



**COUNTY OF LOS ANGELES  
DEPARTMENT OF AUDITOR-CONTROLLER**

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J. TYLER McCAULEY  
AUDITOR-CONTROLLER

December 29, 2005

TO: Mayor Michael D. Antonovich  
Supervisor Gloria Molina  
Supervisor Yvonne B. Burke  
Supervisor Zev Yaroslavsky  
Supervisor Don Knabe

FROM: J. Tyler McCauley   
Auditor-Controller

SUBJECT: **ANNUAL STATEMENT—MEASURE B SPECIAL TAX REVENUE FUND  
FOR TRAUMA CENTERS, EMERGENCY MEDICAL SERVICES, AND  
BIOTERRORISM RESPONSE**

Section 8 of the Los Angeles County Board of Supervisors Measure B Resolution requires the County Auditor-Controller to file an annual statement of financial activity with the County Board of Supervisors no later than January 1<sup>st</sup> of each year. Accordingly, attached is the annual Statement of Financial Activity for the Health Services Measure B Special Tax Fund for the period ended June 30, 2005. The statement includes the amount of funds collected and expended pursuant to Measure B.

Section 8 also requires a status of projects required or authorized to be funded pursuant to Sections 3, 6, and 7 of the Resolution. Accordingly, following the Statement of Financial Activity is a Status of Measure B Projects for Fiscal Year 2004-2005 as provided by the Department of Health Services.

If you have any questions related to the Statement of Financial Activity you may contact me or your staff may contact John Hartnett at (213) 974-8327. Questions related to the Status of Measure B Projects may be directed to Mark Corbet of the Department of Health Services at (213) 240-7875.

JTM:JN:JMh:rrr  
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cc: David E. Janssen, Chief Administrative Officer  
Violet Varona-Lukens, Executive Officer  
Thomas L. Garthwaite, M.D., Director and Chief Medical Officer  
Rick Auerbach, Assessor  
Mark Saladino, Treasurer and Tax Collector

*"To Enrich Lives Through Effective and Caring Service"*

**Measure B Special Tax Revenue Fund**  
**For Emergency Medical Services, Trauma Centers, and Bioterrorism Response**  
**Statement of Financial Activity**  
**For Year Ended June 30, 2005**

<b>Fund Balance Available, June 30, 2004</b>		\$ 15,318,657	
Year-end Contractual Obligations		10,590,261	
<b>Beginning Fund Balance Available, July 1, 2004</b>		<u>\$ 25,908,918</u>	
<b>Revenues</b>			
Voter Approved Special Taxes		179,806,974	
Penalty Interests & Costs - Delinquent Taxes		440,797	
Interest		1,592,404	(a)
<b>Beginning Fund Balance Available and Revenues</b>		<u>\$ 207,749,093</u>	
<b>Expenditures for Fiscal Year 2004-2005</b>			
Services and Supplies:			
Non-County Trauma Hospitals:			
California Hospital Medical	\$ 771,600		
Cedars-Sinai Medical Center	1,435,400		
Henry Mayo Newhall Hospital	930,400		
Huntington Memorial Hospital	965,000		
Long Beach Memorial Medical	1,673,622		
Northridge Hospital	929,800		
Providence Holy Cross	2,978,338		
St. Francis Medical Center	2,968,375		
St. Mary Medical Center	632,700		
U.C.L.A. Medical Center	840,182		
Transfer Trauma Hospital Expenses to Hospital Services-Fund BW8	<u>(1,625,077)</u>		(b)
<b>Total Non-County Trauma Hospitals</b>		<b>\$ 12,500,340</b>	(c)
Trauma Access Expansion:			
Helicopter - Fire Department	\$ 1,997,500		
Sheriff Services	401,618		
<b>Total Trauma Access Expansion</b>		<b>2,399,118</b>	
Physicians Services for Indigent Program (PSIP):			
PSIP-Trauma	\$ 660,000		(d)
PSIP-Emergency Room	740,000		(e)
<b>Total Physicians Services for Indigent Program (PSIP)</b>		<b>1,400,000</b>	
Administrative Costs -			
Auditor-Controller Services		<u>521,501</u>	
<b>Total Services and Supplies</b>		<b>\$ 16,820,958</b>	
<b>Other Financing Uses</b>			
County Hospitals:			
LAC+USC Medical Center	\$ 64,191,693		
Harbor/UCLA Medical Center	32,144,237		
King/Drew Medical Center	21,701,723		
Olive View Medical Center	24,574,347		
<b>Total County Hospitals</b>		<b>\$ 142,612,000</b>	

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Public Health - Bioterrorism:			
Salaries and Employee Expenses	\$ 1,468,169		
IT & Risk Communication Projects	546,000		
Equipment and Office Supplies	61,473		
Travel and Mileage	<u>6,256</u>		
Total Public Health - Bioterrorism		2,081,898	
Emergency Medical Services:			
Salaries & Employee Expenses	\$ 575,654		
Equipment and Office Supplies	<u>66,043</u>		
Total Emergency Medical Services		<u>641,697</u>	
Total Other Financing Uses			<u>145,335,596</u>
<b>Expenditures for Fiscal Year 2004-2005</b>			<b>\$ 162,156,554</b>
<b>Expenditures for Fiscal Year 2003-2004 Non-County Trauma Hospitals</b>			<b>1,421,246</b>
<b>Grand Total Expenditures</b>			<b><u>\$ 163,577,799</u></b>
<b>Contractual Obligations</b>			
Fiscal Year 2004-2005 Commitments		\$ 12,799,825	
Fiscal Year 2003-2004 Commitments		<u>7,954,073</u>	
<b>Total Contractual Obligations</b>			<b><u>\$ 20,753,898</u></b> (f)
<b>Fund Balance Available, June 30, 2005</b>			<b><u>\$ 23,417,396</u></b> (g)

- (a) Interest earned on monies in the Measure B special revenue fund.
- (b) Accounting adjustment transferring \$1,625,077 in non-county trauma hospital expenditures to the Hospital Services Fund from the Measure B Fund.
- (c) Represents Fiscal Year 2004-05 expenditures only, excludes \$1,421,246 in prior year commitment expenditures.
- (d) Includes \$567,480 expended for PSIP - Trauma claims and \$92,520 accrued for pending claims.
- (e) Includes \$136,493 expended for PSIP - Emergency Room claims and \$603,507 accrued for pending claims.
- (f) Represents amounts to be used as an intergovernmental transfer to draw down federal Medi-Cal matching funds for base station and patient care services for Fiscal Years 2003-04 and 2004-05.
- (g) Beginning fund balance (\$25,908,918) and revenues (\$181,840,175), less expenditures (163,577,799) and contractual obligations (\$20,753,898).

Prepared By:  
Los Angeles County  
Department of the Auditor-Controller  
Accounting Division  
12/28/05

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**Measure B Special Tax Revenue Fund  
For Emergency Medical Services, Trauma Centers, and Bioterrorism Response  
Statement of Financial Activity  
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**COUNTYWIDE SYSTEM OF TRAUMA CENTERS: \$142.6 million allocated to County hospitals; \$27.7 million allocated to non-County hospitals**

County Hospitals

A total of \$142.6 million was allocated from Measure B revenues for trauma and emergency care services provided by the four county hospitals to eligible indigent patients, as follows:

LAC+USC Medical Center	\$ 88.2 million
Harbor/UCLA Medical Center	28.0 million
Martin Luther King/Drew Medical Center	18.9 million
Olive View/UCLA Medical Center	<u>7.5 million</u>
 Total	 <u>\$142.6 million</u>

This allocation for the County facilities was based on FY 2001-02 uninsured emergency room census and patient care cost data.

Status: Subsequent to approval of the budget allocation, newer information became available including FY 2002-03 unreimbursed emergency room cost data and FY 2004-05 patient census data. Therefore, the FY 2004-05 funds, which represent only about 35% of the estimated \$408.4 million in unreimbursed emergency room costs, were distributed to the four county hospitals based on the more current data, as follows:

LAC+USC Medical Center	\$ 64.2 million
Harbor/UCLA Medical Center	32.1 million
Martin Luther King/Drew Medical Center	21.7 million
Olive View/UCLA Medical Center	<u>24.6 million</u>
 Total	 <u>\$142.6 million</u>

Non-County Hospitals

A total of \$18.6 million from Measure B revenues was initially allocated in the FY 2004-05 budget for trauma care services provided by non-county hospitals to eligible indigent patients.

On September 21, 2004, the Los Angeles County Board of Supervisors (Board) approved

**Measure B Special Tax Revenue Fund  
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Amendment No. 1 to the Non-County Trauma Center Service (TCS) Agreement to increase Measure B funding to non-county trauma hospitals by approximately \$1.3 million (\$1.2 million increase in Base Hospital System costs and \$0.1 million increase in compensation based on the overall growth in Measure B revenue) and an additional \$2.2 million to backfill a shortfall of other State and local funding needed to fund the TCS Agreement.

On November 16, 2004, the Board approved an agreement with California Hospital Medical Center (CAL) effective December 1, 2004 through June 30, 2005 in the amount of \$3.984 million.

On February 22, 2005, the Board approved a TCS Augmentation Agreement with St. Francis Medical Center (SFM) effective March 1, 2005 through February 28, 2006 in the amount of \$4.8 million. The FY 2004-05 portion was \$1.6 million.

The above Board actions resulted in a total allocation of \$27.7 million in FY 2004-05 Measure B funding to non-county hospitals as follows:

Claim-Based Payments	\$ 13.8 million
Lump-Sum Patient Care Payments	8.0 million
Lump-Sum Base Station Payments	3.7 million
Maximum Obligation Contingency <sup>(1)</sup>	0.8 million
Transitional Capacity Allowance <sup>(2)</sup>	<u>1.4 million</u>
Total	<u>\$27.7 million</u>

The status of these projects is as follows:

Claim-Based Payments – A total of \$13.8 million was allocated to pay patient care claims for uninsured patients. This includes \$11.8 million in claims to be submitted by ten designated non-county trauma hospitals on a first-submitted, first-paid basis using a per diem schedule of rates per the County’s contract with these trauma hospitals. The remaining \$2.0 million in patient care claims was allocated to CAL (\$1.5 million) and SFM (\$0.5 million) to be paid based on their individual agreements.

Status: At the close of Fiscal Year 2004-05, \$12.5 million in claims had been paid to the designated non-county trauma hospitals and \$1.3 million was encumbered to pay FY 2004-05 claims still in process. As of December 7, 2005, an additional \$0.9 million in payments for FY 2004-05 claims had been made. Based on the amount of claims still pending processing, it is

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anticipated that all of the remaining \$0.4 million in encumbered funds will be fully expended. The unexpended balance (\$0.4 million) remains in the Measure B Fund encumbered as a contractual obligation.

Additionally, \$1.4 million in prior year claims was paid to the ten designated non-county trauma hospitals from the FY 2003-04 committed encumbrance.

Lump-Sum Patient Care Payments – A total of \$8.0 million in lump-sum, hospital specific payments was allocated to the non-County hospitals, (\$6.6 million to the original existing ten non-county trauma hospitals and \$1.4 million to CAL). These payments<sup>(3)</sup> would be used preferably as an intergovernmental transfer to draw-down federal Medi-Cal matching funds for patient care services but if not, there is a contractual obligation to pay these lump-sum amounts directly to the hospitals.

Status: A Medi-Cal State Plan Amendment (SPA) to provide federal matching funds, retroactively to July 1, 2003, was approved by the federal Centers for Medicare and Medicaid Services on March 31, 2005. The State is currently reviewing draft agreements for use directly with each of the ten private trauma hospitals to effect the lump-sum payments. At the close of the fiscal year, the unexpended funds (\$7.3 million)<sup>(3)</sup> remained in the Measure B Fund encumbered as a contractual obligation. In addition, the unexpended funds (\$6.5 million) for FY 2003-04 remained encumbered as a contractual obligation.

Lump-Sum Base Station Payments - A total of \$3.7 million in lump-sum, hospital specific payments was allocated to non-County hospitals for providing base station hospital services. If the SPA is approved, only \$2.1 million in Measure B funds will be needed (\$1.7 million for an intergovernmental transfer for the nine private trauma hospitals and \$0.4 million directly to UCLA Medical Center<sup>(3a)</sup>) with the remaining \$1.6 million remaining in the Measure B fund.

Status: The Medi-Cal SPA to provide federal matching funds, retroactively to July 1, 2003, was approved by the federal Centers for Medicare and Medicaid Services on March 31, 2005. The State is currently reviewing draft agreements for use directly with each of the nine private trauma hospitals to effect the lump-sum payments. At the close of the fiscal year, the unexpended funds (\$2.1 million) remained in the Measure B Fund encumbered as a contractual obligation. In addition, unexpended funds (\$1.4 million) remained encumbered as a contractual obligation for Fiscal Year 2003-04.

**Measure B Special Tax Revenue Fund**  
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Maximum Obligation Contingency - A total of \$0.8 million for a Maximum Obligation Contingency was allocated to CAL (\$0.7 million) and SFM (\$0.1 million) for treatment of eligible indigent trauma patients.

Status: At the close of the fiscal year, the unexpended funds (\$0.8 million) remained in the Measure B Fund encumbered as a contractual obligation. As of December 7, 2005, payments of \$0.5 million for CAL claims were made. Of the remaining \$0.3 million, \$0.2 million is expected to be expended for CAL claims while the \$0.1 million for SFM is not expected to be expended and will be cancelled.

Transitional Capacity Allowance - A total of \$1.4 million for a one-time Transitional Capacity Allowance was allocated to CAL (\$0.4 million) and SFM <sup>(4)</sup> (\$1.0 million) for start-up costs for treatment of eligible indigent trauma patients.

Status: At the close of the fiscal year, the unexpended funds (\$1.4 million) remained in the Measure B Fund encumbered as a contractual obligation. As of December 5, 2005, payments of \$0.6 million had been processed (\$0.3 million each to CAL and SFMC). Of the remaining \$0.8 million encumbered, it is anticipated that \$0.1 million for CAL will be cancelled and \$0.7 million will remain encumbered for SFM.

**PHYSICIAN SERVICES FOR INDIGENTS PROGRAM: \$1.4 million allocated**

On February 22, 2005, the Board approved the allocation of \$1.4 million for FY 2004-05 to backfill a shortfall of other State and local funding needed to maintain the current reimbursement rates for the non-County Physician Trauma Services for Indigents Program, and the Emergency Services for Indigents Program at SFM.

The status of these projects is as follows:

Status: At the close of the fiscal year, \$0.7 million in claims had been paid to non-county physicians for trauma services (\$0.6 million) and for emergency services (\$0.1 million) at SFM. The remaining \$0.7 million was established as an expenditure accrual. As of December 7, 2005, an additional \$0.6 million, (\$0.1 million for trauma services and \$0.5 million for emergency services) had been paid to non-county physicians. It is anticipated that the remaining \$0.1 million will be fully expended.

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**TRAUMA ACCESS EXPANSION TO UNDERSERVED AREAS: \$3.6 million allocated**

A total of \$3.6 million was allocated from Measure B revenues to expand access to trauma services for patients in underserved areas (East San Gabriel Valley, Antelope Valley and Malibu) and ensure the infrastructure for trauma transports is maintained, as follows:

Helicopter Lease/Purchase	\$2.0 million
Aircraft Transport Capabilities	<u>1.6 million</u>
Total	<u>\$3.6 million</u>

In future years, some or all of this funding level may be used to supplement a hospital(s) in these underserved areas that wishes to join the Countywide System of Trauma Centers.

The status of these projects is as follows:

Helicopter Lease/Purchase – A total of \$2.0 million was allocated to fund the Los Angeles County Fire Department’s helicopter lease/purchase costs relating to the expansion of air ambulance services in the Antelope Valley to a 24-hour/7-day per week level.

In May 2005, the Board approved a change, beginning in Fiscal Year 2005-06, in the allocation from \$2.0 million per year for one Firehawk lease-purchase to \$1.0 million per year for one Bell 412EP lease-purchase.

Status: An interdepartmental transfer of \$2.0 million was made to the Los Angeles County Fire Department for this purpose.

Aircraft Transport Capabilities – A total of \$1.6 million was allocated to provide additional funding to the Los Angeles City Fire Department and the Los Angeles County Sheriff’s Department for provision of expanded paramedic and air transport services to trauma center criteria patients in underserved areas.

Status: An interdepartmental transfer of \$0.4 million was made to the Los Angeles County Sheriff’s Department for staffing and related operational costs for air search and rescue services in the Antelope Valley. The remaining funds were not encumbered or expended and remain in the Measure B fund.



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**BIOTERRORISM RESPONSE: \$2.8 million allocated**

In Fiscal Year 2004-05, \$2.8 million was allocated to support Public Health programs for bioterrorism preparedness activities to address the medical needs of persons exposed to bioterrorist or chemical attack.

Status: Actual expenditures of \$2.1 million were made for salaries and benefits (\$1.5 million), risk communication (\$0.5 million) and equipment and supplies (\$0.1 million). The unexpended balance (\$0.7 million) remained in the Measure B Fund.

**ADMINISTRATIVE COSTS: \$1.0 million allocated**

A total of \$1.0 million in costs was allocated to cover the administrative costs associated with the Measure B Special Tax.

Status: A total of \$0.5 million was distributed to reimburse the Auditor-Controller for administrative costs associated with Measure B. The unexpended balance of \$0.5 million remained in the Measure B Fund.

**Measure B Special Tax Revenue Fund  
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FOOTNOTES:

- (1) The maximum obligation contingency amount of \$0.8 million applies only to CAL (\$0.664 million) and SFM (\$0.109 million).
- (2) The Transitional Capacity Allowance of \$1.4 million is a one-time start-up allowance and applies only to CAL (\$0.42 million) and SFM (\$0.96 million).
- (3) If separate Federal matching funds are approved, the private trauma hospitals will receive an additional \$6.9 million in Medi-Cal funds (and the County share will be reduced by \$0.7 million from \$8.0 million to \$7.3 million) bringing the total of these payments to \$14.2 million as follows:

<u>County Share:</u>	<u>Medi-Cal Match Share:</u>	<u>Total:</u>
Private Trauma Hosp.: \$6.6 million	Private Trauma Hosp.: \$6.2 million	\$12.8 million (a)
CAL <u>.7 million</u>	CAL <u>.7 million</u>	<u>1.4 million</u> (b)
Total <u>\$7.3 million</u>	Total <u>\$6.9 million</u>	<u>\$14.2 million</u>

- (a) UCLA Medical Center is not eligible to receive matching funds since it is a public entity eligible to receive reimbursement for certain uncompensated emergency room costs for Medi-Cal recipients under AB 915.
- (b) CAL's allocation of \$1.4 million includes two lump-sum payments of approximately \$0.7 million each. If separate Federal matching funds are approved, the County's commitment would be reduced by \$0.7 million.
- (4) The one-time Transitional Capacity Allowance for SFM was approved for one year beginning March 1, 2005 through February 28, 2006 for a maximum amount of \$2.9 million, (\$1.0 million in Fiscal Year 2004-05 and \$1.9 million in Fiscal Year 2005-06).

Prepared By:  
Los Angeles County  
Department of Health Services  
Fiscal Services  
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