

Representative Jim Fannin
Chairman



Representative Bryan Adams
Vice Chairman

FY 15-16 Executive Budget Review
LOUISIANA STATE UNIVERSITY HEALTH SCIENCE CENTER
HEALTH CARE SERVICES DIVISION

House Committee on Appropriations

By the House Fiscal Division

March 25, 2015



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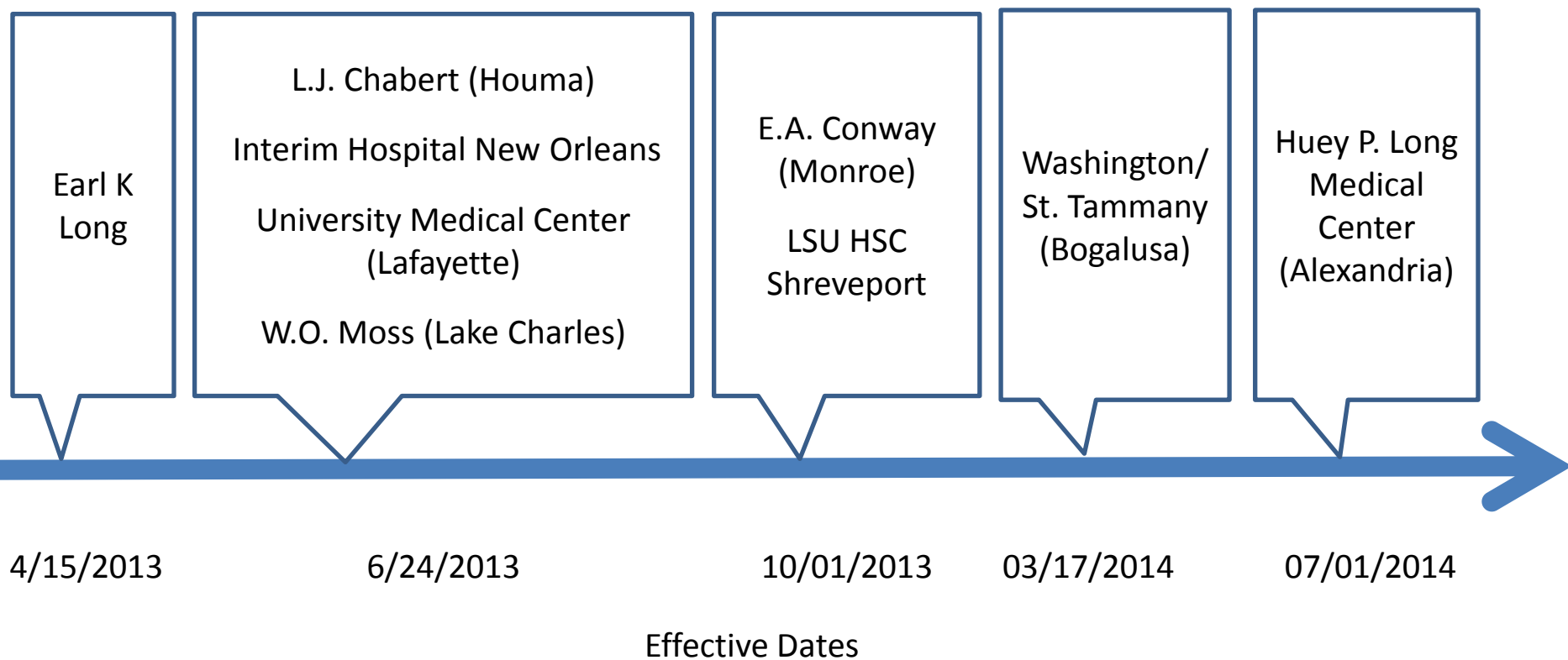
Department Structure

LSU Health Care Services Division

- Executive Administration and General Support
- Lallie Kemp Regional Medical Center



Transition Dates of Hospitals





Public/Private Partnerships

Health Care Services Hospital

Private Hospital Partner

Earl K. Long Regional Medical Center (Baton Rouge)	Our Lady of the Lake (LOL)
Medical Center of Louisiana (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)
Leonard J. Chabert Regional Medical Center (Houma)	Southern Regional Medical Corporation; Hospital Service District #1 of Terrebonne Parish; and Ochsner Health System
Lallie Kemp Regional Medical Center (Independence)	<i>no partnership</i>
Washington-St. Tammany Regional Medical Center (Bogalusa)	(Franciscan Missionaries of) Our Lady of the Lake Ascension Community Health System; new entity: Our Lady of Angels



Hospitals in Addition to HCSD

LSU Hospitals in Public/Private Partnerships

Health Care Services Hospital	Private Hospital Partner
Health Sciences Center Shreveport Hospital	Biomedical Research Foundation of Northwest Louisiana and BRF Hospital Holdings, L.L.C.
E. A. Conway Medical Center	Biomedical Research Foundation of Northwest Louisiana and BRF Hospital Holdings, L.L.C.
Huey P. Long Medical Center	CHRISTUS Health Central Louisiana and Rapides Healthcare System



Means of Finance

Means of Finance	FY 13-14 Actual Revenues	FY 14-15 Existing Operating Budget (12/1/14)	FY 15-16 Executive Budget Recommended	Change from FY 14-15 to FY 15-16	Percent Change from FY 14-15 to FY 15-16
State General Fund	\$7,612,504	\$3,860,659	\$3,860,659	\$0	0.0%
Interagency Transfers	\$43,595,800	\$40,589,668	\$33,243,383	(\$7,346,285)	(18.1%)
Fees and Self-Gen. Rev.	\$14,149,107	\$81,773,639	\$4,334,389	(\$77,439,250)	(94.7%)
Statutory Dedications	\$20,000,000	\$0	\$0	\$0	0.0%
Federal Funds	\$10,296,776	\$4,800,336	\$4,800,336	\$0	0.0%
TOTAL	\$95,654,187	\$131,024,302	\$46,238,767	(\$84,785,535)	(64.7%)
Authorized Positions	331	331	331	0	0.0%

Significant Adjustments:

Interagency Transfers

- Non-recur IAT for legacy costs (\$10 M).
- Increase for Uncompensated Care Cost (UCC) from DHH (\$2.65 M).

(\$7.3M)



Self-Generated

- Non-recur the FY 15 transfer of HCSD. Administration Program hospital contracts.

(\$77.4M)



Authorized Positions

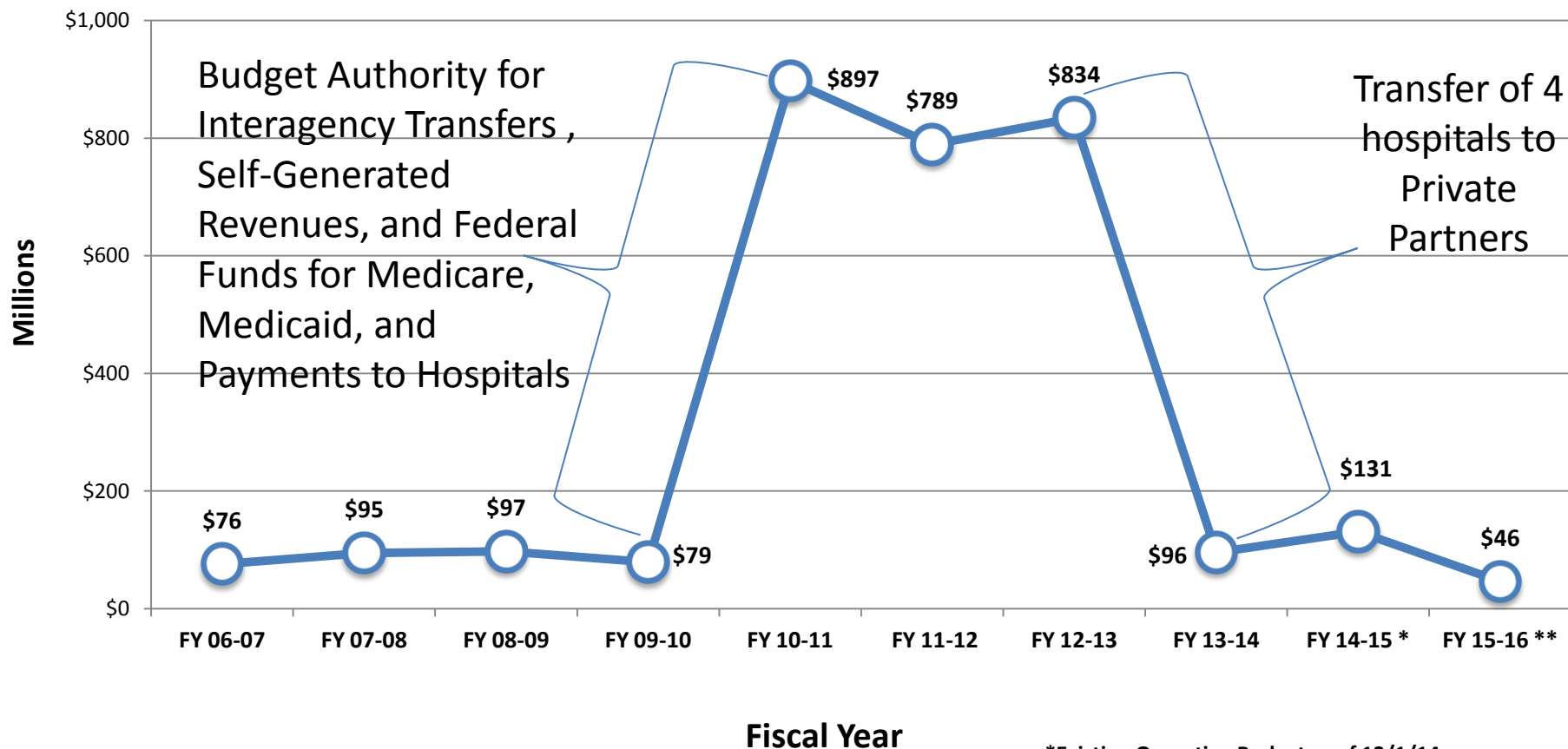
- No change.
- Only Lallie Kemp has authorized positions.

0 T.O.



10-Year Budget History

LSU HEALTH CARE SERVICES DIVISION (Total Funding)



Source: Executive Budget Supporting Documents

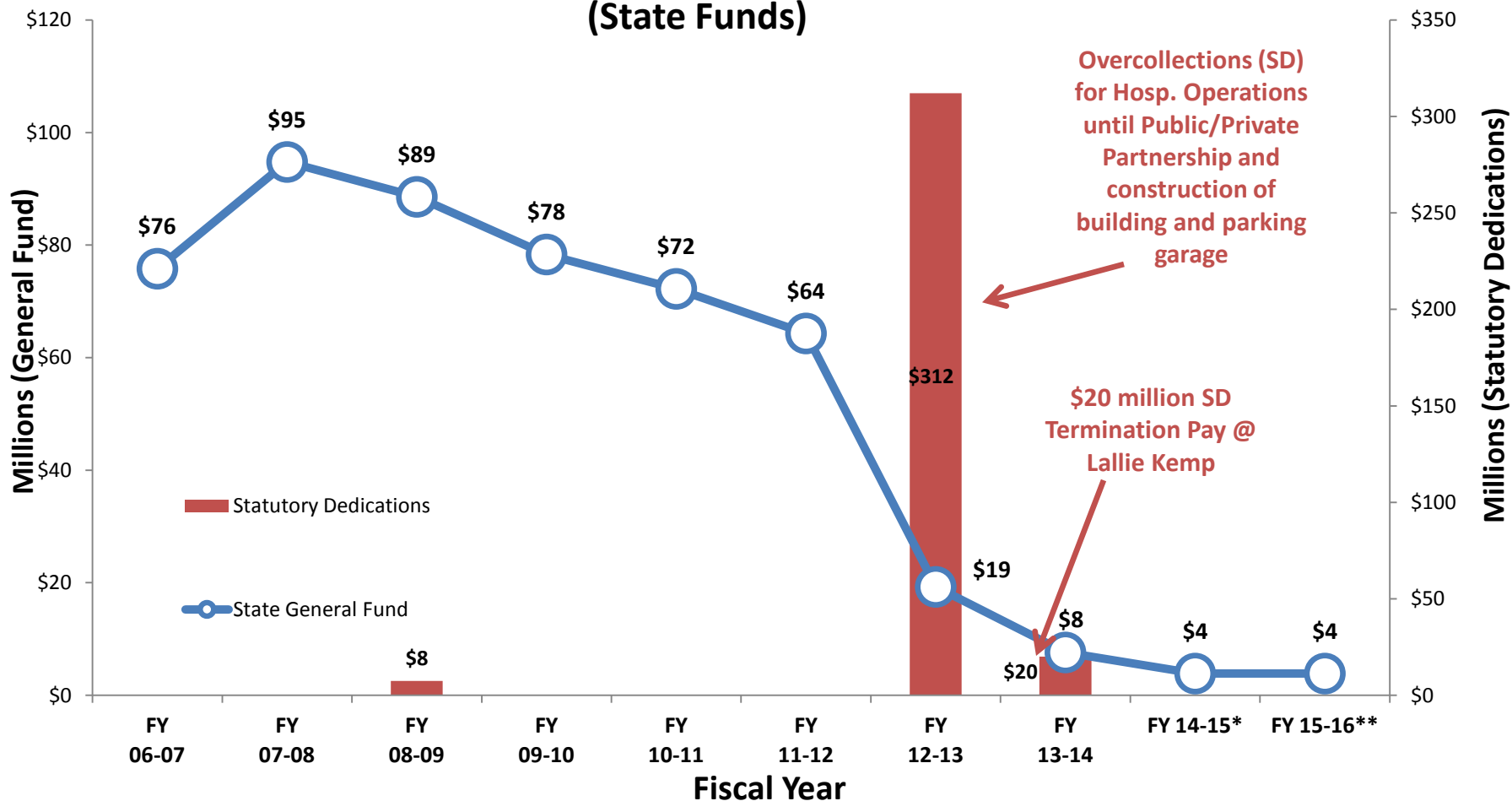
*Existing Operating Budget as of 12/1/14

**Governor's Executive Budget Recommendation



10-Year Budget History

LSU HEALTH CARE SERVICES DIVISION (State Funds)



Source: Executive Budget Supporting Documents

*Existing Operating Budget as of 12/1/14

**Governor's Executive Budget Recommendation



Major Sources of Revenue FY 15-16

Self-Generated Revenues - \$4.3 million

- Hospital Commercial Self/Private Pay Insurance Proceeds

Interagency Transfers - \$33.2 million

- Medicaid & Uncompensated Care Cost from the Department of Health and Hospitals

Federal Funds - \$4.8 million

- Medicare



Expenditure Breakdown

Expenditures	FY 13-14 Actual Expenditures	FY 14-15 Existing Operating Budget (12/1/14)	FY 15-16 Executive Budget Recommended	Change from FY 14-15 to FY 15-16	Percent Change from FY 14-15 to FY 15-16
Salaries	\$55,794,398	\$36,273,750	\$18,176,475	(\$18,097,275)	(49.9%)
Other Compensation	\$3,073,996	\$1,985,942	\$1,985,942	\$0	0.0%
Related Benefits	\$12,695,687	\$14,994,590	\$8,144,708	(\$6,849,882)	(45.7%)
Travel	\$10,835	\$166,832	\$16,497	(\$150,335)	(90.1%)
Operating Services	\$7,812,505	\$11,269,120	\$4,387,499	(\$6,881,621)	(61.1%)
Supplies	\$9,088,191	\$6,333,801	\$6,145,877	(\$187,924)	(3.0%)
Professional Services	\$1,641,041	\$20,571,210	\$905,850	(\$19,665,360)	(95.6%)
Other Charges	\$5,007,039	\$39,325,215	\$6,372,077	(\$32,953,138)	(83.8%)
Acq/Major Repairs	\$530,495	\$103,842	\$103,842	\$0	0.0%
Unallotted				\$0	0.0%
TOTAL EXP	\$95,654,187	\$131,024,302	\$46,238,767	(\$84,785,535)	(64.7%)

Significant Changes Across Categories

- The net reduction in all categories is due to the non-recurring of the hospital contract for HCSD Administration.
- The only increase is at Lallie Kemp in Operating Services and Other Charges for Uncompensated Care Claims.

Professional Services

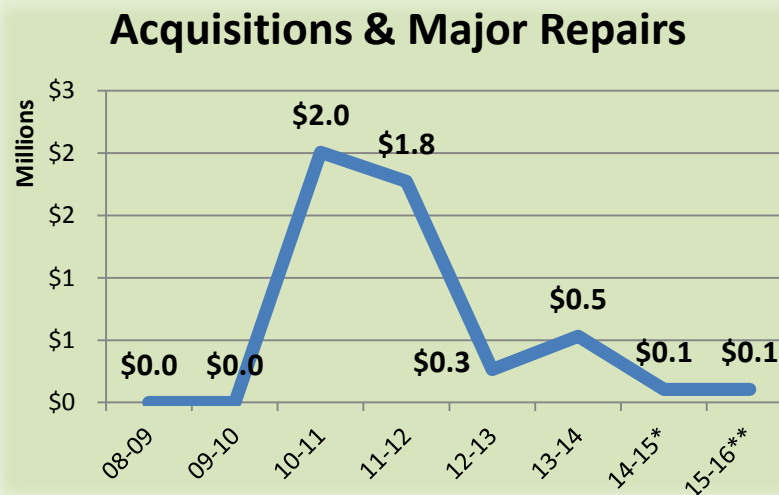
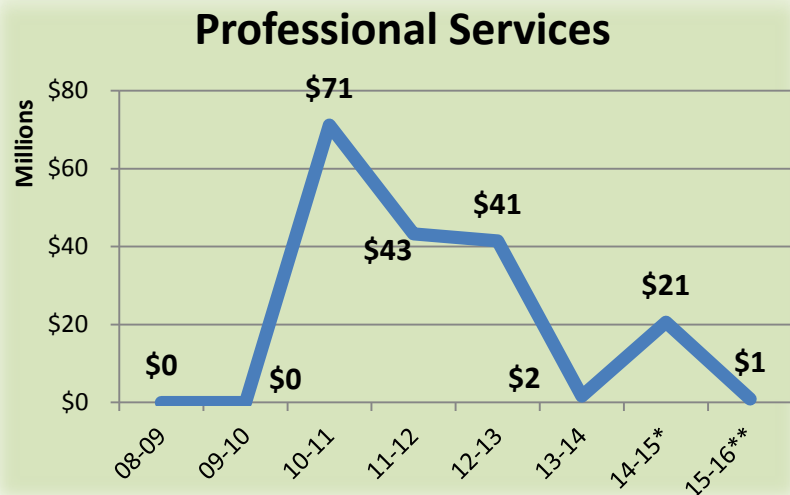
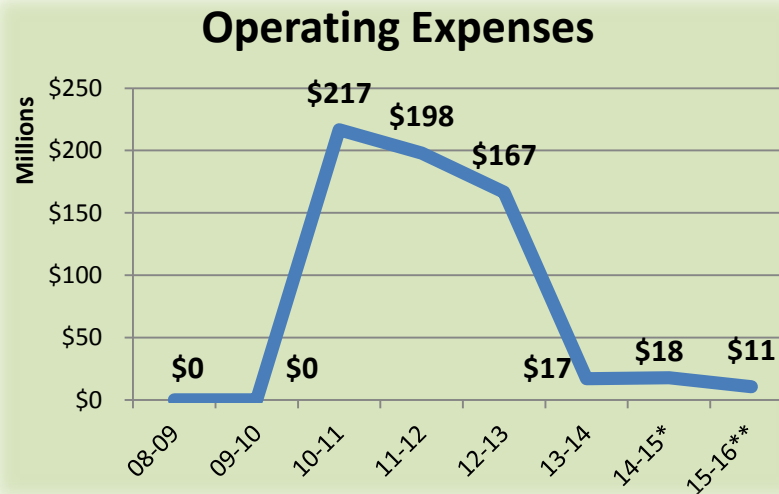
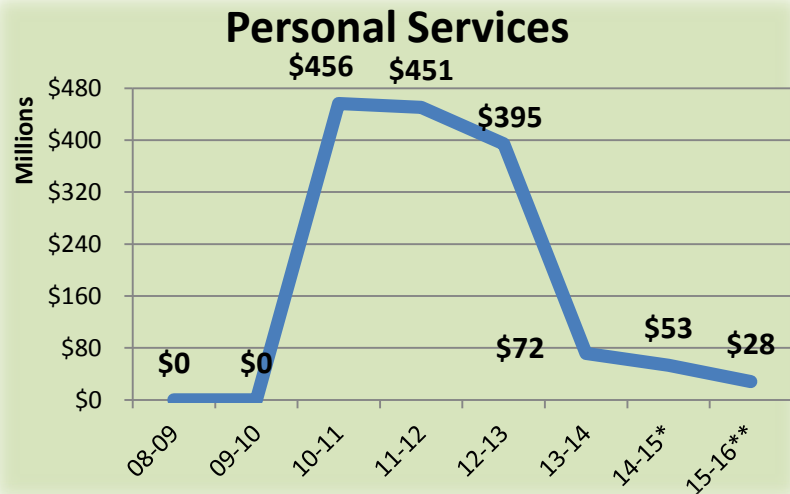
- Reductions to contracts for legal services, cleaning services, maintenance for safety programs, and medical services for physicians.

Other Charges

- Reductions to medical services provided and other miscellaneous expenses.



8-Year Expenditure History (in millions)



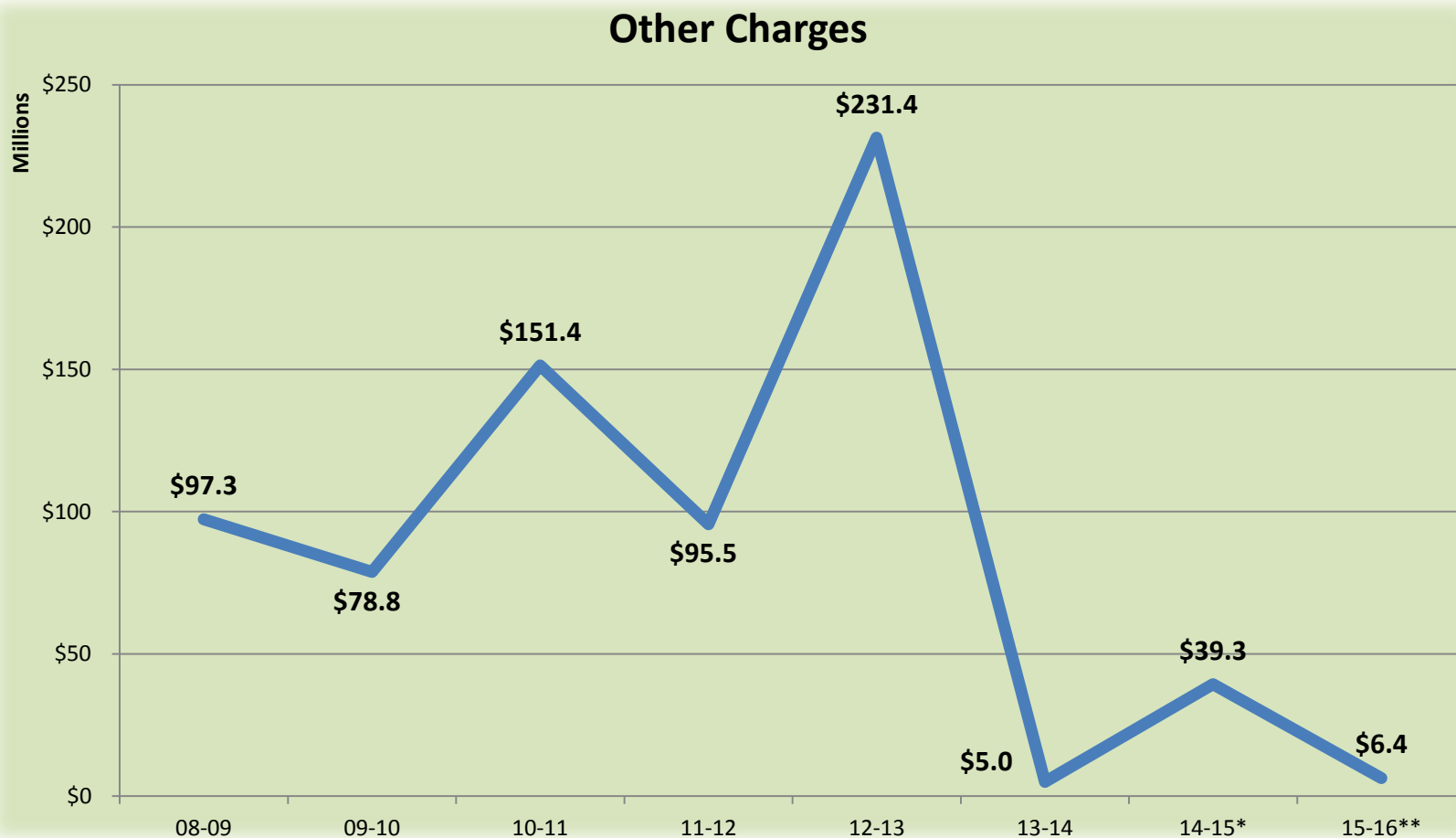
Source: Executive Budget Supporting Documents

*Existing Operating Budget as of 12/1/14

**Governor's Executive Budget Recommendation



8-Year Expenditure History (in millions)



Source: Executive Budget Supporting Documents

*Existing Operating Budget as of 12/1/14

**Governor's Executive Budget Recommendation



Significant Adjustments

\$77.4 M
FSGR



HCSD Administration contracts with private partners - moving payments from transitional service agreements, including patient billing, contract monitoring associated with partners, medical records, financial reporting, and clinical applications associated with moving HCSD Administration back off budget.

\$10 M
IAT



Non-recur legacy costs for HCSD Administration expenditures for retiree group insurance costs, risk management premiums, unemployment costs, security services, debt service payments, and ventilation of empty facilities.

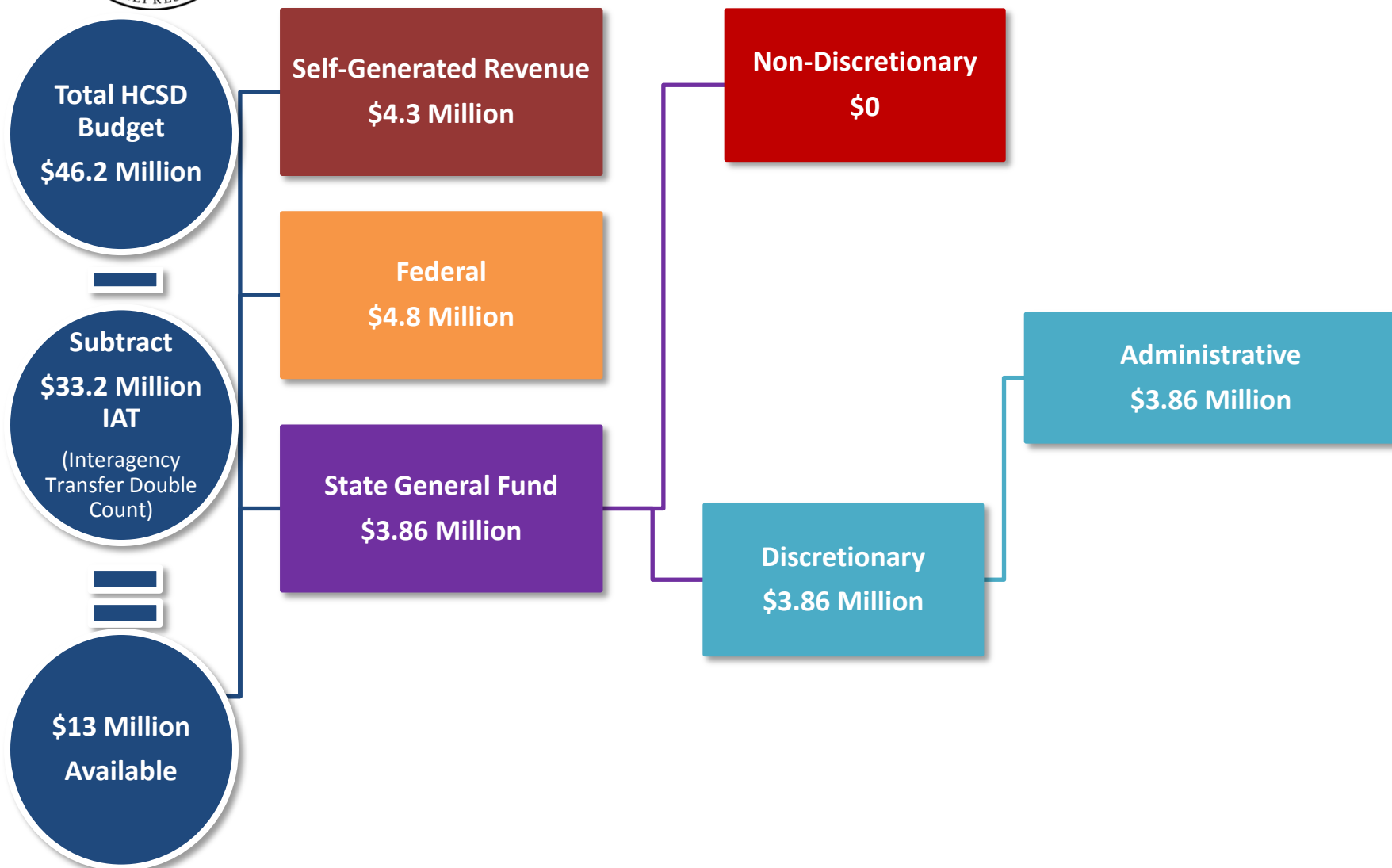
\$2.6 M
IAT



Increase Interagency Transfers for Uncompensated Care Cost (UCC) funding to be received from the Department of Health and Hospitals.



Discretionary/Non-Discretionary Funding FY 15-16 Executive Budget





Salaries and Positions

FY 15-16 SALARIES/POSITIONS

- \$20.2 million for Salaries and Other Compensation
- \$8.1 million for Related Benefits
- Total Personal Services = \$28.3 million; 71% of the HCSD total Executive Budget Recommendation (excluding Other Charges)

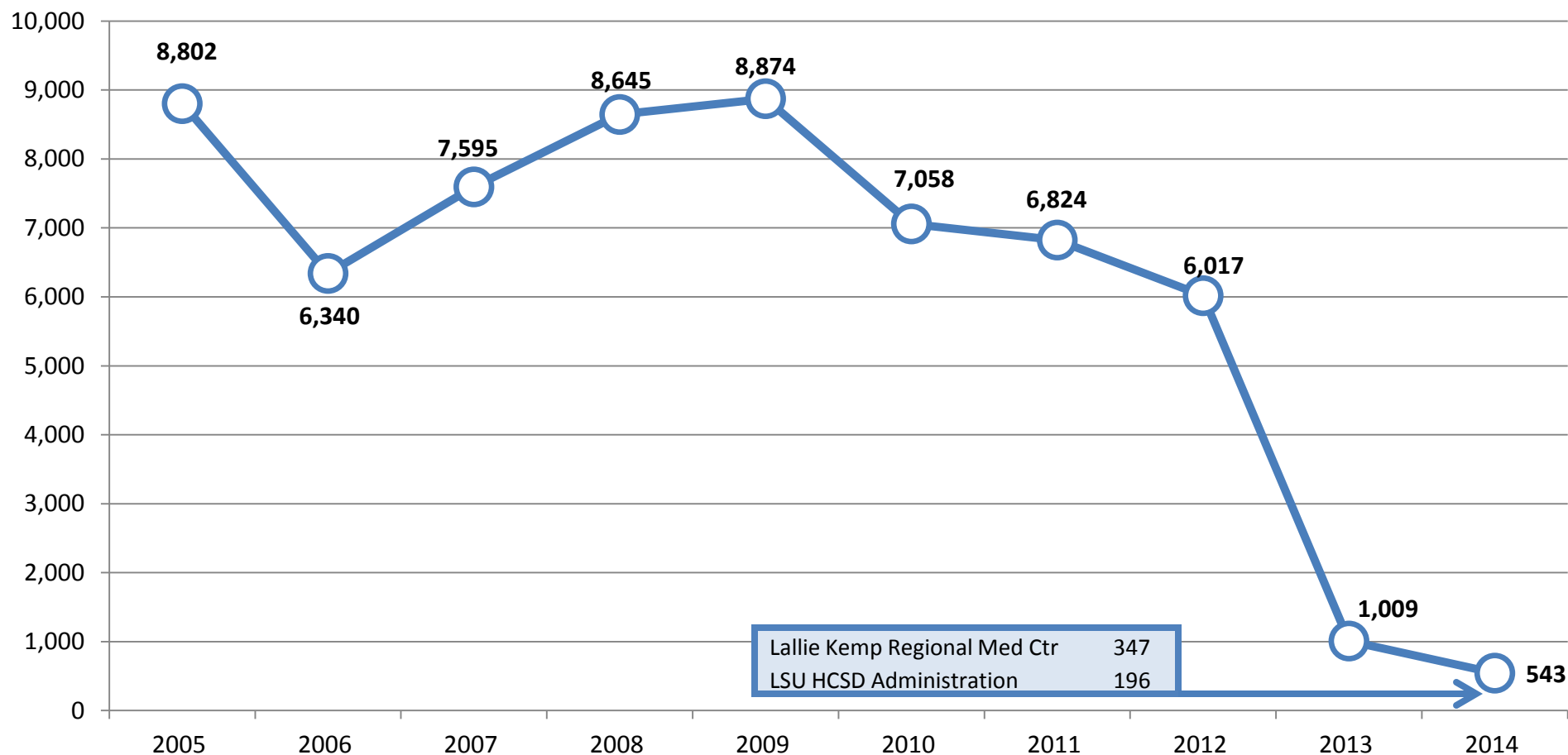
- 331 Authorized Positions (302 classified and 29 unclassified)
- 0 full-time non-T.O. positions
- 0 Other Charges positions

- As of 1/30/2015, HCSD had a negative 198 vacancies
 - This is due from reporting of Bogalusa Medical Center and HCSD Administration to Civil Service, but the authorized positions were eliminated in the prior fiscal year.



Salaries and Positions

TOTAL FULL-TIME EQUIVALENT (FTE) POSITIONS

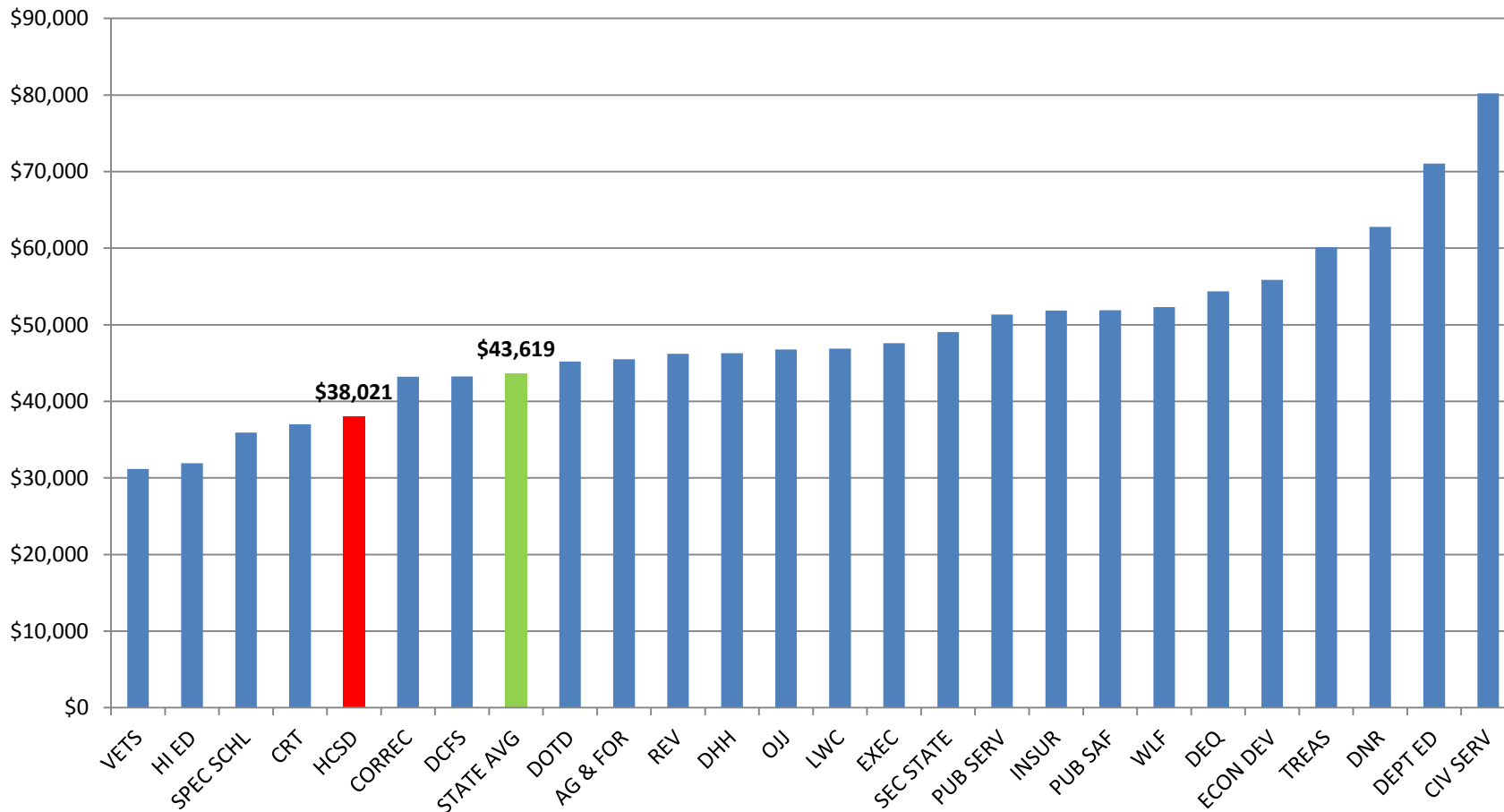


Source: Prepared by House Fiscal Division staff using information from ISIS-HR and Civil Service



Salaries and Positions

FY 14 CLASSIFIED AVERAGE ANNUAL PAY PER FTE

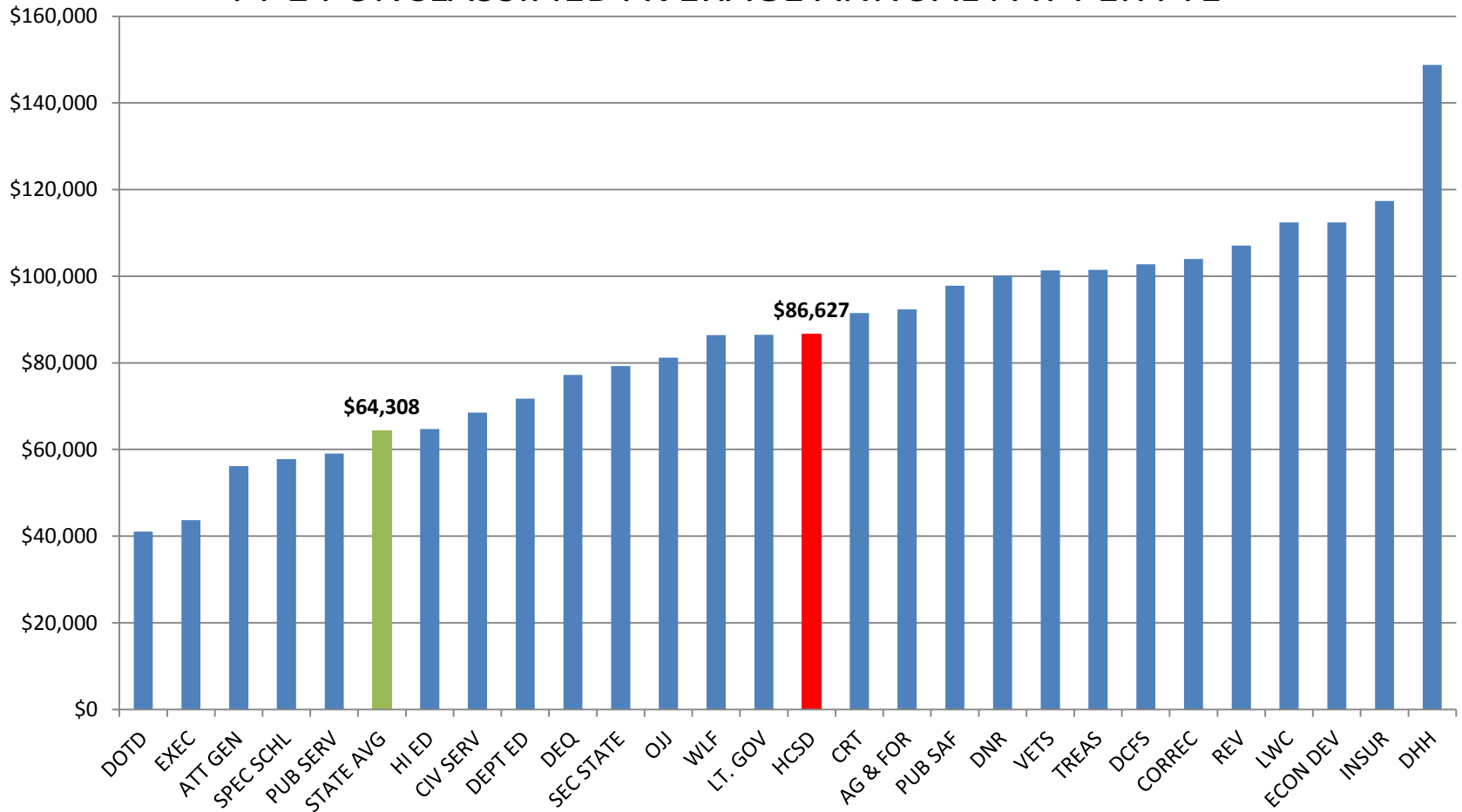


Source: Prepared by House Fiscal Division staff using information from ISIS-HR and Civil Service



Salaries and Positions

FY 14 UNCLASSIFIED AVERAGE ANNUAL PAY PER FTE



Source: Prepared by House Fiscal Division staff using information from ISIS-HR and Civil Service



Overview of HCR 139 of 2013

- Directs the Division of Administration, the Department of Health and Hospitals, and the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College to make annual reports to the legislature concerning operation and management of state hospitals by private entities



Overview of HCR 139 of 2013

	Monthly Avg FY 12	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	6 Month Average
Our Lady of the Angels Hospital - Bogalusa, Louisiana								
Outpatient Encounters	9,830	7,255	7,287	7,676	7,901	6,589	6,998	7,284
Emergency Department Visits	2,254	1,733	1,744	1,790	1,670	1,530	1,851	1,720
% Inpatient Free Care	12.1%	7.8%	9.6%	7.9%	10.1%	12.3%	9.6%	9.5%
% Inpatient Self Pay	5.2%	4.2%	2.7%	2.1%	4.2%	6.0%	3.9%	3.9%
% Inpatient Commercial	9.3%	17.7%	15.6%	14.7%	12.6%	13.9%	13.5%	14.7%
% Inpatient Commercial Medicaid (Bayou Health)	8.0%	16.9%	22.1%	20.8%	18.5%	28.4%	25.1%	22.0%
% Inpatient Medicaid	25.3%	17.1%	12.8%	14.3%	3.2%	6.3%	5.9%	9.9%
% Inpatient Medicare	39.6%	36.4%	37.2%	40.2%	51.4%	33.1%	42.1%	40.1%
LSU Health BR - A Division of Our Lady of the Lake Regional Medical Center - Baton Rouge, Louisiana								
Outpatient Encounters	13,197	16,749	15,368	15,979	17,667	13,946	13,924	15,606
Emergency Department Visits	3,372	5,900	6,045	6,387	6,471	6,331	7,036	6,362
% Inpatient Free Care	18.0%	3.2%	2.4%	1.6%	2.3%	3.0%	2.3%	2.5%
% Inpatient Self Pay	12.9%	42.0%	41.3%	41.7%	40.7%	43.1%	41.3%	41.7%
% Inpatient Commercial	3.6%	5.3%	4.3%	5.0%	3.8%	4.0%	5.3%	4.6%
% Inpatient Commercial Medicaid (Bayou Health)	3.3%	37.3%	38.1%	39.0%	43.2%	21.7%	23.5%	33.8%
% Inpatient Medicaid	39.7%	7.8%	10.8%	8.8%	6.5%	25.9%	24.8%	14.1%
% Inpatient Medicare	9.3%	4.4%	3.2%	4.1%	3.4%	2.3%	2.8%	3.4%
Leonard J. Chabert Medical Center - Houma, Louisiana								
Outpatient Encounters	13,779	7,846	10,653	12,942	12,373	12,145	11,290	11,208
Emergency Department Visits	2,726	2,085	1,865	2,893	2,954	2,843	2,552	2,532
% Inpatient Free Care	19.6%							
% Inpatient Self Pay	6.5%	37.9%	33.5%	30.9%	31.9%	37.8%	37.9%	35.0%
% Inpatient Commercial	6.4%	9.6%	10.8%	2.8%	8.5%	6.5%	7.2%	7.6%
% Inpatient Commercial Medicaid (Bayou Health)	3.1%							
% Inpatient Medicaid	43.6%	27.9%	29.2%	41.2%	34.8%	31.0%	32.7%	32.8%
% Inpatient Medicare	19.5%	24.6%	26.5%	25.1%	24.8%	24.7%	22.2%	24.6%



Overview of HCR 139 of 2013

	Monthly Avg FY 12	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	6 Month Average
University Hospital and Clinics - Lafayette, Louisiana								
Outpatient Encounters	12,857	13,004	13,924	14,549	15,201	12,493	13,491	13,777
Emergency Department Visits	3,247	3,234	3,475	3,505	3,293	3,076	3,303	3,314
% Inpatient Free Care	8.5%	6.0%	6.0%	9.0%	10.0%	7.0%	9.0%	7.8%
% Inpatient Self Pay	17.2%	7.0%	9.0%	7.0%	8.0%	8.0%	10.0%	8.2%
% Inpatient Commercial	9.7%	18.0%	14.0%	19.0%	14.0%	10.0%	8.0%	13.8%
% Inpatient Commercial Medicaid (Bayou Health)	4.6%	14.0%	15.0%	13.0%	14.0%	13.0%	8.0%	12.8%
% Inpatient Medicaid	47.2%	45.0%	45.0%	40.0%	40.0%	44.0%	47.0%	43.5%
% Inpatient Medicare	9.1%	10.0%	11.0%	13.0%	14.0%	17.0%	19.0%	14.0%
Interim LSU Hospital - New Orleans, Louisiana								
Outpatient Encounters	20,311	21,072	19,812	22,841	25,324	21,226	21,826	22,017
Emergency Department Visits	3,953	6,328	6,606	6,530	5,916	5,220	5,587	6,031
% Inpatient Free Care	8.52%	6.0%	6.0%	9.0%	10.0%	7.0%	9.0%	7.8%
% Inpatient Self Pay	17.18%	7.0%	9.0%	7.0%	8.0%	8.0%	10.0%	8.2%
% Inpatient Commercial	9.67%	18.0%	14.0%	19.0%	14.0%	10.0%	8.0%	13.8%
% Inpatient Commercial Medicaid (Bayou Health)	4.62%	14.0%	15.0%	13.0%	14.0%	13.0%	8.0%	12.8%
% Inpatient Medicaid	47.19%	45.0%	45.0%	40.0%	40.0%	44.0%	47.0%	43.5%
% Inpatient Medicare	9.14%	10.0%	11.0%	13.0%	14.0%	17.0%	19.0%	14.0%
Moss Memorial Health Clinic - Lake Charles, Louisiana								
Outpatient Encounters	7,128	9,130	8,782	9,021	9,694	7,674	8,342	8,774
Emergency Department Visits	1,982	3,087	3,199	3,319	3,304	3,133	3,501	3,257
% Inpatient Free Care	42.6%	5.8%	8.5%	14.9%	24.0%	15.5%	17.6%	14.4%
% Inpatient Self Pay	11.3%	24.8%	17.6%	20.0%	7.3%	8.0%	11.6%	14.9%
% Inpatient Commercial	4.6%	3.9%	11.1%	5.2%	9.2%	7.4%	8.0%	7.5%
% Inpatient Commercial Medicaid (Bayou Health)	0.6%	41.6%	33.7%	36.0%	39.8%	50.4%	45.7%	41.2%
% Inpatient Medicaid	25.8%	9.1%	13.5%	9.9%	4.9%	3.2%	2.8%	7.2%
% Inpatient Medicare	14.2%	14.8%	15.7%	14.0%	14.9%	15.6%	14.2%	14.9%



Overview of HCR 139 of 2013

	Monthly Avg FY 12	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	6 Month Average
Rapides Regional Medical Center & CHRISTUS St. Francis Cabrini Hospital - Alexandria, Louisiana								
Outpatient Encounters	n/a	28,248	27,721	28,696	27,932	23,282	26,747	27,104
Emergency Department Visits	n/a	10,586	10,181	10,727	12,933	8,526	4,729	9,614
% Inpatient Free Care & Self Pay	n/a	10.7%	11.6%	10.7%	9.5%	9.8%	10.5%	10.5%
% Inpatient Commercial Medicaid (Bayou Health)	n/a	12.6%	12.8%	14.4%	13.4%	14.0%	13.9%	13.5%
% Inpatient Medicaid	n/a	6.1%	4.8%	3.6%	3.5%	3.5%	2.8%	4.1%
University Health Conway - Monroe, Louisiana								
Outpatient Encounters	n/a	11,160	10,997	11,502	11,584	11,502	9,578	11,054
Emergency Department Visits	n/a	2,156	2,171	2,223	2,177	2,078	2,322	2,188
% Inpatient Free Care	n/a	13.9%	13.2%	11.1%	6.1%	7.6%	9.7%	10.3%
% Inpatient Self Pay	n/a	13.7%	13.1%	12.7%	11.1%	10.9%	13.2%	12.4%
% Inpatient Commercial	n/a	5.1%	10.4%	11.9%	7.5%	5.1%	7.5%	7.9%
% Inpatient Commercial Medicaid (Bayou Health)	n/a	24.9%	26.9%	29.3%	31.7%	28.0%	31.5%	28.7%
% Inpatient Medicaid	n/a	23.8%	22.1%	22.3%	28.2%	32.8%	19.3%	24.7%
% Inpatient Medicare	n/a	15.0%	10.7%	10.5%	12.9%	12.6%	14.3%	12.7%
University Health Shreveport - Shreveport, Louisiana								
Outpatient Encounters	n/a	33,488	33,048	34,431	35,479	29,443	30,238	32,688
Emergency Department Visits	n/a	5,271	5,553	5,445	5,220	4,807	5,290	5,264
% Inpatient Free Care	n/a	10.7%	7.6%	6.3%	7.1%	8.3%	8.7%	8.1%
% Inpatient Self Pay	n/a	14.5%	14.6%	15.7%	13.7%	14.4%	14.7%	14.6%
% Inpatient Commercial	n/a	16.9%	19.3%	16.9%	17.3%	15.8%	15.9%	17.0%
% Inpatient Commercial Medicaid (Bayou Health)	n/a	29.1%	30.3%	32.3%	31.2%	31.3%	27.9%	30.4%
% Inpatient Medicaid	n/a	6.3%	10.2%	11.7%	12.8%	9.0%	10.4%	10.1%
% Inpatient Medicare	n/a	19.7%	16.4%	15.7%	16.4%	19.6%	21.3%	18.2%



Public/Private Partnerships

	Beginning FY 2013-14 Budget	Beginning FY 2014-15 Budget	Executive Budget FY 2015-16	\$ Change	% Change
<i>Public Claims</i>	\$19,392,908	\$0	\$0	\$0	-
<i>Public UCC</i>	\$100,211,838	\$0	\$0	\$0	-
<i>Private Claims</i>	\$157,236,984	\$150,003,674	\$78,841,655	(\$71,162,019)	-47.4%
<i>Private UPL</i>	\$279,559,909	\$263,857,238	\$263,857,238	\$0	0.0%
<i>Private UCC</i>	\$552,952,070	\$736,535,417	\$736,535,417	\$0	0.0%
<i>Shift to Managed Care*</i>	\$0	\$0	\$71,162,019	\$71,162,019	-
Overall Totals	\$1,109,353,709	\$1,150,396,329	\$1,150,396,329	\$0	0.0%

	Beginning FY 2013-14 Budget	Beginning FY 2014-15 Budget	Executive Budget w/o Suppl. FY 2015-16	\$ Change	% Change
<i>Public Claims</i>	\$19,392,908	\$0	\$0	\$0	-
<i>Public UCC</i>	\$100,211,838	\$0	\$0	\$0	-
<i>Private Claims</i>	\$157,236,984	\$150,003,674	\$77,264,823	(\$72,738,851)	-48.5%
<i>Private UPL</i>	\$279,559,909	\$263,857,238	\$176,273,990	(\$87,583,248)	-33.2%
<i>Private UCC</i>	\$552,952,070	\$736,535,417	\$492,054,102	(\$244,481,315)	-33.2%
<i>Shift to Managed Care*</i>	\$0	\$0	\$69,738,779	\$69,738,779	-
Overall Totals	\$1,109,353,709	\$1,150,396,329	\$815,331,694	(\$335,064,635)	-29.1%

	Beginning FY 2014-15 Budget	Budget Request FY 2015-16	Executive Budget FY 2015-16	\$ Change	% Change
<i>Public Claims</i>	\$19,392,908	\$0	\$0	\$0	-
<i>Public UCC</i>	\$100,211,838	\$0	\$0	\$0	-
<i>Private Claims</i>	\$157,236,984	\$87,640,557	\$78,841,655	(\$8,798,902)	-10.0%
<i>Private UPL</i>	\$279,559,909	\$322,451,885	\$263,857,238	(\$58,594,647)	-18.2%
<i>Private UCC</i>	\$552,952,070	\$819,935,167	\$736,535,417	(\$83,399,750)	-10.2%
<i>Shift to Managed Care*</i>	\$0	\$0	\$71,162,019	\$71,162,019	-
Overall Totals	\$1,109,353,709	\$1,230,027,609	\$1,150,396,329	(\$79,631,280)	-6.5%



Public/Private Documents

- **Hospital Cooperative Endeavor Agreement Documents**

<http://www.lsusystem.edu/index.php/systemoffice/health-affairs/>

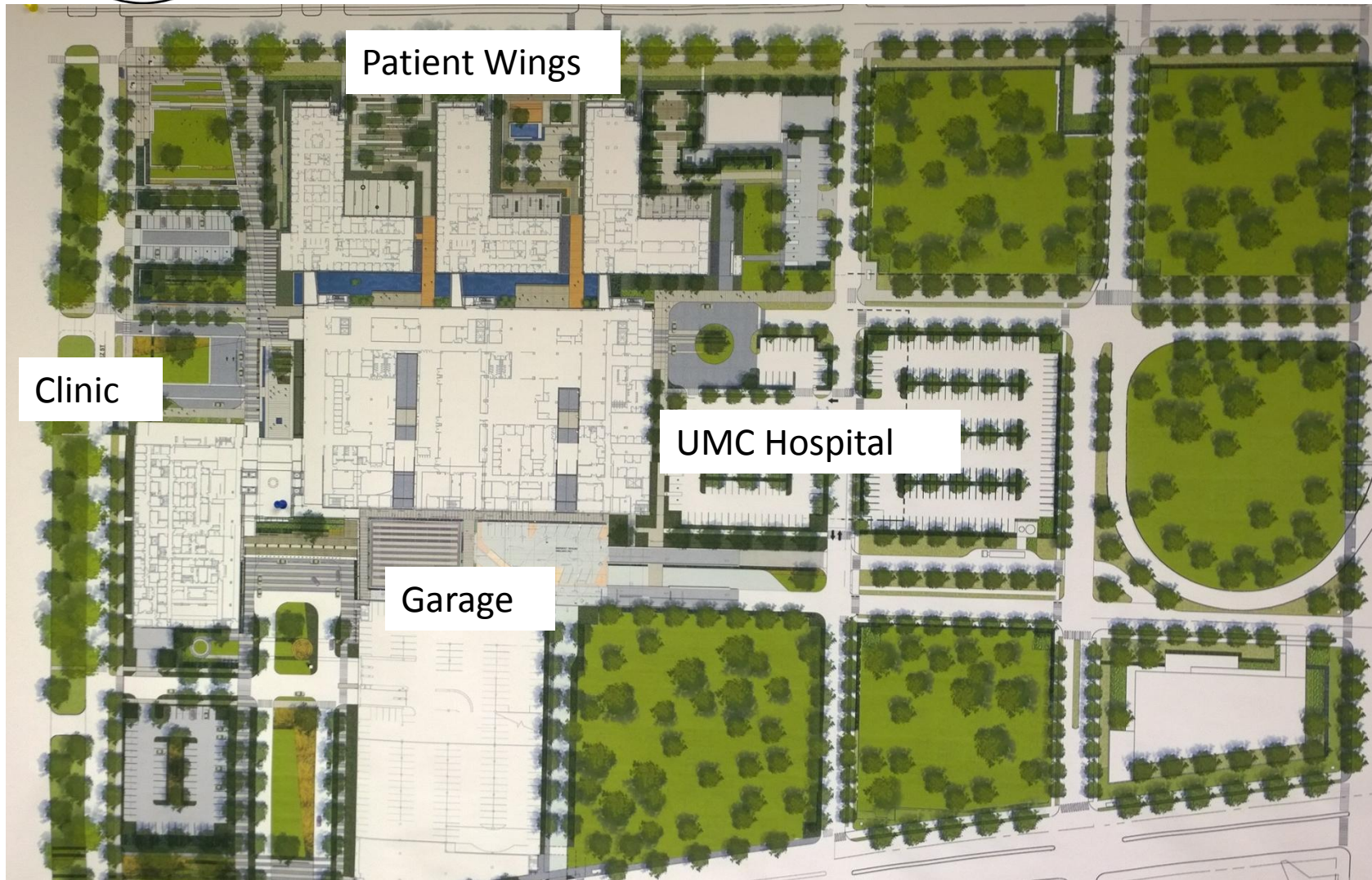


University Medical Center in New Orleans

- Completion Target Date: Mid-April 2015
- Staffing Target Date: August 2015
- 2.5 million square feet of space under roof
- Total 436 beds
- \$2.5 million in art (required by law) has been designed into the building



University Medical Center in New Orleans





University Medical Center in New Orleans





University Medical Center in New Orleans





University Medical Center in New Orleans





University Medical Center in New Orleans





University Medical Center in New Orleans





Department Contacts

AGENCY	Agency Head	Phone
Office of the President, LSU System	Dr. F. King Alexander	225-578-2111
Executive Vice President of Health Care and Medical Education Redesign	Frank Opelka, M.D. FACS	504-568-4769
HCSD, CEO	Wayne Wilbright	225-354-7008
Office of the Secretary, DHH	Kathy Kleibert/Jeff Reynolds	225-342-9503