Health Services
LOS ANGELES COUNTY

**Los Angeles County Board of Supervisors**

**Gloria Molina**
First District

**Mark Ridley-Thomas**
Second District

**Zev Yaroslavsky**
Third District

**Don Knabe**
Fourth District

**Michael D. Antonovich**
Fifth District

**John F. Schunhoff, Ph.D.**
Interim Director

**Robert G. Splawn, M.D.**
Interim Chief Medical Officer

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

Tel: (213) 240-8101
Fax: (213) 481-0503

www.dhs.lacounty.gov

*To improve health through leadership, service and education.*

www.dhs.lacounty.gov

February 9, 2009

TO: Each Supervisor

FROM: John F. Schunhoff, Ph.D.
Interim Director

**SUBJECT: REVISED REIMBURSEMENT RATES FOR PHYSICIAN SERVICES FOR INDIGENTS (PSIP) REIMBURSEMENT PROGRAM (Agenda Item #47, February 17, 2009)**

On January 13, 2009, your Board approved and delegated authority to the Interim Director of Health Services (DHS) to reduce the initial reimbursement rate for PSIP to 27% of the Official County Fee Schedule (OCFS) for Fiscal Year (FY) 2008-09 and offer revised emergency physician services agreements for FY 2008-09 to eligible non-County physicians providing emergency services at non-County emergency hospitals, upon review and approval by County Counsel and the Chief Executive Officer (CEO).

In addition, your Board continued the Department's recommendation to further reduce the reimbursement rate in future years to a minimum of 25 percent. Your Board instructed the CEO and the Interim Director of DHS to report back on: 1) the impact that a reduction of the PSIP reimbursement rate below what Medi-Cal pays may have on the availability of emergency service in combination with other current and anticipated developments in health care reimbursement; 2) alternatives for Board consideration to across-the-board reductions in physician reimbursement rates which would more effectively preserve such services; and, 3) procedures to first fully air before the public, prior to presenting it to the Board, the need for any future proposal to lower the PSIP reimbursement rates below the Medi-Cal threshold of 27 percent.

DHS recommends that your Board refer back to the Department the recommendation to delegate authority to the Interim Director of DHS to further reduce the PSIP reimbursement rate to a minimum of 25 percent in future fiscal years. Any future recommendations for reduction will be brought back to the Board for thorough discussion after significant public review.

## Review of Funding

Funding for PSIP emergency services provided by non-county physicians to indigent patients is, to the extent available, provided 100 percent by the Emergency Medical Services (EMS) Appropriation, SB 612 (Maddy)/SB 1773 and "Measure B" Trauma Property Assessment funds. Prior to FY 2008-09 California Healthcare for Indigents Program (CHIP) funds were also available until this line item was removed from the State Budget. The majority of this funding is based on percentage allocations stipulated in State legislation for support of emergency medical services, including the compensation for emergency services provided by non-county physicians to indigent patients.

**Impact of Reduced PSIP Rates on Emergency Services**

Reducing the PSIP rate below Medi-Cal reimbursement rates could further limit availability of physicians willing to be on-call to private emergency departments (EDs), an already challenging situation. Ultimately, this could result in further ED closures, longer ambulance transport times, and increased ED waiting times.

**Alternatives to Across-the-Board Reductions in PSIP Rates**

The Board has historically supported State legislation which would increase PSIP Reimbursement Program revenues, thereby fully supporting this vital program. Attachment 1 demonstrates the historical trending of the PSIP program, including data on claim submission, physician enrollment, revenues and expenditures. Based on projections, it appears that adequate funds will be available to the PSIP Program through FY 2009-10 without any additional rate reduction. There are many uncertain forces in the economic environment at local, state and federal levels. Therefore, it is unclear whether growth in the uninsured populations and increased access to the PSIP funds will result in future deficits or what funding opportunities may be available beyond FY 2009-10.

**Procedures for Public Review Prior to Rate Reductions**

The Department currently reviews changes in the PSIP Program with the Physician Reimbursement Advisory Committee pursuant to the provisions of the State of California Welfare and Institutions Code ("WIC"), Sections 16950, et seq., and Health and Safety Code ("HSC"), Section 1797.98a, et seq., as an advisory committee to DHS with community representation as described in the Board letter of January 13, 2009.

Notice of future intentions to reduce rates will be sent to all providers with instructions to submit comments to the County's EMS Commission meeting where the rate reduction will be fully discussed. DHS will review and address all comments and concerns prior to requesting Board approval of a rate reduction.

Because more information on revenue and expenditure trends will be available in the Fall of 2009, DHS will return to the Board at that time with a status update on the PSIP program. If you have any questions, please contact me or Carol Meyer, Interim Chief Network Officer at (213) 240-8370.

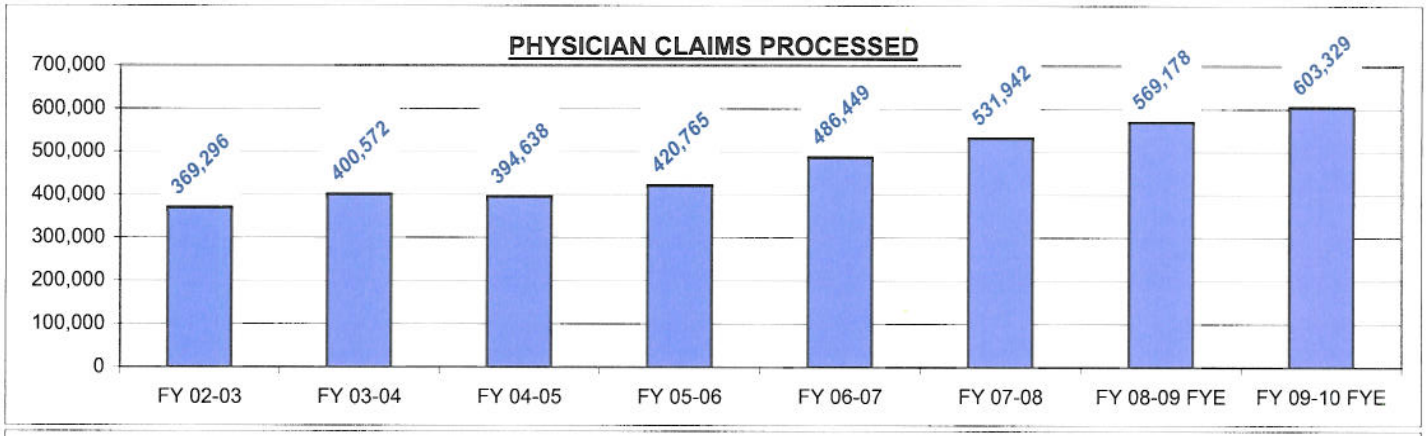
JFS:CM:jp
901:003

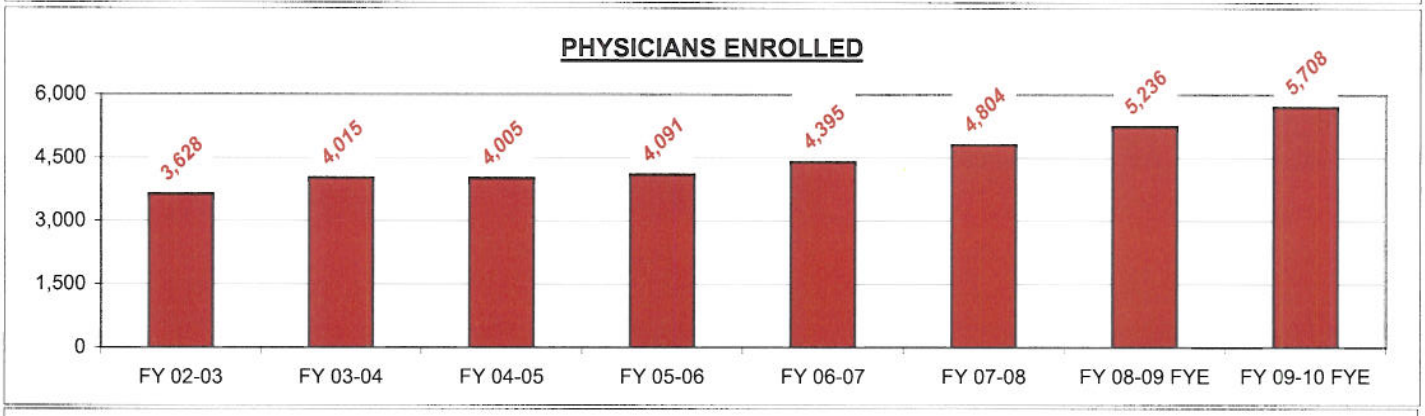
Attachment

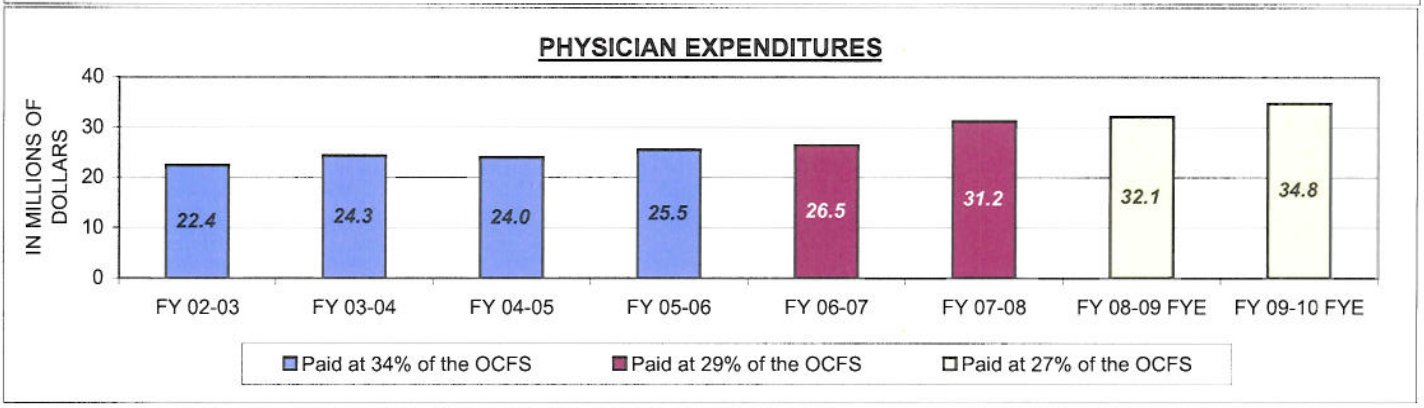
c: Executive Officer, Board of Supervisors
County Counsel
Chief Executive Officer

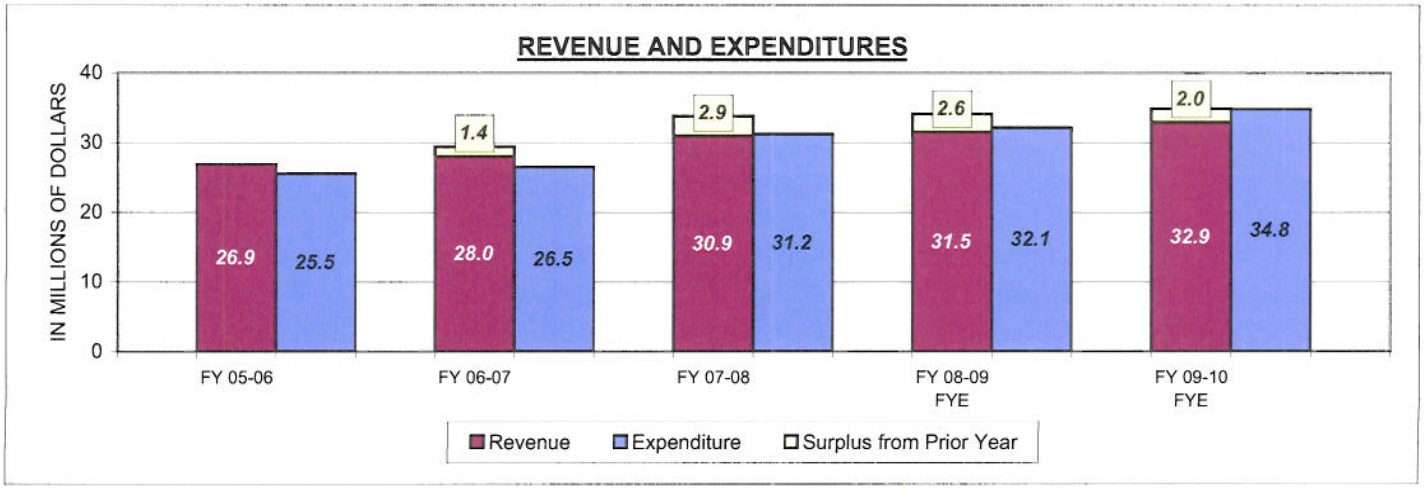
## COUNTY OF LOS ANGELES - DEPARTMENT OF HEALTH SERVICES

## PHYSICIAN SERVICES FOR INDIGENTS




Prepared by DHS/EMS
February 7, 2009