

1 Patricia L. Glaser, State Bar No. 055668
 2 Alisa Morgenthaler Lever, State Bar No. 146940
 3 CHRISTENSEN, MILLER, FINK, JACOBS,
 4 GLASER, WEIL & SHAPIRO, LLP
 5 10250 Constellation Boulevard, 19th Floor
 6 Los Angeles, California 90067
 7 Telephone: (310) 553-3000
 8 Facsimile: (310) 556-2920

9 Raymond G. Fortner, County Counsel
 10 Leela A. Kapur, Senior Assistant County Counsel
 11 Richard K. Mason, Assistant County Counsel
 12 Sharon A. Reichman, Principal Deputy County Counsel
 13 648 Kenneth Hahn Hall of Administration
 14 500 West Temple Street
 15 Los Angeles, California 90012
 16 Telephone: (213) 974-1825
 17 Facsimile: (213) 680-2165

18 Attorneys for Defendants County of Los Angeles and
 19 Thomas L. Garthwaite, M.D.

20 **UNITED STATES DISTRICT COURT**
 21 **CENTRAL DISTRICT OF CALIFORNIA**

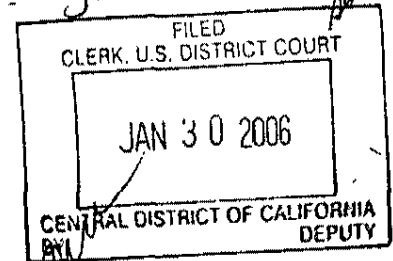
22 **SUSAN RODDE, KENNETH**
 23 **YOUNGER, AND ANTONIO**
 24 **GAXIOLA, et al.,**

25 Plaintiffs,

26 v.

27 **DIANA BONTA, R.N., DR. P.H.,**
 28 Director of the State Department of
 Health Services, an Individual in Her
 Official Capacity; **COUNTY OF LOS**
ANGELES, a public entity; **THOMAS**
L. GARTHWAITE, M.D., Director and
 Chief Medical Officer of Defendant
 County's Department of Health
 Services; an individual in his official
 capacity; and **DOES 1-10**, inclusive,
 individual Defendants are sued in their
 official capacities,

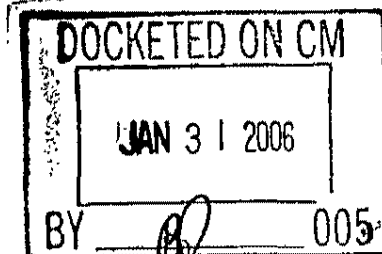
Defendants.



Case No. CV 03-1580 FMC (PJWx)

STIPULATED ORDER
APPROVING SETTLEMENT AND
DISMISSING PLAINTIFFS'
CLAIMS WITHOUT PREJUDICE

[Honorable Florence-Marie Cooper]



122
ORIGINAL

STIPULATED ORDER APPROVING SETTLEMENT AND DISMISSING
PLAINTIFFS' CLAIMS WITHOUT PREJUDICE

Based upon the attached Settlement Agreement ("Agreement") attached as Appendix 1 to this order, between the plaintiffs Susan Rodde, Kenneth Younger and Antonio Gaxiola, and the Plaintiff Class as defined in the Agreement (collectively "Plaintiffs") and defendants County of Los Angeles ("County") and Thomas L. Garthwaite, M.D., current Director and Chief Medical officer of Los Angeles County Department of Health Services (collectively, the "County Defendants"), and upon the evidence and argument presented at the fairness hearing,

IT IS HEREBY ORDERED, ADJUDGED AND DECREED AS
FOLLOWS:

1. This Court has jurisdiction over the claims against the County Defendants pursuant to 28 U.S.C. §§ 1331, 1343 and 1367. Venue is proper in this Court pursuant to 28 U.S.C. § 1391(b). This order shall have no effect on any of Plaintiffs' claims against defendant Sandra Shewry, current Director of the California Department of Health Services.

2. This case was previously certified as a class action on behalf of a class of all present and future recipients of the Medicaid program: (a) who reside in the County, (b) who have or will have disabilities, and (c) who, because of their disabilities, need or will need inpatient and/or outpatient rehabilitative and other medical services that are currently provided at Rancho Los Amigos National Rehabilitation Center.

3. The Agreement is fair, reasonable and adequate for members of the class.

4. Because of the Agreement, all claims against the County Defendants shall be dismissed in their entirety without prejudice as of the Effective Date of the Agreement (Effective Date is defined at Paragraph 1.9 of the Agreement) pursuant to

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 (310) 553-3000

1 Federal Rule of Civil Procedure 41(a)(1)(ii). Until then, the preliminary injunction in
 2 this case, which was entered on May 9, 2003, shall remain in full force and effect.

3 5. This Court expressly incorporates the Agreement into this order as
 4 though fully set forth here. See App. 1. This Court expressly retains exclusive
 5 jurisdiction to enforce and/or construe the Agreement and this order, pursuant to
 6 *Kokkonen v. Guardian Life Insurance Co.*, 511 U.S. 375, 381 (1994), and *O'Connor*
 7 *v. Colvin*, 70 F.3d 530, 532 (9th Cir. 1995).

8 6. The County of Los Angeles shall pay \$1.75 million to the Western Law
 9 Center for Disability Rights within 30 days of the Effective Date of the Agreement.

10
 11 Dated: [REDACTED]

12 Jan. 30, 2006

13
 14 *Florence-Marie Cooper*
 15 The Honorable Florence-Marie Cooper
 16 United States District Court Judge
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LAW OFFICES
 CHRISTENSEN, MILLER, FINK, JACOBS, GLASER, WEIL & SHAPIRO
 19250 Constellation Boulevard
 Nineteenth Floor
 Los Angeles, California 90057
 (310) 553-3000

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2231

Patricia L. Glaser, State Bar No. 055668
 Alisa Morgenthauer Lever, State Bar No. 146940
 CHRISTENSEN, MILLER, FINK, JACOBS,
 GLASER, WEIL & SHAPIRO, LLP
 10250 Constellation Boulevard, 19th Floor
 Los Angeles, California 90067
 Telephone: (310) 553-3000
 Facsimile: (310) 556-2920

Raymond G. Fortner, County Counsel
 Leela A. Kapur, Senior Assistant County Counsel
 Richard K. Mason, Assistant County Counsel
 Sharon A. Reichman, Principal Deputy County Counsel
 648 Kenneth Hahn Hall of Administration
 500 West Temple Street
 Los Angeles, California 90012
 Telephone: (213) 974-1825
 Facsimile: (213) 680-2165

Attorneys for Defendants County of Los Angeles and
 Thomas L. Garthwaite, M.D.

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

SUSAN RODDE, KENNETH
 YOUNGER, AND ANTONIO
 GAXIOLA, et al.,

Plaintiffs,

v.

DIANA BONTA, R.N., DR. P.H.,
 Director of the State Department of
 Health Services, an Individual in Her
 Official Capacity; COUNTY OF LOS
 ANGELES, a public entity; THOMAS
 L. GARTHWAITE, M.D., Director and
 Chief Medical Officer of Defendant
 County's Department of Health
 Services; an individual in his official
 capacity; and DOES 1-10, inclusive,
 individual Defendants are sued in their
 official capacities,

Defendants.

) Case No. CV 03-1580 FMC (PJWx)

) **SETTLEMENT AGREEMENT**

) [Honorable Florence-Marie Cooper]

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SETTLEMENT AGREEMENT

SETTLEMENT AGREEMENT

WHEREAS, Plaintiffs Susan Rodde, Kenneth Younger and Antonio Gaxiola brought this lawsuit entitled *Susan Rodde, et al. v. Diana Bontá, et al.* filed on or about March 6, 2003, Case No. 03-1580 FMC (PJWx) (the "Action") in the United States District Court for the Central District of California ("District Court"), seeking certification of a class and declaratory and injunctive relief against Diana Bontá, then the Director of California Department of Health Services ("State Defendant"), and against County of Los Angeles and Thomas L. Garthwaite, M.D., Director of Los Angeles County Department of Health Services (hereinafter collectively referred to as "the County Defendants"), and Does 1 through 10, inclusive; and

WHEREAS, the Action alleges claims against the State Defendant and County Defendants for violations of various provisions of the Medicaid Act, including 42 U.S.C. §§ 1396a(a)(4), 1396a(a)(8), 1396a(a)(10)(A), 1396a(a)(30)(A), 1396a(a)(43)(C), 1396d(a)(1) and (2)(a), Title II of the Americans with Disabilities Act, 42 U.S.C. §§ 12131-12134, Section 504 of the Rehabilitation Act, 29 U.S.C. § 794, California Government Code § 11135, California Civil Code § 51 et seq., and California Civil Code § 54 et seq.;

WHEREAS, the District Court has jurisdiction over the claims in this Action against the State Defendant and County Defendants pursuant to 28 U.S.C. §§ 1331, 1343 and 1367, and venue is proper in the Central District of California pursuant to 28 U.S.C. § 1391(b);

WHEREAS, on April 29, 2003, the District Court certified the Action as a class action on behalf of a class consisting of "all present and future recipients of the Medicaid program: (a) who reside in the County of Los Angeles, (b) who have or will have disabilities, and (c) who, because of their disabilities, need or will need inpatient and/or outpatient rehabilitative and other medical services that are currently provided at Rancho Los Amigos National Rehabilitation Center";

LAW OFFICES
CHRISTENSEN, MILLER, FINK, JACOBS, GLASER, WEIL & SHAPIRO
10280 CONTELLATION BOULEVARD
NINETEENTH FLOOR
LOS ANGELES, CALIFORNIA 90087
(310) 893-3000

1 WHEREAS, on May 6, 2003, the District Court entered a preliminary
 2 injunction, which, inter alia, enjoined the County Defendants from "closing Rancho
 3 Los Amigos National Rehabilitation Center ("Rancho"), or terminating, reducing, or
 4 making any further reductions in any inpatient or outpatient medical services,
 5 including remedial services, at Rancho which are covered by the Medi-Cal program"
 6 until the County Defendants can assure the District Court that plaintiffs and members
 7 of the class: (i) "will continue to receive comparable inpatient or outpatient services
 8 from other Medi-Cal providers in Los Angeles County and that they will receive these
 9 inpatient or outpatient services in a timely manner and to the same extent as members
 10 of the general population" and/or (ii) "will continue to have the same access to
 11 inpatient and outpatient services at other health care facilities within the Los Angeles
 12 County health care system that they experienced at Rancho as of the filing of this
 13 lawsuit on March 6, 2003";

14 WHEREAS, on February 5, 2004, the United States Court of Appeals, Ninth
 15 Circuit, affirmed the above-mentioned preliminary injunction in a published opinion
 16 entitled *Rodde v. Bonta*, 357 F.3d 988 (9th Cir. 2004);

17 WHEREAS, the County Defendants deny all wrongdoing alleged in this Action
 18 and deny any liability whatsoever to Plaintiffs, and whereas the County Defendants
 19 assert that they have meritorious defenses which they have asserted in this Action,
 20 and assert that they have entered into this Agreement solely for the purpose of settling
 21 and compromising the claims of the Plaintiffs, to avoid the expense and diversion of
 22 its personnel caused by protracted litigation, and to terminate the claims asserted
 23 against the County Defendants; and

24 WHEREAS, Plaintiffs and Plaintiffs' Counsel believe that the Agreement is
 25 fair, reasonable and adequate to members of the Class in this Action in part because
 26 the parties' respective experts have estimated that it will take three years of diligent
 27 efforts by the County Defendants to pursue a buyer and/or operator to take over
 28

LAW OFFICES
 CHRISTENSEN, MILLER, FINK, JACOBS, GLASER, WEIL & SHAPIRO
 10280 CONSTELLATION BOULEVARD
 SUITE 200
 LOS ANGELES, CALIFORNIA 90087
 (310) 983-3000

1 Rancho and to identify and address all barriers to Rancho operating in the most
2 efficient manner;

3 NOW THEREFORE, in consideration of the covenants and undertakings set
4 forth herein and intending to be legally bound thereby, it is stipulated and agreed by
5 the Plaintiffs and the County Defendants, represented by their undersigned counsel,
6 that all of Plaintiffs' claims for relief against the County Defendants which were
7 asserted in the Complaint filed on or about March 6, 2003, including any claims
8 against employees and officers of the County of Los Angeles, shall be resolved on the
9 following terms as set forth in this Agreement and the accompanying Stipulated
10 Order.

11 1. Definitions.

12 1.1. "Action" means this litigation entitled *Susan Rodde, et al. v.*
13 *Diana Bontá, et al.*, filed on or about March 6, 2003 in the United States District
14 Court for the Central District of California, Case No. 03-1580 FMC (PJWx).

15 1.2. "Agreement" means this Settlement Agreement.

16 1.3. "Board" means the Board of Supervisors of the County of Los
17 Angeles.

18 1.4. "Class" means all present and future recipients of the Medicaid
19 program: (a) who reside in the County of Los Angeles, (b) who have or will have
20 disabilities, and (c) who, because of their disabilities, need or will need inpatient
21 and/or outpatient rehabilitative and other medical services that are currently provided
22 at Rancho Los Amigos National Rehabilitation Center.

23 1.5. "Class Member" means all natural persons who fall within the
24 definition of the Class.

25 1.6. "County" means the County of Los Angeles.

26 1.7. "County Defendants" means the County and Thomas L.
27 Garthwaite, M.D., Director and Chief Medical Officer of the County's Department of
28 Health Services, and his successor in office.

LAW OFFICES
CHRISTENSEN, MILLER, FINK, JACOBS, GLASER, WEIL & SHAPIRO
10280 CONSTELLATION BOULEVARD
NINETEENTH FLOOR
LOS ANGELES, CALIFORNIA 90067
(310) 863-3000

1.8. "Court" means the United States District Court for the Central District of California.

1.9. "DHS" means the County's Department of Health Services.

1.10. "Effective Date" means the first date after which all of the following events and conditions set forth below have occurred or have been met or occurred:

a. All Parties have executed this Agreement.

b. The Court has entered the Preliminary Approval Order preliminarily approving the Agreement and authorizing notice be given of the Agreement to Class Members .

c. The Court has entered the Stipulated Order finally approving this Agreement and dismissing without prejudice the Action.

d. The Stipulated Order finally approving this Agreement and dismissing without prejudice the Action has become Final as defined in Paragraph 1.11 hereof.

1.11. "Final" means the latest of:

a. if an appeal or review is sought from the Stipulated Order (as defined herein), (a) ten (10) days after the date of final affirmance of the Stipulated Order, the expiration of the time for a petition for review or certiorari, or if review or certiorari is granted, ten (10) days after the date of final affirmance following review pursuant to that grant, or (b) ten days after the date of final dismissal of any appeal, denial of a petition for writ of certiorari, or final dismissal of any proceeding on review; or

b. if no appeal is filed, ten (10) days after the expiration date of the time for filing or noticing any appeal from the Stipulated Order

1.12. "Parties" means Plaintiffs (as defined herein) and the County Defendants.

LAW OFFICES
CHRISTENSEN, MILLER, FINK, JACOBS, GLASER, WEIL & SHAPIRO
10250 CONSTELLATION BOULEVARD
SUITE 1000
NINETEENTH PALM
LOS ANGELES, CALIFORNIA 90067
(310) 883-3000

1.13. "Plaintiffs" means Susan Rodde, Kenneth Younger and Antonio Gaxiola.

1.14. "Preliminary Approval Order" means the order to be entered by the Court giving preliminary approval to the Agreement and authorizing notice to be given of the Agreement to Class Members. That Preliminary Approval Order shall be substantially in the form attached hereto as Exhibit "A".

1.15. "Rancho" means Rancho Los Amigos National Rehabilitation Center.

1.16. "Roybal" means Roybal Comprehensive Health Center.

1.17. "Settlement" means the settlement of this Action pursuant to the terms set forth in this Agreement.

1.18. "Stipulated Order" means the entered and appealable order of this Court approving this Agreement and dismissing without prejudice the Action. That order shall be substantially in the form attached hereto as Exhibit "B."

2. After notice of and an opportunity to comment on this Agreement has been provided to the Class and others thereby affected, the Court shall determine whether to approve this Agreement as being a fair, reasonable and adequate settlement of the Action. Except as otherwise noted, the terms of this Agreement shall not take effect until the occurrence of the Effective Date.

3. This Agreement settles all claims against the County Defendants in this lawsuit.

4. This is a binding and enforceable agreement. It is not a consent decree.

5. The County shall negotiate in good faith with entities interested in taking over Rancho and/or the core rehabilitation services provided by Rancho. The County shall assemble a dedicated team to oversee such negotiations.

6. The County shall advise Plaintiffs' counsel about the progress of the negotiations and about any barriers to reaching an agreement ("Takeover

LAW OFFICES
CHRISTENSEN, MILLER, FINK, JACOBS, GLASER, WEIL & SHAPIRO
10280 CONSTELLATION BOULEVARD
NINETEENTH FLOOR
LOS ANGELES, CALIFORNIA 90067
(310) 583-2000

1 Agreement") with an entity to take over Rancho. The County shall provide counsel
2 for Plaintiffs with quarterly updates on the status of any such negotiations.

3 7. For purposes of this Agreement only, the term "indigent" shall mean and
4 include those individuals who (a) reside in Los Angeles County, and either (b) meet
5 the income and resource eligibility requirements for Medi-Cal but do not fall into
6 specified Medi-Cal eligibility criteria categories, or (c) have income below 200% of
7 the Federal Poverty Level.

8 8. The County shall ensure that any Takeover Agreement requires the
9 takeover entity to continue the mission of Rancho as a catastrophic rehabilitation
10 hospital. The Takeover Agreement shall require the takeover entity to accept for
11 treatment eligible County indigent and Medi-Cal rehabilitation inpatients and
12 outpatients pursuant to catastrophic injuries, illnesses and related medical services
13 admissions protocols in place at Rancho in the year prior to any takeover and shall
14 further require the County to compensate the takeover entity at a competitive rate
15 within industry norms for catastrophic rehabilitation hospitals. To the extent that
16 Rancho lacks available beds or outpatient slots (appointments) for eligible County
17 indigent rehabilitation patients who otherwise would be accepted under the above-
18 mentioned admissions protocols, the County has the obligation of referring and
19 paying for those patients to be treated at a rehabilitation facility with the appropriate
20 Commission for Accreditation of Rehabilitation Facilities ("CARF") accreditation
21 until such time as a bed or outpatient slot at Rancho becomes available.

22 9. The County shall provide an opportunity for Plaintiffs' counsel to review
23 and comment on the provisions in the Takeover Agreement relating to continued
24 access to Rancho's inpatient and outpatient services by eligible County indigent and
25 Medi-Cal rehabilitation patients. The County shall send any Takeover Agreement to
26 Plaintiffs' counsel for their review and comment at least thirty (30) days before such
27 agreement is submitted to the Board for approval or is executed, whichever is sooner.

28

LAW OFFICES
CHRISTENSEN, MILLER, FINK, JACOBS, GLASER, WEIL & SHAPIRO
10290 CONSTITUTION BOULEVARD
NINETEENTH FLOOR
LOS ANGELES, CALIFORNIA 90067
(310) 852-3000

LAW OFFICES
CHRISTENSEN, MILLER, FINK, JACOBS, GLASER, WEIL & SHAPIRO
10280 CANTERBURY BOULEVARD
SUITE 200
LOS ANGELES, CALIFORNIA 90067
(310) 883-3000

10. The County shall operate Rancho at a total of 162 available beds (budgeted Average Daily Census ("ADC") of 146 beds) with the complement of core rehabilitation services (clinical rehabilitation services as outlined in the Gill/Balsano report and the rehabilitation and related services¹ listed in the County's 7/18/2003 Feasibility Report ("Core Rehabilitation Services")) and the budgeted for outpatient services that support the Core Rehabilitation Services as set out in the County's 7/18/2003 Feasibility Report plus outpatient services to support the ortho-diabetes and arthritis services at approximately the March 2005 level unless and until the take-over entity begins operating Rancho. A true and correct copy of the County's 7/18/2003 Feasibility Report is attached hereto as Exhibit "C" and incorporated herein by this reference. The County's operation of Rancho includes the CART (Center for Applied Rehabilitation Technology), the Pathokinesiology Laboratory and the Vocational Rehabilitation and Drivers' Training Program. Rancho shall continue to treat persons with the diagnosis of postpolio syndrome.

11. The County shall fund twelve (12) beds at Rancho (included in the 162 available bed commitment in Paragraph 10 above) to continue to provide its ortho-diabetes and arthritis services. Additionally, the outpatient services provided to the ortho-diabetes and arthritis patients must be maintained at the same level existing as of March 18, 2005, with respect to both the types of outpatient services provided as well as the number of outpatients served. The foregoing twelve (12)-bed commitment and commitments regarding outpatient services must be maintained, whether at Rancho or, in the event of a takeover or closure of Rancho, elsewhere in the County system, for a period of three (3) years from the date this Agreement is executed. At the end of those three (3) years, the County must continue to provide ortho-diabetes and arthritis patients with the same level of inpatient and outpatient services and clinics existing at Rancho as of March 18, 2005, whether at Rancho or at another

¹ Adult Brain Injury, Spinal Cord Injury, Major Multiple Trauma, Pediatrics, Neurology, Stroke, Gerontology, Pressure Ulcer Management, Rehab Related Medical Surgeries, Intensive Care Unit ("ICU") and two (2) Operating Rooms.

1 County facility, for an additional three (3) years, and the budget of the County facility
2 receiving those patients shall be increased to cover the cost of providing these
3 services.

4 12. County hospitals that admit patients who require chronic intravenous
5 ("IV") antibiotic treatment services shall no longer be required to transfer them to
6 Rancho.

7 13. To offset the increased demand on the beds at Los Angeles County-
8 University of Southern California Medical Center ("LAC-USC") for those patients
9 who require chronic IV antibiotic treatment and who shall no longer be transferred to
10 Rancho (ADC at Rancho of 2.4 patients), Rancho shall direct admit from the LAC-
11 USC emergency room ortho-diabetes patients up to a projected daily census
12 averaging 2.0 patients on an annual basis.

13 14. The County may operate Rancho under the license of LAC-USC if it
14 elects to do so as long as it does not interfere with future Medi-Cal revenue.

15 15. The County shall provide medically necessary health care, on an
16 inpatient and outpatient basis, to eligible County indigent and Medi-Cal patients with
17 liver disease who would otherwise have received such care at Rancho's former liver
18 service ("Liver Patients").

19 15.1. The County shall provide inpatient care to the Liver Patients at
20 County facilities which have a full-time gastrointestinal consult service.

21 15.2. The County shall provide outpatient care to the Liver Patients by
22 at least continuing to operate liver and hepatitis outpatient clinics in the LAC-USC
23 Healthcare Network at the same level as they were operated at Roybal and LAC-USC
24 (as measured by average visits per month) as of March 2005. Medical staff at the
25 liver clinics shall have direct admitting privileges at County hospitals.

26 15.3. The County shall provide outpatient care that is designed to limit
27 or prevent the hospitalization or repeat hospitalization of the Liver Patients.
28

LAW OFFICES
CHRISTENSEN, MILLER, FINK, JACOBS, GLASER, WEIL & SHAPIRO
10280 CONTELLATION BOULEVARD
NINETEENTH FLOOR
LOS ANGELES, CALIFORNIA 90067
(310) 882-8000

1 15.4. The County shall include the Liver Patients into a case
2 management system.

3 15.5. The County shall monitor all current patients registered in the liver
4 clinics at Roybal and LAC-USC beginning as soon as practical, for the following
5 indicators:

- 6 a. What is the Emergency Department boarding time and
7 waiting time for hospital admission for patients from the clinics
8 who require acute inpatient care (i.e., time for patient referred
9 from clinic to be admitted to a hospital bed)?
- 10 b. What is the readmission rate for these patients?
- 11 c. What percentage of the patients continue to maintain the
12 same principal source of care?
- 13 d. When admitted for acute care, which hospitals are used?

14 15.6. The Medical Director of the DHS, the Medical Director of LAC-
15 USC and the Medical Executive Committee of LAC-USC shall review the results of
16 the above-mentioned monitoring semi-annually and shall provide said results without
17 patient identifying information to Plaintiffs' counsel. Upon submission of the results
18 to the Medical Executive Committee of LAC-USC, the Medical Director of LAC-
19 USC shall send a written confirmation to Plaintiffs' counsel, as designated in
20 Paragraph 33 herein, attesting to the fact that the results have been submitted to the
21 Medical Executive Committee of LAC-USC.

22 15.7. In the event the above-mentioned data in Paragraph 15.5 above
23 reveal that the Liver Patients are not receiving medically necessary health care, the
24 County shall implement additional measures to ensure that these patients will receive
25 medically necessary health care for their liver disease.

26 16. Except as otherwise provided herein, the County shall operate Rancho
27 under the standards cited in Paragraphs 10-15 above for a period of three (3) years
28 from the occurrence of the Effective Date ("Three Year Period").

LAW OFFICES
CHRISTENSEN, MILLER, FINK, JACOBS, GLASER, WEIL & SHAPIRO
10280 CONSTELLATION BOULEVARD
NINETEENTH FLOOR
LOS ANGELES, CALIFORNIA 90087
(310) 993-3000

1 17. During the Three Year Period, the County shall pursue with due
 2 diligence (as defined in Paragraph 17.1 below) a buyer and/or operator and/or the
 3 establishment and operation of an Internal Revenue Code section 501(c)(3)
 4 corporation to take over Rancho and shall use its best efforts to implement measures
 5 to improve Rancho's operations so that the facility operates in the most efficient and
 6 economical manner practicable. Should another entity be willing to take over
 7 Rancho, the County shall require that entity to continue to operate Rancho as a
 8 comprehensive catastrophic rehabilitation hospital with both inpatients and
 9 outpatients.

10 17.1 "Due Diligence" shall mean at least the following:

11 a. A panel ("the Panel") shall be promptly created consisting
 12 of Dr. Robert Tranquada (tentative selection) or another person chosen by the
 13 Plaintiffs' counsel at any time and Dean Norman, M.D., or another person chosen by
 14 the County at any time. Plaintiffs' Counsel and the County reserve the right to
 15 change their Panel designees at any time. The County shall compensate members of
 16 the Panel no more than \$225.00 per hour of work fulfilling the obligations set forth in
 17 this Agreement provided that the members submit to the County bills reflecting the
 18 number of hours and a brief description of the work performed. The County shall
 19 also pay the reasonable out-of-pocket costs (excluding travel expenses) incurred by
 20 members of the Panel, such costs to be paid in accordance with the County's travel
 21 reimbursement policy. Notwithstanding the foregoing, the County shall not be
 22 obligated to pay Plaintiffs' appointee to the Panel more than \$100,000 plus allowable
 23 out-of-pocket expenses for the performance of his or her duties as a member of the
 24 Panel under this Agreement.

25 b. The County shall fund and retain at least one individual on a
 26 full-time basis to pursue the County's duties under Paragraph 17 above. The Panel
 27 shall approve the full-time individual so retained.
 28

LAW OFFICES
 CHRISTENSEN, MILLER, FINK, JACOBS, GLASER, WEIL & SHAPIRO
 10250 CONSTELLATION BOULEVARD
 NINETEENTH FLOOR
 LOS ANGELES, CALIFORNIA 90087
 (310) 553-3000

c. The County shall prepare quarterly written reports of its progress to find an entity to take over Rancho as well as its efforts to implement measures to improve Rancho's operations so that the facility operates in the most efficient and economical manner practicable and shall send such reports to the Panel, Plaintiffs' counsel and Defendants' counsel in the manner specified in Paragraph 33 herein. The Panel shall evaluate the quarterly reports and report their evaluation to the Parties.

d. Should the County initiate any of the steps set forth in Paragraph 18 below, any member of the Panel who is not licensed to practice medicine shall be replaced with an individual who is licensed to practice medicine.

e. The Panel shall remain in existence for three (3) years and six (6) months from the occurrence of the Effective Date.

18. a. If after the end of the Three Year Period, the County has not engaged an entity to assume the responsibility of operating Rancho pursuant to the terms of Paragraphs 8 and 17 above, the County cannot close Rancho without: (i) holding a hearing under the Beilenson Act; (ii) developing a written plan addressing how those eligible County indigent patients who otherwise would have been admitted to Rancho will instead receive medically necessary rehabilitation services at a facility with the appropriate CARF accreditation; (iii) developing a written discharge plan for each existing indigent, Medi-Cal or Medi-Cal pending inpatient at Rancho in accordance with applicable law and medically acceptable standards; (iv) developing a written discharge plan for each indigent, Medi-Cal or Medi-Cal pending outpatient at Rancho who is diagnosed with one or more ambulatory care sensitive conditions or a chronic medical condition of clinical significance, during a previous visit, and is not stabilized or has a complex multi-system disorder (e.g., outpatients who use a ventilator and/or who have a diagnosis of postpolio syndrome) in accordance with applicable law, medically acceptable standards and the notification and assistance requirements set forth in DHS's September 11, 2002 memo entitled Check of Actions Related to

LAW OFFICES
CHRISTENSEN, MILLER, FINK, JACOBS, GLASER, WEIL & SHAPIRO
10880 CONSTELLATION BOULEVARD
NINETEENTH FLOOR
LOS ANGELES, CALIFORNIA 90087
(310) 883-3000

LAW OFFICES
CHRISTENSEN, MILLER, FINK, JACOBS, GLASER, WEIL & SHAPIRO
10280 CONSTELLATION BOULEVARD
NINETEENTH FLOOR
LOS ANGELES, CALIFORNIA 90087
(310) 883-9000

Redesign Implementation and Attachment 5 (patient triage requirements) thereto (a true and correct copy of which is attached hereto as Exhibit D and incorporated herein by this reference) regarding health center closure requirements and the attached patient triage requirements for patient notification, medical records and clinical staff follow-up for the above categories of indigent, Medi-Cal or Medi-Cal pending; (v) developing referral procedures for all other indigent, Medi-Cal or Medi-Cal pending outpatients at Rancho (not covered by the immediately receding subparagraph (iv)) in accordance with applicable law and medically acceptable standards; and (vi) arranging for Los Angeles County's California Children's Services (CCS) program to assume responsibility for ensuring that appropriate inpatient and outpatient care are provided to CCS eligible children who otherwise would have been receiving inpatient and/or outpatient care at Rancho. For purposes of this subparagraph 18.a., outpatients include those persons who received an outpatient service at Rancho during the three (3) years prior to the date that work begins on any of the discharge plans identified in this subparagraph.

b. If after the end of the Three Year Period, the County decides either to close Rancho or to reduce inpatient or outpatient services at Rancho by twenty-five percent (25%) or more from the levels set out in Paragraphs 10 and 11 above, the County shall do the following:

(1) The County shall provide the Panel (if in existence) and Plaintiffs' counsel with copies of the transfer agreements that it has in place at the time it makes any decision to close Rancho or reduce inpatient and outpatient services at Rancho (as described above) for its directly operated trauma centers pursuant to 22 Cal. Code Regs. §§ 100259(d)(4), 100259(e)(2), 100261(d)(3), 100261(e)(2), and 100263(j)(3)(C);

(2) The County shall provide a written report to the Panel (if in existence) and Plaintiffs' counsel as to the plans the County has developed for: (i) providing inpatient and outpatient rehabilitation services or related medical services

1 to eligible County indigents and Medi-Cal recipients who are impacted by the
 2 proposed closure or reduction at other County facilities with appropriate CARF
 3 accreditation instead of at Rancho; or (ii) referring eligible County indigents and
 4 Medi-Cal recipients who otherwise would have been referred to Rancho for inpatient
 5 and/or outpatient rehabilitation services or related medical services to non-County
 6 facilities with the appropriate CARF accreditation in Los Angeles County;

7 (3) In developing the above-mentioned written plans, the
 8 County shall conduct a survey of CARF accredited facilities that accept Medi-Cal
 9 recipients as patients and that provide the same or similar inpatient and outpatient
 10 services as provided by Rancho pursuant to Paragraph 10 of this Agreement. Based
 11 upon the results of this survey, the written report to the Panel shall set forth for each
 12 such facility: (i) the different rehabilitation services provided by the facility; (ii) the
 13 number of beds that the facility has designated for rehabilitation services, including
 14 for catastrophic rehabilitation services and for patients on ventilators, and (iii) the
 15 facility's response to the County's inquiry as to whether it would be willing to
 16 provide inpatient and/or outpatient rehabilitation services to additional Medi-Cal
 17 recipients and, if so, the number of additional Medi-Cal recipients the facility would
 18 be willing to accept for inpatient rehabilitation services and for outpatient
 19 rehabilitation services.

20 c. At least seventy-five (75) days prior to giving notice under the
 21 Beilenson Act pursuant to this Paragraph, the County shall distribute the plans
 22 referenced in paragraphs 18.a.(ii)-(iv) and 18.b.(2) to the Panel (if in existence) and
 23 to Plaintiffs' counsel. Within sixty (60) days after receipt of any of these Plans, the
 24 Panel (if in existence) shall issue to the Board and Plaintiffs' counsel and
 25 Defendants' counsel: (i) a written recommendation as to whether the County's plan
 26 ensures the indigent patients shall continue to receive medically appropriate
 27 rehabilitation and related services as provided at Rancho as of March, 2005, and as
 28 defined in this Agreement and (ii) a written report on the impact of a Rancho closure

LAW OFFICES
 CHRISTENSEN, MILLER, FINK, JACOBS, GLASER, WEIL & SHAPIRO
 10250 CONSTITUTION BOULEVARD
 NINETEENTH FLOOR
 LOS ANGELES, CALIFORNIA 90097
 (310) 993-3000

1 or reduction that excludes Medi-Cal patients on the ability of these Medi-Cal patients
2 to receive medically necessary rehabilitation and related medical services.

3 d. Notwithstanding Paragraphs 18.b.(1)-(3) and 18.c. above,
4 Defendants shall no longer be required to provide the Panel with the written
5 materials covered by Paragraphs 18.b.(1)-(3) and 18.c. of this Agreement after three
6 (3) years and six (6) months from the occurrence of the Effective Date of this
7 Agreement, but this shall not relieve Defendants of the obligation to provide the
8 written materials required by Paragraphs 18.b.(1)-(3) and 18.c. to Plaintiff's counsel
9 beyond that time period.

10 e. If the Plaintiffs or Class Members wish to assert that the County
11 has breached any of the terms of this Agreement, or that the County's decision to
12 close Rancho or to reduce inpatient or outpatient services at Rancho by twenty-five
13 percent (25%) or more from the levels set out in Paragraphs 10 and 11 above
14 otherwise violate the law, the County will not object to the new matter being
15 assigned to the Honorable Florence Marie Cooper.

16 f. During the Three Year Period, Plaintiffs shall not file or initiate
17 any new legal action against the County Defendants as to the matters covered by
18 Paragraphs 10-15 of this Agreement so long as the County Defendants fully comply
19 with the standards cited in Paragraphs 10-15 of this Agreement during those same
20 period(s) of time. This Agreement is otherwise not intended in any way to limit,
21 impair or affect the rights of Plaintiffs or Class Members, if any, to challenge within
22 the Three Year Period any: (i) future closure of Rancho; (ii) future transfer of
23 Rancho to a take-over entity; and/or (iii) future reduction in the level of services
24 available at Rancho to Medi-Cal recipients below those set forth in Paragraphs 10,
25 11, 13 and 15 of this Agreement.

26 19. Information under this Agreement:

27 19.1. During the Three Year Period, the County shall provide Plaintiffs'
28 counsel with the information listed below on a quarterly basis no later than thirty (30)

LAW OFFICES
CHRISTENSEN, MILLER, FINK, JACOBS, GLASER, WEIL & SHAPIRO
10280 CONSTELLATION BOULEVARD
NINETEENTH FLOOR
LOS ANGELES, CALIFORNIA 90067
(310) 883-3000

1 days after the expiration of the preceding quarter (e.g., information shall be provided
2 no later than April 30, 2006, for the quarter covering January 1, through March 31,
3 2006):

4 a. The monthly census of inpatients and outpatients at Rancho
5 with separate breakdowns by payor source at time of admission (namely, Medi-Cal
6 recipients, Medi-Cal pending, General Relief, self-pay/uninsured and other indigents)
7 and by service (e.g., Pediatrics or Neurology).

8 b. The monthly census of ortho-diabetes patients directly
9 admitted to Rancho from the LAC-USC emergency room.

10 19.2. During the last year of the Three Year Period, the County shall
11 provide Plaintiffs' counsel on a quarterly basis a breakdown of the numbers of
12 patients who have been admitted to Rancho by source of referral (i.e., another County
13 hospital or facility, other hospitals, long-term care facilities); and

14 19.3. Additionally, if the County enters into a Takeover Agreement
15 prior to the last quarter of the Three Year Period, the County shall provide Plaintiffs'
16 counsel with the information set out in the immediately preceding subparagraph 19.2
17 for the three (3) quarters prior to the County's signing of the Takeover Agreement.

18 20. Judge Florence-Marie Cooper of the Court or her successor at the Court
19 shall retain jurisdiction over this Action for the purpose of resolving any disputes that
20 may arise regarding this Agreement, including any action to enforce the Agreement.

21 21. If the Court does not approve this Agreement and the basis for the
22 Court's disapproval of the Agreement does not involve a material term of this
23 Agreement, then the Parties shall make good faith efforts to modify the Agreement so
24 as to gain the Court's approval. If the Parties are unable to modify the Agreement so
25 as to gain the Court's approval, or if an order approving this Agreement is not upheld
26 on appeal, this Agreement shall be null and void and the Action shall proceed with
27 respect to the Parties and Class Members as if there had been no Settlement.
28

LAW OFFICES
CHRISTENSEN, MILLER, PINK, JACOBS, GLASER, WEIL & SHAPIRO
10280 CONSTITUTION BOULEVARD
SUITE 200
LOS ANGELES, CALIFORNIA 90067
(310) 553-3000

1 22. The County Defendants expressly deny each and all of the claims and
2 contentions alleged against them by the Plaintiffs in this Action. This Agreement,
3 anything contained herein, and any negotiations or proceedings hereunder shall not be
4 construed as or deemed to be an admission, presumption, evidence of, or concession
5 by the County Defendants of the truth of any fact alleged or the validity of any claim
6 which has or could have been asserted in this Action, or of the deficiency of any
7 defense which has or could have been asserted in this Action or of any wrongdoing or
8 liability whatsoever.

9 23. This Agreement, the fact of its existence, and any term hereof shall not
10 be construed as an admission by the County Defendants or used as evidence against
11 the County Defendants in any civil, criminal, or administrative action or proceeding
12 except as described below. This Agreement, the fact of its existence, and any term
13 hereof shall be admissible in evidence in any proceedings in this Action and in any
14 subsequent lawsuit to enforce the terms of this Agreement.

15 24. Plaintiffs' counsel can file a lawsuit to enforce the terms of this
16 Agreement on behalf of Plaintiffs and/or Class Members; County Defendants can file
17 a lawsuit on their own behalf to enforce the terms of this Agreement. Before filing
18 any lawsuit to enforce the terms of this Agreement, counsel for the Party or Parties
19 (including Class Members) who wish to bring such a lawsuit shall contact counsel for
20 the opposing Parties to discuss thoroughly, preferably in person, the substance of the
21 contemplated lawsuit and any potential resolution. Any such lawsuit shall not be filed
22 until twenty (20) days after the Parties have conferred to discuss the lawsuit unless
23 either Party is threatened with irreparable harm, in which case the lawsuit can be filed
24 in a shorter period of time.

25 25. Subject to approval by the Court, the County Defendants shall pay \$1.75
26 million to Plaintiffs' counsel for the County Defendants' share of the attorneys' fees,
27 costs, and expenses incurred by Plaintiffs' counsel. Within thirty (30) days of the
28 Effective Date, a check in the amount of \$1.75 million made payable to the Western

LAW OFFICES
CHRISTENSEN, MILLER, FINK, JACOBS, GLASER, WEIL & SHAPIRO
10250 CONSTELLATION BOULEVARD
NINETEENTH FLOOR
LOS ANGELES, CALIFORNIA 90067
(310) 553-5000

1 Law Center for Disability Rights on behalf of all Plaintiffs' counsel shall be issued
 2 and delivered to Paula D. Pearlman at the address set forth in Paragraph 33. After this
 3 Agreement has been finally approved by the Court, Plaintiffs' counsel and County
 4 Defendants' counsel shall respectively be entitled to recover their reasonable
 5 attorneys' fees, costs and expenses as ordered by the Court in accordance with the
 6 standards otherwise applicable to civil rights actions brought under 42 U.S.C. § 1983
 7 (including *Christianburg Garment Co. v. EEOC*, 434 U.S. 412 (1977)) if their
 8 respective clients are the prevailing parties on any new lawsuit to enforce the terms of
 9 this Agreement. Before the filing of any motion for attorneys' fees, costs and
 10 expenses, the parties shall follow the procedures set forth in Paragraph 24 above.

11 26. Nothing contained herein shall be deemed to constitute a custom, policy
 12 or practice of the County.

13 27. This Agreement contains all the terms and conditions agreed upon by the
 14 Parties hereto, and no oral agreement entered into at any time nor any written
 15 agreement entered into prior to the execution of this Agreement regarding the subject
 16 matter of this proceeding shall be deemed to exist, or to bind the Parties hereto, or to
 17 vary the terms and conditions contained herein.

18 28. The Parties agree that no single Party shall be deemed to have drafted
 19 this Agreement or any portion thereof and that for purposes of construing any
 20 ambiguity it is agreed that this Agreement is the collaborative effort of all attorneys
 21 and there will be no construction of any ambiguity against any Party on account of
 22 any claim that such Party drafted the subject language.

23 29. Counsel for the Parties are expressly authorized by the Parties whom
 24 they represent to enter into this Agreement, to take all appropriate action required or
 25 permitted to be taken by such Parties pursuant to this Agreement to effectuate its
 26 terms, and to execute any other documents required to effectuate the terms of this
 27 Agreement. The Parties and their counsel will cooperate with each other in good faith
 28 to effect the implementation of the Agreement.

LAW OFFICES
 CHRISTENSEN, MILLER, FINK, JACOB, GLASER, WEIL & SHAPIRO
 10250 CONSTELLATION BOULEVARD
 NINETEENTH FLOOR
 LOS ANGELES, CALIFORNIA 90087
 (310) 953-3000

LAW OFFICES
CHRISTENSEN, MILLER, FINK, JACOBS, GLASER, WEIL & SHAPIRO
10280 CONSTITUTION BOULEVARD
NINETEENTH FLOOR
LOS ANGELES, CALIFORNIA 90087
(310) 883-3000

30. This Agreement may only be amended, modified, or supplemented by:
- (a) an agreement in writing signed by both the County Defendants and Plaintiffs' counsel and approved by the Court; or
 - (b) other order of the Court.

31. The Parties recognize and acknowledge that this Agreement must be approved by the Court pursuant to Paragraph 2 above. No later than forty-five (45) days after this Agreement has been executed by all the Parties, Plaintiffs' Counsel shall file a motion seeking preliminary approval of the Agreement, the giving of the notice to Class Members, and entry of the Preliminary Approval Order substantially in the form attached hereto as Exhibit "A." The Parties agree to cooperate in good faith in the creation of all papers submitted to the Court to secure such approval.

32. This Agreement shall inure to the benefit of and be binding upon the legal representatives and any successor of Plaintiffs, Class Members and the County Defendants.

33. All notices, requests, demands and other communications required or permitted hereunder shall be given in writing and shall be deemed to have been duly given if delivered by hand, or if mailed by United States certified or registered mail, with postage prepaid, five (5) days after mailing, or if delivered by telecopy, with receipt confirmed and a confirming letter sent by United States mail, certified or registered mail, two (2) days after telecopying:

To the
Plaintiffs: Marilyn Holle, Esq.
Protection and Advocacy, Inc.
3580 Wilshire Boulevard, Suite 902
Los Angeles, California 90010-2512
Telephone: (213) 427-8747
Facsimile: (213) 427-8767

with a copy to: Paula D. Pearlman, Esq.
Western Law Center for Disability Rights
919 South Albany Street
Los Angeles, California 90015-1211
Telephone: (213) 736-1031
Facsimile: (213) 736-1428

or to such other person or address as Plaintiffs shall furnish to the other Party hereto in writing.

To the County Defendants:

Raymond G. Fortner, Esq., County Counsel
Leela A. Kapur, Esq., Senior Assistant County Counsel
Sharon A. Reichman, Esq., Principal Deputy County Counsel
648 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012
Telephone: (213) 974-1825
Facsimile: (213) 680-2165

with a copy to:

Patricia L. Glaser, Esq.
Alisa Morgenthaler Lever, Esq.
Christensen, Miller, Fink, Jacobs,
Glaser, Weil & Shapiro, LLP.
10250 Constellation Boulevard, 19th Floor
Los Angeles, California 90067
Telephone: (310) 553-3000
Facsimile: (310) 556-2920

or to such other person or address as the County Defendants shall furnish to the other Party hereto in writing.

34. This Agreement may be executed in counterparts, each of which will be deemed to be an original and all of which taken together shall constitute a single instrument. This Agreement may be executed by signature via facsimile transmission which shall be deemed the same as an original signature.

35. This Agreement and the Stipulated Order shall be considered to have been negotiated, executed and delivered, and to be wholly performed, in the State of California, and the rights and obligations of the Parties to the Agreement, as well as Class Members, shall be construed in accordance with and governed by, the internal substantive laws of the State of California without giving effect to that state's choice of law principles.

36. Except as expressly provided herein, this Agreement shall not confer any right or benefit upon or release from liability any person who is not a Party to this Agreement or a Class Member.

LAW OFFICES
CHRISTENSEN, MILLER, FINK, JACOBS, GLASER, WEIL & SHAPIRO
10250 CONSTELLATION BOULEVARD
NINETEENTH FLOOR
LOS ANGELES, CALIFORNIA 90067
(310) 553-3000

37. No waiver of any provision of this Agreement shall be deemed, or shall constitute, a waiver of any other provision whether or not similar, nor shall any waiver constitute a continuing waiver. No waiver shall be binding unless executed in writing by the party making the waiver. In the event that any provision of this Agreement shall be held to be invalid, the same shall not effect in any respect whatsoever, the validity of the remainder of this Agreement.

Dated: August 16, 2005

Susan D. Rodde
SUSAN RODDE

Dated: August __, 2005

KENNETH YOUNGER

Dated: August __, 2005

ANTONIO GAXIOLA

COUNTY OF LOS ANGELES

By: OFFICE OF THE COUNTY
COUNSEL
RAYMOND G. FORTNER,
COUNTY COUNSEL

Dated: August __, 2005

LEELA ANN KAPUR
Senior Assistant County Counsel

Dated: August __, 2005

By: THOMAS L. GARTHWAITE, M.D.,
Director and Chief Medical Officer of the
County of Los Angeles Department of Health
Services

[SIGNATURES ON NEXT PAGE]

LAW OFFICES
CHRISTENSEN, MILLER, FINK, JACOBS, GLASER, WEIL & SHAPIRO
10280 CONSTELLATION BOULEVARD
NINETEENTH FLOOR
LOS ANGELES, CALIFORNIA 90087
(310) 853-3000

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Dated: August __, 2005

SUSAN RODDE

Dated: August 9-7, 2005

KENNETH YOUNGER

Dated: August __, 2005

ANTONIO GAXIOLA

COUNTY OF LOS ANGELES

By: OFFICE OF THE COUNTY
COUNSEL
RAYMOND G. FORTNER,
COUNTY COUNSEL

Dated: August __, 2005

LEELA ANN KAPUR
Senior Assistant County Counsel

Dated: August __, 2005

By: THOMAS L. GARTHWAITE, M.D.,
Director and Chief Medical Officer of the
County of Los Angeles Department of Health
Services

[SIGNATURES ON NEXT PAGE]

LAW OFFICES
CHRISTENSEN, MILLER, FINK, JACOBS, GLASER, WEIL & SHAPIRO
10280 CRENSHAW BOULEVARD
SUITE 200
LOS ANGELES, CALIFORNIA 90007
(310) 983-3000

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Dated: August __, 2005

SUSAN RODDE

Dated: August __, 2005

KENNETH YOUNGER

Dated: August 6, 2005

ANTONIO GAXIOLA

COUNTY OF LOS ANGELES

By: OFFICE OF THE COUNTY
COUNSEL
RAYMOND G. FORTNER,
COUNTY COUNSEL

Dated: August __, 2005

LEELA ANN KAPUR
Senior Assistant County Counsel

Dated: August __, 2005

By: THOMAS L. GARTHWAITE, M.D.,
Director and Chief Medical Officer of the
County of Los Angeles Department of Health
Services

[SIGNATURES ON NEXT PAGE]

LAW OFFICES
CHRISTENSEN, MILLER, PINK, JACOBS, GLASER, WEIL & SHAPIRO
10800 CRENSHAW BOULEVARD
SUITE 200
CRENSHAW, CALIFORNIA 90008
(310) 549-3757

cc. JD

37. No waiver of any provision of this Agreement shall be deemed, or shall constitute, a waiver of any other provision whether or not similar, nor shall any waiver constitute a continuing waiver. No waiver shall be binding unless executed in writing by the party making the waiver. In the event that any provision of this Agreement shall be held to be invalid, the same shall not effect in any respect whatsoever, the validity of the remainder of this Agreement.

Dated: August __, 2005

SUSAN RODDE

Dated: August __, 2005

KENNETH YOUNGER

Dated: August __, 2005

ANTONIO GAXIOLA

COUNTY OF LOS ANGELES

By: OFFICE OF THE COUNTY
COUNSEL
RAYMOND G. FORTNER,
COUNTY COUNSEL

Dated: August 16, 2005

Leela Kapur
LEELA ANN KAPUR
Senior Assistant County Counsel

Dated: August 17, 2005

Thomas L. Garthwaite
By: THOMAS L. GARTHWAITE, M.D.,
Director and Chief Medical Officer of the
County of Los Angeles Department of Health
Services

[SIGNATURES ON NEXT PAGE]

LAW OFFICES
CHRISTENSEN, MILLER, FINK, JACOBS, GLASER, WEIL & SHAPIRO
10250 CONSTITUTION BOULEVARD
NINETEENTH FLOOR
LOS ANGELES, CALIFORNIA 90097
(310) 983-1000

LAW OFFICES
CHRISTENSEN, MILLER, FINK, JACOBS, GLASER, WEIL & SHAPIRO
10280 CONSTITUTION BOULEVARD
NINETEENTH FLOOR
LOS ANGELES, CALIFORNIA 90087
(310) 899-3000

APPROVED AS TO FORM AND CONTENT:

CHRISTENSEN, MILLER, FINK, JACOBS,
GLASER, WEIL & SHAPIRO, LLP

Dated: August 22, 2005

By: Alisa Morgenthaler Lever
ALISA MORGENTHALEVER
Attorneys for Defendants Board of Supervisors
of the County of Los Angeles, Los Angeles
County Department of Health Services and
Thomas L. Garthwaite, M.D.

OFFICE OF THE COUNTY COUNSEL,
COUNTY OF LOS ANGELES

Dated: August 16, 2005

By: Leela Ann Kapur
LEELA ANN KAPUR
Attorneys for Defendants Board of Supervisors
of the County of Los Angeles, Los Angeles
County Department of Health Services and
Thomas L. Garthwaite, M.D.

WESTERN LAW CENTER FOR
DISABILITY RIGHTS

Dated: August __, 2005

By: _____
EVE L. HILL
Attorneys for Plaintiffs

PROTECTION AND ADVOCACY, INC.

Dated: August __, 2005

By: _____
MELINDA BIRD
Attorneys for Plaintiffs

WESTERN LAW CENTER ON LAW &
POVERTY

Dated: August __, 2005

By: _____
ROBERT D. NEWMAN
Attorneys for Plaintiffs

[SIGNATURES ON NEXT PAGE]

1 APPROVED AS TO FORM AND CONTENT:

2 CHRISTENSEN, MILLER, FINK, JACOBS,
3 GLASER, WEIL & SHAPIRO, LLP

4 Dated: August __, 2005

By: ALISA MORGENTHAUER LEVER
Attorneys for Defendants Board of Supervisors
of the County of Los Angeles, Los Angeles
County Department of Health Services and
Thomas L. Garthwaite, M.D.

8 OFFICE OF THE COUNTY COUNSEL,
COUNTY OF LOS ANGELES

10 Dated: August __, 2005

By: LEELA ANN KAPUR
Attorneys for Defendants Board of Supervisors
of the County of Los Angeles, Los Angeles
County Department of Health Services and
Thomas L. Garthwaite, M.D.

14 WESTERN LAW CENTER FOR
DISABILITY RIGHTS

16 Dated: August 23, 2005

By: EVEL L. HILL
Attorneys for Plaintiffs Susan Rodde, Kenneth
Younger and Antonio Gaxiola

19 PROTECTION AND ADVOCACY, INC.

21 Dated: August __, 2005

By: MARILYN HOLLE
Attorneys for Plaintiffs Susan Rodde, Kenneth
Younger and Antonio Gaxiola

24 WESTERN LAW CENTER ON LAW &
POVERTY

26 Dated: August __, 2005

By: ROBERT D. NEWMAN
Attorneys for Plaintiffs Susan Rodde, Kenneth
Younger and Antonio Gaxiola

28 [SIGNATURES ON NEXT PAGE]

APPROVED AS TO FORM AND CONTENT:

CHRISTENSEN, MILLER, FINK, JACOBS,
GLASER, WEIL & SHAPIRO, LLP

Dated: August __, 2005

By: ALISA MORGENTHAUER LEVER
Attorneys for Defendants Board of Supervisors
of the County of Los Angeles, Los Angeles
County Department of Health Services and
Thomas L. Garthwaite, M.D.

OFFICE OF THE COUNTY COUNSEL,
COUNTY OF LOS ANGELES

Dated: August __, 2005

By: LEELA ANN KAPUR
Attorneys for Defendants Board of Supervisors
of the County of Los Angeles, Los Angeles
County Department of Health Services and
Thomas L. Garthwaite, M.D.

WESTERN LAW CENTER FOR
DISABILITY RIGHTS

Dated: August __, 2005

By: EVE L. HILL
Attorneys for Plaintiffs

PROTECTION AND ADVOCACY, INC.

Dated: ^{Sentember}~~August~~ __, 2005
msb

By: Melinda Bird
MELINDA BIRD
Attorneys for Plaintiffs

WESTERN LAW CENTER ON LAW &
POVERTY

Dated: August __, 2005

By: ROBERT D. NEWMAN
Attorneys for Plaintiffs

[SIGNATURES ON NEXT PAGE]

LAW OFFICES
CHRISTENSEN, MILLER, FINK, JACOBS, GLASER, WEIL & SHAPIRO
10280 CONSTELLATION BOULEVARD
NINETEENTH FLOOR
LOS ANGELES, CALIFORNIA 90067
(310) 552-3000

LAW OFFICES
CHRISTENSEN, MILLER, FINK, JACOBS, GLASER, WEIL & SHAPIRO
10280 CONSTELLATION BOULEVARD
NINETEENTH FLOOR
LOS ANGELES, CALIFORNIA 90087
(310) 993-3000

1 **APPROVED AS TO FORM AND CONTENT:**

2 CHRISTENSEN, MILLER, FINK, JACOBS,
3 GLASER, WEIL & SHAPIRO, LLP

4 Dated: August __, 2005

By: ALISA MORGENTHALER LEVER
Attorneys for Defendants Board of Supervisors
of the County of Los Angeles, Los Angeles
County Department of Health Services and
Thomas L. Garthwaite, M.D.

8 OFFICE OF THE COUNTY COUNSEL,
COUNTY OF LOS ANGELES

10 Dated: August __, 2005

By: LEELA ANN KAPUR
Attorneys for Defendants Board of Supervisors
of the County of Los Angeles, Los Angeles
County Department of Health Services and
Thomas L. Garthwaite, M.D.

14 WESTERN LAW CENTER FOR
DISABILITY RIGHTS

16 Dated: August __, 2005

By: EVE L. HILL
Attorneys for Plaintiffs

18 PROTECTION AND ADVOCACY, INC.

20 Dated: August __, 2005

By: MELINDA BIRD
Attorneys for Plaintiffs

23 WESTERN LAW CENTER ON LAW &
POVERTY

25 Dated: August 31, 2005

By: Robert D. Newman
ROBERT D. NEWMAN
Attorneys for Plaintiffs

27 [SIGNATURES ON NEXT PAGE]

KIRKLAND & ELLIS LLP

Dated: August 31, 2005

By: Jeffrey S. Davidson

JEFFREY DAVIDSON
Attorneys for Plaintiffs

NATIONAL SENIOR CITIZENS LAW
CENTER

Dated: August 19, 2005

By: Gerald A. McIntyre

GERALD A. MCINTYRE
Attorneys for Plaintiffs

LAW OFFICES
CHRISTENSEN, MILLER, FINK, JACOBS, GLASER, WEIL & SHAPIRO
10880 CONSTELLATION BOULEVARD
NINETEENTH FLOOR
LOS ANGELES, CALIFORNIA 90087
(310) 553-3000

KIRKLAND & ELLIS LLP

Dated: August __, 2005

By: JEFFREY DAVIDSON
Attorneys for Plaintiffs

NATIONAL SENIOR CITIZENS LAW
CENTER

Dated: Sept. 17
~~August~~ __, 2005

By: Gerald A. McIntyre
GERALD A. MCINTYRE
Attorneys for Plaintiffs

LAW OFFICES
CHRISTENSEN, MILLER, FINK, JACOBS, GLASER, WEIL & SHAPIRO
10280 CONSTELLATION BOULEVARD
NINETEENTH FLOOR
LOS ANGELES, CALIFORNIA 90087
(310) 553-3000