Health Services
LOS ANGELES COUNTY

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To ensure access to high-quality, patient-centered, cost-effective health care to Los Angeles County residents through direct services at DHS facilities and through collaboration with community and university partners.

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July 5, 2011

TO: Supervisor Michael D. Antonovich, Mayor
Supervisor Gloria Molina
Supervisor Mark-Ridley Thomas
Supervisor Zev Yaroslavsky
Supervisor Don Knabe

FROM: Mitchell H. Katz, M.D.
Director

SUBJECT: **RECOMMENDATION TO AUTHORIZE INTER-GOVERNMENTAL TRANSFER FOR FISCAL YEAR 2010-11 FOR DISTRIBUTION TO IMPACTED HOSPITALS IN SOUTH LOS ANGELES (Board Agenda, Item A-4, July 5, 2011)**

Pursuant to the authority granted by your Board on December 14, 2010 to the Department of Health Services to submit action items related to the 1115 Waiver on a standing agenda item designated as A-4, this memo requests your Board to authorize the transfer of a $5.0 million intergovernmental transfer (IGT) to the Department of Health Care Services (DHCS) for Fiscal Year (FY) 2010-11. The IGT will fund the non-federal share of supplemental Medi-Cal payments to designated private hospitals that serve the South Los Angeles area population formerly served by Martin Luther King, Jr.-Harbor Hospital (MLK Hospital).

The IGT will be transferred to the California Medical Assistance Commission for FY 2010-11 and will draw down an additional $5.0 million in Federal matching funds, for a total of $10.0 million. These funds will be used to fund supplemental Medi-Cal payments to the designated hospitals.

BACKGROUND

Upon the closure of MLK Hospital in August 2007, the County recognized that surrounding privately operated hospital emergency rooms would need financial support for the treatment of County-responsible patients transported via 911 ambulance from the catchment area of MLK Hospital to those nearby hospitals. Accordingly, the County committed to financial support for certain designated hospitals impacted by the closure of MLK Hospital to assure adequate emergency coverage for County-responsible patients,

residing in or transported from, the former MLK Hospital catchment area in South Los Angeles.

In October 2007, SB 474 was enacted and established the South Los Angeles Medical Services Preservation Fund (South LA Fund) to address the regional impact of the closure of MLK Hospital, and to help stabilize health services for the low-income population living in the South LA area. Included in SB 474 was the County commitment to provide a $5.0 million IGT to fund the non-federal share of supplemental Medi-Cal payments for certain private hospitals impacted by the closure. The $5.0 million IGT will draw down an additional $5.0 million in Federal matching funds for a total of $10.0 million to be used for this purpose. The County has previously indicated its intent to continue such support until the new MLK Hospital opens. SB 474 included a provision regarding this IGT for FYs 2007-08, 2008-09, and 2009-10; however, because SB 474 has now lapsed, the Department requires your Board's authorization to transfer the IGT to the DHCS in order to provide this support to the designated hospitals for FY 2010-11.

The services funded through the South LA Fund have been incorporated into the new 1115 Waiver through a combination of the new Medi-Cal Coverage Expansion, i.e., the Healthy Way LA program, the Safety Net Care Pool, and the Delivery System Reform Incentive Pool.

FUNDING/FISCAL IMPACT

Funding is included in the Department of Health Services' FY 2010-11 Final Budget.

RECOMMENDATION

It is recommended that your Board authorize the Director of Health Services, or his designee, to transfer a $5.0 million IGT to the California Medical Assistance Commission for FY 2010-11 for use as the non-federal share of increased Medi-Cal payments to designated private hospitals serving the South Los Angeles area formerly served by MLK Hospital.

If you have any questions or need additional information, please let me know.

MHK:JFS:aw

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