

Representative Jerome Zeringue
Chairman



Representative Francis Thompson
Vice Chairman

**Fiscal Year 2023 Executive Budget Review
Louisiana State University Health Science Center
Health Care Services Division**

**House Committee on Appropriations
House Fiscal Division**

March 29, 2022

Budget Analyst: Chas Nichols

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All data and figures were obtained from the governor's Fiscal Year 2022-2023 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 2022 Regular Session, unless otherwise noted.

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

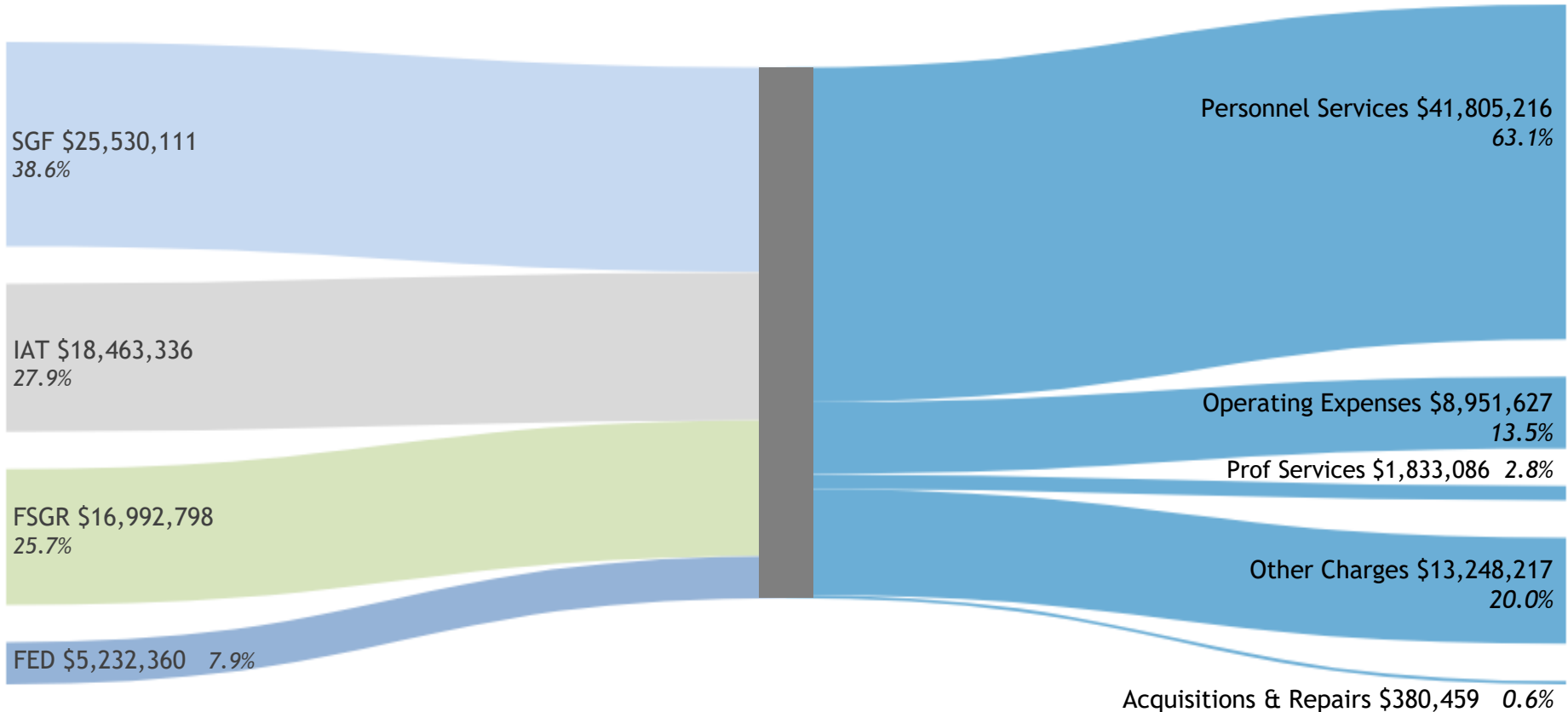
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BUDGET RECOMMENDATION FY 23

Total Recommended = \$66,218,605

Means of Financing

Expenditure Categories



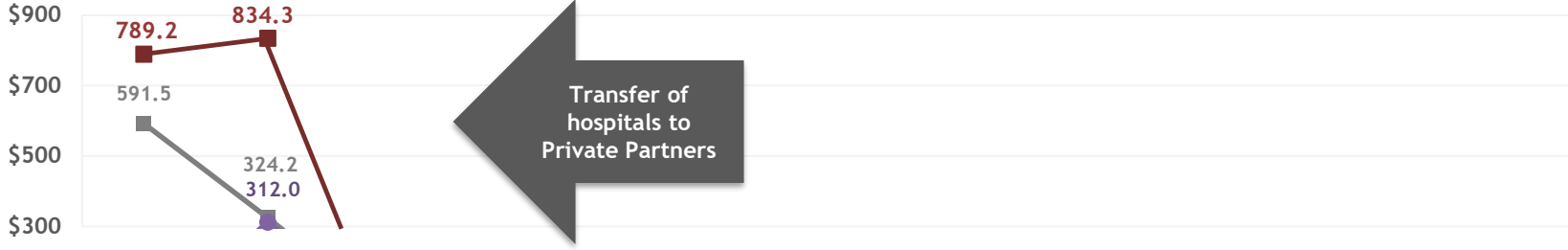
DEPARTMENT ORGANIZATION



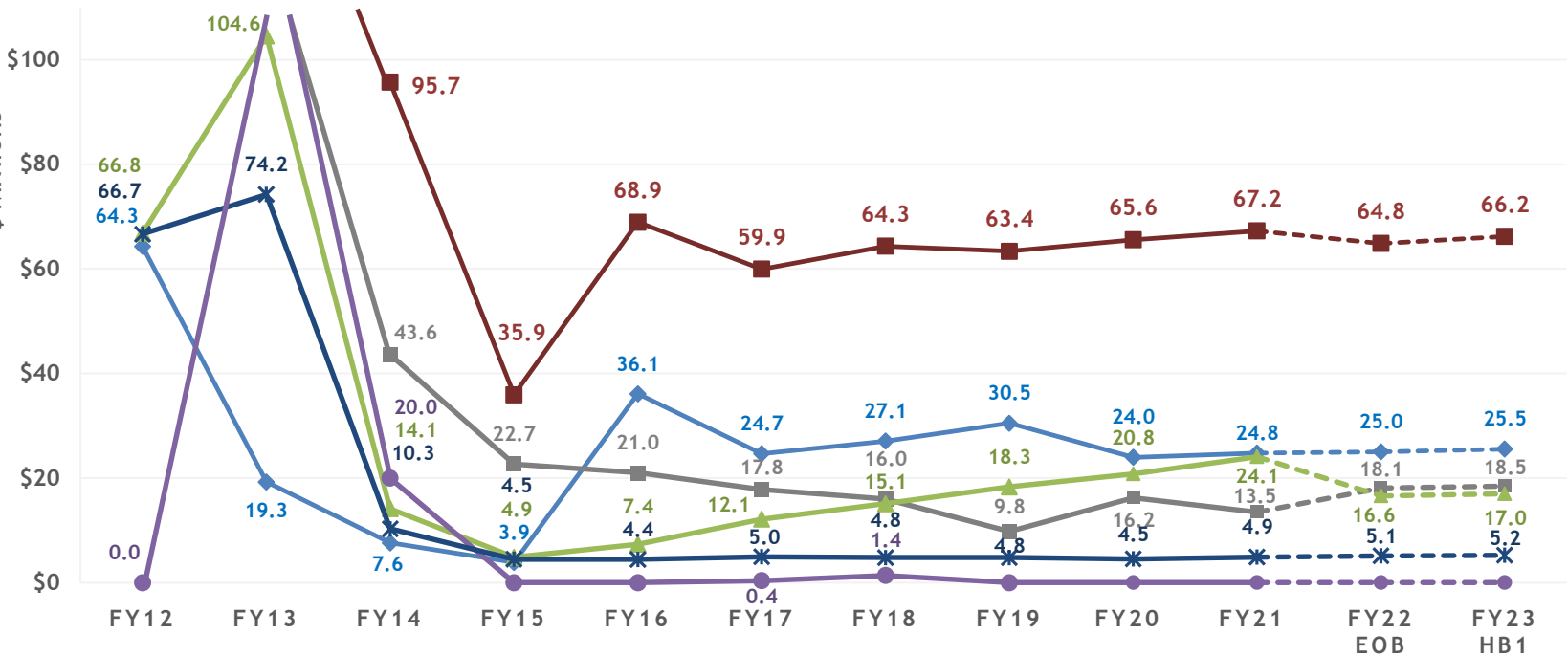
HISTORICAL SPENDING

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

6 Year
Spending Change
FY 16 - FY 21



Transfer of hospitals to Private Partners

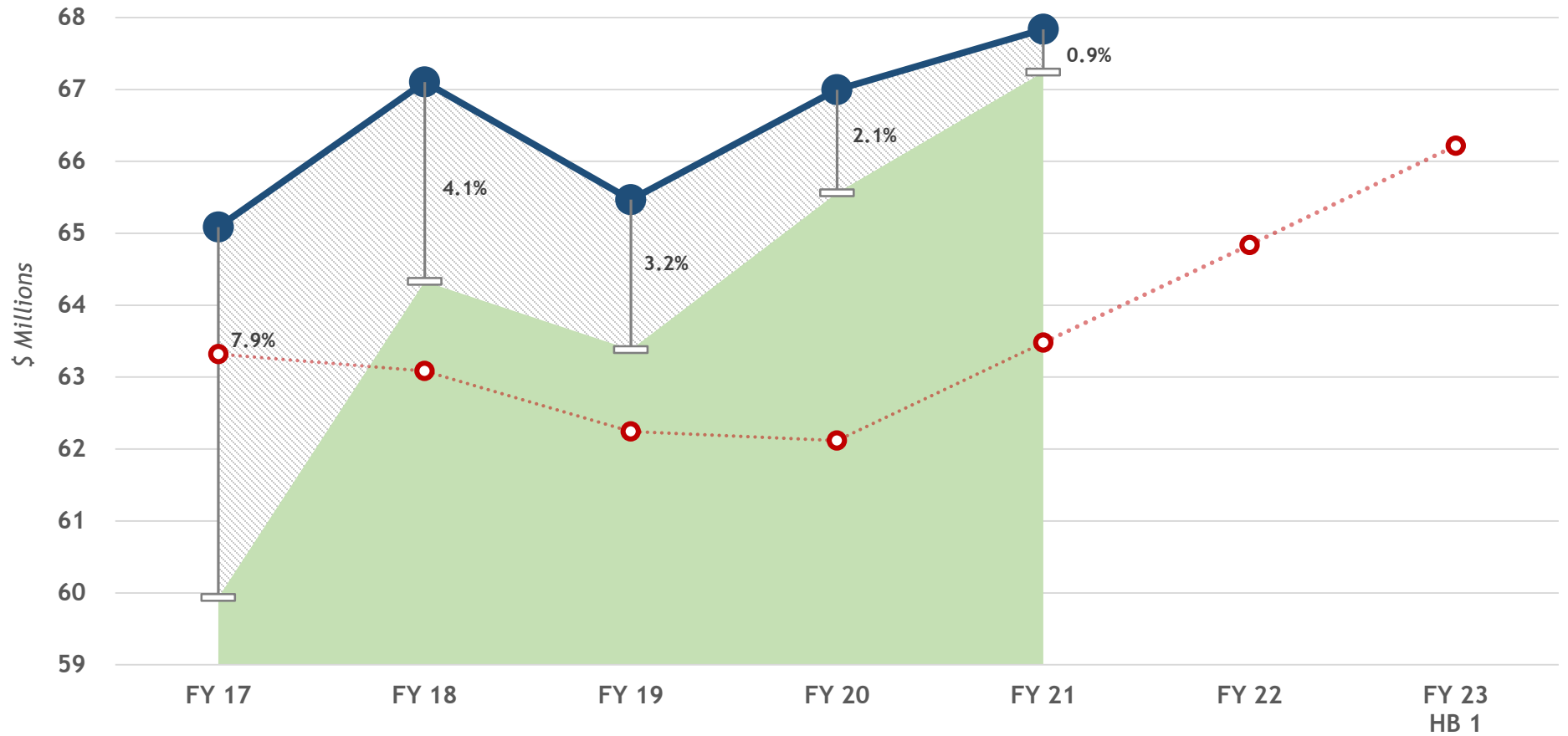


Total (0.5%)

IAT (8.5%)
SGF (7.3%)
FSGR 26.8%
FED 1.9%

HISTORICAL BUDGET

Actual Spending Final Budget Beginning Budget



PRIOR YEAR ACTUALS FY 21

Means of Finance	Final Budget <i>(w/o FY22 carryfwd)</i>	Amount Spent	Unspent Authority	Unspent Authority %	Unspent % by MOF
General Fund	\$ 24,766,943	\$ 24,766,943	\$ 0	0.0%	0.0%
Interagency Transfers	17,700,261	13,501,079	4,199,182	23.7%	703.8%
Self-generated	20,377,244	24,090,518	(3,713,274)	(18.2%)	(622.3%)
Statutory Dedications	0	0	0	0.0%	0.0%
Federal	4,993,082	4,882,311	110,771	2.2%	18.6%
FY21 Total	\$ 67,837,530	\$ 67,240,851	\$ 596,679	0.9%	100.0%

<i>Historical Total Unspent Budget Authority</i>	Final Budget	Amount Spent	Unspent Authority	Unspent %	
	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%
	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%

EXISTING OPERATING BUDGET FY 22

The FY 2021-22 Existing Operating Budget (EOB) was frozen on December 1, 2021. 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	\$ 24,983,780	\$ 0	\$ 24,983,780
Interagency Transfers	18,121,686	0	18,121,686
Self-generated Revenue	16,598,113	0	16,598,113
Statutory Dedications	0	0	0
Federal	5,135,498	0	5,135,498
Total	\$ 64,839,077	\$ 0	\$ 64,839,077

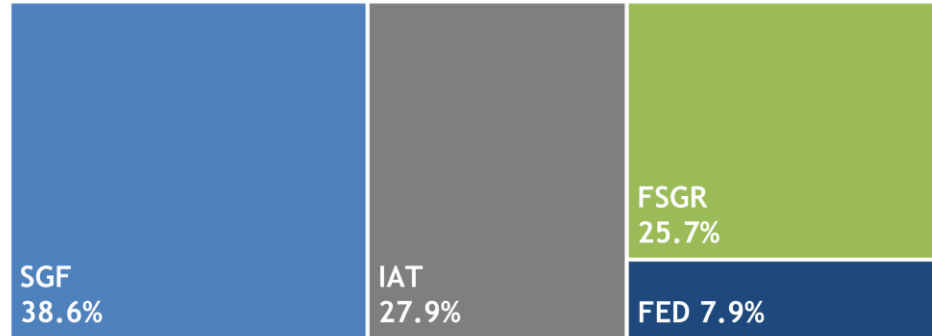
Budget Adjustments From Appropriation to EOB

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

FUNDING RECOMMENDATION FY 23

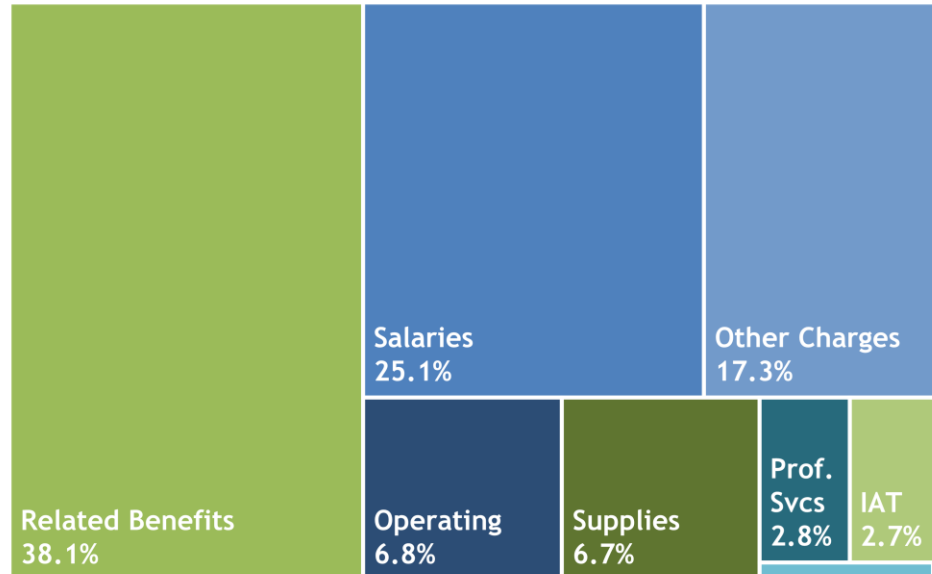
Means of Finance

State General Fund	\$	25,530,111
Interagency Transfers		18,463,336
Fees & Self-generated		16,992,798
Statutory Dedications		0
Federal Funds		5,232,360
Total	\$	66,218,605



Expenditure Category

Salaries	\$	16,598,652
Other Compensation		0
Related Benefits		25,206,564
Travel		12,291
Operating Services		4,481,685
Supplies		4,457,651
Professional Services		1,833,086
Other Charges		11,439,740
Interagency Transfers		1,808,477
Acquisitions/Repairs		380,459
Total	\$	66,218,605



SOURCES OF FUNDING

State General Fund \$25.5 M	Interagency Transfers \$18.5 M	Self-generated Revenue \$17.0 M	Federal Funds \$5.2 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	FY21	FY22	FY23	Change		Change	
	Actual Expenditures	Existing Operating Budget 12/1/21	HB1 Budget	Existing Operating Budget to HB1		Actual Expenditures to HB1	
SGF	\$ 24,766,943	\$ 24,983,780	\$ 25,530,111	\$ 546,331	2.2%	\$ 763,168	3.1%
IAT	13,501,079	18,121,686	18,463,336	341,650	1.9%	4,962,257	36.8%
FSGR	24,090,518	16,598,113	16,992,798	394,685	2.4%	(7,097,720)	(29.5%)
Stat Ded	0	0	0	0	0.0%	0	0.0%
Federal	4,882,311	5,135,498	5,232,360	96,862	1.9%	350,049	7.2%
Total	\$ 67,240,851	\$ 64,839,077	\$ 66,218,605	\$ 1,379,528	2.1%	\$ (1,022,246)	(1.5%)

Significant funding changes compared to the FY 22 Existing Operating Budget

Fees & Self-gen Rev & IAT

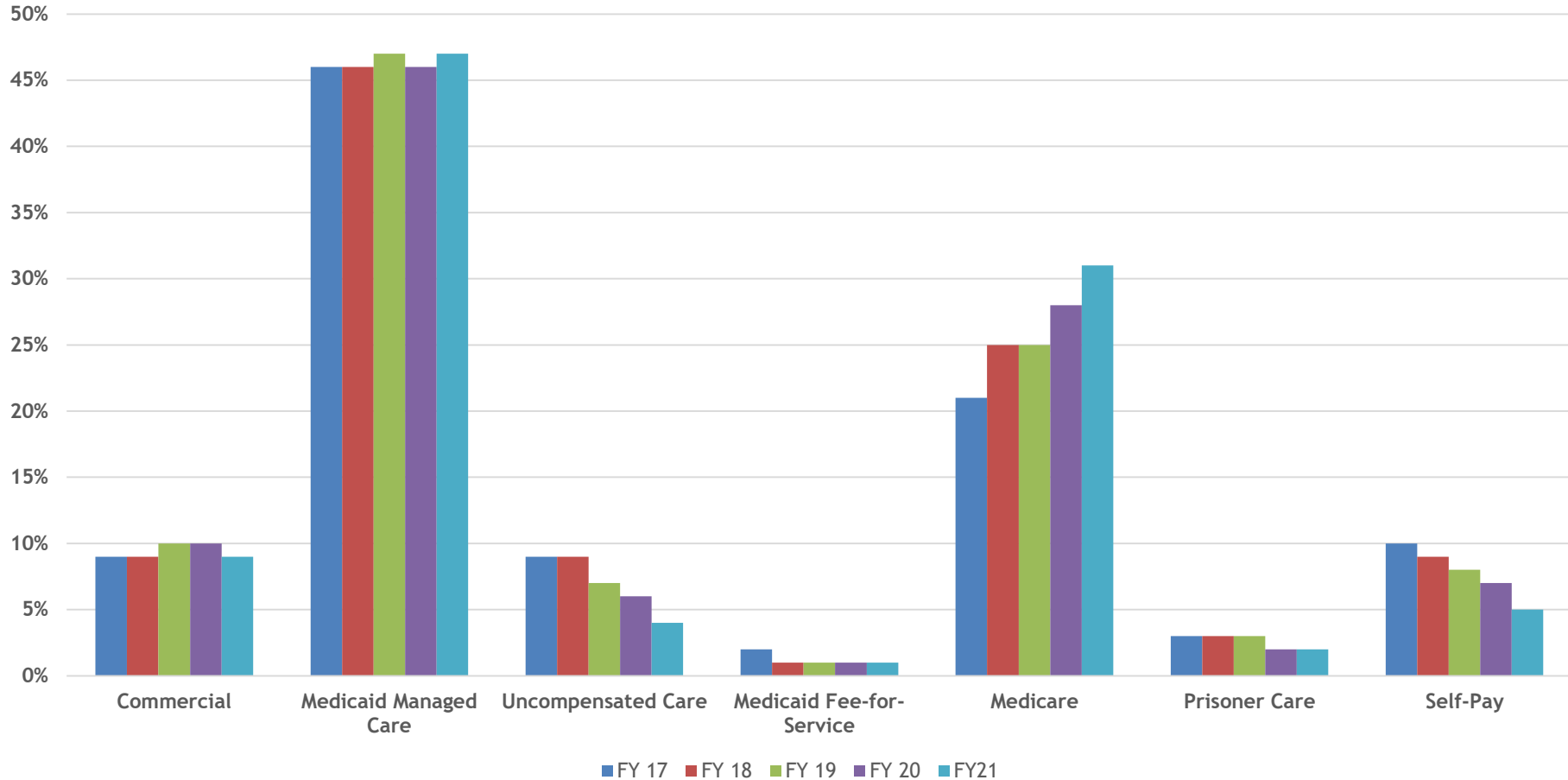
- Lallie Kemp's patient payer mix has evolved since Medicaid expansion
- Uncompensated Care Costs (IAT) have been replaced with Medicaid managed care claims (FSGR)
- LSU HCSD frequently has a supplemental request for additional fees & self-generated revenues to reflect higher claims collections

Federal Funds

\$96,862 increase reflects a projected increase in Medicare claims collections in FY 23.

HISTORICAL PAYER MIX

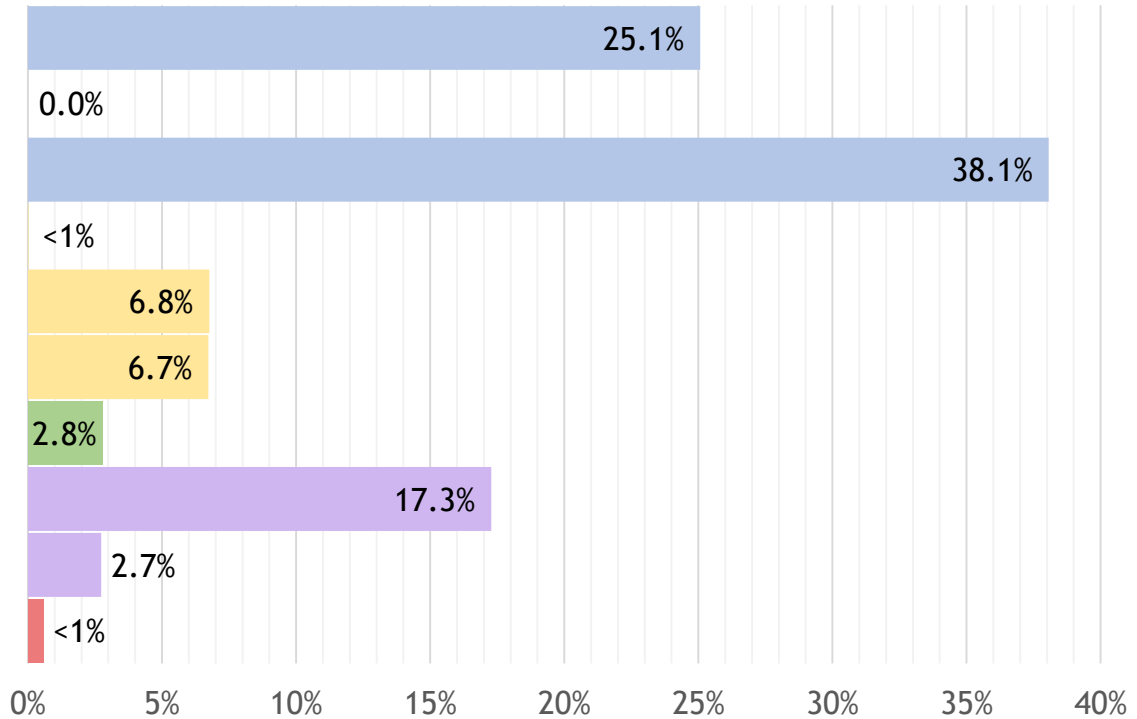
Percentage of Revenue Charges at Lallie Kemp



EXPENDITURE RECOMMENDATION FY 23

Total Budget = \$66,218,605

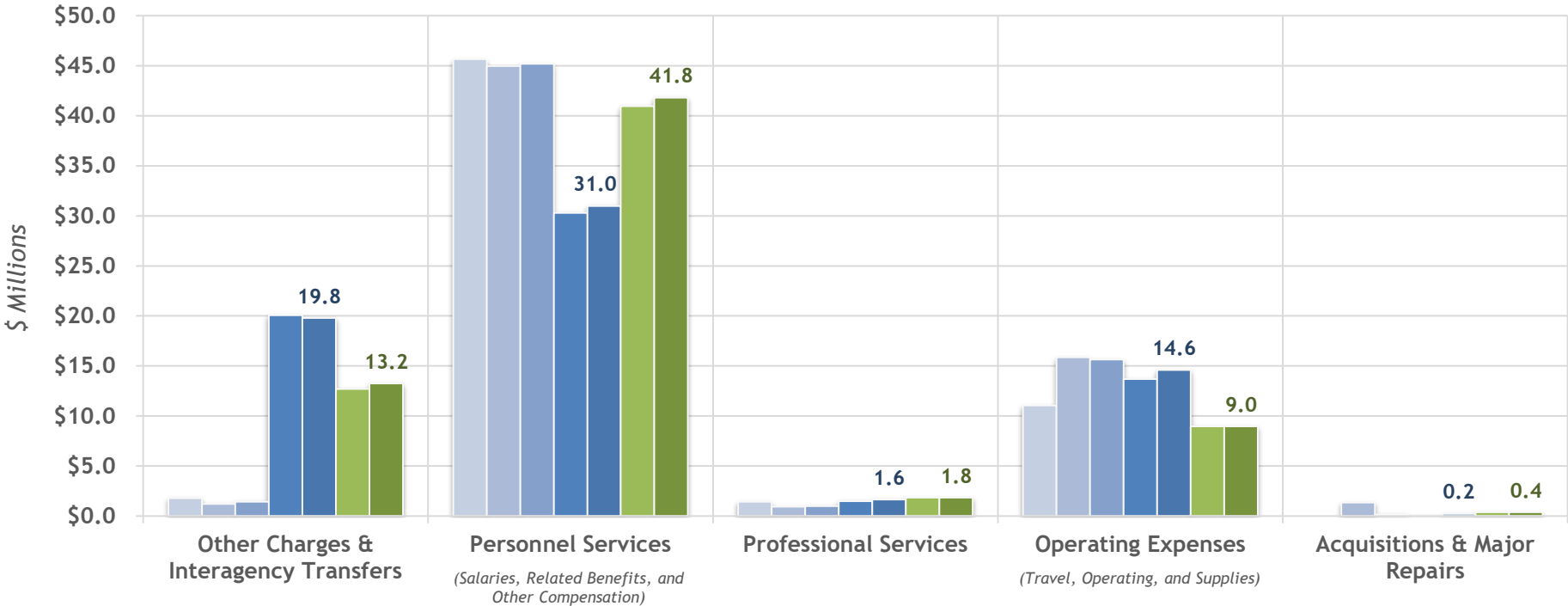
Expenditure Category		
Salaries	\$	16,598,652
Other Compensation		0
Related Benefits		25,206,564
Travel		12,291
Operating Services		4,481,685
Supplies		4,457,651
Professional Services		1,833,086
Other Charges		11,439,740
Interagency Transfers		1,808,477
Acquisitions/Repairs		380,459
Total	\$	66,218,605



EXPENDITURE HISTORY

Fiscal Year: Actual Expenditures Budgeted Amount

2017 2018 2019 2020 2021 2022 EOB 2023 HB1



5 Year Average Spending per Expenditure Category

\$8.9 M : 13.8%	\$39.4 M : 61.5%	\$1.3 M : 2.0%	\$14.2 M : 22.1%	\$400,000 : 0.6%
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HCS D LEGACY COSTS

Expenditure	FY 18	FY 19	FY 20	FY 21	Projected FY 22	Projected FY 23
Retirees Group Insurance	\$18,629,771	\$17,862,287	\$17,420,314	\$17,243,775	\$16,835,451	\$17,470,975
Settlement of GOHSEP Liabilities from Hurricane Katrina for MCLNO	\$0	\$0	\$0	\$0	\$0	\$2,574,000
Administration of Legacy Costs - Personnel	\$1,982,180	\$2,750,491	\$2,819,068	\$2,469,282	\$2,337,417	\$2,423,521
Administration of Legacy Costs	\$396,436	\$550,098	\$563,814	\$493,856	\$467,483	\$484,704
IT Systems Management	\$357,000	\$842,691	\$680,270	\$530,543	\$382,548	\$382,548
Demolition of McDonogh 11 Bldg	\$0	\$0	\$0	\$0	\$200,000	\$0
Miscellaneous (ORM, records maintenance, legal)	\$1,993,838	\$827,205	\$131,325	\$320,714	\$287,572	\$276,799
Total	\$23,359,225	\$22,832,772	\$21,614,791	\$21,058,170	\$20,510,471	\$23,612,547
<i>SGF Budgeted for Expenditures</i>	<i>\$20,310,616</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>
Unbudgeted Amount Spent to Cover the Remaining Legacy Costs	\$3,048,609	\$2,522,156	\$1,811,628	\$753,199	\$0	\$2,476,005

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.

EXPENDITURE COMPARISON

Expenditure Category	FY21 Actual Expenditures	FY22 Existing Operating Budget 12/1/21	FY23 HB1 Budget	Change Existing Operating Budget to HB1		Change Actual Expenditures to HB1	
Personnel Services	\$ 30,980,706	\$ 40,969,477	\$ 41,805,216	\$ 835,739	2.0%	\$ 10,824,510	34.9%
Operating Expenses	14,603,552	8,951,627	8,951,627	0	0.0%	(5,651,925)	(38.7%)
Professional Services	1,644,276	1,833,086	1,833,086	0	0.0%	188,810	11.5%
Other Charges	19,780,626	12,704,428	13,248,217	543,789	4.3%	(6,532,409)	(33.0%)
Acquisitions/Repairs	231,691	380,459	380,459	0	0.0%	148,768	64.2%
Total	\$ 67,240,851	\$ 64,839,077	\$ 66,218,605	\$ 1,379,528	2.1%	\$ (1,022,246)	(1.5%)

Significant Expenditure changes compared to the FY 22 Existing Operating Budget

Personnel Services

\$835,739 net increase driven by the following:

- \$522,838 for pay increases for employees
- \$312,901 for the associated retirement and related benefits increases tied to employee pay increases

Interagency Transfers

\$543,789 net increase driven by the following:

- \$549,484 increase in risk management premiums charged to HCSD
- **(\$11,076)** reduction in legislative auditor fees
- \$3,304 increase in Office of State Procurement fees charged
- \$2,077 increase in Civil Service fees

OTHER CHARGES/INTERAGENCY TRANSFERS







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.
\$11,439,740	Total Other Charges

Interagency Transfers

Amount	Description
\$ 1,808,477	<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)
\$ 1,808,477	Total Interagency Transfers

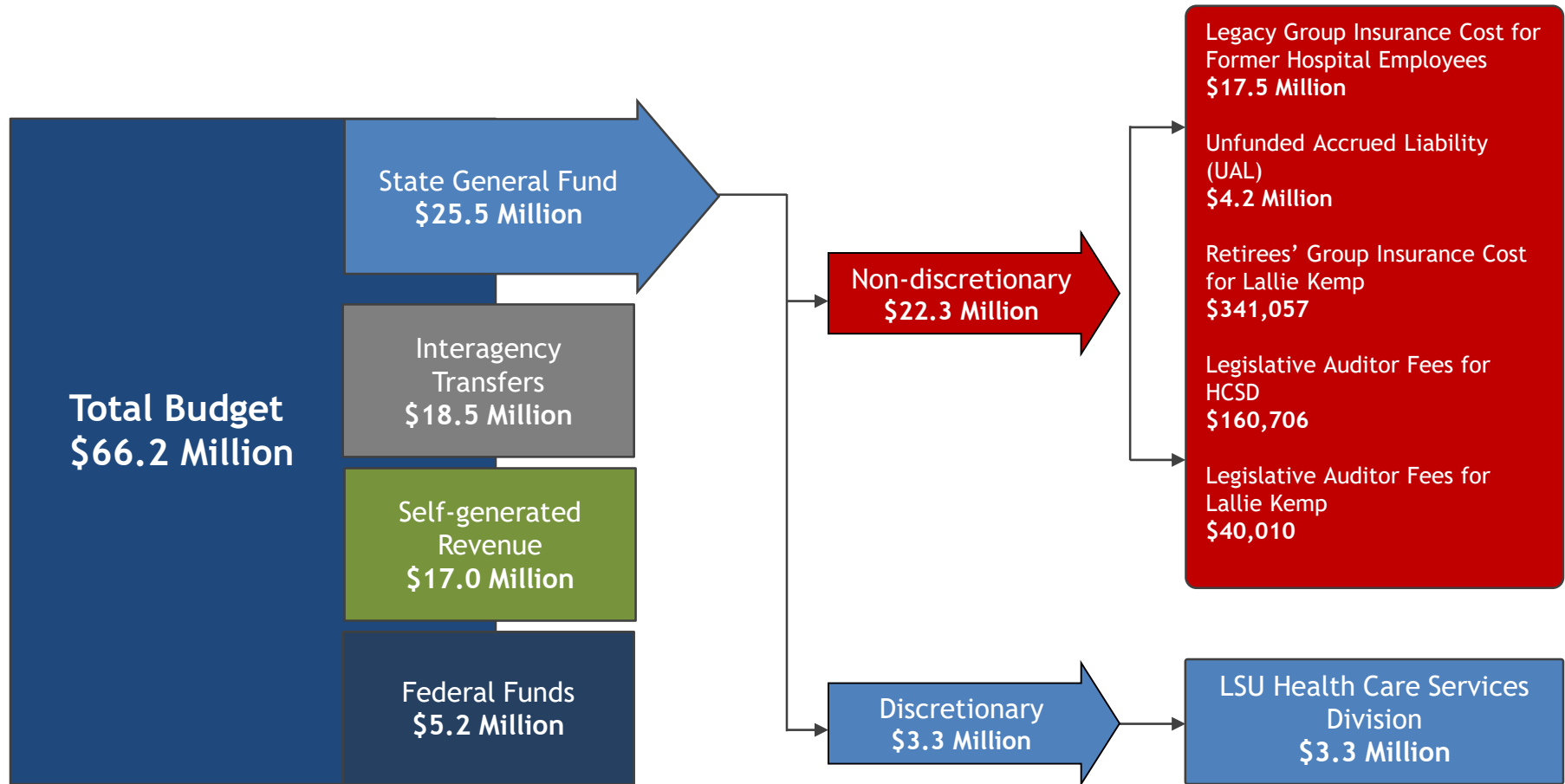
PERFORMANCE INFORMATION

Metric	2013	2014	2015	2016	2017	2018	2019	2020	2021		
 8-Year Trend (6.8%)	Hospital Admissions	759	831	907	778	624	599	499	461	433	 FY 19 to FY 20 (7.6%)
 8-Year Trend (1.5%)	Number of Clinic Visits	29,707	28,534	34,120	38,792	34,283	35,272	34,446	27,432	26,251	 FY 19 to FY 20 (4.3%)
 8-Year Trend (5.2%)	Number of Emergency Department Visits	27,049	27,206	28,213	26,881	24,924	22,761	21,581	19,581	17,664	 FY 20 to FY 21 (9.8%)
	Overall Patient Satisfaction Survey Rating	71%	79%	83%	74%	85%	94%	69%	80%	87%	
	Willingness to Recommend Hospital	78%	82%	85%	77%	81%	88%	88%	93%	93%	

COVID-19 has negatively affected several of Lallie Kemp's performance metrics since the beginning of the pandemic.

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

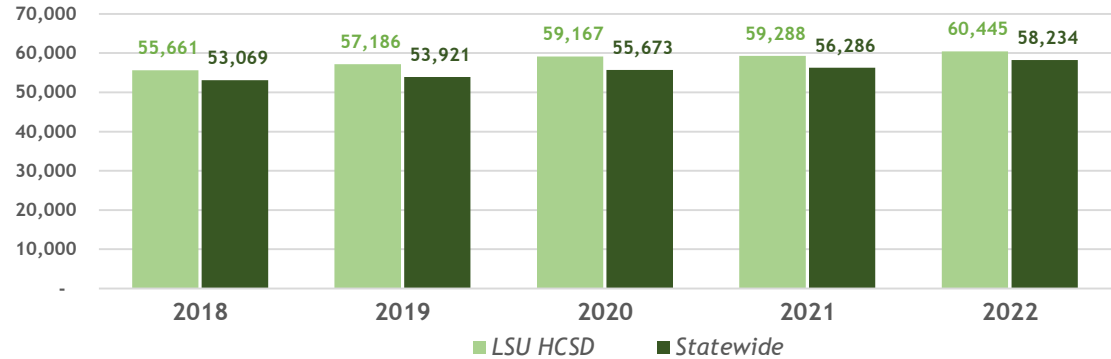
DISCRETIONARY EXPENSES FY 23



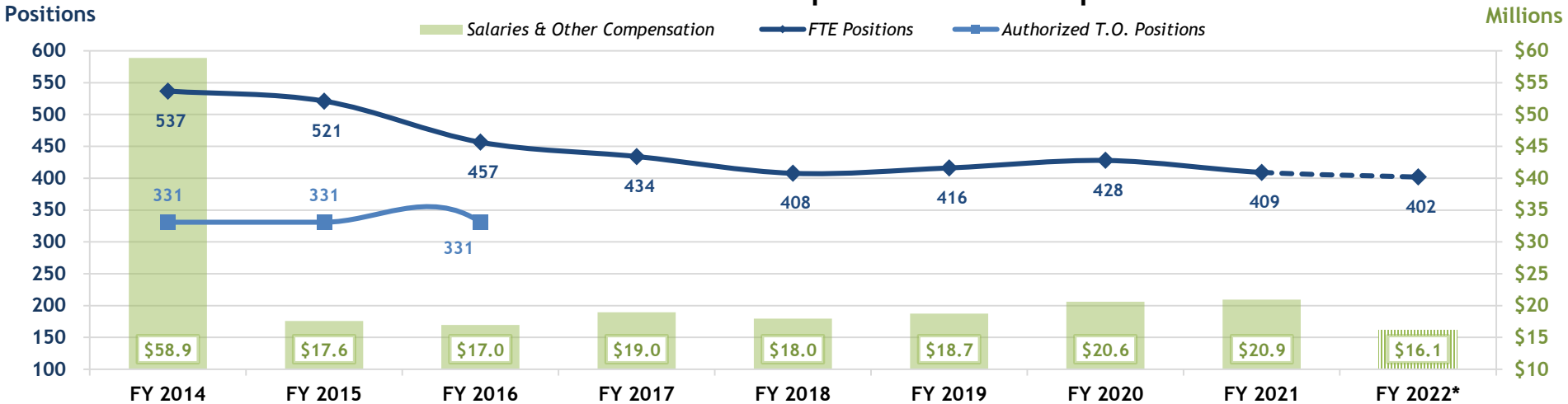
PERSONNEL INFORMATION

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



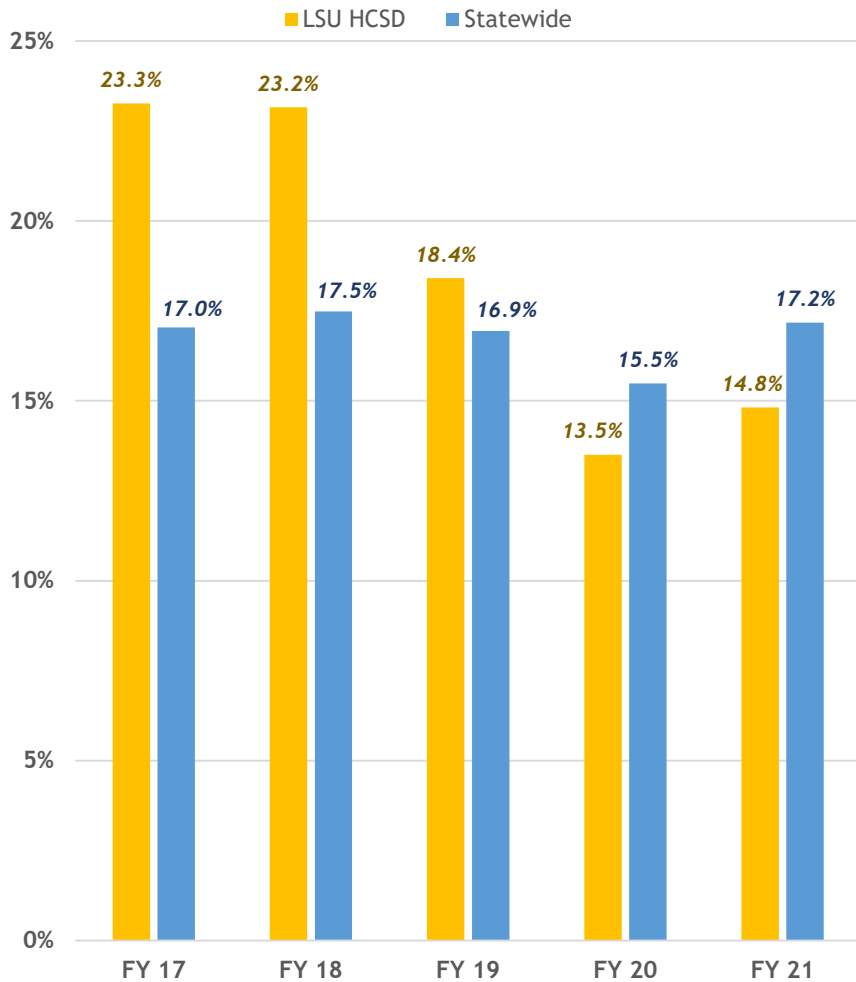
Historical Positions¹ Compare to Salaries Expended



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

* Existing Operating Budget on 12/1/21

TURNOVER HISTORY



Top Positions Vacated FY 2021

Position	Number of Employees	Separations	Turnover Rate
Medical Assistant	19	8	42.11%
Licensed Practical Nurse 2	18	5	27.78%
Registered Nurse 3	29	4	13.79%
Registered Nurse 2	17	4	23.53%
Custodian 2	16	3	18.75%

DEPARTMENT CONTACTS



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Chad Thompson

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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 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

Private Hospital Partner

LSU Health Sciences Center Shreveport Hospital

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

E. A. Conway Medical Center (Monroe)

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

Huey P. Long Medical Center (Pineville)

CHRISTUS Health Central Louisiana and Rapides Healthcare System

Hospital Cooperative Endeavor Agreement Documents

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