



# ADOPTED

BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

19 October 2, 2012

*Sachi A. Hamai*  
SACHI A. HAMAI  
EXECUTIVE OFFICER

Los Angeles County  
Board of Supervisors

October 02, 2012

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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 Ghaly, M.D.  
Deputy Director, Strategic Planning

**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 County facilities. 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, of the following individual accounts:

- (1) Account Number LAC+USC MC – Various \$3,293
- (2) Account Number LAC+USC MC – 8159688 \$6,733
- (3) Account Number LAC+USC MC – Various \$25,000

Total All Accounts: \$35,026

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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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**PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

The compromise offers of settlement for patient accounts (1) - (3) 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.

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, of the County's Strategic Plan.

**FISCAL IMPACT/FINANCING**

This will expedite the County's recovery of revenue totaling approximately \$35,026.

**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.

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.

The Honorable Board of Supervisors

10/2/2012

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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:lg

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: OCTOBER 2, 2012

<b>Total Gross Charges</b>	\$168,220	<b>Account Number</b>	Various
<b>Amount Paid</b>	\$0	<b>Service Type</b>	Inpatient & Outpatient
<b>Balance Due</b>	\$168,220	<b>Date of Service</b>	Various
<b>Compromise Amount Offered</b>	\$3,292.80	<b>% Of Charges</b>	2 %
<b>Amount to be Written Off</b>	\$164,927.20	<b>Facility</b>	LAC+USC Medical Center

### JUSTIFICATION

This patient was involved in an 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 \$168,220 for medical services rendered. No coverage was found for the patient. The patient's third party liability (TPL) claim 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:

<b>Disbursement</b>	<b>Total Claim</b>	<b>Proposed Settlement</b>	<b>Percent of Settlement</b>
<b>Lawyer's Fees *</b>	\$6,000	\$3,162.80	21 %
<b>Lawyer's Cost</b>	\$2,214.40	\$2,214.40	15 %
<b>LAC+USC Medical Center **</b>	\$168,220	\$3,292.80	22 %
<b>Other Lien Holders **</b>	\$5,777.50	\$1,967.50	13 %
<b>Patient</b>	-	\$4,362.50	29 %
<b>Total</b>	-	\$15,000	100 %

\* The attorney agreed to reduce his fees from \$6,000 (40%) to \$3,162.80 (21%).

\*\* Lien holders are receiving 35% of the settlement (22% to LAC+USC Medical Center and 13% to others).

Based on DHS' 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: OCTOBER 2, 2012

<b>Total Gross Charges</b>	\$108,786	<b>Account Number</b>	Various
<b>Amount Paid</b>	\$0	<b>Service Type</b>	Inpatient & Outpatient
<b>Balance Due</b>	<b>\$108,786</b>	<b>Date of Service</b>	Various
<b>Compromise Amount Offered</b>	<b>\$6,733.33</b>	<b>% Of Charges</b>	<b>6 %</b>
<b>Amount to be Written Off</b>	\$102,052.67	<b>Facility</b>	LAC+USC Medical Center

### JUSTIFICATION

This patient was involved in an 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 \$108,786 for medical services rendered. The patient's application for Medi-Cal is pending and no other coverage was found. If Medi-Cal is later approved, DHS will bill Medi-Cal and refund the settlement amount. The patient's third party liability (TPL) claim settled for \$25,000, 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:

<b>Disbursement</b>	<b>Total Claim</b>	<b>Proposed Settlement</b>	<b>Percent of Settlement</b>
<b>Lawyer's Fees</b>	\$8,333.33	\$8,333.33	33 %
<b>Lawyer's Cost</b>	\$3,200	\$3,200	13 %
<b>LAC+USC Medical Center *</b>	\$108,786	<b>\$6,733.33</b>	<b>27 %</b>
<b>Other Lien Holders</b>	-	-	-
<b>Patient</b>	-	\$6,733.34	27 %
<b>Total</b>	-	<b>\$25,000</b>	100 %

\* 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. The lien holders will receive 27% of the settlement with the patient receiving the remaining 27%.

Based on DHS' 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: OCTOBER 2, 2012

<b>Total Gross Charges</b>	\$78,969	<b>Account Number</b>	Various
<b>Amount Paid</b>	\$0	<b>Service Type</b>	Inpatient & Outpatient
<b>Balance Due</b>	\$78,969	<b>Date of Service</b>	Various
<b>Compromise Amount Offered</b>	\$25,000	<b>% Of Charges</b>	32 %
<b>Amount to be Written Off</b>	\$53,969	<b>Facility</b>	LAC+USC Medical Center

### JUSTIFICATION

This patient was involved in an 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 \$78,969 for medical services rendered. No coverage was found for the patient. The patient's third party liability (TPL) claim settled for \$91,719 and his attorney is proposing the following disbursement of the proceeds:

<b>Disbursement</b>	<b>Total Claim</b>	<b>Proposed Settlement</b>	<b>Percent of Settlement</b>
<b>Lawyer's Fees *</b>	\$30,267.27	\$22,929.75	25 %
<b>Lawyer's Cost</b>	\$823.03	\$823.03	1 %
<b>LAC+USC Medical Center</b>	\$78,969	\$25,000	27 %
<b>Other Lien Holders</b>	-	-	-
<b>Patient **</b>	-	\$42,966.22	47 %
<b>Total</b>	-	\$91,719	100 %

\* The attorney agreed to reduce his fees from \$30,267.27 (33%) to \$22,929.75 (25%).

\*\* The patient is receiving 47% of the settlement because he was disabled for life as a result of the accident and will need ongoing medical treatment.

Based on the information provided, 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.