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September 29, 2009

ADOPTED
BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

28 SEPTEMBER 29, 2009

SACHI A. HAMAI
EXECUTIVE OFFICER

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:

APPROVAL OF PATIENT TRANSFER AGREEMENTS WITH PRIVATE SECTOR HOSPITALS FOR LAC+USC TO OBTAIN AS NEEDED INPATIENT SERVICES (SUPERVISORIAL DISTRICT 1) (3 VOTES)

SUBJECT

Request authority to negotiate and execute Patient Transfer Agreements with private sector hospitals to access and (for County-responsible patients) to compensate inpatient services on an as needed basis to allow for the transfer of County patients to contracted private sector hospitals.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Delegate authority to the Interim Director of Health Services, or his designee, to negotiate and execute Patient Transfer Agreements with private sector hospitals to allow for the transfer of patients from LAC+USC Medical Center (LAC+USC) to private sector hospitals, effective upon full execution by the parties through September 30, 2010, with two optional one-year extensions through September 30, 2012, at an annual County cost of no more than $2,000,000 for all agreements for the provision of services to County-responsible patients, upon review and approval of County Counsel and the Chief Executive Office and with notice to your Board.

2. Delegate authority to the Interim Director of Health Services, or his designee, to extend the agreements on an annual basis through September 30, 2012, on substantially similar terms and conditions upon approval by County Counsel and the Chief Executive Office and notification to your Board.

3. Delegate authority to enter into and implement an agreement or agreements with the State of California (State) for intergovernmental transfers, in an annual aggregate amount of up to $550,000 to provide the local match for supplemental Medi-Cal payments to private sector hospitals which sign Patient Transfer Agreements.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTIONS

Approval of the first two recommendations will enable the Interim Director of Health Services, or his designee, to negotiate and sign Patient Transfer Agreements with private sector hospitals for the transfer of patients at LAC+USC to available beds on an as needed basis at private hospitals located near LAC+USC. The recommended agreements will be used as needed during such times that LAC+USC determines that it does not have a sufficient number of inpatient beds available to meet the inpatient medical and surgical needs of patients presenting at LAC+USC. Payment under the Patient Transfer Agreement will be for inpatient services provided only to County-responsible patients. The private sector hospital will bill other public or private insurance for care to other transferred patients.

DHS currently has a Patient Transfer Agreement with St. Vincent Medical Center and has determined that similar agreements should be established with one or more private sector hospitals located in the geographic area around LAC+USC. Establishing these agreements is a component of the DHS surge capacity plan for LAC+USC. Prior to executing or extending any agreements under this delegation of authority, DHS will obtain approval from County Counsel and the Chief Executive Office and provide notice to your Board.

Approval of the third recommendation will allow the Interim Director of Health Services, or his designee, to enter into an agreement with the State to provide the local portion of funding for additional Medi-Cal reimbursement to private sector hospitals with Patient Transfer Agreements for services to Medi-Cal patients. This action is necessary to assure continued access for Medi-Cal patients at those hospitals.

Implementation of Strategic Plan Goal

The recommended actions support Goal 4, Health and Mental Health, of the County's Strategic Plan.

FISCAL IMPACT/FINANCING

In the event County responsible patients are transferred under the recommended Agreements, DHS will compensate the private sector hospitals on a per patient day basis using an all-inclusive rate negotiated with each hospital. Expenditures under each Agreement will vary based on actual beds utilized at each private sector hospital. The annual County cost for these Patient Transfer Agreements will not exceed $2,000,000. There is sufficient funding in the DHS Fiscal Year 2009-10 Final Budget for the estimated cost of the recommended Agreements.

The recommended intergovernmental transfer agreement with the State will enable the State to make periodic lump-sum Medi-Cal payments to these same private sector hospitals to help assure access to inpatient care for Medi-Cal beneficiaries. The County cost for participating in such payments shall not exceed $550,000 annually.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

DHS previously implemented a similar strategy of contracting with private sector hospitals for beds during the implementation of the MetroCare Plan with the establishment of the current Patient Transfer Agreement with St. Vincent Medical Center. In order to ensure a similar backup plan is in place for potential overcrowding at LAC+USC, DHS plans to put Patient Transfer Agreements in place with one or more private hospitals that are located in the geographical area around LAC+USC and do not have emergency rooms.

While LAC+USC has been at an estimated 86 percent utilization rate during the month of August, the medical, surgery and the intensive care units were at an estimated 96 percent utilization rate. An increasing number of lower acuity patients are being transferred to Rancho Los Amigos National Rehabilitation Center every month. In addition, DHS has transferred patients to other hospitals to alleviate the overcrowding and has reimbursed those private hospitals for indigent patients pursuant to County Code section 2.76.230. The execution of these Patient Transfer Agreements will provide LAC+USC with an additional alternative to place its patients.

In order to be prepared for the upcoming flu season, DHS needs the ability to expand access quickly to handle potential increases in the number of patients presenting at LAC+USC. Accordingly, DHS does not intend to solicit these agreements. Instead, DHS will be contacting hospitals within a ten mile radius of LAC+USC and ascertaining their interest and capability in handling additional patients. DHS intends to negotiate directly with any hospitals that express interest and can demonstrate that they are capable of adequately meeting the clinical needs of the County's patients. These

agreements are needed to serve as a safety valve to ensure that the clinical needs of the patients are met. To that end, the selected hospitals will not guarantee bed space. Rather, the County will contract for the purchase of available inpatient services on an as needed basis, and will use the contracts to establish standards and procedures for smoothly effectuating patient transfers.

After a hospital-specific rate is negotiated, a form agreement will be offered to the hospitals, following its approval by County Counsel.

CONTRACTING PROCESS

Not applicable.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Board approval of the recommended actions will provide DHS with a key component of its surge capacity plan for LAC+USC Medical Center.

Respectfully submitted,

John F. Schunhoff, Ph.D.
Interim Director

JFS:pps

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