

**DEPARTMENT OF HEALTH SERVICES**  
**COUNTY OF LOS ANGELES**



**SUBJECT:** MEDICAL MALPRACTICE INDEMNIFICATION OF DIRECT  
PATIENT CARE CONTRACT PROVIDERS

**POLICY NO.** 169

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**PURPOSE::** To provide guidelines for the provision of medical malpractice indemnification to direct patient care contractors.

**POLICY::** To ensure that medical malpractice indemnification of direct patient care contractors is provided only when necessary and in the best interest of the County.

1. Proposed contract services must be legally mandated health care services.
2. Department of Health Services (DHS) must not currently have the resources to provide these legally mandated services.
3. DHS must show that it has made all possible efforts to seek out potential contractors for these services who are able to provide malpractice coverage.
4. If the Medi-Cal reimbursement rate for the proposed contract services is so low that potential contractors are unable or unwilling to provide malpractice coverage, then it may be necessary and in the best interest of the County to consider extending County indemnification.
5. The decision to extend County indemnification to contract with providers for services must be made on a case by case basis.
6. Factors to consider are the extent of the demand for the mandated service, associated costs for contracting for the service (additional personnel that increase net County costs such as Patient Financial Services Workers to qualify patients for Medi-Cal and staff to process reimbursement claims), and the level of risk of the proposed contract service.
7. If DHS decides to extend indemnification to contract providers, the following criteria must be followed:
  - A. DHS must notify Chief Administrative Office/Risk & Insurance Management Agency (CAO/RIMA), CAO/Finance and Operations Branch and third party claims administrator (TPA) prior to offering indemnification to provider.
  - B. Provider must have an active risk management program.
  - C. Provider must have an incident reporting system which incorporates the County's incident reporting procedures.

D. Provider must obtain approval of the risk management program and incident reporting system by CAO/RIMA.

E. Provider must have a contact person for TPA in the event of an accident or claim.

F. DHS must verify that provider meets applicable licensing, Medicare/Medi-Cal, Title 22, California Administrative Code and JCAHO requirements.

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**EFFECTIVE DATE:** Jan 15, 1992

**SUPERCEDES:**

**APPROVED:** Signature on File

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