COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER

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June 16, 2006

TO: Mayor Michael D. Antonovich
Supervisor Gloria Molina
Supervisor Yvonne B. Burke
Supervisor Z ev Yaroslavsky
Supervisor Don Knabe

FROM: J. Tyler McCauley
Auditor-Controller

SUBJECT: **AGENDA ITEM 40, JUNE 20, 2006 – REVIEW OF PROP. A COST ANALYSIS FOR HARBOR/UCLA AND OLIVE VIEW MEDICAL CENTERS AFFILIATION AGREEMENT WITH UCLA**

Item 40 on your Board's Agenda for June 20, 2006, is a request from the Department of Health Services (DHS) to approve a new affiliation agreement with UCLA for services at Harbor-UCLA and Olive View Medical Centers (OVMC). Under the agreement, UCLA will continue providing teaching (academic) services at Harbor and Olive View, and resident physician staffing at Olive View.

Because the County cannot provide academic services, that portion of the contract is not subject to the requirements of the County's Proposition A (Prop A). However, the portion of the contract related to resident staff at Olive View is subject to Prop A. We have reviewed and approved the cost analysis prepared by DHS which indicates that the resident staffing portion of the contract is cost-effective. The contract does not include provisions for Cost of Living Adjustments (COLAs).

Please call if you have any questions, or your staff may contact Jim Schneiderman at (626) 293-1101.

JTM:MMO:JLS:MM:AA

c: David E. Janssen, Chief Administrative Officer
Bruce A. Chernof, M.D., Director and Chief Medical Officer, DHS
Lewis Lewis, Director Affiliation Agreements, DHS
Sachi A. Hamai, Executive Officer
Public Information Office
Audit Committee