




ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

26 February 16, 2016


PATRICK OGAWA
ACTING EXECUTIVE OFFICER

Los Angeles County
Board of Supervisors

February 16, 2016

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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:

REQUEST TO ACCEPT COMPROMISE OFFERS OF SETTLEMENT (ALL DISTRICTS) (3 VOTES)

Mitchell H. Katz, M.D.
Director

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

Christina R. Ghaly, M.D.
Deputy Director, Strategy and Operations

SUBJECT

To request Board approval for the Director of Health Services (Director) to accept compromise offers of settlement for patients who received medical care at either County facilities and/or at non-County operated facilities under the Trauma Center Service Agreement. The compromise offers of settlement referenced below are not within the Director's authority to accept.

IT IS RECOMMENDED THAT THE BOARD:

Authorize the Director or his designee, to accept the attached compromise offers of settlement, pursuant to Section 1473 of the Health and Safety Code, for the following individual accounts:

Patients who received medical care at County facilities:

(1) Account Number	LAC+USC MC – Various	\$	28,500
(2) Account Number	LAC+USC MC – Various	\$	74,380

Patients who received medical care at non-County facilities:

(3) Account Number	EMS – 630	\$	2,500
(4) Account Number	EMS – 304	\$	2,856
(5) Account Number	EMS – 629	\$	4,500

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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.



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(6) Account Number	EMS – 299	\$ 14,034
Total All Accounts:		\$ 126,770

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Patients who received medical care at County facilities: The compromise offers of settlement for patient accounts (1) – (2) are recommended because the patients are unable to pay the full amount of charges and the compromise offers represent the maximum amount the Department was able to negotiate or was offered under the legal settlement involved in these cases.

Patients who received medical care at non-County facilities: The compromise offers of settlement for patient accounts (3) - (6) are recommended because the County has agreements with certain non-County medical facilities under which it pays for emergency or trauma care provided to eligible indigent patients at those facilities through the Los Angeles County Trauma Fund. These agreements allow the County, after it has made payment for a particular patient, to pursue recovery from third parties who are financially responsible for such care.

The best interests of the County would be served by approving the acceptance of these compromises, as it will enable the Department of Health Services (DHS) to maximize net revenue on these accounts.

Implementation of Strategic Plan Goals

The recommended action supports Goal 1, Operational Effectiveness/Fiscal Sustainability, of the County’s Strategic Plan.

FISCAL IMPACT/FINANCING

This will expedite the County’s recovery of revenue totaling approximately \$126,770.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Under County Code Chapter Section 2.76.046, the Director has the authority to reduce patient account liabilities by the greater of i) \$15,000, or ii) \$75,000 or 50 percent of the account balance, whichever is less. Any reduction exceeding the Director’s authority requires Board approval.

On January 15, 2002, the Board adopted an ordinance granting the Director authority to compromise or reduce patient account liabilities when it is in the best interest of the County to do so.

On November 1, 2005, the Board approved a revised ordinance granting the Director authority to reduce, on an account specific basis, the amount of any liability owed to the County which relates to medical care provided by third parties for which the County is contractually obligated to pay, and related to which the County has subrogation or reimbursement rights. The revised ordinance was adopted by the Board on December 8, 2005.

Typically, recoveries in legal settlements are divided approximately into thirds between plaintiff,

plaintiff's attorney, and all medical lien holders, which would include the County's lien. Factors that contribute to each party receiving more or less than one-third of the recovery include the number of medical lien holders, the patient's attorney retainer agreement, and costs accrued by the patient during the legal process.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Maximizing net revenues on patients who received medical care at County facilities will help DHS meet its budgeted revenue amounts. All payments received for the trauma accounts (non-County facilities) will replenish the Los Angeles County Trauma Funds.

Respectfully submitted,

A handwritten signature in black ink that reads "Mitchell Katz". The signature is written in a cursive, flowing style.

Mitchell H. Katz, M.D.

Director

MHK:ab

Enclosures

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

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 1
DATE: FEBRUARY 16, 2015

Total Gross Charges	\$99,104	Account Number	Various
Amount Paid	\$0	Service Type	Inpatient & Outpatient
Balance Due	\$99,104	Date of Service	Various
Compromise Amount Offered	\$28,500	% Of Charges	29 %
Amount to be Written Off	\$70,604	Facility	LAC+USC Medical Center

JUSTIFICATION

This patient was involved in a motorcycle vs automobile accident. As a result of this accident, the patient was treated at LAC+USC Medical Center and incurred total inpatient and outpatient gross charges of \$99,104 for medical services rendered. The patient had ATP with no liability and no other coverage was found. The patient's third party liability (TPL) claim settled for \$217,519 and the patient's attorney is proposing the following disbursement of the proceeds:

Disbursement	Total Claim	Proposed Settlement	Percent of Settlement
Lawyer's Fees *	\$97,884	\$97,884	45 %
Lawyer's Cost	\$5,458	\$5,458	3 %
LAC+USC Medical Center **	\$99,104	\$28,500	13 %
Other Lien Holders **	\$81,391	\$22,798	10 %
Patient	-	\$62,879	29 %
Total	-	\$217,519	100 %

* Attorney's fee of 45% was agreed upon in the retainer agreement between the patient and his attorney.

** Lien holders are receiving 23% of the settlement (13% to LAC+USC Medical Center and 10% to others).

This patient is covered by ATP and as a condition of the ATP agreement; the County may pursue reimbursement from any responsible third party. Based on DHS's outside collection agency's assessment and recommendation, it appears that the patient is unable to pay the full amount of charges and has no source of income to meet his obligation to LAC+USC Medical Center. This compromise offer of settlement is recommended because it represents the maximum amount the Department will be able to receive under the legal settlement involved in the case.

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 2
DATE: FEBRUARY 16, 2015

Total Gross Charges	\$454,528	Account Number	Various
Amount Paid	\$0	Service Type	Inpatient & Outpatient
Balance Due	\$454,528	Date of Service	Various
Compromise Amount Offered	\$74,380	% Of Charges	16 %
Amount to be Written Off	\$380,148	Facility	LAC+USC Medical Center

JUSTIFICATION

This patient was involved in a personal injury. As a result of this accident, the patient was treated at LAC+USC Medical Center and incurred total inpatient and outpatient gross charges of \$454,528 for medical services rendered. No coverage was found for the patient. The patient's third party liability (TPL) claim settled for \$250,000, the policy limit carried by the party responsible at the time of the accident, and the patient's attorney is proposing the following disbursement of the proceeds:

Disbursement	Total Claim	Proposed Settlement	Percent of Settlement
Lawyer's Fees *	\$100,000	\$100,000	40 %
Lawyer's Cost	\$1,238	\$1,238	1 %
LAC+USC Medical Center **	\$454,528	\$74,380	30 %
Other Lien Holders **	\$17,177	\$2,286	1 %
Patient	-	\$72,096	28 %
Total	-	\$250,000	100 %

* Attorney's fee of 40% was agreed upon in the retainer agreement between the patient and his attorney.

** Lien holders are receiving 31% of the settlement (30% to Los Angeles County and 1% to others). This settlement distribution is consistent with the Hospital Lien Act (California Civil Code Section 3045) which indicates that lien holders are entitled to up to 50% of the settlement after deducting attorney's fees and cost.

Based on DHS's outside collection agency's assessment and recommendation, it appears that the patient is unable to pay the full amount of charges and has no source of income to meet his obligation to LAC+USC Medical Center. This compromise offer of settlement is recommended because it represents the maximum amount the Department will be able to receive under the legal settlement involved in the case.

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 3
DATE: FEBRUARY 16, 2016

Total Charges (Providers)	\$22,000	Account Number	EMS 630
Amount Paid to Provider	\$6,901	Service Type / Date of Service	Outpatient 8/26/12
Compromise Amount Offered	\$2,500	% of Payment Recovered	36 %

JUSTIFICATION

This patient was involved in an automobile accident. As a result of this accident, the patient was treated at California Hospital Medical Center and incurred total outpatient gross charges of \$22,200 for medical services rendered. The provider has received payment from the Los Angeles County Trauma Fund in the amount of \$6,901. The patient's third-party claim has been settled for \$15,125, the policy limit carried by the party responsible at the time of the accident, and his attorney is proposing the following disbursement of the proceeds:

Disbursement	Total Claim	Proposed Settlement	Percent of Settlement (\$15,125)
Attorney Cost	\$27,837	\$9,125	60 %
Other Lien Holders *	\$4,724	\$1,000	6 %
Los Angeles County *	\$22,000	\$2,500	17 %
Patient		\$2,500	17 %
Total		\$15,125	100 %

* Lien holders are receiving 24% of the settlement (17% to Los Angeles County and 17% to others).

As stated in the Trauma Center Service Agreement, reimbursement to providers is for the hospital component of trauma services provided to eligible indigent patients.

Proposed settlement reimburses the Trauma Fund 36% (\$2,500) of amount paid to California Hospital Medical Center.

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 4
DATE: FEBRUARY 16, 2016

Total Charges (Providers)	\$37,149	Account Number	EMS 304
Amount Paid to Provider	\$22,171	Service Type / Date of Service	Inpatient 8/4/13 - 8/7/13
Compromise Amount Offered	\$2,856	% of Payment Recovered	13 %

JUSTIFICATION

This patient was involved in an automobile accident. As a result of this accident, the patient was treated at St. Francis Medical Center and incurred total inpatient gross charges of \$37,149 for medical services rendered. The provider has received payment from the Los Angeles County Trauma Fund in the amount of \$22,171. The patient's third-party claim has been settled for \$15,000, the policy limit carried by the party responsible at the time of the accident, and his attorney is proposing the following disbursement of the proceeds:

Disbursement	Total Claim	Proposed Settlement	Percent of Settlement (\$15,000)
Attorney fees	\$5,000	\$5,000	33 %
Attorney Cost	\$1,220	\$1,220	9 %
Other Lien Holders *	\$924	\$924	6 %
Los Angeles County *	\$37,149	\$2,856	19 %
Patient		\$5,000	33 %
Total		\$15,000	100 %

* Lien holders are receiving 25% of the settlement (19% to Los Angeles County and 6% to others).

As stated in the Trauma Center Service Agreement, reimbursement to providers is for the hospital component of trauma services provided to eligible indigent patients.

Proposed settlement reimburses the Trauma Fund 13% (\$2,856) of amount paid to St. Francis Medical Center.

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 5
DATE: FEBRUARY 16, 2015

Total Charges (Providers)	\$35,535	Account Number	EMS 629
Amount Paid to Provider	\$6,825	Service Type / Date of Service	Outpatient 10/29/13
Compromise Amount Offered	\$4,500	% of Payment Recovered	66 %

JUSTIFICATION

This patient was involved in an automobile accident. As a result of this accident, the patient was treated at Providence Holy Cross Medical Center and incurred total outpatient gross charges of \$35,535 for medical services rendered. The provider has received payment from the Los Angeles County Trauma Fund in the amount of \$6,825. The patient's third-party claim has been settled for \$15,000, the policy limit carried by the party responsible at the time of the accident, and his attorney is proposing the following disbursement of the proceeds:

Disbursement	Total Claim	Proposed Settlement	Percent of Settlement (\$15,000)
Attorney fees	\$5,000	\$5,000	33 %
Other Lien Holders *	\$4,778	\$500	4 %
Los Angeles County *	\$35,535	\$4,500	30 %
Patient		\$5,000	33 %
Total		\$15,000	100 %

* Lien holders are receiving 34% of the settlement (30% to Los Angeles County and 4% to others).

As stated in the Trauma Center Service Agreement, reimbursement to providers is for the hospital component of trauma services provided to eligible indigent patients.

Proposed settlement reimburses the Trauma Fund 66% (\$4,500) of amount paid to Providence Holy Cross Medical Center.

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 6
DATE: FEBRUARY 16, 2016

Total Charges (Providers)	\$127,698	Account Number	EMS 299
Amount Paid to Provider	\$32,500	Service Type / Date of Service	Inpatient 10/26/13 - 11/1/13
Compromise Amount Offered	\$14,034	% of Payment Recovered	43 %

JUSTIFICATION

This patient was involved in an automobile accident. As a result of this accident, the patient was treated at Antelope Valley Hospital and incurred total inpatient gross charges of \$127,698 for medical services rendered. The provider has received payment from the Los Angeles County Trauma Fund in the amount of \$32,500. The patient's third-party claim has been settled for \$50,000, the policy limit carried by the party responsible at the time of the accident, and his attorney is proposing the following disbursement of the proceeds:

Disbursement	Total Claim	Proposed Settlement	Percent of Settlement (\$50,000)
Attorney fees	\$15,000	\$15,000	30 %
Other Lien Holders *	\$23,960	\$16,053	32 %
Los Angeles County *	\$127,698	\$14,034	28 %
Patient		\$4,913	10 %
Total		\$50,000	100 %

* Lien holders are receiving 60% of the settlement (28% to Los Angeles County and 32% to others).

As stated in the Trauma Center Service Agreement, reimbursement to providers is for the hospital component of trauma services provided to eligible indigent patients.

Proposed settlement reimburses the Trauma Fund 43% (\$14,034) of amount paid to Antelope Valley Hospital.