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COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES
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February 7, 2005

TO: Each Supervisor

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

SUBJECT: NAVIGANT CONSULTING'S 60-DAY ASSESSMENT OF THE OPERATIONS OF KING/DREW MEDICAL CENTER

On January 11, Navigant Consulting, Inc., presented to your Board the initial findings and recommendations of its "60-Day Assessment of the Operations of King/Drew Medical Center." Navigant final report, which includes additional analysis and recommendations related to governance and ambulatory services, was released on February 1.

Governance

Over the past week, DHS, Navigant, and County Counsel have met several times to discuss the structure and scope of the interim advisory board that has been recommended by Navigant and the potential legal issues it raises. Navigant has indicated that its initial expectations related to this oversight group are that it would assume the roles and functions normally associated with a facility's local governing board as they relate to regulatory accreditation and licensure.

Under the model described by Navigant, the advisory board – which would be made up of outside individuals with an expertise in health care management and finance, as well as community representatives – would oversee the facility leadership in reviewing and implementing the various recommendations for improvement identified in Navigant's report. To ensure regular communication with the Board of Supervisors, which would remain the "corporate" governing body of the hospital, the advisory board will report and provide recommendations directly to your Board on a regular basis. Navigant has

indicated that while the advisory board will not be involved in the day-to-day management of the facility it will provide policy level direction to the facility management.

Based on this outline of the authority and responsibility of the advisory group, County Counsel has been able to make some initial determinations on some of the legal matters related to establishing this entity. County Counsel believes that the advisory board will be governed by the Brown Act, as its creation, duties, and potential membership will be approved by the Board, and the group will report directly to the Board.

With regard to the issue of conflict of interest, County Counsel's determination is that the advisory board members will not be subject to the conflict of interest laws, at least initially. If, however, over a period of time a pattern is established that the advisory board's recommendations are routinely approved by the Board of Supervisors without change, County Counsel has stated that this conclusion could change. County Counsel does recommend that the advisory board establish, by policy, its own conflict of interest rules to address disqualification requirements in the event a member has a financial interest in a matter upon which the group is deciding.

Finally, for purposes of defense and indemnification from liability, County Counsel has advised that the advisory board members would be treated in a manner equivalent to those serving on a County commission. Thus, providing the advisory board's members are acting within the course and scope of their County function and do not willfully or intentionally act to cause liability, they would be defended and indemnified as would any County commissioner.

Navigant will be reporting back in two weeks with greater specificity as to the make up and structure of the advisory board. County Counsel has indicated that as additional detail is provided, further legal analysis may be required.

Implementation of Navigant's Recommendations

The Department has reviewed with Navigant the recommendations included in its final report. As indicated in my previous memo to your Board, these recommendations fall into two major categories – those that can be implemented within the scope and authority of DHS or another County agency and those that for either policy or procurement reasons require action by your Board.

Navigant is implementing those items that require no outside approval. These items include training employees on basic clinical or management skills, reorganizing staffing within various areas of the hospital, revising policies and procedures, and ensuring compliance with regulatory requirements.

The Department has already brought forward for your Board's consideration the establishment of capital projects for renovations in the psychiatric units and the operating suites. DHS, Navigant, the Chief Administrative Office (CAO), Department of Public Works, and Internal Services Department are working together to complete an analysis of the scope of work entailed in the capital projects identified by Navigant in its report in order to determine the staging of the work, as well as the estimated cost and timeline for completion. Navigant has provided a preliminary list of equipment needs and is gathering further detail to support the establishment of a cost estimate and timeline for these items as well. The Department and CAO will be providing a formal cost estimate for the capital projects and equipment purchases within the next 30 days.

As noted above, Navigant will be reporting back in two weeks with further detail on its recommendations related to the establishment of the advisory board to oversee King/Drew Medical Center. This report also will include the proposal for additional Navigant personnel and the associated increased costs to the Navigant contract required to implement its recommendations.

At this time, there is no specific action required of your Board. The Department will keep you apprised as to any necessary Board actions. Please let me know if you have any questions.

TLG:ak

c: Chief Administrative Officer
County Counsel
Executive Officer, Board of Supervisors
Director of Personnel
Director, Internal Services Department
Director, Public Works
Navigant Consulting, Inc.