Health Services
LOS ANGELES COUNTY

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

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September 4, 2012

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:

AMENDMENT NO. 3 TO PATIENT TRANSFER AGREEMENT WITH SUCCESS HEALTH CARE, LLC FOR AS-NEEDED INPATIENT SERVICES
(1ST SUPERVISORIAL DISTRICT)
(3 VOTES)

SUBJECT

Request approval to extend the Patient Transfer Agreement with Success Health Care LLC (dba Silver Lake Medical Center), and continue delegated authority to negotiate and execute new such agreements with other private sector hospitals.

IT IS RECOMMENDED THAT THE BOARD:

1. Approve and instruct the Director of Health Services or his designee (Director) to sign the attached Amendment No. 3 to Patient Transfer Agreement No. H-704153 (Agreement) with Success Health Care LLC,, for the continued provision of inpatient services provided to County-responsible patients transferred from LAC+USC Medical Center (LAC+USC MC) on an as needed basis, effective October 1, 2012 through September 30, 2013, with four optional one-year extensions through September 30, 2017, at an annual estimated County cost of no more than $2.6 million.

2. Delegate authority to the Director to negotiate and execute future Patient Transfer Agreements with other private sector hospitals for the provision of inpatient treatment of patients transferred from LAC+USC MC on an as-needed basis, effective upon full execution by the parties, through September 30 of the initial contract year, with optional one-year extensions thereafter through September 30, 2017, at an annual County cost of no more than $5.0 million for all

no more than $5.0 million for all Agreements, subject to review and approval by County Counsel with subsequent notice to the Board and the Chief Executive Office (CEO).

3. Delegate authority to the Director to execute future amendments to extend Patient Transfer Agreements on an annual basis through September 30, 2017, and to adjust the annual estimated County cost accordingly, subject to review and approval by County Counsel with subsequent notice to the Board and CEO.

PURPOSE/JUSTIFICATION OF THE RECOMMENDED ACTIONS

Approval of the first recommendation will allow the Director to execute Amendment

No. 3, substantially similar to Exhibit I, to the Agreement with Success Health Care LLC The current Agreement expires on September 30, 2012. The extension of this Agreement is essential for the continued transfer of LAC+USC MC patients to this hospital on an as-needed basis during such times that LAC+USC MC determines that it does not have a sufficient number of inpatient beds available to meet the inpatient medical and surgical needs of patients presenting at LAC+USC MC.

Approval of the second and third recommendations will continue the current authority delegated by the Board to the Director to negotiate and sign new Patient Transfer Agreements, for the same purposes described above, with other private sector hospitals, and extend such agreements annually, for the transfer of patients from LAC+USC MC on an as-needed basis.

Payment under the Patient Transfer Agreements will be for inpatient services provided only to County-responsible patients. The private sector hospital will bill third party payers for services provided to these patients with insurance, unless such patients are DHS' financial responsibility under separate revenue agreements with such third-party payors.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The recommended actions support Goal 1, Operational Effectiveness, of the County's Strategic Plan.

FISCAL IMPACT/FINANCING

The estimated cost of the Agreement is up to $2.6 million annually. Success Health Care LLC will be compensated on a per patient day basis using an all-inclusive

negotiated rate, whereby total costs will vary based on actual beds utilized. Funding is included in the DHS FY 2012-13 Adopted Budget and has been requested in the FY 2012-13 Supplemental Budget Resolution Request. Funding for future years will be requested as necessary.

In addition, the Agreement will enable the State to make periodic lump-sum Medi-Cal payments to Success Health Care LLC under its existing intergovernmental transfer agreement with the County to help ensure access to inpatient care for Medi-Cal beneficiaries. The estimated County cost for participating in such payments shall not exceed $1.0 million annually.

FACTS AND PROVISIONAL/LEGAL REQUIREMENTS

On September 29, 2009, the Board authorized the Director of DHS to negotiate and execute Patient Transfer Agreements with private hospitals to allow transfers of County patients from LAC+USC MC to private sector hospitals in the surrounding geographical area with an initial term through September 30, 2010. The Board further delegated authority for DHS to exercise the optional extensions to extend the agreements on an annual basis through September 2012.

DHS executed the first Patient Transfer Agreement with Success Health Care LLC for the period November 10, 2009 through September 30, 2010, which has been extended annually by DHS through September 30, 2012, and is currently the only overflow hospital serving LAC+USC MC.

On October 19, 2010, the Board approved up to a $5.0 million maximum annual cost to negotiate and execute Patient Transfer Agreements with private sector hospitals with or without emergency departments and up to a $1.0 million maximum annual aggregate amount to enter into and implement an agreement or agreements with the State to provide the local match for supplemental Medi-Cal payments to those private sector hospitals who sign the Patient Transfer Agreement.

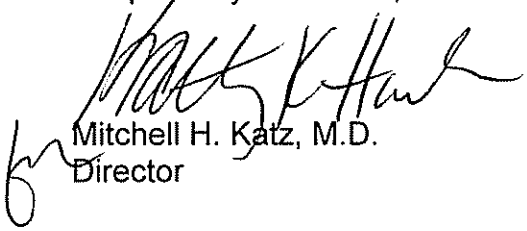
CONTRACTING PROCESS

Not applicable.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Board approval of the recommended actions will provide DHS with a key component of its surge capacity plan for LAC+USC MC to ensure continued access to inpatient care.

Respectfully submitted,



Mitchell H. Katz, M.D.
Director

MHK:ck

Enclosure

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

Contract No. H-704153

LAC+USC PATIENT TRANSFER AGREEMENT

AMENDMENT No. 3

THIS AMENDMENT is entered into this _____ day of _____, 2012,

by and between	COUNTY OF LOS ANGELES (hereafter "County"),
and	SUCCESS HEALTHCARE 1, LLC dba SILVER LAKE MEDICAL CENTER (hereafter "Hospital")

WHEREAS, reference is made to that certain document entitled "LAC+USC PATIENT TRANSFER AGREEMENT, dated November 12, 2009, and any amendments thereto, all further identified as County Agreement No. H-704153 (hereafter "Agreement"); and

WHEREAS, it is the intent of the parties hereto to amend the Agreement to extend the term; and

WHEREAS, Contract is slated to expire on September 30, 2012; and

WHEREAS, it is the intent of the parties to amend the Contract to extend the term of the Contract through September 30, 2013, and

WHEREAS, said Agreement provides that changes may be made in the form of a formal Amendment which is approved and executed by the parties.

NOW, THEREFORE, the parties hereto agree as follows:

1. This Amendment shall become effective on October 1, 2012.

2. Agreement Paragraph 2, TERM AND TERMINATION, shall be deleted in its entirety and replaced with the following language:

“1. TERM OF AGREEMENT:

A. The term of this Agreement shall be effective upon execution by the parties, unless sooner canceled or terminated, in whole or in part, as provided in this Agreement, and shall continue in full force and effect to midnight September 30, 2013.

B. The County shall have the sole option to extend this Agreement term by formal amendment for up to 4 additional one-year periods, through September 30, 2017. Each such option and extension shall be exercised at the sole discretion of the Director or his/her designee as authorized by the Board of Supervisors.

C. In the event of any termination of this Agreement, Hospital shall be entitled to compensation for uncompensated care provided to eligible persons under this Agreement, through and including the effective date of such termination.

D. County may terminate or suspend this Agreement immediately if Hospital’s license to operate services hereunder is revoked or suspended.

E. The County maintains databases that track/monitor Contractor performance history. Information entered into such databases may be used for a variety of purposes, including determining whether the County will exercise a contract term extension option.

F. The Contractor shall notify DHS when this Agreement is within six (6) months from the expiration of the term as provided for

hereinabove. Upon occurrence of this event, the Contractor shall send written notification to the DHS at the address herein provided in the NOTICES Paragraph of this Agreement."

3. A subparagraph under Agreement Paragraph 7, COUNTY RESPONSIBILITIES, shall be revised in part, to read as follows:

"To help ensure Hospital's continued ability to provide access to Medi-Cal beneficiaries and other Referred Patients, County will make intergovernmental transfers of funds to the State, pursuant to Welfare and Institutions Code §14164 during the Agreement term based on evaluation by County of the access provided by Hospital to Medi-Cal beneficiaries and other Referred Patients, if the following conditions are met."

4. Except for the changes set forth hereinabove, the Agreement shall not be changed in any other respect by this Amendment, and shall remain in full force and effect.

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IN WITNESS WHEREOF, the Board of Supervisors of the County of Los Angeles has caused this Amendment to be subscribed by its Director of Health Services and Hospital has caused this Amendment to be subscribed in its behalf by its duly authorized officer, the day, month, and year first above written

COUNTY OF LOS ANGELES

By:_____
Mitchell H. Katz, M.D.
Director of Health Services

CONTRACTOR

_____

By:_____
Signature

_____
Printed Name

Title _____
(AFFIX CORPORATE SEAL HERE)

APPROVED AS TO FORM:
John Kratti
County Counsel