



# **Louisiana Senate Finance Committee**



**Fiscal Year 2018-2019 Budget**

**Health Care and  
Medical Education**

April 2018

*Sen. John A. Alario, President  
Sen. Eric LaFleur, Chairman*

**Schedule 09 –  
Louisiana Department of Health**



## Schedule 09 – Louisiana Department of Health

In its authorizing statute, specifically R.S. 36:251(B), the Louisiana Department of Health (LDH) is charged with the responsibility “for the development and provision of health and medical services for the prevention of disease for the citizens of Louisiana.”

Further, LDH “shall provide health and medical services for the uninsured and medically indigent citizens of Louisiana.”

There are 19 agencies within the department.



## Schedule 09 – Louisiana Department of Health

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Office of the Secretary

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Medical Vendor  
Administration

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Medical Vendor  
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# Schedule 09 – Louisiana Department of Health

## Human Services Authorities and Districts

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Jefferson Parish Human  
Services Authority

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Florida Parishes Human  
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Response Network



# LDH Changes in Funding since FY10

## Total Budget by Fiscal Year and Means of Finance (in \$ millions)

*The change from FY10 to FY19 totals 38%.*

\$16,000,000,000

\$14,000,000,000

\$12,000,000,000

\$10,000,000,000

\$8,000,000,000

\$6,000,000,000

\$4,000,000,000

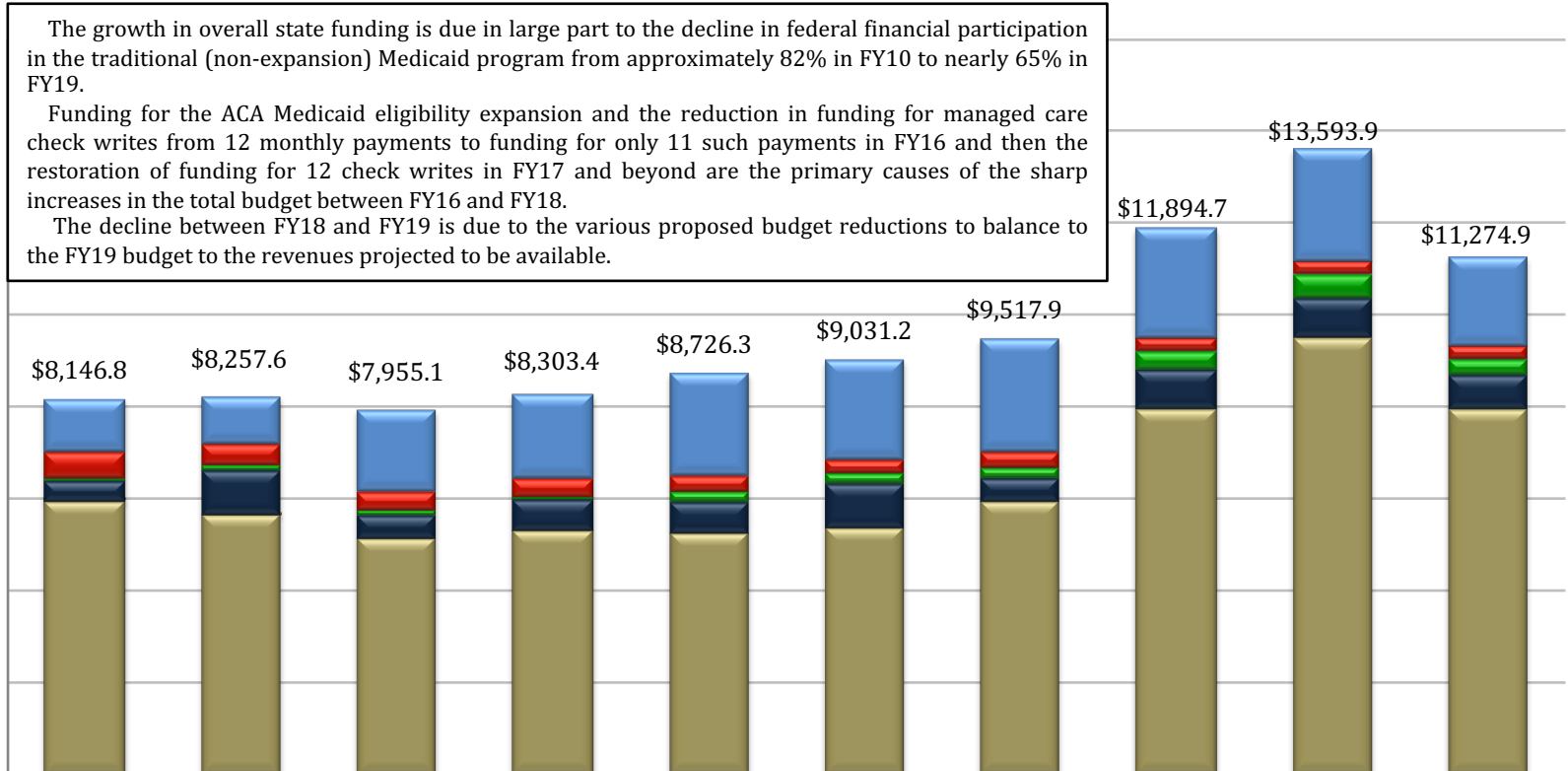
\$2,000,000,000

\$-

The growth in overall state funding is due in large part to the decline in federal financial participation in the traditional (non-expansion) Medicaid program from approximately 82% in FY10 to nearly 65% in FY19.

Funding for the ACA Medicaid eligibility expansion and the reduction in funding for managed care check writes from 12 monthly payments to funding for only 11 such payments in FY16 and then the restoration of funding for 12 check writes in FY17 and beyond are the primary causes of the sharp increases in the total budget between FY16 and FY18.

The decline between FY18 and FY19 is due to the various proposed budget reductions to balance to the FY19 budget to the revenues projected to be available.

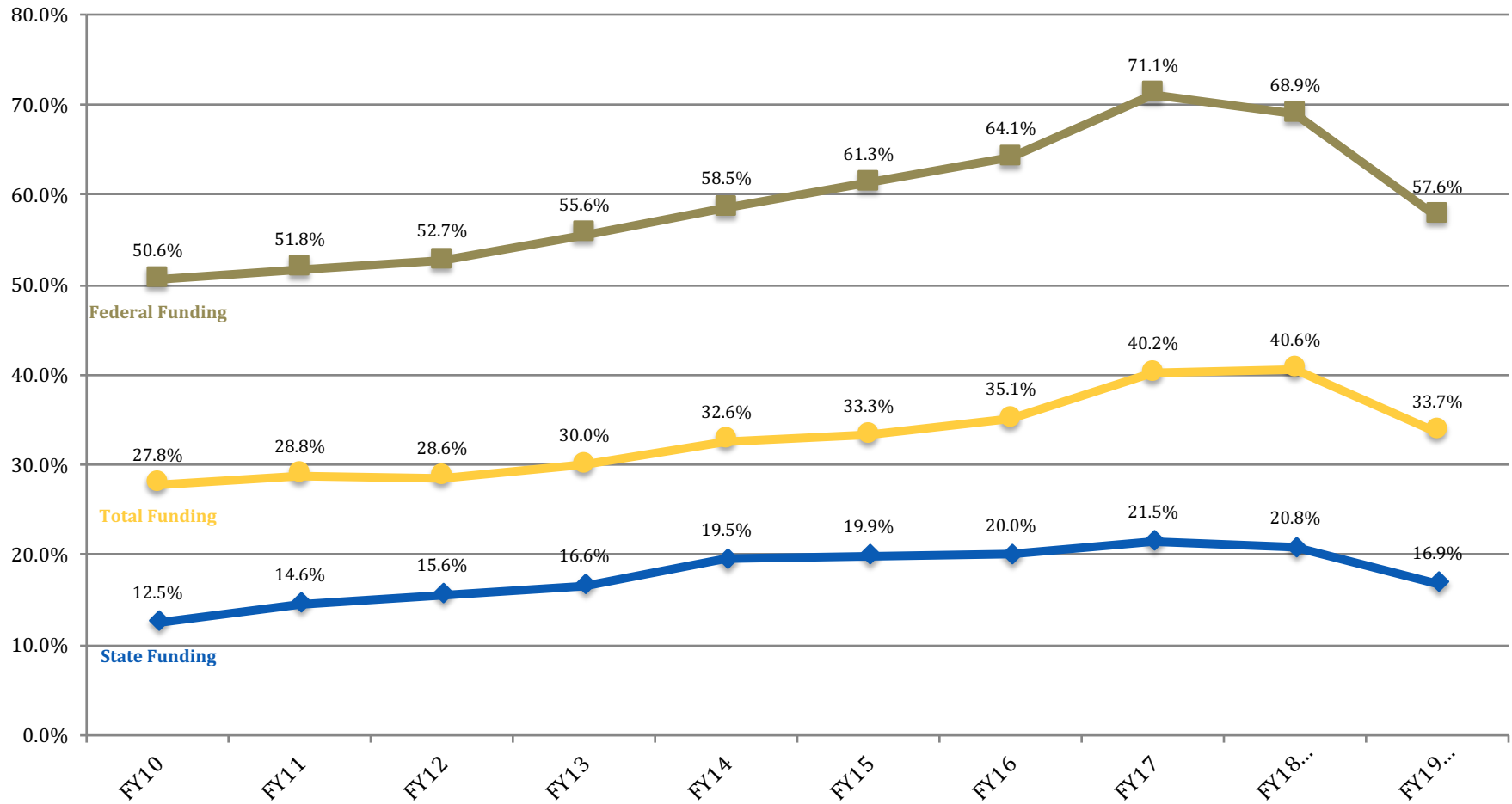


	FY10 Actual	FY11 Actual	FY12 Actual	FY13 Actual	FY14 Actual	FY15 Actual	FY16 Actual	FY17 Actual	FY18 as of 12-1-17	FY19 Recommended
■ SGF	\$1,107,838,0	\$1,077,423,6	\$1,794,164,1	\$1,877,026,6	\$2,230,111,0	\$2,159,530,4	\$2,481,088,8	\$2,390,817,2	\$2,415,119,2	\$1,926,355,0
■ IAT	\$581,563,728	\$444,419,274	\$387,344,513	\$344,798,360	\$347,156,178	\$284,145,847	\$324,441,305	\$283,768,736	\$306,924,794	\$302,751,637
■ FSGR	\$46,748,788	\$103,207,543	\$142,885,198	\$94,468,728	\$190,638,530	\$226,661,279	\$239,757,016	\$437,362,503	\$510,154,478	\$348,095,469
■ STAT DED	\$455,705,617	\$971,514,911	\$492,181,728	\$697,095,246	\$696,441,798	\$985,989,088	\$543,111,476	\$852,900,036	\$842,350,843	\$739,238,733
■ IEB	\$280,500	\$233,750	\$-	\$-	\$-	\$-	\$-	\$-	\$-	\$-
■ FED	\$5,954,697,1	\$5,660,779,3	\$5,138,520,2	\$5,290,029,0	\$5,261,916,3	\$5,374,842,7	\$5,929,485,7	\$7,929,824,4	\$9,519,368,2	\$7,958,491,3



# LDH Changes in Funding since FY10

LDH's Budget as a Portion of the Total State Budget



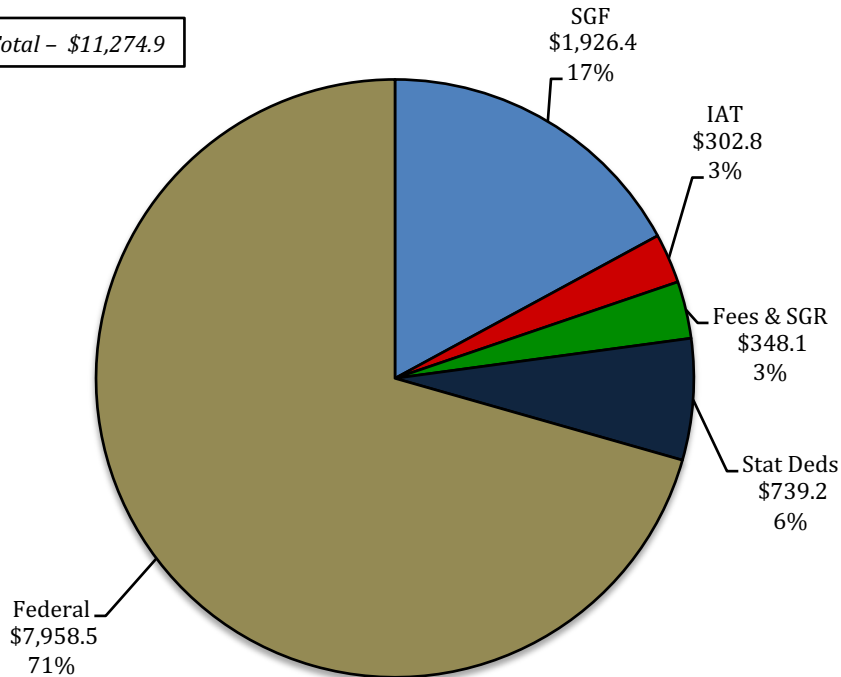


# LDH FY19 Recommended Means of Finance

## Total Department

(In Millions)

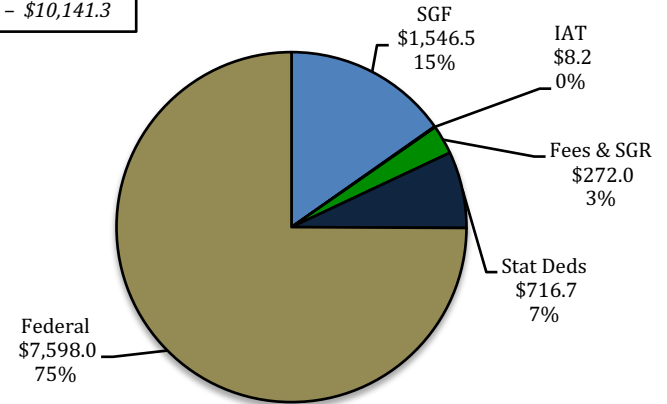
Total - \$11,274.9



## Medical Vendor Administration & Payments

(In Millions)

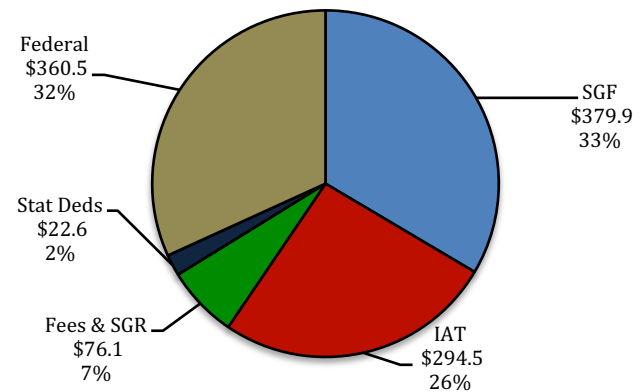
Total - \$10,141.3



## Offices, DD Council, LERN and Human Services Authorities and Districts

(In Millions)

Total - \$1,133.6





# LDH FY19 Recommended Means of Finance by Agency

State General Fund (Direct)	Interagency Transfers	Fees and Self-generated Revenues	Statutory Dedications	Federal Funds	Total	AGENCY
\$14,888,604	\$2,347,630	\$2,925,000	\$0	\$0	\$20,161,234	Jefferson Parish Human Services Authority
\$13,021,287	\$4,760,469	\$2,275,086	\$0	\$0	\$20,056,842	Florida Parishes Human Services Authority
\$16,799,920	\$6,472,675	\$3,553,108	\$0	\$0	\$26,825,703	Capital Area Human Services District
\$507,517	\$0	\$0	\$0	\$1,691,967	\$2,199,484	Developmental Disabilities Council
\$17,802,180	\$6,011,339	\$1,229,243	\$0	\$1,355,052	\$26,397,814	Metropolitan Human Services District
\$121,240,935	\$473,672	\$4,200,000	\$916,075	\$395,735,391	\$522,566,073	Medical Vendor Administration
\$1,425,221,419	\$7,745,805	\$267,777,283	\$715,746,821	\$7,202,247,998	\$9,618,739,326	Medical Vendor Payments
\$45,260,966	\$12,306,951	\$2,650,601	\$1,308,723	\$17,881,598	\$79,408,839	Office of the Secretary
\$15,383,850	\$4,359,554	\$2,841,180	\$0	\$0	\$22,584,584	South Central Louisiana Human Services Authority
\$10,296,034	\$3,179,072	\$773,844	\$0	\$0	\$14,248,950	Northeast Delta Human Services Authority
\$19,787,462	\$29,660,503	\$1,197,437	\$3,334,428	\$452,991	\$54,432,821	Office of Aging and Adult Services
\$1,637,234	\$49,900	\$0	\$0	\$0	\$1,687,134	Louisiana Emergency Response Network
\$14,947,361	\$2,923,045	\$1,536,196	\$0	\$0	\$19,406,602	Acadiana Area Human Services District
\$50,967,685	\$5,032,183	\$48,303,276	\$11,346,982	\$278,022,719	\$393,672,845	Office of Public Health
\$110,254,984	\$87,411,901	\$505,309	\$6,585,704	\$53,881,627	\$258,639,525	Office of Behavioral Health
\$22,906,138	\$119,578,989	\$4,233,786	\$0	\$6,822,055	\$153,540,968	Office for Citizens with Developmental Disabilities
\$8,087,821	\$2,088,939	\$1,091,337	\$0	\$399,949	\$11,668,046	Imperial Calcasieu Human Services Authority
\$9,672,970	\$3,816,387	\$1,502,783	\$0	\$0	\$14,992,140	Central Louisiana Human Services District
\$7,670,686	\$4,532,623	\$1,500,000	\$0	\$0	\$13,703,309	Northwest Louisiana Human Services District
\$1,926,355,053	\$302,751,637	\$348,095,469	\$739,238,733	\$7,958,491,347	\$11,274,932,239	Total



# Non-SGF Means of Finance

Means of Finance	Major Source of Funding
Interagency Transfers	Medicaid claims and uncompensated care costs payments to LDH agencies. Payments from other state agencies to LDH for use as state match in the Medicaid program. Distribution of funding from the services offices to the human services authorities and districts.
Fees and Self-generated Revenues	Intergovernmental transfers (IGT) from non-state public entities to provide the state match for supplemental Medicaid and uncompensated care costs payments. Refunds and recoveries due to the Medicaid program. Payments to the services offices and human services authorities and districts from patients or third-party reimbursements, including the Medicaid managed care plans, for health care services. Regulatory fees.
Statutory Dedications	Various constitutional or statutorily dedicated funds available for appropriation to finance the provision of health care services. (A chart detailing these funds follows on the next page.)
Federal Funds	Federal financial participation in the Medicaid program. Federal grants for behavioral health services. Federal grants for public health services.





# LDH Dedicated Funds

Fund	Source of Funding	FY17 Actual	FY18 EOB	FY19 Recommended
2013 Amnesty Collections Fund (MVP)	Tax Amnesty Proceeds	\$1,419,568	\$0	\$0
Community and Family Support System Fund (MVP)	Sale or lease of property of the Office for Citizens with Developmental Disabilities	\$63	\$0	\$509,540
Community Hospital Stabilization Fund (MVP)	Certified public expenditures which have been generated in excess of the amount appropriated for certified public expenditures in the General Appropriation Act for Fiscal Year 2010-2011	\$2,767,414	\$0	\$7,687
Compulsive and Problem Gaming Fund (OBH)	Gaming Revenues	\$2,554,896	\$2,583,873	\$2,583,873
Emergency Medical Technician Fund (OPH)	Prestige License Plate Fees	\$9,000	\$9,000	\$9,000
Health Care Facility Fund (OBH)	Licensure Violation Fines	\$0	\$1,633,679	\$1,633,679
Health Excellence Fund (MVP)	Tobacco Master Settlement Proceeds	\$24,617,110	\$26,090,316	\$26,179,101
Health Trust Fund (MVP)	Up to, but not to exceed, one-third of earnings from the Medicaid Trust Fund for the Elderly and Economic Damages Proceeds of the Deepwater Horizon Economic Damages Collection Fund	\$11,118,476	\$590,522	\$3,053,599
Hospital Stabilization Fund (MVP)	Provider Fees	\$29,338,635	\$56,357,050	\$56,357,050
Louisiana Fund (MVP & OPH)	Tobacco Master Settlement Proceeds	\$12,726,162	\$14,435,677	\$13,206,126
Louisiana Health Care Redesign Fund (MVA)	As Appropriated by the Legislature	\$2,8270	\$658	\$14
Louisiana Medical Assistance Trust Fund (MVP)	Provider Fees and Medicaid Managed Care Premiums Assessment	\$578,897,262	\$608,557,289	\$501,130,358
Medicaid Trust Fund for the Elderly (MVP)	Past Nursing Home Upper Payment Limit Intergovernmental Transfer Program and Economic Damages Proceeds of the Deepwater Horizon Economic Damages Collection Fund	\$24,909,431	\$1,733,908	\$1,733,908
Medical Assistance Program Fraud Detection Fund (MVA & OS)	Lawsuit Settlements and Judgments	\$2,578,882	\$2,273,390	\$2,073,723
New Opportunities Wavier Fund (MVA)	Twelve percent of Recurring State General Fund Revenue, not to exceed \$50 million in any fiscal year, as recognized by REC in excess of the prior forecast of the fiscal year	\$7,542	\$1,025	\$1,061
Nursing Homes Residents' Trust Fund (OS & OAAS)	Licensing Fees and Penalties	\$350,344	\$1,550,000	\$1,550,000
Overcollections Fund (MVP)	As Appropriated by the Legislature	\$7,111,421	\$0	\$0
Oyster Sanitation Fund (OPH)	Water Discharge Permit Surcharge Fee	\$55,292	\$55,292	\$55,292
Telecommunications for the Deaf Fund (OS & OPH)	Five-cent Monthly Assessment on Each Residential and Business Customer Telephone Access Line	\$1,976,741	\$1,723,803	\$4,306,026
Tobacco Tax Health Care Fund (OBH)	Tobacco Taxes	\$2,313,747	\$2,370,893	\$2,368,152
Tobacco Tax Medicaid Match Fund (MVP)	Tobacco Taxes	\$149,118,778	\$120,294,636	\$120,390,712
Traumatic Head and Spinal Cord Injury Trust Fund (OAAS)	Fee imposed on Driving Under the Influence, Reckless Operation, and Speeding Violations	\$871,041	\$1,934,428	\$1,934,428
Vital Record Conversion Fund (OPH)	Fees for Certified Copies of Birth and Death Certificates	\$155,404	\$155,404	\$155,404
<b>TOTALS</b>		<b>\$852,900,036</b>	<b>\$842,350,843</b>	<b>\$763,238,733</b>



# LDH Dedicated Funds

## Dedicated Fund Review Subcommittee recommendations:

*2013 Amnesty Collections Fund = Elimination*

*Community and Family Support System Fund = No change*

*Community Hospital Stabilization Fund = Elimination*

*Compulsive and Problem Gaming Fund = Eliminate and reclassify to Fees & Self-generated Revenues*

*Emergency Medical Technician Fund = No change*

*Health Trust Fund = Elimination*

*Hospital Stabilization Fund = No change*

*Louisiana Health Care Redesign Fund = Elimination*

*Louisiana Medical Assistance Trust Fund = No change*

*Medicaid Trust Fund for the Elderly = Elimination*

*Medical Assistance Program Fraud Detection Fund = No change*

*New Opportunities Waiver Fund = No change*

*Nursing Homes Residents' Trust Fund = No change*

*Telecommunications for the Deaf Fund = No change*

*Tobacco Tax Health Care Fund = Elimination*

*Tobacco Tax Medicaid Match Fund = Elimination*



# LDH Expenditure History by Agency

Five-year Budget History	PRIOR YEARS ACTUALS			Fiscal Year 2017-2018 <i>(as of 12/01/2017)</i>	Fiscal Year 2018-2019 <i>(Governor's Executive Budget Recommendations)</i>	Difference from FY18 to FY19
	Fiscal Year 2014-2015	Fiscal Year 2015-2016	Fiscal Year 2016-2017			
Jefferson Parish Human Services Authority	\$18,463,727	\$17,850,720	\$16,641,680	\$18,544,167	\$20,161,234	\$1,617,067
Florida Parishes Human Services Authority	\$17,552,489	\$16,912,790	\$17,803,143	\$18,661,195	\$20,056,842	\$1,395,647
Capital Area Human Services District	\$27,245,535	\$26,074,490	\$24,350,458	\$25,863,212	\$26,825,703	\$962,491
Developmental Disabilities Council	\$1,800,788	\$1,666,195	\$1,734,162	\$2,092,249	\$2,199,484	\$107,235
Metropolitan Human Services District	\$28,052,703	\$26,368,604	\$25,685,544	\$26,017,565	\$26,397,814	\$380,249
Medical Vendor Administration	\$233,283,759	\$247,742,567	\$325,904,635	\$547,504,958	\$522,566,073	(\$24,938,885)
Medical Vendor Payments	\$7,862,531,348	\$8,317,394,056	\$10,636,119,498	\$11,951,198,596	\$9,618,739,326	(\$2,332,459,270)
Office of the Secretary	\$68,550,480	\$74,503,650	\$70,640,258	\$80,145,562	\$79,408,839	(\$736,723)
South Central Louisiana Human Services Authority	\$19,856,051	\$20,373,967	\$19,494,640	\$22,173,005	\$22,584,584	\$411,579
Northeast Delta Human Services Authority	\$14,958,372	\$12,831,625	\$12,000,455	\$13,857,726	\$14,248,950	\$391,224
Office of Aging and Adult Services	\$40,459,027	\$39,585,052	\$40,361,211	\$50,402,299	\$54,432,821	\$4,030,522
Louisiana Emergency Response Network	\$1,578,636	\$1,832,920	\$1,485,653	\$1,657,985	\$1,687,134	\$29,149
Acadiana Area Human Services District	\$15,991,231	\$15,770,488	\$15,364,308	\$18,123,370	\$19,406,602	\$1,283,232
Office of Public Health	\$310,986,964	\$326,832,179	\$302,990,462	\$389,249,667	\$393,672,845	\$4,423,178
Office of Behavioral Health	\$201,987,554	\$201,096,473	\$215,331,061	\$236,787,637	\$258,639,525	\$21,851,888
Office for Citizens with Developmental Disabilities	\$131,780,667	\$133,328,667	\$135,726,162	\$152,205,288	\$153,540,968	\$1,335,680
Imperial Calcasieu Human Services Authority	\$9,057,839	\$9,585,516	\$8,651,179	\$11,161,125	\$11,668,046	\$506,921
Central Louisiana Human Services District	\$12,896,377	\$14,005,837	\$12,321,997	\$15,000,856	\$14,992,140	(\$8,716)
Northwest Louisiana Human Services District	\$14,135,844	\$14,128,601	\$12,066,474	\$13,271,169	\$13,703,309	\$432,140
TOTAL EXPENDITURES	\$9,031,169,391	\$9,517,884,397	\$11,894,672,980	\$13,593,917,631	\$11,274,932,239	(\$2,318,985,392)



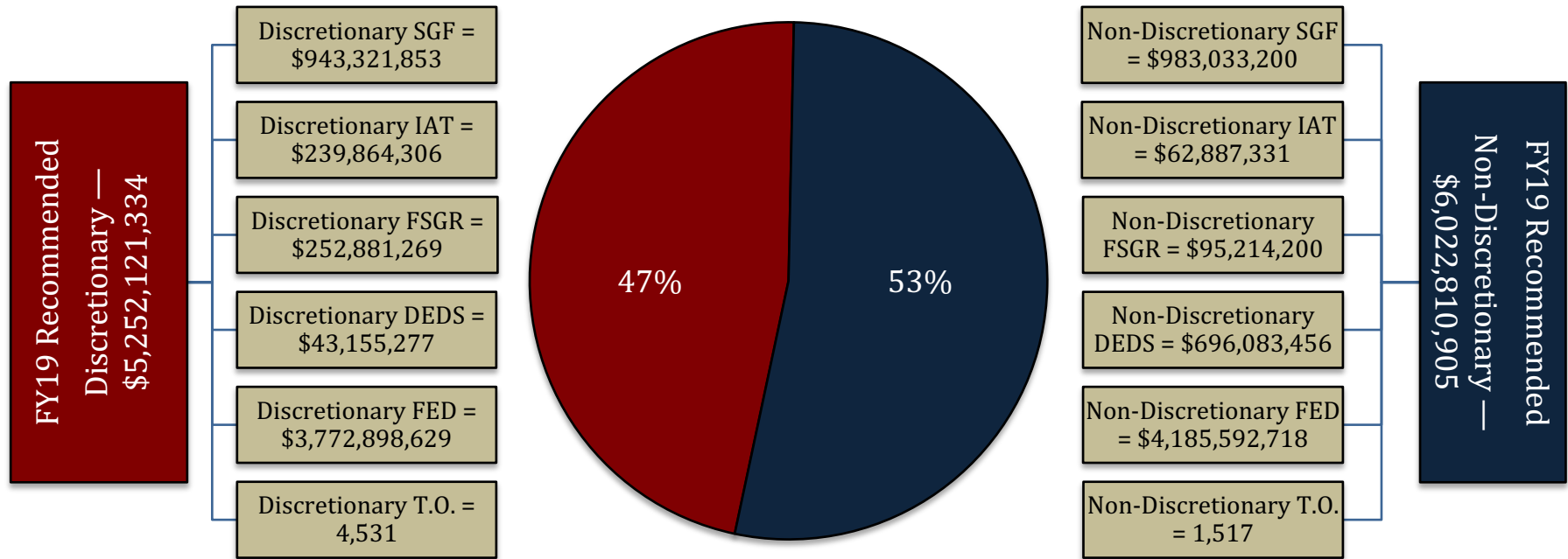
# LDH Categorical Expenditures

## FY17, FY18, and FY19

Expenditure Category	FY17 Actual	FY18 EOB <i>(as of 12-01-17)</i>	FY19 Recommended	Percent Change FY18 EOB to FY19 Recommended
<b>Personal Services:</b>	<b>\$450,138,166</b>	<b>\$490,453,164</b>	<b>\$519,543,824</b>	<b>5.9</b>
Salaries	\$276,871,406	\$288,214,345	\$310,825,731	7.8
Other Compensation	\$11,901,901	\$14,637,740	\$14,318,214	(2.2)
Related Benefits	\$161,364,859	\$187,601,079	\$194,399,879	3.6
<b>Operating Expenses:</b>	<b>\$62,589,932</b>	<b>\$80,818,280</b>	<b>\$82,269,509</b>	<b>1.8</b>
Travel	\$2,566,697	\$3,874,167	\$3,948,159	1.9
Operating Services	\$31,102,518	\$41,224,141	\$42,416,031	2.9
Supplies	\$28,920,717	\$35,719,972	\$35,905,319	0.5
<b>Professional Services</b>	<b>\$140,262,967</b>	<b>\$204,241,289</b>	<b>\$210,353,513</b>	<b>3.0</b>
<b>Other Charges:</b>	<b>\$11,238,539,787</b>	<b>\$12,815,800,773</b>	<b>\$10,458,742,649</b>	<b>(18.4)</b>
Other Charges	\$10,887,918,980	\$12,258,267,402	\$9,932,572,699	(19.0)
Debt Service	\$0	\$0	\$0	-
Interagency Transfers	\$350,620,807	\$557,533,371	\$526,169,950	(5.6)
<b>Acquisitions &amp; Major Repairs:</b>	<b>\$3,142,128</b>	<b>\$2,604,125</b>	<b>\$4,022,744</b>	<b>54.5</b>
Acquisitions	\$1,919,611	\$1,793,826	\$1,715,819	(4.3)
Major Repairs	\$1,222,517	\$810,299	\$2,306,925	184.7
<b>Total Expenditures</b>	<b>\$11,894,672,980</b>	<b>\$13,593,917,631</b>	<b>\$11,274,932,239</b>	<b>(17.1)</b>



# LDH FY19 Discretionary/Non-Discretionary Comparison





# LDH FY19 Discretionary/Non-Discretionary Comparison

## Total Discretionary Funding by Agency

Jefferson Parish Human Services Authority	\$ 19,713,005	0.38%
Florida Parishes Human Services Authority	\$ 19,496,144	0.37%
Capital Area Human Services District	\$ 25,344,318	0.48%
Developmental Disabilities Council	\$ 2,181,276	0.04%
Metropolitan Human Services District	\$ 25,847,814	0.49%
Medical Vendor Administration	\$ 282,984,596	5.39%
<b>Medical Vendor Payments</b>	<b>\$ 4,035,318,100</b>	<b>76.83%</b>
Office of the Secretary	\$ 67,391,102	1.28%
South Central Louisiana Human Services Authority	\$ 22,119,003	0.42%
Northeast Delta Human Services Authority	\$ 14,128,906	0.27%
Office of Aging and Adult Services	\$ 44,085,900	0.84%
Louisiana Emergency Response Network	\$ 1,687,134	0.03%
Acadiana Area Human Services Authority	\$ 18,916,194	0.36%
Office of Public Health	\$ 357,519,646	6.81%
Office of Behavioral Health	\$ 133,221,579	2.54%
Office of Citizens w/ Developmental Disabilities	\$ 142,264,332	2.71%
Imperial Calcasieu Human Services Authority	\$ 11,505,342	0.22%
Central Louisiana Human Services District	\$ 14,794,104	0.28%
Northwest Louisiana Human Services District	\$ 13,602,839	0.26%
<b>Total Discretionary</b>	<b>\$ 5,252,121,334</b>	<b>100%</b>

## Total Non-Discretionary Funding by Type

Avoidance of a Court Order	\$ 785,142,941	13.04%
Debt Service	\$ 13,446,755	0.22%
Federal Mandate	\$ 5,171,088,660	85.86%
Unavoidable Obligations	\$ 53,132,549	0.88%
<b>Total Non-Discretionary</b>	<b>\$ 6,022,810,905</b>	<b>100%</b>

*Avoidance of a Court Order = Provision of Certain Medicaid Services pursuant to Various Settlement Agreements; Forensic Mental Health Services; Provision of Certain Mental Health Services pursuant to the Cooper/Jackson Settlement Agreement; and the Settlement with the USDA requiring improvement in WIC's Vendor Integrity Unit*

*Debt Service = Rent in State-owned Buildings*

*Federal Mandate = Federal Medicaid Requirements; Federal Hurricane Funding; and Safe Drinking Water Act Activities*

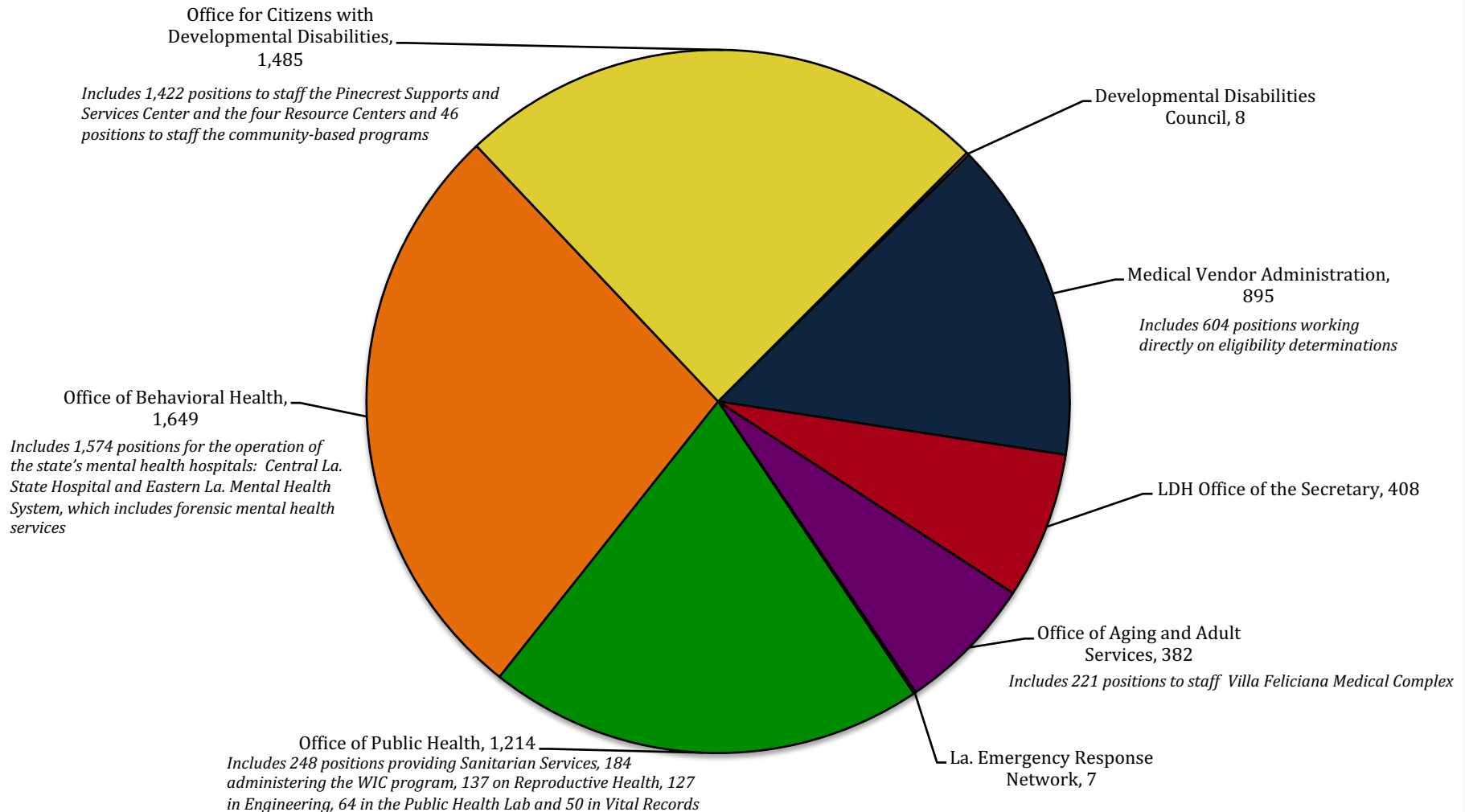
*Unavoidable Obligations = Retirees Group Insurance; Maintenance*





# LDH FY19 Recommended Positions by Agency

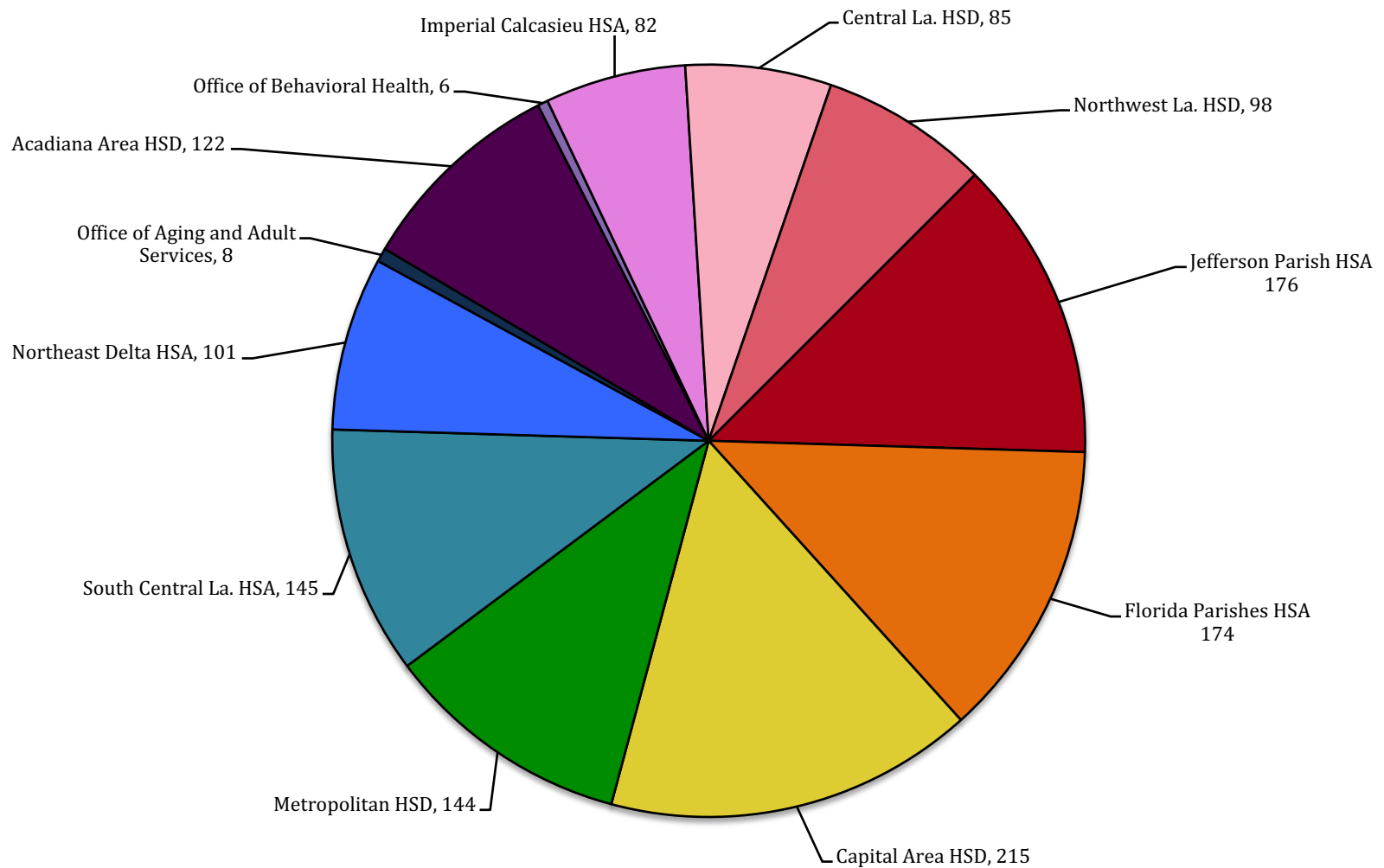
Authorized Positions recommended for FY19 total 6,048.





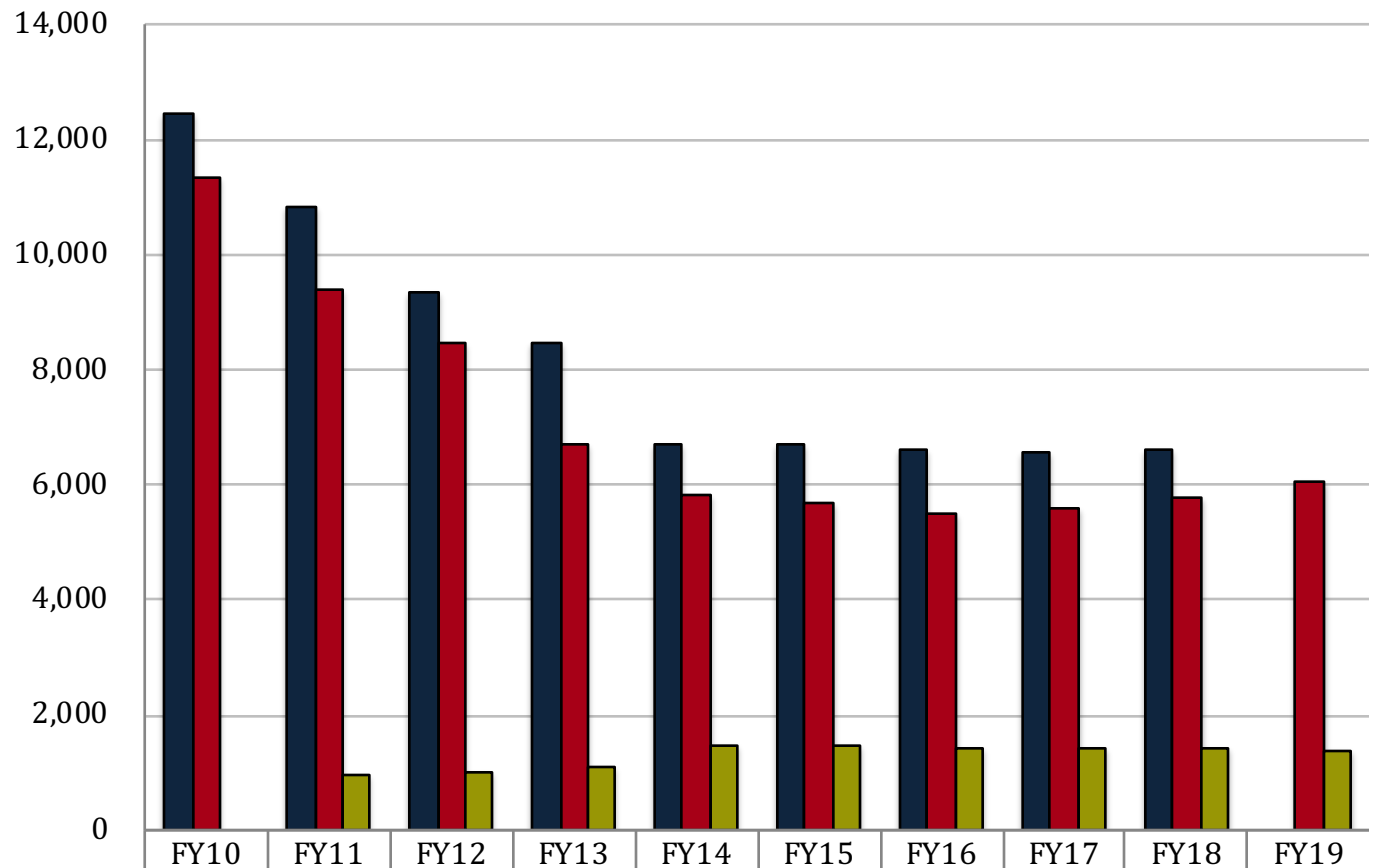
# LDH FY19 Recommended Positions by Agency

Authorized Other Charges Positions recommended for FY19 total 1,356.





# LDH FTEs, Authorized Positions, and Other Charges Positions History



■ Total FTEs	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
■ Total Authorized Positions	12,462	10,839	9,331	8,465	6,706	6,702	6,624	6,546	6,606	0
■ Authorized Other Charges Positions	11,322	9,398	8,458	6,718	5,813	5,669	5,502	5,572	5,794	6,048
	0	947	997	1,083	1,460	1,452	1,430	1,430	1,421	1,356

**Notes:**  
 Data for Total FTEs uses the first weekly employment report published by State Civil Service in July at the start of the named fiscal year.  
 Data for Total Authorized Positions uses fiscal year enacted levels, except for FY19 Recommended.  
 Data for Other Charges Positions are reflected in the Executive Budget per Act 377 of the 2013 Regular Legislative Session (beginning in FY15).



# Significant Budget Adjustments Recommended for FY19

## Statewide Adjustments to LDH's Budget

State General Fund (Direct)	Interagency Transfers	Fees and Self-generated Revenues	Statutory Dedications	Federal Funds	Total	T.O.	Adjustment
\$2,684,006	\$918,541	\$970	\$0	\$298,532	\$3,902,049	0	2% General Salary Increase Annualization – Classified
\$70,574	\$0	\$0	\$0	\$19,827	\$90,401	0	2% General Salary Increase Annualization – Unclassified
\$1,537,065	\$244,060	\$0	\$0	\$168,957	\$1,950,082	0	Structural Salary Increase Annualization – Classified
\$8,953,608	\$3,719,109	\$2,989	\$0	\$941,932	\$13,617,638	0	Market Rate Salary Adjustment – Classified
\$136,558	\$0	\$0	\$0	\$0	\$136,558	0	Market Rate Salary Adjustment – Unclassified
\$354,724	\$307,125	\$0	\$0	\$7,322	\$669,171	0	Civil Service Training Series Adjustment
\$5,846,851	(\$947,262)	(\$10,490)	\$0	\$36,131	\$4,925,230	0	Related Benefits Base Adjustment
\$7,523	\$61	\$0	\$0	\$180	\$7,764	0	Retirement Rate Adjustment
\$12,845,176	\$614,662	\$33,443	\$0	\$1,510,148	\$15,003,429	0	Salary Base Adjustment
(\$14,761,043)	(\$5,151,250)	(\$8,090)	\$0	(\$1,378,173)	(\$21,298,556)	0	Attrition Adjustment
(\$6,054,077)	\$0	\$0	\$0	\$0	(\$6,054,077)	0	Personnel Reductions
\$0	\$1,747,787	\$302,482	\$0	\$479,025	\$2,529,294	0	Acquisitions & Major Repairs
(\$318,554)	(\$1,645,332)	(\$193,155)	\$0	(\$515,854)	(\$2,672,895)	0	Non-Recurring Acquisitions & Major Repairs
(\$4,169,060)	\$0	\$0	\$0	(\$20,188,797)	(\$24,357,857)	0	Non-recurring Carryforwards
(\$501,218)	(\$1,571,579)	\$0	\$0	(\$135,131)	(\$2,207,928)	0	Risk Management
\$430,804	\$0	\$0	\$0	\$0	\$430,804	0	Legislative Auditor Fees
(\$395,396)	\$0	\$0	\$0	\$3,778	(\$391,618)	0	Rent in State-Owned Buildings
(\$2,825)	\$0	\$0	\$0	(\$1,038)	(\$3,863)	0	Maintenance in State-Owned Buildings
\$8,174	\$0	\$0	\$0	\$0	\$8,174	0	Capitol Park Security
\$16,785	\$0	\$0	\$0	\$0	\$16,785	0	Capitol Police
(\$12,227)	(\$2,093)	\$0	\$0	(\$2,037)	(\$16,357)	0	UPS Fees
(\$50,958)	(\$2,186)	\$0	\$0	(\$14,419)	(\$67,563)	0	Civil Service Fees
(\$3,592)	\$0	\$0	\$0	(\$4,023)	(\$7,615)	0	State Treasury Fees
\$588,822	\$189,746	\$61,026	\$0	\$711,752	\$1,551,346	0	Office of Technology Services (OTS)
(\$1,942,634)	\$0	\$0	\$0	\$0	(\$1,942,634)	0	Administrative Law Judges
(\$165,678)	\$0	\$0	\$0	(\$30,706)	(\$196,384)	0	Office of State Procurement
\$139,112	\$0	\$0	\$0	\$0	\$139,112	0	Topographic Mapping
\$5,242,520	(\$1,578,611)	\$189,175	\$0	(\$18,092,594)	(\$14,239,510)	0	Total Statewide Adjustments



# Significant Budget Adjustments Recommended for FY19

## Budget Neutral Conversions of Job Appointment Positions into T.O. Positions

Agency	# of Positions	Description
Medical Vendor Administration	1	Converts one job appointment position expiring in FY19 to an authorized T.O. position in the Program Integrity unit.
Office of the Secretary	2	Converts two job appointment positions expiring in FY19 to authorized T.O. positions in the Legal Services section.
Office of Aging and Adult Services	2	Converts two job appointment positions expiring in FY19 to authorized T.O. positions in the Compliance and Audit Team (CATS).
Office of Public Health	12	Converts 12 job appointment positions expiring in FY19 to authorized T.O. positions across the Parish Health Units, the Vital Records program and LDH's Emergency Operations Center.
Office of Behavioral Health	1	Converts one job appointment position to an authorized T.O. position at Central La. State Hospital to ensure 24-hours per day/seven-days per week operation of the switchboard.



# Significant Budget Adjustments Recommended for FY19

## Significant Additions to the Budget for FY19

Agency	Increase	Source	T.O.	Description
Medical Vendor Administration (MVA)	\$3,779,295	SGF and FF	0	Annualizes the costs of the contract to modernize the provider enrollment functions of the current Medicaid Management Information Systems (MMIS) to provide a single point of entry for health care providers to enroll in the Medicaid program, including both the fee-for-service and managed care delivery systems, and ensure Louisiana's compliance with the federal managed care rule as it relates to provider enrollment. It will also centralize the credentials verification function of provider enrollment, returning it from Managed Care Organizations (MCOs) to the State.
MVA	\$1,110,848	SGF and FF	1	Annualizes the costs for creating a system of transition and diversion to community placement where appropriate for recipients with serious mental illness that are currently in nursing facilities in response to U.S. Department of Justice findings.
MVA	\$4,249,142	FF	0	Increases funding for administrative claiming activities by local educational agencies due to an increase in the number of schools participating in the program.
Medical Vendor Payments (MVP)	\$14,573,360	SGF and FF	0	Balances funding in the Medicaid program to the anticipated collections of claims and Uncompensated Care Costs (UCC) payments by the state agencies serving Medicaid enrollees.
MVP	\$6,523,301	SGF and FF	0	Provides funding for the increase in Medicare Part A and Part B premiums and the anticipated increase in the number of Medicare/Medicaid dual eligibles enrolled.
MVP	\$1,644,526	SGF	0	Provides funding for the clawback payments to the federal government in FY18 for the dual Medicare/Medicaid eligibles enrolled in Medicare Part D.
MVP	\$9,324,910	SGF and FF	0	Provides funding for pharmacy utilization and cost increases.
MVP	\$2,833,478	SGF and FF	0	Provides funding for long-term personal care services utilization increases.





# Significant Budget Adjustments Recommended for FY19

## Significant Additions to the Budget for FY19

Agency	Increase	Source	T.O.	Description
MVP	\$249,814,778	SGF, F&SGR, SD and FF	0	Provides additional funding for the Healthy Louisiana program for the federal Health Insurer Provider Fee being assessed in FY19, increases in enrollment, increases in the monthly premiums, and annualizations of plan adjustments.
MVP	\$8,518,859	SGF, SD and FF	0	Provides additional funding for the Dental Benefit Plan due to enrollment and premium increases.
MVP	\$3,499,447	SGF and FF	0	Annualizes the increases in payments for the six Rural Health Clinics (RHCs) and 13 Federally Qualified Health Centers (FQHCs) that are projected to enroll in FY18.
MVP	\$1,507,712	SGF and FF	0	Annualizes the costs associated with the 79 new PACE enrollees that are being phased in during FY18.
MVP	\$1,941,245	SGF and FF	0	Annualizes the costs associated with the increase in the Medicare Economic Index costs for FQHCs and RHCs, as required by federal law.
MVP	\$13,704,922	SGF and FF	0	Annualizes the costs associated with the 627 waiver slots being phased-in during FY18 to reduce the number of persons with developmental disabilities on the Request for Services Registry.
MVP	\$4,100,956	SGF and FF	0	Annualizes the costs associated with the 60 Community Choice Waiver slots being added in SFY18 and provides funding for 223 slots to be phased-in during FY19 as part of the changes to shift serving individual with serious mental illness from nursing homes to community-based options in response to U.S. Department of Justice findings.
MVP	\$5,155,099	SGF, SD and FF	0	Annualizes the reinstatement of the La. Health Insurance Premium Payment Program (LaHIPP), which provides premium subsidies to Medicaid members with access to employer-based health insurance when it is more financially advantageous to the state to do so.



# Significant Budget Adjustments Recommended for FY19

## Significant Additions to the Budget for FY19

Agency	Increase	Source	T.O.	Description
MVP	\$57,020,345	SGF, SD and FF	0	Provides funding to rebase the reimbursement rates for nursing homes.
MVP	\$2,805,468	SGF and FF	0	Provides funding to rebase the inpatient per diem rates for small rural hospitals.
MVP	\$7,595,333	SGF and FF	0	Provides funding for payments to the 13 Rural Health Clinics (RHCs) and 20 Federally Qualified Health Centers (FQHCs) projected to enroll as Medicaid providers in FY19 pursuant to federal regulations.
Office of Aging and Adult Services (OAAS)	\$2,077,507	SGF	2	Annualizes the expenses for transition and diversion activities related to the use of nursing facilities by persons with serious mental illness begun in FY18 based the U.S. Department of Justice findings.
OAAS	\$821,333 (\$821,333)	SGF IAT	12	Converts 12 authorized Other Charges positions that support the Money Follows the Person activity to authorized T.O. positions as this grant will end in December 2018 and the state is expected to maintain these activities assisting individuals with serious mental illness that are currently in nursing facilities transition to the setting most appropriate for their needs based on the U.S. Department of Justice findings.
OAAS	\$1,027,840	IAT	0	Provides funding for eight beds at Villa Feliciana Medical Complex for hospital-based physical care service beds for Eastern Louisiana Mental Health System clients as a part of the Cooper/Jackson Settlement Agreement.
Office of Public Health (OPH)	\$1,919,233	SD	0	Increases funding out of the Telecommunications for the Deaf Fund for the La. Commission for the Deaf. The additional revenues are available for FY19 due to the assessment of the telecommunications tax on wireless lines authorized in the 2017 Regular Legislative Session.



# Significant Budget Adjustments Recommended for FY19

## Significant Additions to the Budget for FY19

Agency	Increase	Source	T.O.	Description
Office of Behavioral Health (OBH)	\$9,047,987	SGF and IAT	117	Provides funding to comply with the second phase of the Cooper/Jackson Settlement, which calls for the addition of 52 civil intermediate and 20 forensic supervised transitional residential aftercare community beds at the Eastern Louisiana Mental Health System (ELMHS).
OBH	\$6,156,092	SGF and IAT	92	Provides funding for additional staff in response to the federal Centers for Medicare and Medicaid Services (CMS) Health Standards citing ELMHS in February 2017 for failure to provide adequate Correctional Guard – Therapeutic coverage to ensure the safety and security of patients.
OBH	\$2,669,872	SGF and IAT	0	Provides funding to implement a \$2-per-hour premium pay plan for Correctional Guard – Therapeutic and Registered and Licensed Practical Nurses at ELMHS to be used as a retention and recruitment tool to maintain adequate staffing.
OBH	\$1,725,747	SGF and IAT	24	Provides funding for additional staff in response to the federal Centers for Medicare and Medicaid Services (CMS) Health Standards citing ELMHS in February 2017 for failure to provide adequate nursing coverage to ensure bedside care for all patients.
OBH	\$500,000	SGF and IAT	0	Provides funding for a nursing contract to ensure adequate nursing coverage at ELMHS at all times.
OBH	\$1,027,840	SGF and IAT	0	Provides funding for eight beds at Villa Feliciana Medical Complex for hospital-based physical care service beds for ELMHS clients as a part of the Cooper/Jackson Settlement Agreement.
OBH	\$381,012	SGF	1	Annualizes funding in the base budget and provides funding for one additional position to staff OBH's efforts in the community transition and diversion activities for individuals with serious mental illness residing in nursing homes based the U.S. Department of Justice findings.



# Significant Budget Adjustments Recommended for FY19

## Significant Additions to the Budget for FY19

Agency	Increase	Source	T.O.	Description
Office for Citizens with Developmental Disabilities	\$649,947	SGF	0	Increases funding for the Early Steps program due to an increase in the number of eligible children receiving services.



# Significant Budget Adjustments Recommended for FY19

## Significant Reductions in the Budget for FY19

Agency	Decrease	Source	T.O.	Description
Medical Vendor Administration	(\$13,500,000)	SGF and FF	0	Reduces funding due to the delays in the implementation of the Medicaid Modernization Project.
Medical Vendor Payments	(\$971,687,052)	SGF, SD and FF	0	Eliminates long-term care special income level eligibility.
MVP	(\$106,579,573)	SGF and FF	0	Eliminates the provisional Medicaid eligibility program.
MVP	(\$32,730,908)	SGF and FF	0	Eliminates the Medically Needy Program – Regular and Spenddown.
MVP	(\$13,435,432)	SGF and FF	0	Eliminates the Children's Choice Waiver program.
MVP	(\$13,458,511)	SGF and FF	0	Eliminates the Supports Waiver program.
MVP	(\$13,488,571)	SGF and FF	0	Reduces the New Opportunity Waiver (NOW) by reducing the support coordination rate and eliminating supported independent living services.
MVP	(\$30,326,012)	SGF and FF	0	Eliminates pediatric day health centers (PDHC) services.
MVP	(\$160,093,830)	SGF, F&SGR, SD and FF	0	Eliminates long-term personal care services.
MVP	(\$2,972,806)	SGF and FF	0	Eliminates nursing home bed hold payments.
MVP	(\$57,020,345)	SGF, SD and FF	0	Eliminates funding for a nursing home reimbursement rate rebasing in FY19.
MVP	(\$50,034,473)	SGF and FF	0	Eliminates most mental health rehabilitation services for individuals aged 21 or Older and reduces inpatient psychiatric services.
MVP	(\$73,721,763)	SGF and FF	0	Eliminates outpatient and residential substance abuse services for individuals aged 21 or older.



# Significant Budget Adjustments Recommended for FY19

## Significant Reductions in the Budget for FY19

Agency	Decrease	Source	T.O	Description
MVP	(\$15,641,124)	SGF, F&SGF, SD and FF	0	Eliminates ambulatory surgical centers as a Medicaid provider group.
MVP	(\$62,302,262)	SGF and FF	0	Reduce supplemental hospital Upper Payment Limit (UPL)/Full Medicaid Pricing (FMP) Payments.
MVP	(\$769,186,686)	SGF, IAT, F&SGF, SD and FF	0	Eliminate Disproportionate Share (DSH) Payments to hospitals for uncompensated care costs.
MVP	(\$14,690,831)	SGF and FF	0	Eliminate DSH Payments to the OBH Public Private Partnership (Community Care and Northlake) payments.
MVP	(\$201,869,084)	F&SGR and FF	0	Reduces funding for DSH payments to balance to the projected reduction in the federal DSH cap in FY19 pursuant to the ACA. (The FY19 and FY20 federal DSH cuts were eliminated in the Bipartisan Budget Act of 2018 (P.L. 115-123).)
Office for Aging and Adult Services	(\$639,730)	SGF and IAT	(5)	Reduces funding for staff to monitor and manage long-term personal care services in conjunction with the proposed elimination of these services in the Medical Vendor Payments budget.
Office of Behavioral Health	(\$268,542)	SGF and FF	(2)	Reduces funding for staff to monitor and manage the Public Private Partnership program in conjunction with the proposed elimination of these services in the Medical Vendor Payments budget.
OBH	(\$344,018)	SGF and FF	(4)	Reduces funding for staff used to monitor and manage the Specialized Behavioral Health Service program in conjunction with the proposed elimination of these services in the Medical Vendor Payments budget.





# Significant Budget Adjustments Recommended for FY19

## Significant Reductions in the Budget for FY19

Agency	Decrease	Source	T.O.	Description
Office for Citizens with Developmental Disabilities	(\$250,000)	SGF	0	Non-recurs funding for LATAN.
OCDD	(\$50,070)	SGF	(1)	Reduces the staff for the Children's Choice Waiver in conjunction with the proposed elimination of the program in the Medical Vendor Payments budget.
OCDD	(\$42,708)	SGF	(1)	Reduces the staff for the Supports Waiver in conjunction with the proposed elimination of the program in the Medical Vendor Payments budget.



# Significant Budget Adjustments Recommended for FY19

## Significant Means of Financing Substitutions

Agency	MOF Swap	Source	T.O.	Description
Medical Vendor Administration	\$135,000 (\$135,000)	SGF SD	0	MOF swap balancing the appropriation out of the Medical Assistance Program Fraud Detection Fund to the projected fund balance in FY19.
Medical Vendor Payments	(\$70,198,214) (\$308,290) (\$13,266,290) \$83,772,794	SGF IAT F&SGR FF	0	MOF swap of SGF, IAT and F&SGR for federal funds due to the FMAP rate change. The FY18 blended rate for managed care, fee-for-service claims, and Medicare payments is 63.34% federal funding whereas the FY19 blended rate is 64.67% federal funding. The FY18 straight rate used for uncompensated care costs payments is 63.69% federal funding whereas the FY19 straight rate is 65.00% federal funding.
MVP	\$2,007,303 (\$2,007,303)	SGF SD	0	MOF swaps balancing statutory dedications to the REC Forecast and projected fund balances through FY19: Community and Family Support System Fund, +\$509,540; Community Hospital Stabilization Fund, +\$7,687; Health Excellence Fund, +\$88,785; Health Trust Fund, +\$2,463,077; La. Fund, -\$1,229,551; La. Medical Assistance Trust Fund, -\$3,942,917; and Tobacco Tax Medicaid Match Fund, +\$96,076.
MVP	\$3,578,879 (\$3,578,879)	SGF F&SGR	0	MOF swap to balance the self-generated revenues associated with New Orleans Medical School's maximum Fair Market Value contracts to the prior year's actual collections.
MVP	\$5,464,415 (\$5,464,415)	SGF F&SGR	0	MOF swap replacing the Fees and Self-generated Revenues received from public providers for Low-Income and Needy Care Collaboration Agreements (LINCCAs) Disproportionate Share Hospital (DSH) payments to balance to anticipated collections in FY19.
Office of Public Health	(\$662,990) \$662,990	SGF SD	0	MOF swap replacing SGF with statutory dedications out of the Telecommunications for the Deaf Fund for the La. Commission for the Deaf.

# **LSU Hospital System and Medical Education**



# The History of the LSU Hospital System

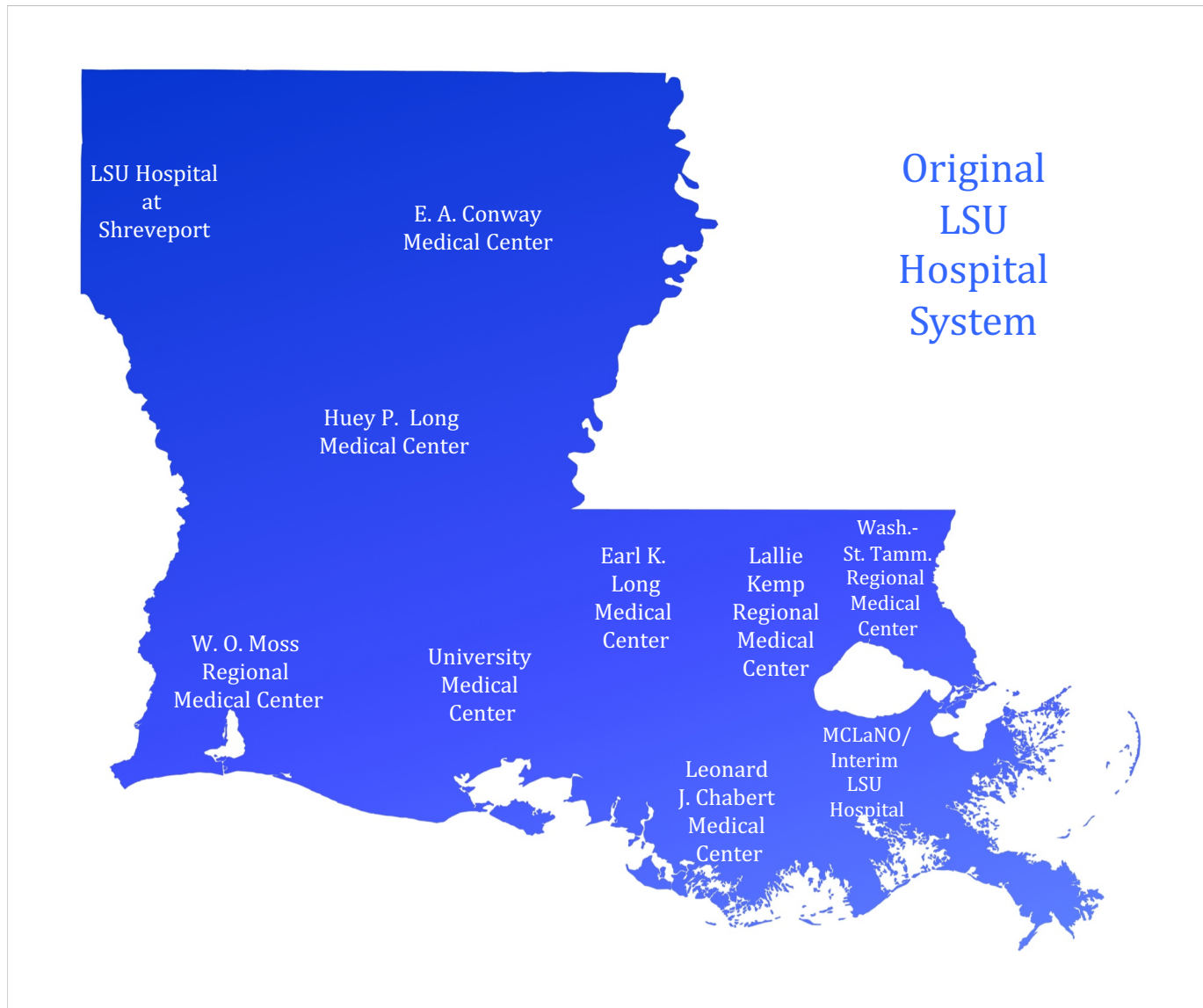
LSU assumed responsibility for the operation of the state's safety net acute care hospital system in 1997, with the enactment of R.S. 17:1519, et seq.

These hospitals also served as the main sites of medical education in the state.

Prior to the privatizations, the LSU Health Care Services Division was comprised of the seven hospitals located in the southern part of the state and aligned with the LSU Health Sciences Center in New Orleans. The LSU Health Sciences Center in Shreveport was responsible for the three hospitals located in central and northern Louisiana.

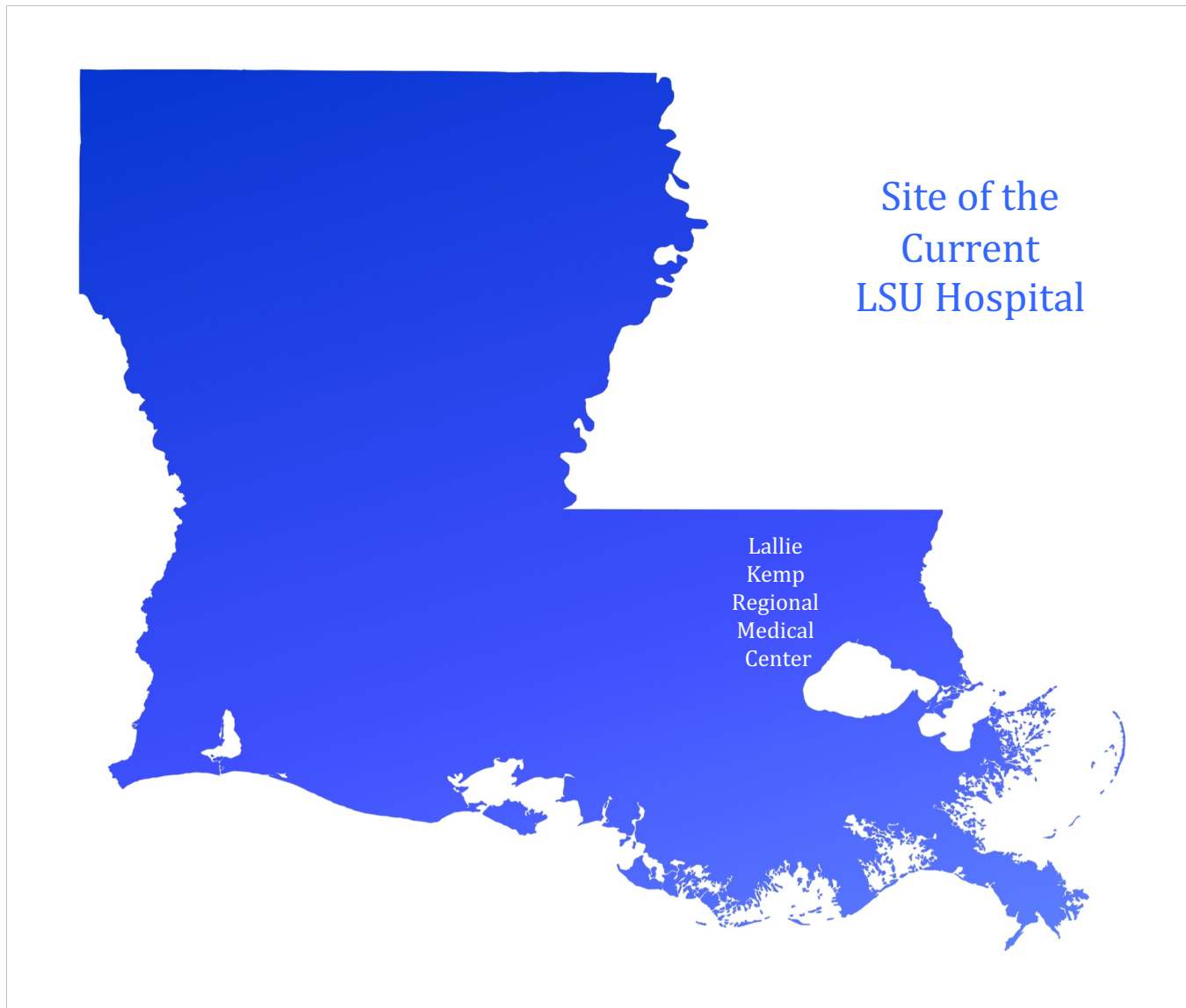


# The LSU Hospital System



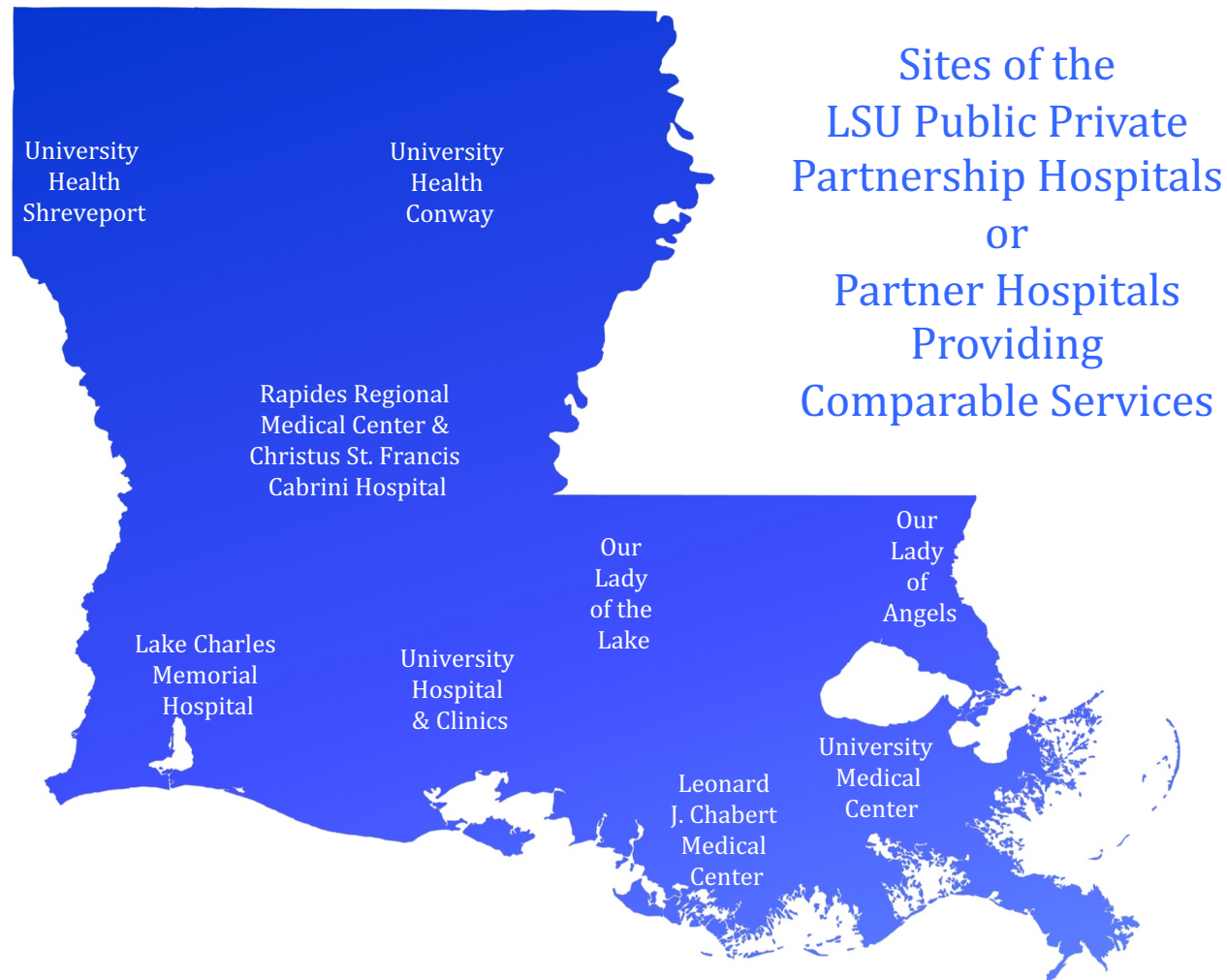


# The LSU Hospital System





# The LSU Hospital System





# How did 9 of the 10 LSU Hospitals come to be privatized?

- 2/5/2010 — LSU, OLOL and the State enter into the first CEA creating a public private partnership governing the future of an LSU hospital – Earl K. Long Medical Center.
- 7/6/2012 — The U.S. Moving Ahead for Progress in the 21st Century Act of 2012 (Public Law 112-141) is enacted reducing the Disaster FMAP factor and thereby creating a nearly \$300 million shortfall in state funding in the Medicaid Program. The state begins contemplating the future of the LSU Hospitals as the administration grapples with how to close the deficit in the Medicaid budget.
- 7/13/2012 — DHH announces a 24-percent cut in the total budget for the LSU Hospitals as part of the reductions in Medicaid claims and uncompensated care costs payments in response to the reduction in the FMAP.
- 12/10/2012 — DHH and LSU begin a series of announcements of additional public private partnerships to operate LSU hospitals in the future.
- 4/15/2013 — Earl K. Long Medical Center closes and OLOL assumes its inpatient and emergent care and operation of the clinics.
- 6/24/2013 — Leonard J. Chabert Medical Center, University Medical Center and Interim LSU Hospital transition to private operation. W.O. Moss Regional Medical Center closes and Lake Charles Memorial Hospital assumes the inpatient and emergent care and operation of the clinics.
- 10/1/2013 — LSU Health – Shreveport and E. A. Conway Medical Center transition to private operation.
- 3/16/2014 — Washington–St. Tammany Regional Medical Center/Bogalusa Medical Center transitions to private operation.
- 7/1/2014 — Huey P. Long Medical Center closes and its partner hospitals assume the inpatient and emergent care and operation of the clinics.





# LSU Public Private Partnership Hospitals

The LSU Hospitals Public Private Partnerships involve both the LSU System and the Louisiana Department of Health.

- The LSU Board of Supervisors is entrusted with the ownership and operation of these hospitals pursuant to Title 17 of the Revised Statutes and oversees the cooperative endeavor agreements (CEAs) with the partners now operating the former LSU hospitals or providing replacement services for the closed facilities.
- LDH's Medicaid program contains the financing for the partnerships.

The FY19 Medicaid budget currently contains **no funding** for supplemental payments to the private partners that will either operate or provide comparable services in the region of one of the former LSU hospitals. Approximately \$1.1 billion is budgeted in the current fiscal year for payments to the partnership hospitals.

The partners are scheduled to make an estimated \$168 million in lease payments to the state next fiscal year as part of the partnership agreements. If funding in the Medicaid budget for payments to the partner hospitals is not restored and the partnerships dissolve, then the state general fund will be short by this amount as the lease payments will not be made.

The funding for the Public Private Partnerships also directly impacts the operations of the two Health Sciences Centers as they contract with the partner hospitals to provide the clinical settings for students and residents and their supervising faculty members. Insufficient funding for the partnerships has a direct impact on the ability of the HSCs to fulfill their academic mission of training the future medical professionals for this state.



# Hospital Privatization Legacy Costs

The legacy costs associated with the privatization of six of the seven LSU Health Care Services Division hospitals include expenses such as the administration of the remaining activities associated with the privatized hospital operations, legal fees, medical records storage, property maintenance, risk management premiums, and retirees' group insurance premiums.

The oversight and maintenance responsibilities of the New Orleans-based properties were transferred from HCSD to the LSU Health Sciences Center – New Orleans in FY16 and the funding transferred in FY17.

The LSU Health Sciences Center – Shreveport is responsible for the legacy costs associated with the privatized hospitals in Monroe and Shreveport and the closed hospital in Alexandria, which include the costs related to the remaining activities of the privatized hospital operations, medical records storage, property maintenance, risk management premiums, and retirees' health and life insurance premiums.

The projected hospital legacy costs for FY19 total \$50.5 million:

- \$27.6 million for the Health Care Services Division;
- \$6.2 million for the Health Sciences Center in New Orleans; and,
- \$16.7 million for the Health Sciences Center in Shreveport.



## LSU Health Care Services Division

Means of Finance	FY16 Actuals	FY17Actuals	FY18 EOB (as of 12/1/17)	FY19 Recommended	<i>Difference FY18 to FY19</i>
State General Fund	\$36,106,297	\$24,664,566	\$24,427,906	\$24,427,906	\$0
Interagency Transfers	\$21,026,831	\$17,788,112	\$18,383,724	\$3,969,790	<i>(\$14,413,934)</i>
Fees and Self-generated Revenues	\$7,359,632	\$12,149,617	\$15,472,658	\$9,355,434	<i>(\$6,117,224)</i>
Statutory Dedications	\$0	\$379,658	\$0	\$0	\$0
Federal Funds	\$4,443,953	\$4,954,212	\$4,800,336	\$4,800,336	\$0
<b>Total</b>	<b>\$68,936,713</b>	<b>\$59,936,165</b>	<b>\$63,084,624</b>	<b>\$42,553,466</b>	<b><i>(\$20,531,158)</i></b>

HCSD's FY19 budget is being reduced by a total of \$19.7 million (\$13.6 million in DSH payments and \$6.1 million in supplemental payments) to balance Lallie Kemp Regional Medical Center's budget to the amount budgeted for such reimbursements in Schedule 09-306 Medical Vendor Payments.



# LSU Health Sciences Center – New Orleans

Means of Finance	FY16 Actuals	FY17 Actuals	FY18 EOB (as of 12/1/17)	FY19 Recommended	Difference FY18 to FY19
State General Fund	\$39,455,355	\$74,536,768	\$75,847,984	\$0	(\$75,847,984)
Interagency Transfers	\$0	\$0	\$0	\$0	\$0
Fees and Self-generated Revenues	\$55,251,355	\$58,910,443	\$58,996,024	\$58,996,024	\$0
Statutory Dedications	\$50,982,229	\$16,816,796	\$4,234,423	\$4,116,350	(\$118,073)
Federal Funds	\$0	\$0	\$0	\$0	\$0
<b>Total</b>	<b>\$145,688,939</b>	<b>\$150,264,007</b>	<b>\$139,078,431</b>	<b>\$63,112,374</b>	<b>(\$75,966,057)</b>

*All State General Fund for the Higher Education Institutions has been pooled to the Board of Regents for distribution according to the Higher Education Formula. It is estimated that the Health Sciences Center's share of the SGF in the Executive Budget totals \$73.2 million; thereby producing a total estimated budget of \$136.3 million for the Health Sciences Center for FY19.*

The HSC's estimated portion of the across-the-board SGF reduction to Higher Education proposed in the Executive Budget for FY19 totals \$2.6 million.



# LSU Health Sciences Center – Shreveport

Means of Finance	FY16 Actuals	FY17Actuals	FY18 EOB (as of 12/1/17)	FY19 Recommended	Difference FY18 to FY19
State General Fund	\$47,486,476	\$57,211,833	\$58,202,700	\$0	(\$58,202,700)
Interagency Transfers	\$0	\$0	\$0	\$0	\$0
Fees and Self-generated Revenues	\$18,829,077	\$21,109,079	\$21,409,079	\$21,409,079	\$0
Statutory Dedications	\$47,601,062	\$7,529,265	\$7,400,747	\$7,329,332	(\$71,415)
Federal Funds	\$0	\$0	\$0	\$0	\$0
<b>Total</b>	<b>\$113,916,615</b>	<b>\$85,850,177</b>	<b>\$87,012,526</b>	<b>\$28,738,411</b>	<b>(\$58,274,115)</b>

*All State General Fund for the Higher Education Institutions has been pooled to the Board of Regents for distribution according the Higher Education Formula. It is estimated that the Health Sciences Center's share of the SGF in the Executive Budget totals \$56.2 million; thereby producing a total estimated budget of \$84.9 million for the Health Sciences Center for FY19.*

The HSC's estimated portion of the across-the-board SGF reduction to Higher Education proposed in the Executive Budget for FY19 totals \$2 million.