



County of Los Angeles
CHIEF EXECUTIVE OFFICE

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WILLIAM T FUJIOKA
Chief Executive Officer

September 30, 2010

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

From: William T Fujioka
Chief Executive Officer 

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**EMERGENCY DEPARTMENT AND UTILIZATION NEEDS AT THE
NEW LAC+USC MEDICAL CENTER – TRANSFER AGREEMENTS (AGENDA OF
OCTOBER 12, 2010)**

This is to provide your Board with additional information regarding the Department of Health Services (DHS) Status Report on Key Indicators of Progress, Hospital Operations, and Other Issues Related to the Transition to the New LAC+USC – Progress Report #43, scheduled for your Board's October 12, 2010 meeting, and to request your Board's approval to address a pressing need at LAC+USC Medical Center (LAC+USC).

During the last year, LAC+USC has experienced increasing utilization levels, particularly in medical/surgical units, since the move to the new facility. The DHS Status Report on Key Indicators of Progress, Hospital Operations, and Other Issues Related to the Transition to the New LAC+USC Medical Center – Progress Report #42, presented to your Board on September 28, 2010, provided the utilization trends and also set forth the mitigating actions that DHS is taking to address the ongoing operational trends.

In response to the utilization trends, a mitigating action implemented by DHS was the use of Patient Transfer Agreements. This memorandum provides an update on the Patient Transfer Agreements in response to DHS' progress report, as well as action items for your Board's approval to help address the utilization needs at LAC+USC.

On September 29, 2009, your Board authorized the Interim Director of DHS to negotiate and execute Patient Transfer Agreements with private hospitals to allow transfers of County patients from LAC+USC to private sector hospitals in the surrounding

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geographical area that do not operate an emergency department, with an initial term through September 30, 2010, and two optional one-year extensions through September 30, 2012, at total maximum cost of \$2,000,000 annually. Your Board further delegated authority for DHS to exercise the optional extensions to extend the agreements on an annual basis through September 2012, upon approval of this office and County Counsel and with notification to your Board. In addition, your Board delegated authority to DHS to implement an agreement to make intergovernmental transfers to the State of California (State), in an annual aggregate amount of up to \$550,000, to provide the local match for supplemental Medi-Cal payments to private sector hospitals who sign the Patient Transfer Agreement.

DHS executed the first Patient Transfer Agreement with Silver Lake Medical Center (Silver Lake) for the period November 10, 2009 through September 30, 2010, which resulted in an annual County cost of approximately \$1,400,000. The Silver Lake agreement has been extended by DHS through September 30, 2011.

Given the census trending and increased patient acuity, DHS is requesting to expand the delegated authority provided to them in the previous Board action. Specifically, DHS will need to expand the number of Patient Transfer Agreements to include hospitals with emergency departments which have more specialists available for higher acuity patients. In addition, there will be increased costs associated with executing one or more additional agreements that, when added to the cost of the current agreement, will exceed the authority delegated to DHS for the Patient Transfer Agreements. Finally, in conjunction with the projected increased cost of the additional Patient Transfer Agreements, the annual aggregate amount of the intergovernmental transfers to the State is also expected to increase. DHS is currently in negotiations with another private sector hospital for a second agreement.

Therefore, this office and DHS are requesting that your Board delegate authority to the Interim Director, or his designee, to:

1. Approve up to a \$5,000,000 maximum annual cost to negotiate and execute Patient Transfer Agreements with private sector hospitals with or without emergency departments. This is a \$3,000,000 increase over the previously approved amount of \$2,000,000.
2. Approve up to a \$1,000,000 maximum annual aggregate amount to enter into and implement an agreement or agreements with the State to provide the local match for supplemental Medi-Cal payments to those private sector hospitals who sign the Patient Transfer Agreement. This is a \$450,000 increase over the previously approved amount of \$550,000.

Each Supervisor
September 30, 2010
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Please contact me if you have any questions, or your staff may contact Sheila Shima, Deputy Chief Executive Officer, at (213) 974-1160.

WTF:BC:SAS
MLM:RL:gl

c: Executive Office, Board of Supervisors
County Counsel
Health Services

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