

Representative Jerome Zeringue  
Chairman



Representative Gary Carter  
Vice Chairman

**Fiscal Year 21-22 HB1 Budget Review  
Louisiana State University Health Science Center  
Health Care Services Division**

**House Committee on Appropriations  
House Fiscal Division**

*April 13, 2021*

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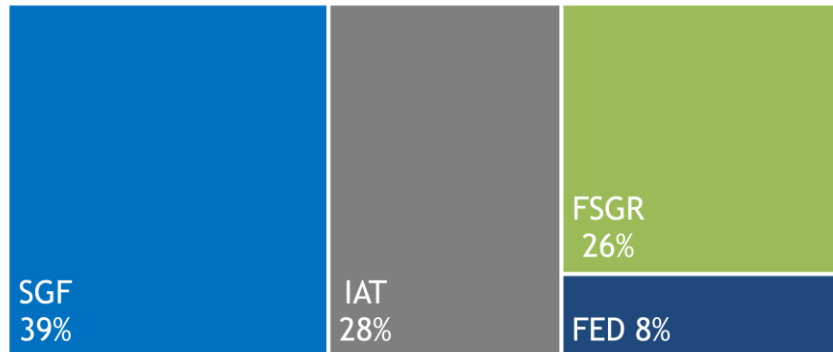
# TABLE OF CONTENTS

	<b>Topic</b>	<b>Page</b>
	FY22 Budget Recommendation	3
	Department Organization	4
	Department Overview	5
	Historical Trends	6
FY20	Unspent Authority	7
	Sources of Funding	8
	Funding Changes	9
FY22	Federal COVID-19 Relief	11
	Expenditure Changes	12
	Other Charges	16
	Discretionary Expenses	17
	Personnel Information	18
	Performance Information	19
	Public/Private Partnerships	20
	Department Contacts	23

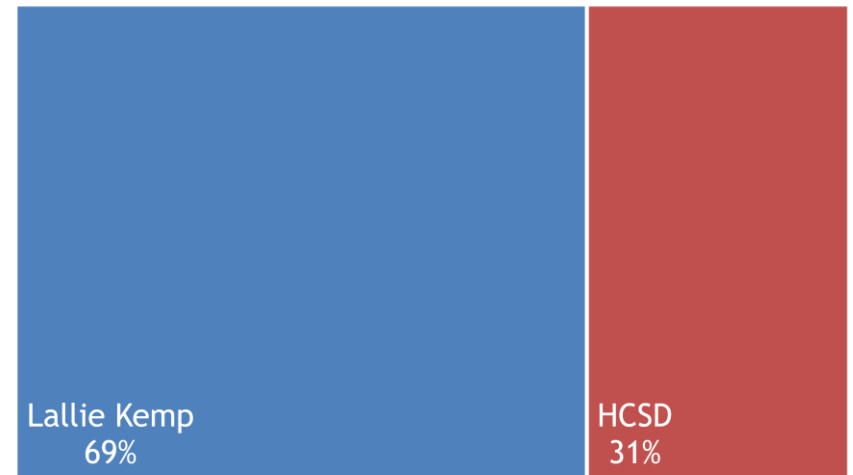
# FY22 BUDGET RECOMMENDATION

**Total Budget = \$64,839,077**

Means of Finance	
State General Fund	\$24,983,780
Interagency Transfers	\$18,121,686
Fees & Self-generated	\$16,598,113
Statutory Dedications	\$0
Federal	\$5,135,498
<b>Total</b>	<b>\$64,839,077</b>



Activity Breakdown	
	Budget
Executive Health & Business Administration	\$20,413,390
Lallie Kemp Regional Medical Center	\$44,425,687
<b>Total</b>	<b>\$64,839,077</b>



# DEPARTMENT ORGANIZATION



# DEPARTMENT OVERVIEW

## Lallie Kemp Regional Medical Center

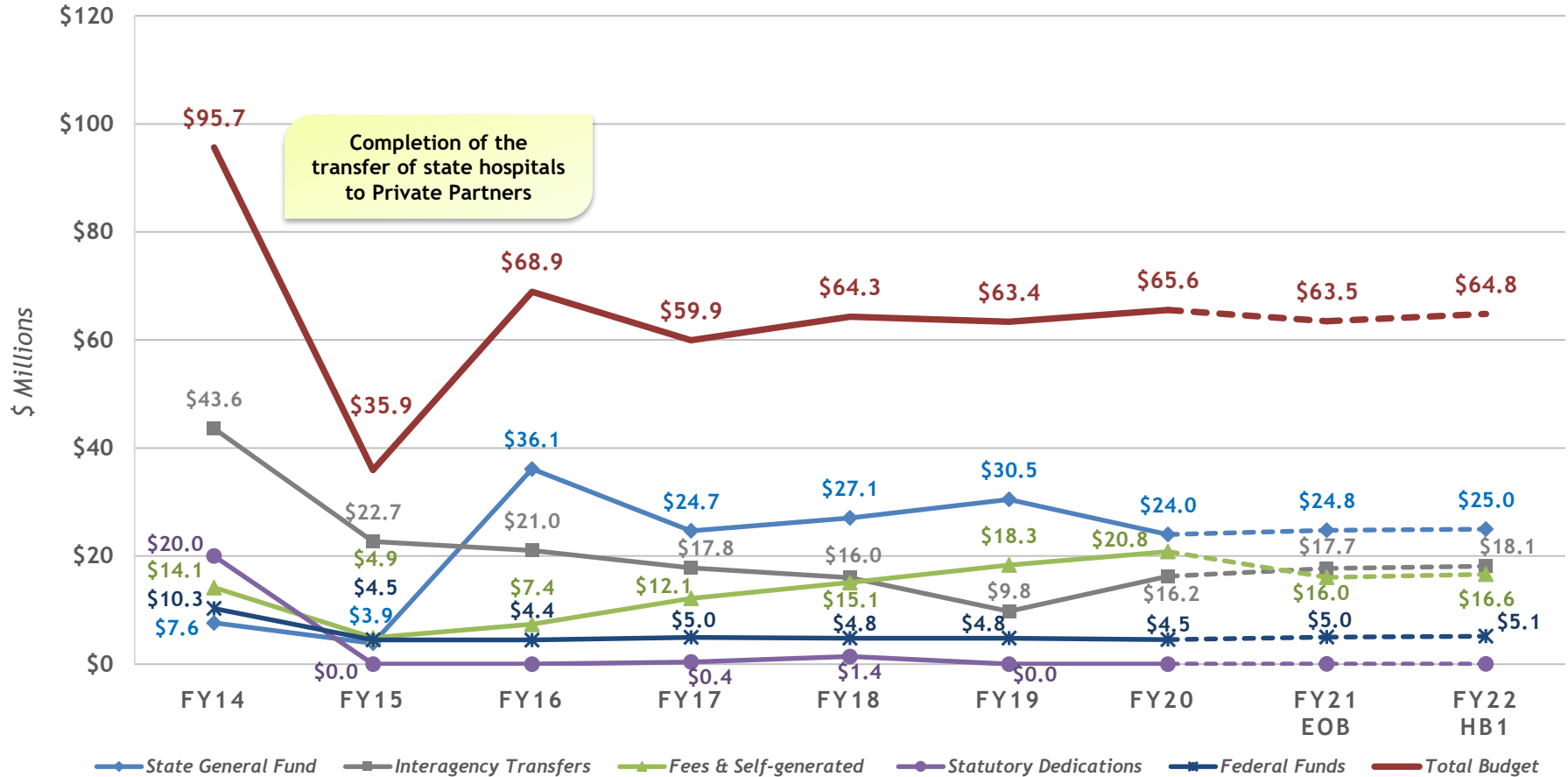
- Is a rural 24 bed acute care critical access hospital serving the Florida Parishes region of Southeast Louisiana.
- Located in Independence, the hospital provides acute care hospital services including inpatient, outpatient, emergency, surgery, and ancillary support services. The hospital also serves 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 HB1 of the 2021 Regular Session

# FY20 UNSPENT AUTHORITY

	End of Fiscal Year Budget	Actual Amount Spent	Unspent Budget Authority	Unspent Authority %	Unspent % by MOF
SGF	\$23,981,083	\$23,981,083	\$0	0.0%	0.0%
IAT	\$17,616,847	\$16,242,432	\$1,374,415	7.8%	96.0%
FSGR	\$20,546,581	\$20,817,468	(\$270,887)	-1.3%	(-18.9%)
Stat Ded	\$0	\$0	\$0	0.0%	0.0%
Federal	\$4,850,666	\$4,521,952	\$328,714	6.8%	23.0%
<b>FY20 Total</b>	<b>\$66,995,177</b>	<b>\$65,562,935</b>	<b>\$1,432,242</b>	<b>2.1%</b>	<b>100.0%</b>

## *Historical Total Unspent Authority for Comparison*

	End of Fiscal Year Budget	Actual Amount Spent	Unspent Budget Authority	Unspent %
FY19 Total	\$65,468,777	\$63,381,554	\$2,087,223	3.2%
FY18 Total	\$67,104,044	\$64,328,542	\$2,775,502	4.1%
3 Year Avg.	\$66,522,666	\$64,424,344	\$2,098,322	3.2%

# FY22 SOURCES OF FUNDING

## Interagency Transfers \$18.1 M

- Medicaid claims
- Uncompensated Care Cost (UCC) reimbursements from Louisiana Department of Health
- Prisoner care costs from the Department of Corrections

## Self-generated Revenue \$16.6 M

- Collections of Insurance Proceeds

## Federal Funds \$5.1 M

- Medicare Collections

## State General Fund \$25.0 M



# FY22 FUNDING COMPARISON

Means of Finance	FY20 Actual Expenditures	FY21 Existing Operating Budget 12/1/20	FY22 HB1 Budget	Change from Existing Operating Budget to HB1		Change from Actual Expenditures to HB1	
SGF	\$23,981,083	\$24,766,943	\$24,983,780	\$216,837	0.9%	\$1,002,697	4.2%
IAT	\$16,242,432	\$17,700,261	\$18,121,686	\$421,425	2.4%	\$1,879,254	11.6%
FSGR	\$20,817,468	\$16,019,498	\$16,598,113	\$578,615	3.6%	(\$4,219,355)	(20.3%)
Stat Ded	\$0	\$0	\$0	\$0	0.0%	\$0	0.0%
Federal	\$4,521,952	\$4,993,082	\$5,135,498	\$142,416	2.9%	\$613,546	13.6%
<b>Total</b>	<b>\$65,562,935</b>	<b>\$63,479,784</b>	<b>\$64,839,077</b>	<b>\$1,359,293</b>	<b>2.1%</b>	<b>(\$723,858)</b>	<b>(1.1%)</b>

## Significant funding changes from FY21 EOB:



### \$1.4M Total Means of Finance

All budget changes are related to standard statewide budget adjustments detailed by means of finance on slide 15, the Significant Expenditure Changes slide



### \$142,416 Federal

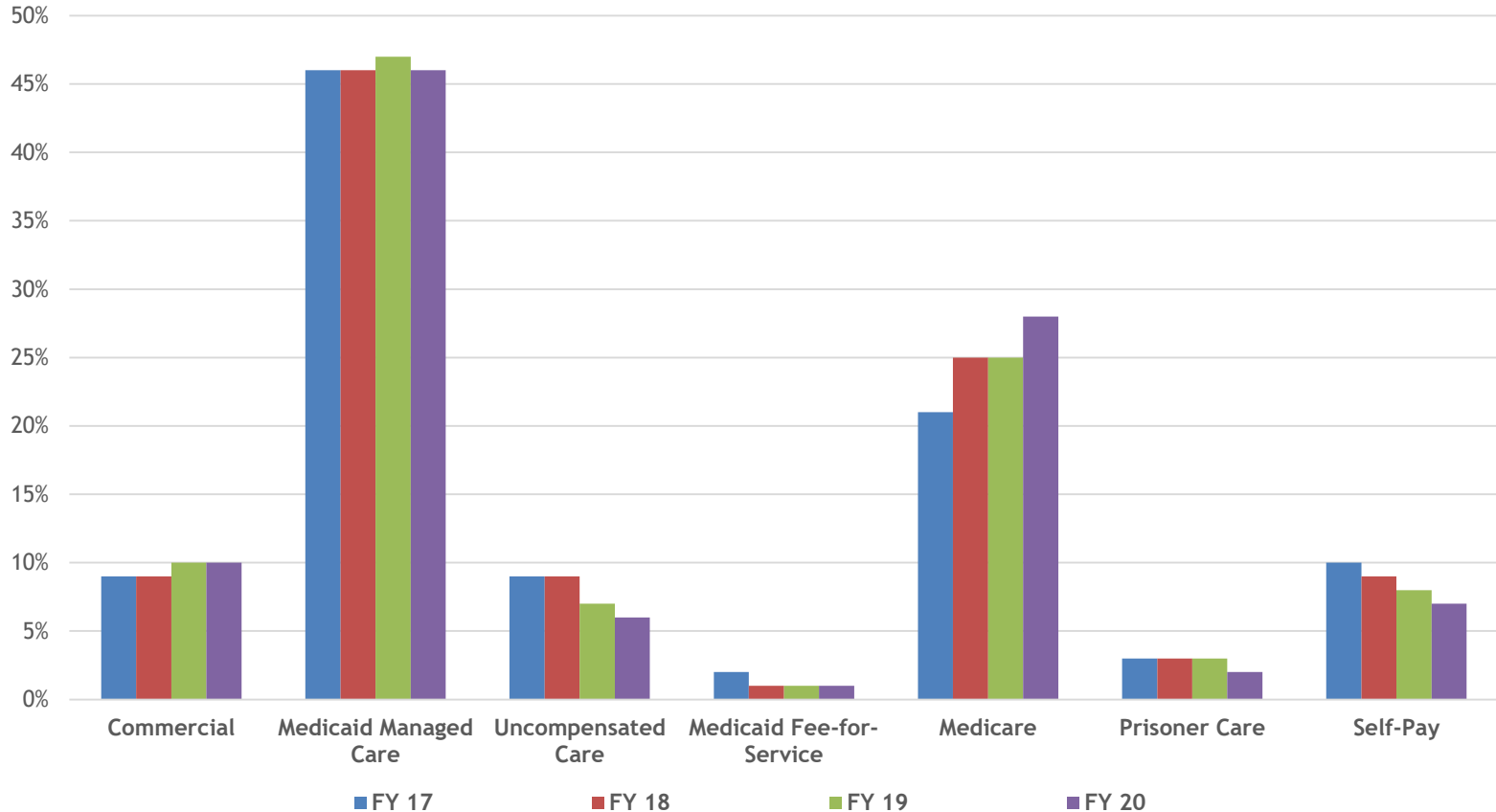
Projected increase in Medicare claims costs in FY 22

### Fees & Self-gen Rev and 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)

# HISTORICAL PAYER MIX

## Percentage of Revenue Charges at Lallie Kemp



Source: Office of Planning and Budget - Budget Supporting Documents and HB1 of the 2021 Regular Session

# FEDERAL RELIEF FUNDING

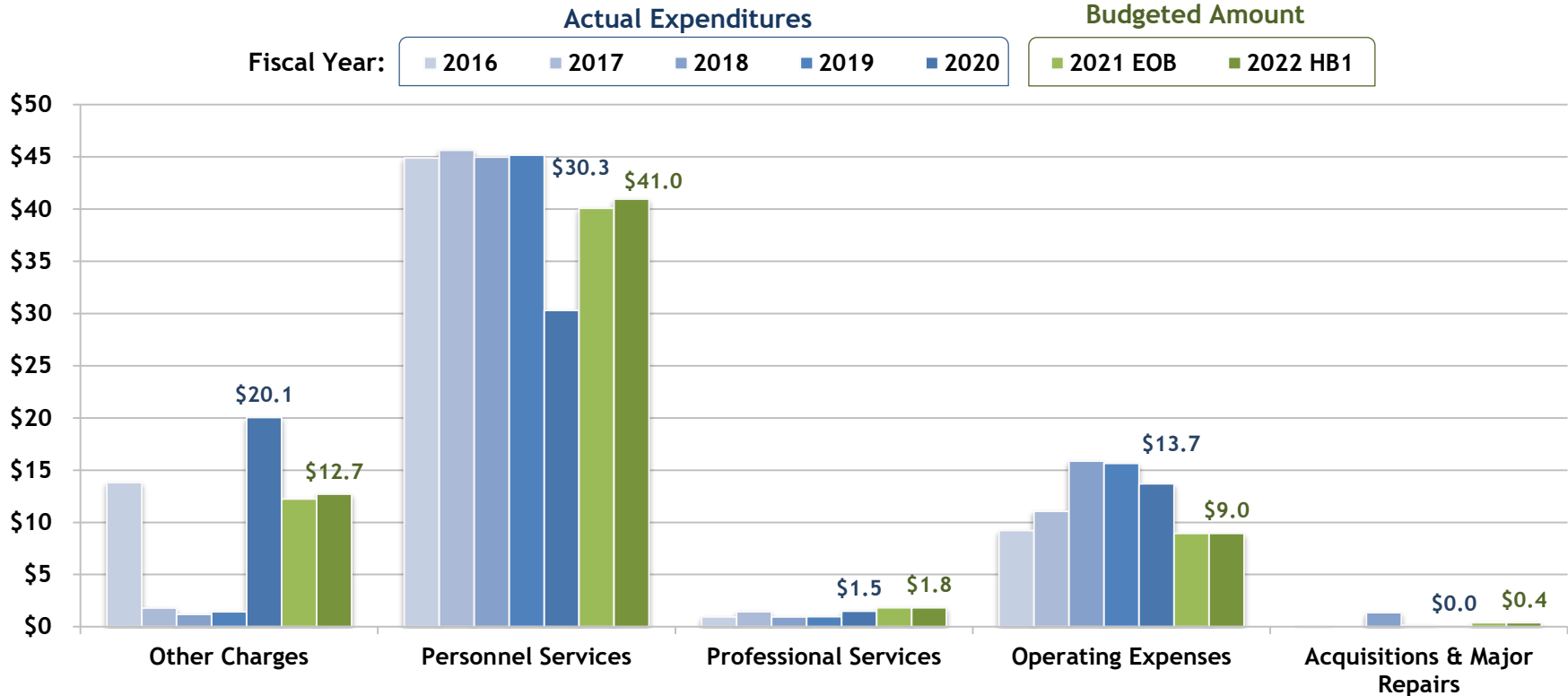
## COVID-19 - Provider Relief Funds Received (CARES Act)

**\$5,329,669**

Funding received from the Provider Relief Fund pool based on a pro rata share of Medicare and Medicaid claims from previous fiscal years.

As a Medicaid provider, Lallie Kemp has also indirectly received the 6.2% enhanced FMAP for various Medicaid claims costs

# EXPENDITURE HISTORY



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

# HCS D LEGACY COSTS

Expenditure	FY 18	FY 19	FY 20	Projected FY 21	Projected FY 22
<i>Retirees Group Insurance</i>	\$18,629,771	\$17,862,287	\$17,420,314	\$17,261,893	\$17,606,174
<i>Settlement of GOHSEP Liabilities from Hurricane Katrina for MCLNO</i>	\$0	\$0	\$0	\$0	\$2,574,000
<i>Administration of Legacy Costs - Personnel</i>	\$1,982,180	\$2,750,491	\$2,819,068	\$2,469,282	\$2,543,360
<i>Administration of Legacy Costs</i>	\$396,436	\$550,098	\$563,814	\$493,856	\$508,672
<i>IT Systems Management</i>	\$357,000	\$842,691	\$680,270	\$530,543	\$382,548
<i>Risk Management Premiums</i>	\$1,918,091	\$727,124	\$80,679	\$71,966	\$71,966
<i>Legal Fees Associated with Hospital Redesign</i>	\$60,350	\$32,805	\$19,283	\$30,000	\$30,000
<i>Miscellaneous</i>	\$15,397	\$67,276	\$31,363	\$35,000	\$3,500
<b>Total</b>	<b>\$23,359,225</b>	<b>\$22,832,772</b>	<b>\$21,614,791</b>	<b>\$20,892,540</b>	<b>\$23,720,220</b>

<i>SGF Budgeted for Expenditures</i>	<b>\$20,310,616</b>	<b>\$20,310,616</b>	<b>\$19,803,163</b>	<b>\$20,304,971</b>	<b>\$20,413,390</b>
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<b>Unbudgeted Amount Spent to Cover the Remaining Legacy Costs</b>	<b>\$3,048,609</b>	<b>\$2,522,156</b>	<b>\$1,811,628</b>	<b>\$587,569</b>	<b>\$3,306,830</b>
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LSU Health Care Services Division requested \$2.57M 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.

# FY22 EXPENDITURE COMPARISON

Expenditure Category	FY20 Actual Expenditures	FY21 Existing Operating Budget 12/1/20	FY22 HB1 Budget	Change from Existing Operating Budget to HB1		Change from Actual Expenditures to HB1	
Salaries	\$20,624,913	\$15,190,122	\$16,075,814	\$885,692	5.8%	(\$4,549,099)	(22.1%)
Other Compensation	\$0	\$0	\$0	\$0	0.0%	\$0	0.0%
Related Benefits	\$9,667,846	\$24,893,663	\$24,893,663	\$0	0.0%	\$15,225,817	157.5%
Travel	\$912	\$12,291	\$12,291	\$0	0.0%	\$11,379	1,247.7%
Operating Services	\$4,062,920	\$4,481,685	\$4,481,685	\$0	0.0%	\$418,765	10.3%
Supplies	\$9,633,399	\$4,457,651	\$4,457,651	\$0	0.0%	(\$5,175,748)	(53.7%)
Professional Services	\$1,491,474	\$1,833,086	\$1,833,086	\$0	0.0%	\$341,612	22.9%
Other Charges/IAT	\$20,059,819	\$12,230,827	\$12,704,428	\$473,601	3.9%	(\$7,355,391)	(36.7%)
Acq/Major Repairs	\$21,652	\$380,459	\$380,459	\$0	0.0%	\$358,807	1,657.2%
<b>Total</b>	<b>\$65,562,935</b>	<b>\$63,479,784</b>	<b>\$64,839,077</b>	<b>\$1,359,293</b>	<b>2.1%</b>	<b>(\$723,858)</b>	<b>(1.1%)</b>

# SIGNIFICANT EXPENDITURE CHANGES

*Compared to the FY21 Existing Operating Budget*

## **\$885,692 - Salaries**

**\$885,692**

Increase of \$394,062 IAT, \$349,214 FSGR, and \$142,416 FED for classified employee market rate adjustments for Lallie Kemp employees

## **\$473,601 - IAT Expenditures**

**\$472,774**

Increase of \$216,010 SGF, \$27,363 IAT, and \$229,401 FSGR, for increased risk management premiums

**\$2,464**

Increase in SGF for billing from the Office of State Procurement

**(\$1,637)**

Decrease in SGF for Civil Service Fees

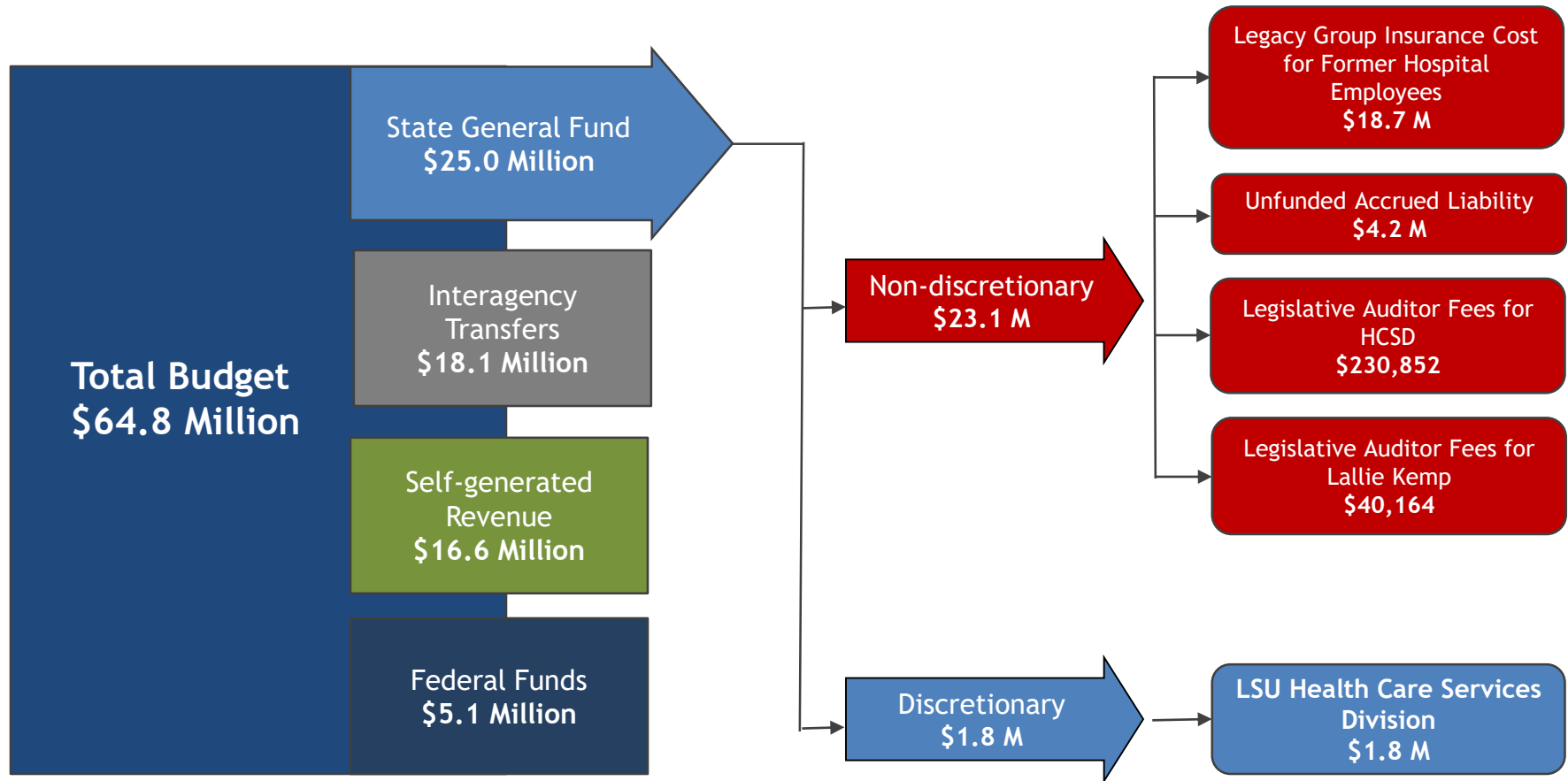
# OTHER CHARGES DETAIL

Other Charges	Amount	Description
	\$11,439,740	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.
	<b>\$11,439,740</b>	<b>Total Other Charges</b>

Interagency Transfers	Amount	Description
	\$1,264,688	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)
	<b>\$1,264,688</b>	<b>Total Interagency Transfers</b>



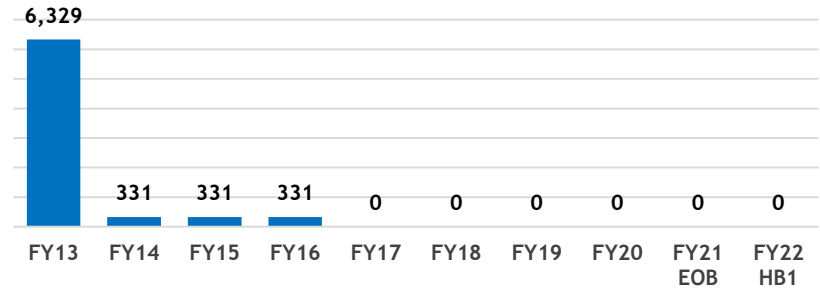
# DISCRETIONARY EXPENSES



# PERSONNEL INFORMATION

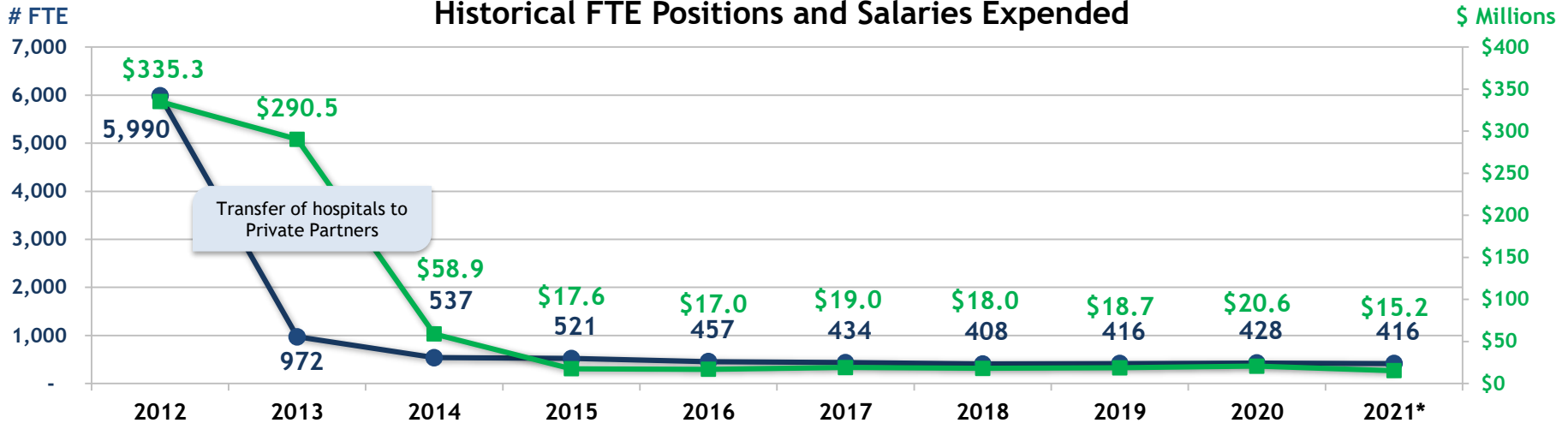
After the transfer of hospitals to private partners, Health Care Services Division's authorized T.O. positions in FY14 only included Lallie Kemp Regional Medical Center. In FY17 HCSH along with Higher Education's authorized T.O. positions were removed from the General Appropriations Bill.

### Historical Authorized T.O. Positions



Source: Office of Planning and Budget - Budget Supporting Documents

### Historical FTE Positions and Salaries Expended



Source: Dept. of Civil Service and Budget Supporting Documents

\*Existing Operating Budget 12/1/20

# PERFORMANCE SUMMARY

FY13 - FY19

7-Year Trend  
↓ -34.3%

7-Year Trend  
↑ 16.0%

7-Year Trend  
↓ -20.2%

FY 19 to FY 20  
↓ -7.6%

FY 19 to FY 20  
↓ -20.4%

FY 19 to FY 20  
↓ -9.3%

Lallie Kemp Regional Center Performance Indicators	2013	2014	2015	2016	2017	2018	2019	2020
Hospital Admissions	759	831	907	778	624	599	499	461
Number of Clinic Visits	29,707	28,534	34,120	38,792	34,283	35,272	34,446	27,432
Number of Emergency Department Visits	27,049	27,206	28,213	26,881	24,924	22,761	21,581	19,581
Overall Patient Satisfaction Survey Rating	71%	79%	83%	74%	85%	94%	69%	80%
Willingness to Recommend Hospital	78%	82%	85%	77%	81%	88%	88%	93%

COVID-19 negatively affected several of Lallie Kemp's performance in 2020

# 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

# PUBLIC/PRIVATE PARTNERSHIPS

## Hospital Cooperative Endeavor Agreement Documents

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

# DEPARTMENT CONTACTS



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