

THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS
ACTION AGENDA SUMMARY

DEPT: Chief Executive Office

BOARD AGENDA # *B-8

Urgent

Routine

AGENDA DATE September 12, 2006

CEO Concurs with Recommendation YES NO
(Information Attached)

4/5 Vote Required YES NO

SUBJECT:

Consideration and Approval of Response to the 2005-2006 Stanislaus County Civil Grand Jury Final Report

STAFF RECOMMENDATIONS:

1. Accept the responses to the Grand Jury Final Report, with any modifications made after consideration by the Board of Supervisors, and authorize the Chairman to forward the response to the Presiding Judge of the Superior Court.
2. Direct the Chief Executive Officer to ensure that the recommended actions approved by the Board of Supervisors be followed and completed by each County Department and report back to the Board as appropriate.

FISCAL IMPACT:

There is no direct fiscal impact associated with this response.

BOARD ACTION AS FOLLOWS:

No. 2006-722

On motion of Supervisor Mayfield, Seconded by Supervisor Grover
and approved by the following vote,

Ayes: Supervisors: O'Brien, Mayfield, Grover, DeMartini, and Chairman Simon

Noes: Supervisors: None

Excused or Absent: Supervisors: None

Abstaining: Supervisor: None

1) X Approved as recommended

2) _____ Denied

3) _____ Approved as amended

4) _____ Other:

MOTION:

ATTEST:


CHRISTINE FERRARO TALLMAN, Clerk

File No. M-39-K-3

DISCUSSION:

This year the Final Report of the Civil Grand Jury included three case findings associated with Stanislaus County government that require a response. These responses are in accordance with California Penal Code Section 933(c), which states that the Board of Supervisors (BOS) has 90 days to comment to the Presiding Judge of the Superior Court, on the findings and recommendations. The response provided to you today is within that 90-day period.

The investigations conducted by the Civil Grand Jury (CGJ) into issues associated with the departments represented by Elected Officials have been addressed under separate cover by those Elected Officials, pursuant to Section 914 that requires that the Elected Officials comment within 60 days to the Presiding Judge of the Superior Court.

Grand Jury Case No. 06-16 (Stanislaus Health Services Agency) – On September 6, 2005, the Civil Grand Jury (CGJ) authorized an investigation of Stanislaus County Health Services Agency (H S A) Strategic Plan, and an examination of the recent reductions in health care provided to the medically under-served.

RESPONSE TO FINDINGS

GENERAL

The BOS approved the amount and level of mandated health care to indigents, low income and uninsured citizens of Stanislaus County, which was not consistent with their commitment to corresponding levels of funding.

Response: Disagree. Upon adoption of the Health Services Agency (HSA) Strategic Plan in September of 2005, the Board of Supervisors established a three-year funding plan that was intended to match service levels with cost. At this writing, the preliminary financial statements for the Fiscal Year 2005-2006, the first year of the HSA Strategic Plan, indicate that the amount and level of health care approved by the Board of Supervisors were adequate to achieve or exceed financial break-even. For clarification, the only mandated health care services provided by the HSA clinic system were those services provided to qualified indigents.

GENERAL (Continued)

After many years of heavy HSA losses, in 2004 and 2005 the County chose to commit a course of non-tax base health related revenues to pay back the deficits over an eighteen-year period. This, however, did not lead to any additional or consistent sources of funds to HSA. There are other approaches for funding HSA that the BOS should evaluate and employ immediately.

Response: Agree in part. In September 2005 the Board of Supervisors approved the HSA Strategic Plan, which included a General Fund contribution of \$16.7 million over three years, and an ongoing General Fund contribution of \$3.75 million annually thereafter.

Loss of Funding – Up until 1997, the County Hospital provided medical care to a large share of low income and indigent patients. To compensate the hospital for the higher cost of caring for low income patients they received additional revenue through “Medicare Disproportionate Share” funding. Under sworn testimony the CGJ found that the BOS received erroneous information leading them to believe that they would retain this funding even though they closed the hospital.

Response: Agree, with clarification. When working on the closure of the inpatient facility the County was assured that action would be taken to allow the County to keep the Disproportionate Share funding, much like the exception given to a similar closure in Southern California.

Patients Served – HSA provides health services and levels of care for patients that are beyond the level mandated. The County is required to provide health care by the Welfare and Institutions Code to a limited group of indigent patients. Indigent care represented only 11.6 percent of total costs for HSA. In fiscal years 2004 and 2005, the payer mix was:

Payer	Percent of Total
Medi-Cal	40.6
Medicare	12.9
Medi-Cal Managed Care	9.2
Insurance	5.9
Personal Self Pay	7.9
County	1.7
Other	10.2
Indigent	11.6
Total	100%

Response: Disagree in part. The Welfare and Institutions Code does not require the County to directly render health care services to qualified indigents, but rather the requirement is for the arrangement of and payment for health care services. The County meets this requirement in part through the services provided by the Health Services Agency and in part through arrangements made with other providers. The percentage of 11.6 represents the proportional charges billed by the HSA clinic system to the Medically Indigent Adult Program and was specific to the Fiscal Year 2004-2005.

I. FUNDING

DEFICITS

Finding #1 – HSA did not have adequate funding to meet budget requirements from fiscal years 1997 through 2001 and 2003.

Response: Agree.

Finding #2 – The Health Services Agency Plan contains a three-year financial projection incorporating reduced levels of financial support from the County beginning with \$7.44 million in fiscal year 2005/06 and ending with \$3.75 million in fiscal year 2007/08 plus additional County matching funds of \$161,075. Planned net income for the three year plan is:

<u>Fiscal Year</u>	<u>Net Income*</u>
2005-06	\$312,863
2006-07	(\$107,630)
2007/08	(\$2,013,283)

*Parenthesis indicates a loss.

Elimination of the losses is dependent on increased state and federal reimbursements through designation of selected clinics as an FQHC-LA or successful state legislation designed for that purpose.

Response: Agree, with clarification. While the County is seriously pursuing both the FQHC-LA and the Certified Public Expenditure initiative, there is not an expectation that future losses will be completely eliminated by achieving these funding solutions. The Board of Supervisors acknowledged this forecast by committing \$3.75 million annually beginning in Fiscal Year 2007-2008.

TOBACCO SETTLEMENT

Finding #1 – In November 1998 the national tobacco industry and the states settled many areas of litigation involving the use of tobacco products. As a result, California received approximately \$25 billion in annual payments through 2025. Stanislaus County participated in the settlement and was successful in receiving a share of the payments from the tobacco industry.

Response: Agree.

Finding #2 – In 2002 the BOS securitized Tobacco Settlement payments by joining with other counties and receiving a secure and discounted payment immediately rather than waiting for the 25 –year stream of payments. The \$52.4 million bond proceeds were deposited into the County’s Tobacco Endowment Fund.

Response: Agree.

STANISLAUS COUNTY PROMISSORY NOTE

Finding #1 – In September 2004 the County issued a 15-year promissory note to itself in the amount of \$20,489,032 to recover past HSA deficits and to bring audited financial statements in line with state law requiring balanced budgets. The source of funds for payments on this note is the interest from the Tobacco Securitization Endowment Fund in the amount of approximately \$1.2 to \$2.1 million per year.

Response: Agree.

Finding #2 – In September 2005 the County revised the note to include an additional \$3.2 million increasing the note principle to \$23,725,144 with payments extending over eighteen years. At the sole discretion of the BOS the note may be extended for fifteen additional consecutive one-year periods.

Response: Agree.

Finding #3 – In January 2006 the BOS approved the securitization of an additional \$20 to \$30 million of Tobacco Settlement revenue. The resulting bond proceeds would be deposited into an endowment fund, similar to the first Securitization Bond, and the interest income would be available for any general governmental purpose or for capital expenditures.

Response: Agree.

INTERNAL FUNDING SOLUTIONS

Finding #1 – Under sworn testimony, a knowledgeable witness identified two potential sources of revenue that could be used to reduce or retire the internal note. Both sources are based on increased discretionary revenue becoming available to the BOS through tax revenues. The two sources identified were the Property Taxes/Current Secured (budget account number 100000) and Property Taxes/In-Lieu Vehicle License (budget account number 12710.)

Response: Agree. Both sources are included in Discretionary Revenue, which is the revenue that is available to the Board of Supervisors to fund many vital programs and services. Of the total Discretionary Revenue, the Board of Supervisors has approved the use of \$3.75 million annually to fund ongoing operational needs of the Health Services Agency.

Finding #2 – The Property Taxes/Current Secured account had an actual 2004-2005 fiscal year revenue of \$25,606,297 and an anticipated budget increase of \$2.7 million in the 2005-2006 fiscal year. The Property Tax/In-Lieu Vehicle License account had actual, 2004-2005 fiscal year revenue of \$34,705,289 and an anticipated budget increase of \$11.3 million in 2005-2006. These two revenue accounts will outpace any other discretionary revenue source. The witness further suggested that a percentage of the revenue growth could be dedicated to pay off the internal note. As an alternative, the witness suggested that a percentage of increased revenue from the accounts could be directed specifically to HSA for the benefit of the medically under-served population of the County.

Response: Agree to the facts, however, cannot validate what was stated in sworn testimony. As in the first finding, the Board of Supervisors annually sets priorities for funding programs and services from Discretionary Revenue. Discretionary Revenue funds public safety, parks and recreation, planning, facility maintenance and various other vital programs and services. Of the total Discretionary Revenue, the Board of Supervisors has dedicated an ongoing contribution to the Health Services Agency of \$3.75 million annually.

COUNTY HSA FACILITIES

Finding #1 – The December 6, 2005, Facility Plan proposed to vacate a portion of County Center II (CCII) and/or sell the Medical Arts Building. Under sworn testimony the CGJ was advised that the County is considering sale of CCII. Sale of either CCII or the Medical Arts Building would generate additional funds to support any County governmental use.

Response: Agree, in part. The Facility Plan proposed and adopted by the Board of Supervisors on December 6, 2005, included proposed and alternative uses of the CCII campus and the Medical Arts Building, but did not propose the sale of either. Further, on May 16, 2006, the Board of Supervisors adopted an updated Facility Plan, which included the following recommendation:

“In order to maximize operating efficiencies, it is recommended that CCII, Scenic Drive location, be designated the sixth location for HSA clinic operations. There are relatively minor renovations needed to accomplish this proposal, in some of the existing facilities now used by the HSA. It is also recommended that the Medical Arts Building (MAB) be vacated as discussed as an option during the public hearing held on December 6, 2005. Pediatrics services will move in the Family Practice Facility located on CCII, and Women’s Health and High-Risk Obstetrics will move into the McHenry Medical Office. As a result of these

moves the Medical Arts Building will be vacant. It is anticipated that the Chief Executive Officer will return to the Board in the near future to recommend the Medical Arts Building be declared surplus property.”

With regard to the statement regarding sworn testimony, it is impossible for the County to verify the testimony of a confidential witness.

The possible future sale of the Medical Arts Building would generate additional funds. It is anticipated that such proceeds would be used to support the Health Services Agency's needs.

Finding #2 – The CGJ toured CCII to evaluate its condition. Although some buildings are over 50 years old they have been remodeled and maintained over time. However, bringing buildings up to current code may present a significant cost problem to HSA.

Response: Agree.

FEDERALLY QUALIFIED HEALTH CENTER LOOK ALIKE DESIGNATION

Finding #1 – The Plan's major step to financial solvency is dependent on the HSA's ability to obtain FQHC-LA status to increase funding, as well as the need to dedicate approximately \$3.9 million per year from the County's General Fund.

Response: Agree with clarification. The County has committed an ongoing \$3.75 million annual General Fund contribution to fund the Health Services Agency consistent with the Strategic Plan. There is no plan to reduce the County's previous County Match contribution of \$161,075.

Finding #2 – In 2006 the BOS authorized hiring a consultant to assist staff in determining if HSA could receive additional funds by being classified as a FQHC-LA. A sworn witness reported that this would result in a \$1.2 to \$3 million reimbursement of additional federal funds. However, FQHC-LA also requires that control of the HSA shall be turned over to a new independent Board of Directors. A minimum of fifty-one percent of the Board must be composed of clinic system users. Also the BOS would have to reinstate a comprehensive list of health care services (some which have been terminated at the time of this report).

Response: Agree, in part. A consultant was engaged to assist in the preparation and application process to seek the designation of Federally Qualified Health Center-Look Alike (FQHC-LA). While the confidential testimony of a witness cannot be verified, current estimates of the increased net revenue from the FQHC-LA designation is approximately \$3 million. A Community Health Center Board has been established based on an ordinance enacted by the Board of Supervisors. This community board, which held its first meeting on August 2, 2006, meets the federal requirements regarding the 51% representation of clinic users. The federal regulations regarding a public entity FQHC-LA

model requires the delegation of certain authorities, while authority regarding fiscal and labor matters and policy are retained by the Board of Supervisors. Further, based on federal guidelines, an FQHC-LA must provide and/or arrange for comprehensive health services. At this time, based on the federal guidelines and input from the consultant, it is believed that the current scope of services directly provided by the Health Services Agency combined with contractual relationships with community providers, will be determined compliant by the federal reviewers.

PENDING LEGISLATION

Finding – The BOS is pursuing additional Medi-Cal reimbursement by supporting state legislation, Assembly Bill 959 (AB 959). If passed this bill would qualify certain HSA expenditures as CPE and increase the level of reimbursement from Medi-Cal and indirectly involve federal financial participation. The County cannot accept increased funds under AB 959 if they are an FQHC-LA.

Response: Agree, in part. This legislation was signed into law on August 28, 2006, however, before this law can result in increased reimbursement, the State Department of Health Services must prepare and submit a State Plan Amendment to the Centers for Medicaid and Medicare Services (CMS), a Division of the U.S. Department of Health and Human Services. If the federal government approves HSA's unreimbursed expenditures as Certified Public Expenditures, the County would receive an increase in the level of reimbursement for services rendered to Medi-Cal patients. The County is pursuing both the FQHC-LA designation and the Certified Public Expenditure initiative with the intent for both initiatives to co-exist, but not to be applied to the same services.

SKYROCKETING HEALTHCARE COST

Finding – A recent study of high hospital costs by the Institute for Health & Socio-Economic Policy sights two of Modesto's hospitals, one being the most costly in the nation.

Response: Agree. Although the validity of the data has not been verified, this is an accurate reflection of the data contained on the referenced website.

RESPONSE TO RECOMMENDATIONS

Recommendation #1 – Deficits – The BOS shall insure that decisive action is expeditiously taken, when necessary, to eliminate department deficits to avoid similar problems experienced during 1997-2001, and 2003. Actions could include allocating additional revenue and/or reducing expenses.

Response: The recommendation has been implemented. Departmental and Chief Executive Office staff review budgets on a quarterly basis at a minimum. Financial challenges that are identified are reported to the Board quarterly with a corresponding plan of action to alleviate the challenge.

Recommendation #2 – Tobacco Settlement/ Stanislaus County Promissory Note – The BOS retire the 18-year internal note through an accelerated pay off using additional, discretionary revenues. As soon as the internal note is retired the BOS direct annual interest from the Endowment Fund (for both Tobacco Securitization Bond issues) to annual funding of HSA.

Response: The recommendation will not be implemented. The BOS has already authorized the use of annual interest from the Tobacco Securitization Bond to repay the HSA deficit. In addition, an annual General Fund contribution of \$3.75 million for HSA operations was authorized as part of the 2005 Strategic Plan.

Recommendation #3 – Internal Funding Solutions – Revenue from the Property Taxes/Current Secured and Property Taxes/In Lieu Vehicle License be prioritized by the BOS so that a significant share is allocated to retire the internal note.

Response: This recommendation will not be implemented. The BOS is charged with the authority to annually approve funds as part of the County budget process, to determine the greatest need among the County programs. The County has allocated over the last three years the discretionary interest earnings from the County's Tobacco Endowment Fund towards the HSA prior year cash deficit.

Recommendation #4 – County HSA Facilities – The BOS order a Building Utilization Study of CCII to determine an estimated cost needed to bring the facility to a condition allowing for greater use by HSA. The availability of grant funds should be explored to identify any possible sources of additional revenue.

Response: The recommendation will not be implemented. As part of the analysis for the HSA Strategic Plan, several factors were considered important in the planned long-term consolidation of HSA services at various sites. Limitations and constraints include:

- The amount and availability of space that could be remodeled and used for each of the HSA functions (clinical space, laboratories, ancillary services, administrative space, etc.);
- The cost of remodeling the available space in conceptual terms;
- The efficiency (or potential for efficiency) of the proposed space in terms of its functionality, impact on staffing needs, ability to receive and service patients, etc.;
- The location of the facilities relative to the customers HSA serves now and in the future;
- The location of the facilities relative to the County's potential to achieve FQHC-LA status and other patient care reimbursement. Specifically, the location of existing,

- available facilities within Medically Underserved Areas (MUAs);
- The overall condition of the available facilities;
- The cost of maintaining and operating the available facilities;
- Existing county obligations in lease agreements; and
- The potential for alternate uses or opportunities of each site to maximize the use and value of county assets.

Consideration was given to the re-use potential of the Family Practice Center (FPC) and continued location of the Urgent Care Center within the 830 Scenic Drive, Suite B building or within FPC:

- The Urgent Care Center benefits from close proximity to Ancillary Services, also located within the 830 Scenic Drive, Suite B building (former County Hospital building.) Relocation of Urgent Care to the FPC building would vacate a portion of the former hospital building, but would not accommodate full vacancy of that structure; therefore, the facility's physical plant would require continued operation;
- Physical separation of Urgent Care from Ancillary Services would require increased staffing;
- The FPC was found to be a "good fit" for Pediatrics with little, if any, remodeling being necessary; and
- The FPC and the former hospital building, if vacated by HSA, would only partially vacate the site and therefore limit the alternative use potential of the site. HSA Administration in building 2, Billing and Finance, Central Services, CSA, BHRS Administration and Services, Public Health and other specialty programs of HSA (California Children's Services, etc.) would remain.

Remodeling of the existing 830 Scenic, Suite B, Family Practice Center and FPC Annex for continued long-term use for HSA clinical purposes was considered and rejected at the conceptual level because:

- Long-term continued occupancy of the 830 Scenic building will require significant investment in major deferred maintenance of the building's mechanical, electrical and plumbing systems. County Building Maintenance has identified over \$5.96 million worth of deferred maintenance needs at this site. Many of these deferred items are becoming critical needs and will require addressing if the buildings are to be retained for long term use.
- The older of the buildings onsite (including 830 Scenic and the Finance building) contain non-friable encapsulated asbestos and lead paint materials. While the buildings are safe to occupy as they are currently configured, any remodel of the space will require removal of hazardous materials prior to construction. The partial remodel of 17,000 square feet of the 830 Scenic, Suite B building's third floor from former hospital suites for office use in 2002 cost \$265,000 without the inclusion of any modifications to walls or ceilings or building systems;
- Significant upgrades to the 830 Scenic, Suite B building will be required to meet current licensing requirements of the State of California Department of Health Services for clinical or sub-acute care facilities. Meeting these requirements in the

existing, limited spatial configuration of the former hospital will not permit the staffing and space efficiencies needed to achieve the goals of the HSA cost reduction strategy.

- 830 Scenic and the HSA Finance/Billing Office at CCII were both constructed in the 1930's and are, at present, some of the least efficient structures to operate in the County's facility inventory. A comparative building maintenance and operational (utility) costs demonstrates that the CCII facilities, on average, cost \$4.06 per square foot per year for utilities and \$2.87 for maintenance (excepting, of course, the deferred maintenance list addressed earlier.) By comparison, 17 similar office-use type spaces operated by Stanislaus County cost an average of \$2.19 per square foot per year for utilities and \$1.44 per square foot per year for maintenance – roughly half that of the buildings at County Center II.

On May 16, 2006, the Board of Supervisors considered these factors and approved recommendations that the County vacate the Medical Arts Building and maximize the use of the Family Practice Center for the interim period, as well as remodel and enhance existing clinics located throughout the County, rather than remodel the former County Hospital building at CCII.

Recommendation #5 – FQHC-LA Designation – The BOS continue to pursue FQHC-LA status; however, contingency plans should be developed identifying alternative sources of revenue to fund HSA in the event the County is unsuccessful in this effort.

Response: This recommendation has been implemented and continues on an on-going basis. On November 1, 2005, as approved by the Board of Supervisors, the HSA increased the amount due for services from uninsured patients to more closely reflect the cost of services. The Board of Supervisors' support of the Certified Public Expenditure (AB 959) initiative is an alternative method of increased reimbursement. On August 28, 2006, the Governor signed the bill into law. The County remains optimistic that upon federal review, this means of obtaining increased Medi-Cal reimbursement will be realized. While the County also remains optimistic regarding its application for FQHC-LA designation, if this effort is not successful, all applicable HSA services would be included in the Certified Public Expenditure initiative. Additionally, operational efficiencies to lower expenditures are currently being pursued as a means of reducing the level of dependency on the General Fund allocations necessary. Two significant measures aimed at expenditure reduction are the possible implementation of an Electronic Medical Record system, and staffing efficiencies through facility redesign. The County is aware of the risk involved in the pursuit of the FQHC-LA designation and continues to consider possible alternatives. The County also recognizes that the environment in which the HSA functions is subject to constant change and challenges. The County will continue to evaluate performance and alternatives and make adjustments as necessary.

Recommendation #6 – Pending Legislation – The BOS pursue and support legislation to increase Medi-Cal reimbursements through passage of AB 959. However, neither this legislation nor the BOS' application to become a FQHC-LA guarantees success or an increase in funding.

Response: The recommendation has been implemented. The County worked with the County Health Executives Association of California, the County contracted lobbyist, and several legislators to encourage the California passage of AB959. On August 28, 2006, AB959 was signed into law by the Governor. Efforts now continue to encourage the State Department of Health Services on the preparation of the State Medi-Cal Plan Amendment in order to seek federal approval. This must occur to actually receive this increased reimbursement.

Recommendation #7 – Skyrocketing Healthcare Cost – The BOS endeavor to participate in organizations that actively attempt to resolve the high cost of health care specifically in Stanislaus County. Endorse and support legislation that encourages active competition among health care providers while maintaining levels of quality health care. Further, in an effort to contain health care costs within HSA, efforts should be made to encourage new businesses to provide a percentage of their payroll towards their employee's health care insurance.

Response: The recommendation has been implemented in part. Active participation continues in organizations such as County Health Executives Association of California and Insure the Uninsured Project. Activity continues on the County's legislative platform, which encourages initiatives to preserve and expand access to care. The final stated recommendation is regarding a State and Federal issue over which the Board of Supervisors has no discretion.

II. MANAGEMENT

RESPONSE TO FINDINGS

VALID MANAGEMENT DATA

Finding – The County uses two data processing systems to track expense and prepare reports for HSA. These systems do not readily communicate with each other and consequently more staff time is required to generate management data and reports resulting in inefficiency.

Response: Agree with clarification. The system that HSA utilizes to track expenditures and revenue for the Clinic system is separate from the County's system. The healthcare business is complex and requires information systems logic not available in the county's financial system. For instance, Meditech which is the healthcare information system used by the HSA, not only includes a patient accounts receivable module that is vital to managing HSA's charges, payments and adjustments for services by patient but the system also contains integrated modules from scheduling and registration to lab and radiology results to general ledger and accounts payable functions. The system is healthcare based unlike the County's ORACLE system. HSA records information into the

ORACLE system at a low level of detail to minimize staff time while keeping it accurate and reconciled to Meditech at regular intervals.

MULTI-YEAR BUDGETING

Finding – A multiple year budget plan would enable management to monitor the current year with feedback for impact on future years. The CGJ found no detailed multi-year budgeting by the County.

Response: Agree with clarification. The County does use a Long Range Financial Planning tool to plan for future exposures. A four-year plan was included in the 2005-2006 Final Budget, which included the funding recommendations for the HSA. Additionally, the HSA had prepared a three-year budget projection of which Fiscal Year 2005-2006 and Fiscal Year 2006-2007 included detail by Clinic and Ancillary Services. As part of the Fiscal Year 2006-2007 budget year it will be necessary for the Agency to project detailed budgets for Fiscal Year 2007-2008 and Fiscal Year 2008-2009 maintaining a three-year detailed budget projection.

CONTINGENCY PLANNING

Finding – There is no back-up budget plan in the event that the Plan assumptions regarding FQHC-LA or CPE qualification fail to materialize.

Response: Disagree. Although the County is hopeful that both the FQHC-LA and the CPE initiatives are approved and implemented within Fiscal Year 2006-2007, the balanced budget approved by the Board of Supervisors for Fiscal Year 2006-2007 does not include the increased revenue contemplated under either initiative. The County remains optimistic that either or both initiatives are successful.

Regarding other means of improving revenues and/or decreasing expenditures, on November 1, 2005, as approved by the Board of Supervisors, the HSA increased the amount due for services from uninsured patients to more closely reflect the cost of services. Operationally this policy heightened the HSA's role in encouraging that uninsured patients apply for Medi-Cal coverage, which is to the benefit of the patient and HSA, as well as other community providers including area hospitals. In the latter part of Fiscal Year 2005-2006, the HSA renegotiated its contract with Blue Cross, through which the majority of Medi-Cal Managed Care patients flow. Beginning in Fiscal Year 2006-2007, this reimbursement increase is expected to be a significant contributor to increased patient revenues.

Additionally, operational efficiencies to lower expenditures are currently being pursued as a means of reducing the level of dependency on the General Fund allocations necessary. Two significant measures aimed at expenditure reduction are the possible implementation

of an Electronic Medical Record system, and staffing efficiencies through facility redesign. Also, the Drug Manufacturer Patient Assistance Program that allows access to certain free medications was restructured to maximize cost savings.

The County is aware of the risk involved in the pursuit of the FQHC-LA designation and continues to consider possible alternatives. The County also recognizes that the environment in which the HSA functions is subject to constant change and challenges. The County will continue to evaluate performance and alternatives and make adjustments as necessary.

EXPENSE CLASSIFICATION

Finding #1 – Government Accounting Principles are not strictly followed regarding the classification of certain HSA operating expenses. Under sworn testimony, the CGJ was informed that the State of California Accounting Standards and Procedures for Counties requires that “interfund transfers out are financial outflows to other funds of the government reporting entity that are not classified as services provided and used, reimbursements or loans.”

Response: Agree.

Finding #2 – During the April 7, 2006, Grand Jury Audit Exit Conference with the 2005 external auditor, Macias Gini & Company, the CGJ asked if certain costs in the HSA “Transfers Out” would best be classified as operating expenses and shown as such. The auditor answered that the costs would be more appropriately shown as operating expenses.

Response: Agree.

ADMINISTRATIVE COSTS

Finding – The HSA administrative costs were identified in both Camden Group reports as being higher than industry benchmarks.

Response: Agree with clarification. While the finding as stated is correct, the implication is misleading in that while it is both interesting and useful to compare to the private sector, the HSA scope of services and patient demographic make such comparison without further discussion inadequate. For instance, the HSA operates a Family Practice Residency Program, which adds to operational complexity relative to functions such as scheduling, billing, and operational supervision. Further, over 70% of the patient demographic of the HSA is either uninsured or covered by a government sponsored coverage program based on low income. This patient demographic typically involves higher no-show rates, lower compliance and increased difficulty in referral arrangements due to limited access to care.

These characteristics impact operational costs. Finally, as a public entity, the HSA necessarily must operate in compliance with formal procedures as stewards of public dollars and maintain a high standard of accountability.

FACILITY PLANNING AND SALES

Finding #1 – Although the County is in the process of analyzing the potential sale of the Medical Arts Building (MAB) there is not a study being done to reduce the costs of the clinics operation through further consolidation as recommended in the Camden report.

Response: Disagree in part. Phase one of the Clinic consolidations is in process. High-risk obstetrics has already relocated to the McHenry Medical Office and the relocation of Pediatrics to the current Family Medicine Center on Scenic Drive is slated for later this summer. Additionally, the first phase of moving the Family Practice Residency Program has been completed with the final phase for the entire program to relocate to the Paradise Medical Office during the summer of 2007. Phase two of potential relocations or consolidations is being evaluated through Facility Planning Questionnaires issued by the Chief Executive Office Capital Projects Division. This phased approach is encompassing the long term needs of all services including HSA and BHRS on the Scenic site as well as the long term viability of the buildings thereon. Results of the Facility Planning Questionnaires may present opportunities for further consolidation of services and or locations.

Finding #2 – There is no facility cost analysis for the sale and replacement of County facilities.

Response: Disagree in part. As mentioned above the Facility Planning Questionnaires have been issued and will help determine the long-term facility needs of both HSA and BHRS. Until the results of the questionnaires have been determined the sale and or replacement cost of HSA facilities is being evaluated on a case-by-case basis. The potential sale of any County facilities will be conducted only after: a) the County obtains a qualified appraisal of the subject property; b) the Board of Supervisors sets a minimum bid price for the property; and c) the County follows existing policy and State law relative to the disposal of a public property.

Finding #3 – The proposed facilities relocation plan relies on a decision to close the MAB in preparation for a sale. The Women's Health and High Risk Ob Gyn services are to be relocated to the McHenry Clinic while Pediatrics is to be relocated to CCII. However, as a secondary goal, staff proposes to close CCII. The MAB will be vacated, but at the same time is used as a fall back position to accommodate the Specialty Clinics and Urgent Care should CCII close. Furthermore, in the proposal to relocate Pediatrics to CCII, it is assumed that the Family Practice Building would be available even though the larger CCII building may be closed. The plan is summarized on Table 2.

Response: Disagree in part. The County agrees with the finding that Women's Health and High Risk OB services are to be relocated to the County's McHenry Medical Office, which in fact occurred during July 2006. The County also agrees with the finding that the Pediatric Clinic will be moved to CCII. However, on May 16, 2006, the Board of Supervisors approved an updated Facility Plan, which established that the sixth clinic location would be CCII, eliminating the "fall back position" alternative stated in Finding #3.

Finding #4 – Ancillary Services (Laboratory, Radiology, Pharmacy, and Rehabilitative Services) is currently located at CCII. The plan suggests that some of the Ancillary Service Clinics be relocated to CCII Family Practice Clinic building after it is vacant. However, if the Family Practice Clinic and the Residency Program are moved to Paradise, it would follow that the Ancillary Services would also move to Paradise to keep associated services near the patients and providers.

Response: Disagree. The Facility Plan as recommended to the Board of Supervisors on December 6, 2005 suggested a possibility of relocating some specialty services into the CCII Family Practice Center. Specialty services are distinct and separate from ancillary services, and include physician specialties such as orthopedics, surgery, and urology. Further, the HSA's Ancillary Services are provided to patients who come from all the HSA clinic locations in Modesto, Ceres, Hughson and Turlock as well as other community providers, so the County disagrees with the finding that "it would follow the Ancillary Services would also move to Paradise to keep associated services near the patients and providers".

Finding #5 – It appears that the objective of the plan is to move HSA operations out of MAB and CCII. Most operations would be moved to the Paradise Medical Office where additional leased space is required. The annual lease cost of the Paradise Medical Office is \$521,412 or \$1.60/square foot for the existing lease.

Response: Disagree in part. At no time has the Facility Plan, original or updated, contained an objective to move HSA operations off of both MAB and CCII. The Family Practice services formerly provided at the CCII Family Practice Center and Annex have been partially moved to the McHenry Medical Office, while part has already or will in the future be moved to the Paradise Medical Office. In the updated Facility Plan approved by the Board of Supervisors on May 16, 2006, a table was provided to illustrate the planned use of all six sites including CCII. This table has been duplicated below.

Health Services Agency Clinic Sites	Services
1. Ceres Medical Office (CMO) 3109 Whitmore Avenue Ceres, California	Comprehensive Primary Care
2. Hughson Medical Office (HMO) 2412 Third Street Hughson, California	Comprehensive Primary Care
3. Turlock Medical Office (TMO) 800 Delbon, Suite A Turlock, California	Comprehensive Primary Care
4. Mc Henry Medical Office (MMO) 1209 Woodrow, Suite B-10 Modesto, California	Comprehensive Primary Care and High-risk OBGYN
5. Paradise Medical Office (PMO) 401 Paradise Road Modesto, California	Comprehensive Primary Care and Residency Program
6. County Center II, Scenic Site 830 – 900 Scenic Drive Modesto, California	Pediatrics, Urgent Care, Specialty Clinics and Ancillary Services

BOS/STAFF COMMUNICATIONS

Finding – The Community Health Advisory Committee was established to focus on health issues as a result of the closing of the County hospital. Subsequently, the Health Executive Committee (HEC) was established and the former committee discontinued in 2001. Membership on the HEC includes two members of the BOS. The Committee met five times in 2005 to discuss HSA and other matters. Review of the Committee minutes finds that there was little if any discussion of HSA’s ongoing financial performance, which should have been of primary importance.

Response: Disagree in part. A review of the handouts from the Health Executive Committee meetings indicates HSA’s ongoing financial performance was a regular discussion topic and was a matter of primary importance.

INFORMATION TECHNOLOGY SYSTEMS

Finding #1 – The County’s Report to Management for the Fiscal Year Ended June 30, 2005, identified several issues that caused them to recommend a centralized Information Technology Systems (ITS) operation. The external auditor recommends that there be a ...”County-wide IT administrative policies and procedures governing system and application security protection of IT assets, and system and application change management.”

Response: Agree in part. The County is taking advantage of several opportunities for centralization of Information Technology. The County has also recently implemented a County-wide Security Policy, approved by the Board of Supervisors, which sets one standard county-wide for implementing IT security practices.

Finding #2 – County staff has started a “Business Technology Strategy” review. The preliminary documentation indicates seven goals. Included as goal number three is a reference to “...standardization in approaches to information Technology...” Currently, there is no goal to standardize the County’s information technology systems.

Response: Agree, in part. The Business Technology Strategy review has started and will include goals to standardize the County’s information technology systems.

RESPONSE TO RECOMMENDATIONS

Recommendation #1 – Valid Management Data – The BOS should establish a common standard for information systems that will easily provide for more frequent reporting of financial and management performance. It should also reduce the cost and complexity caused by operating and maintaining multiple types of information systems.

Response: The recommendation will not be implemented. The County’s fiscal information system (ORACLE) is used by all departments and is the basis of quarterly financial reports presented to the Board of Supervisors during the fiscal year. In addition during the Proposed and Final Budget hearings, previous year’s financial information is discussed for comparison and trending purposes.

Recommendation #2 – Multi-Year Budgeting – The BOS shall direct that a three-year HSA budget plan be prepared in sufficient detail so that management can be involved in monitoring department performance and making corrections when necessary.

Response: The recommendation has been implemented. The Strategic Plan approved by the Board of Supervisors on September 13, 2005 included a three-year budget plan, the first such multi-year plan in the HSA’s recent history. Quarterly financial reports are prepared by Executive management of the County and reported to the Board of Supervisors. The County finds the existing level of detail is sufficient to appropriately and prudently manage the HSA’s performance. Additional multi-year detail would be an exercise with limited value given the variability of program funding and dependence on a State budget that is limited to a twelve-month period.

Recommendation #3 – Contingency Planning – Successful designation of all or a part of HSA as a FQHC-LA is not guaranteed, and neither is the enactment of advantageous state legislation. The BOS shall establish a contingency plan with specific actions to be taken in 2006-2007 aimed at reducing real costs now rather than rely entirely on efficiency improvements to achieve a balanced budget.

Response: This recommendation will not be implemented. The HSA's Fiscal Year 2006-2007 budget is balanced but does not rely entirely on efficiency improvements. Much of the financial improvement necessary for the Fiscal Year 2006-2007 will be derived from the benefit of a full twelve months of many of the revenue and expense improvements achieved during the Fiscal Year 2005-2006. Efforts will continue to increase efficiency where possible, reduce purchased costs and increase revenue.

Recommendation #4 – Expense Classification – Management review of financial data is essential to understanding trends in operating departments. The County CEO shall review and insure that all operating costs are correctly identified and categorized as such, rather than “transfers out.”

Response: The recommendation will be implemented in conjunction with the audited financial statements for fiscal year ending June 30, 2006.

Recommendation #5 – Administrative Costs – The Camden Group identified administrative costs as being excessive compared to industry benchmarks. The County Chief Executive Officer should undertake a management audit of HSA to determine the effectiveness of management structure and its costs. A review of HSA management structure should be undertaken for its appropriateness to a clinic operation.

Response: This recommendation has been implemented and is in progress. A review of the leadership needs was conducted by the Chief Executive Office, which culminated in the recruitment of a permanent HSA Managing Director. This position was filled August 5, 2006. The HSA management is conducting an analysis regarding clinic management structure with a focus on system need, clinical versus operational management need, efficiency and succession planning.

Recommendation #6 – Facility Planning and Sales – The County shall explore further clinic consolidation focusing on the outlying facilities. The BOS shall order an engineering/economic facility study to determine the economics of remodeling and upgrading County Center II for the purpose of clinic consolidation and ancillary services at this location and avoid additional, expensive, long-term leases.

Response: This recommendation will not be implemented. As part of the HSA Strategic Planning process, the County did explore the feasibility of consolidating clinics. Many factors were considered, including:

- The amount and availability of space that could be remodeled and used for each of the HSA functions (clinical space, laboratories, ancillary services, administrative space, etc.);
- The cost of remodeling the available space in conceptual terms;
- The efficiency (or potential for efficiency) of the proposed space in terms of its functionality, impact on staffing needs, ability to receive and service patients, etc.;

- The location of the facilities relative to the customers HSA serves now and in the future;
- The location of the facilities relative to the county's potential to achieve FQHC-LA status and other patient care reimbursement. Specifically, the location of existing, available facilities within Medically Underserved Areas (MUAs);
- The overall condition of the available facilities;
- The cost of maintaining and operating the available facilities;
- Existing county obligations in lease agreements; and
- The potential for alternate uses or opportunities of each site to maximize the use and value of county assets.

In considering location of existing facilities relative to patients, the HSA Strategic Plan reported that over 40% of patient visits were to outlying clinics. Additionally, many of the existing clinics are in leased facilities with long-term leases that would be exceedingly costly to cancel.

Remodeling of the existing 830 Scenic, Family Practice Center and Family Practice Center Annex for continued long-term use for HSA clinical purposes was considered and rejected at the conceptual level because:

- Long-term continued occupancy of the 830 Scenic building will require significant investment in major deferred maintenance of the building's mechanical, electrical and plumbing systems. County Building Maintenance has identified over \$5.96 million worth of deferred maintenance needs at this site. Many of these deferred items are becoming critical needs and will require addressing if the buildings are to be retained for long term use. (See the attached deferred maintenance project list.)
- The older of the buildings onsite (including 830 Scenic and the Finance building) contain non-friable encapsulated asbestos and lead paint materials. While the buildings are safe to occupy as they are currently configured, any remodel of the space will require removal of hazardous materials prior to construction. The partial remodel of 17,000 square feet of the 830 Scenic building's third floor from former hospital suites for office use in 2002 cost \$265,000 without the inclusion of any modifications to walls or ceilings or building systems;
- Significant upgrades to the 830 Scenic building will be required to meet current licensing requirements of the State of California Department of Health Services for clinical or sub-acute care facilities. Meeting these requirements in the existing, limited spatial configuration of the former hospital will not permit the staffing and space efficiencies needed to achieve the goals of the HSA cost reduction strategy.
- 830 Scenic and the HSA Finance/Billing office at CCII were both constructed in the 1930's and are, at present, some of the least efficient structures to operate in the County's facility inventory. The attached example of comparative building maintenance and operational (utility) costs demonstrates that the CCII facilities, on average, cost \$4.06 per square foot per year for utilities and \$2.87 for maintenance (excepting, of course, the deferred maintenance list addressed earlier.) By comparison, 17 similar office-use type spaces operated by Stanislaus County cost an average of \$2.19 per square foot per year for utilities and \$1.44 per square foot

per year for maintenance – roughly half that of the buildings at CCII.

On May 16, 2006 the Board of Supervisors considered these factors and approved recommendations that the County vacate the Medical Arts Building and maximize the use of the Family Practice Center for the interim period, as well as remodel and enhance existing clinics located throughout the County, rather than remodel for former County Hospital building at CCII.

Recommendation #7 – BOS/Staff Communications – The Auditor-Controller should issue independent, public reports and recommendations to the BOS concerning any County department that is experiencing or is projected to incur deficits. These reports and recommendations shall be done in a timely fashion to allow management to take aggressive action necessary to insure a balanced budget.

Response: The recommendation has been partially implemented. Financial information is and has been available on a real time basis to County departments since July 1986. The financial information includes, but is not limited to, balance sheet, revenue, and expenditure reports. Unlike other County departments, the HSA maintains their own detail financial information necessary to meet their accounting needs. This system provides detailed balance sheet, revenue and expenditure reports for HSA operations. While the Auditor-Controller's Office maintains separate funds for the HSA, they are used for accounting of cash receipts and disbursements. The Auditor-Controller in conjunction with each year's Grand Jury has facilitated the audit of the financial statements for the HSA and the countywide financial statements. The projection of departmental fiscal trends and budgetary status of County departments is a function of the County budget process and as such is not under the control of the Auditor-Controller's Office. The Auditor-Controller's Office will continue to provide oversight and guidance regarding the application of accounting and reporting standards.

The complete report from the Auditor-Controller is attached (Attachment #1).

Recommendation #7 (Continued)

The CEO shall provide monthly financial oversight reports to the BOS for County departments that are experiencing deficits. HSA should provide information or data directly to the BOS or through the Health Executive Committee. Elected officials should provide greater proactive oversight, guidance and direction.

Response: This recommendation will not be implemented. The Chief Executive Office prepares quarterly financial report to the Board of Supervisors, which includes an update on departments who are in a deficit position. This time frame is standard among counties, and the Chief Executive Officer does not see the need for additional reporting. In addition, the HSA does participate in the Health Executive Committee meetings, where fiscal matters are discussed.

Recommendation #8 – Information Technology Systems – The Board should establish specific policy for uniform, countywide implementation of standardized ITS. The policy should be focused on bringing the separate, splintered implementation into a uniform system over time.

Response: This recommendation will not be implemented. A policy for standardizing decision-making regarding IT systems will result from the Business Technology Strategy. It is not the County's intent to force all departments to operate on the same IT systems, due to the complexity and individuality of each department's business needs.

Grand Jury Case No. 06-21 (Stanislaus County Jail Medical Care) – regarding a complaint from a citizen who was incarcerated for three days in the Stanislaus County Downtown Men's Jail (jail). The complainant alleged that jail medical staff and jail personnel denied him his prescribed medication and other medical treatment.

RESPONSE TO FINDINGS

Finding #1 – All relevant policies and procedures were not followed in providing complainant with necessary and appropriate medical treatment.

- According to the County Manual regarding the subject of "Pre-Detention Medical Evaluation/Intake Health Screening Policy", the arresting officer should have communicated the fact that the complainant had received emergency medical treatment from an emergency medical technician prior to arrest. In this case, the arresting officer's report was filed the next day indicating evidence of trauma or acute illness. After reviewing booking records, no evidence could be found to confirm that the reception officer was made aware of this information so that he/she could then advise medical personnel of the complainant's emergency medical treatment prior to booking in the jail.
- The complainant did not receive medical treatment in a hospital although jail policy requires that this medical information be transferred and included in an inmate's medical record. However, the complainant did receive emergency medical treatment from an emergency medical technician and the arresting officer was aware of this treatment. Based upon a comprehensive review of all of the complainant's jail records, no evidence was found to confirm the booking officer was made aware of this treatment upon receiving the complainant in the jail. The jail policy only requires documented evidence of medical treatment be returned to jail to become part of inmate's medical record if the arrestee is taken to an emergency treatment center (e.g. hospital). However, the policy does not include reporting medical treatment if the inmate received treatment outside of a hospital (e.g. ambulance treatment.)
- CFMG medical staff should have checked complainant's blood pressure more frequently. Medical records indicate that the complainant had a diagnosis of hypertension (high blood pressure.) According to sworn testimony from the CFMG Regional Registered Nurse, high blood pressure should be monitored

closely. In fact, she testified that good medical practice is to check blood pressure every four hours but current practice and procedure in the jail is to check the patient every 12 hours. In this case, jail medical records indicate that the complainant's blood pressure was only checked approximately every 24 hours. Although the medical screening form was completed correctly in this case, the timeliness of medical follow-up was questionable at best.

- Jail personnel failed to follow the Jail Manual that provides when securing property of an arrestee, "prescribed medications belonging to an arrestee will immediately be turned over to medical staff unless otherwise directed by medical personnel." Receiving jail personnel did not follow policy and instead stored the complainant's nitroglycerin medication without handing over the medication directly to medical staff who could have then consulted with the inmate's personal doctor about the inmate's medical needs or allowed the inmate to carry some of his medications with him.
- Although policy specifically states that "medical staff must give approval prior to allowing inmates to consume/take medication", this approval could not have happened in this case because medical staff was never made aware that the complainant had nitroglycerin medication or that it was in jail storage with the complainant's other personal property. Although the medical staff eventually administered nitroglycerin to the complainant, the undue delay could have been avoided had jail staff followed procedure.

Response: Agree.

Finding #2 -- The existing jail and medical policies and procedures are not adequate due to the apparent lack of communication and documentation in providing medical treatment to the complainant.

- Under sworn testimony, the CGJ found that CFMG medical staff did not receive copies of the arresting officer's report. As a result, CFMG staff was not informed of the complainant's prior emergency medical treatment or the complainant's prescribed medication he carried on his person during the booking process. There is no evidence of timely and direct communication between the arresting officer, booking officer and treating medical staff in order to promptly advise medical staff of the inmate's subsequent emergency medical treatment or the nitroglycerin medication he carried when he was arrested.
- Based on review of both jail records and CFMG medical records, there was no evidence of written or verbal communication between the emergency medical technicians who treated the complainant prior to incarceration and CFMG medical staff in order to provide consistent and appropriate follow-up medical treatment.
- Based on review of CFMG medical records and the complainant's personal medical records, there is no evidence of written or verbal communication between treating medical staff and complainant's primary care physician.
- Based on review of the complainant's booking records, there is no evidence that

the Intake Property Form completed by the receiving officer was made available to medical staff to advise medical staff of complainant's nitroglycerin medication so that they could provide medical treatment accordingly. This information would have also provided the opportunity for medical staff to comply with jail policy to approve that the complainant have access to his own prescribed medication.

- Jail personnel complied with county policy and jail policy by completing the pre-screening form for additional information and appropriately referred the inmate to the medical department. However, the form is inadequate because it does not prompt the question that inquires whether the inmate has received any medical treatment in the last 24 hours. If this question were included in the screening form, when CFMG medical staff reviewed the referral form, they would be immediately aware of the potentially critical medical information to provide appropriate and timely medical treatment to the inmate.

Response: Agree.

Finding #3 – Other Findings: Lack of Quality Medical Treatment

- Stanislaus County contracts with CFMG to provide all medical care for all correctional facilities within Stanislaus County. CFMG is responsible for training, supervising and managing its entire medical staff. CFMG medical staff are required to follow their own company policies and procedures; they are also required to follow all county and jail policies and procedures.
- CFMG medical staff and the CFMG doctor should have followed-up with their patient (complainant) in a timely manner. Despite medical necessity noted in the records and the complainant's known chronic medical conditions recorded by medical staff, medical records indicated that the CFMG medical doctor did not conduct a physical examination of the patient. Instead, the CFMG doctor conducted only a file review over 24 hours after the complainant was booked in jail. While the CFMG Physical Assessment form was completed with notations showing a blood pressure of 240/120, forehead and scalp trauma, hypertension and noted his allergy to diabetic medication, the CFMG doctor did not conduct a physical examination or meet the complainant in person.
- According to the nurse's sworn testimony, a diabetic's blood sugar should be reviewed and monitored closely by medical staff. The complainant's medical jail records indicate that he was diabetic and noted minimal necessary medical treatment for this condition.
- According to jail medical records and sworn testimony from both witnesses interviewed, the complainant received high blood pressure medications but over 24 hours after his arrest. Given the complainant's high blood pressure condition well documented in the medical records, and current blood pressure condition monitored in jail, the complainant's personal doctors should have been contacted to determine if blood pressure medication was medically necessary immediately.

- Within 2 days of being released from jail, as substantiated by medical records and emergency medical technician (EMT) records, complainant was transported via ambulance and hospitalized to treat an uncontrolled blood pressure condition. According to the complainant's medical records, his cardiologist stated that the complainant's unstable angina resulted from his lack of medical treatment while in jail (e.g. not taking his blood pressure medications appropriately.)
- According to sworn testimony, new inmates are not automatically placed on prescribed medications due to current circumstances (e.g. if they have used drugs or alcohol prior to arrest.)
- According to CFMG policy and sworn testimony, patients who require nitroglycerin medication should carry at least 3 nitroglycerin pills on their person. In this case, according to booking records, the complainant's nitroglycerin pills were removed from his possession upon booking and locked with his personal property to be accessed upon release from jail. Although CFMG medical staff administered nitroglycerin to the complainant, they did so over 30 hours after his arrest, which was unnecessarily delayed and could have been avoided.
- According to sworn testimony, some CFMG nursing staff are insensitive to inmate/patient needs and do not listen to legitimate medical complaints or concerns.

Response: Agree in part. The physician saw, treated, and provided CFMG medication to the patient in a timely fashion. It is acknowledged in this case there was a delay in administering the medication which the patient brought into the facility and existing policy was not followed. This situation has been corrected by way of the provision of additional staff training on existing policy and procedures.

RESPONSE TO RECOMMENDATIONS

Recommendation #1 – In order to avoid inconsistent or inadequate medical care and treatment for inmates incarcerated in the jail or other correctional facilities in Stanislaus County, the Sheriff's Department and CFMG shall revise existing policies and procedures and/or develop new policies and procedures. The purpose of these changes is to ensure medical staff and jail personnel communicate effectively and in a timely manner to provide quality health care for inmates incarcerated in Stanislaus County correctional facilities. This policy and procedure shall include the following:

- The arresting officer, upon arrival to jail, should report any known medical condition and/or known emergency medical treatment to booking officer/receiving officer who should then report/communicate this important medical information directly to medical staff to avoid any gaps in appropriate medical care and treatment provided to the inmate. The new procedure must consider the fact that written reports are not submitted typically on the same day of the arrest and since medical concerns require timely follow-up and treatment for the inmate, the arresting officer must report medical issues immediately.

Response: The recommendation will be implemented; the Sheriff's Department will add a question to the medical pre-screening form asking the arresting officer if the arrestee sustained any injuries or received medical treatment during or prior to the arrest process.

- When the jail medical screening form is completed and the clerk/officer has determined that further medical evaluation is necessary by medical staff, jail policy shall make all of the inmate's records from arrest to booking available to medical staff, and to be reviewed by medical staff in a timely manner.

Response: The recommendation has been implemented; the medical staff is now allowed to read the Probable Cause form and property receipt form when evaluating the arrestee.

- The jail medical screening form (Jail Form 171L) shall include a question about whether any emergency medical treatment was received before arrest or prior to booking. The inquiry should not be limited only to emergency center (e.g. hospital) treatment. This more complete medical history would aid medical staff in providing timely and appropriate medical care for inmates.

Response: The recommendation will be implemented; the Sheriff's Department will include a question for the arresting officer on the medical pre-screening form about medical treatment.

- Jail personnel shall not violate current jail procedure whereby medication must be delivered to medical to distribute to inmate as needed.

Response: The recommendation has been implemented; the Sheriff's Department has updated booking and intake staff on the procedure involving arrestee medication.

- The County and CFMG shall improve its medical screening process to include a procedure by which officers will document and advise medical staff of prescribed medication held in custody to ensure inmate's health is not compromised by withholding necessary prescribed medication.

Response: The recommendation has been implemented; the Sheriff's Department has updated booking, intake and medical staff on the procedure involving arrestee medication.

- CFMG medical staff should address inmate/patient needs and listen to legitimate medical complaints or concerns. CFMG management should consider implementing sensitivity training to medical nursing staff to ensure both quality and humane medical care is provided to inmates in all of the Stanislaus County Correctional Facilities.

Response: The recommendation will be implemented. California Medical Group (CFMG) will continue to provide training in this area.

- In an effort to ensure quality medical treatment is provided to inmates in all of the Stanislaus County Correctional Facilities, the Sheriff's Department and CFMG medical staff should establish a complaint process whereby inmates who have a complaint regarding medical treatment may complain to a supervising officer or supervising nurse to investigate and address the inmate's medical concerns within a reasonable period of time.

Response: The recommendation is already in place. The Sheriff's Department and CFMG medical staff have a grievance procedure that allows inmates to address their medical concerns. The grievance form is given to the nurse coordinator at the appropriate facility and must be answered within 5 business days. The CFMG Program Manager and the Facility Commander review all grievances.

The complete report from the Sheriff is attached (Attachment #2).

Grand Jury Case No. 06-30 (Stanislaus County Commissary) – regarding a complaint, that alleged unreasonable pricing of commissary items for sale to inmates incarcerated in Stanislaus County correctional facilities. The complaint further stated that the “Stanislaus County Sheriff's Department and the Commissary Support Services are taking advantage of inmates and their families in the form of price gouging.”

RESPONSE TO FINDINGS

Finding #1 – Stanislaus County, San Joaquin County and Deuel Vocational Institute have established a commissary/canteen consistent with the California Penal Code.

Response: Agree.

Finding #2 – Prices for commissary/canteen items are set by the Sheriff/Director of the Correctional Facility.

Response: Agree.

Finding #3 – Prices of commissary/canteen items are set according to the particular county or state policy. These policies and procedures differ between (1) Stanislaus County and San Joaquin County, and (2) Stanislaus County and DVI.

Response: Agree.

- In Stanislaus County, the Custodial Account Clerk (CAC) oversees all of the jail store purchases and “prices charged in the store will be established by the CAC and approved by the IWFC. Adjustments will be made periodically to keep pace with inflation.” In SJCJ, the Material Specialist is responsible for pricing items which may be priced at 40% above cost. While there is no percentage above cost stated in Stanislaus County policy and procedures, there is a no significant difference in the process of pricing commissary items between this county and SJCJ. The CGJ found that there is also no significant difference between the prices of commissary items in the two counties, which are of similar size and within the same geographic region.
- When comparing Stanislaus County commissary price lists and procedures to those of DVI, overall DVI procedures result in prices that are set lower. The DVI Prison Canteen Managers (PCMs) maintain an overall 65% average mark-up but may still have the option to set different mark-ups on non-contract selling price items. Although there are minimal differences in pricing DVI canteen items versus county commissary items, DVI canteen items were found to be priced lower than Stanislaus County commissary items.

Response: Agree.

Finding #4 – The list of commissary items differ from county to county, county to state, and facility to facility.

Response: Agree.

Finding #5 – Both state and county correctional facilities operate an IWF.

Response: Agree.

RESPONSE TO FINDINGS CONCLUSION

Findings Conclusion #1 – According to sworn testimony, state correctional facilities like DVI have greater buying power than county facilities and therefore are able to set canteen prices lower than commissary prices.

Response: Agree.

Findings Conclusion #2 – According to sworn testimony, commissary prices and commissary item availability may be impacted by factors such as the prison population, the cultural diversity of the inmates and the geographic location of the facility. After considering the price differences between items sold in Stanislaus County correctional facilities and items sold in DVI, the CGJ found that the Stanislaus County commissary prices were not unreasonable.

Response: Agree.

Findings Conclusion #3 – According to sworn testimony with respect to the IWF, and review of budgets and revenue statements, the CGJ found that the Stanislaus County Sheriff's Department is in compliance with state law. Stanislaus County has utilized IWF money to maintain commissary operations and to provide inmate programs such as vocational, educational and rehabilitation programs.

Response: Agree.

RESPONSE TO RECOMMENDATIONS

No response required.

POLICY ISSUE:

Pursuant to California law, the Board of Supervisors must respond to the Presiding Judge of the Superior Court no later than 90 days after submittal of the Annual Report. Adoption of this response meets this requirement.

STAFFING IMPACT:

There is no staffing impact associated with this report.



COPY
Rick Robinson
Chief Executive Officer

AUDITOR-CONTROLLER

Larry D. Haugh
 Auditor - Controller

1010 10TH Street, Suite 5100, Modesto, CA 95354
 PO Box 770, Modesto, CA 95353-0770
 Phone: 209.525.6398 Fax: 209.525.6487

CHIEF EXECUTIVE OFFICE

2006 AUG -8 A 11: 26

August 7, 2006

The Honorable Marie Sovey Silveira
 Presiding Judge of the Superior Court
 800 11th Street
 Modesto, CA 95354

SUBJECT: AUDITOR-CONTROLLER RESPONSE
2005-2006 STANISLAUS COUNTY
CIVIL GRAND JURY FINAL REPORT

This letter will serve as the Auditor-Controller's response to the 2005-2006 Grand Jury Final Report. The Auditor-Controller's Office is unable to comment on all of the findings and recommendations contained in the report. In some instances, a finding or recommendation deals with a specific issue the Auditor-Controller's Office has no previous knowledge of, on which to base a response.

We have included the Grand Jury's findings and recommendations followed by our response.

Grand Jury Case No. 06-16

FINDINGS

Expense Classification

1. Government Accounting Principles are not strictly followed regarding the classification of certain HSA operating expenses. Under sworn testimony, the CGJ was informed that the State of California Accounting Standards and Procedures for Counties requires that "interfund transfers out are financial outflows to other funds of the government reporting entity that are not classified as services provided and used, reimbursements or loans."

2. During the April 7, 2006, Grand Jury Audit Exit Conference with the 2005 external auditor, Macias Gini & Company, the CGJ asked if certain costs in the HSA "Transfers

AUDITOR-CONTROLLER RESPONSE
2005-2006 STANISLAUS COUNTY CIVIL GRAND JURY FINAL REPORT
August 7, 2006
Page 2

Out” would best be classified as operating expenses and shown as such. The auditor answered that the costs would be more appropriately shown as operating expenses.

RESPONSE

The Auditor-Controller agrees with the findings.

RECOMMENDATIONS

4. Expense Classification - Management review of financial data is essential to understanding trends in operating departments. The County CEO shall review and insure that all operating costs are correctly identified and categorized as such, rather than “transfers out.”

RESPONSE

The recommendation will be implemented in conjunction with the audited financial statements for fiscal year ending June 30, 2006.

RECOMMENDATIONS

7. BOS/Staff Communications - The Auditor/Controller should issue independent, public reports and recommendations to the BOS concerning any County department that is experiencing or is projected to incur deficits. These reports and recommendations shall be done in a timely fashion to allow management to take aggressive action necessary to insure a balanced budget.

The CEO shall provide monthly financial oversight reports to the BOS for County departments that are experiencing deficits. HSA should provide information or data directly to the BOS or through the Health Executive Committee. Elected officials should provide greater proactive oversight, guidance and direction.

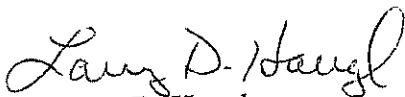
RESPONSE

The recommendation pertaining to the Auditor-Controller has been partially implemented. Financial information is and has been available on a real time basis to County departments since July 1986. The financial information includes, but is not limited to, balance sheet, revenue, and expenditure reports. Unlike other County departments, the Health Services Agency maintains their own detail financial information necessary to meet their accounting needs. This system provides detailed balance sheet, revenue and expenditure reports for Health Services Agency operations. While the Auditor-Controller’s Office maintains separate funds for the Health Services Agency, they are used for accounting of cash receipts and disbursements. The Auditor-Controller

AUDITOR-CONTROLLER RESPONSE
2005-2006 STANISLAUS COUNTY CIVIL GRAND JURY FINAL REPORT
August 7, 2006
Page 3

in conjunction with each year's Grand Jury has facilitated the audit of the financial statements for the Health Services Agency and the countywide financial statements.

The projection of departmental fiscal trends and budgetary status of County departments is a function of the County budget process and as such is not under the control of the Auditor-Controller's Office. The Auditor-Controller's Office will continue to provide oversight and guidance regarding the application of accounting and reporting standards.


Larry D. Haugh
Auditor-Controller

- C: Honorable William O'Brien, Supervisor – District 1
Honorable Thomas W. Mayfield, Supervisor – District 2
Honorable Jeff Grover, Supervisor – District 3
Honorable Ray Simon, Chairman of the Board of Supervisors – District 4
Honorable Jim DeMartini, Supervisor – District 5
Rick Robinson, Chief Executive Officer

STANISLAUS COUNTY

Keeping the Peace Since 1854



SHERIFF'S DEPARTMENT
Adam Christianson, Sheriff-Coroner

BOARD OF SUPERVISORS

2006 AUG 24 P 3:37

ADMINISTRATION
DIVISION

August 15, 2006

Honorable Marie Sovey Silveira
Presiding Judge
Superior Court of Stanislaus County
P.O. Box 3488
Modesto, CA 95353

Re: Response to the Stanislaus County Civil Grand Jury 2005/2006- Final Report

Dear Judge Silveira:

This response is in compliance with Section 933c and 933.05 of the California Penal Code and is made as a response to the recommendations and findings of the Civil Grand Jury 2005-2006, part 06-21.

Findings

The Grand Jury finds that all relevant policies and procedures were not followed in providing complainant with necessary and appropriate medical treatment. The Sheriff agrees with these findings.

The Grand Jury finds the existing jail and medical policies and procedures are not adequate due to apparent lack of communication and documentation in providing medical treatment to complainant. The Sheriff agrees with these findings.

The Grand Jury finds there was a lack of quality medical treatment for the complainant. The Sheriff partially agrees with these findings.

Recommendations

The arresting officer, upon arrival to jail, should report *any* known medical condition and/or known emergency medical treatment to booking officer/receiving officer who should then report/communicate this important medical information directly to medical staff to avoid any gaps in appropriate medical care and treatment provided to the inmate. The new procedure must consider that fact that written reports are not submitted typically on the same day of the arrest and since medical concerns require timely follow-up and treatment for the inmate, the arresting officer must report medical issues immediately.

The recommendation will be implemented; the Sheriff's Department will add a question to the medical pre-screening form asking the arresting officer if the arrestee sustained any injuries or received medical treatment during or prior to the arrest process.

When the jail medical screening form is completed and the clerk/officer has determined that further medical evaluation is necessary by medical staff, jail policy shall make all of the inmate's records from arrest to booking available to medical staff, and to be reviewed by medical staff in a timely manner.

The recommendation has been implemented; the medical staff is now allowed to read the Probable Cause form and property receipt form when evaluating the arrestee.

The jail medical screening form (Jail Form 171L) shall include a question about whether any emergency medical treatment was received before arrest or prior to booking. The inquiry should not be limited to only emergency center (e.g. hospital) treatment. This more complete medical history would aid medical staff in providing timely and appropriate medical care for inmates.

The recommendation will be implemented; the Sheriff's Department will include a question for the arresting officer on the medical pre-screening form about medical treatment.

Jail personnel shall not violate current jail procedure whereby medication must be delivered to medical to distribute to inmate as needed.

The recommendation has been implemented; the Sheriff's Department has updated booking and intake staff on the procedure involving arrestee medication.

The County and CFMG shall improve its medical screening process to include a procedure by which officers will document and advise medical staff of prescribed medication held in custody to ensure inmate's health is not compromised by withholding necessary prescribed medication.

The recommendation has been implemented; the Sheriff's Department has updated booking, intake and medical staff on the procedure involving arrestee medication.

CFMG medical staff should address inmate/patient needs and listen to legitimate medical complaints or concerns. CFMG management should consider implementing sensitivity training to medical nursing staff to ensure both quality and humane medical care is provided to inmates in all of the Stanislaus County Correctional Facilities.

The recommendation will be implemented. California Forensic Medical Group (CFMG) will continue to provide training in this area.

In an effort to ensure quality medical treatment is provided to inmates in all of the Stanislaus County Correctional Facilities, the Sheriff's Department and CFMG medical

staff should establish a complaint process whereby inmates who have a complaint regarding medical treatment may complain to a supervising officer or supervising nurse to investigate and address the inmate's medical concerns within a reasonable period of time.

The recommendation is already in place. The Sheriff's Department and CFMG medical staff have a grievance procedure that allows inmates to address their medical concerns. The grievance form is given to the nurse coordinator at the appropriate facility and must be answered within 5 business days. The CFMG Program Manager and the Facility Commander review all grievances.

We will continue to partner with CFMG to provide quality medical treatment to inmates in the Stanislaus County Correctional Facilities. It has been a pleasure to work with the Civil Grand Jury of 2005/2006.

Sincerely,



ADAM CHRISTIANSON, Sheriff-Coroner
Stanislaus County

cc: Richard W. Robinson, Chief Executive Officer
Stanislaus County

cc: Ray Simon, Chair
Stanislaus County Board of Supervisors

Grand Jury Office
Stanislaus County

Lee Lundrigan, Clerk-Recorder
Stanislaus County