COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER

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December 21, 2010

TO: Supervisor Michael D. Antonovich, Mayor
Supervisor Gloria Molina
Supervisor Mark Ridley-Thomas
Supervisor Zev Yaroslavsky
Supervisor Don Knabe

FROM: Wendy L. Watanabe
Auditor-Controller

SUBJECT: **MEASURE B SPECIAL TAX REVENUE FUND FOR TRAUMA CENTERS, EMERGENCY MEDICAL SERVICES AND BIOTERRORISM RESPONSE**

Section 8 of the Los Angeles County Board of Supervisors Measure B Resolution requires the County Auditor-Controller to file an annual statement of financial activity with your Board no later than January 1st of each year. Accordingly, Attachment I reflects the Statement of Financial Activity for the Health Services Measure B Special Tax Fund for the Fiscal Year (FY) ended June 30, 2010. The Statement includes a summary of the amount of funds collected and expended pursuant to Measure B.

Section 8 also requires a status of projects required or authorized to be funded pursuant to Sections 3, 6, and 7 of the Resolution. Accordingly, Attachment II presents the Status of Measure B Projects for FY 2009-10 as provided by the Department of Health Services.

If you have any questions related to the Statement of Financial Activity, please contact me, or your staff may contact Rachelle Anema at (213) 974-0335. Questions related to the Status of Measure B Projects may be directed to Eva Guillen of the Department of Health Services at (213) 240-7875.

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Attachments

c: William T Fujioka, Chief Executive Officer
Sachi A. Hamai, Executive Officer, Board of Supervisors
John F. Schunhoff, Ph.D., Interim Health Services Director
John R. Noguez, Assessor
Mark J. Saladino, Treasurer and Tax Collector

Measure B Special Tax Revenue Fund
For Emergency Medical Services, Trauma Centers and Bioterrorism Response
Statement of Financial Activity
For the Fiscal Year Ended June 30, 2010

Revenues:				
Voter Approved Special Taxes			$ 233,612,374	
Penalties, Interest & Costs - Delinquent Taxes			1,699,948	
Interest Earnings			1,228,193	(a)
Total Revenues			$ 236,540,515	
Fiscal Year 2009-2010 Expenditures:				
Services and Supplies:				
Non-County Trauma Hospitals				
Claims Based Expenditures FY 2009-10:				
California Hospital Medical Center	$ 2,173,652			
Cedars-Sinai Medical Center	195,478			
Long Beach Memorial Medical Center	1,008,945			
Northridge Hospital	535,528			
Huntington Memorial Hospital	497,134			
Providence Holy Cross Medical Center	2,725,711			
St. Francis Medical Center	874,859			
St. Mary Medical Center	396,717			
Ronald Reagan UCLA Medical Center	209,633			
Refunds for FY 09-10	(118,476)			
Total Claims Based Expenditures		$ 8,499,181		
Transitional Capacity Allowance				
St. Francis Medical Center	$ 1,277,250			
Refunds for FY 09-10	(68,250)			
Total Transitional Capacity Allowance		1,209,000		
Lump-Sum Funding				
Ronald Reagan UCLA Medical Center - Direct Patient Care	$ 481,703			
Ronald Reagan UCLA Medical Center - Base Station	670,918			
Total Lump-Sum Funding		1,152,621		(b)
Net Prior Year Expenditure Refunds		(557,901)		(c)
Total Non-County Trauma Hospitals		$ 10,302,901		
Enhanced Trauma Access				
City of Los Angeles Fire Dept. - Trauma Air Transport	$ 1,018,452			
County Fire Department - Helicopter Lease	873,603			
County Fire Dept - SGV Paramedic Air Squad	450,000			
Sheriff's Department - Air Search and Rescue	968,251			
Total Enhanced Trauma Access		$ 3,310,306		

Measure B Special Tax Revenue Fund
For Emergency Medical Services, Trauma Centers and Bioterrorism Response
Statement of Financial Activity
For the Fiscal Year Ended June 30, 2010

Physicians Services for Indigent Program (PSIP)				
PSIP - Trauma	$ 3,502,359			(d)
PSIP - Emergency Room	1,216,000			(e)
Total PSIP		4,718,359		
Auditor-Controller Services		754,997		
Total Services and Supplies			$ 19,086,563	
Other Charges - Inter-Governmental Transfers (IGT):				
IGT - FY 2009-10 - Direct Patient Care	$ 10,475,936			
IGT - FY 2009-10 - Base Station	2,319,300			
Total IGT - FY 2009-10		$ 12,795,236		(f)
Total Other Charges			$ 12,795,236	
Other Financing Uses - Operating Transfers Out:				
County Hospitals				
LAC+USC Medical Center	$ 106,852,581			
Harbor-UCLA Medical Center	50,942,275			
Olive View-UCLA Medical Center	34,617,144			
Total County Hospitals		$ 192,412,000		
Public Health - Bioterrorism				
Salaries & Employee Expenses	$ 3,400,770			
Equipment/Office Supplies/Other	6,845			
Travel/Mileage	27,385			
Total Public Health - Bioterrorism		$ 3,435,000		
Emergency Medical Services				
Salaries & Employee Expenses	$ 1,712,583			
Equipment/Office Supplies	43,417			
Total Emergency Medical Services		$ 1,756,000		
Total Other Financing Uses - Operating Transfers Out			$ 197,603,000	
Total Fiscal Year 2009-2010 Expenditures			$ 229,484,800	
Prior Year Expenditures:				
Expanded Trauma Access - LA City Fire Dept.		$ 562,424		
IGT - FY 08-09 Direct Patient Care, Final Installment		12,250,516		
Non-County Trauma Hospitals		1,118,505		
PSIP - Prior Year		(5,420)		
Total Prior Year Expenditures			13,926,025	

Measure B Special Tax Revenue Fund
For Emergency Medical Services, Trauma Centers and Bioterrorism Response
Statement of Financial Activity
For the Fiscal Year Ended June 30, 2010

Grand Total Expenditures	$ 243,410,825
Excess of Expenditures Over Revenues	$ (6,870,310)
Less: Contractual Obligations	
Net Cancellation of Prior Year Commitments	16,190,812
Commitments Outstanding at Fiscal Year-End	(13,192,932) (g)
Net Change in Fund Balance	$ (3,872,430)
Available Fund Balance, July 1, 2009	$ 9,891,270
Available Fund Balance, June 30, 2010	$ 6,018,840

FOOTNOTES:

(a) Interest earnings on cash balances in the Measure B special revenue fund for FY 2009-10.

(b) Reflects the initial installment to Ronald Reagan UCLA Medical Center (UCLA) for FY 2009-10 base station and direct patient care payments. At the close of FY 2009-10, a commitment of $418,954 remained in the Measure B fund for payment of the final installment, which is subject to change based on total unpaid claims statistics submitted by all hospitals. The final installment for UCLA was subsequently determined to be $767,060, which is expected to be made in FY 2010-11, resulting in total payments of $1,916,681 to UCLA for FY 2009-10.

(c) Gross refunds totaling $1,117,742 were returned to County after a third-party payer was identified, less $559,841 in additional payments for prior year unpaid claims.

(d) Includes $1,245,158 in expenditures and an accrual of $2,257,201 of pending claims.

(e) Includes $77,740 in expenditures and an accrual of $1,138,260 of pending claims.

(f) Reflects the initial installment of the Inter-governmental Transfer (IGT) to the State of California for drawing down federal Medi-Cal matching funds. This payment is to maximize reimbursement to private trauma hospitals and secure continued access by Medi-Cal beneficiaries to trauma and emergency care in LA County.

(g) Includes the following: Non-County trauma hospitals, $1,983,256; estimated final IGT to State of California, $11,209,676.

Prepared By:
Los Angeles County
Department of Auditor-Controller, Accounting Division
Department of Health Services
Fiscal Services, JW, 12/16/2010

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Measure B Special Tax Revenue Fund
For Emergency Medical Services, Trauma Centers and Bioterrorism Response
Status of Measure B Projects
For the Fiscal Year (FY) Ended June 30, 2010

COUNTYWIDE SYSTEM OF TRAUMA CENTERS: $192.4 million allocated to County hospitals; $38.7 million allocated to non-County hospitals

County Hospitals

The FY 2009-10 Board Adopted Final Budget included an allocation of $183.4 million from Measure B revenues to fund three County hospitals for providing trauma and emergency care services to eligible indigent patients. In addition, a budget adjustment was approved on May 6, 2010 to transfer $9.0 million of Measure B Special Tax Fund reserves to the three hospitals. The budgeted funds were allocated as follows:

LAC+USC Medical Center	$102.2 million
Harbor-UCLA Medical Center	50.4 million
Olive View-UCLA Medical Center	39.8 million
Total	$192.4 million

Status: Subsequent to approval of the budget allocation, newer information became available to better estimate the unreimbursed emergency room costs. Therefore, the FY 2009-10 funds, which represent about 58% of the estimated $331.6 million in unreimbursed emergency room costs for the Department, were distributed to the three County hospitals as follows:

LAC-USC Medical Center	$106.9 million
Harbor/UCLA Medical Center	50.9 million
Olive View/UCLA Medical Center	34.6 million
Total	$192.4 million

Non-County Hospitals

The FY 2009-10 Board Adopted Final Budget included an allocation of $37.5 million from Measure B revenues to fund twelve non-County trauma hospitals for providing trauma care services under the Trauma Center Service Agreement (TCSA) to eligible indigent patients. This allocation was increased by the budget adjustment approved on October 7, 2009 to include $1.4 million reallocation from Measure B fund contingencies to fund the trauma augmentation services (also known as the Transitional Capacity Allowance). The services are provided by St. Francis Medical Center for County-responsible patients redirected/coming from the former Martin Luther King Jr./Harbor Medical Center. Subsequently, the allocation was reduced by $0.2 million under the budget adjustment approved on May 6, 2010, which re-aligned

Measure B Special Tax Revenue Fund
For Emergency Medical Services, Trauma Centers and Bioterrorism Response
Status of Measure B Projects
For the Fiscal Year (FY) Ended June 30, 2010

and transferred $9.0 million of Measure B Special Tax reserves to three County hospitals providing trauma and emergency care services to eligible indigent patients. The budgeted funds to non-County hospitals were allocated as follows:

Claim-Based Payments	-	$ 8.5 million
Lump-Sum Patient Care Payments	-	24.2 million
Lump-Sum Base Station Payments	-	3.4 million
Transitional Capacity Allowance	-	2.6 million
Total		$38.7 million

The status of these projects is as follows:

Claim-Based Payments – A total of $8.5 million was allocated to pay patient care claims for uninsured patients submitted by eleven non-County trauma hospitals, on a first-submitted, first-paid basis, using a per diem schedule of rates as per the County's contract with these trauma hospitals.

Status: At the close of Fiscal Year 2009-10, a net total of $8.5 million in claims had been paid to the designated non-County trauma hospitals. This included total refunds of $0.1 million which were returned to the County because a third-party payer was identified after County payments of the claims to the hospitals. The $0.1 million in refunds was subsequently "recycled" and used to pay previously unpaid claims submitted by the designated non-County trauma hospitals for FY 2009-10. As of June 30, 2010, an over encumbrance of $0.1 million for a hospital was reflected in the Measure B Fund, which was subsequently cancelled in September 2010.

Lump-Sum Patient Care Payments –A total of $24.2 million in lump-sum funding was budgeted for twelve non-County trauma hospitals. Under the Trauma Center Service Agreement (TCSA), this funding will be used as an intergovernmental transfer (IGT) to draw down federal Medi-Cal matching funds for the non-County trauma hospitals, and as a direct payment to Ronald Reagan UCLA Medical Center (as a public hospital, Ronald Reagan UCLA Medical Center (UCLA) participates in a program that precludes it from receiving these Medi-Cal matching funds). The TCSA also includes a provision for adjustment for increase in Measure B revenues to be proportionally added to the claims-based funding, but with the option to add the adjustment to the IGT in order to draw down additional federal Medi-Cal matching funds, thus enabling the non-County hospitals to receive more than double their funding.

Status: Antelope Valley Hospital became a trauma hospital in May 2010 and hence was not eligible for the initial IGT installment. In accordance with the

Measure B Special Tax Revenue Fund
For Emergency Medical Services, Trauma Centers and Bioterrorism Response
Status of Measure B Projects
For the Fiscal Year (FY) Ended June 30, 2010

State Plan Amendment (SPA) on Enhanced Payments to Private Trauma Hospitals (effective July 1, 2003, approved by the federal Centers for Medicare and Medicaid Services on March 31, 2005), and separate agreements between the California Department of Health Care Services (DHCS) with each of the ten private trauma hospitals, an IGT in the amount of $10.5 million for initial installment of FY 2009-10 lump-sum patient care services was transferred to DHCS to draw down federal Medi-Cal matching funds of $16.8 million, which was computed at the applicable Federal Medical Assistance Percentage (FMAP) rate of 61.59%. As a result, the ten private trauma hospitals received a total of $27.3 million in lump-sum Medi-Cal funding. In addition, an initial payment of $0.5 million for FY 2009-10 lump sum patient care services was issued directly to Ronald Reagan UCLA Medical Center (UCLA). At the close of FY 2009-10, the following encumbrances remained in the Measure B fund for final payment of FY 2009-10 lump-sum patient care services: Ronald Reagan UCLA Medical Center, $0.4 million; IGT to State of California, $11.2 million[(1)].

Balance: $1.6 million was unexpended and unencumbered, and remained in the Measure B fund.

Base Station Payments - A total of $3.4 million in lump-sum, hospital specific payments was allocated to non-County hospitals providing base station services.

Status: A total of $2.3 million was transferred to the California Department of Health Care Services as an IGT to draw down $3.7 million in Medi-Cal matching funds, which was determined based on the applicable Federal Medical Assistance Percentage (FMAP) rate of 61.59%. As a result, the private trauma hospitals received a total of $6.0 million in base station payments [(1)]. In addition, a lump-sum payment of $0.7 million was issued directly to Ronald Reagan UCLA Medical Center for providing base station hospital services for FY 2009-10.

Balance: $0.4 million was unexpended and unencumbered, and remained in the Measure B fund.

Transitional Capacity Allowance - A total of $2.6 million was allocated to St. Francis Medical Center (SFMC) for continuing the provision of trauma services to eligible indigent patients under the Trauma Center Service Augmentation Agreement (TCSAA) with SFMC, which was approved by the Board on December 1, 2009 for a three-year extension until November 30, 2012. The eligible indigent patients are those who either arrive at SFMC via paramedic ambulance or are directly admitted to an inpatient bed from the SFMC emergency room during the period from July 1, 2009 through June 30, 2010.

Measure B Special Tax Revenue Fund
For Emergency Medical Services, Trauma Centers and Bioterrorism Response
Status of Measure B Projects
For the Fiscal Year (FY) Ended June 30, 2010

Status: At the close of FY 2009-10, a net total of $1.2 million had been paid to SFMC for services provided under the TCSAA and $1.4 million remained in encumbrance. This included total refunds of $0.4 million, as a result of subsequent identification of a third-party payer, which were re-used for issuing encumbrances for the payment of FY 09-10 claims.

PHYSICIAN SERVICES FOR INDIGENTS PROGRAM: $4.7 million allocated

The FY 2009-10 Board Adopted Final Budget included an allocation of $4.7 million from Measure B revenues, under the Physician Services for Indigent Patients (PSIP) Program, to fund non-County physician trauma services provided to eligible indigent patients in LA County and non-County physician emergency services provided to eligible indigent patients at St. Francis Medical Center (SFMC).

The status of these projects is as follows:

Status: At the close of FY 2009-10, the following amounts had been paid to non-County physicians: $1.2 million for claims submitted for trauma services rendered in FY 2009-10 and $0.1 million for claims submitted for emergency services rendered in FY 2009-10. The remaining $3.4 million was established as accrued liabilities for pending claims.

TRAUMA ACCESS EXPANSION TO UNDERSERVED AREAS: $4.4 million allocated

The FY 2009-10 Board Adopted Final Budget included $4.4 million for expanded access to trauma services for patients in underserved areas (Antelope Valley, East San Gabriel Valley, San Fernando Valley, and Malibu) and to ensure that the infrastructure for trauma transports is maintained. It was composed of the following:

LA County Fire Dept. – Helicopter Lease/Trauma Air Transport	$1.0 million
LA County Fire Dept. - Paramedic Air Squad in E. San Gabriel Valley	0.5 million
LA County Sheriff's Dept. – Air Search and Rescue in Antelope Valley	1.0 million
LA City Fire Dept. – Trauma Air Transport in San Fernando Valley	1.3 million
Unallocated	0.6 million
Total	$4.4 million

The status of these projects is as follows:

Measure B Special Tax Revenue Fund
For Emergency Medical Services, Trauma Centers and Bioterrorism Response
Status of Measure B Projects
For the Fiscal Year (FY) Ended June 30, 2010

Helicopter Lease/Trauma Air Transport – A total of $1.0 million was allocated to fund the Los Angeles County Fire Department's helicopter lease/trauma air transport costs related to the expanded 24-hour/7-day-a-week level of air ambulance services in the Antelope Valley.

Status: A total of $0.9 million was transferred from the Measure B fund to the Los Angeles County Fire Department to cover actual costs incurred for the services.

Balance: $0.1 million was unexpended and unencumbered, and remained in the Measure B fund.

Aircraft Transport Capabilities – A total of $2.8 million was allocated for funding to Los Angeles County Fire Department, Sheriff's Department, and Los Angeles City Fire Department for providing expanded trauma and paramedic air transport services to patients in the underserved areas for access to trauma centers.

Status: A total of $2.4 million was transferred from the Measure B fund to the following departments: Los Angeles County Fire Department for expanding the delivery of paramedic air squad services to East San Gabriel Valley, $0.4 million; Sheriff's Department for staffing and operational costs related to air search and rescue services in the Antelope Valley, $1.0 million; Los Angeles City Fire Department for providing trauma air transport services in the San Fernando Valley and surrounding communities, $1.0 million.

Balance: $0.4 million was unexpended and unencumbered, and remained in the Measure B fund.

Unallocated: This $0.6 million was unexpended and unencumbered, and remained in the Measure B fund. In future years, some or all of these Trauma Access Expansion funds ($4.4 million) may be used to supplement a hospital(s) in these underserved areas that wishes to join the Countywide System of Trauma Centers.

BIOTERRORISM RESPONSE: $3.4 million allocated

The FY 2009-10 Board Adopted Final Budget included an allocation of $3.4 million to support the County's Public Health programs for bioterrorism preparedness activities and addressing the medical needs of people exposed to bioterrorist or chemical attacks.

Status: A total of $3.4 million was transferred to Public Health to cover the following actual costs incurred for the bioterrorism preparedness activities: salaries and benefits, $3.3 million; equipment and supplies, $0.1 million.

Measure B Special Tax Revenue Fund
For Emergency Medical Services, Trauma Centers and Bioterrorism Response
Status of Measure B Projects
For the Fiscal Year (FY) Ended June 30, 2010

EMERGENCY MEDICAL SERVICES AGENCY: $1.8 million allocated

The FY 2009-10 Board Adopted Final Budget included an allocation of $1.8 million to support the County's Emergency Medical Services Agency for the administration and coordination of trauma and emergency services which are related to pre-hospital and hospital critical and urgent emergency care, including the care provided in, or en route to, from or between acute care hospitals or other health care facilities.

> Status: A total of $1.8 million was transferred to the Emergency Medical Services Agency to cover the actual costs incurred for the administration and coordination of trauma and emergency services: salaries and benefits, $1.7 million; equipment and supplies, $0.1 million.

ADMINISTRATIVE COSTS: $1.0 million allocated

The FY 2009-10 Board Adopted Final Budget included an allocation of $1.0 million to cover the administrative costs incurred pertaining to the assessment, collection and accounting services for the Measure B Special Tax revenues.

> Status: A total of $0.8 million was transferred to the Auditor-Controller to cover the administrative costs associated with the assessment, collection and accounting of Measure B revenues.
>
> Balance: $0.2 million was unexpended and unencumbered, and remained in the Measure B fund.

Measure B Special Tax Revenue Fund
For Emergency Medical Services, Trauma Centers and Bioterrorism Response
Status of Measure B Projects
For the Fiscal Year (FY) Ended June 30, 2010

FOOTNOTES:

(1) With the approval of Federal matching funds for Final Transfer, the private trauma hospitals will receive an additional $37.9 million in Medi-Cal funding, bringing the total of these payments to $61.5 million.

	County IGT	Medi-Cal Matching Funds	Total Funding to Private Trauma Hospitals (a)
Initial Transfer:	$12.8 million	$20.5 million	$33.3 million (b)
Final Transfer:	10.8 million	17.4 million	28.2 million (c)
Total	$23.6 million	$37.9 million	$61.5 million

(a) Excludes payments to Ronald Reagan UCLA Medical Center since it is a public entity and is not eligible to receive Medi-Cal matching funds. (It is eligible for reimbursement for certain uncompensated emergency room costs for Medi-Cal recipients under AB 915.)

(b) Includes $27.3 million ($10.5 million County IGT plus $16.8 million matching funds) for patient care services and $6.0 million ($2.3 million County IGT + $3.7 million matching funds) for base station services.

(c) Recommended amount to be distributed to Private Trauma Hospitals in FY 2010-11, subject to California DHCS' review and approval.

Prepared By:
Los Angeles County
Department of Health Services
Fiscal Services
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