

## **Annual Report**

### **Fourth District – Louisiana State Medical Society**

#### **Frederick J. White MD, Fourth District Councilor**

##### **The Fourth District at Large**

In January 2017, the Fourth District election was held, with Dr. Frederick J. White elected as the Louisiana State Medical Society (LSMS) Board of Governors Fourth District Councilor and Dr. Rick Michael as Alternate. Dr. Rick Michael was elected as Fourth District representative to the LSMS Council on Legislation and Dr. John Carmody as Alternate. In March, Dr. White was elected as Chair of the Board of Councilors of the LSMS.

In July, Dr. Michael resigned as Alternate Fourth District Councilor and as Fourth District representative to the COL. The Fourth District named Dr. John Carmody to fill the vacancy as Alternate Councilor and as COL Representative, and Dr. Jake Majors was named as the Alternate COL representative. Dr. Steen Trawick continued as the Vice-Speaker of the LSMS House of Delegates.

In October SMS and LSMS member Dr. Bruce Williams was inaugurated as the 35<sup>th</sup> President of the College of American Pathologists.

##### **The Shreveport Medical Society**

In 2017, the Shreveport Medical Society (SMS) was under the leadership of President Dr. John B. Carmody, and in December the SMS inaugurated Dr. Margaret M. Crittall to serve as President for 2018. In February 2017 the SMS Board of Directors voted unanimously to recommend to the membership the Affiliated Parish Society option for the Shreveport Medical Society as its position in local independence with the Louisiana State Medical Society. At the August SMS membership meeting the draft Restated SMS Articles of Incorporation along with the changes to the SMS By-Laws necessary to implement the Affiliated Parish Society local independence option with the LSMS were voted and accepted by the SMS membership.

In September the Shreveport Medical Society executed the LSMS-SMS Memorandum of Understanding regarding the Affiliated Parish Society designation of the SMS with the LSMS. At the passage of the September 1 LSMS deadline, none of the other parish medical societies in the Fourth District were registered as incorporated entities with the Louisiana Secretary of State as required by the LSMS, and thus the parish medical societies for Bossier, Webster, Claiborne, Bienville, and Desoto parishes ceased to be chartered, affiliated, or formally recognized by the LSMS.

At the February SMS Quarterly Meeting, LSU Health Shreveport Medical School Chancellor Dr. Ghali E. Ghali provided an update on the status and challenges facing the Medical School. At the August Quarterly Meeting LSMS Vice-President Dr. Lawrence Simon spoke on the Medicare Quality Payment Program with emphasis on MIPS and its impact in 2018 and 2019 on physician services. At the November Quarterly Meeting Caddo Parish Sheriff Steve Prator spoke on the drug problems in Caddo Parish, and Homeland Security issues.

## **University Health and the LSU School of Medicine**

In May, the LSU School of Medicine in Shreveport graduated 114 new physicians. However, it was yet another tumultuous year for the LSU Health Sciences Center in Shreveport. In January, Chancellor Ghali outlined a plan to expand the partnerships of the LSU School of Medicine in Shreveport and to increase patient access, while publicly stating that the privatization of the University Health teaching hospital was one of the worst things to happen to the school. Daniel Snyder was named the new CEO for University Health (the state's safety net hospitals in Shreveport and Monroe) which continued to be operated by BRF (formerly the Biomedical Research Foundation of Northwest Louisiana) as a wholly owned subsidiary. In March an economic impact study found that the privatization of Louisiana's former charity hospital system had supplied \$2.7 billion to the state since 2013 and almost \$1 billion to the north Louisiana region. In April LSU Health alleged that its \$8 million yearly rent paid to BRF for use of the Virginia K. Shehee Biomedical Research Institute had increased unreasonably and was more than fair market value, an allegation denied by BRF. In May at a Senate Finance Committee hearing, Chancellor Ghali testified that the medical school was owed \$12 million from BRF, whereupon University Health CEO Snyder then gave the medical school a \$6 million check during his committee testimony.

In September, Gov. John Bel Edwards facilitated a meeting between BRF, Ochsner, and the state with the goal of stabilizing and strengthening the two state hospitals in Monroe and Shreveport and the LSU medical school in Shreveport. Days later, Gov. Edwards and LSU issued separate breach of contract notices to BRF, seeking to remove BRF as the operator the hospitals. BRF said that it would resist removal and take LSU and the state to court if necessary. Also in September LSU System officials confirmed that BRF had not paid \$14 million it owed to LSU for services that LSU doctors had provided to patients at the hospitals operated by University Health. LSU President F. King Alexander said that because of this the university was consuming reserves in order to fund the Shreveport medical school doctors and residents.

In October Commissioner of Administration Jay Dardenne stated that the Edwards administration was negotiating with the Ochsner Health System to possibly assume management of the operations of the two north Louisiana hospitals. In early December Ochsner, BRF, and LSU signed and submitted to the state non-binding letters of intent proposing takeover terms for the partnership. Ochsner and LSU are expected to finalize details in early 2018, but as part of the proposed agreement, Ochsner will operate University Health Shreveport and University Health Conway in Monroe, both of which will still be owned by the University Health System. Ochsner will also operate the clinical activity of the LSU Faculty Group Practice. LSU will maintain oversight responsibility for the LSU Schools of Medicine, Allied Health and School of Graduate Studies in Shreveport. Governance will be under a new UHS board of directors as well as a separate community advisory board comprised of Shreveport and Monroe community members, and representatives from Ochsner, LSU and BRF.

## **BRF/Willis-Knighton Litigation**

In October documents unsealed in the Vantage Health Plan/BRF antitrust lawsuit against the Willis-Knighton Health System portrayed Willis-Knighton as in 2015 resisting potential partnerships for BRF with Ochsner and Christus Health. Louisiana Attorney General Jeff Landry asked to enter the BRF/Willis-Knighton antitrust lawsuit as a friend of the court. Willis-Knighton filed a brief supporting Landry's

entrance into the case, while BRF filed a brief in opposition. In November, Willis-Knighton filed a motion to dismiss the suit, arguing immunity from antitrust complaints because of its partnership with LSU. Willis-Knighton also filed additional documents countering the impression that Willis-Knighton and LSU Health Shreveport conspired to hurt BRF.

### **The Willis-Knighton Health System**

In January, Willis-Knighton Bossier was one of 83 hospitals nationwide, and the only hospital in Louisiana, to receive the CMS 5 star quality rating. In February, Willis-Knighton opened its new Rehabilitation Institute in the former Doctors Hospital. Willis-Knighton continued construction on its Heart Institute expansion at the Greenwood Road campus. Willis Knighton bought the old Palmetto Country Club near Benton with plans to develop an assisted living and fitness center there. Willis Knighton also announced another walk-in clinic in the Forbing Place Shopping Center in southeast Shreveport.

In September, citing a 40 percent year-over-year increase in unfunded costs due to the rapid expansion of Medicaid coverage without adequate state funding, Willis-Knighton announced a reduction in force of 55 current employees with an additional 177 positions to be eliminated through attrition. In October the Medical Executive Committee of the Willis-Knighton Medical Staff wrote the Willis-Knighton Board of Trustees expressing a statement of no confidence in the continued leadership of James Elrod as CEO of the Willis-Knighton Health System. The Willis-Knighton Health System Board of Trustees voted to continue operating Willis-Knighton under the leadership of Mr. Elrod as the current president and chief executive officer. Subsequently Charles D. Daigle, the Executive Vice-President and Chief Operating Officer of the Willis-Knighton Health System, announced his resignation. In December, Moody's Investors Service affirmed the A1 rating assigned to Willis-Knighton Medical Center's \$122.4 million of outstanding rated revenue bonds, which are secured by a pledge of gross receipts and issued by the Louisiana Public Facilities Authority. The outlook was revised from stable to negative, citing near term pressures as the system absorbs challenges related to the Louisiana expansion of Medicaid.

### **The Christus Health System**

In April, Isaac Palmer, CEO of Christus Health for Shreveport-Bossier City, announced that the Christus micro-hospital under construction on Viking Drive in North Bossier City would open by the end of the year. The facility will have fully functioning emergency room capabilities, short stay beds for overnight stays, and outpatient imaging, but no surgery or ICU. A second micro-hospital facility is being planned, by an undisclosed entity, for southeast Shreveport at the intersection of Ellerbe Road and Flournoy Lucas. Christus or Willis Knighton will not operate that facility.

In May, Christus Health Shreveport-Bossier announced the closure and relocation of the Grace Home, the only community residential hospice in Northwest Louisiana, moving patients to inpatient beds at Christus Highland Medical Center. The health system's inpatient rehabilitation unit will relocate from the St. Mary Place hospital to the Grace Home building.

In May, Christus Health Northern Louisiana donated the Christus Schumpert St. Mary Place campus, vacant since 2013, to a local nonprofit group, Margaret Place Properties Inc. At the same time, Christus announced a \$6.5 million commitment to the mission of the partnership between Margaret Place

Properties and LSU Health Shreveport in order to advance the mission of LSU Health. The nonprofit plans to lease space in the site to generate income for the medical school and cover the cost of utilities, maintenance and daily operations. In July, LSU Health Shreveport and Christus Health Northern Louisiana revealed plans to transform the site into an integrated health care campus directed toward education, research and patient care.

In November, Christus Health Shreveport-Bossier earned an A for patient safety in the Fall 2017 Leapfrog Group survey, being the only north Louisiana hospital to do so.

(N.B. The hospital and health system portions of this report are directly sourced, in many cases in verbatim style, from local media reports.)