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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January 21, 2014

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 THE 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 Harbor-UCLA Medical Center – Various $7,500
(2) Account Number Harbor-UCLA Medical Center – 2344942 $20,000

Patients who received medical care at non-County facilities:
(3) Account Number EMS – 538 $3,750
(4) Account Number EMS – 274 $8,333
(5) Account Number EMS – 210 $8,500
(6) Account Number EMS – 539 $26,083
(7) Account Number EMS – 276 $30,000

(8) Account Number EMS – 540 $38,334

Total All Accounts: $142,500

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Patients who received medical care at a County facility: The compromise offers of settlement for patient accounts (1) - (2) are recommended because the patients cannot pay the full amount of charges based on their current financial status, and this is the highest amount they are able to contribute to settle the accounts.

Patients who received medical care at non-County facilities: The compromise offer of settlement for patient accounts (3) - (8) are recommended because the County has agreements with certain non-County medical facilities under which it pays for emergency 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 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 $142,500.

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 Funds.

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: JANUARY 21, 2014

Total Charges	$45,877	**Account Numbers**	Various
Amount Paid	$0	**Service Type**	Inpatient & Outpatient
Balance Due	$45,877	**Dates of Service**	Various
Compromise Amount Offered	$7,500	**% of Charges**	16%
Amount to be Written Off	$38,377	**Facility**	H-UCLA Medical Center

JUSTIFICATION

This patient was treated at H-UCLA Medical Center and incurred total inpatient and outpatient gross charges of $45,877 for medical services rendered. No coverage was found for 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 the patient is able to contribute to settle the account.

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 2
DATE: JANUARY 21, 2014

Total Charges	$57,318	**Account Numbers**	2344942
Amount Paid	$318	**Service Type**	Inpatient
Balance Due	$57,000	**Dates of Service**	10/14/11-10/20/11
Compromise Amount Offered	$20,000	**% of Charges**	35%
Amount to be Written Off	$37,500	**Facility**	H-UCLA Medical Center

JUSTIFICATION

This patient was treated at H-UCLA Medical Center and incurred total inpatient gross charges of $57,318 for medical services rendered. No coverage was found for patient. Based on DHS' outside collection agency's assessment and recommendations, it appears the patient does not have the financial means to pay the full cost of care and this is the highest amount the patient is able to contribute to settle the account. The amount offer is higher than comparable Medi-Cal reimbursement rates.

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 3
DATE: JANUARY 21, 2014

Total Charges (Providers)	$35,054	**Account Number**	EMS 538
Amount Paid to Provider	$6,425	**Service Type / Date of Service**	Inpatient 8/5/2012
Compromise Amount Offered	$3,750	**% of Payment Recovered**	58%

JUSTIFICATION

This patient was involved in an automobile accident. As a result of this accident, the patient was treated at Cedars Sinai Medical Center and incurred total inpatient gross charges of $35,054 for medical services rendered. The provider has received payment from the Los Angeles County Trauma Fund in the amount of $6,425. The patient's third-party claim has been 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 ($15,000)
Attorney fees	$5,000	$4,950	33%
Other Lien Holders *	$8,938	$1,350	9%
Los Angeles County *	$35,054	$3,750	25%
Patient		$4,950	33%
Total		$15,000	100 %

* Lienholders are receiving 34% of settlement (25% to Los Angeles County and 9% to others)

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 58% ($3,750) of amount paid to Cedars Sinai Medical Center.

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 4
DATE: JANUARY 21, 2014

Total Charges (Providers)	$251,377	**Account Number**	EMS 274
Amount Paid to Provider	$35,523	**Service Type / Date of Service**	Inpatient 10/18/2011-10/25/2011
Compromise Amount Offered	$8,333	**% of Payment Recovered**	23%

JUSTIFICATION

This patient was involved in an automobile accident. As a result of this accident, the patient was treated at Cedars Sinai Medical Center and incurred total inpatient gross charges of $251,377 for medical services rendered. The provider has received payment from the Los Angeles County Trauma Fund in the amount of $35,523. The patient's third-party claim has been settled for $25,000, 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 ($25,000)
Attorney fees	$8,333	$6,333	25%
Lawyer cost	$938	$938	4%
Other Lien Holders *	$20,249	$5,050	20%
Los Angeles County *	$251,377	$8,333	34%
Patient		$4,346	17%
Total		$25,000	100%

* Lienholders are receiving 54% of settlement (34% to Los Angeles County and 20% to others)

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 23% ($8,333) of amount paid to Cedars Sinai Medical Center.

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 5
DATE: JANUARY 21, 2014

Total Charges (Providers)	$34,714	**Account Number**	EMS 210
Amount Paid to Provider	$6,425	**Service Type / Date of Service**	Inpatient 11/27/2011
Compromise Amount Offered	$8,500	**% of Payment Recovered**	132%

JUSTIFICATION

This patient was involved in an automobile accident. As a result of this accident, the patient was treated at Huntington Memorial Hospital and incurred total inpatient gross charges of $34,714 for medical services rendered. The provider has received payment from the Los Angeles County Trauma Fund in the amount of $6,425. The patient's third-party claim has been settled for $50,000, 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 ($50,000)
Attorney fees	$16,666	$15,000	30%
Lawyer cost	$163	$163	1%
Other Lien Holders *	$16,275	$9,878	19%
Los Angeles County *	$34,714	$8,500	17%
Patient		$16,459	33%
Total		$50,000	100 %

* Lienholders are receiving 36% of settlement (17% to Los Angeles County and 19% to others)

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 132% ($8,500) of amount paid to Huntington Memorial Hospital.

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 6
DATE: JANUARY 21, 2014

Total Charges (Providers)	$84,138	**Account Number**	EMS 539
Amount Paid to Provider	$23,343	**Service Type / Date of Service**	Inpatient & Outpatient 8/2/2011 - 8/5/2011
Compromise Amount Offered	$26,083	**% of Payment Recovered**	112%

JUSTIFICATION

This patient was involved in an automobile accident. As a result of this accident, the patient was treated at Holy Cross Hospital and incurred total inpatient and outpatient gross charges of $84,138 for medical services rendered. The provider has received payment from the Los Angeles County Trauma Fund in the amount of $23,343. The patient's third-party claim has been settled for $100,000, 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 ($100,000)
Attorney fees	$33,333	$33,333	33%
Lawyer cost	$671	$671	1%
Other Lien Holders *	$24,496	$7,594	7%
Los Angeles County *	$84,138	$26,083	26%
Patient		$32,319	33%
Total		$100,000	100 %

* Lienholders are receiving 33% of settlement (26% to Los Angeles County and 7% to others)

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 112% ($26,083) of amount paid to Holy Cross Hospital.

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 7
DATE: JANUARY 21, 2014

Total Charges (Providers)	$63,010	**Account Number**	EMS 276
Amount Paid to Provider	$30,093	**Service Type / Date of Service**	Inpatient 9/18/2008 - 9/24/2008
Compromise Amount Offered	$30,000	**% of Payment Recovered**	99.7%

JUSTIFICATION

The medical treatment for this patient was related to a work injury. As a result of this accident, the patient was treated at California Hospital Medical Center and incurred total gross charges of $63,010 for medical services rendered. The provider has received payment from the Los Angeles County Trauma Fund in the amount of $30,093. The defense has settled the patient's claim via Compromise and Release. Due to liability issues, the defense forwarded the provider's claim for Medical Fee Schedule Review. The claim was processed and paid pursuant to the Official Medical Fee Schedule.

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 99.7% ($30,000) of amount paid to California Hospital Medical Center.

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 8
DATE: JANUARY 21, 2014

Total Charges (Providers)	$110,724	**Account Number**	EMS 540
Amount Paid to Provider	$14,230	**Service Type / Date of Service**	Inpatient 10/5/2011
Compromise Amount Offered	$38,334	**% of Payment Recovered**	269%

JUSTIFICATION

This patient was involved in an automobile accident. As a result of this accident, the patient was treated at Holy Cross Hospital and incurred total inpatient gross charges of $110,724 for medical services rendered. The provider has received payment from the Los Angeles County Trauma Fund in the amount of $14,230. The patient's third-party claim has been settled for $115,000, 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 ($115,000)
Attorney fees	$38,334	$38,334	33.34%
Los Angeles County	$110,724	$38,333	33.33 %
Patient		$38,333	33.33%
Total		$115,000	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 269% ($38,334) of amount paid to Holy Cross Hospital.