



JOHN NAIMO  
AUDITOR-CONTROLLER

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

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LOS ANGELES, CALIFORNIA 90012-3873  
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December 22, 2016

TO: Supervisor Mark Ridley-Thomas, Chairman  
Supervisor Hilda L. Solis  
Supervisor Sheila Kuehl  
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 1<sup>st</sup> 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, 2016. 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 2015-16 as provided by the Department of Health Services (DHS).

As explained in the Statement and Status report (Attachments I and II), all FY 2015-16 payments to Non-County hospitals were postponed to FY 2016-17 to allow DHS to work with all hospitals to develop a new payment methodology in response to the implementation of the Affordable Care Act and an amendment to the trauma agreement that was approved by your Board on November 1, 2016 (Attachment III). This is different from previous fiscal years in which the County paid Non-County hospitals approximately 50% of the funding in the current fiscal year and the remaining amount in the subsequent fiscal year. Accordingly, the fund balance at June 30, 2016 is

approximately \$40 million higher than in past years as it includes the funds set aside to make the payments in FY 2016-17.

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.

JN:CY:JG:RA

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#### Attachments

c: Sachi A. Hamai, Chief Executive Officer  
Lori Glasgow, 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, 2016**

**Revenues:**

Voter Approved Special Taxes	\$ 272,519,456
Penalties, Interest & Costs - Delinquent Taxes	1,140,998
Interest Earnings	842,406
Net Prior Year Refunds - Non-County Hospitals	1,354,368 <sup>(a)</sup>
<b>Total Revenues</b>	<b><u>\$ 275,857,228</u></b>

**Current Year Expenditures:**

## Services and Supplies:

Non-County Trauma Hospitals			
Claims Based Expenditures	\$	-	<sup>(b)</sup>
Transitional Capacity Allowance (TCA)			
St. Francis Medical Center	\$ 313,764		
Net Expenditure Refunds	<u>(31,200)</u> <sup>(a)</sup>		
Total Transitional Capacity Allowance		<u>282,564</u>	
Total Non-County Trauma Hospitals		\$ 282,564	
Pomona Valley Hospital Medical Center			134,571
Enhanced Trauma Access			
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>298,371</u>		
Total Enhanced Trauma Access			2,166,371
Physicians Services for Indigent Program (PSIP)			
PSIP - Trauma	\$ 2,790,902		
PSIP - Emergency Room	<u>764,510</u>		
Total PSIP			3,555,412 <sup>(c)</sup>
Auditor-Controller Services			<u>765,160</u>
Total Services and Supplies			\$ 6,904,078
Other Charges - Inter-Governmental Transfers (IGT):			
IGT for non-County Trauma Hospitals - FY 2015-16		\$	-
Total Other Charges			\$ -

**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, 2016**

Other Financing Uses - Operating Transfers Out:		
County Hospitals		
LAC+USC Medical Center	\$ 119,024,000	
Harbor-UCLA Medical Center	51,964,000	
Olive View-UCLA Medical Center	<u>37,534,000</u>	
Total County Hospitals		208,522,000
Public Health:		
Bioterrorism		
Salaries & Employee Expenses	\$ 6,116,188	
Other Operating Expenses	<u>3,745,812</u>	
		9,862,000
Trauma Prevention Initiative		
Salaries & Employee Expenses	\$ 18,718	
Other Operating Expenses	<u>138,151</u>	
		<u>156,869</u>
Total Public Health		10,018,869
Emergency Medical Services		
Salaries & Employee Expenses	\$ 1,609,960	
Other Operating Expenses	<u>69,692</u>	
Total Emergency Medical Services		<u>1,679,652</u>
Total Other Financing Uses - Operating Transfers Out		<u>220,220,521</u>
<b>Total Current Year Expenditures</b>		<b>\$ 227,124,599</b>
<b>Prior Year Expenditures:</b>		
Non-County Trauma Hospitals	\$ 5,886,392	(d)
IGT for non-County Trauma Hospitals - FY 2014-15, Final	12,558,113	
Payment Transitional Capacity Allowance	93,600	
ePCR for Pre-Hospital Providers	1,439,909	
Enhanced Trauma Access	65,641	
PSIP - Trauma Program Years 2013-14 and 2014-15	<u>3,819,042</u>	(e)
<b>Total Prior Year Expenditures</b>		<b>\$ 23,862,697</b>
<b>Grand Total Expenditures</b>		<b>\$ 250,987,296</b>
<b>Excess of Revenues over Expenditures</b>		<b>24,869,932</b>
<b>Less: Contractual Obligations</b>		
Cancellation of Prior Year Commitments	\$ 19,838,485	
Commitments Outstanding as of Fiscal Year End	<u>(5,700,919)</u>	(f)
Net Change in Contractual Obligations		<u>14,137,566</u>
<b>Net Change in Fund Balance</b>		<b>\$ 39,007,498</b>
<b>Available Fund Balance, July 1, 2015</b>		<u>11,986,413</u>
<b>Available Fund Balance, June 30, 2016</b>		<u>\$ 50,993,911</u> (g)

**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, 2016**

**FOOTNOTES:**

- (a) Refunds received in FY 2015-16 after a third-party payer was identified by the non-County hospitals.
- (b) Payments were postponed to FY 2016-17. DHS was working with all hospitals to develop a new payment methodology for FY 2015-16 and the amendment to the trauma agreement was approved by the Board on November 1, 2016, requiring Measure B payments totaling \$40,183,000 to be made directly or via the State to the non-County hospitals. See Attachment III for a copy of the Board letter.
- (c) Includes FY 2015-16 net payments of \$761,338 and accrued expenditures of \$2,794,074 for pending claims expected in FY 2016-17.
- (d) Includes the following payments made in FY 2015-16: Claims Based payments for various hospitals, \$3,045,802; Antelope Valley Hospital, final payment \$724,152; Ronald Reagan UCLA Medical Center, final payment \$2,116,438.
- (e) Includes FY 2013-14 raise-up payments of \$1,369,063; FY 2014-15 net payments of \$836,426 and accrued raise-up payments of \$1,613,553.
- (f) Includes the following: Pomona Valley Hospital Medical Center, \$4,310,639; City of Los Angeles Fire Dept, \$167,517; Electronic Patient Care Reporting System, \$1,036,527; St. Francis for Martin Luther King overflow Emergency Room patients, \$186,236.
- (g) Excluding the FY 2015-16 payments postponed to FY 2016-17, the Fund Balance for FY 2015-16 was estimated to be \$10,350,911 (due to unspent funds resulting from a decrease in claims, air trauma saving, and increase in projected tax revenues and collections). The following payments were postponed to FY 2016-17: Trauma Center Service Agreement, \$40,183,000 (see footnote b); Public Health's Trauma Prevention, \$460,000.

## Prepared By:

Los Angeles County  
Department of Auditor-Controller, Accounting Division  
Department of Health Services  
Fiscal Services, JW/st, 12/8/2016

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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, 2016**

**COUNTYWIDE SYSTEM OF TRAUMA CENTERS: \$208.5 million allocated to County hospitals; \$41.0 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	\$119.0 million
Harbor-UCLA Medical Center	52.0 million
Olive View-UCLA Medical Center	<u>37.5 million</u>
<b>Total</b>	<b><u>\$208.5 million</u></b>

Status: The Fiscal Year (FY) 2015-16 funds were distributed to the three County Facilities based on actual unreimbursed costs at each hospital. On average, Measure B funding covered about 75.3% of the total unreimbursed trauma and emergency costs for the Department.

LAC+USC Medical Center	\$119.0 million
Harbor-UCLA Medical Center	52.0 million
Olive View-UCLA Medical Center	<u>37.5 million</u>
<b>Total</b>	<b><u>\$208.5 million</u></b>

Non-County Hospitals

The Department of Health Services (DHS) extended the Trauma Center Service Agreement (TCSA) with twelve non-County hospitals with no payment terms for another year ending on June 30, 2016. The extension was approved by the Board to allow DHS to work with the non-County hospitals to develop a new payment methodology for FY 2015-16, in response to the previous allocation methodology that was no longer applicable with the significant decrease in uninsured patients due to passage of the Affordable Care Act. The TCSA was primarily funded by Measure B revenues. Based on FY 2014-15 payments, a total of \$40.5 million was allocated in FY 2015-16 Measure B budgeted funds for trauma and emergency care services provided by non-County trauma hospitals.

In addition to the TCSA, DHS also allocated \$0.5 million of Measure B budgeted funds to St. Francis Medical Center (SFMC) for providing emergency care to eligible indigent patients under the Trauma Center Service Augmentation Agreement (TCSAA), up to December 31, 2015, as described in more detail below.

**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, 2016**

Trauma Center Services Agreement	\$40.5 million
Transitional Capacity Allowance	<u>0.5 million</u>
 Total	 <u>\$41.0 million</u>

The status of these projects is as follows:

Trauma Center Services Agreement – Measure B funds totaling \$40.5 million were allocated for payments to twelve non-County trauma hospitals under the TCSA. Of which, approximately \$32.2 million would be used as an intergovernmental transfer (IGT) to send to California Department of Health Care Services (CDHCS) to draw down an additional \$32.2 million of federal matching funds., CDHCS will issue Supplemental Medi-Cal Payments totaling \$64.4 million to ten private trauma hospitals. DHS would also make a direct payment 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: At the close of FY 2015-16, DHS was still working with the non-County hospitals to come to consensus on an approach to allocate Measure B funds. The TCSA in effect was still without payment terms. No amount was expended and encumbered.

Balance: \$40.5 million remained in the Measure B Fund. This amount was rolled over to FY 2016-17 and requested in the FY 2016-17 budget for payment to non-County hospitals when the FY 2015-16 TCSA was amended and approved by the Board in FY 2016-17.

Transitional Capacity Allowance - A total of \$0.5 million from Measure B funds was allocated to St. Francis Medical Center (SFMC) for the provision of emergency care to eligible indigent patients due to the closure of the MLK-Harbor Hospital under the Trauma Center Service Augmentation Agreement (TCSAA) during the period from July 1, 2015 through December 31, 2015. The TCSAA was not renewed because of the opening of the Martin Luther King Jr. Community Hospital.

Status: At the close of FY 2015-16, a net total of \$0.3 million was expended for services provided under the TCSAA, and \$0.2 million remained in encumbrance for pending FY 2015-16 claims.

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, 2016**

**PHYSICIAN SERVICES FOR INDIGENTS PROGRAM: \$5.3 million allocated**

The FY 2015-16 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 2015-16, payments totaling \$0.8 million were issued to private physicians for trauma services, and \$2.8 million was established as accrued liabilities for pending trauma and emergency claims.

Balance: \$1.7 million was unexpended and unencumbered, and remained in the Measure B fund.

**TRAUMA ACCESS EXPANSION TO UNDERSERVED AREAS: \$4.3 million allocated**

The FY 2015-16 Board Approved Adjusted Budget included \$4.3 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	<u>2.1 million</u>
 Total	 <u>\$4.3 million</u>

The status of these projects is as follows:

Aircraft Transport Capabilities – 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 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 departments: the Los Angeles County Fire Department for expanding the delivery of



**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, 2016**

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, \$0.3 million.

Balance: At the close of FY 2015-16, an encumbrance balance of \$0.1 million remained in the Measure B Fund for the City of Los Angeles Fire Department.

Unallocated: \$2.1 million was unexpended and unencumbered, and remained in the Measure B fund.

**BIOTERRORISM RESPONSE: \$9.8 million allocated**

The FY 2015-16 Board Adopted Final Budget included an allocation of \$9.8 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 \$9.8 million was transferred to Public Health to cover the following actual costs incurred for the bioterrorism preparedness activities: salaries and benefits, \$6.1 million; equipment, supplies and expenses, \$3.7 million.

Balance: None.

**TRAUMA PREVENTION PROGRAM: \$0.2 million allocated**

The Board Motion dated June 23, 2015 instructed DHS to make recommendations to improve the accuracy, quality and timeliness of trauma data and propose a methodology for the Emergency Medical Services to regularly assess the County trauma care system. DHS reported back to the Board on November 25, 2015 indicating that there should be a renewed emphasis on trauma prevention. 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 the Department of Public Health (DPH) to develop and implement trauma prevention activities to be funded by an increase in Measure B revenues of approximately \$0.7 million, in future budget adjustment.

Status: Due to late start of the TPI program, DPH only expended \$0.16 million for FY 2015-16. A total of \$0.16 million was transferred to DPH to cover the following actual costs incurred for the trauma prevention activities: salaries and benefits, \$0.02 million;

**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, 2016**

equipment, supplies and expenses, \$0.14 million.

Balance: None.

**EMERGENCY MEDICAL SERVICES AGENCY: \$1.7 million allocated**

The FY 2015-16 Board Adopted Final Budget included an allocation of \$1.7 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 services: salaries and benefits, \$1.6 million; equipment and supplies, \$0.1 million.

Balance: None.

**ADMINISTRATIVE COSTS: \$0.8 million allocated**

The FY 2015-16 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: None.

Prepared By:  
Los Angeles County  
Department of Health Services  
Fiscal Services  
JW/st 11/30/2016



Los Angeles County Board of Supervisors

Hilda L. Solis  
First District

Mark Ridley-Thomas  
Second District

Shelia Kuehl  
Third District

Don Knabe  
Fourth District

Michael D. Antonovich  
Fifth District

November 01, 2016

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

**ADOPTED**

BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

24 November 1, 2016

LORI GLASGOW  
EXECUTIVE OFFICER

Dear Supervisors:

**APPROVAL OF AMENDMENT TO AGREEMENTS FOR  
TRAUMA CENTER SERVICES  
(ALL SUPERVISORIAL DISTRICTS)  
(3 VOTES)**

Mitchell H. Katz, M.D.  
Director

Hal F. Yee, Jr., M.D., Ph.D.  
Chief Medical Officer

Christina R. Ghaly, M.D.  
Chief Operations Officer

313 N. Figueroa Street, Suite 912  
Los Angeles, CA 90012

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**SUBJECT**

Request approval of the funding methodology and to amend the existing Trauma Center Services Agreements with twelve non-County trauma hospitals, for the inclusion of payment provisions for the period July 1, 2015 through June 30, 2016.

**IT IS RECOMMENDED THAT THE BOARD:**

1. Approve the funding methodology for the Fiscal Year (FY)2015-16 to the Trauma Center Services (TCS) Agreements and authorize the Director of Health Services (Director), or his designee, to execute an amendment to the existing TCS Agreements with twelve non-County trauma hospitals effective upon Board approval to include financial terms for the one year period, of July 1, 2015 through June 30, 2016, for a total County obligation of approximately \$45.23 million, comprised of \$40.18 million of Measure B funds, \$3.67 million from the Maddy Fund, and \$1.38 million from the Richie's Fund.

2. Approve a maximum amount of up to \$32.16 million of Measure B funds as an Intergovernmental Transfer (IGT) for payment to the California Department of Health Care Services (CDHCS) to draw down Federal matching dollars for eligible non-County trauma hospitals (i.e., excluding Ronald Reagan University of California, Los Angeles (UCLA), and Antelope Valley Hospital).

*To ensure access to high-quality, patient-centered, cost-effective health care to Los Angeles County residents through direct services at DHS facilities and through collaboration with community and university partners.*



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The Honorable Board of Supervisors

11/1/2016

Page 2

3. Approve the allocation and distribution through the TCS Agreements of an additional approximately \$1.73 million in pediatric trauma allocation (Richie's Fund) to the Pediatric Trauma Centers (PTCs) listed in Attachment B, including \$1.38 million for non-County PTCs and \$0.35 million for County PTCs.
4. Delegate authority to the Director, or his designee, to execute an Amendment to the TCS Agreements to extend the term for one additional six-month period, for the period January 1, 2017 through June 30, 2017, with no financial/obligation terms for the extension period, subject to prior review and approval by County Counsel and notification to the Board and Chief Executive Office (CEO).
5. Delegate authority to the Director, or his designee, to execute an Amendment to the TCS Agreements to extend the term with two County designated trauma centers, for a six month period, for the period January 1, 2017 through June 30, 2017.

#### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

On June 23, 2015 and December 8, 2015, the Board approved two six-month extensions to the TCS Agreements, respectively, with twelve non-County hospitals for maintaining their trauma center designation, through June 30, 2016. These extensions did not provide for payment of indigent and other trauma services and were for the purpose of allowing the Department of Health Services (DHS) to continue to work with the non-County hospitals to develop a payment methodology and return to the Board for approval of amendments to the TCS Agreements.

#### **Previous Methodology**

Historically, County's funding was allocated to the non-County hospitals in proportion to the value of trauma claims for uninsured patients, via direct claim-based payments, and lump sum funding that was based upon the percentage of the value of each hospital's unpaid claims as compared to the aggregate value of all non-County hospitals' unpaid claims. In addition, funding was provided to those hospitals that served as base hospitals in the Emergency Medical Services (EMS) system. For actual disbursement of base hospital and lump sum funding, instead of issuing direct payment to private hospitals, DHS utilized a Federally-approved State Plan Amendment (SPA) to increase payments to ten (10) private hospitals by sending an IGT of funds to CDHCS to draw down Federal matching dollars for issuing enhanced Medi-Cal payments to these private hospitals. For the two (2) public hospitals that were ineligible to receive supplemental Medi-Cal payments under the SPA, DHS issued a payment directly to the hospitals.

With the passage of the Affordable Care Act (ACA), the number of uninsured individuals drastically dropped and the volume of uninsured trauma claims declined as well. This decline was so large that in FY 2014-15, there were not sufficient uninsured trauma claims from non-County hospitals to pay out all Measure B funds, based on the County methodology as set forth under the terms of the TCS Agreements. As a result, on May 3, 2016, the Board approved an Amendment to the TCS Agreements providing payment terms for FY 2014-15 and allocated the available funds to be no less than the historical distributions for FY 2013-14.

#### **Proposed Methodology**

On June 9, 2015, DHS proposed, in concept, to revise the Measure B funding priorities for non-

The Honorable Board of Supervisors

11/1/2016

Page 3

County trauma hospitals, and your Board referred the matter back to the Department to continue working with the hospitals to develop a new allocation methodology and return to the Board for approval. Since then, the Department has met on several occasions with the non-County hospitals as a group to collaboratively share ideas and concepts for allocating all available funds, including the estimated maximum Federal matching dollars for FY 2015-16 as allowable under the SPA. As a result of these discussions and negotiations, DHS is requesting approval to allocate County funds totaling approximately \$45.23 million for the twelve non-County hospitals. This includes an IGT of \$32.16 million to be used to draw down Federal matching funds of \$32.16 million, making total funds available for allocation in the amount of approximately \$77.39 million.

This recommendation includes primary allocation for three types of costs:

- Funding for uninsured patients based on prior year (FY 2014-15) payments, totaling \$10.69 million;
- Payment for the cost of serving as a base hospital station in the EMS system, totaling \$7.70 million;
- Richie Fund/pediatric trauma allocation, totaling \$1.38 million.

In an effort to ensure that the County provides a consistent level of funding to the non-County hospitals, even after implementation of the Affordable Care Act, the remaining \$57.62 million are allocated to support the following:

- Supplemental funding to subsidize hospitals for the call panel costs of trauma and specialist physicians for maintaining the 24/7 coverage as required to operate a trauma center regardless of patient volume;
- Additional support to hospitals based on their trauma volume in emergency room and inpatient areas, weighted by the Injury Severity Score (ISS) of their trauma patients to take into account the higher treatment costs of more severely injured patients;
- Additional support to hospitals that serve a significantly disproportionate large number of low-income Disproportionate Share Hospitals (DSH) patients and Medi-Cal patients, thus having relatively less ability to cross-subsidize the costs of providing trauma care to these patients with payments from third-party payers;
- Transitional funding provided for one year to support those hospitals that will experience a decline in funding for FY 2015-16, as compared to FY 2013-14, due to the shift to a new payment methodology.

The proposed FY 2015-16 payments to non-County hospitals are summarized in Attachment A. DHS has met with all non-County hospitals to discuss this proposed allocation method for FY 2015-16 and it reflects the consensus comments and input of the trauma hospitals.

The Department is not planning for the proposed allocation methodology for FY 16-17 to mirror FY 2015-16. Instead, DHS will continue to work with non-County hospitals to come to consensus on an allocation methodology for FY 2016-17.

Approval of the first, second and third recommendations will authorize the Director, or his designee, to execute an amendment to the existing TCS Agreements with financial terms for FY 2015-16 that are substantially similar to Exhibit I, and allow DHS to process payments for FY 2015-16 to non-County hospitals and sending an IGT to CDHCS to draw down Federal matching funds for issuing enhanced Medi-Cal payments to private trauma hospitals.

Approval of the fourth recommendation will delegate authority to the Director, or his designee, to

The Honorable Board of Supervisors  
11/1/2016  
Page 4

execute amendments to the TCS Agreements with twelve non-County hospitals for one additional six-month period to June 30, 2017, substantially similar to Exhibit II, to allow DHS to complete the development of a funding methodology for FY 2016-17.

Approval of the fifth recommendation will delegate authority to the Director, or his designee, to execute amendments to the existing County TCS Agreements with two County designated trauma centers for one additional six-month period to June 30, 2017, substantially similar to Exhibit II.

### **Implementation of Strategic Plan Goals**

The recommendations support Goal 1, Operational Effectiveness, of the County's Strategic Plan.

### **FISCAL IMPACT/FINANCING**

The total maximum obligation for the Amended TCS Agreements for FY 2015-16 is \$45.58 million, including \$0.35 million for County PTCs. This allocation is funded by the following sources: Measure B, \$40.18 million; Maddy Fund, \$3.67 million; and Richie's Fund, \$1.73 million.

The previous funding for the FY 2015-16 TCS Agreements has been rolled over and included in DHS' FY 2016-17 Final Budget.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

Pursuant to the authority granted under California Health and Safety (H&S) Code Section 1798.160, the County maintains trauma facilities as part of the regional trauma care system for treatment of potentially seriously injured persons. Division 2.5 of the H&S Code authorizes the local Emergency Medical Services Agency to designate trauma centers as part of the regional trauma care system. There are currently twelve non-County and two County-operated trauma centers in the County. The FY 2015-16 TCS Agreements provide funding to twelve non-County trauma centers under various payment terms that are funded by the following sources.

#### **Measure B Funds**

Measure B, passed by the voters on November 5, 2002, authorized the County to levy a tax on structural improvements within the County, in part, to provide funding to strengthen the Los Angeles County trauma network, particularly those trauma hospitals operated by the County, and expand it if possible. Subsequent to Measure B's passage, the Board approved a proposal to allocate Measure B funds among the non-County trauma hospitals in proportion to the value of trauma-related care for uninsured patients. In addition, a payment to reimburse trauma hospitals for costs associated with serving as a base hospital in the Emergency Medical Services system was also approved.

#### **Maddy Fund and Richie's Funds**

The County has been receiving funds which are derived from additional penalties assessed on fines and bail forfeitures that the court collects for certain criminal offenses and motor vehicles violations. As permitted by California Government Code Section 76000.5 and H&S Code Section 1797.98a, these funds are placed in the County's Maddy Emergency Medical Services Fund (Maddy Fund) and used by DHS for trauma and emergency services. A portion of the money in the Maddy Fund is designated by statute for the support of pediatric trauma programs and are segregated in the

The Honorable Board of Supervisors  
11/1/2016  
Page 5

Richie's Fund. The other Maddy Fund dollars are available to support trauma and emergency services provided by hospitals and physicians.

In accordance with state law, Maddy Fund dollars will be paid to offset a portion of unreimbursed indigent trauma days, and Richie's Fund dollars will be used to enhance pediatric trauma care.

County Counsel has reviewed and approved Exhibit I as to form.

**CONTRACTING PROCESS**

Not applicable as these are extensions of current agreements.

**IMPACT ON CURRENT SERVICES (OR PROJECTS)**

Approval of the recommendations will provide the cash flow and funding to the non-County trauma centers to cover the costs of providing necessary trauma services and ensure they continue their participation in the trauma network.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Mitchell Katz". The signature is written in a cursive, flowing style.

Mitchell H. Katz, M.D.  
Director

MHK:jw

Enclosures

c: Chief Executive Office  
County Counsel  
Executive Office, Board of Supervisors