



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

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JOHN NAIMO
AUDITOR-CONTROLLER

December 21, 2015

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

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, 2015. 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 2014-15 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 Manal Dudar of the Department of Health Services at (213) 240-7875.

JN:CY:JG:RA:cd

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Attachments

c: Sachi A. Hamai, Chief Executive Officer
Patrick Ogawa, Acting Executive Officer, Board of Supervisors
Mitchell H. Katz, M.D., Health Services Director
Jeffrey Prang, Assessor
Joseph Kelly, 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, 2015

Revenues:

Voter Approved Special Taxes		\$ 271,566,004
Penalties, Interest & Costs - Delinquent Taxes		1,310,153
Interest Earnings		573,593
Net Prior Year Refunds - Non-County Hospitals		<u>1,235,678</u> ^(a)
Total Revenues		<u>\$ 274,685,428</u>

Current Year Expenditures:

Services and Supplies:

Non-County Trauma Hospitals

Claims Based Expenditures FY 2014-15:

Antelope Valley Hospital	\$ 44,596	
California Hospital Medical Center	300,827	
Cedars-Sinai Medical Center	424,538	
Henry Mayo Newhall Memorial Hospital	6,425	
Long Beach Memorial Medical Center	875,611	
Northridge Hospital	386,739	
Huntington Memorial Hospital	436,500	
Providence Holy Cross Medical Center	1,467,534	
St. Francis Medical Center	1,439,088	
St. Mary Medical Center	96,375	
Ronald Reagan UCLA Medical Center	<u>12,850</u>	
Total Claims Based Expenditures		\$ 5,491,083

Transitional Capacity Allowance (TCA)

St. Francis Medical Center	\$ 1,443,000	(b)
Refunds for FY 2014-15	<u>(83,850)</u>	(a)
Total Transitional Capacity Allowance		1,359,150

Lump-Sum Funding - Public Hospitals

Antelope Valley Hospital

Base Station	\$ 691,788	
Direct Patient Care	<u>211,415</u>	
		\$ 903,203 ^(c)

Ronald Reagan UCLA Medical Center

Base Station	\$ 691,788	
Direct Patient Care	<u>602,639</u>	
		<u>1,294,427</u> ^(c)

Total Lump-Sum Funding

2,197,630

Total Non-County Trauma Hospitals

\$ 9,047,863

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, 2015

Enhanced Trauma Access			
County Fire Department - Helicopter Lease	\$	873,603	
County Fire Dept. - East SGV Paramedic Air Squad		642,000	
Sheriff's Department - Air Search and Rescue		1,226,000	
City of Los Angeles Fire Dept. - Trauma Air Transport		<u>264,472</u>	
Total Enhanced Trauma Access			\$ 3,006,075
Physicians Services for Indigent Program (PSIP)			
PSIP - Trauma	\$	3,728,884 ^(d)	
PSIP - Emergency Room		<u>250,071 ^(e)</u>	
Total PSIP			3,978,955
Auditor-Controller Services			<u>763,935</u>
Total Services and Supplies			\$ 16,796,828
Other Charges - Inter-Governmental Transfers (IGT):			
IGT - FY 2014-15 - Direct Patient Care	\$	12,716,484	
IGT - FY 2014-15 - Base Station		<u>3,113,046</u>	
Total IGT - FY 2014-15			\$ 15,829,530 ^(f)
Total Other Charges			15,829,530
Other Financing Uses - Operating Transfers Out:			
County Hospitals			
LAC+USC Medical Center	\$	116,773,000	
Harbor-UCLA Medical Center		54,187,000	
Olive View-UCLA Medical Center		<u>39,856,000</u>	
Total County Hospitals			210,816,000
Public Health - Bioterrorism			
Salaries & Employee Expenses	\$	5,896,512	
Other Operating Expenses		<u>4,074,488</u>	
Total Public Health - Bioterrorism			9,971,000
Emergency Medical Services			
Salaries & Employee Expenses	\$	1,339,620	
Other Operating Expenses		<u>102,086</u>	
Total Emergency Medical Services			<u>1,441,706</u>
Total Other Financing Uses - Operating Transfers Out			<u>222,228,706</u>
Total Fiscal Year 2014-2015 Expenditures			\$ 254,855,064

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, 2015

Prior Year Expenditures:			
IGT - FY 13-14, Final Installment		\$ 12,835,180	
PSIP - Trauma Program Year 13-14, Accrued Expenditures		(1,369,111) ^(g)	
Non-County Trauma Hospitals		<u>932,471</u>	
Total Prior Year Expenditures			<u>\$ 12,398,520</u>
Grand Total Expenditures			\$ 267,253,584
Excess of Revenues over Expenditures			7,431,844
Less: Contractual Obligations			
Cancellation of Prior Year Commitments		\$ 13,766,839	
Commitments Outstanding as of Fiscal Year End		<u>(15,859,345) ^(h)</u>	
Net Change in Contractual Obligations			<u>(2,092,506)</u>
Net Change in Fund Balance			\$ 5,339,338
Available Fund Balance, July 1, 2014			<u>6,647,075</u>
Available Fund Balance, June 30, 2015			<u>\$ 11,986,413</u> ⁽ⁱ⁾

FOOTNOTES:

- (a) Refunds received in FY 2014-15 after a third-party payer was identified by the non-County hospitals.
- (b) Includes accrued expenditures of \$778,050 for pending FY 2014-15 St. Francis Medical Center TCA claims.
- (c) Initial payments to Antelope Valley Hospital and Ronald Reagan UCLA Medical Center for FY 2014-15. Final payments will be made after the unpaid claims for FY 2014-15 are finalized in FY 2015-16.
- (d) Includes net payments of \$777,865 and accrued expenditures of \$2,951,019 for pending FY 2014-15 trauma claims.
- (e) Includes accrual expenditures of \$250,071 for pending FY 2014-15 ER claims.
- (f) Reflects 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 2015-16.
- (g) Reflects unspent funds as a result of payments of FY 2013-14 claims being set at 50% reimbursement rate of County allowable charges. This surplus was returned to the Measure B Fund Balance for FY 2014-15. Subsequently, DHS used its delegated authority to increase the PSIP reimbursement rate for Program Year 2013-14, distributing the surplus proportionally to physicians in October 2015, based on eligible claims paid for Program Year 2013-14.
- (h) Includes the following: estimated final IGT to State of California, \$12,168,240; St. Francis for MLK overflow ER patients, \$81,900; final payments to non-County hospitals, \$1,014,540; Electronic Patient Care Reporting System, \$2,421,137; and City of Los Angeles Fire Dept., \$173,528.
- (i) Of this amount, payments for the following are expected in FY 2015-16 but encumbrance or accrued expenditures could not be established in FY 2014-15 due to insufficient information: a) Pending FY 2014-15 trauma hospital claims, \$2,980,000; b) Estimated raise-up or rate increase payments to PSIP trauma physicians for program Year 2013-14, \$1,369,111 (as mentioned in footnote g above); c) Estimated raise-up or rate increase payments to trauma physicians for program Year 2014-15, \$1,367,000; d) Prior Year trauma hospital refunds received in FY 2014-15 that are required by contract to be reused for payments to trauma hospitals, \$1,235,678. The surplus will also be used to fund Pomona Valley Hospital's start-up cost for trauma center designation, \$4,446,000.

Prepared By:
Los Angeles County
Department of Auditor-Controller, Accounting Division
Department of Health Services
Fiscal Services, JW/st, 11/18/2015

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**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, 2015**

COUNTYWIDE SYSTEM OF TRAUMA CENTERS: \$210.8 million allocated to County hospitals; \$41.2 million allocated to non-County hospitals

County Hospitals

A total of \$210.8 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	\$112.1 million
Harbor-UCLA Medical Center	55.1 million
Olive View-UCLA Medical Center	<u>43.6 million</u>
Total	<u>\$210.8 million</u>

Status: The FY 2014-15 funds were distributed to the three County Facilities based on actual unreimbursable costs at each hospital. On average, Measure B funding covered about 82% of the total unreimbursed emergency room costs for the Department.

LAC+USC Medical Center	\$116.8 million
Harbor-UCLA Medical Center	54.1 million
Olive View-UCLA Medical Center	<u>39.9 million</u>
Total	<u>\$210.8 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, 2015. A total of \$41.2 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>1.4 million</u>
Total	<u>\$41.2 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, 2015

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: At the close of Fiscal Year 2014-15, a net total of \$5.5 million in claims had been paid to the designated non-County trauma hospitals. Since hospitals are required to exhaust all collection efforts before sending the bills to the County, hospitals are allowed to submit the FY 2014-15 claims until October 31, 2015. An encumbrance or accrued expenditure for pending FY 2014-15 claims cannot be effectively established because the payment amount for each hospital is unknown until the claims are received.

Balance: \$3.0 million was unexpended and unencumbered, and remained in the Measure B fund. This amount was rolled over to FY 2015-16 and requested in the FY 2015-16 budget for payment of pending FY 2014-15 claims.

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 \$12.7 million for FY 2014-15 lump-sum patient care services was included in the intergovernmental transfer (IGT) to DHCS to draw down federal matching funds totaling \$12.7 million⁽¹⁾ to 10 private hospitals, based on the applicable Federal Medical Assistance Percentage (FMAP) rate of 50%. In addition to the IGT, an initial payment of \$0.8 million for FY 2014-15 lump-sum patient care services was issued directly to AVH and UCLA.

At the close of FY 2014-15, the following encumbrances remained 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, 2015

Measure B Fund for estimated final payment of FY 2014-15 lump-sum patient care services: AVH, \$0.3 million; UCLA, \$0.8 million; IGT to the State of California, \$12.2 million⁽¹⁾.

Balance: None.

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 UCLA for providing base station hospital services for FY 2014-15.

Balance: None.

Transitional Capacity Allowance - A total of \$1.4 million from Measure B funds 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, 2014, through June 30, 2015.

Status: At the close of FY 2014-15, a net total of \$1.4 million was expended for services provided under the TCSAA, including accrued expenditures of \$0.8 million for pending FY 2014-15 claims.

Balance: None.

PHYSICIAN SERVICES FOR INDIGENTS PROGRAM: \$5.3 million allocated

The FY 2014-15 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.

**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, 2015**

The status of these projects is as follows:

Status: At the close of FY 2014-15, payments totaling \$0.8 million were issued to private physicians for trauma services, and \$3.2 million was established as accrued liabilities for pending trauma and emergency claims.

Balance: \$1.3 million was unexpended and unencumbered, and remained in the Measure B fund.

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

The FY 2014-15 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	0.6 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	0.5 million
Unallocated	<u>1.2 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.

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, 2015

Aircraft Transport Capabilities – A total of \$2.3 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 \$2.1 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 the 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, \$0.3 million.

Balance: At the close of FY 2014-15, an encumbrance balance of \$0.2 million remained in the Measure B Fund for the City of Los Angeles Fire Department.

Unallocated: \$1.2 million was unexpended and unencumbered, and remained in the Measure B fund.

ELECTRONIC PATIENT CARE RECORD SYSTEM: \$3.0 million allocated

The FY 2014-15 Board Adopted Final Budget included an allocation of \$3.0 million for reimbursement to selected jurisdictional fire departments and emergency ambulance transportation service providers for the purchase of a new or upgrade of an existing electronic Patient Care Record (ePCR) System. The purpose of this allocation is to reduce the delay in data collection from pre-hospital providers, allowing timely data analysis and use of the information by DHS' Emergency Medical Services Agency for patient care, injury prevention and emergency medical services system planning.

Status: A contract with 15 providers totaling \$2.4 million was executed in June 2015 for the provision of purchasing or upgrading the ePCR for the period until June 2016. No expenditure was incurred as of June 30, 2015.

Balance: At the close of FY 2014-15, an encumbrance with 15 providers totaling \$2.4 million was established in the Measure B Fund. The remaining \$0.6 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, 2015

BIOTERRORISM RESPONSE: \$9.9 million allocated

The FY 2014-15 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, \$5.9 million; equipment, supplies and expenses, \$4.0 million.

Balance: None.

EMERGENCY MEDICAL SERVICES AGENCY: \$1.8 million allocated

The FY 2014-15 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 \$1.5 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, \$1.4 million; equipment and supplies, \$0.1 million.

Balance: \$0.3 million was unexpended and unencumbered, and remained in the Measure B fund.

ADMINISTRATIVE COSTS: \$0.8 million allocated

The FY 2014-15 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: 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: Less than \$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, 2015**

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	\$15.8 million	\$15.8 million	\$31.6 million ^(b)
Final Transfer:	<u>12.2 million</u>	<u>12.2 million</u>	<u>24.4 million</u> ^(c)
Total	<u>\$28.0 million</u>	<u>\$28.0 million</u>	<u>\$56.0 million</u>

(a) Excludes payments to UCLA and AVH which are public hospitals and ineligible to receive Federal matching funds.

(b) Includes \$25.4 million for patient care services (\$12.7 million County IGT plus \$12.7 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 2015-16, subject to California DHCS' review and approval. Applicable FMAP rate for Final Transfer is 50%.

Prepared By:
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Department of Health Services
Fiscal Services
JW/st 11/18/2015

