



THOMAS L. GARTHWAITE, M.D.
Director and Chief Medical Officer

FRED LEAF
Chief Operating Officer

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

February 24, 2005

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 | MLK/D - 5914713 | \$229,884 |
| (2) | Account Numbers | H/UCLA - 5689618 and other Outpatient accounts | \$16,333 |
| (3) | Account Numbers | MLK/D - 5043508 and other Outpatient accounts | \$5,625 |

PURPOSE OF THE RECOMMENDED ACTION:

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

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.

BOARD OF SUPERVISORS

Gloria Molina
First District

Yvonne Brathwaite Burke
Second District

Zev Yaroslavsky
Third District

Don Knabe
Fourth District

Michael D. Antonovich
Fifth District

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FISCAL IMPACT:

This will expedite the County's recovery of partial payment totaling approximately \$251,842.

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:

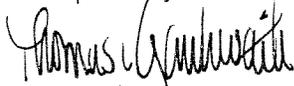
Not applicable.

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#29\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: February 24, 2005

Total Charges	\$328,406	Account Number	5914713
Amount Paid	\$0	Service Type	Inpatient
Balance Due	\$328,406	Date of Service	09/05/2004-10/16/2004
Compromise Amount Offered	\$229,884	% Of Charges	70%
Amount to be Written Off	\$98,522	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. 2
DATE: February 24, 2005

Total Charges	\$56,966	Account Number	5689618, 5790282, 5813668, 5845658, 5869207, 5925938, 5972024, 6043054
Amount Paid	\$0	Service Type	Inpatient and Outpatient
Balance Due	\$56,966	Date of Service	09/18/03 – 09/24/03 and other outpatient dates of service
Compromise Amount Offered	\$16,333	% Of Charges	29%
Amount to be Written Off	\$40,633	Facility	H/UCLA Medical Center

JUSTIFICATION

This patient was involved in an automobile accident. As a result of this accident, the patient was treated at H/UCLA Medical Center and incurred total inpatient and outpatient charges of \$56,966 for medical services rendered. The patient's third-party claim has been settled for \$50,000 and his attorney is proposing the following disbursement of the proceeds:

Disbursement	Total Claim	Proposed Settlement	Percent of Settlement
Attorney fees	\$20,000	\$20,000	40.0%
Attorney Cost	\$402	\$402	.8%
H/UCLA Medical Center	\$56,966	\$16,333	32.7%
Other Lien Holders	\$903	\$250	.5
Patient	\$	\$13,015	26.0%
Total		\$50,000	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.

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 3
DATE: February 24, 2005

Total Charges	\$34,522	Account Number	5043508, 5084083, 5133151, 5505621, 5541620, 5542924
Amount Paid	\$0	Service Type	Inpatient and Outpatient
Balance Due	\$34,522	Date of Service	12/19/2002-12/23/2002 and other outpatient dates of service
Compromise Amount Offered	\$5,625	% Of Charges	16.3%
Amount to be Written Off	\$28,897	Facility	MLK/D Hospital

JUSTIFICATION

This patient was involved in an automobile accident. As a result of this accident, the patient was treated at MLK/D Hospital and incurred total inpatient and outpatient charges of \$34,522 for medical services rendered. The patient's third-party claim has been settled for \$15,000 and his attorney is proposing the following disbursement of the proceeds:

Disbursement	Total Claim	Proposed Settlement	Percent of Settlement
Attorney fees*	\$6,000	\$4,625	31%
Attorney Cost	\$350	\$350	2%
MLK/D Hospital	\$34,522	\$5,625	38%
Other Lien Holders	\$1,755	\$1,400	9%
Patient	-	\$3,000	20%
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 MLK/D Hospital.

* The patient's lawyer has reduced his fees from 40% to 31%.