

Representative Jerome Zeringue
Chairman



Representative Gary Carter
Vice Chairman

Fiscal Year 2020-21 HB105 Budget Review
LOUISIANA STATE UNIVERSITY HEALTH SCIENCE CENTER
HEALTH CARE SERVICES DIVISION

House Committee on Appropriations
by the House Fiscal Division

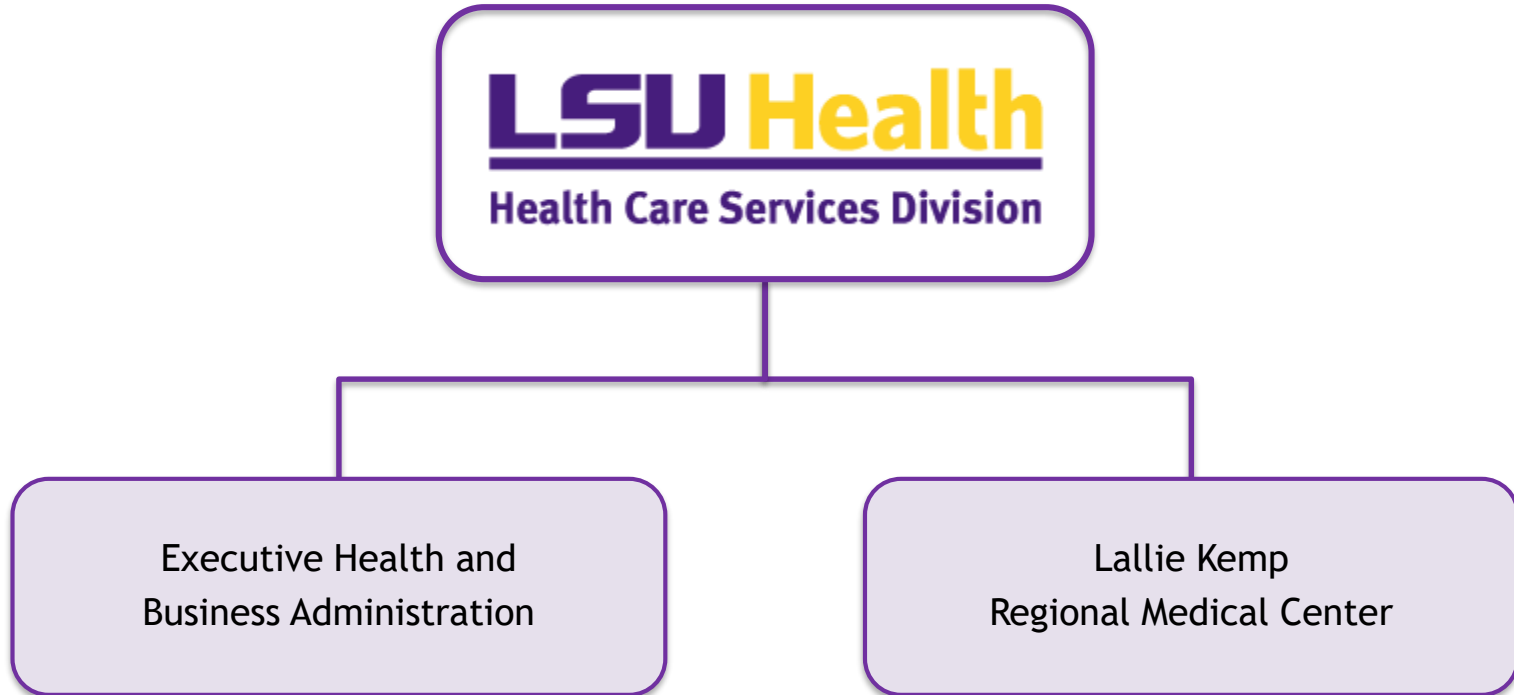
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DEPARTMENT ORGANIZATION



DEPARTMENT OVERVIEW

Lallie Kemp Regional Medical Center

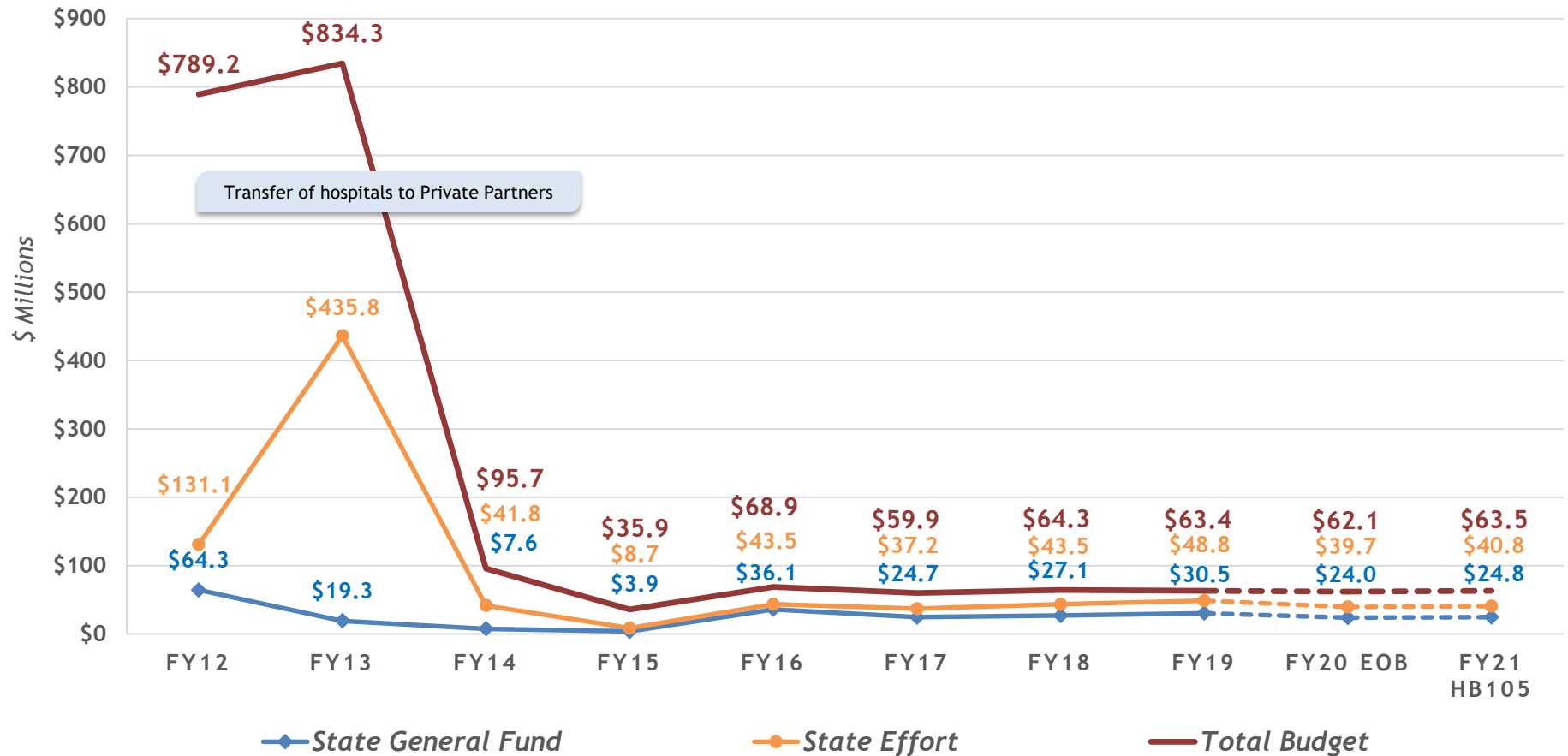
- Is a rural 24 bed acute care critical access hospital serving the Florida Parishes region of Southeast Louisiana.
- Located in Independence the hospital provides acute care hospital services including inpatient, outpatient, emergency, surgery, and ancillary support services. The hospital also serves as the Medical Home for it's patients as well as providing Offender Care for the Department of Corrections. The facility is certified triennially (for a three-year period) by the Joint Commission on Accreditation of Healthcare Organizations.
- The medical center not only provides acute, primary and general medical care to indigent, Medicare and Medicaid populations, but also provides specialty care including, Oncology, Cardiology and Women's Health, as well as support functions such as pharmacy, blood bank, respiratory therapy and various diagnostic services.



State legacy obligations associated with six former state hospitals

- Health Care Services Division's legacy management costs include retiree group insurance, risk management insurance, legal fees associated with the partnerships, IT systems management and salary, benefits and overhead allocated to the management of the state obligations.

HISTORICAL SPENDING



Source: Office of Planning and Budget - Budget Supporting Documents and HB105 of the 2020 Regular Session

SOURCES OF FUNDING

Interagency Transfers \$17.7 M	Self-generated Revenue \$16.0 M	Federal Funds \$5.0 M
<ul style="list-style-type: none">• Medicaid and Uncompensated Care Cost (UCC) reimbursements from Louisiana Department of Health and prisoner care cost from the Department of Corrections	<ul style="list-style-type: none">• Collections of Insurance Proceeds	<ul style="list-style-type: none">• Medicare Collections
State General Fund \$24.8 M		

FUNDING CHANGE COMPARISON

Means of Finance	FY 18-19 Actual Expenditures	FY 19-20 Existing Operating Budget	FY 20-21 HB105 Budget	Change from EOB		Change from Actuals	
				\$	%	\$	%
SGF	\$30,478,413	\$23,981,083	\$24,766,943	\$785,860	3.3%	(\$5,711,470)	(18.7%)
IAT	\$9,769,905	\$17,616,847	\$17,700,261	\$83,414	0.5%	\$7,930,356	81.2%
FSGR	\$18,332,900	\$15,670,284	\$16,019,498	\$349,214	2.2%	(\$2,313,402)	(12.6%)
STAT DED	\$0	\$0	\$0	\$0	0.0%	\$0	0.0%
FEDERAL	\$4,800,336	\$4,850,666	\$4,993,082	\$142,416	2.9%	\$192,746	4.0%
Total	\$63,381,554	\$62,118,880	\$63,479,784	\$1,360,904	2.2%	\$98,230	0.2%

Significant funding changes from EOB:



\$1.4M Total Means of Finance

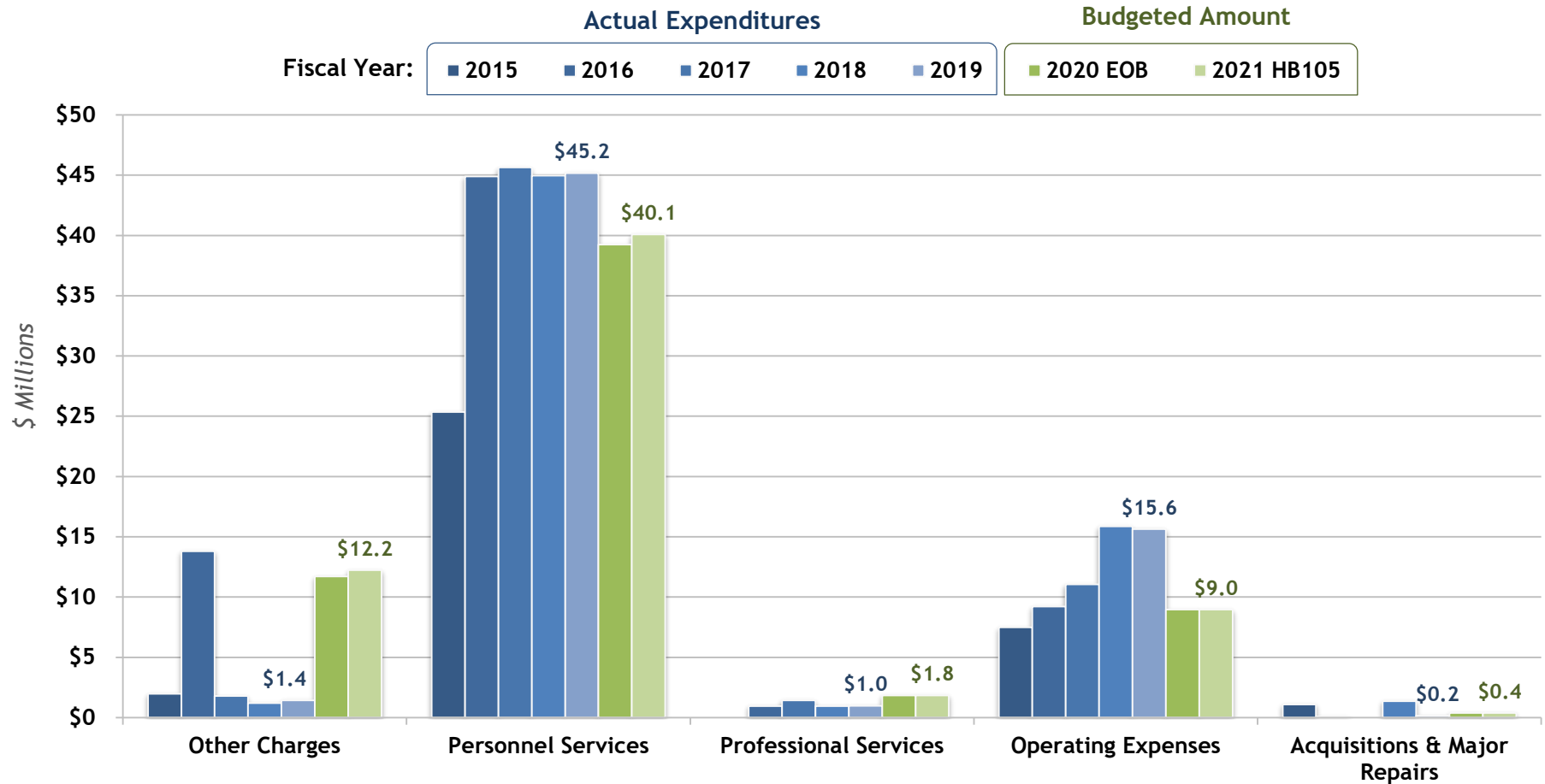
All FY 20-21 budget changes are related to standard statewide budget adjustments detailed by means of finance on slide 10, the Significant Expenditure Changes slide.



Fees & Self-Gen Rev and IAT

Lallie Kemp's patient payer mix has evolved since Medicaid expansion. Decreasing Uncompensated Care Cost (UCC) payments IAT from LDH have been replaced with Medicaid Managed Care payments classified as self-generated revenue.

EXPENDITURE HISTORY



Source: Office of Planning and Budget - Executive and Proposed Budget Supporting Documents

EXPENDITURE CHANGE COMPARISON

Expenditure Category	FY 18-19 Actual Expenditures	FY 19-20 Existing Operating Budget	FY 20-21 HB105 Budget	Change from EOB		Change from Actuals	
				\$	%	\$	%
Salaries	\$18,739,327	\$14,601,381	\$15,190,122	\$588,741	4.0%	(\$3,549,205)	(18.9%)
Other Compensation	\$0	\$0	\$0	\$0	0.0%	\$0	0.0%
Related Benefits	\$26,440,707	\$24,640,506	\$24,893,663	\$253,157	1.0%	(\$1,547,044)	(5.9%)
Travel	\$754	\$12,291	\$12,291	\$0	0.0%	\$11,537	1,530.1%
Operating Services	\$6,930,615	\$4,481,685	\$4,481,685	\$0	0.0%	(\$2,448,930)	(35.3%)
Supplies	\$8,706,488	\$4,457,651	\$4,457,651	\$0	0.0%	(\$4,248,837)	(48.8%)
Professional Services	\$981,820	\$1,833,086	\$1,833,086	\$0	0.0%	\$851,266	86.7%
Other Charges/IAT	\$1,424,758	\$11,711,821	\$12,230,827	\$519,006	4.4%	\$10,806,069	758.4%
Acq/Major Repairs	\$157,085	\$380,459	\$380,459	\$0	0.0%	\$223,374	142.2%
Total	\$63,381,554	\$62,118,880	\$63,479,784	\$1,360,904	2.2%	\$98,230	0.2%

Related Benefits includes \$17 million in retiree group insurance from state legacy obligations associated with the six former state hospitals.

SIGNIFICANT EXPENDITURE CHANGES

\$841,898 - Salaries and Related Benefits

Increase funding by \$322,148 SGF, \$28,120 IAT, \$349,214 FSGR, \$142,416 FED for classified employee market rate adjustments.

\$519,006 - Other Charges/IAT

\$512,497 Increase \$457,203 SGF and \$55,294 IAT for the Office of Risk Management (ORM).

\$6,509 Increase SGF for Civil Service Fees.

OTHER CHARGES DETAIL

Amount	Description
\$11,446,249	Other Charges - 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.
\$784,578	Interagency Transfers - This category will increase with the realignment of budget authority. These expenditures include:
	• 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)
\$12,230,827	TOTAL OTHER CHARGES

FY19 UNSPENT AUTHORITY

	End of Fiscal Year Budget	Actual Amount Spent	Unspent Budget Authority	Unspent Budget %	Unspent % by MOF
SGF	\$30,478,413	\$30,478,413	\$0	0.0%	0.0%
IAT	\$14,717,370	\$9,769,905	\$4,947,465	33.6%	237.0%
FSGR	\$15,472,658	\$18,332,900	(\$2,860,242)	(18.5%)	(137.0%)
STAT DED	\$0	\$0	\$0	0.0%	0.0%
FEDERAL	\$4,800,336	\$4,800,336	\$0	0.0%	0.0%
FY19 TOTAL	\$65,468,777	\$63,381,554	\$2,087,223	3.2%	100.0%

Historical Total Unspent Authority for Comparison

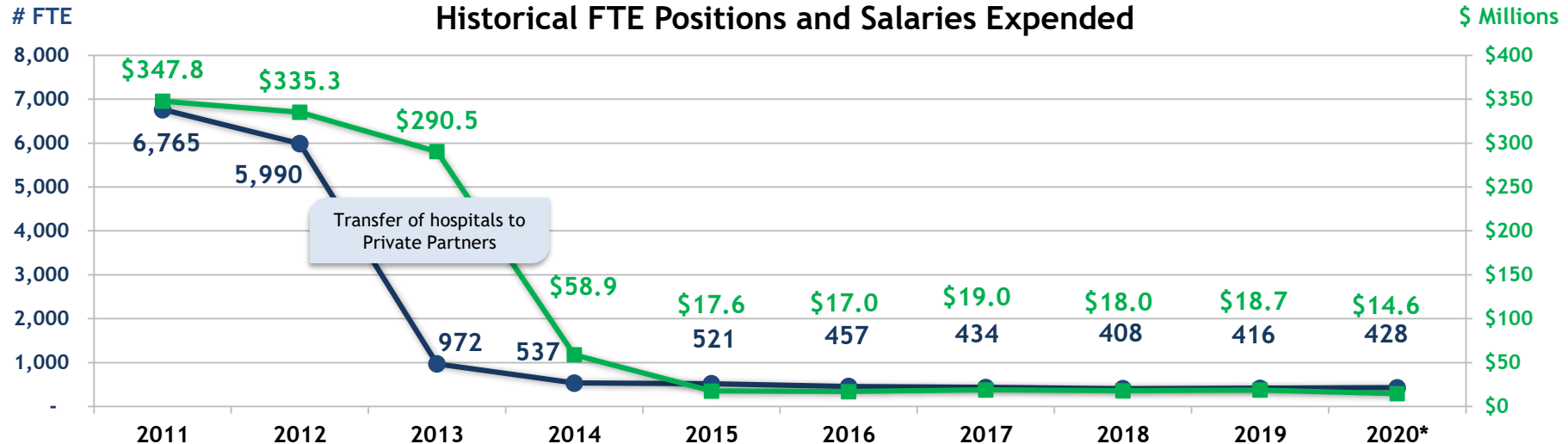
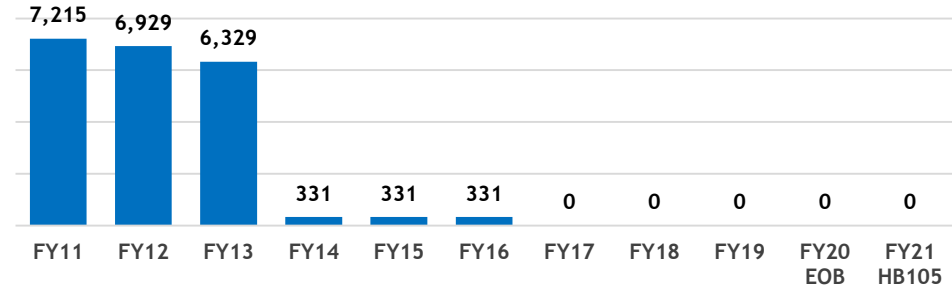
FY18 TOTAL	\$67,104,044	\$64,328,542	\$2,775,502	4.1%
FY17 TOTAL	\$65,086,207	\$59,936,165	\$5,150,042	7.9%
3 YR AVG	\$65,886,343	\$62,548,754	\$3,337,589	5.1%

- Unspent Budget Authority is due to the shift in payor source from UCC to Medicaid Managed Care.
- Health Care Services Division is not on the statewide accounting system. Similar to higher education institutions, HCSD has their own system which allows over spending in certain categories but not in total budget or state general fund. HCSD is in the process of properly realigning their revenues with expenditures to correct this issue.



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 Authorized T.O. Positions



PERFORMANCE INFORMATION

Lallie Kemp Regional Medical Center Performance Indicators	FY13	FY14	FY15	FY16	FY17	FY18	FY19
Hospital Admissions	759	831	907	778	624	599	499
Number of Clinic Visits  7-Year Trend 16.0%	29,707	28,534	34,120	38,792	34,283	35,272	34,446
Number of Emergency Department Visits  7-Year Trend -20.2%	27,049	27,206	28,213	26,881	24,924	22,761	21,581
Overall Patient Satisfaction Survey Rating	71%	79%	83%	74%	85%	94%	69%
Willingness to Recommend Hospital	78%	82%	85%	77%	81%	88%	88%

OTHER ITEMS

- LSU Health Care Services Division requested \$2.6M 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.
- Lallie Kemp Regional Medical Center requested \$705,050 for acquisitions to replace medical and other equipment; however, the bill currently contains \$380,459 for acquisitions.
 - Last session, Lallie Kemp received a \$3.2M supplemental appropriation to help reduce this need.
 - The requested funding is for medical equipment that is beyond useful life. Not replacing this equipment has impact to patient care, patient safety, and accreditation of the hospital.
 - As medical equipment reaches end of life, manufacturers discontinue maintenance on the equipment as well as discontinuing replacement parts needed to keep the equipment functioning.
 - Medical equipment that can no longer be repaired causes patients to go without services or requires patients to go elsewhere for those services.
 - Accreditation and reimbursement rules require hospitals to maintain safe, up to date equipment.

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 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

PUBLIC/PRIVATE PARTNERSHIPS

Hospital Cooperative Endeavor Agreement Documents

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

DEPARTMENT CONTACTS



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