



Health Services
LOS ANGELES COUNTY

Los Angeles County
Board of Supervisors

March 16, 2010

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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, California 90012

Dear Supervisors:

John F. Schunhoff, Ph.D.
Interim Director

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

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

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www.dhs.lacounty.gov

*To improve health
through leadership,
service and education.*

SUBJECT

To request Board approval for the Interim Director of Health Services to accept compromise offers of settlement for patients who received medical care at County facilities. The compromise offers of settlement referenced below are not within the Director's authority to accept.

IT IS RECOMMENDED THAT YOUR BOARD:

Authorize the Interim Director of Health Services (Interim 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:

- (1) Account Number LAC+USC – Various \$ 11,225
- (2) Account Number LAC+USC – Various \$ 7,733

Total All Accounts: \$ 18,958



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PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The compromise offers of settlement for patient accounts (1) - (2) 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 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 \$18,958.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

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

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.

The Honorable Board of Supervisors
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Respectfully submitted,

A handwritten signature in black ink, appearing to read "John Schunhoff". The signature is fluid and cursive, with a large initial "J" and "S".

JOHN F. SCHUNHOFF, Ph.D.
Interim Director

JFS:lg

Enclosures

c: Chief Executive Office
County Counsel
Executive Office, Board of Supervisors

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 1
DATE: MARCH 16, 2010

Total Gross Charges	\$58,338	Account Number	Various
Amount Paid	\$0	Service Type	Inpatient & Outpatient
Balance Due	\$58,338	Date of Service	Various
Compromise Amount Offered	\$11,225	% Of Charges	19 %
Amount to be Written Off	\$47,113	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 \$58,338 for medical services rendered. The patient has approved ATP with no liability. The patient's third party liability (TPL) claim settled for \$45,000 and his attorney is proposing the following disbursement of the proceeds:

Disbursement	Total Claim	Proposed Settlement	Percent of Settlement
Lawyer's Fees	\$15,000	\$15,000	33 %
Lawyer's Cost			
LAC+USC Medical Center *	\$58,338	\$11,225	25 %
Other Lien Holders *	\$3,775	\$3,775	9 %
Patient		\$15,000	33 %
Total		\$45,000	100 %

* Lien holders are receiving 34 % of the settlement (25 % to LAC+USC Medical Center and 9 % 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: MARCH 16, 2010

Total Gross Charges	\$101,722	Account Number	Various
Amount Paid	\$0	Service Type	Inpatient & Outpatient
Balance Due	\$101,722	Date of Service	Various
Compromise Amount Offered	\$7,733.36	% Of Charges	8 %
Amount to be Written Off	\$93,988.64	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 \$101,722 for medical services rendered. The patient has approved Outpatient Reduce-Cost Simplified Application (ORSA) with no liability. The patient's third party liability (TPL) claim settled for \$25,000 and his attorney is proposing the following disbursement of the proceeds:

Disbursement	Total Claim	Proposed Settlement	Percent of Settlement
Lawyer's Fees	\$8,333.33	\$8,333.33	33 %
Lawyer's Cost	\$1,200	\$1,200	5 %
LAC+USC Medical Center	\$101,722	\$7,733.36	31 %
Other Lien Holders			
Patient		\$7,733.31	31 %
Total		\$25,000	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. Lien holders are receiving 31% of the settlement with the patient receiving the remaining 31% of the settlement after attorney's fees and cost.

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 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.