Medicaid.

Under pressure from community activists, the state legislature was forced to commission a study of the empty Big Charity building by the architectural firm RMJM Hillier, which found that the existing building could be turned into a state-of-the-art facility for approximately $484,000,000, and that the renovations would also be easier because the building is currently empty. The study found that renovating the existing building would be faster than building a new complex, and cost significantly less. (The study estimated a cost of $620,000,000 for the new complex.)

By August 2009 the *Times-Picayune* was estimating a cost of $1.2 billion for the new LSU complex. Despite roadside signs boasting about the jobs to be created, due to the state government's inability to raise this amount of funds, construction of the new hospital has not begun, and the old building remains empty. The Veterans Administration is pushing to move forward with its part of the new complex, which will be funded separately.

Some of the services formerly provided by Charity are being picked up by the smaller University Hospital up the street. However, the vacuum also presents profit opportunities for the Tulane Medical Center, which despite its association with Tulane University is owned by the for-profit Healthcare Corporation of America. HCA, with its deep ties to the family of former Senate Majority Leader Bill Frist (Republican, Tennessee), owns 82.5 percent of the Tulane Medical Center.

If it is not reopened as a hospital, proposed uses for the old Charity Hospital building include turning it into luxury condominiums. Along with the nearby Saulet luxury apartments, which cover about four city blocks, and the casino at the foot of Canal Street, this use would provide another haven for the wealthy. Working people, if the project goes through, will have no say about losing their homes in lower Mid City.