



January 12, 2010

Los Angeles County Board of Supervisors

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The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**REQUEST TO ACCEPT COMPROMISE OFFERS OF SETTLEMENT
(ALL SUPERVISORIAL DISTRICTS)
(3 VOTES)**

John F. Schunhoff, Ph.D.
Interim Director

Robert G. Splawn, M.D.
Interim Chief Medical Officer

SUBJECT

To request Board approval for the Interim Director of Health Services (Director) to accept compromise offers of settlement for patients who received medical care at either County facilities and/or at non-County operated facilities under the Trauma Center Service Agreement. The compromise offers of settlement referenced below are not within the Director's authority to accept.

IT IS RECOMMENDED THAT YOUR BOARD:

Authorize the Director or his designee, to accept the attached compromise offers of settlement, pursuant to Section 1473 of the Health and Safety Code, of the following individual accounts:

Patients who received medical care at County facilities:

| | | | |
|--------------------|-------------------|----|---------|
| (1) Account Number | LAC+USC – Various | \$ | 4,534 |
| (2) Account Number | LAC+USC – 8208134 | \$ | 5,000 |
| (3) Account Number | H/UCLA – 9311459 | \$ | 5,000 |
| (4) Account Number | H/UCLA – Various | \$ | 24,126 |
| (5) Account Number | RLANRC – 4600060 | \$ | 99,661 |
| (6) Account Number | LAC+USC – Various | \$ | 176,684 |
| (7) Account Number | H/UCLA – 8621488 | \$ | 5,000 |
| (8) Account Number | LAC+USC – 9019034 | \$ | 274,311 |
| (9) Account Number | LAC+USC – 9334776 | \$ | 387,819 |

Trauma patients who received medical care at non-County facilities:

| | | | |
|---------------------|-----------|----|-------|
| (10) Account Number | EMS – 507 | \$ | 4,450 |
|---------------------|-----------|----|-------|

Total All Accounts: \$ 986,585

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PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Patients who received medical care at a County facility: The compromise offers of settlement for patient accounts (1) - (6) are recommended because the patients are unable to pay the full amount of charges and the compromise offers represent the maximum amount the Department was able to negotiate or was offered under the legal settlement involved in these cases. The compromise offers of settlement for patient accounts (7) – (9) are recommended because the offer is the highest amount that could be negotiated with the patient's insurance provider (Commercial or HMO) under the circumstances of the case, and receipt of such insurance proceeds prevents further collection from the patient, except for possible beneficiary co-insurance or deductible obligations.

Trauma patients who received medical care at non-County facilities: The compromise offer of settlement for patient account (10) is recommended because the County has agreements with certain non-County medical facilities under which it pays for trauma care provided to eligible indigent patients at those facilities. These agreements allow the County, after it has made payment for a particular patient, to pursue recovery from third parties who are financially responsible for such trauma care.

The best interests of the County would be served by approving the acceptance of these compromises, as it will enable the Department of Health Services (DHS) to maximize net revenue on these accounts.

Implementation of Strategic Plan Goals

The recommended action supports Goal 1, Operational Effectiveness, of the County's Strategic Plan.

FISCAL IMPACT/FINANCING

This will expedite the County's recovery of revenue totaling approximately \$986,585.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Under County Code Chapter Section 2.76.046, the Director has the authority to reduce patient account liabilities by the greater of i) \$15,000, or ii) \$75,000 or 50% of the account balance, whichever is less. Any reduction exceeding the Director's authority requires Board approval.

On January 15, 2002, your Board adopted an ordinance granting the Director authority to compromise or reduce patient account liabilities when it is in the best interest of the County to do so.

On November 1, 2005, your Board approved a revised ordinance granting the Director authority to reduce, on an account specific basis, the amount of any liability owed to the

The Honorable Board of Supervisors
January 12, 2010
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County which relates to medical care provided by third parties for which the County is contractually obligated to pay, and related to which the County has subrogation or reimbursement rights. The revised ordinance was adopted by your Board on December 8, 2005.

Typically, recoveries in legal settlements are divided approximately into thirds between plaintiff, plaintiff's attorney, and all medical lien holders, which would include the County's lien. Factors that contribute to each party receiving more or less than one-third of the recovery include the number of medical lien holders, the patient's attorney retainer agreement, and costs accrued by the patient during the legal process.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Maximizing net revenues on patients who received medical care at County facilities will help DHS meet its budgeted revenue amounts. All payments received for the trauma accounts (non-County facilities) will replenish the Los Angeles County Trauma Fund.

Respectfully submitted,



John F. Schunhoff, Ph.D.
Interim Director

JFS:lg (R:\LMARTINEZ\COMPROMISE\BRDLTR#84\LETTER HSA & EMS)

Attachments (10)

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

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 1
DATE: JANUARY 12, 2010

| | | | |
|----------------------------------|-----------------------|------------------------|------------------------|
| Total Gross Charges | \$57,382 | Account Number | Various |
| Amount Paid | \$0 | Service Type | Inpatient & Outpatient |
| Balance Due | \$57,382 | Date of Service | Various |
| Compromise Amount Offered | \$4,533.75 | % Of Charges | 8% |
| Amount to be Written Off | \$52,848.25 | Facility | LAC+USC Medical Center |

JUSTIFICATION

This patient was involved in an automobile accident. As a result of this accident, the patient was treated at LAC+USC Medical Center and incurred total inpatient and outpatient gross charges of \$57,382 for medical services rendered. No coverage was found for the patient. The patient's third party liability (TPL) claim settled for \$15,000, the policy limit carried by the party responsible at the time of the accident, and his attorney is proposing the following disbursement of the proceeds:

| Disbursement | Total Claim | Proposed Settlement | Percent of Settlement |
|----------------------------------|--------------------|----------------------------|------------------------------|
| Lawyer's Fees | \$5,000 | \$5,000 | 33.33 % |
| Lawyer's Cost * | \$369 | | |
| LAC+USC Medical Center ** | \$57,382 | \$4,533.75 | 30.23 % |
| Other Lien Holders ** | \$932.50 | \$466.25 | 3.11 % |
| Patient | | \$5,000 | 33.33 % |
| Total | | \$15,000 | 100 % |

* The attorney agreed to waive his cost.

** Lien holders are receiving 33.34 % of the settlement (30.23% to LAC+USC Medical Center and 3.11% to others).

Based on the information provided, it appears that the patient is unable to pay the full amount of charges and has no source of income to meet his obligation to LAC+USC Medical Center. This compromise offer of settlement is recommended because it represents the maximum amount the Department will be able to receive under the legal settlement involved in the case.

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 2
DATE: JANUARY 12, 2010

| | | | |
|----------------------------------|---------------------|------------------------|------------------------|
| Total Gross Charges | \$99,552 | Account Number | 8208134 |
| Amount Paid | \$0 | Service Type | Inpatient |
| Balance Due | \$99,552 | Date of Service | 11/22/08 – 12/3/08 |
| Compromise Amount Offered | \$5,000 | % Of Charges | 5% |
| Amount to be Written Off | \$94,552 | Facility | LAC+USC Medical Center |

JUSTIFICATION

This patient was involved in an automobile versus pedestrian accident. As a result of this accident, the patient was treated at LAC+USC Medical Center and incurred total inpatient gross charges of \$99,552 for medical services rendered. No coverage was found for the patient. The patient's third party liability (TPL) claim settled for \$15,000, the policy limit carried by the party responsible at the time of the accident, and her attorney is proposing the following disbursement of the proceeds:

| Disbursement | Total Claim | Proposed Settlement | Percent of Settlement |
|-------------------------------|--------------------|----------------------------|------------------------------|
| Lawyer's Fees | \$4,833.33 | \$4,833.33 | 32 % |
| Lawyer's Cost | \$333.33 | \$333.33 | 3 % |
| LAC+USC Medical Center | \$99,552 | \$5,000 | 33% |
| Other Lien Holders | | | |
| Patient | | \$4,833.34 | 32 % |
| Total | | \$15,000 | 100 % |

Based on DHS' outside collection agency's assessment and recommendation, it appears that the patient is unable to pay the full amount of charges and has no source of income to meet her obligation to LAC+USC Medical Center. This compromise offer of settlement is recommended because it represents the maximum amount the Department will be able to receive under the legal settlement involved in the case.

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 3
DATE: JANUARY 12, 2010

| | | | |
|----------------------------------|----------------------|------------------------|-----------------------|
| Total Gross Charges | \$162,401 | Account Number | 9311459 |
| Amount Paid | \$0 | Service Type | Inpatient |
| Balance Due | \$162,401 | Date of Service | 7/11/08 – 7/28/08 |
| Compromise Amount Offered | \$5,000 | % Of Charges | 3% |
| Amount to be Written Off | \$157,401 | Facility | H/UCLA Medical Center |

JUSTIFICATION

This patient was involved in an automobile versus pedestrian accident. As a result of this accident, the patient was treated at H/UCLA Medical Center and incurred total inpatient gross charges of \$162,401 for medical services rendered. The patient does not qualify for Medi-Cal since her dependents are under her mother's care and was denied General Relief (GR). The patient's third party liability (TPL) claim settled for \$15,000, the policy limit carried by the party responsible at the time of the accident, and her attorney is proposing the following disbursement of the proceeds:

| Disbursement | Total Claim | Proposed Settlement | Percent of Settlement |
|---------------------------------|--------------------|----------------------------|------------------------------|
| Lawyer's Fees * | \$5,000 | \$3,402.20 | 23 % |
| Lawyer's Cost | \$397.30 | \$397.30 | 3 % |
| H/UCLA Medical Center ** | \$162,401 | \$5,000 | 33% |
| Other Lien Holders ** | \$1,200.50 | \$1,200.50 | 8% |
| Patient | | \$5,000 | 33 % |
| Total | | \$15,000 | 100 % |

* The attorney agreed to reduce his fees from \$5,000 (33%) to \$3,402.20 (23%).

** Lien holders are receiving 41% of the settlement (33% to H/UCLA Medical Center and 8% to others).

Based on DHS' outside collection agency's assessment and recommendation, it appears that the patient is unable to pay the full amount of charges and has no source of income to meet her obligation to H/UCLA Medical Center. This compromise offer of settlement is recommended because it represents the maximum amount the Department will be able to receive under the legal settlement involved in the case.

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 4
DATE: JANUARY 12, 2010

| | | | |
|----------------------------------|------------------------|------------------------|------------------------|
| Total Gross Charges | \$50,115 | Account Number | Various |
| Amount Paid | \$0 | Service Type | Inpatient & Outpatient |
| Balance Due | \$50,115 | Date of Service | Various |
| Compromise Amount Offered | \$24,126.25 | % Of Charges | 48% |
| Amount to be Written Off | \$25,988.75 | Facility | H/UCLA Medical Center |

JUSTIFICATION

This patient was injured as a result of a fall at a car repair facility. As a result of this accident, the patient was treated at H/UCLA Medical Center and incurred total inpatient and outpatient gross charges of \$50,115 for medical services rendered. The patient has ATP with no liability. The patient's third party liability (TPL) claim settled for \$85,000, the policy limit carried by the party responsible at the time of the accident, and his attorney is proposing the following disbursement of the proceeds:

| Disbursement | Total Claim | Proposed Settlement | Percent of Settlement * |
|---------------------------------|--------------------|----------------------------|--------------------------------|
| Lawyer's Fees * | \$34,000 | \$24,836 | 29 % |
| Lawyer's Cost | \$2,749.51 | \$2,749.51 | 3 % |
| H/UCLA Medical Center ** | \$50,115 | \$24,126.25 | 29% |
| Other Lien Holders ** | \$16,693 | \$8,351.40 | 10% |
| Patient | | \$24,936.84 | 29 % |
| Total | | \$85,000 | 100 % |

* The attorney agreed to lower his fees from \$34,000 (40%) to \$24,836 (29%).

** Lien holders are receiving 39 % of the settlement (29% to H/UCLA Medical Center and 10% to others).

Based on the DHS' outside collection agency's assessment and recommendation, it appears that the patient is unable to pay the full amount of charges and has no source of income to meet his obligation to H/UCLA Medical Center. This compromise offer of settlement is recommended because it represents the maximum amount the Department will be able to receive under the legal settlement involved in the case.

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 5
DATE: JANUARY 12, 2010

| | | | |
|----------------------------------|------------------------|------------------------|------------------|
| Total Gross Charges | \$230,958 | Account Number | 4600060 |
| Amount Paid | \$0 | Service Type | Inpatient |
| Balance Due | \$230,958 | Date of Service | 4/7/08 – 5/24/08 |
| Compromise Amount Offered | \$99,661.30 | % Of Charges | 43% |
| Amount to be Written Off | \$131,296.70 | Facility | RLANRC |

JUSTIFICATION

This patient was involved in an automobile versus pedestrian accident. As a result of this accident, the patient was treated at Rancho Los Amigos National Rehabilitation Center (RLANRC) and incurred total inpatient gross charges of \$230,958 for medical services rendered. The patient is a General Relief (GR) recipient. The patient's third party liability (TPL) claim settled for \$1,000,000 and his attorney is proposing the following disbursement of the proceeds:

| Disbursement | Total Claim | Proposed Settlement | Percent of Settlement * |
|------------------------------|-------------|-------------------------|-------------------------|
| Lawyer's Fees | \$400,000 | \$400,000 | 40 % |
| Lawyer's Cost | \$47,309.42 | \$47,309.42 | 4 % |
| RLANRC | \$230,958 | \$99,661.30 | 10% |
| Other Lien Holders (LAC+USC) | \$410,393 | \$176,683.99 | 18% |
| Patient | | \$276,345.29 | 28 % |
| Total | | \$1,000,000 | 100 % |

* This settlement distribution is consistent with the Hospital Lien Act (California Civil Code section 3045) which indicates that lien holders are entitled to up to 50% of the settlement after deducting attorney's fees and cost. The attorney had done preparation for trial and a fee of 40% plus cost was agreed upon in the retainer agreement between the patient and his attorney. Lien holders are receiving 28% of the settlement (10% to RLANRC and 18% to others) with the patient receiving the remaining 28% of the settlement.

Based on the DHS' outside collection agency's assessment and recommendation, it appears that the patient is unable to pay the full amount of charges and has no source of income to meet his obligation to RLANRC. This compromise offer of settlement is recommended because it represents the maximum amount the Department will be able to receive under the legal settlement involved in the case.

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 6
DATE: JANUARY 12, 2010

| | | | |
|----------------------------------|-------------------------|------------------------|------------------------|
| Total Gross Charges | \$410,393 | Account Number | Various |
| Amount Paid | \$0 | Service Type | Inpatient & Outpatient |
| Balance Due | \$410,393 | Date of Service | Various |
| Compromise Amount Offered | \$176,683.99 | % Of Charges | 43% |
| Amount to be Written Off | \$233,709.01 | Facility | LAC+USC Medical Center |

JUSTIFICATION

This patient was involved in an automobile versus pedestrian accident. As a result of this accident, the patient was treated at LAC+USC Medical Center and incurred total inpatient and outpatient gross charges of \$410,393 for medical services rendered. The patient is a General Relief (GR) recipient. The patient's third party liability (TPL) claim settled for \$1,000,000 and his attorney is proposing the following disbursement of the proceeds:

| Disbursement | Total Claim | Proposed Settlement | Percent of Settlement * |
|-----------------------------|-------------|-------------------------|-------------------------|
| Lawyer's Fees | \$400,000 | \$400,000 | 40 % |
| Lawyer's Cost | \$47,309.42 | \$47,309.42 | 4 % |
| LAC+USC Medical Center | \$410,393 | \$176,683.99 | 18% |
| Other Lien Holders (RLANRC) | \$230,958 | \$99,661.30 | 10% |
| Patient | | \$276,345.29 | 28 % |
| Total | | \$1,000,000 | 100 % |

* This settlement distribution is consistent with the Hospital Lien Act (California Civil Code section 3045) which indicates that lien holders are entitled to up to 50% of the settlement after deducting attorney's fees and cost. The attorney had done preparation for trial and a fee of 40% plus cost was agreed upon in the retainer agreement between the patient and his attorney. Lien holders are receiving 28% of the settlement (10% to RLANRC and 18% to others) with the patient receiving the remaining 28% of the settlement.

Based on the DHS' outside collection agency's assessment and recommendation, it appears that the patient is unable to pay the full amount of charges and has no source of income to meet his obligation to LAC+USC. This compromise offer of settlement is recommended because it represents the maximum amount the Department will be able to receive under the legal settlement involved in the case.

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 7
DATE: JANUARY 12, 2010

| | | | |
|----------------------------------|-------------------------|------------------------|-----------------------|
| Total Gross Charges | \$129,854.52 | Account Number | 8621488 |
| Amount Paid | \$0 | Service Type | Inpatient |
| Balance Due | \$129,854.52 | Date of Service | 8/27/07 - 9/11/07 |
| Compromise Amount Offered | \$5,000 | % Of Charges | 4% |
| Amount to be Written Off | \$124,854.52 | Facility | H/UCLA Medical Center |

JUSTIFICATION

The above compromise offer of settlement is the highest amount that the patient's insurance (Commercial or HMO) could offer under the circumstances of this case, and receipt of such insurance proceeds prevents further collection from the patient, except for possible beneficiary coinsurance or deductible obligations.

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 8
DATE: JANUARY 12, 2010

| | | | |
|----------------------------------|----------------------|------------------------|------------------------|
| Total Balance | \$365,748 | Account Number | 9019034 |
| Amount Paid | \$0 | Service Type | Inpatient |
| Balance Due | \$365,748 | Date of Service | 6/2/09 - 6/30/09 |
| Compromise Amount Offered | \$274,311 | % Of Charges | 75% |
| Amount to be Written Off | \$91,437 | Facility | LAC+USC Medical Center |

JUSTIFICATION

The above compromise offer of settlement is the highest amount that the patient's insurance (Commercial or HMO) could offer under the circumstances of this case, and receipt of such insurance proceeds prevents further collection from the patient, except for possible beneficiary coinsurance or deductible obligations.

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 9
DATE: JANUARY 12, 2010

| | | | |
|----------------------------------|----------------------|------------------------|------------------------|
| Total Gross Charges | \$517,092 | Account Number | 9334776 |
| Amount Paid | \$0 | Service Type | Inpatient |
| Balance Due | \$517,092 | Date of Service | 8/13/09 - 9/23/09 |
| Compromise Amount Offered | \$387,819 | % Of Charges | 75% |
| Amount to be Written Off | \$129,273 | Facility | LAC+USC Medical Center |

JUSTIFICATION

The above compromise offer of settlement is the highest amount that the patient's insurance (Commercial or HMO) could offer under the circumstances of this case, and receipt of such insurance proceeds prevents further collection from the patient, except for possible beneficiary coinsurance or deductible obligations.

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 10
DATE: JANUARY 12, 2010

| | | | |
|---|----------|---|--------------------------------|
| Total Gross Charges (Providing Facility) | \$54,877 | Account Number | EMS 507 |
| Amount Paid to Providing Facility | \$20,529 | Service Type / Date of Service | Inpatient 9/17/08 - 9/20/08 |
| Compromise Amount Offered | \$4,450 | % of Payment Recovered | 22 % |

JUSTIFICATION

This patient was involved in an automobile accident. As a result of this accident, the patient was treated at Providence Holy Cross Hospital and incurred total inpatient charges of \$54,877 for medical services rendered. EMS paid trauma contracted provider, the total sum of \$20,529. The patient's third-party claim has been settled for \$15,000 and his attorney is proposing the following disbursement of the proceeds:

| Disbursement | Total Claim | Proposed Settlement | Percent of Settlement (\$15,000) |
|---------------------------|--------------------|--------------------------------|---|
| Attorney fees | \$5,000 | \$5,000 | 33 % |
| Los Angeles County | \$54,877 | \$4,450 | 30 % |
| Other Lien Holders | \$6,908 | \$2,350 | 16 % |
| Patient | | \$3,200 | 21 % |
| Total | | \$15,000 | 100 % |

As stated in the Trauma Center Service Agreement, reimbursement to providers is for the hospital component of trauma services provided to eligible indigent patients.