



ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

15 December 8, 2015

Los Angeles County
Board of Supervisors

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December 01, 2015

PATRICK O'GAWA
ACTING EXECUTIVE OFFICER

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:

**APPROVAL OF AMENDMENT TO AGREEMENTS FOR TRAUMA CENTER SERVICES
(ALL SUPERVISORIAL 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

Request approval of an amendment to extend the terms of the Trauma Center Services Agreements for six months, and delegated authority to enter into an additional six month extension if necessary, without financial terms, with the non-County trauma centers.

IT IS RECOMMENDED THAT THE BOARD:

1. Authorize the Director of Health Services (Director), or his designee, to execute an Amendment to the Trauma Center Services (TCS) Agreements, with the non-County trauma centers, to maintain their trauma center designation for six months, effective upon Board approval, from January 1, 2016 through June 30, 2016, with no specific financial terms for either extension period.
2. Delegate authority to the Director, or his designee to execute an Amendment to the TCS Agreements to extend the term for one additional six month period, from July 1, 2016 to December 31, 2016, with no specific financial terms for the extension period subject to prior review and approval by County Counsel and notification to the Board and Chief Executive Office (CEO).

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PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

On June 23, 2015 the Board approved a six month extension to the TCS Agreements with the non-County trauma centers up to December 31, 2015. This extension did not provide for payment for indigent and other trauma services and was for the purpose of allowing the Department of Health Services (DHS) to continue to work with the non-County trauma centers to develop and return to the Board for approval of replacement TCS Agreements with a new funding methodology.

Since the implementation of the Affordable Care Act and the resulting expansion of Medi-Cal and private insurance coverage, the trauma claims for indigent patients significantly declined in Fiscal Year (FY) 2014-15 as anticipated. This trend will continue in FY 2015-16 and subsequent fiscal years, and provides the opportunity to revise the allocation of available funds among non-County trauma hospitals in a way that would further strengthen the trauma network. In preparation for this planned change, since early 2014, DHS has been meeting with executive and finance leadership from the non-County trauma hospitals, discussing possible changes to the allocation methodology, and seeking feedback and ideas under which these hospitals will receive available County and/or Federal match funding. DHS is currently analyzing and validating the survey data on workload and costs received from each of the non-County trauma centers for the time period of July 2014 through March 2015.

Since August 2015, DHS has been conducting individual face to face meetings with leadership of each trauma center to ensure data accuracy and consistency. As a result, most hospitals will have to revise their surveys, correct the workload and cost data for resubmission to DHS for further review and analysis. Once the meetings with hospitals are all conducted, the financial due diligence review is completed, and the proposed new funding methodology is finalized, DHS will return to the Board with superseding TCS Agreements with financial terms for approval.

Approval of the first recommendation will authorize the Director, or his designee, to execute amendments to the existing TCS Agreements, substantially similar to Exhibit I, to continue their participation in the Los Angeles County Trauma Center System for an additional six months, from January 1, 2016 through June 30, 2016.

Approval of the second recommendation will delegate authority to the Director, or his designee to extend the TCS Agreements for one additional six month period to December 31, 2016, if necessary to allow DHS to complete development of a new funding methodology.

These extension amendments will not contain financial terms for the payment of indigent or other trauma services during the extension period. Should DHS develop and finalize the new funding methodology during either of the terms of the proposed extension amendments, it will seek the Board's approval for superseding replacement TCS Agreements with an effective date prior to the expiration of the extension amendment.

Implementation of Strategic Plan Goals

The recommendations support Goal 1, Operational Effectiveness/Financial Sustainability, of the County's Strategic Plan.

FISCAL IMPACT/FINANCING

The services provided by the trauma centers are primarily funded by the Measure B tax, and a relatively small portion from Maddy Fund and Richie Fund established by state law. Funding is included in the DHS FY 2015-16 Final Budget and will be requested in future fiscal years. However, the implementation of the Affordable Care Act has impacted the way the County reimburses the non-County trauma centers and DHS continues to work with these facilities collectively and individually to determine the provisions for reimbursement.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Pursuant to the authority granted under California Health and Safety (H&S) Code Section 1798.160, the County maintains trauma facilities as part of the regional trauma care system for treatment of potentially seriously injured persons. Division 2.5 of the H&S Code authorizes the local Emergency Medical Services (EMS) Agency to designate trauma centers as part of the regional trauma care system. There are currently 12 non-County and two County-operated trauma centers in the County. The current TCS Agreements, which provides the trauma certification for the non-County trauma centers, expire December 31, 2015.3

Measure B Funds

Measure B, passed by the voters on November 5, 2002, authorized the County to levy a tax on structural improvements within the County, in part, to provide funding to strengthen the Los Angeles County trauma network, particularly those trauma hospitals operated by the County, and if possible expand it. Subsequent to Measure B's passage, the Board approved a proposal to allocate Measure B funds among the non-County trauma hospitals in proportion to the value of trauma-related care for uninsured patients. In addition, a payment to reimburse trauma hospitals for costs associated with serving as a base hospital in the EMS system was also approved.

Due to the significant decline in trauma claims for indigent patients in FY 2014-15, County will be required to amend the methodology used in distributing the payments to the non-County trauma centers under this program. Once all FY 2014-15 claims have been processed, DHS will be returning to the Board with a revised lump sum distribution plan for approval, which is separate from the new funding methodology discussed above that will be incorporated in the superseding TCS Agreements when it is completed and approved by the Board.

Maddy Funds and Richie Funds

The County has been receiving funds which are derived from additional penalties assessed on fines and bail forfeitures that the court collects for certain criminal offenses and motor vehicles violations. As permitted by Government code section 76000.5 and Health and Safety Code section 1797.98a, these funds are placed in the County's Maddy Emergency Medical Services Fund (Maddy Fund) and used by DHS for trauma and emergency services. A portion of the money in the Maddy Fund is designated by statute for the support of pediatric trauma programs and are segregated in the Richie's Fund. The other Maddy Fund dollars are available to support trauma and emergency services provided by hospitals and physicians.

In accordance with state law, Maddy Fund dollars will be paid to offset a portion of unreimbursed indigent trauma days, and Richie's Fund dollars will be used to enhance pediatric trauma care. The methodology to allocate these two types of dollars will continue in the superseding TCS Agreements in a similar manner as it existed under the current TCS Agreements before the payment provisions were removed.

County Counsel has reviewed and approved Exhibit I as to form.

CONTRACTING PROCESS

Not applicable as these are extensions of current agreements.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Approval of the recommendations will ensure the non-County trauma centers continue their participation in the trauma network and continue to provide necessary trauma services.

Respectfully submitted,

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

Mitchell H. Katz, M.D.

Director

MHK:adb

Enclosures

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

Agreement No.: _____

TRAUMA CENTER SERVICE 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 "Contractor")

Business Address:

WHEREAS, reference is made to that certain document entitled "Trauma Center Service Agreement," dated June 17, 2008, and further identified as Agreement No. _____, and any amendments thereto (all hereafter referred to as "Agreement") and,

WHEREAS, it is the intent of the parties hereto to amend Agreement to extend its term and continue without the financial terms for payment of indigent or other trauma services during the extension period to allow for the finalizing of a revised payment methodology for trauma services; and

WHEREAS, it is the intent of the parties to enter into superseding agreements upon completion of negotiations regarding the revised payment methodology;

WHEREAS, Agreement provides that changes in accordance to Additional Provisions, Paragraph 24, Merger Provision may be made in the form of an Amendment which is formally approved and executed by the parties; and

WHEREAS, Contractor 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:

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 Contractor has caused this Amendment to be executed in 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

CONTRACTOR

By: _____
Signature

Printed Name

Title

APPROVED AS TO FORM:

MARY C. WICKHAM
Interim County Counsel

By _____
Edward A. Morrissey, Principal Deputy County Counsel