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## **Economy & Efficiency Commission**

# **Meeting Minutes**

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### **MINUTES OF THE REGULAR MEETING ECONOMY AND EFFICIENCY COMMISSION**

WEDNESDAY, OCTOBER 11, 1995  
KENNETH HAHN HALL OF ADMINISTRATION  
500 West Temple St., Los Angeles, CA 90012

*Editorial Note: Agenda sections may be taken out of order at the discretion of the chair. Any reordering of sections is reflected in the presentation of these minutes.*

#### **I. CALL TO ORDER**

Chairperson Gunther Buerk called the meeting to order at 9:45 a.m.

#### **II. ATTENDANCE**

##### **COMMISSIONERS PRESENT**

Gunther Buerk  
John Crowley  
Louise Frankel  
Jaclyn Tilley Hill  
Chun Lee  
Roman Padilla  
William Petak  
Robert Philibosian  
Betty Trotter  
Fred Balderrama  
Tony Tortorice

##### **COMMISSIONERS EXCUSED**

Richard Barger  
Randy Stockwell  
Jonathan Fuhrman  
Carole Ojeda-Kimbrough  
Julia Sylva  
David Farrar  
John FitzRandolph

H. Randall Stoke

**COMMISSIONERS ABSENT**

Albert Vera

Moved, Seconded, and Approved: The Commission members noted above be excused.

**III. CONSIDERATION OF MINUTES**

Chairperson Buerk asked for any amendments, corrections or objections to the proposed Minutes from the September 13, 1995 Commission meeting.

Moved, Seconded and Approved: The minutes of the September 13, 1995 Commission Meeting be approved.

**IV. INTRODUCTIONS AND ANNOUNCEMENTS**

Mr. Staniforth announced that the Board of Supervisors had continued consideration of his contract, and that it would therefore be on the Board's agenda for the following week.

**V. OLD BUSINESS**

**1. Health Services Reengineering Report**

Mr. Staniforth announced that a draft of the Health Services reengineering report had been received from the Harvey Rose corporation, a consulting firm, and that his staff was working on preparing the draft for publication. The revised draft is to be distributed to the full commission within two weeks. Commissioner Frankel expressed her view that much of the body of the consultant's report was too vague in making recommendations. She felt that the recommendations and the projected savings resulting therefrom should be presented in a clearer, tabular form. Mr. Staniforth mentioned that the task force requested that a cover document be prepared that expands upon some of the more important points of the report.

Commissioner Trotter asked how much the report had cost so far. Chairperson Buerk replied that it had cost \$158,000, and that the 10% holdback still had not been paid. Commissioner Hill asked if there was to be any accounting for how the money was spent. The Productivity Commission, she said, had sent a letter asking for an update on the status of the report, as well as a list of expenditures. Chairperson Buerk explained that the report was carried out with a loan from the Productivity Investment Board (PIB), which required progress reports. As the September PIB meeting coincided with the September E & E Commission meeting, Commissioner Tortorice was not able to present such a report to the PIB. A letter was being composed outlining the expenditures for the report. The letter was to inform the PIB that all of the funds had been committed and that, as originally planned, the money was to be paid back with money saved by the Department of Health Services as a result of implementing changes recommended in the report.

**2. Delivery of Municipal Services to Unincorporated Areas**

Task Force Chairperson Padilla announced that following the previous commission meeting, the task force had met and reviewed a document prepared by consultant Gil Siegel. The consultant had summarized the task force's recommendations. A December finish date was expected for the final report and a draft was expected by early November. Mr. Staniforth pointed out that completion of the Health Services report would take almost to the end of October, if not slightly longer, and so early November was a best-case projection.

Chairperson Buerk asked what action would be required to get the various consultants to more acceptably condense and format the reports that were done for the Commission. Mr. Staniforth replied that the Commission will have to specify in greater detail exactly what is required from consultants. The definition of a final product must be more exactly defined. Commissioner Lee pointed out that if formatting was prescribed in the consultants' contracts, the executive director would have to spend far less time rewriting and reformatting the reports. Chairperson Buerk concurred.

Task Force Chairperson Padilla suggested that contracts with consultants include requirements for progress reports at specified stages of completion. Commissioner Crowley said that all reports should contain an explanation of the objectives of the report, so that in the future, anyone interested in the subject could understand what problems had been thus far addressed (and what problems not addressed) in whatever field the report covered. Chairperson Buerk said he felt that in the case of current reports, the issue had been addressed. He said that routinely included among the recommendations was a recommendation that the Commission conduct a review at some later time. The objective of the review is to measure the success of those items adopted by the Board of Supervisors. This, he said, had been done with considerable success hitherto. He cited as an example a 1983 report on Security, on which Commissioner Frankel

had studiously followed up over the years. Commissioner Trotter cited the more recent example of the report on Natural History Museum collections activities, which contains a recommendation that reviews of newly implemented measures be conducted in a very specific time frame.

Chairperson Buerk pointed out that the Commission is only an advisory body and that in order for the adopted measures, including the specified reviews, to be read it is necessary to enlist the help of someone in the County. With regard to formatting, he suggested to Commissioner Crowley that he prepare a list of proposed changes in contracting procedures and send it to the members of the executive committee, so that the issue could be formally pursued.

### **3. Jury-Management Follow-up Report**

Task Force Chairperson Trotter reminded the Commission that the Superior Court had had its first focus group meeting on the subject the previous weekend. Many of the task force's findings had been reaffirmed at this meeting. There still remain the problems of unnecessary waiting by prospective jurors, too-frequent mailings of jury-duty affidavits, and the difficulty in reaching service personnel on the jury-duty information telephone line.

Jury treatment remained the central focus the task force's report, including such issues as increased pay, visits and adequate seating in jury rooms. She said that while the task force concurred in general with the findings of the Superior Court's focus group, the task force wanted to go even further with reforms. The task force, she said, wanted the one day-one trial system to be tested in at least one jurisdiction, but the Court was not willing to do so.

The Bar Association had reported that many lawyers were very interested in testing a one day-one trial system, which was working well in about a third of the courts in the country, including two in California: San Mateo and Orange counties. The system works as follows: if a prospective juror is not assigned to a trial within one day after reporting, he or she is released from jury duty. The current system in use in Los Angeles County amounts to ten days-one trial. The task force would at least like to see to it that these ten days are consecutive, rather than broken.

### **4. Real Property Management**

Mr. Staniforth said that the report on this subject had not been filed yet, because it had not been decided whether the Commission or the Board of Supervisors should officially file it. No official reaction had yet been received from the Board. Chairperson Buerk said that some of the supervisors had taken some interest in the report, recalling the motion by Supervisor Molina to look into the report's findings.

Several commissioners commented on the superior physical appearance of the report. Mr. Staniforth pointed out that the older, stapled format cost nearly twice as much as the new format.

## **VI. PRESENTATION**

Mr. Staniforth introduced Mr. Jonathon Freedman, County of Los Angeles Health Crisis Office, Chief of Staff to Mr. Burt Margolin, the County "health czar."

Mr. Freedman distributed two reports detailing the current operations and difficulties of the Department of Health Services, and the reforms currently underway.

He reported that the \$655,000,000 shortfall in the health department's budget represents half the County's current fiscal shortfall for fiscal 1995-96. Much of this shortfall, he said is related to certain one-time revenues that expired this year, along with the reduction of County contribution to the department. The reduction in county contribution was principally caused by the property tax shift that occurred roughly two and a half years ago. He explained that the County Health Crisis Task Force was appointed by the Board of Supervisors to find some middle ground between the CAO's two proposals for solving the shortfall which were closing LAC-USC and closing everything else.

One of the problems with closing any facility, even temporarily, is that the costs of meeting new building, safety and seismic codes would be so prohibitive that the facility could never be reopened. This, Mr. Feedman pointed applies to a large percentage of City and County buildings.

Historically, the County had undergone thirty years of expansion, from the 1940s to the 1970s, in many of its facilities, including those of DHS. This was a result of an accumulation of policy decisions by the Board of Supervisors and County agencies and the availability of federal funding. Now, with federal funding scarce and nearly a third of the County's population uninsured, the department faces a severe budget crisis. Last August, the task force recommended, and the Board approved, a series of strategies for dealing with the financial crisis. The task force was given two months to make changes that would acceptably curtail costs, with the understanding that if the effort was successful many funding cuts would be reversed. The task force had succeeded in securing about \$364 million in federal relief funds for DHS.

Commissioner Padilla pointed out that the E&E Commission is making recommendations for improving the health care system, and inquired of Mr. Freedman how his task force's strategies are compatible or incompatible with those of the Commission. Mr. Freedman said that he had not seen the Commission's documents yet, but suggested comparing notes and discussing the situation very soon.

Commissioner Frankel asked Mr. Freedman to explain the Board's alleged hostility to the task force's report. Mr. Freedman replied that the Board's frustration stemmed from the statements in the report to the effect that there will still be a deficit next year, that the federal plan and the intended restorations don't solve that problem right now.

Regarding the redirection of Medicaid from inpatient to outpatient services, Mr. Freedman explained that these funds are normally directed by state governments, not by the municipalities which they serve. DHS is seeking a waiver from the federal government allowing DHS to redirect the funds to cover the area of greatest need and greatest expenditure. The Department would prefer to spend Medicaid money within its system, rather than have it all linked to hospital beds. This would apply only to Medicaid dollars granted to DHS not to all Medicaid money spent within the County. The trend in the federal government, he said, is to try to accommodate this kind of redirection of funds in large urban areas all over the country.

Commissioner Petak asked about the possibility of 'de-coupling' the Medicaid funds from the County general fund, so that forty cents would not be taken out of every dollar before it reaches DHS. Mr. Freedman answered that one of Mr. Margolin's objectives is to create a semi-independent County health authority to oversee the health care financing for the poor and uninsured, with greater distance between itself and the Board.

Commissioner Tortorice expressed his concern that in the task force's report on negotiations with the federal government no names were given, so that the reader has no idea who is representing whom. He asked how the negotiations were conducted and why it appeared to be so difficult to reach a solution. Mr. Freedman named some of the state officials involved in the process, explaining that the County is required to work through the state when dealing with the federal government on these issues. He also named the federal Medicare and Medicaid officials involved in the negotiations. He went on to explain the matching system by which the federal government allocates these funds to counties, and the state systems through which they must pass.

Commissioner Frankel inquired as to whether a possible change in the rate of illegal immigration would be a factor in determining next year's deficit. Mr. Freedman replied that although this would certainly be a factor in actual expenditures, it was not taken into account in planning for next year. The deficit for next year, he said, was calculated based on one-time monies for this year expiring and not being available next year.

The important issue with next year's deficit, he said, is the reduction in the deficit of \$655 million to \$152 million. This is to be accomplished, in part by cuts of \$285 million and 2800 layoffs. Another \$100 million comes from the state government, half of which is one-time-only and half of which will be a permanent addition to the DHS budget. The balance comes from the \$364 million in federal money, part of which is permanent (ongoing) and part of which is one-time-only. A \$40 million reserve is being set aside this year to bring next year's deficit down from roughly \$200 million. Next year's deficit problem will have to be solved through more severely felt cuts. These could include reduction of beds and/or hospital closures.

Commissioner Petak asked where the County stands with regard to FEMA money for repair of earthquake damage, and how a possible rejection of LAC+USC's physical structure plays into the plans for that facility. Mr. Freedman replied that some response was expected from FEMA by mid- November. In the event of a bad report from FEMA, part of the facility might become unusable.

Mr. Freedman went on to outline the procedures in effect for facilities in other counties that were used as models for his task force's current proposal, and he discussed some of the possibilities for public- private partnerships for the County's 28 clinics. Reimbursement for outpatient services are substantially higher for private providers which is an excellent incentive for them to enter into partnerships with the County. Regarding these possible partnerships, he said that the County's expertise is probably better suited to running the comprehensive health centers. Private providers' expertise is better suited to running the smaller community health centers for primary care.

Commissioner Padilla asked Mr. Freedman to identify some inefficiencies in health care delivery. Mr. Freedman responded that materials management was among the greatest. Carrying a large inventory is one major cause of money shortages. If vendors were responsible for and put at risk for materials management efficiency would be unproved another example of inefficiency is downtime at laboratories. Some are down while others are running and vice versa. If they were used to capacity, fewer would be needed.

## **VII. NEW BUSINESS**

### **1. Public Access**

Commissioner Trotter spoke about television coverage of Board meetings on channel 58. She asked the Commission members to watch the broadcast from time to time and comment on what could be done to improve the presentation. Her own suggestions included being stricter about people introducing themselves when they come to testify. She also suggested having someone announce the content of agenda items that are called up for discussion. Chairperson Buerk asked which changes should be made by the County and which by the television station. He suggested that the commissioners pass their suggestions along to Commissioner Trotter, who should then compose two letters, one to the Board and one to the television station, outlining possible improvements in presentation.

#### **VIII. ADJOURNMENT**

The meeting was adjourned at 11:57 a.m.

Respectfully Submitted,



Bruce J. Staniforth  
Executive Director

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