



Report Highlights

Louisiana State University Health Sciences Center - Health Care Services Division

Baton Rouge Main Office Operations

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Why We Conducted This Audit

We conducted procedures at the Louisiana State University Health Sciences Center - Health Care Services Division (HCSD) as part of our audit of the Louisiana State University System (LSU System) and the Single Audit of the State of Louisiana for the fiscal year ended June 30, 2013.

What We Found

Findings Reported:

- **University Medical Center overcharged patients by \$394,983 for services that were not actually provided inflating uncompensated care cost for uninsured patients which may cause the hospital to inappropriately receive federal Medicaid payments.** The hospital did not have procedures in place to identify and correct inaccurate and duplicate information entered or transferred into the billing system.
- **An HCSD investigation determined a University Medical Center (hospital) Emergency Room nurse misappropriated a controlled substance and charged patient accounts for the drug and related charges totaling \$25,978 from October 2012 through March 2013. The nurse also failed to submit medical service charge sheets to be billed totaling \$6,684 for five service dates occurring as far back as October 2009.** According to management, it is too late to code and bill for the services on these charge sheets. Management has reversed the inappropriate drug and related charges identified and reimbursed payments received on the fraudulent charges.
- **In a sample of 10 indigent care patients at W.O. Moss Regional Medical Center, we found that seven (70%) patient files did not include the Healthcare Data Exchange (HDX) system screen print, which is used to document the determination of whether the patient has Medicare, Medicaid, or commercial insurance coverage.** Failure to properly classify patients could result in repayment of funds to the overbilled federal grantor and rebilling to the correct payer.

At the beginning of the fiscal year, there were seven state-run charity hospitals under HCSD. During the fiscal year, LSU privatized the operation of five hospitals resulting in the closure of one hospital and leasing four hospital buildings and equipment to private organizations. Earl K. Long Medical Center in Baton Rouge closed on April 14, 2013, and on June 24, 2013, the operations of Medical Center of Louisiana at New Orleans, University Medical Center at Lafayette, Leonard J. Chabert Medical Center in Houma, and Walter O. Moss Regional Medical Center in Lake Charles were transferred to private organizations.

Previous State-Run Hospital	Private Partner
Earl K. Long Regional Medical Center	Our Lady of the Lake Regional Medical Center
Leonard J. Chabert Regional Medical Center	Ochsner Health System and Terrebonne General Medical Center
Medical Center of Louisiana at New Orleans	Louisiana Children's Medical Center
University Medical Center in Lafayette	Lafayette General Medical Center
Walter O. Moss Regional Medical Center	Lake Charles Memorial Health System

Continued on next page

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What We Found (Cont.)

The LSU System is currently negotiating with the Franciscan Missionaries of Our Lady to assume operations in March 2014 of Washington-St. Tammany Regional Medical Center in Bogalusa. Lallie Kemp Regional Medical Center in Independence remains under HCSD.

Positions and Related Salaries Eliminated over the Past Three Years		
Hospital	Positions Eliminated	Related Salaries
Earl K. Long Regional Medical Center	1,274	\$51,770,841
LSU - Health Care Services Division	95	5,675,676
Lallie Kemp Regional Medical Center	151	4,684,534
Leonard J. Chabert Regional Medical Center	1,127	39,603,260
Medical Center of Louisiana at New Orleans	2,142	100,075,538
University Medical Center in Lafayette	1,097	46,127,111
Walter O. Moss Regional Medical Center	433	15,756,884
Washington-St. Tammany Regional Medical Center	228	7,519,511
Grand Total	6,547	\$271,213,355
Source: HCSD Human Resources		

Revenue is generated through the lease of buildings and equipment by the private partners and through transition services HCSD is providing to the private partners.

Projected Revenue Generated by Partnerships		
	Projected Revenue for First 12 Months	Projected Revenue for the Remaining Term of Lease/Contract
Services Provided to Partners	\$71,971,400	
Advance Lease Payments	275,373,712	
Lease Payments*	56,115,870	\$253,367,330
Lease Payments** - the new University Medical Center in New Orleans		3,116,231,314
Total	\$403,460,982	\$3,369,598,644
*Payments from building and equipment leases ranging from three to 40 years.		
**Quarterly lease payments will be adjusted to the fair market value after 20 years.		
Source: Various cooperative endeavor agreements.		