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Director and Chief Medical Officer

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February 16, 2005

TO: Each Supervisor

FROM: Thomas L. Garthwaite, M.D.
Director and Chief Medical Officer

SUBJECT: **IMPROVING MANAGED CARE PLAN COLLECTIONS**

As referenced in my October 29, 2004 memo to you, this is to provide an update on our progress in improving managed care and health care plan billing and collections during the fourth quarter of calendar year 2004.

- The Ad Hoc Committee, comprised of County Counsel, facility designated physicians, Patient Financial Services (PFS) Directors, Chief Financial Officers (CFOs), and Utilization Review (UR) Directors, continues to meet on a monthly basis to review the current facility procedures, identify ways to improve the authorization process, develop revised policies and procedures, and enrich the knowledge base of physicians and other designated facility personnel through a training program.

The committee is currently in the process of implementing an universal face sheet; this face sheet will be used to notify health care plans via fax of their member's admission to the hospital. Two DHS hospitals have implemented the use of the new face sheet. We will continue to work with the remaining facilities to implement its use.

- Due to a pending law suit filed by Maxicare against one of their creditors, DHS' final payment of \$1.4 million has been delayed until approximately June 30, 2005; this payment will bring our settlement total to \$2.6 million.
- Universal Care and Revenue Management (RM) are currently in the process of adjudicating the outstanding claims for dates of service February 1, 2002 through June 30, 2003. Due to some unforeseen personnel issues at Universal Care the goal for completion was extended until the end March 2005.

Once these payments are received and reconciled by RM, Universal Care will immediately begin adjudicating the remaining outstanding emergency (ER) services claims for dates of service July 1, 2003 through June 30, 2004. The goal for completion of these dates of service is June 30, 2005.

- UHP Healthcare's Chief Administrative Officer has set a goal for completion of outstanding ER services claims by April 2005.
- Blue Cross and RM continue to meet monthly to perform claims resolution to ensure that claim issues are resolved expeditiously. As a result of these meetings, Blue Cross has paid DHS \$1.9 million for inpatient claims for dates of service July 17, 2001 through June 30, 2003. Blue Cross is currently adjudicating the outpatient claims for the same time period and checks are being received by the facilities on an on-going basis.

On December 10, 2004, RM received a second settlement offer from Blue Cross. After RM analysis and consultation with the facility CFO's, RM submitted its second counter proposal to Blue Cross for consideration on February 7, 2005. Once this settlement is accepted and approved by all parties, DHS will receive payments for all outstanding non-ER clinic claims for all dates of services through December 31, 2004.

- Health Net is currently adjudicating the remaining calendar year (CY) 2003 and the first quarter CY 2004 ER services claims. Estimated date for completion is April 2005.

The Department will continue to provide quarterly reports to the Board on our progress in improving managed care plan billing and collection. The next report will be provided in May 2005. If you have questions, please let me know.

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c: Chief Administrative Officer
County Counsel
Executive Officer, Board of Supervisors
Auditor-Controller