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COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES
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July 26, 2005

TO: Each Supervisor

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

SUBJECT: **EMS PLAN FOR UTILIZATION OF THE PROPOSED TRAUMA PROPERTY ASSESSMENT RATE INCREASE AND PROJECTED FUND BALANCE**

At the July 19 Board meeting, you instructed me to provide your Board with an Emergency Medical Services (EMS) Plan, including expenditures, for the proposed increase to the Trauma Property Assessment (TPA) funds (Measure B). Attachment I provides a summary of the proposed use of both the $14.7 million increase to the TPA and the projected beginning TPA fund balance of $20.8 million for FY 2005-06. This schedule has been expanded to reflect current FY 2005-06 projections and increased detail with respect to the uses of TPA funds.

TPA Increase for Board Approved Expenditure Categories

The actual TPA increase will be applied to the majority of Board approved expenditure categories to reflect the increased costs of medical care, e.g., trauma and emergency services at public and private hospitals, as well as increased operating costs for specific programs, e.g., the EMS Agency. The TPA increase applied to the private trauma hospitals in this recommendation is subject to contract negotiations (current contract extension expires December 31, 2005). The increase does not apply to categories that are contractually fixed, e.g., the helicopter lease for Los Angeles County Fire Department, one-time allocations, or categories not fully expended in prior years.

In addition to these Consumer Price Index increases, there are several urgent needs that, if covered, will either aid in stabilizing the trauma and emergency system or prove to be a life-saving augmentation to the prehospital care services countywide. The following describes the proposed one-time program uses:

Trauma Hospital - Antelope Valley and Trauma Hospital - East San Gabriel Valley

Over the past two years, since the TPA was approved, the Department's EMS Agency has met with hospitals from both Antelope and East San Gabriel Valleys to explore possibilities of joining the trauma system. Funding previously set aside for these areas is intended for reimbursement of uncompensated trauma care provided to patients once the trauma center is up and running. Based on consistent feedback from area hospitals, other specific challenges prevent their ability to become trauma centers. These include costs of infrastructure, increased need for nursing and ancillary personnel that are difficult to hire, and difficulty obtaining required the physician specialist on-call trauma panel. The $3.0 million allocation set aside for each area, for a maximum set-aside of $6.0 million, is a one-time Board allocation to address infrastructure needs that would encourage a hospital in each of these areas to join the trauma system.

Should hospitals in these areas determine that taking on trauma center designation is not immediately feasible, this one-time set-aside of funds for infrastructure may become a significant component of a future long range plan.

12-Lead EKG Capability in Prehospital Care

The EMS Agency is working closely with the medical community on the development of a regionalized cardiac care program. Studies show the faster a patient can be identified as having an acute heart attack, the faster intervention can be delivered in an effort to reduce death of cardiac tissue and save lives. The Los Angeles County and City Fire Departments have been integral in this process as recipients of an Annenberg Foundation grant which partially offset costs of equipment and training necessary for paramedics in the field setting. With the intent of fully implementing this program in 2007, other city fire departments are expected to purchase 12-Lead EKG equipment and provide training. While these departments support the concept of implementing this life-saving program, many fire departments have suffered budgetary reductions associated with reduced in local budgets. Therefore, a one-time allocation not to exceed $4.0 million in TPA funding would cover equipment and training costs for paramedic first responders in local fire departments to ensure the implementation of the cardiac care program and move the time line up well before the projected 2007 target.

Downey Regional Medical Center

In a Board motion on June 14, your Board instructed the Department to return with recommendations to maintain current levels of emergency room services in the system and specifically identify support needed for impacted non-disproportionate share hospitals to maintain viability and continue to serve patients, especially for hospitals adjacent to Martin Luther King, Jr./Drew Medical Center (MLK), with particular emphasis on an arrangement for the provision of possible Federal or State Funding, inpatient bed licensing, or other means.

DHS and its EMS Agency, as well as the Board-appointed EMS Commission, continues to work with hospitals, the Hospital Association of Southern California (HASC), and all other constituents to identify methods of dealing with the ongoing emergency room (ER) crisis and

general lack of healthcare access. However, issues surrounding Downey Regional Medical Center (DRMC) and the magnitude of the potential negative impact of closure of its ER on the remainder of the system (over 50,000 visits annually) are unique and, in part, directly a result of ER diversion at MLK. A proposal presented by DRMC to enter into a contract with DHS for inpatient Medi-Cal bed licensing has been analyzed. It has been determined by the Department and County Counsel that the current DHS contract with the State California Medical Assistance Commission (CMAC) does not allow for such subcontracting. Further, issues surrounding Medi-Cal Redesign limit the ability to forecast the effect of a potential change in the Department's CMAC contract at this time.

As yet, we have not identified any mechanism to assist DRMC in obtaining additional State, Federal or non-County funds. Therefore, this EMS plan proposes one-time TPA funding for FY 2004-05 to reimburse DRMC, to a maximum of $0.9 million, for EMS-identified patients taken to DRMC by 9-1-1 ambulance from the south central Los Angeles area.

Additional broad range solutions for the ER crisis including, but not limited to, system design alternatives and legislative initiatives are being pursued on an ongoing basis.

Private Physician Funding

The Board was previously apprised of the projected deficit in the Physician Services for Indigents Program (PSIP) for FY 2004-05 and going forward into future years. The Department has been working with physicians to obtain a State legislative solution for this deficit. SB57 (Alarcon), which is supported by your Board, would, if passed, allow your Board to levy an additional penalty on moving traffic violations resulting in Board of Supervisors increased EMS Fund (Maddy or SB612) revenues. The enactment of SB57 would help resolve future deficits in the PSIP program.

Therefore, DHS is recommending that an additional allocation of $4.1 million in one-time TPA funds be approved to offset the projected FY 2004-05 deficit in the PSIP program, based on the current claims in process, contingent upon enactment of SB57. Should SB 57 not pass, these funds would not be authorized for this purpose. Such action alleviates the Board's concern that funding the FY 2004-05 deficit places an ongoing burden on the County to continuously supplant a State program. Funding of this program is essential for private hospitals to obtain the necessary physician coverage (on-call panels) to maintain ER services and avoid additional potential ER closures.

County Trauma and Emergency Services

The current TPA allocation for County hospital trauma and emergency services is less than half the projected uncompensated care cost to the County. This plan proposes to fully utilize the one-time available fund balance of approximately $3.7 million to further offset the County hospital unreimbursed costs. Pending the Board's determination that a higher priority exists, these funds could be reallocated to other urgent needs as was previously experienced in FY 2004-05.

As your Board knows, the issues faced by the trauma and emergency system are broad and far reaching. The Trauma Property Assessment (Measure B) was not intended to fill every gap and the proposed TPA rate increase will not solve the overall ER and health care crisis. However, this plan addresses specific urgent needs in an effort to help stabilize the system. The Department believes the issues addressed are of enough significance to warrant your Board's consideration. Thank you for the opportunity to return with this EMS plan.

Please let me know if you have any questions.

TLG:cm
506:017
507:007

Attachment

c: Chief Administrative Officer
County Counsel
Executive Officer, Board of Supervisors ✓
Auditor-Controller
EMS Commission

LOS ANGELES COUNTY - DEPARTMENT OF HEALTH SERVICES
PROPOSED USES OF TRAUMA PROPERTY ASSESSMENT (TPA) FUNDS
FISCAL YEAR 2005-06
($ in millions)

	FY 05-06 Estimated Actual	Proposed Increase/(Decrease)	FY 05-06 Proposed Plan
SOURCES			
Net TPA Revenue - Current	$ 180.48	$ -	$ 180.48
Net TPA Revenue - Recommended Increase		14.68 (a)	14.68
Interest Earnings	0.84	- (b)	0.84
TOTAL SOURCES	$ 181.32	$ 14.68	$ 196.00
USES			
County DHS			
- Hospital Trauma/ Emergency Svcs Support	$ 142.61 (c)	$ 15.47 (d)	$ 158.08
- Public Health - Bioterrorism	2.82	0.23 (e)	3.05
- Emergency Medical Services Agency	1.39	0.12 (e)	1.51
Subtotal County DHS	$ 146.82	$ 15.82	$ 162.64
Expanded Access Under-Served			
- Air Transport	$ 0.80	$ 0.07 (e)	$ 0.87
- Helicopter Lease - County Fire	1.00	- (f)	1.00
- Trauma Hospital - Antelope Valley	-	3.00 (g)	3.00
- Trauma Hospital - East San Gabriel Valley	-	3.00 (h)	3.00
- Trauma Hospital - Uncompensated Care Funding	2.60	- (i)	2.60
Subtotal Expanded Access	$ 4.40	$ 6.07	$ 10.47
Equipment & Training - Fire Departments	$ -	$ 4.00 (j)	$ 4.00
Other County - TPA Administration	$ 1.00	$ 0.08 (e)	$ 1.08
Private Trauma Contracts			
- Service Claims			
* Base Contract Funding	$ 9.58	$ 0.80 (e)	$ 10.38
* Base Contract Funding - Other Revenue Shortfalls Backfill	2.15	0.18 (e)	2.33
* Contract Funding - California	2.57	0.21 (e)	2.78
* Contract Funding - St. Francis	1.63	0.14 (e)	1.77
Subtotal Service Claims	$ 15.93	$ 1.33	$ 17.26
- Base Contract Lump-Sum Payments - Patient Care	6.56	0.55 (e)	7.11
- Lump-Sum Payments - Patient Care - California	1.20	0.10 (e)	1.30
- Base Contract Lump-Sum Payments - Base Stations (maximum)	2.09	0.17 (e)	2.26
- Maximum Obligation Contingency - California	0.99	0.08 (e)	1.07
- Maximum Obligation Contingency - St. Francis	0.33	0.03 (e)	0.36
- Transitional Capacity Dev. Allowance - California	1.92	- (k)	1.92
Subtotal Private Trauma Contracts	$ 29.02	$ 2.26	$ 31.28
Downey Regional Medical Center	$ -	$ 0.92 (l)	$ 0.92
Backfill Private Physician Funding Shortfall	2.30	4.13 (m)	6.43
TOTAL USES	$ 183.54	$ 33.28	$ 216.82
NET INCOME/(DEFICIT)	$ (2.22)	$ (18.60) (n)	$ (20.82)
BEGINNING FUND BALANCE	20.82	-	20.82
ENDING FUND BALANCE	$ 18.60	$ (18.60)	$ -

LOS ANGELES COUNTY - DEPARTMENT OF HEALTH SERVICES
PROPOSED USES OF TRAUMA PROPERTY ASSESSMENT (TPA) FUNDS
FISCAL YEAR 2005-06

($ in millions)

Footnotes

(a) Based on a projected increase of $15.13 million in revenue from the recommended TPA rate increase of $0.0025 (one quarter of a cent) per improved square foot, calculated using the 8.49% increase in the medical care component of the U.S. Department of Labor's Western Urban Consumer Price Index (CPI) from July 2003 through May 2005 less three percent (3%) for projected uncollectible revenue, for a net increase of 8.33%.

(b) Although a nominal amount of additional interest would accrue from the recommended rate increase due to increased revenue collection, there would be an offsetting nominal decrease in interest earnings resulting from the recommended elimination of the Fund Balance. The precise net change would depend primarily on the timing of expenditures from the Fund Balance.

(c) Represents less than one-half (50%) of the estimated unreimbursed trauma and emergency costs incurred by the County facilities during FY 04-05.

(d) Reflects an additional 8.33% of the Estimated Actual due to the recommended TPA rate increase, plus a residual amount ($3.67 million) of the otherwise unallocated funds (revenue and fund balance) due to the unreimbursed portion of County hospital trauma and emergency costs still exceeding 50%.

(e) Reflects an additional 8.33% of the Estimated Actual amount due to the recommended TPA rate increase.

(f) No increase is recommended because the lease cost is fixed and will not increase due to an increase in the CPI.

(g) Recommended funding for one-time start-up infrastructure costs (equipment, construction of a heli-pad, etc.) to encourage a hospital in the Antelope Valley to become a trauma center.

(h) Recommended funding for one-time start-up infrastructure costs (equipment, construction of a heli-pad, etc.) to encourage a hospital in the East San Gabriel Valley to become a trauma center.

(i) No increase is recommended because these funds were not previously expended.

(j) Recommended one-time funding for equipment and training to implement 12-lead EKG capability Cardiac Care Program to improve identification of heart attacks and save lives.

(k) No increase is recommended because, pursuant to the contract with California, this funding is one-time only.

(l) Recommended one-time funding based on increased ambulance runs due to the closure of the trauma center at Martin Luther King, Jr./Charles R. Drew Medical Center, estimated using $1,500 per emergency room visit/inpatient day to a maximum of four (4) days ($6,000 per patient) and assuming a maximum of 154 patients.

(m) Recommended one-time funding to pay emergency room physician claims for unreimbursed services provided during Fiscal Year (FY) 2004-05 only, completely (100%) contingent upon the State's enactment of AB 57 which would increase SB 612 funding for emergency and trauma services.

(n) Reflects the complete (100%) expenditure of the previously projected Ending Fund Balance for FY 2005-06.