



JOHN NAIMO
AUDITOR-CONTROLLER

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

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December 16, 2014

TO: Supervisor Michael D. Antonovich, Mayor
Supervisor Hilda L. Solis
Supervisor Mark Ridley-Thomas
Supervisor Sheila Kuehl
Supervisor Don Knabe

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, 2014. 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 2013-14 as provided by the Department of Health Services.

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 Johnny Wong of the Department of Health Services at (213) 240-7875.

JN:RGC:CY:JG:RA:rr

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Attachments

c: Sachi A. Hamai, Interim Chief Executive Officer
Patrick Ogawa, Acting Executive Officer, Board of Supervisors
Mitchell H. Katz, M.D., Health Services Director
Jeffrey Prang, Assessor
Joseph Kelly, Acting Treasurer and Tax Collector

Measure B Special Tax Revenue Fund
For Emergency Medical Services, Trauma Centers, and Bioterrorism Response
Statement of Financial Activity
For the Fiscal Year (FY) Ended June 30, 2014

Revenues:

Voter Approved Special Taxes		\$ 270,668,578
Penalties, Interest & Costs - Delinquent Taxes		1,531,363
Interest Earnings		532,162
Net Prior Year Refunds - Non-County Hospitals		<u>686,724</u> ^(a)
Total Revenues		<u>\$ 273,418,827</u>

Fiscal Year 2013-2014 Expenditures:

Services and Supplies:

Non-County Trauma Hospitals

Claims Based Expenditures FY 2013-14:

Antelope Valley Hospital	\$ 231,410	
California Hospital Medical Center	2,460,988	
Cedars-Sinai Medical Center	874,973	
Henry Mayo Newhall Memorial Hospital	106,320	
Long Beach Memorial Medical Center	1,070,994	
Northridge Hospital	556,421	
Huntington Memorial Hospital	139,703	
Providence Holy Cross Medical Center	2,573,807	
St. Francis Medical Center	414,576	
St. Mary Medical Center	591,688	
Ronald Reagan UCLA Medical Center	<u>139,333</u>	
Total Claims Based Expenditures		\$ 9,160,213 ^(b)

Transitional Capacity Allowance

St. Francis Medical Center	\$ 1,651,900	
Refunds for FY 2013-14	<u>(31,200)</u> ^(a)	
Total Transitional Capacity Allowance		1,620,700

Lump-Sum Funding - Public Hospitals

Antelope Valley Hospital		
Base Station	\$ 691,788	
Direct Patient Care	<u>391,560</u>	
		\$ 1,083,348 ^(c)
Ronald Reagan UCLA Med. Center		
Base Station	\$ 691,788	
Direct Patient Care	<u>562,719</u>	
		<u>1,254,507</u> ^(c)

Total Lump-Sum Funding

2,337,855

Total Non-County Trauma Hospitals

\$ 13,118,768

Measure B Special Tax Revenue Fund
For Emergency Medical Services, Trauma Centers, and Bioterrorism Response
Statement of Financial Activity
For the Fiscal Year (FY) Ended June 30, 2014

Enhanced Trauma Access			
County Fire Department - Helicopter Lease	\$	873,603	
County Fire Dept. - East SGV Paramedic Air Squad		450,000	
Sheriff's Department - Air Search and Rescue		968,251	
City of Los Angeles Fire Dept. - Trauma Air Transport		<u>299,461</u>	
Total Enhanced Trauma Access			2,591,315
Physicians Services for Indigent Program (PSIP)			
PSIP - Trauma	\$	5,048,001 ^(d)	
PSIP - Emergency Room		<u>252,000</u> ^(e)	
Total PSIP			5,300,001
Auditor-Controller Services			<u>763,321</u>
Total Services and Supplies			\$ 21,773,405
Other Charges - Inter-Governmental Transfers (IGT):			
IGT - FY 2013-14 - Direct Patient Care	\$	12,446,023	
IGT - FY 2013-14 - Base Station		<u>3,113,046</u>	
Total IGT - FY 2013-14			\$ 15,559,069 ^(f)
Total Other Charges			15,559,069
Other Financing Uses - Operating Transfers Out:			
County Hospitals			
LAC+USC Medical Center	\$	110,812,000	
Harbor-UCLA Medical Center		56,433,000	
Olive View-UCLA Medical Center		<u>42,467,000</u>	
Total County Hospitals			209,712,000
Public Health - Bioterrorism			
Salaries & Employee Expenses	\$	5,509,840	
Other Operating Expenses		<u>4,408,160</u>	
Total Public Health - Bioterrorism			9,918,000
Emergency Medical Services			
Salaries & Employee Expenses	\$	1,618,245	
Other Operating Expenses		<u>55,189</u>	
Total Emergency Medical Services			<u>1,673,434</u>
Total Other Financing Uses - Operating Transfers Out			<u>221,303,434</u>
Total Fiscal Year 2013-2014 Expenditures			\$ 258,635,908

**Measure B Special Tax Revenue Fund
For Emergency Medical Services, Trauma Centers, and Bioterrorism Response
Statement of Financial Activity
For the Fiscal Year (FY) Ended June 30, 2014**

Prior Year Expenditures:			
IGT - FY 12-13, Final Installment	\$	12,414,021	
Enhanced Trauma Access - City of Los Angeles Fire Department		64,409	
Non-County Trauma Hospitals		<u>2,062,267</u>	
Total Prior Year Expenditures			<u>14,540,697</u>
Grand Total Expenditures			\$ 273,176,605
Excess of Revenues over Expenditures			242,222
Less: Contractual Obligations			
Net Cancellations of Prior Year Commitments			15,126,183
Commitments Outstanding at Fiscal Year End			<u>(13,766,839)</u> ⁽⁹⁾
Net change in Fund Balance			\$ 1,601,566
Available Fund Balance, July 1, 2013			<u>5,045,509</u>
Available Fund Balance, June 30, 2014			<u><u>\$ 6,647,075</u></u>

FOOTNOTES:

- (a) Refunds received in FY 2013-14 after a third-party payer was identified by the non-County hospitals.
- (b) Includes payments using prior year claims refunds, in the amount of \$681,646.
- (c) Initial payments to Antelope Valley Hospital and Ronald Reagan UCLA Medical Center for FY 2013-14. Final payments will be made after the unpaid claims for FY 2013-14 are finalized in FY 2014-15.
- (d) Includes payments of \$717,922 and accrual of \$4,332,603 for pending FY 2013-14 trauma claims.
- (e) Includes payments of \$13,891 and accrual of \$238,109 for pending FY 2013-14 ER claims.
- (f) Initial Intergovernmental Transfer (IGT) to the State of California to draw down federal matching funds for payment to non-County hospitals. Final IGT will be made after the unpaid claims are finalized in FY 2014-15.
- (g) Includes the following: estimated final IGT to State of California \$12,497,931, final payments to non-County hospitals \$1,241,369, and City of Los Angeles Fire Dept. \$27,539.

Prepared By:
Los Angeles County
Department of Auditor-Controller, Accounting Division
Department of Health Services
Fiscal Services, JW/ml, 11/20/2014

**Measure B Special Tax Revenue Fund
For Emergency Medical Services, Trauma Centers, and Bioterrorism Response
Status of Measure B Projects
For the Fiscal Year (FY) Ended June 30, 2014**

COUNTYWIDE SYSTEM OF TRAUMA CENTERS: \$209.7 million allocated to County hospitals; \$42.2 million allocated to non-County hospitals

County Hospitals

A total of \$209.7 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	\$111.5 million
Harbor-UCLA Medical Center	54.8 million
Olive View-UCLA Medical Center	<u>43.4 million</u>
 Total	 <u>\$209.7 million</u>

Status: The FY 2013-14 funds were distributed to the three County Facilities based on actual unreimbursable costs at each hospital. On average, Measure B funding covered about 57% of the total unreimbursed emergency room costs for the Department.

LAC+USC Medical Center	\$110.8 million
Harbor-UCLA Medical Center	56.4 million
Olive View-UCLA Medical Center	<u>42.5 million</u>
 Total	 <u>\$209.7 million</u>

Non-County Hospitals

DHS exercised its delegated authority to extend the Trauma Center Service Agreement (TCSA) with twelve non-County trauma centers for another year ending on June 30, 2014. A total of \$42.3 million was allocated in Measure B budgeted funds for trauma and emergency care services provided by non-County hospitals to eligible indigent patients as follows:

Claim-Based Payments	\$ 8.5 million
Lump-Sum Patient Care Payments	26.8 million
Lump-Sum Base Station Payments	4.5 million
Transitional Capacity Allowance	<u>2.5 million</u>
 Total	 <u>\$42.3 million</u>

The status of these projects is as follows:

Claim-Based Payments – A total of \$8.5 million was allocated to pay medical

Measure B Special Tax Revenue Fund
For Emergency Medical Services, Trauma Centers, and Bioterrorism Response
Status of Measure B Projects
For the Fiscal Year (FY) Ended June 30, 2014

claims for uninsured patients submitted by non-County trauma hospitals on a first-submitted, first-validated and paid basis, using a per diem schedule of rates as per the County's contract with these trauma hospitals.

Status: During FY 2013-14, refunds totaling \$0.7 million were received because a third-party payer was identified after County payments of the claims to the hospitals in the previous year. The County's contract required these funds be recycled back to the program to pay hospitals for trauma care. At the close of Fiscal Year 2013-14, a net total of \$9.2 million in claims had been paid to the designated non-County trauma hospitals, which included \$8.5M from the current year budget and \$0.7M from recycled refunds.

Lump-Sum Patient Care Payments – A total of \$26.8 million in lump-sum funding was allocated for 12 non-County trauma hospitals. Under the Trauma Center Service Agreement (TCSA), this funding will be used as an intergovernmental transfer (IGT) to draw down federal Medi-Cal matching funds for 10 non-County trauma hospitals, and also as direct payments to Antelope Valley Hospital (AVH) and Ronald Reagan UCLA Medical Center (UCLA). As public hospitals, AVH and UCLA participate in a program that precludes them from receiving these Medi-Cal matching funds.

Status: In accordance with the State Plan Amendment (SPA) on enhanced Medi-Cal payments to private trauma hospitals (approved by the federal Centers for Medicare and Medicaid Services on March 31, 2005 and retroactive from July 1, 2003), and the agreement between the California Department of Health Care Services (DHCS) and the County, an initial installment of \$12.5 million for FY 2013-14 lump-sum patient care services was included in the intergovernmental transfer (IGT) to DHCS to draw down federal matching funds totaling \$12.5 million⁽¹⁾ to ten private hospitals, based on the applicable Federal Medical Assistance Percentage (FMAP) rate of 50%. In addition to the IGT, an initial payment of \$0.95 million for FY 2013-14 lump-sum patient care services was issued directly to AVH and UCLA.

At the close of FY 2013-14, the following encumbrances remained in the Measure B Fund for estimated final payment of FY 2013-14 lump-sum patient care services: AVH, \$0.4 million; UCLA, \$0.6 million; IGT to the State of California, \$12.5 million⁽¹⁾.

Balance: None.

**Measure B Special Tax Revenue Fund
For Emergency Medical Services, Trauma Centers, and Bioterrorism Response
Status of Measure B Projects
For the Fiscal Year (FY) Ended June 30, 2014**

Base Station Payments - A total of \$4.5 million in lump-sum, hospital-specific payments was allocated to non-County hospitals providing base station services.

Status: A total of \$3.1 million was included in the IGT to DHCS to draw down Federal matching funds of \$3.1 million, resulting in enhanced Medi-Cal payments totaling \$6.2 million⁽¹⁾ to nine private hospitals (Children's Hospital of Los Angeles did not provide base station services), based on the applicable Federal Medical Assistance Percentage (FMAP) rate of 50%.

In addition to the IGT, a payment of \$1.4 million was issued directly to AVH and Ronald Reagan UCLA for providing base station hospital services for FY 2013-14.

Balance: None.

Transitional Capacity Allowance - A total of \$2.5 million was allocated to St. Francis Medical Center (SFMC) for the provision of emergency care to eligible indigent patients under the Trauma Center Service Augmentation Agreement (TCSAA) during the period from July 1, 2013, through June 30, 2014.

Status: At the close of FY 2013-14, a net total of \$1.6 million was paid to SFMC for services provided under the TCSAA and \$0.3 million was in encumbrance.

Balance: \$0.6 million was unexpended and unencumbered, and remained in the Measure B fund.

PHYSICIAN SERVICES FOR INDIGENTS PROGRAM: \$5.3 million allocated

The FY 2013-14 Board Adopted Final Budget included an allocation of \$5.3 million from Measure B revenues to fund private physician trauma services provided to eligible indigent patients within Los Angeles County, and private physician emergency services provided to eligible indigent patients at SFMC.

The status of these projects is as follows:

Status: At the close of FY 2013-14, payments totaling \$0.7 million were issued to private physicians for trauma services. The remaining \$4.6 million was established as accrued liabilities for pending trauma and emergency claims.

**Measure B Special Tax Revenue Fund
For Emergency Medical Services, Trauma Centers, and Bioterrorism Response
Status of Measure B Projects
For the Fiscal Year (FY) Ended June 30, 2014**

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

The FY 2013-14 Board Adopted Final Budget included \$4.4 million for expanded access to trauma services in order to maintain the infrastructure and facilitate the urgent transport of trauma patients in the Antelope Valley, East San Gabriel Valley, San Fernando Valley, and Malibu. Air transport is sometimes necessary in these areas due to distance, traffic, weather conditions, etc. The budgeted funds were allocated as follows:

LA County Fire Dept. – Helicopter Lease/Trauma Air Transport	\$0.9 million
LA County Fire Dept. – Paramedic Air Squad in E. San Gabriel Valley	0.4 million
LA County Sheriff’s Dept. – Air Search and Rescue in Antelope Valley	1.0 million
LA City Fire Dept. – Trauma Air Transport in San Fernando Valley	0.3 million
Unallocated	<u>1.8 million</u>
 Total	 <u>\$4.4 million</u>

The status of these projects is as follows:

Helicopter Lease/Trauma Air Transport – A total of \$0.9 million was allocated to fund the Los Angeles County Fire Department’s helicopter lease/trauma air transport costs related to the expanded 24-hour/7-day-a-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 to cover actual costs incurred for the lease and services.

Balance: None.

Aircraft Transport Capabilities – A total of \$1.73 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 City Fire Department for providing expanded trauma and paramedic air transport services to patients for timely access to trauma care.

Status: A total of \$1.7 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, \$0.4 million; the Los Angeles County Sheriff’s Department for the staffing and operational costs related to air search and rescue services in the

Measure B Special Tax Revenue Fund
For Emergency Medical Services, Trauma Centers, and Bioterrorism Response
Status of Measure B Projects
For the Fiscal Year (FY) Ended June 30, 2014

Antelope Valley, \$1.0 million; the City of Los Angeles Fire Department for providing trauma air transport services in the San Fernando Valley and surrounding communities, \$0.3 million.

Balance: At the close of FY 2013-14, an encumbrance balance of \$0.02 million remained in the Measure B Fund for the City of Los Angeles Fire Department.

Unallocated: \$1.8 million was unexpended and unencumbered, and remained in the Measure B fund.

BIOTERRORISM RESPONSE: \$9.9 million allocated

The FY 2013-14 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.

Status: A total of \$9.9 million was transferred to Public Health to cover the following actual costs incurred for the bioterrorism preparedness activities: salaries and benefits, \$5.5 million; equipment, supplies and expenses, \$4.4 million.

EMERGENCY MEDICAL SERVICES AGENCY: \$1.8 million allocated

The FY 2013-14 Board Adopted Final Budget included an allocation of \$1.8 million to support the County's Emergency Medical Services Agency for the administration and coordination of trauma and emergency services which are 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.

Status: A total of \$1.7 million was transferred to the County's Emergency Medical Services Agency to cover the actual costs incurred for the administration and coordination of trauma and emergency services: salaries and benefits, \$1.6 million; equipment and supplies, \$0.1 million.

Balance: \$0.1 million was unexpended and unencumbered, and 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 the Fiscal Year (FY) Ended June 30, 2014

ADMINISTRATIVE COSTS: \$0.8 million allocated

The FY 2013-14 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.

Status: A total of \$0.76 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: \$0.04 million was unexpended and unencumbered, and 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 the Fiscal Year (FY) Ended June 30, 2014**

FOOTNOTES:

(1) With the approval of Federal matching funds for Initial and Final IGTs, the private trauma hospitals will receive an estimated additional \$24.8 million in supplemental Medi-Cal funding, bringing the total funding to \$56.0 million.

	<u>County IGT</u>	<u>Medi-Cal Matching Funds</u>	<u>Total Funding to Private Trauma Hospitals</u> ^(a)
Initial Transfer	\$15.6 million	\$15.6 million	\$31.2 million ^(b)
Final Transfer:	<u>12.4 million</u>	<u>12.4 million</u>	<u>24.8 million</u> ^(c)
Total	<u>\$28.0 million</u>	<u>\$28.0 million</u>	<u>\$56.0 million</u>

- (a) Excludes payments to Ronald Reagan UCLA Medical Center and Antelope Valley Hospital which are public hospitals and ineligible to receive Federal matching funds.
- (b) Includes \$25.0 million for patient care services (\$12.5 million County IGT plus \$12.5 million matching funds pending approval by DHCS), and \$6.2 million for base station services (\$3.1 million County IGT plus \$3.1 million matching funds pending approval by DHCS). Applicable Federal Medical Assistance Percentage (FMAP) rate for Initial Transfer is 50%.
- (c) Estimated amount to be distributed to Private Trauma Hospitals in FY 2014-15, subject to California DHCS' review and approval. Applicable FMAP rate for Final Transfer is 50%.

Prepared By:
Los Angeles County
Department of Health Services
Fiscal Services
JW/ml 11/20/2014