



ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

26 June 6, 2018

CELIA ZAVALA
ACTING EXECUTIVE OFFICER

Los Angeles County
Board of Supervisors

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First District

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Second District

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Third District

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Fourth District

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Fifth District

June 06, 2018

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Christina R. Ghaly, M.D.
Acting Director

Hal F. Yee, Jr., M.D., Ph.D.
Chief Medical Officer

Dear Supervisors:

**APPROVAL OF AMENDMENTS TO AGREEMENTS FOR
TRAUMA CENTER SERVICES
(ALL SUPERVISORIAL DISTRICTS)
(3 VOTES)**

313 N. Figueroa Street, Suite 912
Los Angeles, CA 90012

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www.dhs.lacounty.gov

SUBJECT

Request approval of a methodology to allocate trauma funding to non-County trauma hospitals for the Fiscal Year 2017-18; delegate authority to execute an amendment to add the related payment provisions to the existing Trauma Center Services Agreements; and delegate authority to execute an extension amendment for the period of July 1, 2018 to June 30, 2019.

IT IS RECOMMENDED THAT THE BOARD:

1. Approve the funding methodology and allocation for Trauma Center Services (TCS) Agreements for the Fiscal Year (FY) 2017-18, and delegate authority to the Acting Director of Health Services, or her designee (Director), to execute an amendment to the existing TCS Agreements with the thirteen non-County trauma hospitals to include the funding terms for Measure B funds, Maddy funds, and Richie funds for FY 2017-18, as set forth in Attachment A and described below.
2. Approve the allocation of unspent Measure B funds to Pomona Valley Hospital Medical Center (PVHMC) for FY 2017-18 and future years, as the first priority for the use of unspent Measure B dollars before allocating funding to other programs.

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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3. Approve up to a maximum of \$34.55 million of Measure B funds to be used as an Intergovernmental Transfer (IGT) to the California Department of Health Care Services to draw down Federal matching dollars for supplemental Medi-Cal payments to eligible non-County trauma hospitals.
4. Approve the allocation and distribution of Richie pediatric trauma funds to the Pediatric Trauma Centers listed in Attachment B.
5. Delegate authority to the Director, to execute an Amendment to the TCS Agreements with the non-County trauma hospitals, to extend the term for an additional one-year period, effective July 1, 2018 through June 30, 2019, with no financial terms for the extension period.
6. Delegate authority to the Director, to execute an Amendment to the TCS Agreements with the two designated County trauma hospitals, to extend the term for a one-year period, effective July 1, 2018 through June 30, 2019.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

On May 16, 2017, the Board of Supervisors (Board) approved the FY 2016-17 funding methodology for payments to non-County trauma hospitals with a one-year extension period through June 30, 2018 to the existing TCS Agreements. This extension, however, did not include new funding provisions, but allowed for the continuation of the hospitals' trauma designation. As a result, this provided additional time for the non-County trauma hospitals and the Department of Health Services (DHS) to develop the funding methodology for FY 2017-18.

Impact of Affordable Care Act (ACA) on Trauma Funds Distribution

Prior to the implementation of the ACA in January 2014, trauma funding was distributed to the non-County trauma hospitals largely based on trauma claims for the uninsured population.

However, as the ACA's impact became more widespread, there was a significant reduction in the volume of uninsured trauma claims. Beginning in FY 2014-15, the number of uninsured trauma claims were too minimal to allow the full allocation of Measure B funds based on the traditional uninsured claims methodology. In view of the significant and continuing decrease in the number of uninsured, the non-County trauma hospitals expressed concerns and wanted to ensure they would continue to receive the same level of trauma funding as in previous years prior to the ACA. On May 3, 2016, the Board approved an amendment to the TCS Agreements for the FY 2014-15 that continued trauma funding to the non-County trauma hospitals for the same funding amounts received by the trauma hospitals in FY 2013-14.

Post-ACA Continuing Impact on Trauma Funds Distribution

Given the significant and continuing impact of the ACA, and to ensure prior funding levels would be maintained, the non-County trauma hospitals felt it was necessary that they develop new basis for distributing trauma funds. Pursuant to discussions between the non-County trauma hospitals and DHS, a new funding methodology for FY 2015-16 was developed that incorporated new categories for reimbursement beyond the traditional basis of the volume of uninsured claims. The FY 2015-16 methodology was approved by the Board on November 1, 2016. During the FY 2016-17, the same guiding principle was expressed by the non-County trauma hospitals, (i.e., that funding levels should be maintained at levels similar to prior fiscal years) despite the severe decline in uninsured trauma

patients. The funding methodology that was approved was based on: the level of indigent services, the provision of base station services, and a flat amount to support infrastructure. In addition, recognizing the continuing ACA impact, the non-County trauma hospitals identified other add-on factors to be used as basis for distribution of the FY 2016-17 trauma funds at levels similar to prior years. The add-ons selected by the non-County trauma hospitals and approved by DHS are as follows: 1) an adjustment for the volume of trauma patients; 2) an adjustment for the level of acuity of trauma patients; and 3) an adjustment for the number of Medi-Cal days and visits, which serves as a proxy of the underinsured population. Lastly, to address concerns that application of the proposed FY 2016-17 formula would impact each hospital to a greater or lesser degree, a parity adjustment was made in proportion to the degree of positive or negative impact to assure that no hospital would be affected disproportionately. The FY 2016-17 methodology was approved by the Board on May 16, 2017.

FY 2017-18 Distribution Methodology

DHS recently met with the non-County trauma hospitals to develop new proposals for a funding methodology for FY 2017-18. All thirteen non-County trauma hospitals came to a consensus using the same components as the FY 2016-17 methodology, including a parity adjustment to reduce the decrease in funding received by a trauma hospital as compared to the prior fiscal year, with the modification that information on services to patients brought in by law enforcement was included with the Medi-Cal information to determine the component related to underinsured populations. Also different for FY 2017-18 was the distribution of pediatric trauma payments. The allocation to each pediatric hospital of Richie funds for pediatric trauma services was based on the facility type. Since Northridge Hospital Medical Center is the only pediatric hospital in Los Angeles County operating as a community hospital, it was given a larger allocation than the remaining pediatric hospitals which are tertiary hospitals. The allocation for all pediatric trauma hospitals, including two County pediatric hospitals, is listed on Attachment B.

PVHMC received its trauma designation effective March 1, 2017. The payment amount for PVHMC is based on the actual data provided during the four months in FY 2016-17 when it was providing trauma services, and the estimated amount of trauma care that would have been provided had it been a trauma hospital during the other eight months. Because PVHMC recently became a trauma hospital, funding for its payments was not in the historical base. As such, funding for PVHMC will come from unspent Measure B funds to avoid reducing compensation to the other trauma hospitals.

The proposed FY 2017-18 payments to each non-County trauma hospital are summarized in Attachment A.

Approval of the first through fourth recommendations will delegate authority to the Director to execute an amendment to the existing TCS Agreements including financial terms for FY 2017-18, with payments as set forth in this Board letter; allow DHS to process payments for FY 2017-18; and submit an IGT to draw down federal matching funds for those portions of the payments that are to be made as Medi-Cal supplements to ensure emergency room access to Medi-Cal beneficiaries.

Approval of the fifth recommendation will delegate authority to the Director to execute amendments to the TCS Agreements with the non-County trauma hospitals, substantially similar to Exhibit I, for an additional one-year period through June 30, 2019, to ensure continuity of trauma hospital designation for the non-County trauma hospitals and to allow sufficient time for development of a funding methodology for FY 2018-19.

Approval of the sixth recommendation will delegate authority to the Director to execute amendments to the existing TCS Agreements with the two designated County trauma hospitals for an additional one-year period through June 30, 2019, substantially similar to Exhibit I.

Implementation of Strategic Plan Goals

The recommendations support Strategy III.3 - Pursue Operational Effectiveness, Fiscal Responsibility, and Accountability, of the County's Strategic Plan.

FISCAL IMPACT/FINANCING

The total maximum obligation for the amended TCS Agreements for FY 2017-18 is \$82.70 million, including up to \$48.15 million funded by Measure B, Maddy funds and Richie funds, and at least \$34.55 million of federal matching funds. Due to possible increases in the federal matching percentage (FMAP) used to determine federal funding, the amount of federal money may increase, which would result in a reduced use of Measure B funds. Funding for the TCS Agreements is included in DHS' FY 2017-18 Final Budget.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Pursuant to the authority granted under California Health and Safety (H&S) Code Section 1798.160, the County maintains trauma facilities as part of the regional trauma care system for treatment of potentially seriously injured persons. Division 2.5 of the H&S Code authorizes the local Emergency Medical Services Agency to designate trauma centers as part of the regional trauma care system. As of March 1, 2017, there are thirteen non-County and two County-operated trauma centers.

The TCS Agreements are designed to provide supplemental funding to offset the significant expenses related to maintaining trauma designation and treating trauma patients. The FY 2017-18 TCS Agreements are funded by Measure B, and Maddy and Richie funds, and contemplate the State making IGT funded supplemental Medi-Cal payments to non-public trauma hospitals in Los Angeles County.

Measure B Funds

Measure B, passed by the voters on November 5, 2002, authorized the County to levy a tax on structural improvements within the County, in part, to provide funding to strengthen the Los Angeles County trauma network, particularly those trauma hospitals operated by the County, and expand it if possible; and to fund emergency medical services and bioterrorism preparedness. Subsequent to Measure B's passage, the Board approved a proposal to allocate Measure B funds among the non-County trauma hospitals in proportion to the value of trauma-related care for uninsured patients. In addition, a payment to reimburse trauma hospitals for costs associated with serving as a base hospital in the Emergency Medical Services system was also approved.

Maddy and Richie Funds

The County receives funds derived from penalties assessed on fines and bail forfeitures that the court collects for certain criminal offenses and motor vehicle violations. As permitted by California Government Code Section 76000.5 and H&S Code Section 1797.98a, these funds are placed in the County's Maddy Emergency Medical Services Fund and used by DHS for trauma and emergency

services. A portion of the Maddy Fund is designated by statute for support of pediatric trauma programs and is segregated in the Richie Fund. The other Maddy Fund dollars are available to support trauma and emergency services provided by hospitals and physicians.

In accordance with State law, Maddy Fund dollars will be paid to offset a portion of unreimbursed cost of indigent trauma services, and Richie Fund dollars will be used to support pediatric trauma care.

Medi-Cal Payments

The California State Plan at page 51 of Attachment 4.19B permits the State Department of Health Care Services to make supplemental Medi-Cal payments to non-public trauma hospitals in Los Angeles County. The County makes recommendations regarding the amount of the supplemental payments and provides the funding for the non-federal share of such payments through an IGT.

County Counsel has reviewed and approved Exhibit I as to form.

CONTRACTING PROCESS

The recommended actions extend current agreements.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Approval of the recommendations will assure continued participation of non-County trauma hospitals in the County's trauma network and continue trauma funding for FY 2017-18.

The Honorable Board of Supervisors

6/6/2018

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Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Christina R. Ghaly". The signature is fluid and cursive, with the first name being the most prominent.

Christina R. Ghaly, M.D.

Acting Director

CRG:AW

Enclosures

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

COUNTY OF LOS ANGELES - DEPARTMENT OF HEALTH SERVICES

LOS ANGELES COUNTY TRAUMA CARE SYSTEM

**PROPOSED PAYMENTS TO NON-COUNTY TRAUMA HOSPITALS
FISCAL YEAR 2017-18**

	PATIENT-BASED	PEDIATRIC	DESIGNATION SUPPORT		ADD-ONS				Total Payment (1) thru (8)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
	UNINSURED (Volume)	PEDIATRIC (Fixed Rate)	BASE STATION (Fixed Rate)	INFRASTRUCTURE (Fixed Rate)	TRAUMA (Volume)	ACUITY (Adjustment)	UNDERINSURED (Adjustment)	PARITY (Adjustment)	
Non-County Trauma Hospitals									
Antelope Valley Hospital	\$ 360,201	\$ -	\$ 700,000	\$ 1,200,000	\$ 1,080,182	\$ 448,592	\$ 1,498,925	\$ (568,690)	\$ 4,719,210
California Hospital Medical Center	1,521,340		700,000	1,200,000	2,298,712	901,497	5,112,855	239,880	11,974,284
Cedars-Sinai Medical Center	155,424	107,135	700,000	1,200,000	1,683,239	817,274	2,554,917	(429,477)	6,788,512
Children's Hospital Los Angeles	-	107,135	-	1,200,000	642,079	170,505	1,176,792	254,656	3,551,167
Henry Mayo Newhall Memorial	124,242		700,000	1,200,000	744,066	301,835	768,589	(217,658)	3,621,074
Huntington Memorial Hospital	586,063		700,000	1,200,000	1,097,919	508,188	1,087,702	(94,192)	5,085,680
Long Beach Memorial Medical Center	515,013	107,135	700,000	1,200,000	1,500,548	630,011	2,122,051	326,092	7,100,850
Northridge Hospital Medical Center	923,943	600,000	700,000	1,200,000	1,145,809	516,324	1,493,892	(552,825)	6,027,143
Pomona Valley Hosp. Medical Center	426,358		700,000	1,200,000	1,141,569	533,201	1,665,936		5,667,064
Providence Holy Cross Medical Center	1,789,019		700,000	1,200,000	1,167,980	631,480	2,500,557	1,144,948	9,133,984
Ronald Reagan UCLA Medical Center	323,985	107,135	700,000	1,200,000	1,107,674	492,600	1,519,058	(548,336)	4,902,116
St. Francis Medical Center	1,491,538		700,000	1,200,000	1,850,853	731,686	3,528,866	372,195	9,875,138
St. Mary Medical Center	218,232		700,000	1,200,000	678,439	277,508	1,101,796	73,407	4,249,382
Grand Total	\$ 8,435,358	\$ 1,028,540	\$ 8,400,000	\$ 15,600,000	\$ 16,139,069	\$ 6,960,701	\$ 26,131,936	\$ -	\$ 82,695,604

Footnotes:

Column (1) - Uninsured payment for each hospital is based on the ratio of actual FY 16-17 indigent claims submitted to the County net of FY 15-16 audit violation to the total funding allocated for this category.

Column (2) - Pediatric payment is based on facility type. Northridge Hospital is given a larger allocation because it is a pediatric community hospital, whereas all other hospitals are tertiary hospitals.

Column (3) - Base station is a fixed payment for each hospital providing base hospital service per the requirements of County's Emergency Medical Services.

Column (4) - Infrastructure payment is a fixed payment for each hospital that serves as a trauma hospital to subsidize for the call panel costs of trauma and specialist physicians.

Column (5) - Trauma payment for each hospital is based on the ratio of actual CY 2016 trauma days per County's TEMIS data to the trauma funding allocated for this category.

Column (6) - Acuity adjustment payment for each hospital is based on the ratio of actual CY 2016 ICU days weighted by the severity factor to the total funding allocated for this category.

Column (7) - Underinsured adjustment payment for each hospital is based on the ratio of actual CY 2016 Medi-Cal days, plus days of services to patients brought in by law enforcement that were submitted by each hospital to the total funding allocated for this category.

Column (8) - Parity payment for each hospital is based on an adjustment for the proportion of gains and losses experienced by each hospital to reduce the decrease in funding received by a trauma hospital as compared to the prior fiscal year.

COUNTY OF LOS ANGELES - DEPARTMENT OF HEALTH SERVICES
LOS ANGELES COUNTY TRAUMA CARE SYSTEM

**PROPOSED PAYMENTS TO PEDIATRIC TRAUMA HOSPITALS
FISCAL YEAR 2017-18**

NON-COUNTY PEDIATRIC TRAUMA CENTERS

1) Cedars-Sinai Medical Center	\$	107,135
2) Children's Hospital Los Angeles		107,135
3) Long Beach Memorial Hospital		107,135
4) Northridge Hospital Medical Center		600,000
5) Ronald Reagan UCLA Medical Center		107,135
Subtotal	\$	<u>1,028,540</u>

COUNTY-OPERATED PEDIATRIC TRAUMA CENTERS

6) LAC+USC Medical Center	\$	107,135
7) Harbor-UCLA Medical Center		107,135
Subtotal	\$	<u>214,270</u>

GRAND TOTAL \$ 1,242,810

Agreement No.: _____

TRAUMA CENTER SERVICE AGREEMENT

Amendment No. _____

THIS AMENDMENT is made and entered into this ____ day of June, 2018,

By and between

COUNTY OF LOS ANGELES
(hereafter "County")

And

(hereafter "Contractor")

Business Address:

WHEREAS, reference is made to that certain document entitled "Trauma Center Service Agreement," dated June 17, 2008, and further identified as Agreement No. _____, and any amendments thereto (all hereafter referred to as "Agreement") and,

WHEREAS, it is the intent of the parties hereto to amend Agreement to extend its term, to modify certain of its payment provisions, and to provide for the other changes set forth herein; and

WHEREAS, Agreement provides that changes in accordance to Additional Provisions, Paragraph 24, Merger Provision may be made in the form of an Amendment which is formally approved and executed by the parties; and

WHEREAS, Contractor warrants that it possesses the competence, expertise and personnel necessary to provide services consistent with the requirements of this Agreement and consistent with the professional standard of care for these services.

NOW, THEREFORE, THE PARTIES HERETO AGREE AS FOLLOWS:

1. This Amendment shall be effective upon execution with payment provisions applied for services provided during the period of July 1, 2017 through June 30, 2018.
2. Agreement Paragraph 1, Term, Subparagraph A, is deleted in its entirety and replaced as follows:

"A. The term of this Agreement shall commence and be effective July 1, 2008, and shall remain in full force and effect through to and including June 30, 2019. In any event, County may terminate this

Agreement in accordance with the Termination Paragraphs of the Additional Provisions hereunder."

3. Agreement Exhibit B-3, Provisions for Reimbursement, is deleted in its entirety and replaced by Exhibit B-4 attached hereto and incorporated herein by reference. All reference in Agreement to Exhibit B-3 shall be deemed to be references to Exhibit B-4.

4. The Parties acknowledge and agree that none of the financial provisions in the Agreement apply to services provided on or after July 1, 2018.

4. Except for the changes set forth hereinabove, Agreement shall not be changed in any respect by this Amendment.

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IN WITNESS WHEREOF, the Board of Supervisors of the County of Los Angeles has caused this Amendment to be executed by the County's Director of Health Services or his authorized delegate and Contractor has caused this Amendment to be executed in its behalf by its duly authorized officer, on the day, month, and year written above.

COUNTY OF LOS ANGELES

By: _____
Christina R. Ghaly, M.D.
Acting Director of Health Services

CONTRACTOR

By: _____
Signature

Printed Name

Title

APPROVED AS TO FORM:

MARY C. WICKHAM
County Counsel

By _____
Edward A. Morrissey, Principal Deputy County Counsel

TRAUMA CENTER SERVICE AGREEMENT

PROVISIONS FOR REIMBURSEMENTTABLE OF CONTENTS

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TRAUMA CENTER SERVICE AGREEMENT

PROVISIONS FOR REIMBURSEMENT

I. OVERVIEW

This Exhibit addresses funding for the fiscal year ended June 30, 2018 (the "Contract Period") for the Los Angeles County trauma hospitals ("Non-County Trauma Hospitals") that are not owned and operated by Los Angeles County (the "County"). The County provides Funding to Non-County Trauma Hospitals for the Contract Period to assure the continuance of emergency care access for Medi-Cal beneficiaries and stabilize the provision of trauma care services in Los Angeles County.

The funding has the following major components:

1. Patient-Based Payments

These payments are described in Sections II and III. They have two components, payments based on the uninsured trauma volume and value of those claims and payments based on pediatric trauma services.

2. Designation Support Payments

These payments are described in Section IV.A. They include two components, payments in support of the Non-County Trauma Hospitals serving as base stations, and payments in support of the Non-County Trauma Hospitals' infrastructure.

3. Add-On Payments

These payments are described in Section IV.B. They are based on various factors such as the trauma patient volume for each hospital, patient acuity, and underinsured utilization, including utilization by Medi-Cal and law enforcement patients. These amounts are then further adjusted for purposes of system stabilization.

The total funding for each hospital receiving funding is \$82,695,604.

It is the County's intention that several different revenue sources be used to pay for trauma services under this Agreement. These sources include revenue from Measure B, Maddy EMS Funds and Richie Funds. Further, the County intends that the Agreement be funded, to the extent possible, through additional Medi-Cal payments made pursuant to pg. 51a of Attachment 4.19B of the Medi-Cal State Plan (the "Trauma SPA").

The parties acknowledge that the Trauma SPA effective July 1, 2003, was approved by the United States Department of Health and Human Services, Centers for Medicare and Medicaid Services. The Trauma SPA enables private trauma hospitals in Los Angeles County to receive enhanced Medi-Cal payments, including federal matching funds upon payment by the County of an intergovernmental transfer (IGT) of funds pursuant to Section 14087.3 of the W&IC. Pursuant to the Trauma SPA and a related interagency agreement between the County and the

California Department of Health Care Services ("CDHCS"), the IGT and federal matching funds are distributed among the County-designated private trauma hospitals in a lump sum amount to ensure continued access by Medi-Cal beneficiaries to trauma and emergency room care in the County.

II. ELIGIBLE PATIENT-BASED FUNDING

A. BUDGET ALLOCATION:

1. Patient-Based Allocation Amounts

This Section II is applicable to the Non-County Trauma Hospitals with the exception of Children's Hospital Los Angeles. For the Contract Period, the County has established a budget allocation (the "Budget Allocation") for each such Non-County Trauma Hospital providing medical care to Eligible Patients (as defined below) during the Contract Period. The budget allocations are as follows:

Antelope Valley Hospital	\$ 360,201
California Hospital Medical Center	\$1,521,340
Cedars-Sinai Medical Center	\$ 155,424
Henry Mayo Newhall Memorial Med. Ctr.	\$ 124,242
Huntington Memorial Medical Center	\$ 586,063
Long Beach Memorial Medical Center	\$ 515,013
Northridge Hospital Medical Center	\$ 923,943
Pomona Valley Hospital Medical Center	\$ 426,358
Providence Holy Cross Medical Center	\$1,789,019
Ronald Reagan UCLA Medical Center	\$ 323,985

St. Francis Medical Center	\$1,491,538
St. Mary Medical Center	<u>\$ 218,232</u>
Total Patient Based Funding	<u>\$8,435,358</u>

The Budget Allocation for each hospital has been determined using the relative dollar value of each Non-County Trauma Hospital's indigent claims for the 2016-17 fiscal year, compared to total value of all claims, with the exception of Pomona Valley Hospital Medical Center. The amount for Pomona Valley Hospital Medical Center was based on the actual value of the indigent claims provided during the four months during 2016-17 fiscal year that it was providing trauma services, and the estimated amount of trauma care that would have been provided had it been a trauma hospital during the other eight months. The value of the claims was determined by applying the rates described in section II.A.2 below to the services delivered. The percentage for each hospital so determined was then applied to the total amount available for patient-based payments. Payments to Non-County Trauma Hospitals of the Budget Allocations described in this section will be made directly by the County (inclusive of the Maddy Funds as defined below) and/or as enhanced Medi-Cal payments from CDHCS as set forth in this Exhibit. Accordingly, these Budget Allocations will be taken into account in the amounts that the County recommends be paid by CDHCS as enhanced Medi-Cal payments taking into account

direct payments the County has made or will make to the hospitals for such allocations.

2. Maddy EMS Funds:

Certain funding is available for hospital care rendered to Eligible Patients (as defined below) by the Non-County Trauma Hospitals, known as "Maddy EMS Funds." As described in II.D of this Exhibit, Contractor is required to submit a claim (an "Eligible Claim") to the County for the hospital care rendered to Eligible Patients within the Contract Period. Based on patient visits and days in such claims, County will use the rates below for emergency department visits and inpatient services up to three days to disburse Maddy EMS Funds to each hospital for the Contract Period. Maddy EMS Funds are included in determining the full funding for the Budget Allocations.

The County will compute the value for each Eligible Claim using the following rates:

\$ 6,425 per emergency department visit and
assessment. (No such fee will be paid if
the patient is admitted to the hospital as
an inpatient from the emergency department.)

\$12,471 for the first inpatient day; and

\$ 5,417 for the second inpatient day; and

\$ 4,283 for the third inpatient day; and

\$ 4,283 for the fourth inpatient day; and

\$ 3,023 for each day thereafter.

To the extent possible, the County will use Maddy EMS Funds to pay the portion of each Non-County Trauma Hospital's Budget Allocation equal to the value of its FY 2016-17 claims for the emergency department visit and assessment where the patient is not admitted to the hospital as an inpatient from the emergency department, and the first three days of an inpatient stay if the patient is admitted, based on the rates above.

B. GENERAL CONDITIONS:

Contractor shall provide Trauma Services, as defined below to Eligible Patients. For purposes of this Exhibit, an "Eligible Patient" is a patient receiving Trauma Services from Contractor, (1) who Contractor determines is unable to pay for the Trauma Services so provided, and (2) for whom there is no third-party coverage, in part or in whole for the Trauma Services provided by Contractor. For purposes of this Exhibit, "third party coverage" or "third party payers" includes, but is not limited to commercial insurance or any program funded in whole or in part by the federal government, and "Trauma Services" refers to all hospital services furnished by the Contractor to a patient who presents to the Contractor, or is classified subsequently during the patient's stay as a Trauma Patient from the time the patient presents at or is admitted to the Contractor's hospital until

the patient is discharged. The term "Trauma Patient" for purposes of this Contract is defined in Exhibit C.

A claim (a "Patient-Based Claim") shall not be submitted to the County hereunder for an Eligible Patient if: (a) the patient has the ability to pay for the service, but refuses or fails to pay for same; or (b) Contractor has failed to submit to any known third-party payer(s) for the patient, an accurate, complete, and timely billing, and for that reason has been denied payment by such payer(s); or (c) for any Trauma Services which is covered in, or the subject of reimbursement in, any other contract between Contractor and County. Subject to the County's review and verification, Contractor will determine and document persons who are Eligible Patients as described in Section II.C below.

County claiming is limited to Trauma Patients without the ability to pay for the services and for whom Contractor, in accordance with Section II.C below, has made a reasonable, good faith effort to determine if there is a responsible private or public third-party source of payment, and Contractor determines that there is no source of payment (including where the Contractor determines there is a potential source of payment which the Contractor reasonably pursues but the Contractor is unable to obtain payment).

During the term of this Agreement, as required by Section 16818 of the Welfare and Institutions Code (W&IC), Contractor

shall continue to provide, at the time treatment is sought by a patient at its facility, individual notice of the availability of reduced cost hospital care. Additionally, Contractor shall post, in conspicuous places in its emergency department and patient waiting rooms, notices of the procedures for applying for reduced cost hospital care. The approved "Notice" language is reflected in English in Attachment "B-2" and in Spanish in Attachment "B-3".

C. PATIENT ELIGIBILITY:

For a patient to be an Eligible Patient, Contractor must document that it has made reasonable efforts to secure payment from the patient by billing (at least monthly) for a period of no less than two (2) months after the date of discharge, with a minimum of three (3) billings. Financial notes must clearly indicate that the patient was billed at least three (3) times. Contractor must document that the person cannot afford to pay for the services provided by the Contractor. This documentation must show that the patient's annual income places the patient at or below 200% of the current year Federal Poverty Level. Contractor must also document that payment for the services will not be covered by third-party coverage, including any program funded in whole or in part by the federal government; and that Contractor has not received payment for any portion of the amount billed.

Contractor will determine and document the patients who are eligible for trauma care coverage hereunder in accordance with the procedures set forth in Attachment "B-1", Trauma Service County Eligibility ("TSCE") Protocol, attached hereto and incorporated herein by reference.

Contractor shall utilize Attachment "B-1.1", Trauma Service County Eligibility ("TSCE") Agreement form as the sole means for determining whether the patient is at or below the 200% of the current year Federal Poverty Level and therefore meets patient's eligibility criteria for trauma care claiming during the term of this Agreement. The TSCE Agreement form must be completed and signed by the patient or the patient's responsible relative(s) at the time it is determined there is not a responsible private or public third-party source of payment and that the patient meets the eligibility requirements. The completed form must be signed and dated by the hospital representative who obtained the information, verifying that the information was obtained from the patient or the patient's responsible relative(s). If a TSCE Agreement form cannot be secured because the patient or the patient's responsible relative(s) is (are) unable to cooperate in providing the necessary financial information, then Attachment "B-1.1", *Hospital Certification of Inability to Cooperate* form must be completed. If the *Inability to Cooperate* form is used it should be completed at the initial

interaction with the patient or the patient's responsible relative(s). A hospital representative will complete the form, sign and date it and a second hospital representative will verify the information by also signing and dating the form. The original (or electronic scan) of either the *TSCE* or *Inability to Cooperate* form must be maintained by Contractor as part of its financial records. Contractor shall submit a copy of the applicable form to the County Emergency Medical Services (EMS) Agency when submitting a claim to be included in the patient-based claims total as stated in Attachment "B-4", *Instructions for Submission of Claims and Data Collection*.

Documentation to establish that Contractor has complied with the aforementioned patient eligibility requirements must be maintained by Contractor and made available upon request, pursuant to Paragraph 5, of the Additional Provisions Exhibit of this Agreement, to authorized County or State representatives for inspection, audit, and photocopying.

D. CLAIMS SUBMISSION:

Contractor shall submit all Patient-based Claims to the County for Trauma Services to Eligible Patients, for the Contract Period. These claims, subject to the following conditions and subsequent agreements of the parties, will be used to determine the amount of the Budget Allocation for Contractor for the contract period(s) following the Contract

Period.

a) A valid claim shall include a completed Trauma Patient Summary ("TPS") form, found in Attachment "D-2", of Agreement, for each Eligible Patient receiving Trauma Services.

b) In addition to the TPS form, Contractor shall submit the required claim form, (UB04) as well as all required reports as set forth in Attachment "B-4", *Instructions for Submission of Claims and Data Collection*, attached hereto and incorporated herein by reference, to County's Emergency Medical Services Agency, 10100 Pioneer Boulevard, Suite 200, Santa Fe Springs, California 90670, for Trauma Services provided to Eligible Patients under the terms of this Agreement. This information shall be used in determining the next (and possibly subsequent) year's Budget Allocation.

c) Claims submitted to the County shall be limited to the hospital component of Trauma Services provided to Eligible Patients during the term of this Agreement. Inclusion of the claims in the determination of a Contractor's Budget Allocation or funding under this Agreement shall be limited to the claims for which all required data has been included in the Trauma and Emergency Medicine Information System (TEMIS) and which has been submitted as required by reporting procedures

reflected in Attachment "B-4".

d) Claims shall be submitted to County's EMS Agency on an on-going basis once all eligibility requirements have been met and the Contractor has determined that no other source of funding is likely to be available. All Contractor claims for services provided during a County Fiscal Year (FY) (July 1 - June 30) must be received by County no later than the last working day of the first December following the close of the FY. Only claims for which the Contractor has ascertained that no payment will be received should be submitted.

e) To the extent permitted by law, upon submission of claim by Contractor to County for a trauma patient's care, and unless and until the claim is rejected by the County, Contractor assigns and subrogates to County any and all rights to collection as set forth herein, and Contractor shall cease all current and waive all future collection efforts, by itself and by its contractors/agents, to obtain any payment from the patient. At its sole discretion, County and/or County's Contractor may proceed independently against any parties responsible for payment for the Trauma Services to the extent permitted by law. The rights hereby assigned and subrogated to County under this provision include reimbursement up to the full amount of usual and

customary fees (including, for example, billed charges) for patient care and services regardless of any amount the Contractor has received under the TCSA, but only to the extent permitted by law. In the event Contractor is contacted by a third party's representative (e.g., insurance claim adjuster) or a patient's attorney regarding pending litigation concerning a claim that has been assigned to the County hereunder, Contractor shall indicate that the claim is assigned and subrogated to the County and refer such representative to the designated County contact. Contractor shall reasonably cooperate with County in its collection efforts.

f) Contractor shall notify the County, and update the financial status of patient in TEMIS, if Contractor becomes aware of any third-party coverage such as Medi-Cal, Medicare, other government programs, or other health insurance for any claim that the Contractor submitted to be included for purposes of calculating the Budget Allocation. The County has all rights to work with the identified third-party payers to receive any payment due with respect to claims that Contractor has assigned to County, but only to the extent permitted by law.

g) Any and all payments received by Contractor from a Trauma Patient or from third-party payers, including a

legal settlement, for a claim previously submitted to and not rejected by the County, must be immediately reported to the County and the payment amount shall be surrendered and remitted to the County since Contractor assigned and subrogated its rights to said claim. Contractor must remit to the County the payment it received within sixty (60) days of receipt of such payment, and must complete and submit a *TRAUMA CENTER PAYMENT SURRENDER FORM* (Attachment B-6) with each surrendered payment.

h) For Trauma Patients admitted to Contractor's facility prior to or on the last day during the term of this Agreement, and remaining in the hospital after that date, reports and claim submission to County shall be made only after the patient has been discharged; the Contractor shall not submit partial or interim billings.

i) All reports and claims shall be completed in such detail and with such attachments as are in accordance with procedures prescribed in writing in Attachment "B-4". Contractor hereby acknowledges receipt of such forms, attachments, and procedures. Contractor and County agree that County may revise such forms, and such procedures and instructions without using a formal amendment to this Agreement. Such revised forms, procedures and instructions shall be effective at least

fifteen (15) calendar days after written notice to Contractor. In the event Contractor submits a timely written objection, Contractor and County will promptly meet and confer in good faith in an effort to resolve their differences. In the event the parties are not able to resolve their differences, Contractor may send a written notice to County within (30) days of the meet and confer session terminating this Agreement. This Agreement shall terminate fifteen (15) days after the date of the written notice, on such other days as the parties shall agree in writing.

E. AUDITING OF RECORDS:

Contractor shall maintain and, upon request, make available to State or County representatives, records containing all of the financial information referenced in this Section, including records of patient and third-party payer payments, all in accordance with Paragraph 5 of the Additional Provisions Exhibit of this Agreement.

a) County may periodically conduct an audit of the Contractor's records pertaining to the Patient-Based Claims for Eligible Patients that are required under this Exhibit. Audits shall be performed in accordance with generally accepted auditing standards. The audit may be conducted on a statistically random sample of submitted claims for a fiscal year, provided the

sampling methodology is statistically valid. The scope of the audit shall include an examination of patient medical and financial records, patient and/or insurance billing records, and collection agency reports associated with the sampled claims.

b) Audited claims that do not comply with requirements in this Agreement shall result in a reduction in the total value of Patient-Based Claims that will be used to determine each trauma hospital's Budget Allocation for the next fiscal year.

For example, if two Patient-Based Claims for the prior fiscal year with a total value of \$12,850 were audited and determined not to be in compliance with the program requirements and the Contractor's total value of submitted claims for that prior fiscal year was \$150,000, \$12,850 would be subtracted from the total value, reducing it to \$137,150 which would then be the amount used to determine the Contractor's Budget Allocation for the next fiscal year. The County will notify Contractor of any audit findings. Audit results may be appealed to the EMS Agency Director, or his/her designee.

III. FUNDING FOR PEDIATRIC TRAUMA CENTERS:

The parties acknowledge that Chapter 841 of the Statutes of 2006, authorized the County Board of Supervisors (Board),

until December 31, 2008, to elect to levy an additional penalty in the amount of two dollars (\$2) for every ten dollars (\$10), upon fines, penalties, and forfeitures collected for specific criminal offenses. This authority was subsequently extended to December 31, 2013 by Chapter 288 of the Statutes of 2008. New legislation (SB 191) was chaptered October 5, 2013 and Section 76000.5 of the Government Code was amended extending these provisions through January 1, 2017. In 2016, legislation (SB 867) was again passed amending Section 76000.5 of the Government Code, extending these provisions through January 1, 2027.

The legislation further authorized the Board to utilize fifteen percent (15%) of the funds collected pursuant to these provisions (known as Richie's fund) to provide funding to enhance pediatric trauma services by both publicly and privately owned and operated Pediatric Trauma Centers (PTCs) throughout the County.

FY 2016-17 Richie Fund collections available for allocation to non-County PTCs for FY 2017-18 are \$1,028,540. This amount is allocated to PTCs for expansion of pediatric trauma care services as follows:

Cedars-Sinai Medical Center	\$ 107,135
Children's Hospital Los Angeles	\$ 107,135
Long Beach Memorial Medical Center	\$ 107,135
Northridge Hospital Medical Center	\$ 600,000

Ronald Reagan UCLA Medical Center	\$ <u>107,135</u>
Total	\$ 1,028,540

IV. DESIGNATION SUPPORT AND ADD-ONS FUNDING

The funding described in this Section IV is in addition to the funding described in Section II and III of this Exhibit.

A. BASE HOSPITAL SERVICES AND INFRASTRUCTURE

To account for the special costs incurred for those private trauma hospitals providing base and trauma hospital services and to ensure the continued access by Medi-Cal beneficiaries to emergency rooms and emergency room care in the County by maintaining efficient prehospital transport of all patients to the most appropriate emergency room, the County will recommend to the State that it make an aggregate supplemental payment in the amount of \$700,000 for base station and \$1,200,000 for infrastructure to each private Non-County Trauma Hospital pursuant to the Trauma SPA, with the exception of Children's Hospital Los Angeles. Children's Hospital Los Angeles will receive a supplemental infrastructure payment in the amount of \$1,200,000 but will not receive a supplemental base station payment because it does not provide base hospital services.

As public hospitals, Ronald Reagan UCLA Medical Center ("UCLA") and Antelope Valley Hospital ("Antelope") may not receive these supplemental Medi-Cal payments under the State Plan. Accordingly, the County will directly pay each of those hospitals the amount of \$700,000 for base station support and \$1,200,000 for infrastructure support at or about the same time as County makes its IGT payment to the State. In the event the County makes its IGT payment to the State in multiple installments, the County will make the base station and infrastructure supplemental payments to UCLA and Antelope in the same number of installments.

B. EMERGENCY CARE ACCESS FOR MEDI-CAL BENEFICIARIES (ADD-ONS)

Except for UCLA and Antelope, it is the intent of the County, and the County shall recommend to the State, that supplemental "add-on payments" be paid to each private Non-County Trauma Hospital in the amounts set forth in this section IV.B, which include both funding from the County's IGT and federal matching funds. Such payment shall be made pursuant to a separate agreement between the trauma hospital and the State or its intermediary, subject to the limitations set forth in the Trauma SPA. The County will make the add-on supplemental payments for UCLA and Antelope.

The add-on supplemental payment amounts are as follows:

Antelope Valley Hospital	\$ 2,459,009
California Hospital Medical Center	\$ 8,552,944
Cedars-Sinai Medical Center	\$ 4,625,953
Children's Hospital Los Angeles	\$ 2,244,032
Henry Mayo Newhall Memorial Med. Ctr.	\$1,596,832
Huntington Memorial Medical Center	\$ 2,599,617
Long Beach Memorial Medical Center	\$ 4,578,702
Northridge Hospital Medical Center	\$ 2,603,200
Pomona Valley Hospital Medical Center	\$ 3,340,706
Providence Holy Cross Medical Center	\$ 5,444,965
Ronald Reagan UCLA Medical Center	\$ 2,570,996
St. Francis Medical Center	\$ 6,483,600
St. Mary Medical Center	\$ 2,131,150
Total	\$49,231,706

C. Payment Limit

Contractor acknowledges that the amounts payable under the Trauma SPA are limited to the uncompensated costs of providing outpatient hospital services of all eligible private trauma hospitals in Los Angeles County and are also limited by the State's upper payment limit, as established in 42 C.F.R. Section 447.321. To the extent that either or both limits preclude the State from paying all of the aggregate amounts set forth below,

the amount to be recommended by the County for each private trauma hospital shall be reduced by the same percentage as the percentage of total allowable supplemental payments under the Trauma SPA is to total recommended supplemental Medi-Cal payments under the Trauma SPA to all private trauma hospitals.

V. POTENTIAL IGT FOR FEDERAL MATCHING FUNDS:

As discussed in Section IV, the County intends that the Designation Support payments, Add-On Payments, and certain patient-based payments to the private Non-County Trauma Hospitals be made as Medi-Cal payments in accordance with the Trauma SPA. Unless CDHCS rejects this payment approach, the County will transfer the non-federal share of such funds to CDHCS in one or more IGTs. The amount of the payments to the private Non-County Trauma Hospitals will be the amounts set forth in Sections II, IV.A and IV.B above, including both the non-federal share funded by the IGT(s) and matching federal funds. All funding shall be used first to pay the amount of the Budget Allocation, then any amounts due under Section IV.A and then Section IV.B.

The parties acknowledge and agree that some or all of the IGT which the County intends to make to effectuate the provisions of this Agreement may not be capable of drawing down federal matching funds under the SPA. To the extent that is true, the parties agree that the County shall have no

obligation to make an IGT of such amounts and shall instead provide such funds directly to the private Non-County Trauma Hospitals. The amount of such direct payments shall be the amounts set forth in Section IV (A) and (B) that are not paid under the Trauma SPA multiplied by fifty percent (50%). To the extent that Non-County Trauma Hospitals receive the full amounts set forth in Section IV (A) and (B), County has no obligation to make further direct payments, even if not all of the funds set aside for use as an IGT are ultimately used for that purpose.

The total amount of the IGT that the County intends to make shall be \$34.5 million.

VI. TOTAL MAXIMUM PAYMENTS

The total maximum payments that each Non-County Trauma Hospital may receive, either directly from the County, or from the State of California as additional Medi-Cal payments under the Trauma SPA (which includes the amounts of IGTs made by the County and federal matching funds), and subject to the limitations and conditions as described in this Agreement, shall be as follows:

Antelope Valley Hospital	\$ 4,719,210
California Hospital Medical Center	\$11,974,284
Cedars-Sinai Medical Center	\$ 6,788,512
Children's Hospital Los Angeles	\$ 3,551,167
Henry Mayo Newhall Memorial Med. Ctr.	\$ 3,621,074

Huntington Memorial Medical Center	\$ 5,085,680
Long Beach Memorial Medical Center	\$ 7,100,850
Northridge Hospital Medical Center	\$ 6,027,143
Pomona Valley Hospital Medical Center	\$ 5,667,064
Providence Holy Cross Medical Center	\$ 9,133,984
Ronald Reagan UCLA Medical Center	\$ 4,902,116
St. Francis Medical Center	\$ 9,875,138
St. Mary Medical Center	\$ 4,249,382
Total	\$ 82,695,604

Each non-County Trauma Hospital will be paid the above amounts through a combination of direct payments by the County or Medi-Cal payments under the Trauma SPA except for UCLA and Antelope which shall receive only funds from the County. Payments may be reduced to the extent amounts anticipated to be paid as Medi-Cal funds through the Trauma SPA cannot be paid in that manner, in which case the County will make direct payments of the non-federal share of such payments, up to, but not exceeding the amount of the IGT set forth above, less the amount used to fund the Medi-Cal payments which were actually made.

VI. EFFECTIVE DATES

The provisions of this Exhibit B-4 shall only apply to trauma services provided on or after July 1, 2017 and before July 1, 2018.