



ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

34 September 15, 2015

PATRICK O'GAWA
ACTING EXECUTIVE OFFICER

Los Angeles County
Board of Supervisors

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September 08, 2015

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:

Mitchell H. Katz, M.D.
Director

Hal F. Yee, Jr., M.D., Ph.D.
Chief Medical Officer

**APPROVAL OF AMENDMENTS TO IMPACTED HOSPITAL PROGRAM
AGREEMENTS
(SUPERVISORIAL DISTRICT 2)
(3 VOTES)**

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www.dhs.lacounty.gov

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.

SUBJECT

Request approval to extend the terms of the eight Impacted Hospital Program Agreements.

IT IS RECOMMENDED THAT THE BOARD:

1. Authorize the Director of Health Services (Director), or his designee, to execute Amendments to the Impacted Hospital Program (IHP) Agreements with the eight private impacted hospitals listed on Attachment A, to extend the term for the period October 1, 2015 through June 30, 2016, for the continued provision of emergency inpatient care in the Martin Luther King, Jr. – Harbor (MLK-Harbor) catchment area for an estimated cost of \$3.0 million.
2. Delegate authority to the Director, or his designee, to: (1) amend the IHP Agreements to make changes to the scope of work, and payment provisions which would enable the County to realize cost savings as the need for service diminishes and reduce the County's maximum obligation; and (2) terminate



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Agreements by issuing a prior written notice in accordance with the termination provisions; all subject review and approval by County Counsel and notification to the Board and the Chief Executive Office (CEO).

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The current IHP Agreements were approved by the Board to mitigate the impact of the closure of MLK-Harbor Hospital on the community. Approval of the first recommendation will allow the Director to execute an Amendment, substantially similar to Exhibit I, with the eight IHP hospitals to continue to receive payment for emergency inpatient care provided to County-responsible patients. The County, in conjunction with the staff of MLK Jr. Community Hospital, continues to analyze the impact of the opening of the MLK Jr. Community Hospital and its capability to care for the 9-1-1 transports. While this impact is under evaluation, the County finds it necessary to extend the existing agreements with the eight IHP hospitals, which expire on September 30, 2015, for an additional 9 months. This extension is needed to further evaluate the continued reduction in the uninsured patient population, and DHS does not foresee the need to extend beyond the end of the current fiscal year in June 2016.

Approval of the second recommendation will provide DHS with the flexibility to make necessary changes to the scope of work and payment provisions in preparation for the opening of the new MLK Jr. Community Hospital, and terminate the Agreements in a timely manner to avoid unnecessary expenditure of County funds.

Implementation of Strategic Plan Goals

The recommended actions support Goal 3, Integrated Services Delivery of the County's Strategic Plan.

FISCAL IMPACT/FINANCING

The estimated cost for the eight IHP Agreements is \$3.0 million for the 9-months extension. Funding is included in DHS' Adopted Budget for FY 2015-16.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The IHP Agreements provide reimbursement for emergency room only visits and for emergency room admissions with qualifying inpatient days for up to a maximum of six days of hospital inpatient care for County-responsible patients who were transported to the impacted hospital emergency room by 9-1-1 ambulance. In order for IHP hospitals to claim reimbursement for 9-1-1 transported patients, the patients must reside in Los Angeles County, and be picked up and transported from a zip code within the MLK-Harbor's catchment area. Furthermore, the Agreements provide for priority of transfers from IHP hospitals to County/Contract facilities, on the condition that IHP hospitals follow certain protocols.

Should the County elect to terminate the IHP Agreements, the County may do so without cause, by providing the other party with 30 days advance written notice.

County Counsel has approved Exhibit I as to form.

CONTRACTING PROCESS

These are 9-month extensions of existing agreements with eight IHP hospitals. The hospitals were originally selected for these Agreements because they are in the former MLK-Harbor catchment area.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Approval of the recommended actions will ensure that emergency medical services continue to remain available to persons residing in or transported via 9-1-1 ambulance from the MLK-Harbor catchment area by maintaining bed availability.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Mitchell Katz". The signature is written in a cursive, somewhat stylized font.

Mitchell H. Katz, M.D.

Director

MHK:cc

Enclosures

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

Impacted Hospital Program Agreement
List of Impacted Hospitals

1. St. Francis Medical
Center 3630 East
Imperial Highway
Lynwood, CA 90262
2. Catholic Healthcare West,
DBA California Hospital
Medical Center 1401 South
Grand Avenue
Los Angeles, CA 90015
3. Centinela Freeman Regional Medical
Center 555 East Hardy Street
Inglewood, CA 900310
4. Downey Regional Medical
Center 1500 Brookshire
Avenue Downey, CA 90241
5. Memorial Hospital of Gardena
1145 West Redondo Beach
Boulevard Gardena, CA 90247
6. Lakewood Regional Medical
Center 3700 East South
Street Lakewood, CA 90712
7. White Memorial Medical Center/Adventist
Health 1720 East Cesar E. Chavez Avenue
Los Angeles, CA 90033
8. Long Beach Memorial Medical
Center 2801 Atlantic Avenue
Long Beach, CA 90806

Agreement No.: _____

IMPACTED HOSPITAL PROGRAM AGREEMENT

Amendment No. __

THIS AMENDMENT is made and entered into this ____ day of _____, 2015,

By and between

COUNTY OF LOS ANGELES
(hereafter "County"),

And

(hereafter "Hospital")

Business Address:

WHEREAS, reference is made to that certain document entitled "IMPACTED HOSPITAL PROGRAM (IHP) AGREEMENT," dated August 24, 2007, and further identified as Agreement No.: _____, and any amendments thereto (all hereafter referred to as "Agreement") and,

WHEREAS, the County has determined that IHP services provided by Hospital continue to be in the best interests of the County; and

WHEREAS, the parties wish to revise or incorporate provisions consistent with all applicable State and/or federal laws and regulation, County Ordinances and Board Policy; and

WHEREAS, the County recognizes that Hospital continues to have a vital role in assuring that Impacted Hospitals have adequate capacity to accept certain patients transported via 911 ambulance; and

WHEREAS, Hospital has the ability and is willing to continue to accept and provide inpatient care for certain patients transferred from Impacted Hospitals and other County hospitals, in accordance with the terms and conditions which follow herein; and

WHEREAS, it is the intent of the parties hereto to amend Agreement to expand the Hospital's Responsibilities and to extend the term for nine (9) months, for the period October 1, 2015 through June 30, 2016; and

WHEREAS, Agreement provides that changes in accordance to Additional Provisions, Paragraph 18, Merger provision may be made in the form of an Amendment which is formally approved and executed by the parties; and

WHEREAS, Hospital warrants that it possesses the competence, expertise and personnel necessary to provide services consistent with the requirements of this Agreement and consistent with the professional standard of care for these services

NOW, THEREFORE, THE PARTIES HERETO AGREE AS FOLLOWS:

1. This Amendment shall commence and be effective upon execution.
2. Agreement, Paragraph 2, TERM AND TERMINATION, Sub-paragraph A, is deleted in its entirety and replaced as follows:

"A. The term of this Agreement shall commence on August 24, 2007, and shall expire on June 30, 2016, unless sooner terminated or extended, in whole or in part, as provided for in this Agreement."

3. Agreement, Paragraph 3, DEFINITIONS of Agreement, Sub-paragraph E, is deleted in its entirety and replaced as follows:

"E. Payment Eligible Patient: A Transported Patient who is a resident of Los Angeles County, receives Emergency Room Only or Emergency Room and Subsequent Inpatient Care Services from Hospital, cannot afford to pay for such services, and for whom payment for such services has not been, and shall not be, made through any private coverage or by any program funded in whole or in part by the federal and/or State government, except for non-covered days for emergency only Medi-Cal recipients, for whom the County is the payor of last resort, as presumptive eligibility must be used. Notwithstanding the foregoing, a Transported Patient is not a Payment Eligible Patient if payment for Transported Patient's care is covered in, or is the subject of reimbursement in, any other contract between Hospital and County."

4. Agreement, Paragraph 4, MAXIMUM COUNTY OBLIGATION, is deleted in its entirety and replaced as follows:

"4. MAXIMUM COUNTY OBLIGATION: For each fiscal year this Agreement is operative, beginning with Fiscal Year 2007-08, the Maximum County Obligation shall not exceed the sum of: 1) the number of Payment Eligible Patients receiving Emergency Room and Subsequent Inpatient Care services during the particular fiscal year at Hospital, with payment for each such patient comprised of the inpatient rate of one thousand nine hundred fifty dollars (\$1,950), times each patient's length of inpatient stay, not to exceed six (6) days for each patient; and 2) the number of all Payment

Eligible Patients receiving Emergency Room Only services during the particular fiscal year times the payment rate of two hundred fifty dollars (\$250). Payment to the provider for any claim shall not exceed billed charges.

For the period beginning October 1, 2015 , the Maximum County Obligation shall not exceed the sum of: 1) the number of Payment Eligible Patients receiving Emergency Room and Subsequent Inpatient Care services during the period at Hospital, with payment for each such patient comprised of the inpatient rate of one thousand nine hundred fifty dollars (\$1,950), times each patient's inpatient days that meet Interqual/Milliman severity of illness/intensity of service criteria for inpatient care, not to exceed six (6) days for each patient; and 2) the number of all Payment Eligible Patients receiving Emergency Room Only services during the particular fiscal year times the payment rate of two hundred fifty dollars (\$250).

All funding for the IHP is contingent upon passage of legislation to extend the South Los Angeles Medical Services Preservation Fund.”

5. Agreement, Paragraph 6, HOSPITAL RESPONSIBILITIES, Sub-paragraph G., is deleted in its entirety and replaced as follows:

"G. Hospital agrees to cooperate and collaborate with County personnel in implementing the care criteria guidelines contained in InterQual or Milliman software programs to assess the safest and most efficient care level based on severity of illness, as well as to ensure consistent utilization management review.”

6. Agreement, Paragraph 25, HOSPITAL'S OBLIGATION AS A "BUSINESS ASSOCIATE' UNDER HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT OF 1995 (HIPAA), is deleted in its entirety and replaced as follows:

“25. HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT OF 1996 (HIPAA): The County is subject to the Administrative Simplification requirements and prohibitions of the Health Insurance Portability and Accountability Act of 1996, Public Law 104-191 (HIPAA), and regulations promulgated thereunder, including the Privacy, Security, Breach Notification, and Enforcement Rules at 45 Code of Federal Regulations (C.F.R.) Parts 160 and 164 (collectively, the “HIPAA Rules”). Under this Agreement, the Hospital provides services to the County and the Hospital creates, has access to, receives, maintains, or transmits Protected Health Information as defined in Attachment 4 in order to provide those services. The County and the Hospital therefore agree to the terms of Attachment 4, Business Associate Agreement Under the Health Insurance Portability and Accountability Act of 1996 (HIPAA).”

7. Additional Provisions, Paragraph 27, HOSPITAL'S EXCLUSION FROM PARTICIPATING IN A FEDERALLY FUNDED PROGRAM, is deleted in its entirety and replaced as follows:

"27. HOSPITAL'S EXCLUSION FROM PARTICIPATING IN A FEDERALLY FUNDED PROGRAM: Hospital hereby warrants that neither it nor any of its Subcontractors' owners, officers, partners, directors, other principals, employees or independent contractors is restricted or excluded from providing services under any health care program funded by the Federal government, directly or indirectly, in whole or in part, (which includes Medicare, Medi-Cal and Healthy Families) and that Hospital will notify Director within ten (10) calendar days in writing of: (1) any event that would require Hospital or any of the aforementioned parties' mandatory exclusion from participation in a Federally funded health care program; and (2) any exclusionary or suspension action taken by any agency of the Federal or State governments against any of the aforementioned parties' barring these parties from participating in a Federally funded health care program, whether such bar is direct or indirect, or whether such bar is in whole or in part.

Hospital shall indemnify and hold County harmless against any and all loss or damage County may suffer arising from any exclusion or suspension of Hospital or its Subcontractors' owners, officers, partners, directors, other principals, employees or independent contractors from such participation in a Federally funded health care program.

Failure by Hospital to meet the requirements of this Sub-paragraph shall constitute a material breach of contract upon which County may immediately terminate or suspend this Agreement."

8. Additional Provisions is modified to add paragraph 41, TIME OFF FOR VOTING, as follows:

"41. TIME OFF FOR VOTING: The Hospital shall notify its employees, and shall require each subcontractor to notify and provide to its employees, information regarding the time off for voting law (Elections Code Section 14000). Not less than 10 days before every statewide election, every Hospital and subcontractors shall keep posted conspicuously at the place of work, if practicable, or elsewhere where it can be seen as employees come or go to their place of work, a notice setting forth the provisions of Section 14000."

9. Agreement, Exhibit A, HOSPITAL SERVICES AND PROVISIONS FOR REIMBURSEMENT, Section 1, IMPACTED HOSPITAL PROGRAM SERVICES, Sub-paragraph B.4 Specific Reimbursement Conditions is deleted and replaced as follows:

"4. Reimbursement to Hospital shall be provided by County for the hospital component of treatment of patients hereunder who are unable to pay for the treatment and for whom payment for such services has not been made and will not be made through private coverage or by any program funded in whole or in part by the federal and/or State government, except for non-covered days for emergency only Medi-Cal recipients, or any other third party. Hospital shall utilize the Attestation Form contained in Attachment "A-4", attached hereto and incorporated herein by reference."

10. Agreement, Exhibit A, HOSPITAL SERVICES AND PROVISIONS FOR REIMBURSEMENT, Section 2, HOSPITAL RESPONSIBILITIES, Sub-paragraph A. Billing is deleted and replaced as follows:

"A. Hospital agrees to bill County only for the hospital component of those IHP patients who which Hospital determines are Payment Eligible Patients. Hospital must show, at a minimum, that it has made a reasonable effort to collect payment for the Hospital Services provided to a patient from all third party payers, including but not limited to, all government programs and private insurance, if any, prior to billing County for a patient.

Hospital shall bill County on a per patient basis. For patients with an inpatient stay, only bill days that meet severity of illness and intensity of service criteria for inpatient care. Hospital shall submit all UB-04 forms within one hundred eighty (180) calendar days of the IHP patient discharge by first class mail to the following address:

County of Los Angeles
Department of Health Services
Fiscal Services – Special Fund Unit
313 N. Figueroa Street, Room 505
Los Angeles, California 90012
Attention: Impacted Hospital Program

All billings must include the following:

- (1) proof of the 9-1-1 ambulance transport;
- (2) the 9-1-1 ambulance pick-up Zip Code, as modified by Street boundaries;
- (3) proof of County residency;

(4) Attachment A-4 – Attestation Form; and attestation that hospital has made reasonable collection efforts, patients are ineligible/refuse to apply for other funding sources including government insurance, County is the payer of last resort, and the billings represent only inpatient days that met County’s requirements for inpatient care.

If Hospital makes a determination that a rejected claim will be resubmitted or appealed, a written request for reconsideration shall be made within thirty (30) days from the date of the County’s rejection notice. County will accept resubmissions or appeals delivered or postmarked no later than December 30th of the following fiscal year.”

11. Agreement, Exhibit A, HOSPITAL SERVICES AND PROVISIONS FOR REIMBURSEMENT, Section 2, HOSPITAL RESPONSIBILITIES, Sub-paragraph C. Reports is deleted and replaced as follows:

“C. Hospital shall provide monthly reports to Director of County’s Department of Health Services on IHP patients for whom the funds were used. The parties shall mutually agree upon the format of these monthly reports and the content that shall be included therein. In no event shall Hospital, in its accounting of funds, claim amounts in excess of its usual and customary rates, less any sums received from the patient or the patient’s third-party payers.”

12. Agreement, Attachment 4, BUSINESS ASSOCIATE AGREEMENT UNDER THE HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT OF 1996 (“HIPAA”), is added to Agreement, attached hereto and incorporated herein by reference.

13. Agreement, Attachment A-4, IMPACTED HOSPITAL PROGRAM ATTESTATION FORM, is added to Agreement, attached hereto and incorporated herein by reference.

14. Except for the changes set forth hereinabove, Agreement shall not be changed in any respect by this Amendment.

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IN WITNESS WHEREOF, the Board of Supervisors of the County of Los Angeles has caused this Amendment to be executed by the County's Director of Health Services and Hospital has caused this Amendment to be executed on its behalf by its duly authorized officer, the day, month, and year first above written.

COUNTY OF LOS ANGELES

By: _____
Mitchell H. Katz, M.D.
Director of Health Services

HOSPITAL

By: _____
Signature

Printed Name

Title

APPROVED AS TO FORM:
MARY C. WICKHAM
Interim County Counsel

By _____
Lillian Russell, Deputy County Counsel

COUNTY OF LOS ANGELES • DEPARTMENT OF HEALTH SERVICES

IMPACTED HOSPITAL PROGRAM ATTESTATION FORM

This form shall be completed and submitted with all billing documents.

PATIENT NAME: _____

MEDICAL RECORD NO. _____

FACILITY: _____

SERVICE DATE(S): _____

Hospital certifies that it has made a reasonable effort to collect payment for the Hospital Services provided to the patient from all third party payers, including but not limited to, all government program and private insurance and the patient does not qualify under Medi-Cal presumptive eligibility and:

- COUNTY IS PAYOR OF LAST RESORT
- INPATIENT DAYS MEET MEDICAL NECESSITY BASED ON INTERQUAL/MILLIMAN CARE CRITERIA

Authorized Official's Signature

Date

Printed Name

Title