

July 15, 2002

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

Re: **Coast Plaza Doctors Hospital v. County of Los Angeles**
Los Angeles Superior Court Case No. VC 033 249

Dear Supervisors:

The Claims Board recommends that:

1. The Board authorize settlement of the above-entitled action in the amount of \$204,164.00.
2. The Auditor-Controller be directed to draw a warrant to implement this settlement from the Sheriff's Department and Department of Health Services.
3. The Board to continue the Corrective Action.

Enclosed is the settlement request and a summary of the facts of the case.

Also enclosed, for your information, is the Corrective Action Report submitted by the Sheriff's Department and Department of Health Services.

Return the executed, adopted copy to Frances Lunetta, Suite 648 Kenneth Hahn Hall of Administration, Extension 4-1754.

Very truly yours,

Barbara N. Uyeda, Chairperson
Los Angeles County Claims Board

BNU/fsl

Enclosures

MEMORANDUM

June 18, 2002

TO: THE LOS ANGELES COUNTY CLAIMS BOARD

FROM: JONATHAN H. GELLER
Principal Deputy County Counsel
General Litigation Division

RE: Coast Plaza Doctors Hospital v. County of Los Angeles
Los Angeles Superior Court Case No. VC 033249

DATE OF INCIDENT: 1999 - 2001

AUTHORITY REQUESTED: \$204,164

COUNTY DEPARTMENT: Sheriff's Department and Department of Health Services

CLAIMS BOARD ACTION:

Approve Disapprove Recommend to Board of Supervisors for Approval

BARBARA N. UYEDA Chief Administrative Office

LLOYD W. PELLMAN County Counsel

MARIA M. OMS Auditor-Controller

on _____, 7/18/2002

This is a recommendation to settle for \$204,164, two lawsuits and a claim brought by Coast Plaza Doctors Hospital, for the recovery of unpaid medical bills arising from evidence collection and medical treatment provided to arrested persons at the request of the arresting law enforcement agency.

LEGAL PRINCIPLES

When a person is arrested by a police agency and requires medical treatment before being placed in the custody of the Sheriff's Department, the County of Los Angeles is responsible under California law for payment of the arrested person's medical treatment.

SUMMARY OF FACTS

Coast Plaza Doctors Hospital (Coast Plaza) is an urgent care facility in Norwalk utilized by the Sheriff's Department from 1991 to the present to provide emergency medical treatment to arrested persons who were in need of medical care before being placed in County jail. The medical services rendered by Coast Plaza fell into two categories: (1) medical approval to book the individual or evidence collection, such as blood samples in Driving Under the Influence (DUI) arrests; and (2) emergency treatment for arrested persons who would be transferred directly to County jail after the treatment. The Sheriff's Department pays the cost for evidence collection and the Department of Health Services pays for the medical treatment provided to arrestees. Coast Plaza was utilized by the Sheriff's Department because County facilities were either not available or too far away from the scene of the arrestee's injury.

The Sheriff's Department has reimbursed Coast Plaza for the medical care provided to arrestees since 1991, at Medi-Cal rates, amounting to Coast Plaza being paid approximately 14-19% of the gross amount of the medical bills.

Coast Plaza has alleged that the Sheriff's Department has not paid all of the outstanding medical bills and that using the Medi-Cal rate for the services rendered is inadequate and not the appropriate rate.

DAMAGES

Coast Plaza contends that it provided the services to the arrestees based upon an implied agreement that the County would reimburse Coast Plaza for the reasonable value of the medical services rendered. Coast Plaza seeks the

recovery of medical services provided to arrestees in the amount of \$659,275, from 1999 to January 2001.

STATUS OF CASE

This case was recently mediated which resulted in this proposed settlement. A trial date has not been set due to this proposed settlement.

Expenses incurred by the County in the defense of this matter are attorneys' fees of \$75,832 and costs of \$3,521.

EVALUATION

The County is obligated to reimburse Coast Plaza for the reasonable value of the medical services provided to arrestees brought to the hospital by the Sheriff's Department. The County must also pay for the reasonable value of medical services provided by Coast Plaza to persons arrested by other law enforcement agencies when the arrestee is taken directly to County jail after receiving medical treatment. Although the Sheriff's Department and DHS have been paying the medical services bills at the State Medi-Cal reimbursement rate of 14-19% of the gross medical charges, a court could conclude that the County must pay 100% of the gross medical charges, because there is no written contract between the County and Coast Plaza establishing payment rates. Moreover, it is undisputed that the County is responsible for paying the medical expenses, and if a court rules that the Medi-Cal rate should not be used by the County, the court could render a judgment for Coast Plaza that could well exceed the proposed settlement amount.

We believe settlement of this litigation for \$204,164 is in the best interest of the County. The Sheriff's Department and Health Services concur with this recommendation. The Sheriff's Department will pay \$57,165.92 of the settlement and the Department of Health Services will pay the remaining \$146,998.08 of the settlement amount.

APPROVED:

KEVIN C. BRAZILE
Assistant County Counsel

JHG:srm

Los Angeles County Sheriff's Department

CORRECTIVE ACTION PLAN

LAWSUIT OF: Coast Plaza Doctors Hospital v. County of Los Angeles, et al.
Case No. VC033249

DATE OF INCIDENTS: 1999 through 2001

LOCATION: 13100 Studebaker Road, Norwalk, CA 90650

RISK ISSUES: Under California law, when a person arrested by the Sheriff's Department or any other local police agency is taken for medical treatment at a private hospital or medical facility, and then taken to County jail immediately following that medical treatment, the County of Los Angeles is responsible for paying the cost of the medical care or treatment provided that arrestee.

INVESTIGATIVE REVIEW: From approximately 1991 through 2001, the Sheriff's Department used Coast Plaza Doctors Hospital, (Coast Plaza), an urgent care facility in Norwalk, for various health care services for the treatment and testing of prisoners. The medical services provided by Coast Plaza were blood sample collection from arrestees as evidence of driving under the influence of alcohol or drugs and emergency medical treatment of arrestees who needed medical clearance prior to being booked into the County jail.

The County has consistently reimbursed Coast Plaza over the years at the Medi-Cal rate for the provided medical services, amounting to approximately 14-19% of the gross medical charges. Coast Plaza brought two lawsuits against the County and filed a civil claim action in January of 2002, all contesting the amount being paid by the County for the medical services rendered. Coast Plaza sought to collect an additional \$659,275 for all three of its medical claims against the County. The lawsuits and claim allege that the County either failed to make payments and/or failed to compensate Coast Plaza at the appropriate rate for the medical services, which Coast Plaza contends is substantially higher than the Medi-Cal rate. This settlement will dispose of both lawsuits and the individual claim.

TRAINING ISSUES: There are no training issues to address as this lawsuit only involves accounting and auditing matters.

POLICY ISSUES: A review by the Sheriff's Department has determined that no Department policy or procedures were violated. The issue of what the appropriate reimbursement rate to base payment of the medical claims is a legal issue that remains unresolved by the courts.

CORRECTIVE ACTION: The Sheriff's Department intends to negotiate with Coast Plaza to determine a fixed rate to bill the County for medical services rendered to arrestees and is exploring the appropriateness of entering into a contract with Coast Plaza with a fixed rate for the payment for medical treatment of arrestees and for evidence collection tests.

Los Angeles County Department of Health Services

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INVESTIGATIVE REVIEW: From approximately 1991 through 2001, the Sheriff's Department has used Coast Plaza Doctors Hospital (Coast Plaza), an urgent care facility in Norwalk, for various health care services. The medical services provided by Coast Plaza were for blood sample collections as evidence against persons arrested for driving under the influence of alcohol or drugs; and emergency medical treatment of persons who had been arrested and needed medical clearance before the individual could be booked into the County jail.

The Sheriff's Department and other local police agencies began taking arrestees to Coast Plaza, and the County has reimbursed the hospital at the Medi-Cal rate for the medical services provided, which amounts to approximately 14-19% of the gross medical charges. Coast Plaza has brought two lawsuits against the County that are being litigated and has filed another claim in January 2002. Coast Plaza is seeking to collect \$659,275 for the medical claims that the two lawsuits and claim are based upon. The lawsuits and claim allege that the County either failed to make payments and/or failed to compensate Coast Plaza at the appropriate rate for the medical services, which Coast Plaza contends is substantially higher than the Medi-Cal rate.

TRAINING ISSUES: There are no training issues at this time.

POLICY ISSUES: A review by the Department of Health Services has determined that no department policy or procedures were violated. The issue of what is the appropriate rate on which to base payment of the medical claims is a legal issue that remains unresolved by the courts.

CORRECTIVE ACTION: The Department of Health Services intends to work with the Sheriff's Department and County Counsel to review the appropriateness of the Medi-Cal reimbursement rates payable to Coast Plaza for medical treatment services provided to arrestees. The Department of Health Services shall continue to process Coast Plaza's medical treatment claims expediently as they are received from the Sheriff's Department. A joint Department of Health Services and Sheriff's Department Custody Claims Working Group has been formed. The group is working towards evaluating, modifying and documenting the claims processing procedures to further enhance the methods and practices involved.