



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

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AUDITOR-CONTROLLER

WENDY L. WATANABE
CHIEF DEPUTY

December 31, 2007

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

FROM: J. Tyler McCauley
Auditor-Controller

Wendy L. Watanabe for

**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, 2007. 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 2006-2007 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\Final Measure B Cover Letter FY06-07

cc: William T Fujioka, Chief Executive 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

Measure B Special Tax Revenue Fund
For Emergency Medical Services, Trauma Centers, and Bioterrorism Response
Statement of Financial Activity
For Year Ended June 30, 2007

Fund Balance Available, June 30, 2006		\$ 25,001,839	
Year-end Contractual Obligations		<u>16,405,455</u>	
Total Fund Balance, July 1, 2006		\$ 41,407,294	
Revenues:			
Voter Approved Special Taxes		183,315,924	
Penalty Interests & Costs - Delinquent Taxes		705,301	
Interest		<u>4,743,110</u>	(a)
Total Beginning Balance and Revenues		<u>\$ 230,171,629</u>	
Fiscal Year 2006-2007 Expenditures:			
Services and Supplies:			
Non-County Trauma Hospitals			
Claims Based Expenditures FY 2006-07:			
California Hospital Medical	\$ 1,490,600		
Cedars-Sinai Medical Center	42,500		
Henry Mayo Newhall Hospital	93,600		
Huntington Memorial Hospital	521,700		
Long Beach Memorial Medical	721,600		
Northridge Hospital	497,900		
Providence Holy Cross	1,794,800		
St. Francis Medical Center	2,833,400		
St. Mary Medical Center	73,600		
U.C.L.A. Medical Center	428,564		
Net Expenditure Refunds	<u>(750)</u>		
Total Claims Based Expenditures		\$ 8,497,514	(b)
Transitional Capacity Allowance			
St. Francis Medical Center		891,150	
Lump Sum Funding			
U.C.L.A. Medical Center-Direct Patient Care	354,510		
U.C.L.A. Medical Center-Base Station	<u>428,822</u>	783,332	(c)
Net Prior Year Expenditure Refunds		<u>(504,069)</u>	(d)
Total Non-County Trauma Hospitals		\$ 9,667,927	
Trauma Access Increase			
County Fire Department - Helicopter Lease	\$ 858,933		
County Fire Department - SGV Trauma	450,000		
Sheriff Services	<u>968,251</u>		
Total Trauma Access Increase		2,277,184	
Paramedic Service Provider Agencies		3,339,954	(e)
Physicians Services for Indigent Program (PSIP)			
PSIP-Trauma	\$ 3,500,000		(f)
PSIP-Emergency Room	<u>1,216,000</u>		(g)
Total PSIP		4,716,000	
Auditor-Controller Services		<u>528,339</u>	
Total Services and Supplies		\$ 20,529,404	
Other Charges:			
IGT - FY 2006-07 - Direct Patient Care		\$ 6,133,667	(h)
IGT - FY 2006-07 - Base Station		<u>1,929,699</u>	
Total Other Charges		8,063,366	

Measure B Special Tax Revenue Fund
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For Year Ended June 30, 2007

Other Financing Uses - Operating Transfers Out:		
County Hospitals		
LAC+USC Medical Center	\$ 77,938,627	
Harbor/UCLA Medical Center	24,065,403	
King/Harbor Hospital	10,851,000	
Olive View Medical Center	<u>29,756,970</u>	
Total County Hospitals		\$142,612,000
Public Health - Bioterrorism		
Salaries & Employee Expenses	\$ 2,152,168	
Equipment/Office Supplies	343,844	
Travel/Mileage	<u>37,127</u>	
Total Public Health - Bioterrorism		2,533,139
Emergency Medical Services		
Salaries & Employee Expenses	\$ 1,434,850	
Equipment/Office Supplies	26,150	
Total Emergency Medical Services		<u>1,461,000</u>
Total Other Financing Uses-Operating Transfers Out		<u>146,606,139</u>
Total Fiscal Year 2006-2007 Expenditures		\$ 175,198,909
Prior Year		
Non-County Trauma Hospitals	1,920,060	
Non-County Physicians Services	(7,467)	
IGT - FY 2005-06 - Direct Patient Care	8,747,659	
IGT - FY 2005-06 - Base Station	<u>1,871,168</u>	
Total - Prior Year		12,531,420 (i)
Grand Total Expenditures		<u>\$ 187,730,329</u>
Contractual Obligations		
Commitments		<u>\$ 5,360,223</u>
Fund Balance Available, June 30, 2007		<u>\$ 37,081,077 (j)</u>

- (a) Interest earnings on monies in the Measure B special revenue fund.
- (b) Represents Fiscal Year 2006-07 expenditures only, excludes \$12,531,420 in prior year commitment expenditures.
- (c) Represents payment to UCLA Medical Center for their initial installment (\$354,510) of their FY 06-07 lump-sum patient care payment and their entire (100%) FY 06-07 Base Station payment (\$428,822). These expenditures were not identified in last years report since payments had not yet been made, but were included in contractual obligations.
- (d) Gross refunds of \$2,566,846 returned to the County after a third-party payer was identified less \$2,062,777 in additional payments for prior years unpaid claims.
- (e) Represents one-time only payments to various Paramedic Service Provider Agencies to ensure 12-Lead EKG capability in prehospital care for 9-1-1 patients in Los Angeles County.
- (f) Includes \$1,244,163 in expenditures and an accrual of \$2,255,837 for pending claims.
- (g) Includes \$306,783 in expenditures and an accrual of \$909,217 for pending claims.
- (h) Represents initial IGT transferred to the State to draw-down federal matching funds to maximize reimbursement to the private trauma hospitals to help ensure continued access by Medi-Cal beneficiaries to trauma and emergency care. This expenditure was not identified in last years report since it had not yet been made, but was included in contractual obligations.
- (i) Commitment payments related to prior year expenditures.
- (j) Beginning fund balance (\$41,407,294) and revenues (\$188,764,335), less expenditures (187,730,329) and contractual obligations (\$5,360,223).

Prepared By:
Los Angeles County
Department of the Auditor-Controller, Accounting Division
Department of Health Services, Fiscal Services

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, 2007

COUNTYWIDE SYSTEM OF TRAUMA CENTERS: \$142.6 million allocated to County hospitals; \$32.6 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/Harbor Hospital	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 2006-07 funds, which represent only about 37% of the estimated \$383.3 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	\$ 77.9 million
Harbor/UCLA Medical Center	24.1 million
Martin Luther King/Harbor Hospital	10.8 million
Olive View/UCLA Medical Center	<u>29.8 million</u>
Total	<u>\$142.6 million</u>

Non-County Hospitals

The FY 2006-07 Board Adopted Budget included \$30.0 million in Measure B revenues for trauma care services provided by non-county hospitals to eligible indigent patients. On January 30, 2007, the Los Angeles County Board of Supervisors (Board) approved a two-year Trauma Center Service Agreement (TCSA) with eleven non-County trauma centers with payment rates retroactive to July 1, 2006 through June 30, 2008. In addition, Amendment No. 2 of the Trauma Center Service Augmentation Agreement (TCSAA) with St. Francis Medical Center (SFMC) was

**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, 2007**

approved effective retroactive to December 1, 2006 through November 30, 2007. An appropriation adjustment to reallocate Measure B funding from Services and Supplies and Appropriation for Contingencies to Other Charges in the FY 2006-07 Final Budget to cover expenditures required by execution of the TCSA and TCSAA Agreements was also approved by the Board. These actions resulted in the following Measure B budget allocations:

Claim-Based Payments	-	\$ 8.5 million
Lump-Sum Patient Care Payments	-	17.1 million
Lump-Sum Base Station Payments	-	2.4 million
Transitional Capacity Allowance	-	<u>4.6 million</u>
Total		<u>\$32.6 million</u>

The status of these projects is as follows:

Claim-Based Payments – A total of \$8.5 million was allocated to pay patient care claims for uninsured patients submitted by the eleven 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.

Status: At the close of Fiscal Year 2006-07, \$8.5 million in claims had been paid to the designated non-County trauma hospitals. Additionally, \$0.1 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 \$0.1 million in refunds were subsequently “recycled” and used to pay previously unpaid claims submitted by the designated non-County trauma hospitals for FY 2006-07.

Lump-Sum Patient Care Payments –A total of \$17.1 million in lump-sum funding was budgeted for the eleven non-County trauma hospitals, however, pursuant to the TCSA, the total County maximum obligation was only \$16.7 million. This funding will be used as an intergovernmental transfer (IGT) to draw-down federal Medi-Cal matching funds for the non-County trauma hospitals and as a direct payment to UCLA Medical Center (as a public hospital, UCLA Medical Center participates in a program that precludes it from receiving these Medi-Cal matching funds). This funding represents an increased level of matching funds (originally \$6.5 million in FY 2003-04) and was made possible by redirecting funding previously allocated for claims-based payments in prior fiscal years to use as an IGT to draw-down Medi-Cal matching funds which results in more overall funding for 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, 2007

Status: In accordance with a State Plan Amendment (SPA) to provide federal matching funds effective, July 1, 2003, approved by the federal Centers for Medicare and Medicaid Services on March 31, 2005, and separate agreements between each of the ten private trauma hospitals and the State, an initial IGT in the amount of \$6.1 million was transferred to the California, Department of Health Services to draw-down federal Medi-Cal matching funds enabling the trauma hospitals to receive a total of \$12.2 million in lump-sum Medi-Cal funding. In addition, a payment was issued directly to UCLA Medical Center in the amount of \$0.4 million for their initial lump-sum patient care payment.

At the close of the fiscal year, \$0.9 million remained in the Measure B Fund encumbered as a contractual obligation for the FY 2006-07 final lump-sum payment to UCLA Medical Center and \$9.3 million was carried forward to the FY 2007-08 budget for the FY 2006-07 final Medi-Cal trauma payment to the private trauma hospitals ⁽¹⁾.

Lump-Sum Base Station Payments - A total of \$2.4 million in lump-sum, hospital specific payments was allocated to non-County hospitals for providing base station hospital services. Since the SPA was approved providing Federal Medi-Cal matching funds, approximately \$1.9 million in Measure B funds will be used for an IGT for the nine private trauma hospitals with base stations and a lump-sum payment of approximately \$0.5 million will be paid directly to UCLA Medical Center ^(1a).

Status: A total of \$1.9 million was transferred to the California, Department of Health Services as an IGT to draw-down \$1.9 million in Medi-Cal matching funds and a lump-sum payment of \$0.5 million was made to UCLA Medical Center for providing base hospital services. As a result, the private trauma hospitals received a total of \$3.9 million in base station payments.

Transitional Capacity Allowance - A total of \$4.5 million was allocated to SFMC for the continuation of trauma services provided to eligible indigent patients who either arrive at SFMC via paramedic ambulance or are directly admitted from the SFMC emergency room.

Status: At the close of the fiscal year, \$0.9 million had been paid to SFMC for their Transitional Capacity Allowance, \$2.4 million was encumbered as a contractual obligation, and the unexpended balance of \$1.2 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, 2007**

PHYSICIAN SERVICES FOR INDIGENTS PROGRAM: \$4.7 million allocated

The FY 2006-07 budget included \$4.7 million for the non-County Physician Trauma Services for Indigents and Emergency Services for Indigents Programs at SFMC.

The status of these projects is as follows:

Status: At the close of the fiscal year, the following amounts had been paid: \$1.2 million for claims by non-county physicians for trauma services provided in FY 2006-07 and \$0.3 million for emergency services at SFM during FY 2006-07. The remaining \$3.2 million was established as an expenditure accrual.

TRAUMA ACCESS EXPANSION TO UNDERSERVED AREAS: \$4.4 million allocated

The FY 2006-07 budget included \$4.4 million for expanded access to trauma services for patients in underserved areas (East San Gabriel Valley, Antelope Valley and Malibu) and to ensure the infrastructure for trauma transports is maintained and was composed of the following:

LA County Fire Dept. - Helicopter Lease	\$1.0 million
LA County Fire Dept. - Paramedic Air Services in E. San Gabriel Valley	0.5 million
LA County Sheriff's Dept. - Air Transport Services in Antelope Valley	0.8 million
Unallocated	<u>2.1 million</u>
Total	<u>\$4.4 million</u>

On June 1, 2007, the Department of Health Services (DHS) notified the Board of an increase to the Sheriff's Department's allocation from \$0.8 million to \$1.0 million annually to help cover increased personnel, maintenance and fuel costs. As a result, the funds were reallocated as follows:

LA County Fire Dept. - Helicopter Lease	\$1.0 million
LA County Fire Dept. - Paramedic Air Services in E. San Gabriel Valley	0.5 million
LA County Sheriff's Dept. - Air Transport Services in Antelope Valley	1.0 million
Unallocated	<u>1.9 million</u>
Total	<u>\$4.4 million</u>

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, 2007

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 expanded 24-hour/7-day per week level of air ambulance services in the Antelope Valley.

Status: A total of \$0.9 million was transferred from the Measure B fund to the Los Angeles County Fire Department for this purpose. The remaining \$0.1 million was not encumbered nor expended, and remains in the Measure B fund.

Aircraft Transport Capabilities – A total of \$1.5 million was allocated to continue the level of 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.

Status: A total of \$1.5 million was transferred from the Measure B fund to the Los Angeles County Fire Department (\$0.5 million) for East San Gabriel Valley paramedic air squad services and the Sheriff's Department (\$1.0 million) for staffing and related operational costs for air search and rescue services in the Antelope Valley.

Unallocated – The unexpended and unencumbered Trauma Access Expansion Funds of \$2.0 million remained in the Measure B fund. In future years, some or all of these funds (\$4.4 million) may be used to supplement a hospital(s) in these underserved areas that wishes to join the Countywide System of Trauma Centers.

PARAMEDIC SERVICE PROVIDER AGENCIES: \$4.0 million allocated

On September 5, 2006, the Board approved Cardiac Care Program Equipment Agreements with Paramedic Service Provider Agencies to provide reimbursement of equipment and training costs for paramedic first responders in local fire departments in order to ensure 12-Lead EKG capability in prehospital care for 9-1-1 patients in Los Angeles County, effective upon Board approval through June 30, 2007. An appropriation adjustment to reallocate \$4.0 million in Measure B funds from Appropriation for Contingencies to Services & Supplies in the FY 2006-07 Budget was also approved.

On June 19, 2007, the Board approved amendments to the existing Cardiac Care Program Equipment Agreement with the 30 paramedic service provider agencies to extend the

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, 2007

original deadline of December 31, 2006 to September 30, 2007 for purchases of 12-Lead EKG machines by such providers, 100% funded by Measure B funds previously approved by the Board on September 5, 2006.

Status: A total of \$3.3 million was paid to various paramedic service providers, \$0.6 million was encumbered as a contractual obligation and \$0.1 million remained in the Measure B fund.

BIOTERRORISM RESPONSE: \$2.7 million allocated

The FY 2006-07 budget included \$2.7 million to support Public Health programs for bioterrorism preparedness activities to address the medical needs of persons exposed to bioterrorist or chemical attack.

Status: A total of \$2.5 million was transferred to Public Health for salaries and benefits (\$2.2 million) and equipment and supplies (\$0.3 million). The unexpended balance (\$0.2 million) remained in the Measure B Fund.

EMERGENCY MEDICAL SERVICES AGENCY: \$1.5 million allocated

A total of \$1.5 million in costs was allocated to support the Emergency Medical Services Agency for coordination of emergency and trauma services and all health-related emergency and disaster preparedness for public and private hospital readiness.

Status: A total of \$1.5 million was transferred to the Emergency Medical Services Agency for coordination of emergency and trauma services and all health-related emergency and disaster preparedness for public and private hospital readiness.

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 transferred to 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, 2007**

FOOTNOTES:

(1) Since separate Federal matching funds were approved, the private trauma hospitals will receive an additional \$15.4 million in Medi-Cal funds bringing the total of these payments to \$30.8 million as follows:

	<u>County IGT</u>	<u>Medi-Cal Matching Funds</u>	<u>Total Received by PTHs:</u>
Initial Transfer:	\$6.1 million	\$6.1 million	\$12.2 million (a)
Final Transfer:	<u>\$9.3 million</u>	<u>\$9.3 million</u>	<u>\$18.6 million (b)</u>
Total	<u>\$15.4 million</u>	<u>\$15.4 million</u>	<u>\$30.8 million</u>

(a) Total excludes payment to UCLA Medical Center since it is a public entity and is not eligible to receive matching funds but is eligible for reimbursement for certain uncompensated emergency room costs for Medi-Cal recipients under AB 915.

(b) Estimated amount to be received by the private trauma hospitals (PTH). The final transfer has not been made yet and could vary significantly depending on UCLA Medical Center's portion of the total unpaid claims. If UCLA's share of unpaid claims is greater than the estimated amount, than the remaining amount for the PTHs would decrease, and vice versa if UCLA's share of unpaid claims is less than the estimated amount, than the remaining amount for the PTHs would increase and result in increased matching funds as well. The actual amount of the final installment is not yet known.

Prepared By:
Los Angeles County
Department of Health Services
Fiscal Services
SG 12/24/07
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