Mayor in Driver's Seat

Antonio Villaraigosa's road trips to Washington helped MTA to tap federal transportation money.

By MICHAEL S. WOJNAR

When the Transportation Infrastructure Financing and Innovation Act program was first established, it was largely ignored. After all, it was created at a time when federal spending and earmarks still seemed endless and plentiful.

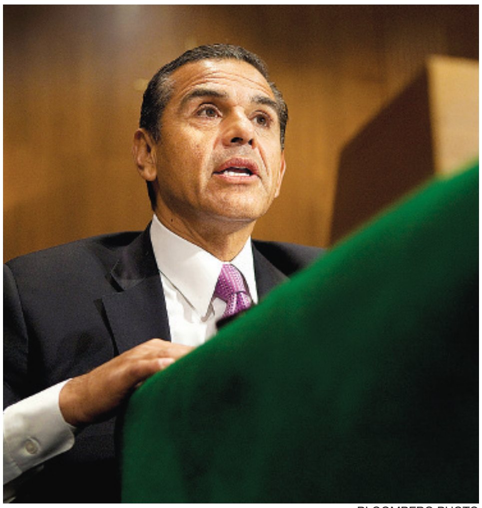
But as gas tax revenues have declined and states have struggled to maintain their aging transportation networks, TIFIA has become wildly popular. In fact, the level of TIFIA financing requested in the last two annual cycles has been more than 10 times the amount appropriated to it.

Signed into law last month and known as MAP-21, the new federal transportation bill included a major overhaul of TIFIA. Funding was dramatically increased from $122 million in fiscal year 2012 to $750 million in fiscal year 2013 and $1 billion the following year. Federal lawmakers also decided to declare projects eligible for TIFIA based solely upon a project sponsor's ability to repay its loans, thereby eliminating a previously used scoring system that moved applications forward based on a series of subjective criteria.

There's one major metropolitan region that is poised to benefit from these changes as soon as they are implemented: Los Angeles. It's no coincidence that it's the very same place where the plan to rewrite TIFIA was conceived.

In 2008, Los Angeles County officials proposed Measure R to increase the county's sales tax by a half-cent, thereby generating $40 billion in new revenues to pay for a full slate of gridlock-easing highway and transit projects over the next three decades. Assured that the dramatic influx of public spending would create hundreds of thousands of construction jobs, traffic-weary Angelenos approved the measure by a whopping two-thirds margin.

Officials at the Metropolitan Transportation Authority quickly realized that their electoral achievement had unlocked a massive opportunity, which became known as the 30/10 Initiative. By pledging a portion of the stream of anticipated Measure R revenues as a funding mechanism for federally backed loans in the form of bonds, the county could potentially stretch its revenues far beyond what they could buy without the leverage. The initiative would save more money, create more jobs, and deliver projects more quickly. Metro determined that if it could secure a $2.3 billion TIFIA direct loan to monetize the Measure R revenue stream more efficiently, all of the proposed infrastructure projects could be completed not in 30 years, but in 10.



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'America's Transportation Mayor': Antonio Villaraigosa speaks in July 2011, at a Senate transportation hearing in Washington, D.C.

Congressional rewrite

Knowing that TIFIA was too small to come close to meeting the region's needs, Metro officials realized that the only possible solution was to somehow get Congress to rewrite the program. More specifically, TIFIA would need to allow the U.S. Transportation Department to make upfront credit commitments on large programs of related projects, increase the maximum allowable portion of federal funding committed to a project from 33 percent to 49 percent and eliminate the selection criteria by qualifying any creditworthy project. Then they'd need to convince Congress to authorize a huge boost in funding.

That bureaucrats at Metro could get Congress to restructure a hugely popular federal program and provide a massive funding increase was beyond ambitious; it was preposterous. Plus, who had the raw ambition, legislative prowess and personal clout – not to mention the free time – required to jet back and forth to D.C. to make it happen?

Term-limited and hungry to establish a national profile, L.A. Mayor Antonio Villaraigosa stepped forward, immediately rebranding the 30/10 Initiative as a national lobbying campaign called America Fast Forward. He won over his colleagues at the U.S. Conference of Mayors, nearly all of whom represented cities facing infrastructure funding challenges of their own. He made frequent trips to Capitol Hill to visit the leadership of both the AFL-CIO and the U.S. Chamber of Commerce. Both organizations ultimately endorsed America Fast Forward, undoubtedly encouraged by the mayor's tremendous job-creation projections.

He also visited and secured unqualified support for his plan from the pivotal transportation policymakers on Capitol Hill, Rep. John Mica, R-Fla., chairman of the House Transportation Committee, and Sen. Barbara Boxer, D-Calif., Environment and Public Works Committee chairwoman. In the end, America Fast Forward was not only included in the final legislation, but at twice the funding level Villaraigosa requested.

When asked recently about when Metro plans to begin submitting TIFIA applications, the director of federal affairs answered, "Immediately." The race for billions in low-interest TIFIA loans is about to begin and thanks to Measure R and the mayor's efforts in Washington, the county is flush with cash and the rules of the game have been changed to benefit Los Angeles. Some have even taken to calling Villaraigosa, "America's Transportation Mayor."

With the head of the Transportation Department, Ray LaHood, having already announced his departure if President Obama wins a second term, one wonders if Villaraigosa's next title might be "America's Transportation Secretary."

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Digital Records May Save Money, Obamacare

By RICHARD STEPHENSON

If the Affordable Care Act survives and rolls out between now and 2014, one of its biggest mysteries will be resolved: How much will it really cost?

In budget-strapped California, that is a question still under fierce legislative debate. Arnold Schwarzenegger, who was California's governor when the act was passed by Congress in 2010, estimated that the state's share, as it moved low-income enrollees into the Affordable Care program, would be as much as $2.65 billion annually.

The current Brown administration has challenged that figure but has no new estimate – yet. Despite this fact, the state has already begun covering 280,000 people – most of them in Southern California – as one of the Affordable Care Act's largest pilot programs.

The Obama administration's last projection estimated that the Affordable Care Act would lower costs nationally for the federal Medicare program by a whopping $200 billion through 2016. The president's critics are loudly skeptical of that number, but I believe they are overlooking one enormous cost-saving contributor – the industrywide acceptance of secure digital records and information exchange.

This digital record and exchange technology is being rapidly implemented by providers and insurers nationwide under an earlier, less controversial federal reform – the introduction of the Nationwide Health Information Network for moving sensitive medical documents.

That earlier reform is part of the Health Information Technology for Economic and Clinical Health Act, or Hitech Act, which was signed into law by Obama in 2009. This upgrade to our national infrastructure has already begun to measurably improve health care quality, safety and efficiency.

As the Affordable Care Act rolls out, it will use that new digital network and an electronic health record environment that was championed and implemented earlier right here in Southern California by health care digital heroes like Dr. Benjamin Chu, regional head of Kaiser Permanente Southern California in Pasadena.

Kaiser's $6 billion KP HealthConnect system, now deployed across all eight Kaiser regions, is today the largest civilian electronic medical record system, serving more than 8 million members. The returns, however, have been immediate. Just one example: KP reported saving $275,000 in a single year at a single clinic just through the use of its electronic patient reminder system – one small application of its broad and ambitious new digital universe.

Federal participation

Already on board the new Nationwide Health Information Network are some of the federal government's largest health care delivery providers: The Social Security Administration, the Department of Veterans Affairs, the Department of Defense, the Centers for Disease Control and Prevention, the Indian Health Service and the Center for Medicare and Medicaid Services.

Private health care leaders, like Anna Tran, chief executive of Alhambra-based Care1st (a client of mine), are now using the new network for Health Insurance Portability and Accountability Act-compliant electronic record exchanges, armed with even more affordable tools to work toward better coordinated care between health care stakeholders and to achieve the federal guidelines for meaningful use.

We have known for some time that government-provided health insurance is uniformly lower in cost worldwide. The use of electronic records under ACA will only improve that savings – eliminating inefficient shuffling and misfiling of paper reports and catching redundancy and outright errors in care.

Within the health care community, doctors still need convincing. A study conducted last year (but only announced in June) reported that a majority of physicians in California – 61 percent – do have access to an electronic health record system, but only 30 percent of the 7,931 physicians surveyed use a system that actually meets the tough federal networking and privacy standards.

Most of the California physicians, in fact, were using only simple visit-notification systems and lacked the kind of robust capabilities necessary to exchange and review true quality-of-care records – treatment, diagnosis, preventive care, peer review and insurance reimbursement functions were missing.

With the Supreme Court's green light to the Affordable Care Act recently, we are now fully engaged in a grand effort to improve our health care system.

Critics within our own state are now challenging whether we can afford such an ambitious revolution in the delivery of care to California's neediest citizens in the Medi-Cal program.

But let's not miss our chance for a statewide health care system without borders – a world of care and preventive medicine in which doctors communicate seamlessly with all parts of the health care delivery system.

The question for Californians is really this: How can we afford not to accept and welcome this revolution?

Richard Stephenson is the founder and chief executive of RISARC, a Burbank consulting firm to the health care industry.

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