Health Services
LOS ANGELES COUNTY

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To ensure access to high-quality, patient-centered, cost-effective health care to Los Angeles County residents through direct services at DHS facilities and through collaboration with community and university partners.

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July 17, 2012

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:

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

SUBJECT

To request Board approval for the 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, for the following individual accounts:

Patients who received medical care at County facilities:
(1) Account Number RLANRC – Various $4,578
(2) Account Number LAC+USC MC – Various $7,500
(3) Account Number RLANRC – Various $20,000
(4) Account Number LAC+USC MC – 12940652 $150,000

Trauma patients who received medical care at non-County facilities:
(5) Account Number EMS – 520 $16,554
(6) Account Number EMS – 522 $77,147

Total All Accounts: $275,779

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Patients who received medical care at a County facility: The compromise offers of settlement for patient accounts (1) - (3) 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 offer of settlement for patient account (4) is recommended because the patient cannot pay the full amount of charges based on his current financial status, and this is the highest amount he is able to contribute to settle the account.

Trauma patients who received medical care at non-County facilities: The compromise offers of settlement for patient accounts (5) - (6) are 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 $275,779.

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 percent of the account balance, whichever is less. Any reduction exceeding the Director's authority requires Board approval.

On January 15, 2002, the 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, the Board approved a revised ordinance granting the Director authority to reduce, on an account specific basis, the amount of any liability owed to the 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 the 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,

Mitchell H. Katz, M.D.

Director

MHK: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: JULY 10, 2012

Total Gross Charges	$85,846	**Account Number**	Various
Amount Paid	$0	**Service Type**	Inpatient & Outpatient
Balance Due	$85,846	**Date of Service**	Various
Compromise Amount Offered	$4,578.36	**% Of Charges**	5 %
Amount to be Written Off	$81,267.64	**Facility**	RLANRC

JUSTIFICATION

This patient was involved in a motorcycle accident. As a result of this accident, the patient was treated at Rancho Los Amigos National Rehabilitation Center (RLANRC) and incurred total inpatient and outpatient gross charges of $85,846 for medical services rendered. The patient was denied Medi-Cal and has ATP with no liability. No other coverage was found for the patient. The patient's third party liability (TPL) claim settled for $90,000 and his attorney is proposing the following disbursement of the proceeds:

Disbursement	Total Claim	Proposed Settlement	Percent of Settlement
Lawyer's Fees*	$36,000	$36,000	40 %
Lawyer's Cost	$8,973.13	$8,973.13	10 %
RLANRC *	$85,846	$4,578.36	5 %
Other Lien Holders *	$288,640.65	$20,542.57	23 %
Patient	-	$19,905.94	22 %
Total	-	$90,000	100 %

* Attorney's fee of 40% was agreed upon in the retainer agreement between the patient and his attorney. Lien holders are receiving 28% of the settlement (5% to RLANRC and 23% to others). 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 lien holders will receive 28% of the settlement with the patient receiving the remaining 22%.

This patient is covered by ATP and as a condition of the ATP agreement; the County may pursue reimbursement from any responsible third party. Based on the information provided, 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: JULY 10, 2012

Total Gross Charges	$133,077	**Account Number**	Various
Amount Paid	$0	**Service Type**	Inpatient & Outpatient
Balance Due	$133,077	**Date of Service**	Various
Compromise Amount Offered	$7,500	**% Of Charges**	6 %
Amount to be Written Off	$125,577	**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 $133,077 for medical services rendered. The patient was approved for ATP and ORSA with no liability and has an application pending for Healthy Way LA (HWLA). 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 insurance carrier is proposing the following disbursement of the proceeds:

Disbursement	Total Claim	Proposed Settlement	Percent of Settlement
Lawyer's Fees *	-	-	-
Lawyer's Cost *	-	-	-
LAC+USC Medical Center	$133,077	$7,500	50 %
Other Lien Holders	-	-	-
Patient	-	$7,500	50 %
Total	-	$15,000	100 %

* No attorney involved in this settlement.

This patient is covered by ATP and ORSA and as a condition of the ATP and ORSA agreement; the County may pursue reimbursement from any responsible third party. Based on the information provided, this compromise offer of settlement is recommended because it represents the maximum amount the Department will be able to receive under the settlement involved in the case.

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 3
DATE: JULY 10, 2012

Total Gross Charges	$112,363	**Account Number**	Various
Amount Paid	$0	**Service Type**	Inpatient & Outpatient
Balance Due	$112,363	**Date of Service**	Various
Compromise Amount Offered	$20,000	**% Of Charges**	18 %
Amount to be Written Off	$92,363	**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 and outpatient gross charges of $112,363 for medical services rendered. The patient has Limited Scope Medi-Cal that does not cover for these services and was approved for ATP with no liability. The patient's third party liability (TPL) claim settled for $250,000 and her attorney is proposing the following disbursement of the proceeds:

Disbursement	Total Claim	Proposed Settlement	Percent of Settlement
Lawyer's Fees	$100,000	$83,333	33 %
Lawyer's Cost	$25,000	$10,000	4 %
RLANRC *	$112,363	$20,000	8 %
Other Lien Holders *	$689,883.83	$80,000	32 %
Patient	-	$56,667	23 %
Total	-	$250,000	100 %

* Lien holders are receiving 40% of the settlement (8% to RLANRC and 32% to others).

This patient is covered by ATP and as a condition of the ATP agreement; the County may pursue reimbursement from any responsible third party. Based on the information provided, 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: JULY 10, 2012

Total Balance	$396,414	**Account Number**	12940652
Amount Paid	$0	**Service Type**	Inpatient
Balance Due	$396,414	**Date of Service**	2/21/12 - 4/03/12
Compromise Amount Offered	$150,000	**% Of Charges**	38 %
Amount to be Written Off	$246,414	**Facility**	LAC+USC Medical Center

JUSTIFICATION

This patient was treated at LAC+USC Medical Center and incurred total inpatient gross charges of $396,414 for medical services rendered. No coverage was found for the patient. Based on the information provided, it appears the patient does not have the financial means to pay the full cost of care and this is the highest amount he is able to contribute to settle the account.

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 5
DATE: JULY 10, 2012

Total Charges (Providers)	$50,189	**Account Number**	EMS 520
Amount Paid to Provider	$13,439	**Service Type / Date of Service**	Inpatient & Outpatient 7/04/09 - 7/05/09
Compromise Amount Offered	$16,554	**% of Payment Recovered**	123 %

JUSTIFICATION

This patient was involved in an automobile accident. As a result of this accident, the patient was treated at Providence Holy Cross Medical Center and incurred total inpatient and outpatient gross charges of $50,189 for medical services rendered. The provider has received payment from the Los Angeles County Trauma Fund in the amount of $13,439. The patient's third-party claim has been settled for $52,000, and his attorney is proposing the following disbursement of the proceeds:

Disbursement	Total Claim	Proposed Settlement	Percent of Settlement ($52,000)
Attorney fees	$17,333	$17,333	33 %
Attorney cost	$1,120	$1,120	3 %
Other lien holders	$2,627	$867	1 %
Los Angeles County	$50,189	$16,555	32 %
Patient		$16,125	31 %
Total		$52,000	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.

Proposed settlement reimburses the Trauma Fund 123 % ($16,554) of amount paid to Providence Holy Cross Medical Center.

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 6
DATE: JULY 10, 2012

Total Charges (Providers)	$184,067	**Account Number**	EMS 522
Amount Paid to Provider	$47,695	**Service Type / Date of Service**	Inpatient & Outpatient 7/19/09 - 7/29/09
Compromise Amount Offered	$77,147	**% of Payment Recovered**	162 %

JUSTIFICATION

This patient was involved in an automobile accident. As a result of this accident, the patient was treated at UCLA Medical Center and incurred total inpatient and outpatient gross charges of $184,067 for medical services rendered. The provider has received payment from the Los Angeles County Trauma Fund in the amount of $47,695. The patient's third-party claim has been settled for $300,000, and his attorney is proposing the following disbursement of the proceeds:

Disbursement	Total Claim	Proposed Settlement	Percent of Settlement ($300,000)
Attorney fees	$120,000	$120,000	40%
Attorney cost	$20,565	$20,565	6%
Other Lien Holders	$6,132	2,571	1%
Los Angeles County	$184,067	$77,147	26%
Patient		$79,717	27%
Total		$300,000	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.

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 lien holders will receive 27% of the settlement with the patient receiving the remaining 27%. Proposed settlement reimburses the Trauma Fund 162% ($77,147) of amount paid to UCLA Medical Center.