



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

KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 525
LOS ANGELES, CALIFORNIA 90012-2766
PHONE: (213) 974-8301 FAX: (213) 626-5427

J. TYLER McCAULEY
AUDITOR-CONTROLLER

December 26, 2006

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

FROM: J. Tyler McCauley *JTM*
Auditor-Controller

SUBJECT: **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 1st of each year. Accordingly, attached is the Statement of Financial Activity for the Health Services Measure B Special Tax Fund for the fiscal year ended June 30, 2006. The statement includes a summary of 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 2005-2006 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:CY:JMH:rrr
H:\Acctg\Sp Fds\Sp Fds Unit\Measure B\Measure B Cover Letter FY05-06

cc: David E. Janssen, Chief Administrative Officer
Sachi A. Hamai, Executive Officer
Dr. Bruce A. Chernof, Health Services 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, 2006

Fund Balance Available, June 30, 2005		\$	23,417,396	
Year-end Contractual Obligations			20,753,898	
Total Fund Balance, July 1, 2005		<u>\$</u>	<u>44,171,294</u>	
Revenues:				
Voter Approved Special Taxes			181,993,385	
Penalty Interests & Costs - Delinquent Taxes			623,255	
Interest			3,374,448	(a)
Total Beginning Balance and Revenues		<u>\$</u>	<u>230,162,382</u>	
Fiscal Year 2005-2006 Expenditures:				
Services and Supplies:				
Non-County Trauma Hospitals:				
Claims Based Expenditures FY 2005-06				
California Hospital Medical	\$	2,571,000		
Cedars-Sinai Medical Center		237,400		
Henry Mayo Newhall Hospital		417,000		
Huntington Memorial Hospital		653,500		
Long Beach Memorial Medical		1,110,700		
Northridge Hospital		1,168,700		
Providence Holy Cross		2,277,500		
St. Francis Medical Center		3,442,600		
St. Mary Medical Center		534,100		
U.C.L.A. Medical Center		527,500		
Net Expenditure Refunds		<u>(95)</u>		
Total Claims Based Expenditures		12,939,905		(b)
Net Transitional Capacity Allowance				
St. Francis Medical Center		595,500		
Net Prior Year Expenditure Refunds		<u>(125,700)</u>		(c)
Total Non-County Trauma Hospitals		\$	13,409,705	
Trauma Access Increase:				
County Fire Department - Helicopter Lease	\$	998,000		
County Fire Department - SGV Trauma		248,358		
Sheriff Services		<u>800,000</u>		
Total Trauma Access Increase			2,046,358	
Physicians Services for Indigent Program (PSIP):				
PSIP-Trauma	\$	3,350,000		(d)
PSIP-Emergency Room		1,216,000		(e)
PSIP-Prior Year		<u>2,436,116</u>		(f)
Total PSIP			7,002,116	
Administrative Costs -				
Auditor-Controller Services			<u>524,583</u>	
Total Services and Supplies			\$	22,982,762
Other Charges:				
IGT - FY 2003-04 - Direct Patient Care	\$	6,145,490		
IGT - FY 2003-04 - Base Station		<u>1,052,802</u>		
Total IGT - FY 2003-04			\$	7,198,292

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IGT - FY 2004-05 - Direct Patient Care	\$	6,869,403			
IGT - FY 2004-05 - Base Station		1,671,168			
Total IGT - FY 2004-05				8,540,571	
 Total Other Charges					 15,738,863
Other Financing Uses - Operating Transfers Out:					
County Hospitals:					
LAC+USC Medical Center	\$	58,313,615			
Harbor/UCLA Medical Center		30,930,504			
King/Drew Medical Center		32,297,520			
Olive View Medical Center		21,070,361			
Total County Hospitals				\$ 142,612,000	
Public Health - Bioterrorism:					
Salaries & Employee Expenses	\$	1,783,449			
Equipment/Office Supplies		453,498			
Travel/Mileage		10,704			
Total Public Health				2,247,651	
Emergency Medical Services:					
Salaries & Employee Expenses	\$	1,023,727			
Equipment/Office Supplies		364,273			
Total Emergency Medical Services				1,388,000	
 Total Other Financing Uses					 146,247,651
 Total Fiscal Year 2005-2006 Expenditures					 \$ 184,969,276 (g)
 Prior Year -					
Non-County Trauma Hospitals					3,785,812 (h)
 Grand Total Expenditures					 \$ 188,755,088
 Contractual Obligations -					
FY05-06 Commitments					\$ 16,405,455
 Fund Balance Available, June 30, 2006					 \$ 25,001,839 (i)

- (a) Interest earnings on monies in the Measure B special revenue fund.
- (b) Represents Fiscal Year 2005-06 expenditures only, excludes \$3,785,812 in prior year commitment expenditures.
- (c) Gross refunds of \$186,900 returned to the County after a third-party payer was identified less \$61,200 in additional payments for FY 2004-05 unpaid claims.
- (d) Includes \$1,240,942 in expenditures and an accrual of \$2,109,058 for pending claims.
- (e) Includes \$416,776 in expenditures and an accrual of \$799,224 for pending claims.
- (f) Actual payments of FY 2004-05 PSIP trauma claims; a total of \$2.540 million in Measure B funding was approved during FY 2005-06 for these prior year claims.
- (g) Includes all expenditures incurred for dates of service within FY 2005-06 and for prior dates of service authorized during FY 2005-06.
- (h) Commitment payments related to prior year expenditures.
- (i) Beginning fund balance (\$44,171,294) and revenues (\$185,991,088), less expenditures (188,755,088) and contractual obligations (\$16,405,455).

Prepared By:
Los Angeles County
Department of Auditor-Controller, Accounting Division
Department of Health Services, Fiscal Services
H:\Special Funds\Special Funds Unit\MEASURE B-BW9\FY2005-2006 Measure B[Final - Measure B Annual Report June 30 2006.xls]Measure B

**Measure B Special Tax Revenue Fund
For Emergency Medical Services, Trauma Centers, and Bioterrorism Response
Status of Measure B Projects
For Year Ended June 30, 2006**

COUNTYWIDE SYSTEM OF TRAUMA CENTERS: \$142.6 million allocated to County hospitals; \$30.4 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	\$ 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>

This allocation for the County facilities was based on FY 2002-03 unreimbursed emergency room cost data and FY 2004-05 patient census data.

Status: Subsequent to approval of the budget allocation, newer information became available to better estimate the unreimbursed emergency room costs and therefore, the FY 2005-06 funds, which represent only about 44% of the estimated \$320.8 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	\$ 58.3 million
Harbor/UCLA Medical Center	30.9 million
Martin Luther King/Drew Medical Center	32.3 million
Olive View/UCLA Medical Center	<u>21.1 million</u>
Total	<u>\$142.6 million</u>

Non-County Hospitals

A total of \$30.4 million from Measure B revenues was authorized during FY 2005-06 for trauma care services provided by non-county hospitals to eligible indigent patients. Following is a summary of various Los Angeles County Board of Supervisors (Board) actions related to the Trauma Center Service (TCS) Agreements with the non-County trauma hospitals:

**Measure B Special Tax Revenue Fund
For Emergency Medical Services, Trauma Centers, and Bioterrorism Response
Status of Measure B Projects
For Year Ended June 30, 2006**

<u>Date of Board Approval</u>	<u>Non-County TCS Amendment #</u>	<u>California Hospital Medical Center Amendment #</u>	<u>Term</u>
June 21, 2005	#3	#1	07/01/05-12/31/05
December 20, 2005	#4	#2	01/01/06-03/31/06
January 17, 2006	#5	#3	04/01/06-06/30/06

These actions delegated authority to the Director of Health Services to execute the amendments on a month-to-month basis, to maintain the current level of trauma program services with rates previously approved by the Board on June 24, 2003 and November 16, 2004.

These actions resulted in the following allocations:

Claim-Based Payments	-	\$ 15.9 million
Lump-Sum Patient Care Payments	-	10.0 million
Lump-Sum Base Station Payments	-	2.3 million
Maximum Obligation Contingency	-	0.3 million
Transitional Capacity Allowance	-	<u>1.9 million</u>
Total		<u>\$30.4 million</u>

The status of these projects is as follows:

Claim-Based Payments – A total of \$15.9 million was allocated to pay patient care claims for uninsured patients. This includes up to a maximum of \$11.7 million in claims to be submitted by the original ten 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 \$4.2 million in patient care claims was allocated to California Hospital Medical Center (CAL) (\$2.6 million) and St. Francis Medical Center (SFM) (\$1.6 million) to be paid based on their individual agreements.

Status: At the close of Fiscal Year 2005-06, \$10.4 million in claims had been paid to the ten designated non-county trauma hospitals; the remaining \$1.3 million was unexpended and remains in the Measure B fund. CAL was paid \$2.6 million and \$1.6 million remained encumbered to pay SFM. Additionally, \$0.7 million in refunds were returned to the County after a third-party payer was identified for claims that were previously paid with Measure B funds. The \$0.7 million in refunds were subsequently “recycled” and paid to eleven designated non-county trauma hospitals (including CAL) for unpaid

Measure B Special Tax Revenue Fund
For Emergency Medical Services, Trauma Centers, and Bioterrorism Response
Status of Measure B Projects
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trauma hospital claims for FY 2005-06.

Lump-Sum Patient Care Payments – A total of \$10.0 million in lump-sum, hospital specific funding was allocated to the non-County hospitals, (\$6.6 million to the original ten non-county trauma hospitals and \$3.4 million to CAL). This funding will be used as an intergovernmental transfer to draw-down federal Medi-Cal matching funds for patient care services.

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. A State-County Agreement became effective March 24, 2006 to enable the County to transfer Measure B funds to the State to be used as the non-federal share of the enhanced Medi-Cal trauma payments. Subsequent to the State-County Agreement, separate agreements with each of the ten private trauma hospitals and the State were finalized to effect the lump-sum payments. At the close of the fiscal year, \$10.0 million remained ⁽¹⁾ in the Measure B Fund encumbered as a contractual obligation for the FY 2005-06 transfer.

On March 29, 2006, \$6.1 million and \$6.9 million for FYs 2003-04 and 2004-05, respectively, was transferred to California, Department of Health Services.

Lump-Sum Base Station Payments - A total of \$3.7 million in lump-sum, hospital specific payments was initially allocated to non-County hospitals for providing base station hospital services. Since the SPA was approved providing Federal Medi-Cal matching funds, only \$2.3 million in Measure B funds will be needed (\$1.9 million for an intergovernmental transfer for the nine private trauma hospitals and \$0.4 million to be paid directly to UCLA Medical Center ^(1a)) with \$1.4 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. A State-County agreement became effective March 24, 2006 to enable the County to transfer Measure B funds to the State to be used as the non-federal share of enhanced Medi-Cal trauma payments. Subsequent to the State-County Agreement, separate agreements with each of the nine private trauma hospitals and the State were finalized to effect the lump-sum payments. At the close of the fiscal year, \$2.3 million remained in the Measure B Fund encumbered as a contractual obligation for the FY 2005-06 transfer.

**Measure B Special Tax Revenue Fund
For Emergency Medical Services, Trauma Centers, and Bioterrorism Response
Status of Measure B Projects
For Year Ended June 30, 2006**

On March 29, 2006, \$1.1 million and \$1.7 million for FYs 2003-04 and 2004-05, respectively, was transferred to California Department of Health Services.

Maximum Obligation Contingency - A total of \$0.3 million for a Maximum Obligation Contingency was allocated to SFM under the terms of their Augmentation Agreement to provide full reimbursement for treatment of eligible indigent trauma patients (those exceeding a threshold of 1,348 trauma patients).

Status: At the close of the fiscal year, the \$0.3 million was unexpended and remained in the Measure B Fund encumbered as a contractual obligation.

Transitional Capacity Allowance - A total of \$1.9 million for a one-time Transitional Capacity Allowance was allocated to SFM ⁽²⁾ for start-up costs for treatment of eligible indigent trauma patients.

Status: At the close of the fiscal year, \$0.6 million had been paid to SFM for their Transitional Capacity Allowance and \$1.3 million remained in the Measure B Fund encumbered as a contractual obligation.

PHYSICIAN SERVICES FOR INDIGENTS PROGRAM: \$7.1 million allocated

The FY 2005-06 budget included \$2.3 million 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 (\$1.1 million), and for the Emergency Services for Indigents Program at SFM (\$1.2 million).

On February 7, 2006, the Board authorized additional spending of up to a total of \$4.8 million in Measure B funds to enable full payment of all trauma claims by non-County physicians for FY 2004-05 (\$2.5 million) and FY 2005-06 (\$2.3 million).

The status of these projects is as follows:

Status: At the close of the fiscal year, the following amounts had been paid: \$2.4 million for claims by non-county physicians for trauma services provided in FY 2004-05, \$1.2 million for claims by non-county physicians for trauma services provided in FY 2005-06 and \$0.4 million for emergency services at SFM during FY 2005-06. The remaining \$2.9 million was established as an expenditure accrual.

**Measure B Special Tax Revenue Fund
For Emergency Medical Services, Trauma Centers, and Bioterrorism Response
Status of Measure B Projects
For Year Ended June 30, 2006**

TRAUMA ACCESS EXPANSION TO UNDERSERVED AREAS: \$2.2 million allocated

A total of \$4.4 million was initially 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.

On September 27, 2005, the Board allocated \$0.5 million annually of the total \$4.4 million to reimburse Los Angeles County Fire Department for designating a 24-hour / 7-day per week, paramedic air squad helicopter to expand the delivery of trauma services in the East San Gabriel Valley.

On July 11, 2006, the Board approved a one-time reallocation of \$2.2 million from surpluses in the FY 2005-06 Trauma Access Increase budget to increase funding for CAL. The final Trauma Access Increase allocation was therefore:

Helicopter Lease/Purchase	-	\$1.0 million
Aircraft Transport Capabilities	-	<u>1.2 million</u>
Total		<u>\$2.2 million</u>

In future years, some or all of the original \$4.4 million allocation 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 \$1.0 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.

Status: An interdepartmental transfer of \$1.0 million was made to the Los Angeles County Fire Department for this purpose.

Aircraft Transport Capabilities – A total of \$1.2 million was allocated to provide additional funding to the Los Angeles County 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.

Measure B Special Tax Revenue Fund
For Emergency Medical Services, Trauma Centers, and Bioterrorism Response
Status of Measure B Projects
For Year Ended June 30, 2006

Status: Interdepartmental transfers totaling \$1.0 million were made to the Los Angeles County Fire Department (\$0.2 million) for East San Gabriel Valley paramedic air squad services and the Sheriff's Department (\$0.8 million) for staffing and related operational costs for air search and rescue services in the Antelope Valley. The remaining funds (\$0.2 million) were not encumbered or expended and remain in the Measure B fund.

BIOTERRORISM RESPONSE: \$2.8 million allocated

In Fiscal Year 2005-06, \$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 \$2.2 million were made for salaries and benefits (\$1.8 million) and equipment and supplies (\$0.4 million). The unexpended balance (\$0.6 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
For Emergency Medical Services, Trauma Centers, and Bioterrorism Response
Status of Measure B Projects
For Year Ended June 30, 2006**

FOOTNOTES:

(1) Since separate Federal matching funds were approved, the private trauma hospitals will receive an additional \$9.4 million in Medi-Cal funds bringing the total of these payments to \$19.4 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.: \$6.0 million	\$12.6 million (a)
CAL <u>3.4 million</u>	CAL <u>3.4 million</u>	<u>6.8 million</u>
Total <u>\$10.0 million</u>	Total <u>\$9.4 million</u>	<u>\$19.4 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.

(2) The one-time FY 2005-06 Transitional Capacity Allowance of \$1.9 million for SFM was continued for an additional twelve months of services for the period March 1, 2006 through February 28, 2007.

Prepared By:
Los Angeles County
Department of Health Services
Fiscal Services
SG 12/13/06
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