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## **Economy & Efficiency Commission Presentation**

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*Editorial Note: Although every effort has been made to insure the accuracy of the material in this presentation, the scope of the material covered and the discussions undertaken lends itself to the possibility of minor transcription misinterpretations.*

**PRESENTATION BY  
Dr. Thomas Garthwaite  
Director  
Department of Health Services, County of Los Angeles**

**Topic: Status of the Department of Health Services**

**October 3, 2002**

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Philibosian introduced Dr. Garthwaite stating that he came from the Veteran's Administration where he managed all of their hospitals. He is the first medical doctor to become the Director of Health Services, therefore can use his medical expertise to assist him in understanding and addressing the concerns of the doctors and other medical staff of the department.

Dr. Garthwaite began by stating that the term "bailout" incorrectly refers to any federal monies that come to Los Angeles County. The reasons that Los Angeles County is different from other parts of the country and thus deserving of federal funds include: the number of uninsured in Los Angeles County, the rate of poverty, the number of households where English isn't the first language (18% in the rest of the country vs 53% in Los Angeles) and the existence of legal and undocumented aliens is very high in Los Angeles County. Managed care penetration in Los Angeles is also dramatically different from the rest of the country.

The root of the problem in health care today is that health systems are piecemeal and thus a non-system. Medical information is manually processed and is non-transferable within the public and private medical systems of Los Angeles County. Los Angeles County medical efficiency is not out of line with their peers. The reason we continue to have crises is not because Los Angeles County doesn't get bailed out or because of gross bureaucratic inefficiency, but because of the characteristics mentioned previously. The characteristics themselves are not unique but the magnitude of them in Los Angeles is so much greater. The reality is that the County doesn't have money for all the benefits.

There are some hard business decisions that need to be made, such as the closing of High Desert Hospital. The cost of care at Rancho Los Amigos is greater than other facilities giving similar care, and it is believed that this care can be purchased for less than is currently being spent. Some clinics have been closed because the average cost per visit is \$150 compared to the average at our Public Private Partners and community clinics which is about \$85. In addition, these clinics would also need significant capital investments which added to the decision to close them. It was also decided that Los Angeles County needed to preserve some of its tertiary care, the specialists, testing and hospital admissions. The Department is also asking Martin Luther

King Hospital to increase their efficiency because the costs there are higher than other hospitals.

The discussion is now about where the money will come from. Los Angeles County has been to the state several times which is reluctant to commit any funds due to its own budget deficit. Los Angeles County has also requested the state to go with it to the Federal Government since the County has no standing with the Federal Government. There is a tentative proposal working its way through the administration in Sacramento. The State and County plan to meet with the head of Medicaid/Medicare on October 9 and explore alternatives. The hope is that the Department can piece together funding from Federal, state and local funds.

If passed, Measure B, which is on this fall's ballot, would also help fund emergency and trauma care.

Dr. Garthwaite stated that he wants to evaluate where money is being spent, reduce administrative waste and find better ways to move information so that there will be more money for treating patients. He also wants to eliminate inconsistency within the system.

Dr. Garthwaite asked for questions from the floor.

Chairman Philibosian asked Dr. Garthwaite to outline the divisions within the Department of Health Services? Dr. Garthwaite stated that there are 2 major areas covered by the Department – public health and personal health. Public health covers everything from restaurant inspections to investigation of disease outbreaks, immunization programs and TB control. Personal health covers the hospitals, clinics, emergency rooms and affiliations with medical schools. Overall, 70% of the patients seen by Los Angeles County have no insurance.

Commissioner Baltierrez asked what criteria were used to select the clinics to be closed and how welfare reform affected the financing for the clinics? Dr. Garthwaite stated that pregnant women have coverage available to them. Most children are covered and other measures are in the works to provide coverage for all children under 5. The criteria for saving clinics: 1) A clinic was kept if there was no other facility with outpatient capability in the area, 2) Patients were rated in clinics to be closed as to the severity of their illnesses. The most severe were sent to the comprehensive healthcare and medical centers. As the result of the overall downsizing of the system, it will be harder for patients who use the system sporadically to obtain care. The patients who regularly use the system due to chronic conditions will be preferentially seen to manage these cases and both improve their health and avoid overuse of emergency rooms.

Commissioner Padilla commented on the issue of bloatedness that the public and other officials perceive within the Department, how is the Department presenting that to federal officials? What about our state delegations? Dr. Garthwaite responded that the delegations are trying to be helpful and have been involved in fighting for specific issues. The County waiver is with the administration right now. Regarding the bloatedness, one must look at the empirical data from the state auditor and others in terms of efficiency. The auditor concluded that the cost of care in the County system is comparable to non-public hospitals with similar patient volumes and patients. Los Angeles County, like all hospitals in America, isn't at maximum efficiency and still has a lot to do. The County will decrease services and become more efficient to address \$350M of the \$760M deficit.

Commissioner Barcelona asked if the Department is prepared to handle a smallpox crisis? Dr. Garthwaite responded that they are not totally prepared yet. The plan is to get the first responders immunized and then everyone else depending on whatever national strategy is adopted. Smallpox is a real threat. The Center for Disease Control has enough vaccine to immunize the entire United States.

Commissioner Simmons asked what the County is doing in regards to the West Nile Virus (for example contaminated blood)? Dr. Garthwaite replied that the things that the County does for any blood-borne disease is also being used for West Nile Virus: screen people as much as possible before they give blood, use only the blood products that are absolutely needed and encourage people to donate their own blood when have small or elective procedures. There is a blood test being developed but it is not known when that will be available.

Commissioner Tortorice commented that Dr. Garthwaite has a reputation within the VA for using information technology for improved service, did it improve efficiency? Dr. Garthwaite responded that he supported the use of IT to provide high-quality consistent medical care and he believes that it also increased efficiency. Information technology is part of the future of health care. He has created a team to put together an IT plan for the department and expects a report from them in the next 3 months. When you collect good data and share it with people, it highlights what the issues are and suddenly you begin to spend time on the most important matters. That is the most exciting opportunity for IT.

Commissioner Fuhrman commented that the County has a tradition of its hospitals being separate entities. Are we looking at having essentially one system with one CEO for the hospitals who would share medical staff and rotate them? Dr. Garthwaite replied that this is actually a critical part of the new plan. He believes that if you articulate the important goals and have trust in the people on the front lines, good things will start to happen. He believes that the whole department should have many of the same processes, use the same billing system, have a common formulary and buy medications in bulk. Every patient should have a primary healthcare provider or team. There should be an electronic medical record with a copy owned by the patient. There also are things that need to be consolidated such as laboratories.

Commissioner Padilla mentioned self insurance for County employees with the County paying directly to providers and asked Dr. Garthwaite's opinion. Dr. Garthwaite replied that it's a good idea but there are some caveats. First is the matter of choice – most people want to have choices. Secondly, we have a primary duty to the uninsured and we have to be careful not to neglect our primary duty.

Commissioner Hill asked if there is a possibility that a patient might delay services because of the fewer services available and the greater hassle of having to go farther for service and thus when he comes in would have a more severe case needing hospitalization and costing more money? Dr. Garthwaite responded that this is indeed a problem.

Commissioner Ikejiri commented that Little Company of Mary Hospital has a meeting today to try to deal with the closing of Harbor. The big issue is what kind of overload will happen for Torrance, Gardena and the Little Company of Mary as a result. Is there a law that says emergency patients who cannot pay have to be treated? Dr. Garthwaite said that under the provisions of the Emergency Medical Treatment and Active Labor Act (EMTALA) these hospitals have to treat emergency patients. If Harbor is closed, it will put tremendous pressure on other emergency rooms to close. We don't need more emergency rooms in most areas of the County, but we do need the stability of the ones we have.

Commissioner Simmons asked about the restaurant rating system? Sometimes a restaurant receives a B rating, not because of unsanitary conditions, but because of the paperwork. Dr. Garthwaite responded that there is a system in Los Angeles County that expedites the upgrading of ratings for restaurants in the non-substantive category.

Commissioner Cho commented that, based on Dr. Garthwaite's response to Commissioner Hill's question, there might be something that could be done to help legislation. Is there something we as a Commission can do to help? Dr. Garthwaite responded with the best and worst case scenarios. He stated that the decisions will be made by October 29th or so.

Chairman Philibosian asked Dr. Garthwaite to elaborate on Measure B and for his suggestions on what the Commission might do about it? Dr. Garthwaite responded that the Measure places a tax on the homeowners to help fund trauma care.

Chairman Philibosian thanked Dr. Garthwaite for his presentation saying that he has a huge job. He commented that the Commission supports him and offered to help with anything he might suggest.

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