

Representative Cameron Henry
Chairman



Representative Franklin Foil
Vice Chairman

FY17-18 Executive Budget Review
LOUISIANA STATE UNIVERSITY HEALTH SCIENCE CENTER
HEALTH CARE SERVICES DIVISION

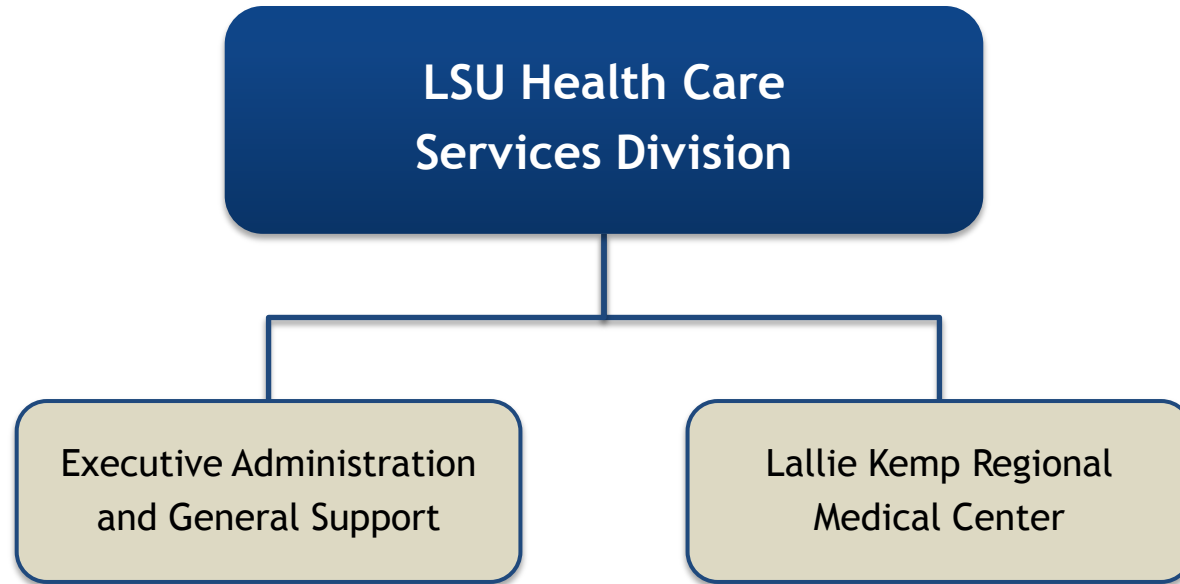
House Committee on Appropriations
Prepared by the House Fiscal Division

April 5, 2017

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DEPARTMENT ORGANIZATION



DEPARTMENT FUNCTIONS

Lallie Kemp Medical Center

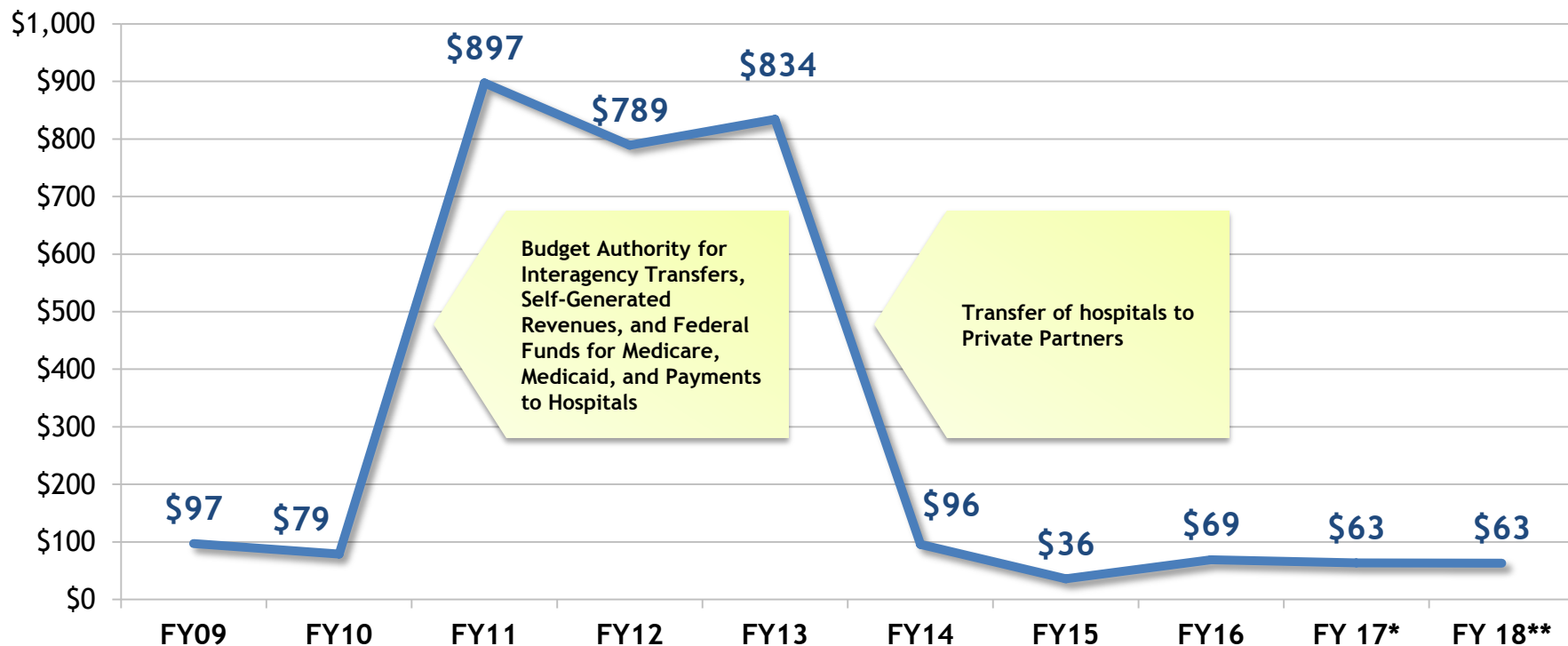
- Is a small rural Critical Access Hospital.
- Acute care allied health professionals teaching hospital located in Independence providing inpatient and outpatient acute care hospital services, including emergency room and scheduled clinic services, direct patient care physician services, medical support (ancillary) services, and general support services. This facility is certified triennially (for a three-year period) by the Joint Commission on Accreditation of Healthcare Organizations (JCAHO).
- The medical center not only provides acute, primary, and general critical medical care to indigent, Medicare, and Medicaid populations, but also provides support functions such as pharmacy, blood bank, respiratory therapy, anesthesiology and various diagnostic services.

Legacy Costs

- Health Care Services Division's legacy costs include retiree group insurance, risk management insurance, and other expenditures associated with the hospitals that formed Cooperative Endeavor Agreements with private partners.



BUDGET HISTORY (IN MILLIONS)



Source: Executive Budget Supporting Documents

*Existing Operating Budget as of 12/1/16
** Governor's Executive Budget Recommendation FY17-18

MAJOR SOURCES OF REVENUE

Interagency Transfers \$18.4 Million

**Medicaid and
Uncompensated Care Cost
(UCC) reimbursements
from LDH and prisoner
care cost from DOC**

Self Generated \$15.5 Million

**Collections of Insurance
Proceeds**

Federal Funds \$4.8 Million

Medicare Collections

MEANS OF FINANCE BREAKDOWN

Means of Financing	FY 15-16 Prior Year Actual Expenditures	FY 16-17 Existing Operating Budget 12/1/16	FY 17-18 Executive Budget Recommendation	\$ Change from Existing	% Change from Existing
State General Fund	\$36,106,297	\$24,664,566	\$24,171,275	(\$493,291)	(2.0%)
Interagency Transfers	\$21,026,831	\$21,883,724	\$18,383,724	(\$3,500,000)	(16.0%)
Fees and Self-Gen Rev.	\$7,359,632	\$11,972,658	\$15,472,658	\$3,500,000	29.2%
Statutory Dedications	\$0	\$0	\$0	\$0	0.0%
Federal Funds	\$4,443,953	\$4,800,336	\$4,800,336	\$0	0.0%
Total Means of Finance	\$68,936,713	\$63,321,284	\$62,827,993	(\$493,291)	(0.8%)
State Effort	\$43,465,929	\$36,637,224	\$39,643,933	\$3,006,709	8.2%

Source: Executive Budget Supporting Documents

MEANS OF FINANCE BREAKDOWN - AFTER DEFICITS

Means of Financing	FY 15-16 Prior Year Actual Expenditures	FY 16-17 Existing Operating Budget 3/1/17	FY 17-18 Executive Budget Recommendation	\$ Change from Existing 3/1/17	% Change from Existing 3/1/17
State General Fund	\$36,106,297	\$24,664,566	\$24,171,275	(\$493,291)	(2.0%)
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Total Means of Finance	\$68,936,713	\$63,321,284	\$62,827,993	(\$493,291)	(0.8%)
State Effort	\$43,465,929	\$36,637,224	\$39,643,933	\$3,006,709	8.2%

1st Deficit Plan-\$0

2nd Deficit Plan-\$0

These comparisons are to the Existing Operating Budget at March 1, 2017 which includes all adjustments since December 1, 2016 including the two mid-year deficit reductions.

SIGNIFICANT ADJUSTMENTS



\$493,291
State General Fund

The governor has proposed a reduction of \$493,291 in State General Fund to balance the FY 17-18 state budget. This represents a reduction of 2% from the agency's FY 16-17 existing operating State General Fund budget.

- According to the Health Care Services Division, the reduction will apply to the available State General Fund for legacy costs and not affect Lallie Kemp's base funding used for non-legacy operations of \$3.9 million in State General Fund.
- Health Care Services Division's legacy costs include retiree group insurance, risk management insurance, and other expenditures associated with the hospitals that formed Cooperative Endeavor Agreements with private partners.
- Legacy costs are mandatory expenditures that will require the Health Care Services Division to find available funds from other sources, use one-time funding, attrition, and/or reduce support services.



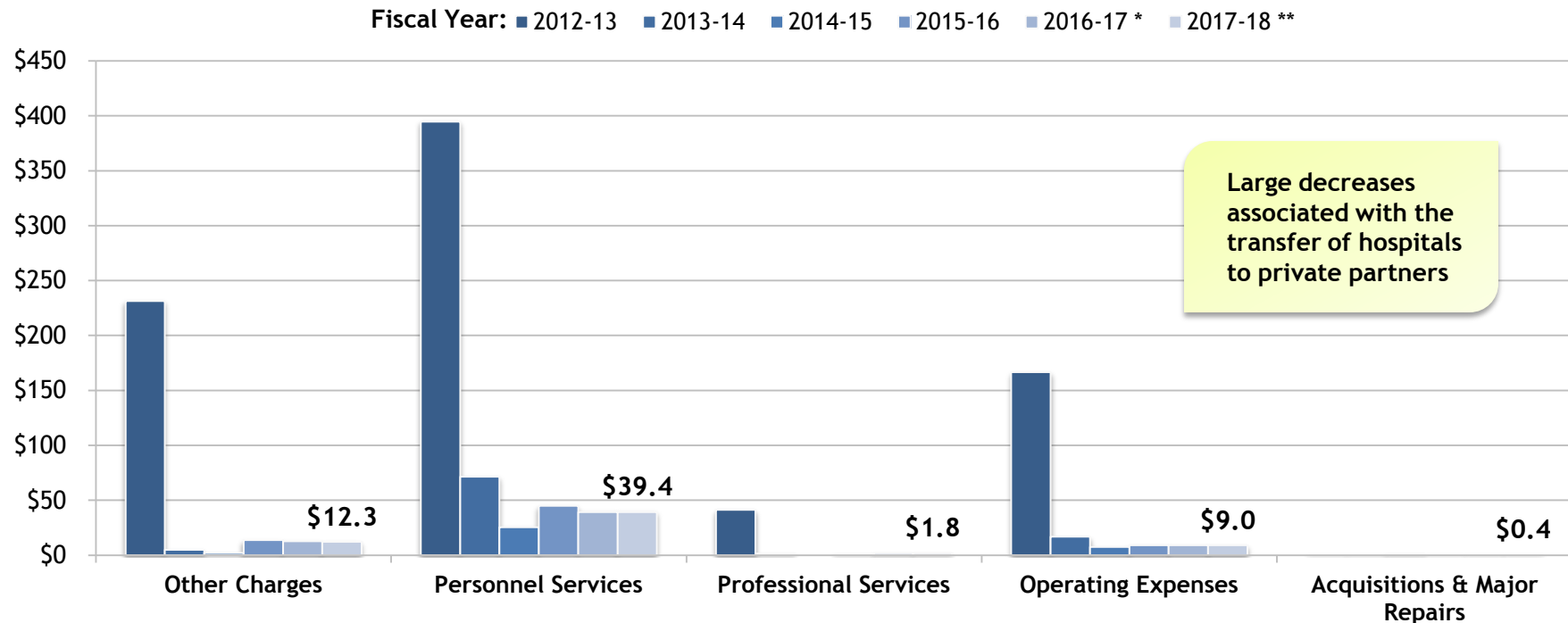
\$3.5 Million

Adjustment to properly align means of finance based on the current payor mix at Lallie Kemp Regional Medical Center. Replaces \$3.5 million Interagency Transfers (IAT) in Medicaid from the Louisiana Department of Health with Fees & Self-Generated Revenue based on Medicaid reimbursements directly from the managed care organizations (MCOs).

EXPENDITURE BREAKDOWN

Expenditure	FY 15-16 Prior Year Actual Expenditures	FY 16-17 Existing Operating Budget	FY 17-18 Executive Budget Recommendation	\$ Change from Existing	% Change from Existing
Salaries	\$15,973,168	\$14,640,353	\$14,640,353	\$0	0.0%
Other Compensation	\$993,019	\$0	\$0	\$0	0.0%
Related Benefits	\$27,926,568	\$24,724,357	\$24,724,357	\$0	0.0%
Travel	\$4,202	\$12,291	\$12,291	\$0	0.0%
Operating Services	\$3,421,178	\$4,481,685	\$4,481,685	\$0	0.0%
Supplies	\$5,783,653	\$4,457,651	\$4,457,651	\$0	0.0%
Professional Services	\$955,420	\$1,833,086	\$1,833,086	\$0	0.0%
Other Charges	\$13,802,493	\$12,791,402	\$12,298,111	(\$493,291)	(3.9%)
Acq/Major Repairs	\$77,012	\$380,459	\$380,459	\$0	0.0%
Unallotted	\$0	\$0	\$0	\$0	0.0%
Total Expenditures	\$68,936,713	\$63,321,284	\$62,827,993	(\$493,291)	(0.8%)
Authorized Positions	331	0	0	0	0.0%

EXPENDITURE HISTORY (IN MILLIONS)



Source: Executive Budget Supporting Documents

* Existing Operating Budget as of 12/1/16

** Governor's Executive Budget Recommendation

OTHER CHARGES

AMOUNT	DESCRIPTION
\$11,194,463	Legacy Cost, services provided by the LSU Health Sciences Center, and other Lallie Kemp expenses
\$768,469	Office of Risk Management (ORM)
\$72,816	Department of Civil Service and Comprehensive Public Training Program (CPTP)
\$262,363	Legislative Auditor Expenses
\$12,298,111	TOTAL OTHER CHARGES

Source: Executive Budget Supporting Documents

DISCRETIONARY/NON-DISCRETIONARY FUNDING

TOTAL BUDGET
\$62.8 Million

**\$18.4 Million IAT
Double Count**

**\$44.4
Million
Remaining**

Self Generated
Revenue
\$15.4 Million

Statutory
Dedications
\$0 Million

Federal Funds
\$4.8 Million

State General Fund
\$24.2 Million

**Non Discretionary
\$20.3**

Legislative Auditor Fees -
Legacy Cost
\$237,430

Retirees Health Insurance -
Legacy Cost
\$20.1 Million

**Discretionary
\$3.9 Million**

Lallie Kemp Reg. Med. Ctr.
\$3.9 Million

Source: Office of Planning and Budget

PERSONNEL INFORMATION

Personnel/Budget Ratio

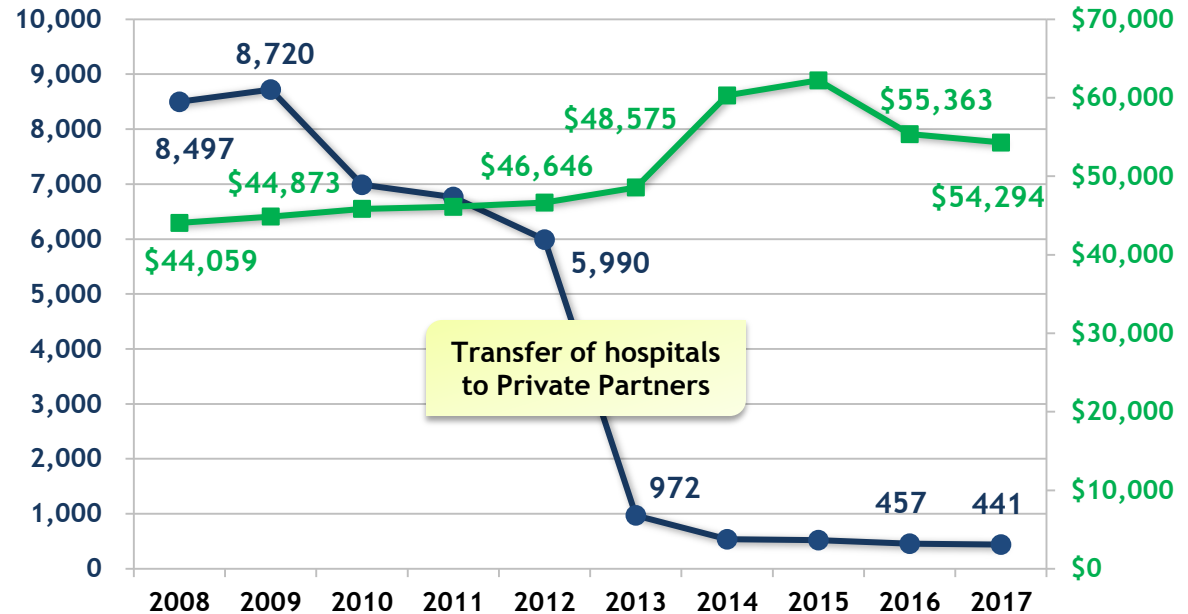
\$14.7 M	Salaries and Other Comp.
+ \$24.7 M	Related Benefits
<hr/>	
= \$39.4 M	Total Personnel Services

77.9% of budget expenditures
(excluding Other Charges)

Authorized Positions

- 0 (0 classified and 0 unclassified)
- 0 Other Charges Positions
- 0 full-time non-T.O. positions

10 Year FTE Positions/Avg Salary



Source: FTE and Average Salary data provided by the Dept. of Civil Service

PERFORMANCE INFORMATION

Lallie Kemp Regional Medical Center Performance Indicators	Actual Year-End Performance FY 12-13	Actual Year-End Performance FY 13-14	Actual Year-End Performance FY 14-15	Actual Year-End Performance FY 15-16
Hospital Admissions	759	831	907	778
Number of Clinic Visits	29,707	28,534	34,120	38,792
Number of Emergency Department Visits	27,049	27,206	28,213	26,881
Overall Patient Satisfaction Survey Rating	71%	79%	83%	74%
Willingness to Recommend Hospital	78%	82%	85%	77%

PUBLIC/PRIVATE PARTNERSHIPS

Hospital Transition Dates

4.15.2013

- Earl K. Long Regional Medical Center (Baton Rouge)

6.24.2013

- Chabert Regional Medical Center (Houma)
- Interim LSU Public Hospital (New Orleans)
- University Medical Center (Lafayette)
- W.O. Moss Regional Medical Center (Lake Charles)

10.1.2013

- E.A. Conway Medical Center (Monroe)
- LSU Health Sciences Center Shreveport Hospital (Shreveport)

3.17.2014

- Bogalusa Regional Medical Center (Bogalusa)

7.1.2014

- Huey P. Long Medical Center (Pineville)

PUBLIC/PRIVATE PARTNERSHIPS

LSU Hospitals

Private Hospital Partner

Earl K. Long Regional Medical Center (Baton Rouge)

Our Lady of the Lake (LOL)

Interim LSU Public Hospital (New Orleans)

Children's Hospital and University Medical Center
Management Corporation

University Medical Center (Lafayette)

Lafayette General Health System and University Hospitals
and Clinic (UHC)

W.O. Moss Regional Medical Center (Lake Charles)

Southwest Louisiana Hospital Association (SLHA) d/b/a
Lake Charles Memorial Hospital (LCMH)

Chabert Regional Medical Center (Houma)

Southern Regional Medical Corporation; Hospital Service
District #1 of Terrebonne Parish; and Ochsner Health
System

Bogalusa Regional Medical Center (Bogalusa)

(Franciscan Missionaries of) Our Lady of the Lake
Ascension Community Health System; new entity: Our
Lady of Angels

Lallie Kemp Regional Medical Center (Independence)

No Partnership

PUBLIC/PRIVATE PARTNERSHIPS

**LSU Hospitals in addition to Health Care Services Division
(these hospitals fall under Higher Education's budgets)**

LSU Hospitals

LSU Health Sciences Center Shreveport Hospital

E. A. Conway Medical Center (Monroe)

Huey P. Long Medical Center (Pineville)

Private Hospital Partner

Biomedical Research Foundation of Northwest Louisiana and BRF Hospital Holdings, L.L.C.

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CHRISTUS Health Central Louisiana and Rapides Healthcare System

PUBLIC/PRIVATE PARTNERSHIPS

Hospital Cooperative Endeavor Agreement Documents

<http://www.lsu.edu/bos/hospital-ceas.php>

UNIVERSITY MEDICAL CENTER NEW ORLEANS

- Opened August 1, 2015.
- 2.3 million square foot campus anchoring the developing biomedical district.
- Capacity for 446 beds, including 60 behavioral health beds, UMC New Orleans offers comprehensive primary care and specialty care, cutting edge research and the region's only Level 1 Trauma Center.
- The state's largest teaching hospital and training facility for many of the state's physicians, nurses, and allied health professionals.
- UMC New Orleans was conceptualized, built and funded by the state of Louisiana. It is leased and managed by LCMC (Louisiana Children's Medical Center) Health, which also manages Children's Hospital, Touro and New Orleans East Hospital.



DEPARTMENT CONTACTS



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Lallie Kemp Regional Medical Center

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