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Director and Chief Medical Officer

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COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES
313 N. Figueroa, Los Angeles, CA 90012
(213) 240-8101

October 21, 2004

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 OFFER OF SETTLEMENT
(ALL DISTRICTS AFFECTED - 3 VOTES)**

IT IS RECOMMENDED THAT YOUR BOARD:

Authorize the Director of Health Services 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 for patients who received medical care at a County facility:

(1)	Account Number	5641388	\$6,500
(2)	Account Number	5794429	\$195,204
(3)	Account Number	5873002	\$484,626

PURPOSE OF THE RECOMMENDED ACTION:

The compromise offer of settlement for patient account (1) is recommended because the patient is unable to pay the full amount of charges and the compromise offer represents the maximum amount the Department will be able to receive under the tort settlement involved in this case. The compromise offer of settlement for patient accounts (2) - (3) are recommended because the amounts are the highest amounts that could be negotiated with the patients' insurance (Commercial or HMO) under the circumstances of the case, and receipt of such insurance proceeds prevent further collection from the patients, except for possible beneficiary coinsurance or deductible obligations.

JUSTIFICATION:

The best interests of the County would be served by the approval of these compromises since it will enable DHS to maximize net revenue on these accounts.

FISCAL IMPACT:

This will expedite the County's recovery of partial payment totaling approximately \$686,330.

FINANCING:

Not applicable.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

On January 8, 2002 the Board approved an ordinance granting the Director of Health Services (Director) authority to reduce patient account liabilities when in the best interest of the County. The ordinance was adopted by the Board on January 15, 2002.

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

The compromise of these accounts is not within the Director's authority, so the Director is requesting Board approval of these compromises.

Typically, recoveries in tort settlements are divided into thirds – one third each to the plaintiff (patient), attorney, and lien holder(s), although the final result is always the product of negotiation. The County may therefore receive a higher or lower percentage depending on the circumstances of the case. Factors that affect the County's percentage include the number of other lien holders and the contractual agreement between the plaintiff and the lawyer.

CONTRACTING PROCESS:

Not applicable.

IMPACT ON CURRENT SERVICES (OR PROJECTS):

Maximizing net revenues on these accounts will help DHS to meet its budgeted revenue amounts.

When approved, DHS requires three signed copies of the Board's action.

Respectfully submitted,



Thomas L. Garthwaite, M.D.
Director and Chief Medical Officer

TLG:lg (R:\Astecker\CompromiseBrdLtr#24\Letter)

Attachments

c: Chief Administrative Officer
County Counsel
Executive Officer, Board of Supervisors

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 1
DATE: October 21, 2004

Total Charges	\$26,034	Account Number	5641388
Amount Paid	\$0	Service Type	Inpatient
Balance Due	\$26,034	Dates of Service	08/23/2003-08/25/2003
Compromise Amount Offered	\$6,500	Facility	H/UCLA
Amount to be Written Off	19,534		

JUSTIFICATION

This patient was involved in an automobile accident. As a result of this accident, the patient was treated at Harbor/UCLA Medical Center and incurred total inpatient charges of \$26,304 for medical services rendered. The patient's third-party claim has been settled for \$15,000 and his attorney is proposing the following disbursement ⁽¹⁾ of the proceeds:

Disbursement	Total Claim	Proposed Settlement	Percent of Settlement
Attorney fees	\$5,000	\$3,000	20%
H/UCLA Medical Center	\$26,034	\$6,500	43%
Other Lien Holders	\$4,850	\$3,350	22%
Net to Patient		\$2,150	14%
Total		\$15,000	100%

Based on financial information provided by patient, it appears that the patient has no other source of income, or personal or real property to meet his obligation to H/UCLA Medical Center.

⁽¹⁾ Distribution as described in the Facts and Provisions/Legal Requirements section of the Board letter.

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 2
DATE: October 21, 2004

Total Charges	\$278,863	Account Number	5794429
Amount Paid	\$0	Service Type	Inpatient
Balance Due	\$278,863	Date of Service	05/27/04 – 06/15/04
Compromise Amount Offered	\$195,204	% Of Charges	70%
Amount to be Written Off	\$83,659	Facility	MLK/D Hospital

JUSTIFICATION

The above compromise offer of settlement is the highest amount that could be negotiated with the patient's insurance (Commercial or HMO) under the circumstances of the case.

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 3
DATE: October 21, 2004

Total Charges	\$605,783	Account Number	5873002
Amount Paid	\$0	Service Type	Inpatient
Balance Due	\$605,783	Date of Service	12/15/03 – 01/31/04
Compromise Amount Offered	\$484,626	% Of Charges	80%
Amount to be Written Off	\$121,157	Facility	H/UCLA Medical Center

JUSTIFICATION

The above compromise offer of settlement is the highest amount that could be negotiated with the patient's insurance (Commercial or HMO) under the circumstances of the case.