

Representative Cameron Henry
Chairman



Representative Franklin Foil
Vice Chairman

FY18-19 Executive Budget Review
LOUISIANA STATE UNIVERSITY HEALTH SCIENCE CENTER
HEALTH CARE SERVICES DIVISION

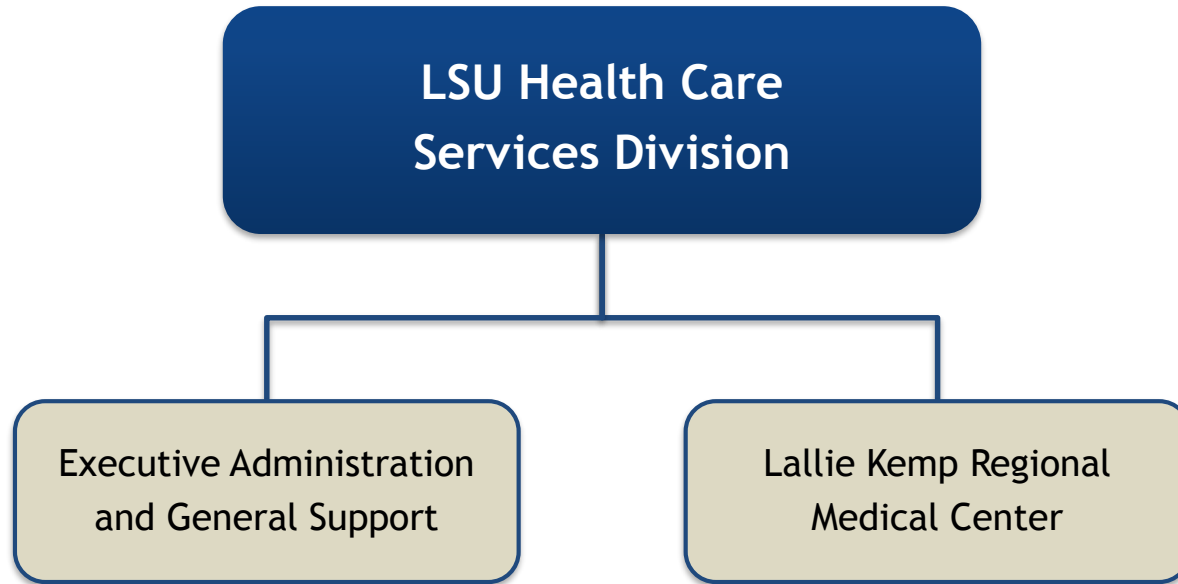
House Committee on Appropriations
Prepared by the House Fiscal Division

March 26, 2017

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DEPARTMENT ORGANIZATION



DEPARTMENT FUNCTIONS

Lallie Kemp Regional Medical Center

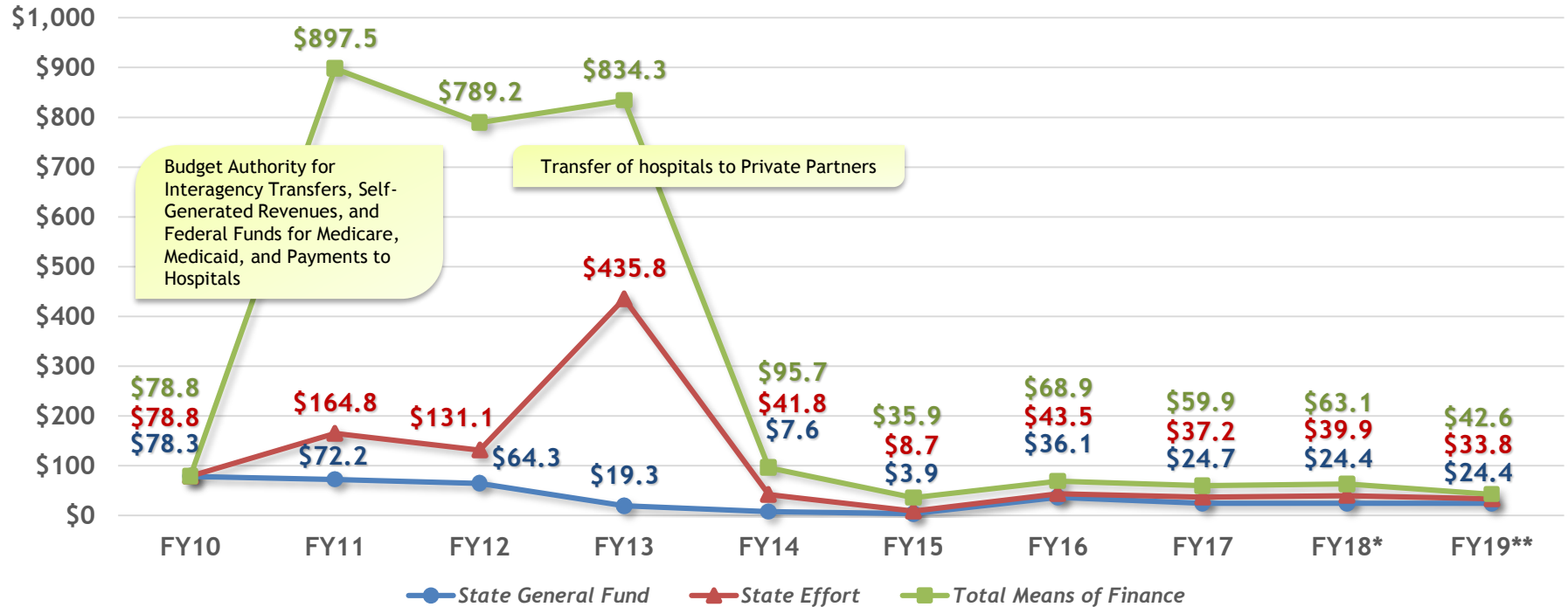
- Is a rural 24 bed acute care critical access hospital serving the Florida Parishes region of Southeast Louisiana.
- Located in Independence the hospital provides inpatient and outpatient acute care hospital services, including emergency room and outpatient clinic services, direct patient care physician 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 12/1/17
 ** Governor's Executive Budget Recommendation FY18-19

MAJOR SOURCES OF FUNDING

Interagency Transfers \$4.0 Million

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

Self-Generated Revenue \$9.4 Million

- Collections of Insurance Proceeds

Federal Funds \$4.8 Million

- Medicare Collections

State General Fund \$24.4 Million

FUNDING OVERVIEW

Means of Financing	FY 16-17 Prior Year Actual Expenditures	FY 17-18 Existing Operating Budget	FY 18-19 Executive Budget Recommendation	\$ Change from Existing	% Change from Existing
State General Fund	\$24,664,566	\$24,427,906	\$24,427,906	\$0	0.0%
Interagency Transfers	\$17,788,112	\$18,383,724	\$3,969,790	(\$14,413,934)	(78.4%)
Fees and Self-Gen Rev	\$12,149,617	\$15,472,658	\$9,355,434	(\$6,117,224)	(39.5%)
Statutory Dedications	\$379,658	\$0	\$0	\$0	0.0%
Federal Funds	\$4,954,212	\$4,800,336	\$4,800,336	\$0	0.0%
Total Means of Finance	\$59,936,165	\$63,084,624	\$42,553,466	(\$20,531,158)	(32.5%)



\$13.6 Interagency Transfers

Reduce funding to the hospital for their uncompensated care cost. Loss of Disproportionate Share Hospital (DSH) payments due to budget reductions in the Medical Vendor Payments agency under the Louisiana Department of Health.



\$841K Interagency Transfers

Funding loss in Medicaid Title XIX claims for Lallie Kemp.



\$6.1M Fees and Self-Gen Rev

Funding loss in Medicaid Title XIX claims for Lallie Kemp. Funding lost in Upper Payments Limits (UPL) due to budget reductions in the Medical Vendor Payments agency under the Louisiana Department of Health.

EXPENDITURE CHANGE OVERVIEW

Expenditure	FY 16-17 Prior Year Actual Expenditures	FY 17-18 Existing Operating Budget	FY 18-19 Executive Budget Recommendation	\$ Change from Existing	% Change from Existing
Salaries	\$16,071,911	\$14,823,661	\$6,431,067	(\$8,392,594)	(56.6%)
Other Compensation	\$2,897,695	\$0	\$0	\$0	0.0%
Related Benefits	\$26,680,892	\$24,797,680	\$21,269,131	(\$3,528,549)	(14.2%)
Travel	\$1,961	\$12,291	\$3,272	(\$9,019)	(73.4%)
Operating Services	\$3,479,549	\$4,481,685	\$3,417,625	(\$1,064,060)	(23.7%)
Supplies	\$7,575,095	\$4,457,651	\$2,106,125	(\$2,351,526)	(52.8%)
Professional Services	\$1,429,970	\$1,833,086	\$790,324	(\$1,042,762)	(56.9%)
Other Charges	\$1,799,092	\$12,298,111	\$8,434,636	(\$3,863,475)	(31.4%)
Acq/Major Repairs	\$0	\$380,459	\$101,286	(\$279,173)	(73.4%)
Total Expenditures	\$59,936,165	\$63,084,624	\$42,553,466	(\$20,531,158)	(32.5%)
Authorized Positions	0	0	0	0	0.0%

IMPACT OF REDUCTIONS

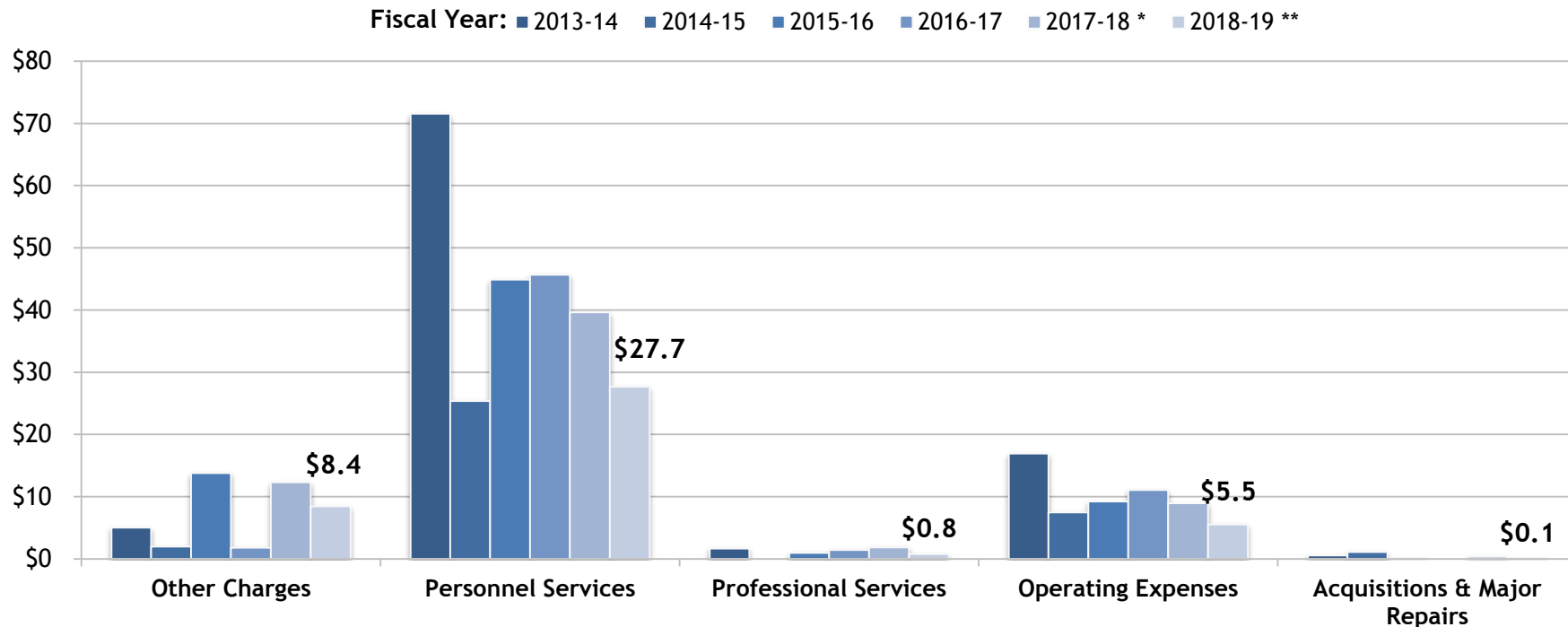
According to Lallie Kemp Regional Medical Center, the reductions will potentially affect the following programs, services, and staff (continued on the following slide):

- Indigent patients in need would go without care, approximately 9% of the hospital's 100,000 encounters are indigent patients.
- Eliminate Oncology - over 300 active cancer patients would stop receiving chemotherapy treatment.
 - Current patients enrolled in clinical trials through the Louisiana Cancer Research Consortium at Lallie Kemp would not be able to continue.
 - Clinic visits would decrease by 1,700 a year associated with cancer care.
 - The chemotherapy clinic also serves as an infusion clinic for patients needing outpatient infusions therefore 21,432 visits would no longer take place.
 - The Louisiana Breast and Cervical grant that provides assistance to cancer patients would be lost.
- Eliminate Cardiology - an average of 112 patients are seen in the cardiology clinic monthly.
 - No longer have cardiology consults available for Inpatients.
 - No longer have cardiologist to read EKG's.
 - No longer able to perform stress test or echo's.

IMPACT OF REDUCTIONS

- Reduce staffed inpatient beds from 15 to 10.
- Eliminate the Intensive Care Unit (ICU).
 - Access to ICU Critical beds will be eliminated causing higher inpatient transfers.
 - Delays will occur in the Emergency Department due to higher transfer rate of critical patients.
 - Surgery cases needing ICU will be eliminated.
 - Poor patient outcomes.
- Eliminate Surgery - an average of 200 monthly surgical procedures would not be performed.
- Reduce the clinic by 50% - 20,000 clinic visits would not be performed.
- Layoffs of 180 employees and over 20 contract workers.
- Additional reductions may take place in other ancillary services due to fewer internal practitioners on staff to order test and procedures for patients.

EXPENDITURE HISTORY (IN MILLIONS)



Source: Executive Budget Supporting Documents

* Existing Operating Budget as of 12/1/17

** Governor's Executive Budget Recommendation

OTHER CHARGES

AMOUNT	DESCRIPTION
\$7,593,218	Legacy Cost, services provided by the LSU Health Sciences Center, and other Lallie Kemp expenses
\$704,426	Office of Risk Management (ORM)
\$119,906	Transfers to other state agencies
\$17,086	Legislative Auditor Expenses
\$8,434,636	TOTAL OTHER CHARGES

Source: Executive Budget Supporting Documents

DISCRETIONARY/NON-DISCRETIONARY FUNDING

TOTAL BUDGET
\$42.6 Million

**\$4.0 Million IAT
Double Count**

**\$38.6
Million
Remaining**

**Self Generated
Revenue
\$9.4 Million**

**Statutory
Dedications
\$0 Million**

**Federal Funds
\$4.8 Million**

**State General Fund
\$24.4 Million**

**Non Discretionary
\$21.9**

**Discretionary
\$2.6 Million**

Legacy Cost:

Retirees Health Insurance - \$19.1M
Settlement of GOHSEP Liabilities
from Hurricane Katrina for MCLNO -
\$2.6M

**Legislative Auditor Fees
\$237,430**

**Lallie Kemp Reg. Med. Ctr.
\$2.6 Million**

Source: Office of Planning and Budget

PERSONNEL INFORMATION

Personnel/Budget Ratio

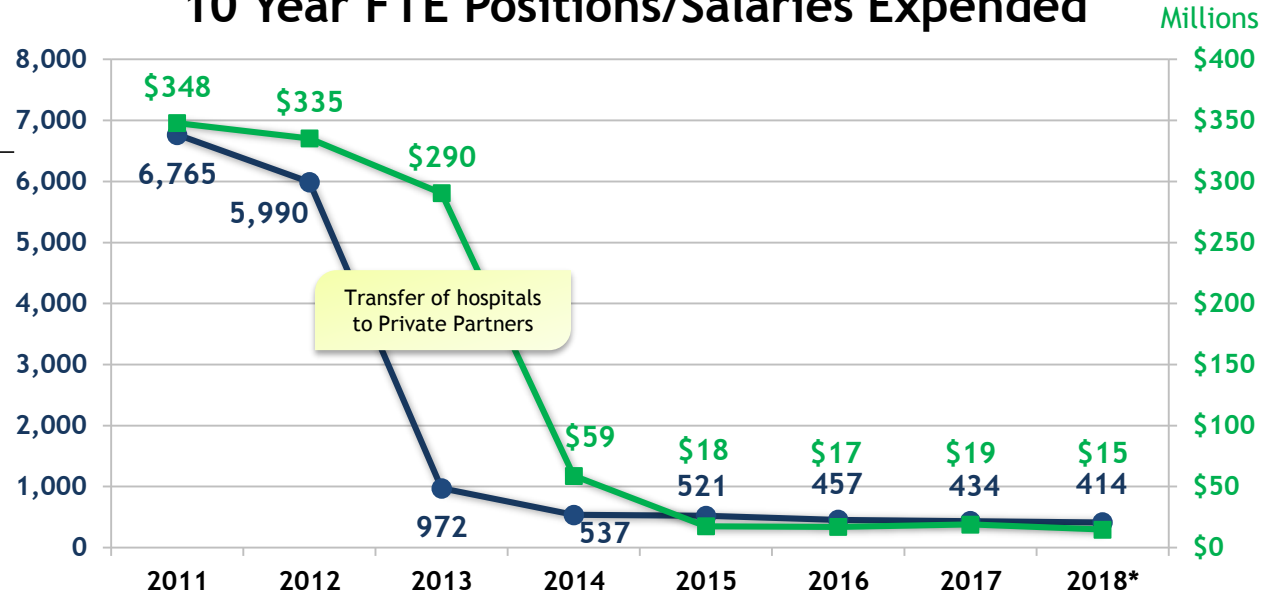
\$ 6.4 M	Salaries and Other Comp.
+ \$ 21.3 M	Related Benefits
= \$ 27.7 M	Total Personnel Services

**81.2% 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/Salaries Expended



* Existing Operating Budget as of 12/1/17

Source: Data from the Dept. of Civil Service and the Executive Budget Supporting Documents

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	Actual Year-End Performance FY 16-17
Hospital Admissions	759	831	907	778	624
Number of Clinic Visits	29,707	28,534	34,120	38,792	34,283
Number of Emergency Department Visits	27,049	27,206	28,213	26,881	24,924
Overall Patient Satisfaction Survey Rating	71%	79%	83%	74%	85%
Willingness to Recommend Hospital	78%	82%	85%	77%	81%

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.

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

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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