

Representative Jerome Zeringue
Chairman



Representative Francis Thompson
Vice Chairman

**Fiscal Year 2024 Executive Budget Review
Louisiana State University Health Science Center
Health Care Services Division**

**House Committee on Appropriations
House Fiscal Division**

April 13, 2023

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All data and figures were obtained from the governor's Fiscal Year 2023-2024 Executive Budget and Supporting Documents provided by the Office of Planning and Budget within the Division of Administration along with House Bill 1 of the 2023 Regular Session, unless otherwise noted.

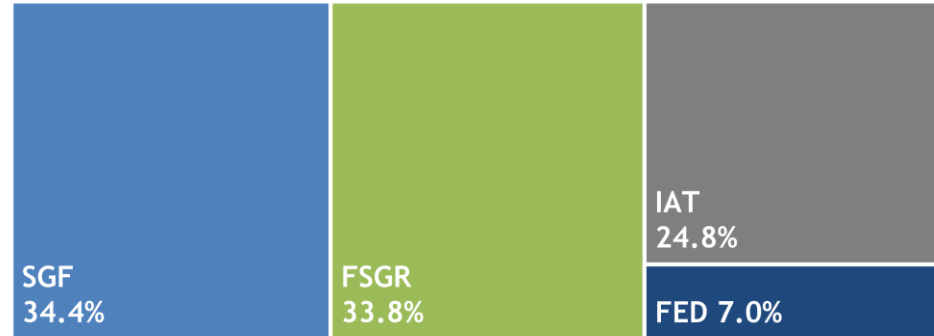
<https://www.doa.la.gov/doa/opb/budget-documents/>

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FY 24 BUDGET RECOMMENDATION

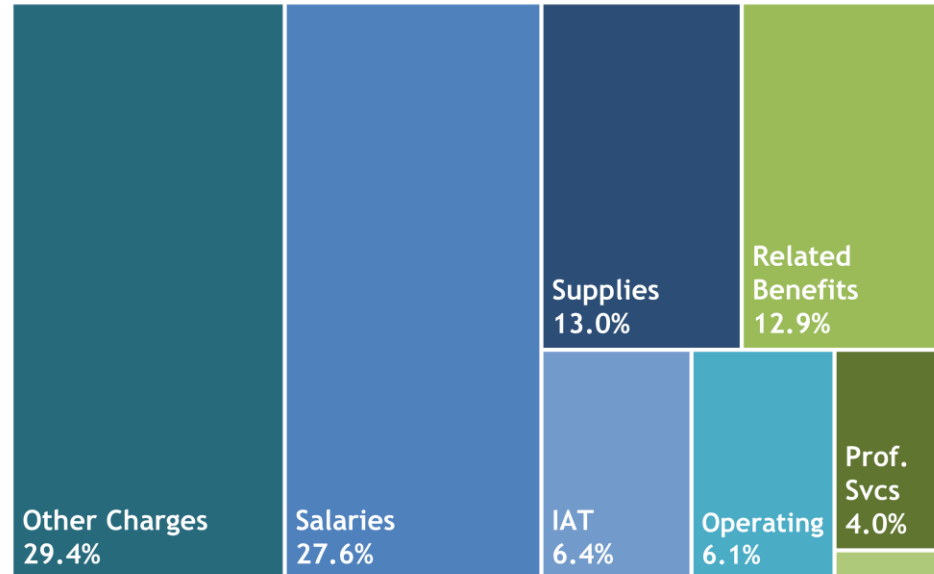
Means of Finance

State General Fund	\$	25,829,112
Interagency Transfers		18,660,587
Fees & Self-generated		25,378,952
Statutory Dedications		0
Federal Funds		5,297,458
Total	\$	75,166,109



Expenditure Category

Salaries	\$	20,750,602
Other Compensation		0
Related Benefits		9,673,591
Travel		12,291
Operating Services		4,620,831
Supplies		9,744,598
Professional Services		2,973,309
Other Charges		22,119,231
Interagency Transfers		4,839,908
Acquisitions/Repairs		431,748
Total	\$	75,166,109

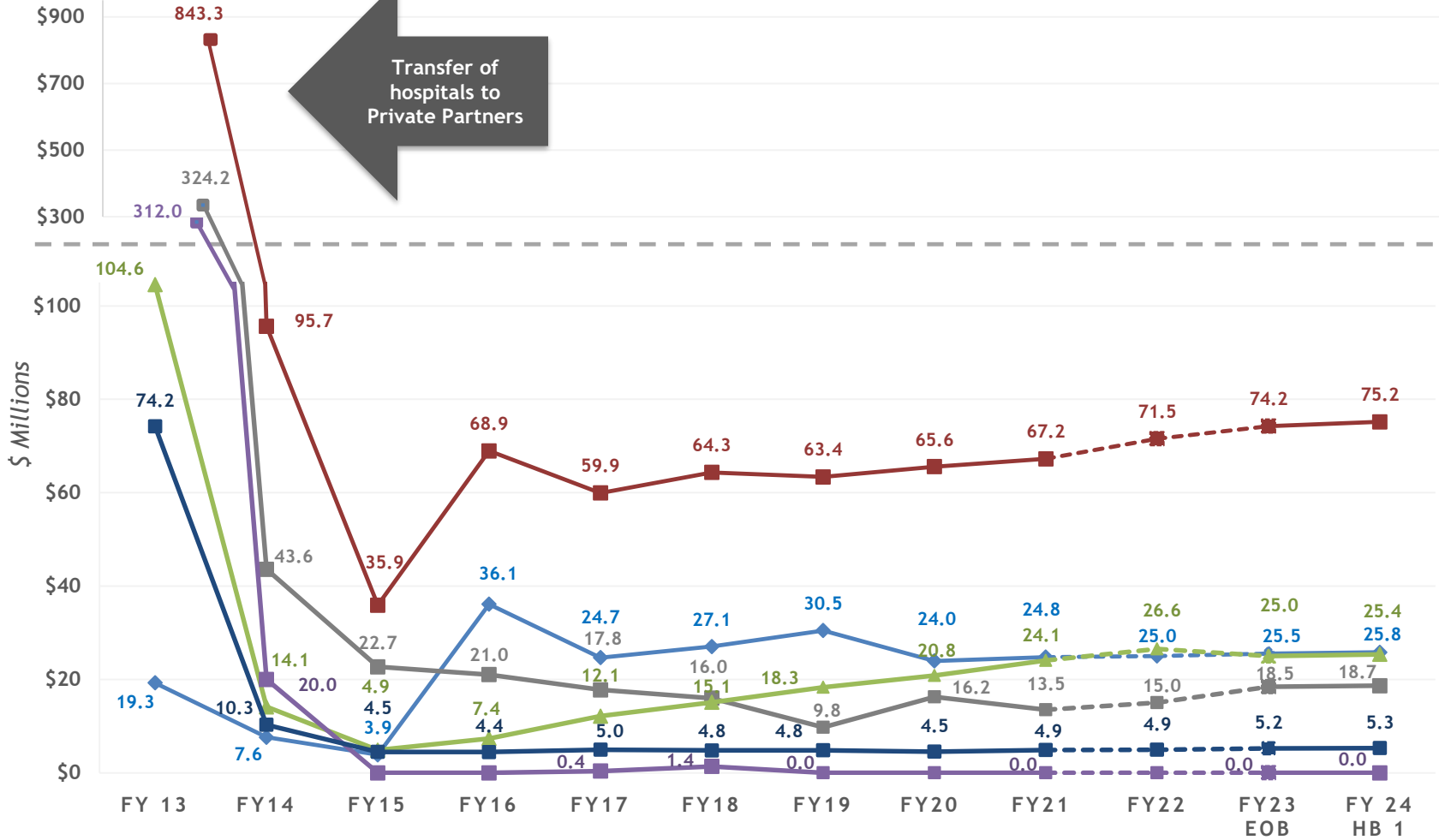


DEPARTMENT ORGANIZATION



HISTORICAL SPENDING

Average Annual Change Over 10 Years



Total 2.9%

FSGR 14.1%

SGF 2.9%

IAT (28.9%)

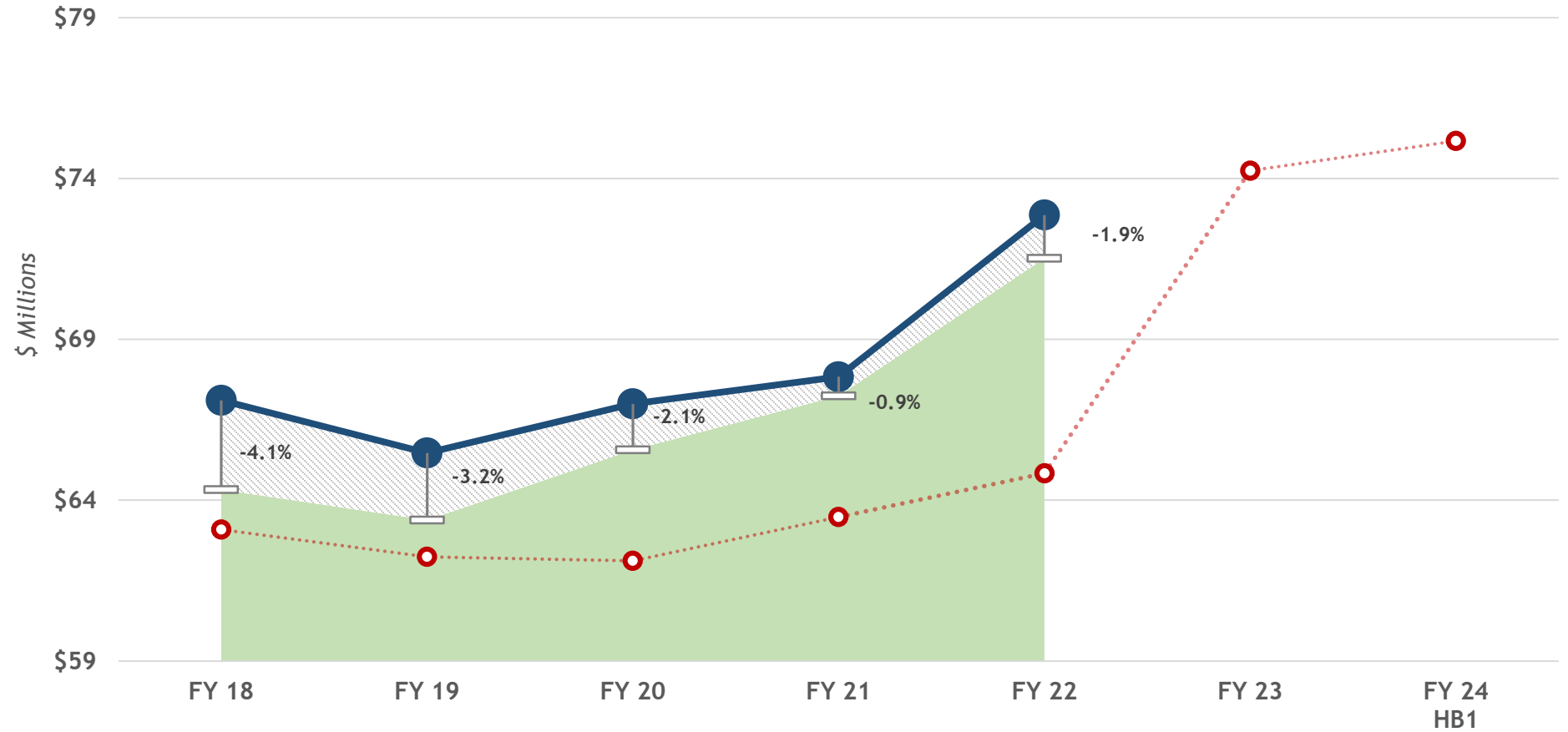
FED (26.0%)

SD (100%)

State General Fund Interagency Transfers Fees & Self-generated Statutory Dedications Federal Funds Total Budget

HISTORICAL BUDGET

Actual Spending Final Budget Beginning Budget



PRIOR YEAR ACTUALS FY 22

Means of Finance	Final Budget <i>(w/o FY23 carryfwd)</i>	Amount Spent	Unspent Authority	Unspent Authority %	Unspent % by MOF
General Fund	\$ 24,983,780	\$ 24,983,780	\$ 0	0.0%	0.0%
Interagency Transfers	18,121,686	15,022,372	3,099,314	17.1%	229.6%
Self-generated	24,625,578	26,562,473	(1,936,895)	(7.9%)	(143.5%)
Statutory Dedications	0	0	0	0.0%	0.0%
Federal	5,135,498	4,948,076	187,422	3.6%	13.9%
FY22 Total	\$ 72,866,542	\$ 71,516,701	\$ 1,349,841	1.9%	100.0%

<i>Historical Total Unspent Budget Authority</i>	Final Budget	Amount Spent	Unspent Authority	Unspent %	
	FY21 Total	\$ 67,837,530	\$ 67,240,851	\$ 596,679	0.9%
	FY20 Total	66,995,177	65,562,935	1,432,242	2.1%
	FY19 Total	65,468,777	63,381,554	2,087,223	3.2%
	3 Year Avg.	\$ 66,767,161	\$ 65,395,113	\$ 1,372,048	2.1%

EXISTING OPERATING BUDGET FY 23

The FY 2022-23 Existing Operating Budget (EOB) was frozen on December 1, 2022. This point-in-time reference is used in both the Executive Budget and the General Appropriations Bill.

Means of Finance	Appropriation	Mid-Year Adjustments	Existing Operating Budget
General Fund	\$ 25,530,111	\$ 0	\$ 25,530,111
Interagency Transfers	18,463,336	0	18,463,336
Self-generated Revenue	25,020,263	0	25,020,263
Statutory Dedications	0	0	0
Federal	5,232,360	0	5,232,360
Total	\$ 74,246,070	\$ 0	\$ 74,246,070

Budget Adjustments From Appropriation to EOB

July	August	September	October	November
No change	No change	No change	No change	No change

SOURCES OF FUNDING

State General Fund \$25.8 M	Interagency Transfers \$18.7 M	Self-generated Revenue \$25.4 M	Federal Funds \$5.3 M
<p>The chief operating fund of the State recognized by the Revenue Estimating Conference from various taxes, licenses, fees, and other revenue sources except for those identified as other means of financing.</p>	<ul style="list-style-type: none"> • Medicaid claims • Uncompensated Care Costs (UCC) reimbursements from the Louisiana Department of Health • Prisoner care costs from the Department of Corrections 	<p>Collections from insurance proceeds</p>	<p>Medicare collections</p>

FUNDING COMPARISON

Means of Finance	FY22	FY23	FY24	Change		Change	
	Actual Expenditures	Existing Operating Budget 12/1/21	HB1 Budget	Existing Operating Budget to HB1		Actual Expenditures to HB1	
SGF	\$ 24,983,780	\$ 25,530,111	\$ 25,829,112	\$ 299,001	1.2%	\$ 845,332	3.4%
IAT	15,022,372	18,463,336	18,660,587	197,251	1.1%	3,638,215	24.2%
FSGR	26,562,473	25,020,263	25,378,952	358,689	1.4%	(1,183,521)	(4.5%)
Stat Ded	0	0	0	0	0.0%	0	0.0%
Federal	4,948,076	5,232,360	5,297,458	65,098	1.2%	349,382	7.1%
Total	\$ 71,516,701	\$ 74,246,070	\$ 75,166,109	\$ 920,039	1.2%	\$ 3,649,408	5.1%

Significant funding changes compared to the FY 23 Existing Operating Budget

Fees & Self-gen Rev & IAT

- Lallie Kemp's patient payer mix has evolved since Medicaid expansion
- Uncompensated Care Costs (IAT) have been replaced with Medicaid managed care claims (FSGR)
- LSU HCSD frequently has a supplemental request for additional fees & self-generated revenues to reflect higher claims collections

SGF, IAT & Federal Funds

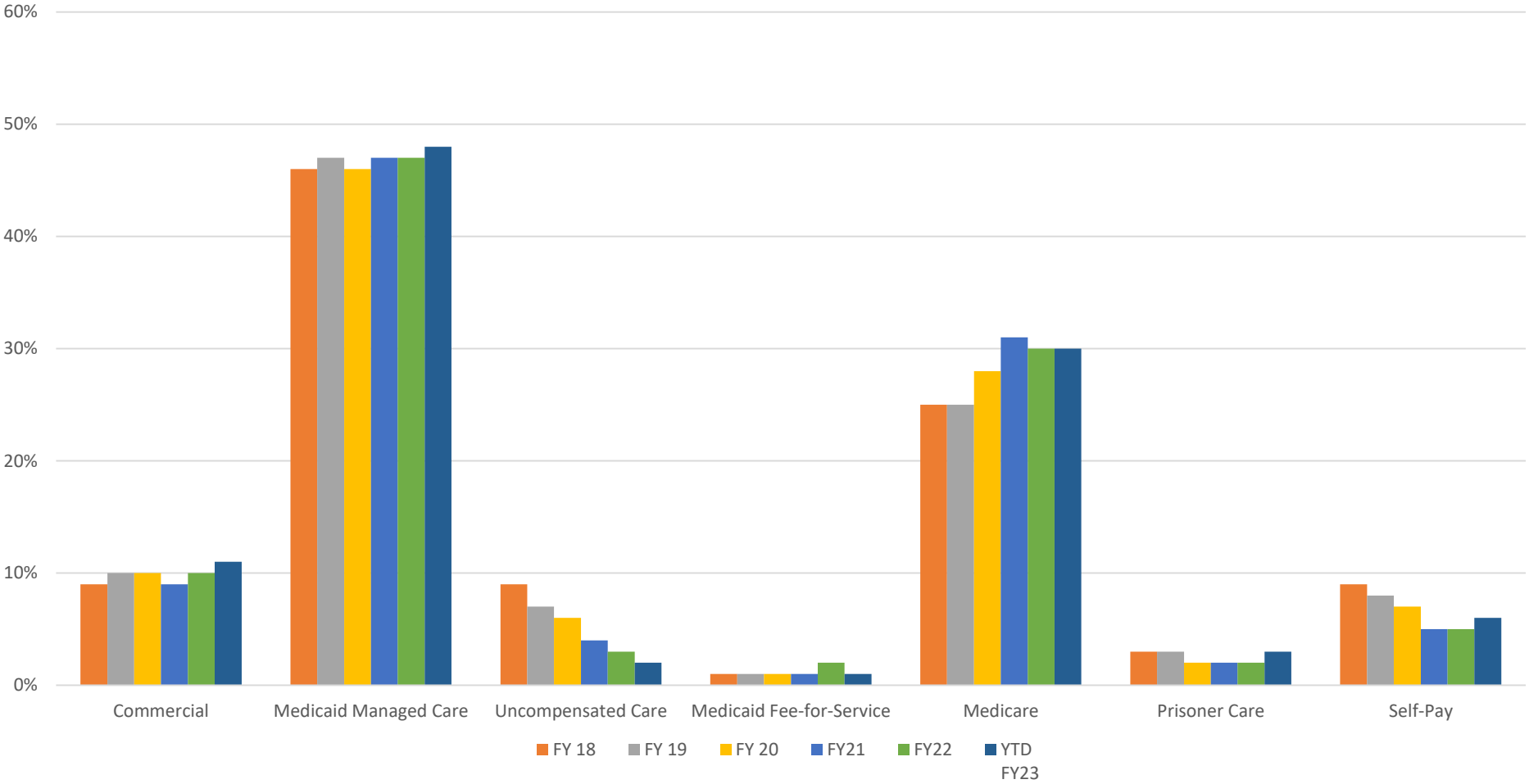
- All adjustments are statewide which includes:
- Civil Service Fees
 - LLA Fees
 - Employee Pay Raises
 - OSP
 - ORM

Adjustments

All adjustments are standard statewide adjustments such as Civil Service fees, LLA fees, employee pay raises and ORM fees.

HISTORICAL PAYER MIX

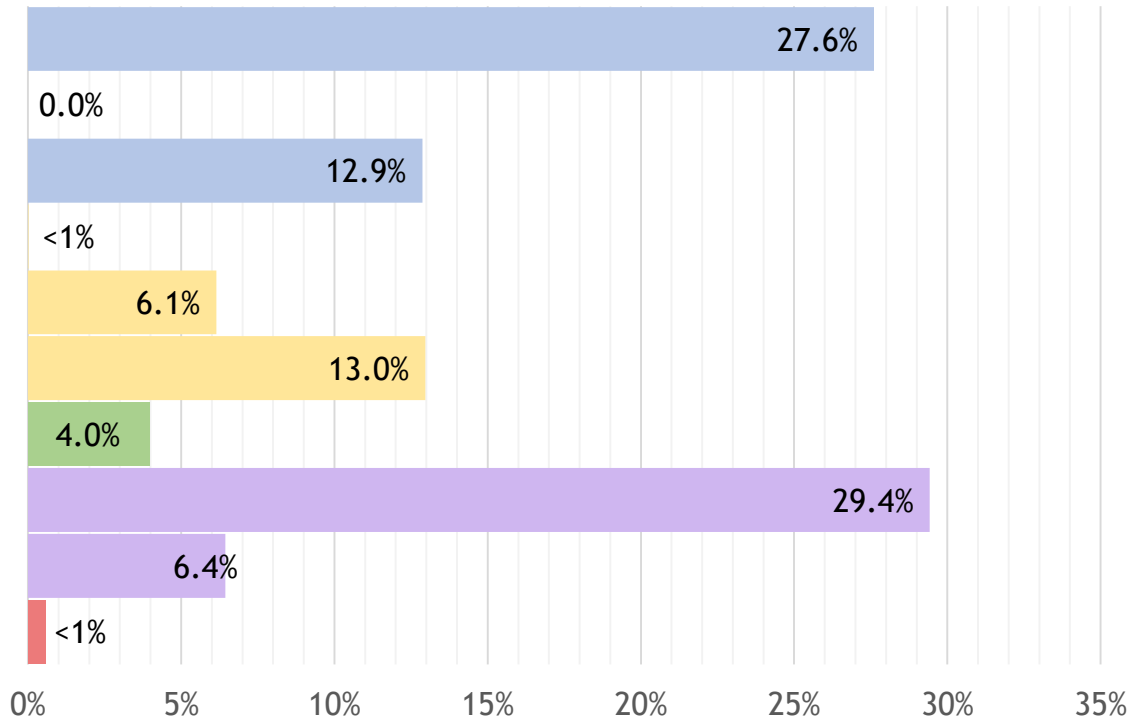
Percentage of Revenue Charges at Lallie Kemp



EXPENDITURE RECOMMENDATION FY 24

Total Budget = \$75,166,109

Expenditure Category		
Salaries	\$	20,750,602
Other Compensation		0
Related Benefits		9,673,591
Travel		12,291
Operating Services		4,620,831
Supplies		9,744,598
Professional Services		2,973,309
Other Charges		22,119,231
Interagency Transfers		4,839,908
Acquisitions/Repairs		431,748
Total	\$	75,166,109



EXPENDITURE HISTORY

Fiscal Year: Actual Expenditures Budgeted Amount

■ 2018 ■ 2019 ■ 2020 ■ 2021 ■ 2022
■ 2023 EOB ■ 2024 HB1



5 Year Average Spending per Expenditure Category

\$12.4 M : 18.7%	\$36.7 M : 55.2%	\$1.7 M : 2.6%	\$15.2 M : 23.0%	\$400,000 : 0.5%
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HCS D LEGACY COSTS

Expenditure	FY 19	FY 20	FY 21	FY 22	Projected FY 23	Projected FY 24
Retirees Group Insurance	\$17,862,287	\$17,420,314	\$17,243,775	\$15,929,076	\$15,002,466	\$15,728,121
Settlement of GOHSEP Liabilities from Hurricane Katrina for MCLNO	\$0	\$0	\$0	\$0	\$0	\$2,574,000
Administration of Legacy Costs - Personnel	\$2,750,491	\$2,819,068	\$2,469,282	\$3,022,087	\$1,793,952	\$1,871,549
Administration of Legacy Costs	\$550,098	\$563,814	\$493,856	\$604,417	\$358,790	\$374,310
IT Systems Management	\$842,691	\$680,270	\$530,543	\$382,548	\$383,475	\$389,540
Demolition of McDonogh 11 Bldg	\$0	\$0	\$0	\$205,042	\$0	\$0
340 B Settlement	\$0	\$0	\$0	\$102,495	\$0	\$0
Miscellaneous (ORM, records maintenance, legal)	\$827,205	\$131,325	\$320,714	\$264,806	\$253,215	\$252,829
Total	\$22,832,772	\$21,614,791	\$21,058,170	\$20,510,471	\$17,791,898	\$21,190,349
<i>SGF Budgeted for Expenditures</i>	<i>\$20,310,616</i>	<i>\$19,803,163</i>	<i>\$20,304,971</i>	<i>\$20,510,471</i>	<i>\$21,136,542</i>	<i>\$21,136,542</i>
Unbudgeted Amount Spent to Cover the Remaining Legacy Costs	\$2,522,156	\$1,811,628	\$753,199	\$0	(\$3,344,644)	\$53,807

LSU Health Care Services Division requested \$2.57 M for settlement cost of GOHSEP liabilities from Hurricane Katrina for the Medical Center of Louisiana at New Orleans (MCLNO). However, the request is unfunded at this time.

Source: LSU HCSD

EXPENDITURE COMPARISON

Expenditure Category	FY22 Actual Expenditures	FY23 Existing Operating Budget 12/1/22	FY24 HB1 Budget	Change Existing Operating Budget to HB1		Change Actual Expenditures to HB1	
Personnel Services	\$ 31,837,559	\$ 29,761,272	\$ 30,424,193	\$ 662,921	2.2%	\$ (1,413,366)	(4.4%)
Operating Expenses	16,420,367	14,377,720	14,377,720	0	0.0%	(2,042,647)	(12.4%)
Professional Services	3,540,092	2,973,309	2,973,309	0	0.0%	(566,783)	(16.0%)
Other Charges	19,695,790	26,702,021	26,959,139	257,118	1.0%	7,263,349	36.9%
Acquisitions/Repairs	22,893	431,748	431,748	0	0.0%	408,855	1,785.9%
Total	\$ 71,516,701	\$ 74,246,070	\$ 75,166,109	\$ 920,039	1.2%	\$ 3,649,408	5.1%

Significant Expenditure changes compared to the FY 23 Existing Operating Budget

Personnel Services

\$662,991 net increase due to employee pay raises

Other Charges

\$257,118 increase primarily due to an increase in payments to ORM

OTHER CHARGES/INTERAGENCY TRANSFERS

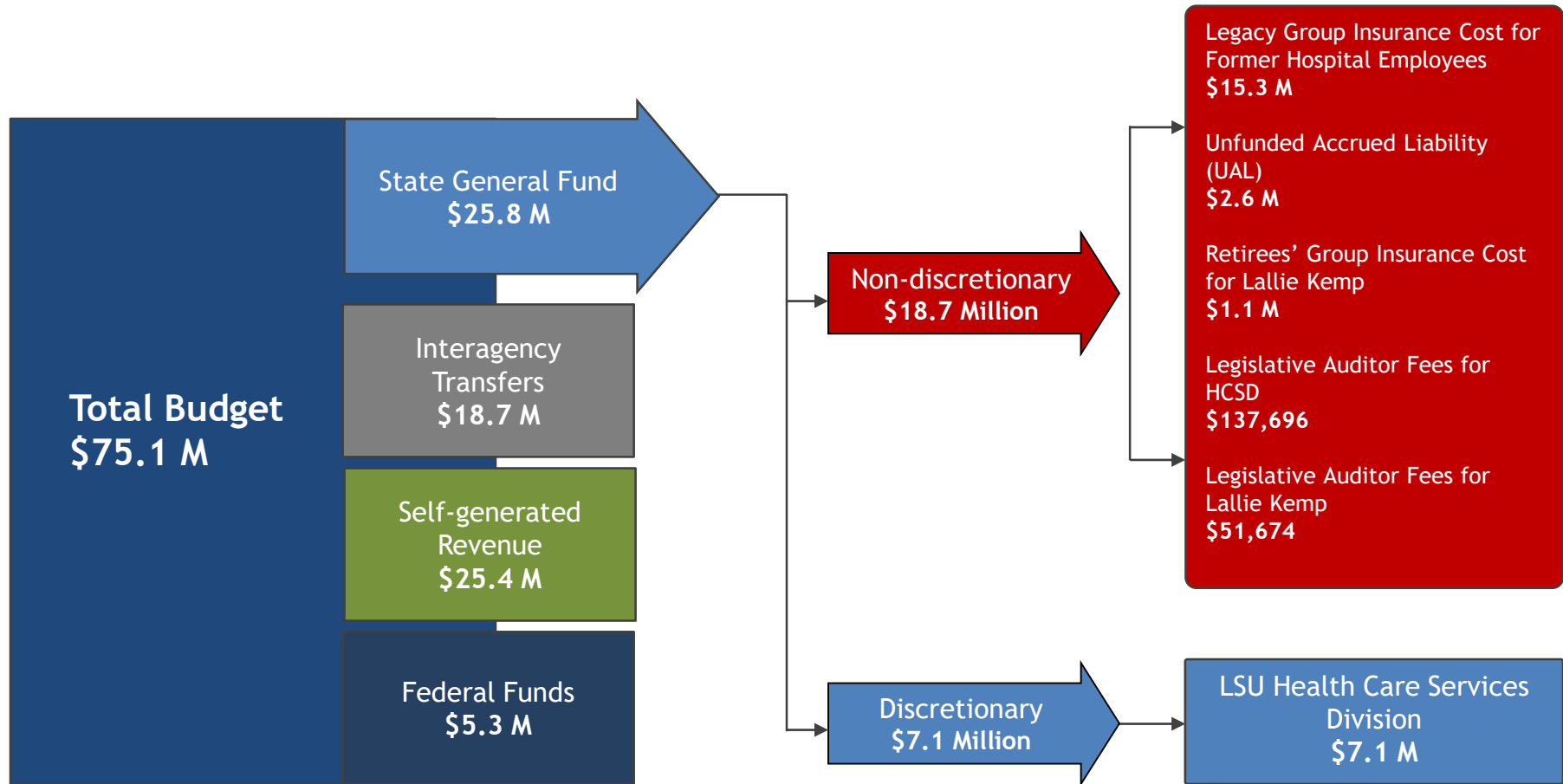
Other Charges

Amount	Description
\$ 22,119,231	This category has changed over time as operations have transitioned from a hospital system to a single remaining hospital. The agency plans to realign budget authority to match current operations. Most of the budget authority will shift from the Other Charges category to Operating Services and Supplies leaving only limited specialized health care service expenses.
\$22,119,231	Total Other Charges

Interagency Transfers

Amount	Description
\$ 4,839,908	<p>These expenditures include:</p> <ul style="list-style-type: none"> • Contract with LSU School of Medicine for Physicians • Contract with LSU for computing services • Legislative Auditor Fees • Civil Service Fees • Office of Technology Services (OTS) • Office of Risk Management (ORM)
\$ 4,839,908	Total Interagency Transfers

DISCRETIONARY EXPENSES FY 24

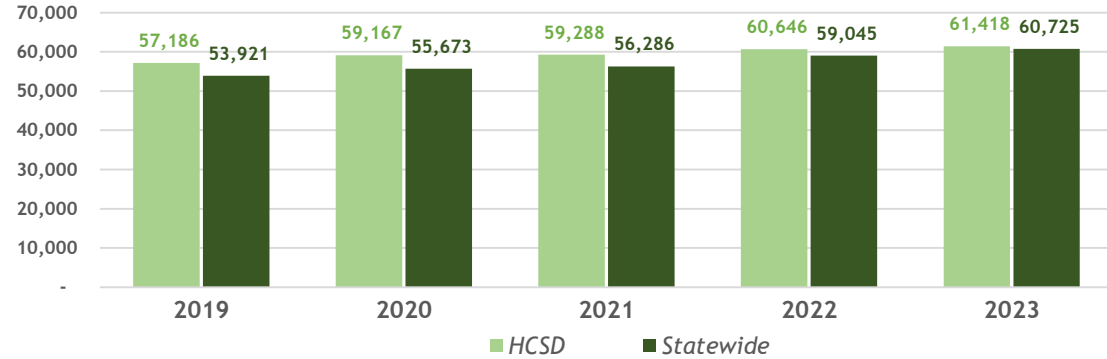


Figures may not add precisely due to rounding

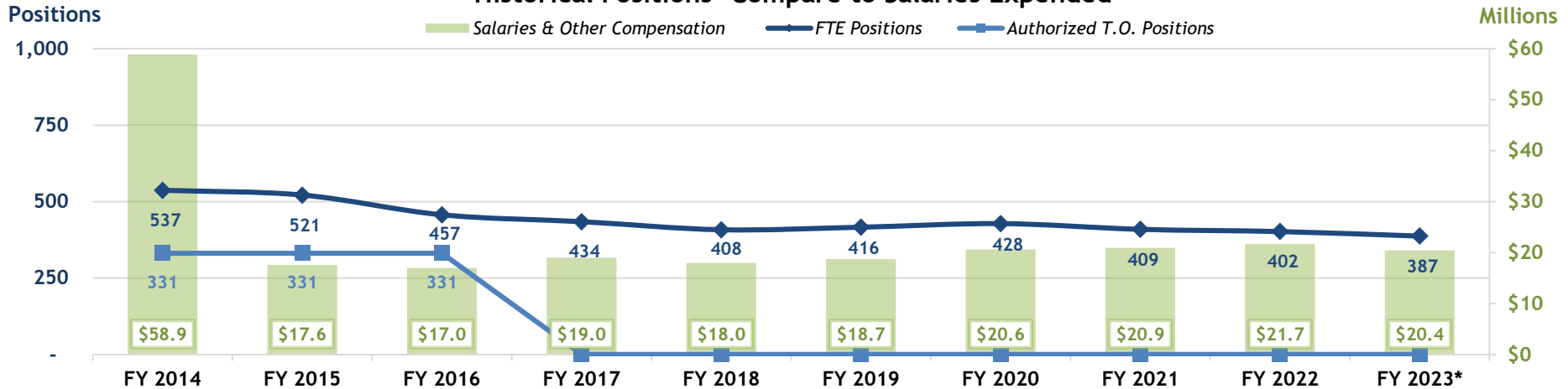
PERSONNEL INFORMATION

After the transfer of hospitals to private partners, Health Care Services Division's authorized T.O. positions in FY14 only included Lallie Kemp Regional Medical Center. In FY17 HCSD along with Higher Education's authorized T.O. positions were removed from the General Appropriations Bill.

Historical Average Salary



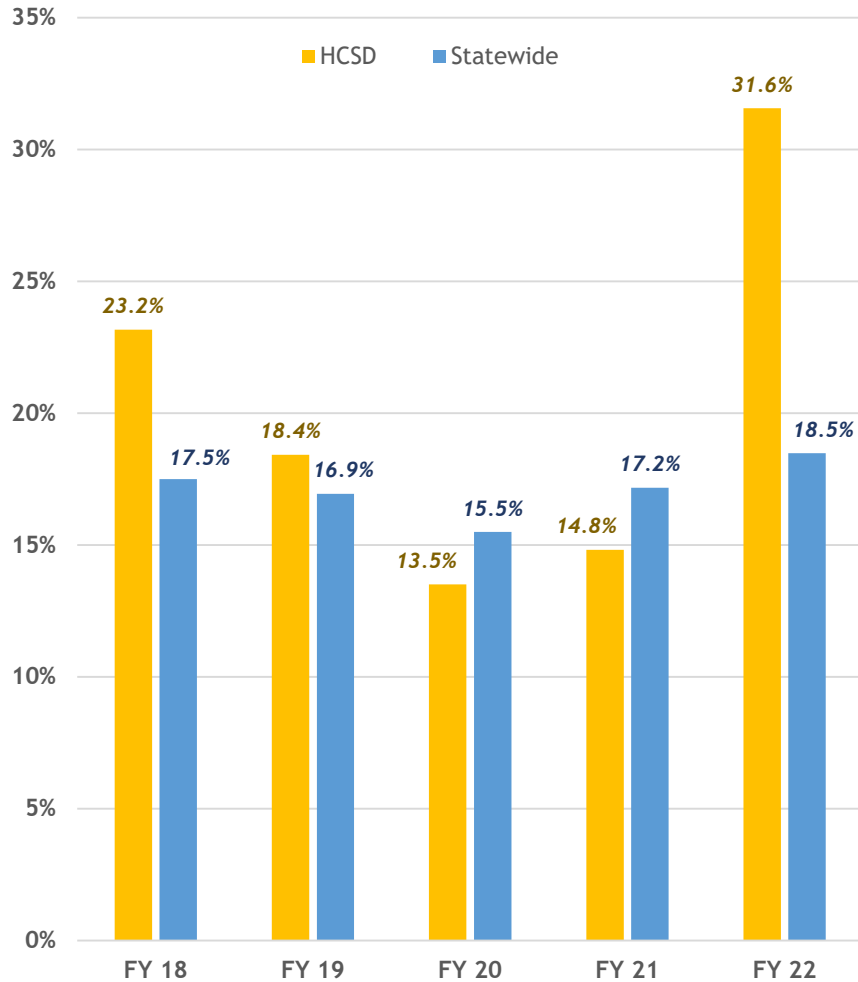
Historical Positions¹ Compare to Salaries Expended



¹ FTE Source: Dept. of Civil Service Weekly Report on State Employment

* Existing Operating Budget on 12/1/22

TURNOVER HISTORY



Top Positions Vacated FY 2022

Position	Number of Employees	Separations	Turnover Rate
Medical Assistant	18	9	50.0%
Phlebotomist 2	6	7	116.7%
Practical Nurse/Licensed 2	11	7	63.6%
Administrative Coordinator 2	12	6	50.0%
Registered Nurse 3	26	6	23.1%

PERFORMANCE INFORMATION

Metric	2014	2015	2016	2017	2018	2019	2020	2021	2022
Hospital Admissions	831	907	778	624	599	499	461	433	336
Number of Clinic Visits	28,534	34,120	38,792	34,283	35,272	34,446	27,432	26,251	28,917
Number of Emergency Department Visits	27,206	28,213	26,881	24,924	22,761	21,581	19,581	17,664	19,567
Overall Patient Satisfaction Survey Rating	79%	83%	74%	85%	94%	69%	80%	87%	80%
Willingness to Recommend Hospital	82%	85%	77%	81%	88%	88%	93%	93%	87%

9-Year Trend
(56%)

9-Year Trend
1.3%

9-Year Trend
(28%)

FY 21 to FY 22
(22%)

FY 21 to FY 22
10%

FY 21 to FY 22
11%

* Red highlighted section denotes the beginning of the COVID-19 pandemic

DEPARTMENT CONTACTS



Dr. Wayne Wilbright

Chief Medical Informatics Officer

wwilbr@lsuhsc.edu

Lisa Bruhl

Chief Executive Officer

Chad Thompson

Chief Financial Officer

cthom5@lsuhsc.edu

DEPARTMENT OVERVIEW

Lallie Kemp Regional Medical Center

- Located in Independence, LA
- Rural 24 bed acute care critical access hospital serving the Florida Parishes region of Southeast Louisiana
- Provides acute care hospital services including inpatient, outpatient, emergency, surgery, and ancillary support services
- Serves as the Medical Home for its patients
- Provides offender care for the Department of Corrections
- Provides specialty care including oncology, cardiology, and women's health
- Support functions which include pharmacy, blood bank, respiratory therapy and various diagnostic services

State Legacy Obligations

- Associated with six former state hospitals

Legacy management costs include:

- Retiree group insurance
- Risk management insurance
- Legal fees associated with the partnerships
- IT systems management
- Overhead costs allocated to the management of the state obligations



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

LSU Hospitals

LSU Health Sciences Center Shreveport Hospital

E. A. Conway Medical Center (Monroe)

Huey P. Long Medical Center (Pineville)

Private Hospital Partner

Ochsner Health System and LSU Health Shreveport jointly formed Ochsner LSU Health Shreveport

Ochsner Health System and LSU Health Shreveport jointly formed Ochsner LSU Health Shreveport

CHRISTUS Health Central Louisiana and Rapides Healthcare System

Hospital Cooperative Endeavor Agreement Documents

<https://www.lsu.edu/administration/hospital-ceas/index.php>