



J. TYLER McCAULEY  
AUDITOR-CONTROLLER

**COUNTY OF LOS ANGELES  
DEPARTMENT OF AUDITOR-CONTROLLER**

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August 25, 2006

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

FROM: J. Tyler McCauley *by Wendy Watson for*  
Auditor-Controller

**SUBJECT: AGENDA ITEM 29, AUGUST 29, 2006 – REVIEW OF PROPOSITION A  
COST ANALYSIS FOR LAC+USC MEDICAL CENTER AFFILIATION  
AGREEMENT WITH USC**

Item 29 on your Board's Agenda for August 29, 2006, is a request from the Department of Health Services (DHS) to approve a new affiliation agreement with USC for services at LAC+USC Medical Center. Under the agreement, USC will continue providing medical education (academic) and certain patient care (clinical) services at LAC+USC.

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 clinical services is subject to Prop A. We have reviewed and approved the cost analysis prepared by LAC+USC, which indicates that the incremental costs related to clinical services since the last Board-approved agreement are cost-effective. The contract does not include provisions for Cost of Living Adjustments (COLAs) or the Living Wage Ordinance.

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