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April 21, 2005

TO: Each Supervisor

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

SUBJECT: CRISIS MANAGEMENT COSTS AT KING/DREW MEDICAL CENTER

As part of the crisis management efforts regarding King/Drew Medical Center (KDMC), the Department of Health Services has compiled the attached listing of identifiable costs for actions taken. While more actions have been taken than are listed, those provided include all for which estimated costs have been identified. As you can see from the attached, the Department estimates the costs through the end to this fiscal year will total at least \$103.7 million. This amount could increase as more actions are taken and associated costs identified. The Department plans to update and providing this listing to you on a monthly basis.

As the Department has noted the costs associated with activities at KDMC on several occasions in its correspondence to your Board, the Los Angeles Times has requested in a Public Records Request that DHS provide it with the current estimates. Because this information is in the public domain, the attached listing will be provided to the Los Angeles Times, in accordance with their request.

Please let me know if you have any questions or desire further information.

TLG:amg (CRISIS MANAGEMENT COSTS MLK-D)

Attachment

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

MLK/D OVERSIGHT TEAM
INCREMENTAL COST OF CRISIS MANAGEMENT IN THE SOUTHWEST AREA
 FISCAL YEAR 2003-04 AND 2004-05
 (\$ In Millions)

Positive = Good / Negative = Bad

Description	FY 2003-04			FY 2004-05			Total		
	Estimated \$ Impact			Estimated \$ Impact			Estimated \$ Impact		
	MLK/D	CHC/HC	Southwest Area	MLK/D	CHC/HC	Southwest Area	MLK/D	CHC/HC	Southwest Area
Added Costs:									
1 JCAHO Preparation	\$ (1.1)	\$ -	\$ (1.1)	\$ -	\$ -	\$ -	\$ (1.1)	\$ -	\$ (1.1)
2 Nursing contract registry (incremental)	(5.8)	-	(5.8)	(30.8)	-	(30.8)	(36.6)	-	(36.6)
3 Delay previously Board ordered efficiencies - Scenario III	-	-	-	(18.5)	-	(18.5)	(18.5)	-	(18.5)
4 Anesthesiology contract (incremental)	(1.8)	-	(1.8)	(2.2)	-	(2.2)	(4.0)	-	(4.0)
5 Navigant Consulting	-	-	-	(8.8)	-	(8.8)	(8.8)	-	(8.8)
6 Increase in 2.76 payments	(0.5)	-	(0.5)	(0.5)	-	(0.5)	(1.0)	-	(1.0)
7 Camden Group nursing oversight (including training)	(0.7)	-	(0.7)	(0.3)	-	(0.3)	(1.0)	-	(1.0)
8 Radiology staffing (in conjunction with reduced housestaff below)	(0.1)	-	(0.1)	(4.4)	-	(4.4)	(4.5)	-	(4.5)
9 Cost of MLK/D Residents placed elsewhere	-	-	-	(0.2)	-	(0.2)	(0.2)	-	(0.2)
							-	-	
Reduced Costs:									
10 Physician cost reductions (through attrition only)	0.2	-	0.2	-	-	-	0.2	-	0.2
11 ICU co-location (\$400k/yr)	0.2	-	0.2	0.4	-	0.4	0.6	-	0.6
							-	-	
12 Incremental cost in the Southwest Area	\$ (9.6)	\$ -	\$ (9.6)	\$ (65.3)	\$ -	\$ (65.3)	\$ (74.9)	\$ -	\$ (74.9)
Reduced Revenue:									
14 Revenue loss due to census compression	(8.8)	-	(8.8)	(20.0)	-	(20.0)	(28.8)	-	(28.8)
15 Incremental cost and revenue of crisis management in the Southwest Area	\$ (18.4)	\$ -	\$ (18.4)	\$ (85.3)	\$ -	\$ (85.3)	\$ (103.7)	\$ -	\$ (103.7)