

**LOS ANGELES COUNTY – DEPARTMENT OF HEALTH SERVICES
HOSPITALS AND HEALTHCARE DELIVERY COMMISSION
Thursday, November 6, 2025**

<u>Commissioners</u>	Present	Absent
David Marshall, D.N.P., Chair		X
William McCloud, M.H.A., F.A.C.H.E., Vice Chair	X	
Christopher Bui, M.D.		
Laura LaCorte, J.D.	X	
Patrick Ogawa	X	
Elisa Nicholas, M.D.	X	
Margaret Farwell Smith	X	
Stanley Toy, M.D.		X
Rosemary C. Veniegas, Ph.D.		X
Tia Delaney-Stewart	X	
Jennifer Sudarsky	X	
<u>DHS Staff</u>		
Allen Gomez	X	
Connie Salgado-Sanchez	X	
<u>County Counsel</u>		
Lynette Clyde	X	
<u>Members of the Public</u>		
Karen Morris	X	

1. Call to Order

The meeting was called to order by Commissioner McCloud.

2. Roll Call

Allen Gomez, Commission staff, called the roll. Quorum was met at 10:42 a.m.

3. Welcome and Introductions

Commissioner McCloud welcomed all members of the commission, staff, and guest.

4. Action Item:

Approval of October Minutes: – Minutes unanimously approved

5. Presentation – Dr. Christina Ghaly, Director, Department of Health Services

<ul style="list-style-type: none"> • The State of DHS is in a holding pattern • DHS closed FY 24-25 with \$150 M deficit. This is the first time DHS has closed the Fiscal Year with a deficit in decades. • The structural deficit is as a result of rising costs and decreasing revenues. • Rising costs include: (I) State mandated increase in healthcare workers' minimum wages; (ii) contract labor negotiated costs; (iii) the cost of pharmaceuticals and; (iv) aging facilities that are expense to maintain and meet regulatory compliance • DHS does not receive money from the County for expenses 	
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- For every new expense, DHS needs to find money to pay for it
- For example, when labor contracts get negotiated and approved by the Board, they do not give DHS money to fund it

Revenue decreases include:

- HR 1 anticipated cuts in FY 2027-28, with supplemental payment reductions
- Work requirements will go into effect in 2027
- Eligibility redetermination for Medicaid will be required every six months, and is expected to reduce the number of patients on Medicaid, which is a hit to DHS
- The State made cuts to Medicaid eligibility and enrollment; froze Medicaid, implemented an asset test
- DSH cuts have been delayed since 2014, as part of the ACA and need a continuing resolution from the federal government to delay the cuts further
- California's 1115 waiver expires at the end of December 2026 – the State is in discussion with CMS regarding renewal of the waiver that funds different things including the global payment program, which is the revised structure of the DSH payments worth about \$750M per year and some components of CalAIM
- Due to the increased costs and decreasing revenue, by 2027-28 DHS anticipates a \$1.8 Billion dollar gap between our revenue and costs
- DHS has been focused on increasing revenue and reducing costs
- For revenue increase, in early 2026, DHS will go to Board for implementation of a new revenue cycle management system (RCM) for itemized billing in part because DHS's current revenue cycle management system is no longer supported,
- DHS MONARCH project is expected to improve accuracy and efficiency of coding, among other things, which should help increase revenues
- Looking to increase payor contracts/Letters of Agreement
- It is understood that these initiatives alone will not meet the shortfall
- DHS is looking into establishing a philanthropic fundraising arm, which is new to DHS. DHS looking for a consultant to assist in how to structure.
- Implementing specific focused initiatives in certain lines of business (e.g., IHSS line of business, which loses money will be restructured)

Cost cutting

- DHS is working to reduce expenses, while maintaining service levels
- Exploring more flexible staffing models without impacting access

- Looking to save on pharmaceuticals, DHS may apply for FQHC status for certain clinics, which would give access to 340B pricing
- Developing a more formal utilization management process, particularly for higher cost care such as infusions, radiology, laboratories - to prioritize patient care and efficient use of resources
- Implementing better vendor management of costs
- The focus is on preserving access to care that patients need now and will need later as more people lose Medi-Cal

Commissioner Question – Can we get initiative, local tax to help offset the costs?

- DHS is allowed to provide technical expertise, but not comment or advocate

Commissioner Question – How do you keep track of the initiatives?

- Dashboards, documents, team meetings, each initiative has an Executive Sponsor and business owner
- Allan Wecker and Carrie Belfour are implementing revenue cycle management (RCM)

Commissioner Question – Some of your CEOs and COOs spoke about their philanthropic arms are you looking at hospital specific or systemwide foundation?

- We are not going to change those hospital-specific foundations
- We are looking at a systemwide approach, unclear if DHS will pursue a separate foundation
- A consultant will help figure out the approach

Commissioner Question – What is morale of dept?

- Dr. Ghaly is doing a lot of town halls – there is a lot of anxiety but she’s trying to be realistic and transparent. People are worried about their jobs and about their patients.

Commissioner Question - How is the Board supporting or not supporting?

- The Board is invested in seeing DHS offer services to patients and see DHS thrive. They are willing to support advocacy efforts.

Commissioner Question – What supports are in place for our aging population with diverse backgrounds, those at risk for homelessness, etc. to ensure they don’t get left behind?

- DHS has been involved with Department of Aging & Disabilities on some of their initiatives
- We don’t have a lot of older patients, most of our patients are middle aged, per our demographics

<p>Commissioner Question – What can the Commission do to help with the situation at DHS? Are there particular issues around which we can advocate towards with the Supervisors?</p> <ul style="list-style-type: none"> • Advocacy on Waiver renewal and HR 1 • Suggestions about consultants to help with structuring a foundation or philanthropic arm for DHS • Support implementation of RCM • Work with the State that passes unfunded mandates and bills that increase the costs of healthcare <p>Commissioner Question – How are you using AI as a system?</p> <ul style="list-style-type: none"> • It's not used in the clinical encounter • Exploring how to use it for data analytics <p>Commissioner Question – For the fundraising, would it be for DHS or facility-specific?</p> <ul style="list-style-type: none"> • Systemwide <p>Commissioner Comment – Philanthropy is very complex now, supports DHS in hiring a consultant to avoid missteps.</p> <p>Commissioner Question – Is this something we can talk with our networks about? To find a consultant for philanthropy?</p> <ul style="list-style-type: none"> • Yes <p>The Commission thanked Dr. Ghaly for her time and for her efforts during this challenging financial time for DHS.</p>	
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6. Items for discussion and possible action:

	DISCUSSION/FINDINGS	RECOMMENDATIONS, ACTIONS, FOLLOW-UP
a. Commission By-Laws	Proposed changes from SD 2 will be tabled. The new language regarding the quorum requirement is now in effect.	
b. Annual Report	<p>The Commission discussed comments to the draft annual report.</p> <p>Commissioner LaCorte raised the following comments/question for Commission review before it is included in the Quality of Care section of the annual report:</p> <ul style="list-style-type: none"> • The Commission might consider if there are better data metrics to supplement or replace the 	

	<p>current monthly dashboard in light of comments from multiple presenters who spoke to the limitations in the current data dashboards.</p> <ul style="list-style-type: none"> • The Commission should consider refining its strategic goal around quality of care based on information learned in the past few years regarding DHS quality of care initiatives. • The draft suggests a recommendation for system-wide oversight of quality. Before that is included in the annual report, the Commission staff will confirm that Dr. Patel does not have this responsibility already. <p>Additional Commission comments:</p> <ul style="list-style-type: none"> • At the end of each section of the report, it should include a concluding statement about what happened in the current year and introduce what the Commission wants to explore in the coming year. • Leave space for urgent and emergent issues - • Include a summary of the presentations from DHS and County HR regarding workforce initiatives, and specifically efforts regarding civil service reforms. the Commission will continue to monitor these reforms 	<p>Has Dr. Patel taken on role that oversees systemwide Quality?</p>
<p>c. Commission Site Visit</p>	<p>LA General – 11/20/25</p>	
<p>d.</p>	<p>January Johan Julian – from DHR February – Christina Ghaly March – Jennifer Hunt (ODR) April – LA Care May - Clemens Hong June – Sarah Mahin July – Meeting dark August – Nina Park and Liz Jacobi September - Hospital CEOs October – Hospital COOs November – Christina Ghaly December – Coral Itzcalli</p>	<p>Proposed Speakers for 2026:</p> <p>Caroline Balfour</p> <p>Dr. Barbara Ferrer (DPH)</p> <p>Dr. Lisa Wong (DMH)</p> <p>Dr. Jackie Contreras (DPSS)</p> <p>Dr. Phil Gruber, CMIO</p> <p>Street medicine team (August) – Sarah Mahin</p> <p>Louise McCarthy - CCLAC</p>

		<p>LA Care CEO & Dr. Andrew Lee</p> <p>Jessica Kuo - Finance</p> <p>Also consider Dr. Lee who can speak to patient access initiatives in the ambulatory care clinics (recommended by Dr. Senior).</p>
e. Discussion – Commission 2026 Strategic Priorities	Tabled to next meeting discussion	
<ul style="list-style-type: none"> • CalAIM • Quality of Care • Workforce 		
f. Discussion – DHS Dashboard	Tabled to next meeting discussion	
g. Discussion on State and Federal Legislative Policy Updates	Tabled to next meeting discussion	

7. Items not on the posted agenda for matters requiring immediate action because of an emergency, or where the need to take immediate action came to the attention of the Commission after the posting of the agenda.

8. Public Comment – Two Public Comments were received via email:

Commissioners,

I am writing to express strong support for the 2nd District's proposal to amend your current bylaws. Over the last two years, I have seen how little transparency there is when it comes to hospital and clinic closures. Unfortunately, this Commission is often ineffectual. Meetings are frequently cancelled or prone to late starts because of a lack of quorum. Important issues are left undiscussed, and patients seem to have no voice in this process. Major problems in the health system are ignored.

In light of this, I urge the Commission to adopt the proposals made by 2nd District health deputies: one, to require that the Commission has a certain number of members with lived experience (ie, patients) and two, to require DHS leadership to inform the Commission of any

decreases in services provided at clinics and hospitals so that there can be increased transparency and accountability.

The proposed closure of Augustus Hawkins, the County's largest psychiatric hospital, has been a disaster. There was no meaningful interface with the general public or patient population. Many in the community are outraged, including me. This matter absolutely should have been discussed openly during Commission meetings.

Please consider the very vulnerable patients in the County who deserve quality care as well as the opportunity to have a voice in this process.

Thank you for your service.

Best Regards,
Elisabeth Gustafson

Hi Allen-

Please submit the below comment in tmrw's Hospital Commission mtg:

Last month, I was disappointed to hear that several members of this Commission were resistant to amending its bylaws to make some important, and necessary, improvements. The proposed changes were suggested to increase transparency around closures of healthcare facilities. Holly Mitchell's health deputies made a helpful presentation and suggested that the Commission reviews all future decreases in health services proposed by DHS.

Why were such changes proposed in the first place? An uproar occurred six months ago when DHS announced that it was planning to close the Hawkins psychiatric hospital in South Los Angeles and eliminate 42 psychiatric beds countywide. There had been no discussion of this in public meetings and no effort was made to interface with the community. Multiple community members, some with mental health disabilities, came forward to protest this planned change. One community member has submitted an Americans with Disabilities Act request; she asked the County to properly notice her and others when health programs are going to be decreased or terminated. It has been more than 60 days and she has not received a reply. While the County has said it would consider adding more psychiatric beds to make up for the ones that will be lost when Hawkins closes, it has not committed one way or the other. These types of decisions should be reviewed thoroughly by each of you.

The County faces daunting financial losses as a result of federal budget cuts and community members deserve to be informed of major cuts in services that will directly impact their lives. Please remember that the Commission is responsible for oversight of our health system and lead with compassion as you occupy these important positions.

Thank you,

Shelby Eidson

9. Adjournment

The meeting adjourned at 12:22 p.m. next regular meeting is scheduled for December 4, 2025.