

COUNTY OF LOS ANGELES DEPARTMENT OF AUDITOR-CONTROLLER

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JOHN NAIMO AUDITOR-CONTROLLER

December 20, 2017

TO: Supervisor Sheila Kuehl, Chair Supervisor Hilda L. Solis Supervisor Mark Ridley-Thomas Supervisor Janice Hahn Supervisor Kathryn Barger

FROM: John Naimo 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 your Board no later than January 1st of each year. Accordingly, Attachment I reflects the Statement of Financial Activity for the Health Services Measure B Special Tax Fund for the Fiscal Year (FY) ended June 30, 2017. 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, Attachment II presents the Status of Measure B Projects for FY 2016-17 as provided by the Department of Health Services (DHS).

If you have any questions related to the Statement of Financial Activity, please contact me, or your staff may contact Rachelle Anema at (213) 974-8327. Questions related to the Status of Measure B Projects may be directed to Manal Dudar of DHS at (213) 240-7875.

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Attachments

c: Sachi A. Hamai, Chief Executive Officer Lori Glasgow, Executive Officer, Board of Supervisors Christina R. Ghaly, M.D., Acting Director, Department of Health Services Jeffrey Prang, Assessor Joseph Kelly, Treasurer and Tax Collector

Revenues:			
Voter Approved Special Taxes			¢ 070 007 004
Penalties, Interest, and Costs - Delinquent Taxes			\$ 273,397,831
Interest Earnings			972,764 1,215,759
Net Prior Year Refunds - Non-County Hospitals			336,117 ^(a)
Total Revenues			\$ 275,922,471
			<u><u> </u></u>
Current Year Expenditures:			
Services and Supplies:			
Non-County Trauma Hospitals (Direct Payment)			
Trauma Center Services Agreement (TCSA)			
Antelope Valley Hospital		\$ 4,150,520	
Ronald Reagan UCLA Medical Center		4,077,196	
Total Non-County Public Trauma Hospitals		\$ 8,227,716	
Enhanced Trauma Access			
County Fire Department - East SGV Paramedic Air Squad		\$ 638,289	
Sheriff's Department - Air Search and Rescue		1,226,000	
City of Los Angeles Fire Dept Trauma Air Transport		330,872	
Total Enhanced Trauma Access		2,195,161	
Physicians Services for Indigent Program (PSIP)			
PSIP - Trauma		\$ 419,849	
PSIP - Trauma Accrual to be paid in FY 2017-18		1,666,631 ^(b)	
PSIP - Emergency Room at St. Francis Medical Center PSIP - Emergency Room Accrual to be paid in FY 2017-18		137,090 420,887 ^(b)	
Total PSIP			
		2,644,457	
Auditor-Controller Services		766,190	
Total Services and Supplies			\$ 13,833,524
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Other Charges - Intergovernmental Transfers (IGT):			
IGT for non-County Trauma Hospitals - FY 2016-17 (TCSA)		\$ 16,601,133	(c)
Total Other Charges			\$ 16,601,133
			• 10,001,100
Other Financing Uses - Operating Transfers Out: County Hospitals:			
LAC+USC Medical Center		\$ 122,384,000	
Harbor-UCLA Medical Center		50,373,000	
Olive View-UCLA Medical Center		35,765,000	
Total County Hospitals		208,522,000	
Public Health:			
Bioterrorism			
Salaries & Employee Expenses	\$ 7,792,433		
Other Operating Expenses	2,069,567		
		\$ 9,862,000	
Trauma Prevention Initiative			
Salaries & Employee Expenses	\$ 167,109		
Other Operating Expenses	363,788		
T (1R (1) (1)		530,897	
Total Public Health		10,392,897	

Emergency Medical Services Salaries & Employee Expenses Other Operating Expenses Total Emergency Medical Services	\$ 1,635,064
Total Other Financing Uses - Operating Transfers Out	\$ 221,548,128
Total Fiscal Year 2016-17 Expenditures	\$ 251,982,785
Prior Year Expenditures:	
Non-County Trauma Hospitals (FY 2015-16 Direct Payments) FY 2015-16 IGT for non-County Trauma Hospitals Final Payment Enhanced Trauma Access - City of Los Angeles Fire Dept. electronic Patient Care Record for Pre-Hospital Providers PSIP (Claims Date of Service (DOS) in FY 2014-15 and DOS in FY 2015-16) Pomona Valley Hospital Medical Center - Pre-Trauma Center Designation Services	\$ 8,028,001 32,155,000 28,370 1,378 (1,076,903) ^(e) 4,310,639
Total Prior Year Expenditures:	\$ 43,446,485
Grand Total Expenditures	\$ 295,429,270
Deficiency of Revenue Over Expenditures	(19,506,799)
Less: Contractual Obligations	
Prior Year Commitments Rolled Over to FY 2016-17 Commitments Outstanding as of Fiscal Year End Net Change in Contractual Obligations	\$ 5,700,919 (17,281,279) ^(f) (11,580,360)
Net Change in Fund Balance	\$ (31,087,159)
Available Fund Balance, July 1, 2016	50,993,911
Available Fund Balance, June 30, 2017	\$ 19,906,752 ^(g)

FOOTNOTES:

(a) Refunds received in FY 2016-17 after third-party payers were identified by the non-County hospitals.

- (b) Includes PSIP accruals for estimated pending DOS in FY 2016-17 claims to be received in FY 2017-18.
- ^(c) Represents initial FY 2016-17 IGT to the State of California to draw down federal matching funds for payment to non-County hospitals. Final IGT payment will be paid in FY 2017-18. Refer to footnote (f) below.
- (d) Includes the following: (1) \$927,957 payments for Trauma & Emergency Medicine Information System (TEMIS) to Lancet Technology, Inc. for application software and support services; and (2) \$70,211 for Services and Supplies and Trauma Surveys incurred by Emergency Medical Services Agency.

(e) Reflects unspent funds for PSIP program years 2014-15 and 2015-16.

- ^(f) Includes the following: (1) \$27,128 for City of Los Angeles Fire Department; and (2) \$17,254,151 for TCSA estimated final FY 2016-17 IGT to the State of California.
- (9) The fund balance will be used to pay for one-time and ongoing programs that have rolled over to FY 2017-18 and to support Pomona Valley Hospital Medical Center in FY 2017-18 and for future years.

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

COUNTYWIDE SYSTEM OF TRAUMA CENTERS: \$208.5 million allocated to County hospitals; \$42.0 million allocated to non-County hospitals

County Hospitals

A total of \$208.5 million in budgeted Measure B funds was allocated for trauma and emergency care services provided by the three County hospitals to eligible indigent patients as follows:

LAC+USC Medical Center	\$122.4 million
Harbor-UCLA Medical Center	50.4 million
Olive View-UCLA Medical Center	<u>35.7 million</u>
Total	\$208.5 million

<u>Status</u>: FY 2016-17 funds were distributed to the three County Facilities based on actual unreimbursed costs at each hospital. On average, Measure B funding covered about 74.4% of the total unreimbursed trauma and emergency costs for the Department of Health Services (DHS).

LAC+USC Medical Center	\$122.4 million
Harbor-UCLA Medical Center	50.4 million
Olive View-UCLA Medical Center	<u> </u>
Total	\$208.5 million

Non-County Hospitals

DHS extended the Trauma Center Services Agreement (TCSA) with 12 non-County hospitals with no payment terms for another year ending on June 30, 2017. On May 16, 2017, the Board of Supervisors approved the FY 2016-17 funding methodology for the allocation of 13 non-County trauma hospitals, including Pomona Valley Hospital Medical Center (PVMC) as a new trauma center. PVMC received its trauma designation effective March 1, 2017, and has agreed to the FY 2016-17 allocation of trauma payments based on actual data for the period of March 1 through June 30, 2017, up to \$3.0 million.

Measure B funds totaling \$42.08 million were allocated for payments to 13 non-County trauma hospitals under the TCSA, which includes the \$3.0 million estimated to be paid to PVMC. Of this amount, approximately \$33.85 million would be used as an intergovernmental transfer (IGT) to send to the California Department of Health Care Services (CDHCS) to draw down an additional \$33.85 million of federal matching funds. CDHCS will issue Supplemental Medi-Cal Payments totaling \$67.70 million to 11 non-County trauma hospitals. DHS also made direct payments to Antelope Valley Hospital (AVH) and Ronald Reagan UCLA Medical Center (UCLA) totaling \$8.23 million. As public hospitals, AVH and UCLA participate in a program

that precludes them from receiving these Medi-Cal matching funds.

<u>Status</u>: In accordance with the State Plan Amendment (SPA) on enhanced Medi-Cal payments to non-County trauma hospitals (approved by the federal Centers for Medicare and Medicaid Services on March 31, 2005 and retroactive to July 1, 2003), and the agreement between CDHCS and the County, the initial payment of \$16.6 million for FY 2016-17 trauma center services was remitted in May 2017 as an IGT to CDHCS to draw down an additional \$16.6 million of federal matching funds to 11 non-County trauma hospitals, including PVMC for the period from March to June 2017 for which it was eligible, based on the applicable Federal Medical Assistance Percentage (FMAP) rate of 50%. In addition to the IGT, direct payments of \$4.1 million each to AVH and UCLA were issued for FY 2016-17 trauma center services.

<u>Balance</u>: At the close of FY 2016-17, \$17.3 million remained in the encumbrance to be used for the final IGT to CDHCS in FY 2017-18 to draw down up to an additional \$17.3 million of federal matching funds. In October 2017, the final payment of \$16.2 million for FY 2016-17 trauma center services was remitted as an IGT to CDHCS to draw down \$16.2 million in federal matching funds for 10 non-County trauma hospitals, excluding PVMC. The County is working with CDHCS to process the final payment for PVMC upon receiving their actual data.

PHYSICIAN SERVICES FOR INDIGENTS PROGRAM: \$5.3 million allocated

The FY 2016-17 Board Adopted Final Budget included an allocation of \$5.3 million from Measure B revenues to fund non-County physician trauma services provided to eligible indigent patients within Los Angeles County, and non-County physician emergency services provided to eligible indigent patients at St. Francis Medical Center.

The status of these projects is as follows:

Status: At the close of FY 2016-17, payments totaling \$0.56 million were issued to non-County physicians for trauma and emergency services, and \$2.08 million was established as accrued liabilities for pending trauma and emergency claims.

Balance: \$2.6 million was unexpended and unencumbered, and remained in the Measure B fund.

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

The FY 2016-17 Board Approved Adjusted Budget included \$4.4 million for expanded access to trauma services in order to maintain the infrastructure and facilitate the air rapid transport of trauma patients in the Antelope Valley, East San Gabriel Valley, San Fernando Valley, and Malibu. Air transport of trauma patients is sometimes necessary in these areas due to distance, traffic, weather conditions, etc. The budgeted funds were allocated as follows:

LA County Fire Dept. – Paramedic Air Squad in E. San Gabriel Valley	\$0.6 million
LA County Sheriff's Dept. – Air Search and Rescue in Antelope Valley	1.2 million
LA City Fire Dept. – Trauma Air Transport in San Fernando Valley	0.4 million
Unallocated	2.2 million
Total	\$4.4 million

The status of these projects is as follows:

<u>Aircraft Transport Capabilities</u> – A total of \$2.2 million was allocated for funding to the Los Angeles County Fire Department, the Los Angeles County Sheriff's Department, and the City of Los Angeles Fire Department for providing expanded trauma and paramedic air transport services to patients for timely access to trauma care.

<u>Status</u>: A total of \$2.2 million was transferred from the Measure B fund to the following departments: the Los Angeles County Fire Department for expanding the delivery of paramedic air squad services to East San Gabriel Valley, \$0.6 million; the Los Angeles County Sheriff's Department for staffing and operational costs related to air search and rescue services in the Antelope Valley, \$1.2 million; the City of Los Angeles Fire Department for providing trauma air transport services in the San Fernando Valley and surrounding communities, \$0.4 million.

<u>Balance</u>: At the close of FY 2016-17, an encumbrance balance of \$0.03 million remained in the Measure B fund for the City of Los Angeles Fire Department. This amount was canceled in December 2017.

<u>Unallocated</u>: \$2.2 million was unexpended and unencumbered, and remained in the Measure B fund.

BIOTERRORISM RESPONSE: \$9.9 million allocated

The FY 2016-17 Board Adopted Final Budget included an allocation of \$9.9 million to support the County's Public Health programs for bioterrorism preparedness activities and addressing the medical needs of people exposed to bioterrorist or chemical attacks.

<u>Status</u>: A total of \$9.9 million was transferred to the Department of Public Health (DPH) to cover the following actual costs incurred for the bioterrorism preparedness activities: salaries and benefits, \$7.8 million; equipment, supplies and expenses, \$2.1 million.

Balance: None.

TRAUMA PREVENTION PROGRAM: \$1.1 million allocated

The Board motion dated December 8, 2015, directed DHS to develop and implement a trauma prevention initiative (TPI) in regions of the County that experience a disproportionately high burden of trauma. EMS updated its Trauma Plan with the State to include an enhanced trauma prevention program, and work began with DPH to develop and implement trauma prevention activities to be allocated annually by an increase in Measure B revenues up to \$0.7 million.

The FY 2016-17 Board Adopted Final Budget included an allocation of \$1.1 million, which included the annual allocation of \$0.7 million and FY 2015-16 unspent rollover of \$0.4 million to support the County's Public Health programs for trauma prevention activities.

<u>Status</u>: A total of \$0.5 million was transferred to DPH to cover the actual costs incurred for the trauma prevention activities.

Balance: \$0.6 million was requested by DPH to roll over and included in the FY 2017-18 Adopted Final Budget.

ALLOCATION OF UNSPENT MEASURE B FUNDS TO VARIOUS DPH PROGRAMS: \$4.8 million allocated

On May 2, 2017, the Board approved the allocation of unspent and unallocated Measure B funds identified by the DHS in FY 2016-17 to DPH for the one-time purchase of equipment and supplies for a variety of field-based emergency response situations that relate to terrorism or possible terrorism (biological, chemical, and nuclear). The Board also approved an allocation of Measure B funds to fund the following programs annually: \$1.3 million for Trauma Prevention Initiative expansion beginning FY 2017-18; \$0.4 million for risk communications; \$0.5 million for overtime costs of Environmental Health Strike Team

members in response to possible terrorism events; and approved rollover of any unspent funds to future fiscal years to fund DPH.

<u>Status</u>: Due to a late start of the DPH's projects at the end of the fiscal year, no expenditure was incurred as of June 30, 2017.

<u>Balance</u>: \$3.9 million was requested to roll over and included in the FY 2017-18 Adopted Final Budget to allow DPH to spend the one-time funding to purchase equipment and supplies.

EMERGENCY MEDICAL SERVICES AGENCY (EMS): \$2.6 million allocated

The FY 2016-17 Board Adopted Final Budget included an allocation of \$2.6 million for the following: (1) \$1.7 million to support the County's Emergency Medical Services (EMS) Agency for the administration and coordination of trauma and emergency services related to pre-hospital and hospital emergency care, including the care provided in, en route to, from or between acute care hospitals and other health care facilities; and (2) \$0.9 million was approved by the Board on June 6, 2017, to support the EMS Agency to cover the cost of the agreement with Lancet Technologies, LLC for the maintenance and support of the EMS Agency's Trauma and Emergency Medicine Information System (TEMIS) in FY 2016-17 to ensure the ongoing timely access to EMS system data in order to quickly evaluate the system's operation and make informed decisions related to the delivery of EMS.

<u>Status</u>: A total of \$2.6 million was transferred to the County's EMS Agency to cover the actual costs incurred for the administration and coordination of trauma services: salaries and benefits, \$1.6 million; equipment and supplies, \$1.0 million.

Balance: None.

ALLOCATION OF UNSPENT MEASURE B FUNDS TO EMS AGENCY: \$2.5 million allocated

On March 8, 2017, the Board approved the allocation of \$2.5 million of the unspent and unallocated Measure B funds identified by DHS in FY 2016-17 for reimbursement of allowable start-up costs incurred for the first hospital that attains Level 1 Trauma Center designation in or adjacent to Service Planning Area 6 by December 31, 2018, and roll over the unspent funds to future fiscal years to potentially fund a future Memorandum of Agreement (MOA). This amount was not included in the FY 2016-17 Adopted Final Budget.

Status: At the close of FY 2016-17, no expenditure was incurred.

Balance: \$2.5 million was requested and included in the FY 2017-18 Adopted Budget.

ADMINISTRATIVE COSTS: \$0.8 million allocated

The FY 2016-17 Board Adopted Final Budget included an allocation of \$0.8 million to cover the administrative costs incurred pertaining to the assessment, collection and accounting services for the Measure B Special Tax revenues.

<u>Status</u>: Approximately \$0.8 million was transferred to the Auditor-Controller to cover the service costs for placement of direct assessments on secured tax roll and distribution of collections.

Balance: None.

Prepared By: Los Angeles County Department of Health Services Fiscal Services – Special Funds December 8, 2017