

Representative Cameron Henry
Chairman



Representative Franklin Foil
Vice Chairman

FY16-17 Executive Budget Review
LOUISIANA STATE UNIVERSITY HEALTH SCIENCE CENTER
HEALTH CARE SERVICES DIVISION

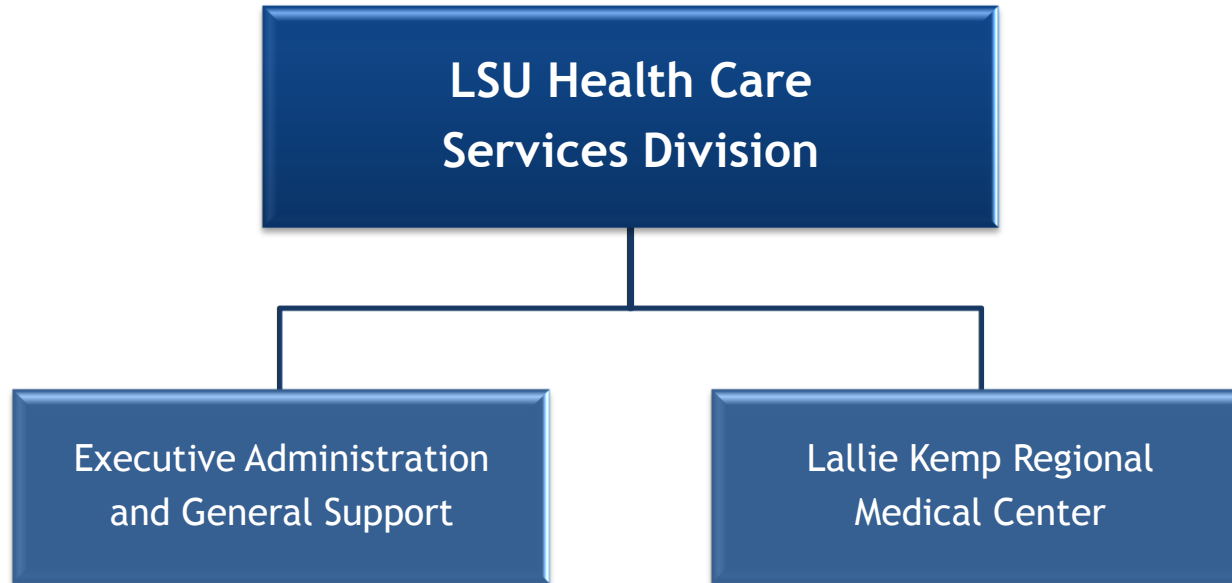
House Committee on Appropriations
by the House Fiscal Division

March 29, 2016

TABLE OF CONTENTS

Department Overview	3
Budget History	5
Revenue Sources	6
Means of Finance	7
Expenditures	8
Significant Impacts	10
Discretionary/Non-Discretionary Funding	12
Personnel	13
Public/Private Partnerships	14
University Medical Center New Orleans	18
Department Contacts	19

DEPARTMENT ORGANIZATION



DEPARTMENT FUNCTIONS

Lallie Kemp Medical Center

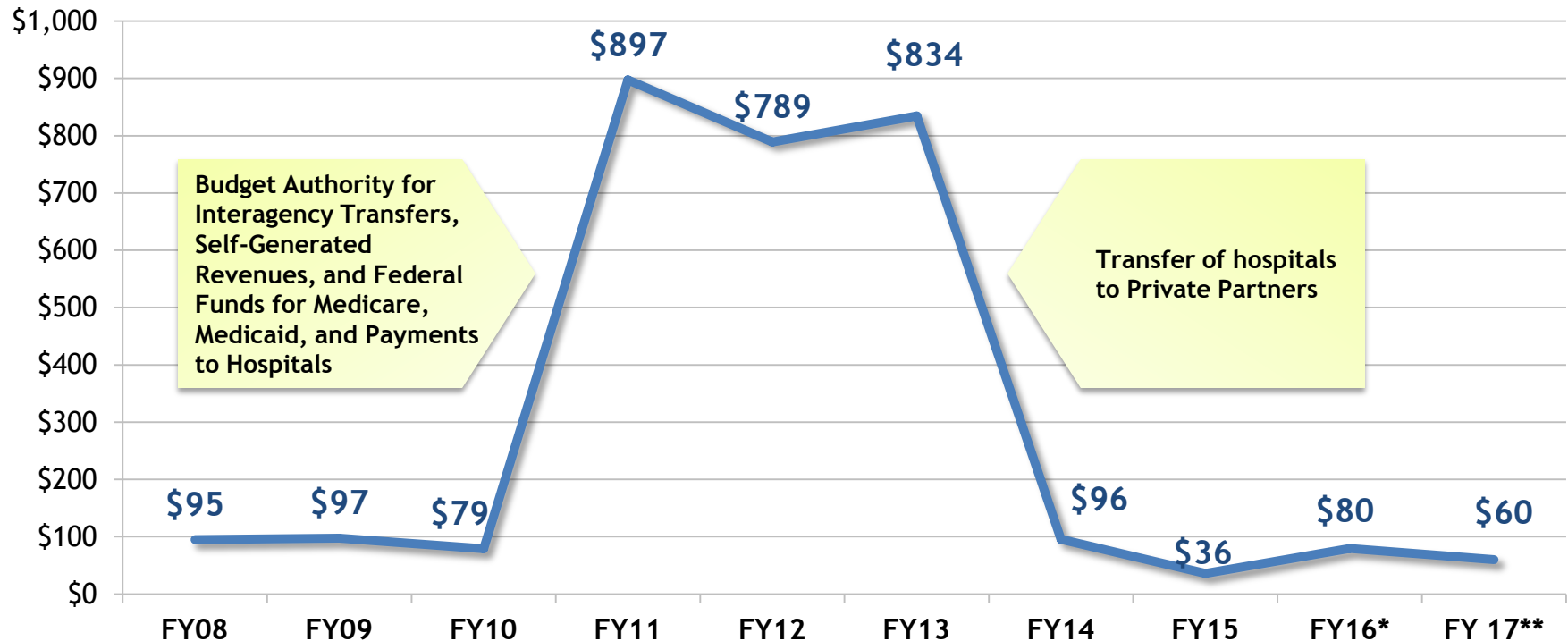
- Is a small rural hospital that delivers of healthcare services.
- Provides multiple services that are targeted to the Florida parishes' pediatric, adolescent, and adult populations, including immunization clinic, asthma care programs, ADD management program, diabetes services, well childcare and general pediatric clinics.
- 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 mandatory expenditures associated with the maintenance of the hospitals that formed Cooperative Endeavor Agreements with private partners.

BUDGET HISTORY (IN MILLIONS)



Source: Executive Budget Supporting Documents

*Existing Operating Budget as of 12/1/15
** Governor's Executive Budget Recommendation FY16-17

MAJOR SOURCES OF REVENUE

**Interagency Transfers
\$24.5 Million**

**Medicaid &
Uncompensated Care Cost
(UCC) Reimbursement
from the DHH**

**Self Generated
\$10 Million**

**Collections of Insurance
Proceeds**

**Federal Funds
\$4.8 Million**

Medicare Collections

MEANS OF FINANCE BREAKDOWN

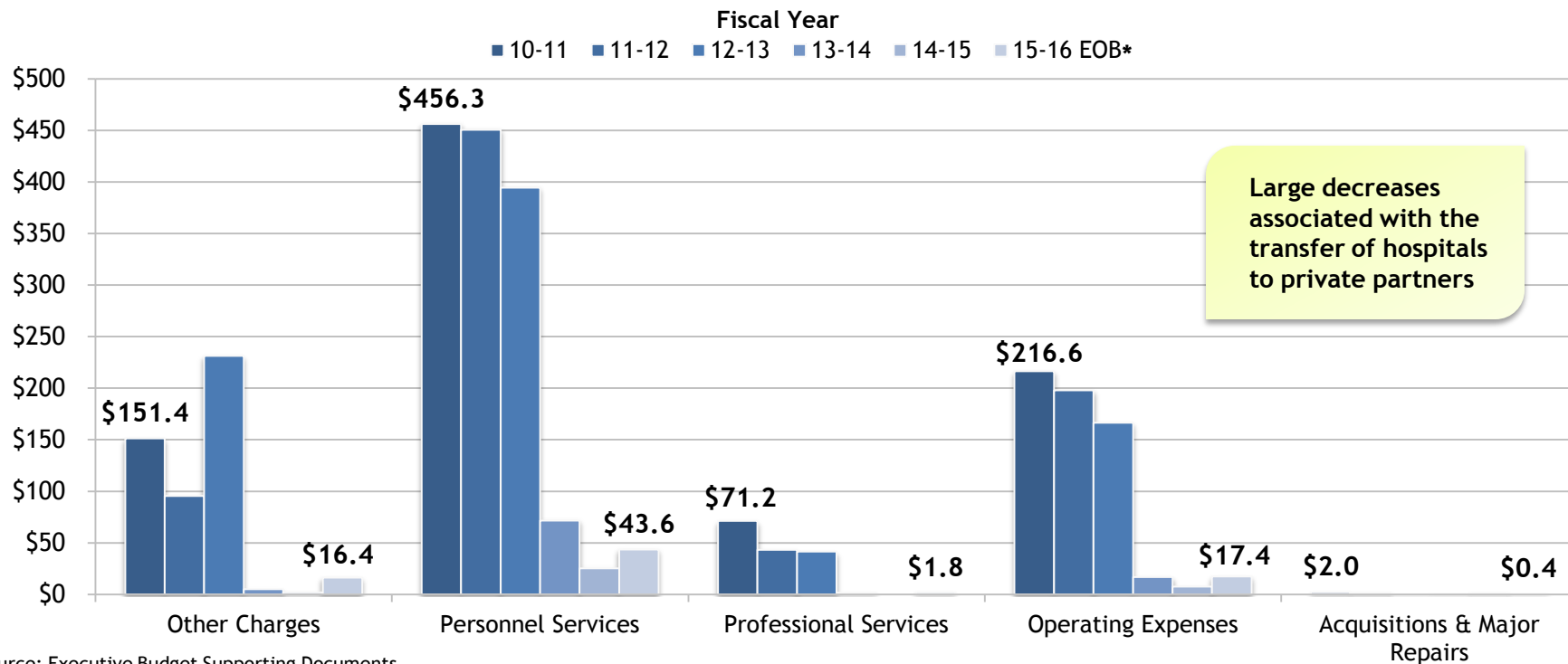
Means of Financing	FY 14-15 Prior Year Actual Expenditures	FY 15-16 Existing Operating Budget	FY 16-17 Executive Budget Recommendation	\$ Change from Existing	% Change from Existing
State General Fund	\$3,860,659	\$37,222,579	\$20,505,447	(\$16,717,132)	(44.9%)
Interagency Transfers	\$22,694,574	\$31,543,383	\$24,501,178	(\$7,042,205)	(22.3%)
Fees and Self-Gen Rev.	\$4,878,873	\$6,034,389	\$9,977,215	\$3,942,826	65.3%
Statutory Dedications	\$0	\$0	\$0	\$0	0.0%
Federal Funds	\$4,488,695	\$4,800,336	\$4,800,336	\$0	0.0%
Total Means of Finance	\$35,922,801	\$79,600,687	\$59,784,176	(\$19,816,511)	(24.9%)

The Division of Administration estimates that **\$27 million** in State General Fund is needed in FY 17 to fully fund projected normal operating costs and other priorities. Therefore, **\$6.5 million** additional SGF is needed to fully fund operations.

EXPENDITURE BREAKDOWN

Expenditure	FY 14-15 Prior Year Actual Expenditures	FY 15-16 Existing Operating Budget	FY 16-17 Executive Budget Recommendation	\$ Change from Existing	% Change from Existing
Salaries	\$16,393,915	\$17,532,153	\$14,640,353	(\$2,891,800)	(16.5%)
Other Compensation	\$1,188,652	\$0	\$0	\$0	0.0%
Related Benefits	\$7,776,209	\$26,040,642	\$21,040,642	(\$5,000,000)	(19.2%)
Travel	\$4,246	\$12,291	\$12,291	\$0	0.0%
Operating Services	\$2,164,086	\$11,787,320	\$6,623,735	(\$5,163,585)	(43.8%)
Supplies	\$5,323,717	\$5,640,025	\$4,457,651	(\$1,182,374)	(21.0%)
Professional Services	\$0	\$1,833,086	\$1,833,086	\$0	0.0%
Other Charges	\$1,978,564	\$16,374,711	\$10,795,959	(\$5,578,752)	(34.1%)
Acq/Major Repairs	\$1,093,412	\$380,459	\$380,459	\$0	0.0%
Total Expenditures	\$35,922,801	\$79,600,687	\$59,784,176	(\$19,816,511)	(24.9%)
Authorized Positions	331	331	0	(331)	(100.0%)

EXPENDITURE HISTORY (IN MILLIONS)



Source: Executive Budget Supporting Documents

*Existing Operating Budget as of 12/1/15

LEGACY COSTS

FY 15-16 Current Budget for Legacy Costs

\$33.4 Million

FY 16-17 Executive Budget Adjustment

Transfer of legacy cost associated with buildings in New Orleans from the LSU Health Care Services Division (HCSD) to LSU Health Sciences Center - New Orleans (Higher Education's Budget)

(\$5.6) Million

FY 16-17 Executive Budget Adjustment

Adjustment to reduce the legacy cost funding to align with the FY 16-17 anticipated need

(\$4.7) Million

FY 16-17 Legacy Cost Need

\$23.1 Million

FY 16-17 Executive Budget Adjustment

HCSD State General Fund reduction in accordance with the Louisiana Constitution, Article VII, Section 11(A)

(\$6.5) Million

FY 16-17 remaining amount available for legacy costs

\$16.6 Million

SIGNIFICANT IMPACTS

(\$6,475,404)

State General Fund reduction in accordance with the Louisiana Constitution, Article VII, Section 11(A). This represents a reduction of 24% from the agency's FY 16-17 recommended State General Fund budget to match available revenues as forecasted by the Revenue Estimating Conference (REC) on February 10th.

- According to the Health Care Services Division, the \$6.5 million reduction could potentially affect Lallie Kemp's base funding used for non-legacy operations of \$3.8 million in State General Fund; however, the majority (possibly the entire amount) of reduction will apply to the available State General Fund for legacy costs.
- Health Care Services Division's legacy costs include retiree group insurance, risk management insurance, and other mandatory expenditures associated with the maintenance of 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. According to HCSD, revenues generated from their contracts with the private partners for administrative services could potentially be used to alleviate a portion of the reduction, but any changes to the contracts may result in reductions to their operations.

DISCRETIONARY/NON-DISCRETIONARY FUNDING

TOTAL BUDGET
\$59.8 Million

**\$24.5 Million IAT
Double Count**

**\$35.3
Million
Remaining**

Self Generated
Revenue
\$10 Million

Statutory
Dedications
\$0 Million

Federal Funds
\$4.8 Million

State General Fund
\$20.5 Million

**Non Discretionary
\$258,678**

Lallie Kemp Reg. Med. Ctr.
Legislative Auditor Fees
\$258,678

**Discretionary
\$20.2 Million**

Lallie Kemp Reg. Med. Ctr.
\$3.56 Million

Legacy Cost
\$16.68 Million

PERSONNEL INFORMATION

Personnel/Budget Ratio

\$14.6 M Salaries and Other Comp.
+ \$21.0 M Related Benefits

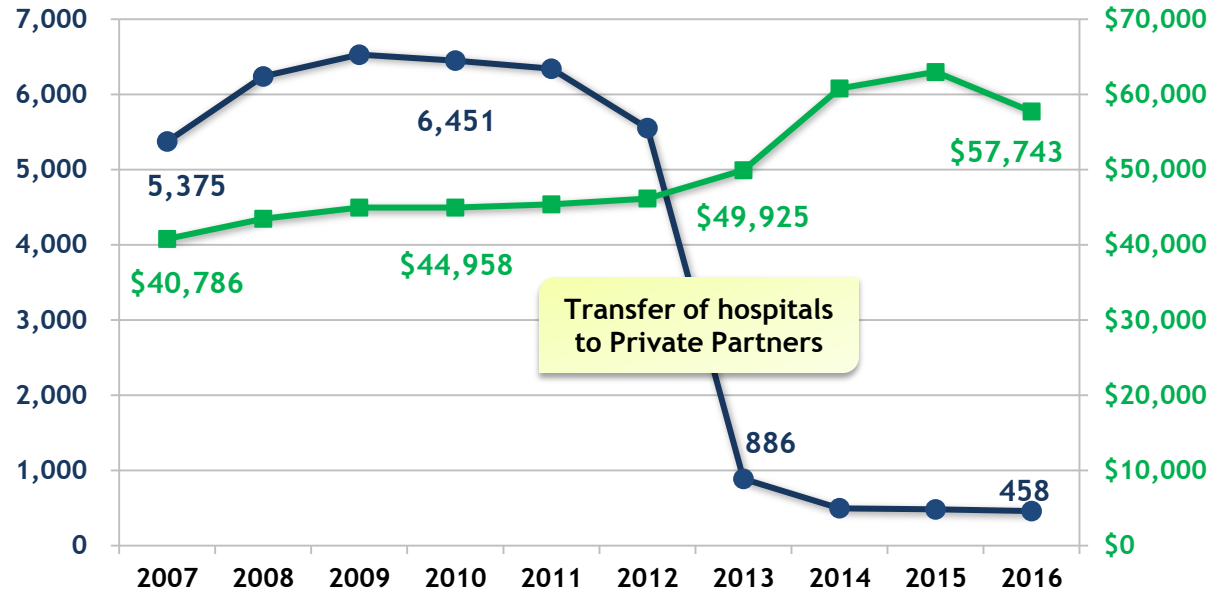
= \$35.6 M Total Personnel Services

**72.8% of HCSD's total Executive
Budget recommendation
(excluding Other Charges)**

Authorized Positions

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

10 Year FTE Positions/Avg Salary



Source: Prepared by House Fiscal Division staff using information from Civil Service

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

Dr. Frank Opelka <i>LSU Executive Vice President of Health Care and Medical Education Redesign</i>	504.568.4769
-----------------------------------------------------------------------------------------------------------	--------------

Wayne Wilbright <i>Chief Executive Officer</i>	225.354.7008
---------------------------------------------------	--------------

Ms. Lanette Buie <i>Deputy Chief Executive Officer</i>	225.354.7008
-----------------------------------------------------------	--------------

Ms. Tanesha Morgan <i>Budget Director</i>	225.354.3789
----------------------------------------------	--------------
