



CORRESPONDENCE **1**  
**STANISLAUS COUNTY CIVIL GRAND JURY**

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2005-2006

GRAND JURY MEMBERS

June 26, 2006

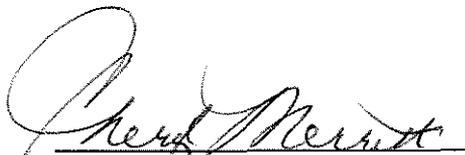
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To Whom It May Concern:

The Civil Grand Jury is providing to you or your agency a copy of the portion of the grand jury report relating to you or your agency two working days to its prior release. You or other affected people may review this but the Penal Code prohibits you from disclosing any contents of the report prior to its public release.

Sincerely,

  
Cheryl Merritt  
Foreperson  
2005-2006 Civil Grand Jury

BOARD OF SUPERVISORS

Stanislaus County Health Services Agency

2006 JUN 29 P 3:53

Grand Jury Case # 06-16

2005-2006

**SUMMARY**

On September 6, 2005, the Civil Grand Jury (CGJ) authorized an investigation of Stanislaus County Health Services Agency (HSA) Strategic Plan, and an examination of the recent reductions in health care provided to the medically underserved.

Stanislaus County provides a high level of health care services to indigents, low income, and uninsured patients. State law requires that the County provide health care to indigents and the poor. The health services provided to the indigent and poor represent only 11% of the total patients served by HSA. Since 1997 the County has lost over \$23 million due to HSA deficits. The HSA Strategic Plan (Plan) focuses primarily on either obtaining status as a Federally Qualified Health Center-Look-Alike (FQHC-LA) or obtaining favorable state legislation to increase revenues. Neither strategy is assured. The CGJ concluded that a more proactive approach to bring the HSA into fiscal balance is necessary.

First, the Stanislaus County Board of Supervisors (BOS) should identify secure funding sources equal to the level of health care services they authorize. The BOS should eliminate previous indebtedness by early pay off of the 2005 Note and dedicate the interest revenue from the health related Tobacco Securitization Bond proceeds to HSA.

Second, a more aggressive approach to fiscal management of HSA is required. Collection of management data is hampered by separate and uncoordinated information systems as well as incorrect classification of expenses. Expense reduction and clinic consolidation should be the current focus until additional or enhanced revenue is obtained. Multi-year financial contingency planning must be an ongoing priority for the BOS. County Center II, (CCII) should be evaluated for upgrading. Consolidation of clinic services at that location may be more economical than increasing long-term lease costs at other sites. HSA financial reporting to the BOS and the Health Executive Committee should be accomplished monthly.

The County is beginning to make progress in several of the identified areas. However, aggressive management by the BOS and the County Chief Executive Office is required to avoid any future failures similar to the revenue shortfall that occurred at the closing of the County Hospital in 1997.

## **INTRODUCTION**

On September 6, 2005, the CGJ authorized an investigation of the County's HSA Plan, and an examination of the recent reductions in health care provided to the medically underserved.

Stanislaus County provides a high level of health care services to indigents, low income and the uninsured. State law requires that the County provide health care to indigents and the poor. The health services provided to the indigent and poor represent only 11% of the total patients served by HSA.

The CGJ reviewed the 2005 Plan during the investigation of a separate complaint involving the HSA. About the same time, the BOS took action resulting in a reduction of health services to the County's medically underserved population. The Plan reported that the HSA has incurred approximately \$22.2 million in deficits since July 1, 1997. The Plan was intended to provide a path to solvency for the agency. The BOS approved the Strategic Plan, which led to service reduction for the medically underserved.

The CGJ reviewed the HSA Plan and noted the large and continuing annual financial losses the County has experienced since 1997. The reduction of specific health services to a segment of the County's population was examined. Two issues involving funding requirements and management approach were identified. The structure of this report separates the two issues into discreet sections, each with its own statements of facts, findings, and recommendations.

- I. *Funding*** – The areas investigated include:
  - Loss of Funding
  - Number of patients served
  - HSA deficits
  - The Tobacco Settlement
  - Stanislaus County Promissory Note
  - Funding solutions
  - HSA facilities
  - FQHC-LA
  - Pending legislation
  
- II. *Management*** - The areas investigated include:
  - Valid management data
  - Multi-year budgeting
  - Contingency planning
  - Expense classification
  - Administrative costs
  - Facility planning and sales
  - BOS/staff communications

- Information technology systems

Although the Plan was intended to solve the financial problems of the HSA, its major thrust relies on the County applying for and obtaining designation as a FQHC-LA or obtaining state legislation that would qualify certain costs as Certified Public Expenditures, (CPE.) Realization of either possibility would bring the benefit of additional federal funding. Neither strategy is guaranteed.

### **METHOD OF INVESTIGATION**

The CGJ conducted its investigation from September 2005 through April 2006 and included many sources of information and documented facts. Major sources included the following:

- 1) Interviews
  - a. Interviews with County personnel including directors, managers, department heads specialists, and elected officials (Appendix 1.)
  - b. Interviews with other health providers within the County.
- 2) Field Trips - Announced and unannounced field trips to HSA facilities
  - a. County Center 2 (Scenic.)
  - b. Medical Arts Building.
  - c. Paradise Medical Clinic.
- 3) Document Review
  - a. Review of applicable laws regarding the provision of health programs and services.
  - b. Reviews of CGJ Reports, CGJ 2001/2002 03-12-c and CGJ 2002/2003 03-23.
  - c. Public information including government publications and reports and other pertinent sources.
  - d. Documents reviewed by the CGJ are listed in Appendix 3.
- 4) Surveys of adjacent County health programs (Appendix 2.)

With the exception of field interviews, all other interviews were scheduled in advance and conducted under oath during recorded testimony. Local newspaper articles were reviewed to identify key recent events and how they were presented to the public. Pertinent Internet sites were reviewed and relevant documents downloaded for reference and retention.

## **I. FUNDING**

### **STATEMENT OF FACTS**

1. California Welfare and Institutions Code, section 17000, requires Counties “to provide health care services to all incompetent, poor, indigent persons, and those incapacitated by age, disease, or accident, lawfully resident therein, when such persons are not supported and relieved by their relatives or friends, by their own means, or by state hospital or other state or private institutions.”
2. California Welfare and Institutions Code, section 17001, provides for the BOS to adopt standards of aid and care for the indigent and dependent poor.
3. The California Constitution Article 16, section 18 (a) “forbids any County from incurring any indebtedness or liability in any manner or for any purpose exceeding in any year the income and revenue provided for such year, without the assent of two-thirds of the voters . . .”
4. California Government Code, section 29009, states, “In the proposed and final budgets the budgetary requirements shall equal the available financing.” This is restated in Article 1 of the County Budget Act contained in Appendix B of the State of California Accounting Standards and Procedures.
5. HSA Clinic and Ancillary Services have been established as an Enterprise Fund. Government Code section 25261 requires that the County Board of Supervisors of each County make available such amounts as are necessary to establish each fund and to maintain budgetary unit solvency.
6. The County budget process includes a proposed and final budget with quarterly reports. This process allows for funding adjustments to be considered and approved by the BOS to meet any additional needs or reductions mid-year, and to take appropriate action as required in a timely fashion.

### **FINDINGS**

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.

After many years of heavy HSA losses, in 2004 and 2005 the County chose to commit a source 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.

## 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.

## 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 Care	11.6
Total	100%

## Deficits

1. HSA did not have adequate funding to meet budget requirements from fiscal years 1997 through 2001 and 2003. Table 1 summarizes the financial results for HSA from 1997 through 2005. Line 18, Total Revenue and Gains, or Losses states that from 1997 through 2001 the HSA operated at a deficit ranging from \$1.1 million to \$8.2 million per year. In 2003 another deficit of \$3.7 million was incurred. The years of 2002, 2004, and 2005 all operated within a balanced budget reflecting adequate County funding. Table 1 data was extracted from each of the County's annual Independent Auditor's Reports and Financial Statements for fiscal years 1997 through 2005.

2. The 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.

### **Tobacco Settlement**

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.

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.

Table 1

## **Stanislaus County Promissory Note**

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.
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.
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.

## **Internal Funding Solutions**

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 10000) and Property Taxes/In-Lieu Vehicle License (budget account number 12710.)
2. The Property Taxes/Current Secured account had an actual 2004/05 fiscal year revenue of \$25,606,297 and an anticipated budget increase of \$ 2.7 million in the 2005/06 fiscal year. The Property Tax/In-Lieu Vehicle License account had actual, 2004/05 fiscal year revenue of \$34,705,289 and an anticipated budget increase of \$ 11.3 million in 2005/06. 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 underserved population of the County.

## **County HSA Facilities**

1. The December 6, 2005, Facility Plan proposed to vacate a portion of 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.

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.

### **Federally Qualified Health Center Look Alike Designation**

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.

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.)

### **Pending Legislation**

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 a FQHC-LA.

### **Skyrocketing Healthcare Cost**

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**. (See Appendix 3, #36.)

## **RECOMMENDATIONS**

Health care in Stanislaus County is an important and vital asset to all residents. The County has adopted a commitment to "A Healthy Community" in its mission statement and maintaining a high level of health care to the medically underserved has been a part of this ongoing pledge. Funding of this important County service requires firm commitments be made to minimize past obligations as well as to identify and commit future sources of revenue to maintain solvency. The CGJ recommends that:

- 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.
- 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.
- 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.
- 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.
- 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.
- 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.
- 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.

(Recommendations for Management section is provided under that section.)

## **II. MANAGEMENT**

The management systems used by the County are often muddled by inconsistent data, changes in reporting methods, incompatible computer systems, and a lack of timely reporting of significant trends in troubled departments such as HSA. This has led to hesitation by CEO and HSA management personnel in maintaining adequate cost control and appropriate reporting to the BOS.

### **STATEMENT OF FACTS**

- 1) The BOS commissioned specialist consultants that provided them with studies and reports concerning HSA and the County's legal health care obligations. The BOS, at this time, have not entirely implemented the recommendations contained in the consultant reports.
- 2) With the 1997 closing of the hospital at CCII the BOS had to consider the transitioning of services from a hospital to an ambulatory clinic. They hired an expert consultant to assist HSA in that transition. In November 1998, the BOS received a Medical Clinic Operational Assessment report from The Camden Group. The Camden Group identified six themes for improvement.
  - Clarify the strategic direction of HSA through setting clear service and funding priorities. Based on these priorities, establish measurable performance targets and monitor performance regularly.
  - Create a responsive organization and functional structure based on the realities of ambulatory care today in order to create a viable cost structure. This requires focus on management leadership to improve accountability, efficiency, and communication.
  - Restructure financial services in order to strengthen HSA's ability to maximize revenue and provide management and staff with necessary financial information.
  - Enhance operational systems to maximize patient access and satisfaction.
  - Redesign workflow processes to enhance efficiency and financial performance.
  - Clarify the respective roles and responsibilities between HSA and the Scenic Faculty Medical Group ("SFMG.")

The report emphasized the following issues:

1. Identification of clear goals and related performance standards
2. Lack of financial information
3. Continuing losses
4. High general and administrative expenses
5. Billing and payment
6. Level of detail in management information
7. Lack of standardized policies and procedures

Other specific issues were identified concerning organizational structure and the use of a hospital based "Meditech" billing system in a clinic environment.

- 3) In March 2005, a second review by The Camden Group reported several improvements since 1997 but suggested the following areas for continued review:
  - Aggressive renegotiation of the Blue Cross Contract to increase revenue
  - HSA administrative overhead is higher than industry benchmarks
  - Write-offs are taken too soon rather than pursuing aggressive collection activities
  - The need to improve the collection rates from Medicare, insurance and other payers
  - HSA salaries and benefits are higher than industry benchmarks.
  - Review of the SFMG contract for performance improvements
  - Duplication of efforts between SFMG and HSA
  - HSA currently uses a hospital based billing system rather than one specifically designed for clinics, which leads to additional staff time and inefficiency.
  - Need to determine the cost/benefit ratio for the Residency Program.
- 4) In the CGJ's review of the audited financial reports it was noticed that there were high levels of "Transfers Out" of HSA ranging from \$14.7 million (1998) to \$1.2 million (2000) with \$7.0 million in 2005 (See Table 1.) Transfers Out represents dollars that flow out of HSA. Upon closer review and discussion with County staff it was determined that a significant amount of these out-going dollars are for operating expenses.
- 5) Although the Camden Group's two reports were referenced in the Plan, under sworn testimony it was determined that they were not asked to review and comment on the effectiveness of the Plan.
- 6) California Government Code Section 29126.2 provides for the Auditor to review and issue financial reports and recommendations.

## **FINDINGS**

### **Valid Management Data**

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.

## **Multi-Year Budgeting**

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.

## **Contingency Planning**

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

## **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 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.

## **Administrative Costs**

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

## **Facility Planning and Sales**

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.

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

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.
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.
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.

**Table 2**

Health Service Agency Facility Plan

	Practice	Current Location	New Location	Notes
1	Family Practice Clinic	CC2	Paradise	Remodel
2	Residency Program	CC2	Paradise	Remodel
3	Family Practice	Paradise	NC	
4	Family Planning	Paradise	NC	
5	Primary Medical Care	Paradise	NC	
6	Woman's Health	MAB	McHenry	To vacate MAB
7	High Risk Ob Gyn	MAB	McHenry	To vacate MAB
8	Behavioral Health	Paradise	Paradise+	Additional leased space
9	Pediatrics	MAB	CC2	Family Practice Building If CC2 closed then MAB
10	Women, Infants, & Children	Paradise	Safety Center	
11	Library	Paradise	Paradise+	Additional leased space
12	AMR	Paradise	Paradise+	Additional leased space
13	Specialty Clinics	CC2	NC	If CC2 is closed then MAB
14	Urgent Care	CC2	NC	If CC2 is closed then MAB
15	Community Services Agency	Paradise	Paradise+	Additional leased space

Notes:

1. Source: November 15, 2005, Proposed Facilities Plan for the Health Services Agency Clinics
2. CCII = County Center II
3. MAB = Medical Arts Building
4. Paradise+ = Additional leased space at the current Paradise Road location
5. NC = No change in location

## **BOS/Staff Communications**

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.

## **Information Technology Systems**

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."

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.

## **RECOMMENDATIONS**

**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.

**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.

**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 2006/07 aimed at reducing real costs now rather than rely entirely on efficiency improvements to achieve a balanced budget.

**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."

**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.

**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.

**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.

**8. Information Technology Systems** - The BOS 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.

(Recommendations for Funding section is provided under that section.)

## **APPENDIX 1**

### **Interviews Conducted**

1. September 29, 2005 Stanislaus County Chief Executive Officer
2. October 5, 2005 Stanislaus County Managing Director, Health Services Agency
3. November 28, 2005 Stanislaus County Manager III – Auditor Controller
4. November 28, 2005 Chief Executive Officer, Golden Valley Health Center
5. December 7, 2005 Member of Stanislaus County Board of Supervisor
6. December 9, 2005 Stanislaus County Chief Financial Officer, Health Services Agency
7. December 15, 2005 Past Hospital Director
8. December 15, 2005 Stanislaus County Chief Financial Officer, Health Services Agency
9. January 10, 2006 Stanislaus County Deputy County Counsel
10. January 30, 2006 Stanislaus County Treasurer/Tax Collector
11. February 2, 2006 Stanislaus County Assistant Executive Officer
12. February 8, 2006 Stanislaus County Auditor/Controller
13. February 10, 2006 Stanislaus County Assistant Executive Officer
14. February 16, 2006 Stanislaus County Auditor/Controller
15. March 1, 2006 Stanislaus County Assistant Executive Officer
16. March 22, 2006 Stanislaus County Auditor/Controller
17. April 24, 2006 Stanislaus County Interim Managing Director, Health Services Agency

**APPENDIX 2**

**Comparison of Adjacent County Health Plans**

	<b>Merced</b>	<b>Alameda</b>																
<b>1. Compliance w/ Govt. Code 17000</b>	a. Medical Assistance Program MAP (Adults): Contracts with Mercy Medical Center (Catholic Health Care West) b. Child Health and Disability Prevention (Children) pays for follow up services on a claims-made basis. c. Correctional and Juvenile Detention Services: Contracts w/California Forensic Medical Group and paid by Sheriff and Probation out of General Fund.	The County has 5 Medical Centers and 28 Community Based Organizations, which provide indigent care through contracts. The Medical Centers are operated as separate entities such as the Alameda County Medical Center.																
<b>2. Org Chart</b>	Three Directors-HSA, Mental Health and Public Health.	Under the HSA there are 4 Departments: Admin. and Indigent Care, Behavioral Health, Public Health, and Environmental Health.																
<b>3. Annual Financials- Program Expenses</b>	<table border="0"> <tr> <td></td> <td align="center">2003</td> <td align="center">2004</td> <td align="center">2005</td> </tr> <tr> <td>First Five</td> <td align="right">\$2,924,475</td> <td align="right">\$3,631,801</td> <td align="right">\$4,483,650</td> </tr> <tr> <td>MAP</td> <td align="right">\$5,044,866</td> <td align="right">\$4,455,289</td> <td align="right">\$1,652,485</td> </tr> <tr> <td>Indigent</td> <td align="right">\$806,953</td> <td align="right">\$331,294</td> <td align="right">\$285,747</td> </tr> </table>		2003	2004	2005	First Five	\$2,924,475	\$3,631,801	\$4,483,650	MAP	\$5,044,866	\$4,455,289	\$1,652,485	Indigent	\$806,953	\$331,294	\$285,747	2004/05 Health Services \$21,396,000 Measure A = ½ cent Sales Tax
	2003	2004	2005															
First Five	\$2,924,475	\$3,631,801	\$4,483,650															
MAP	\$5,044,866	\$4,455,289	\$1,652,485															
Indigent	\$806,953	\$331,294	\$285,747															
<b>4. Deficit Program</b>	Merced has not had a deficit program.	No deficit Financing																
<b>5. 2005/06 Budget</b>	First Five – Tobacco Tax - \$5,759,342 MAP – CHIP, CHDP, JAMS - \$5,344,189	2005/06 Budget (Millions) Indigent Care – \$68.3 Behavioral Health – 22.9 Criminal Justice – 2.7 Public Health - .9 EMS - 5.2 Total - 100.0 Net County Share \$33.5																
<b>6. Number of Patients</b>	2004/05 Unique Patient Visits – 11,256 MAP – 60	FY 2004-05 Unduplicated Indigent – 53,655																
<b>7. Budget and Monitoring</b>	Budget Process: Proposed Budget - June Final Budget - August Mid-Year Report – January/February Quarterly Auditor Reports	Monthly meetings of the Board's Health Care Services Committee. Quarterly Department Reports sent to CAO for review.																
<b>8. Effectiveness</b>	Yes- March 2002	Ongoing Internal Review																

## **APPENDIX 3**

### **Documents Used In This Report**

1. California Welfare and Institutions Code section 17000 – 170030.
2. California Constitution Article 16, Public Finance.
3. California Government Code section 29000-29009.
4. "State of California Accounting Standards and Procedures" - County Budget Act.
5. California Government Code section 25261.
6. "Background and Financial Policies, Budget Process," Stanislaus County.
7. "Health Services Agency Strategic Plan Report," 2005.
8. "Health Services Agency Clinic and Ancillary Services Three Year Projections," November 29, 2005.
9. "Tobacco Settlement at a Glance," National Association of Attorney Generals.
10. Agenda Item – "Approval to proceed with Tobacco Settlement Asset-backed Bonds," BOS, June 6, 2000.
11. Agenda Item – "Final Budgets including an explanation of the Series 2004 Stanislaus County Note," BOS, September 14, 2004.
12. "County of Stanislaus Series 2005 A Stanislaus County Note."
13. Agenda Item - "Refunding, Refinancing of the 2002 Tobacco Settlement Bonds", BOS, January 17, 2006.
14. "Tobacco Securitization Summary."
15. Agenda Item – "Acceptance of a Health Services Agency – Strategic Assessment Report and Related Actions," BOS, March 22, 2005.
16. Agenda Item – "Proposed Facility Plan for the Health Services Agency Clinics and Related Services," BOS, November 15, 2005.
17. Agenda Item – "Approval of Health Services Agency Facility Plan," BOS, December 6, 2005.
18. "FQHC Look-Alike Program Summary," Bureau of Primary Health Care.
19. "RFP No.05-49-KJM Federally Qualified Health Center Look-Alike Consultant," BOS, November 28, 2005.
20. California Government Code section 29126.2 – The Auditor may issue reports and make recommendations.
21. California Assembly Bill 959, Assembly Member Frommer, February 18, 2005.
22. "Health Service Agency of Stanislaus County, Modesto, California, Medical Clinic Operational Assessment," The Camden Group, November 25, 1998.
23. "Health Services Agency of Stanislaus County, Modesto, CA, Strategic Assessment," The Camden Group, March 17, 2005.
24. Definition of Transfers-Out, Health Services Agency - Operating Transfers I In/Out, HSA Allocation, FY2001 through FY2005 Clinic and Ancillary Operating Transfers-Out Detail, County Auditor.
25. "April 7, 2006 Grand Jury Audit Exit Conference Meeting Minutes."
26. "FY03/04 Benchmarking Report," The Camden Group.
27. 2005 "Health Executive Committee Meeting Minutes."

28. "Business Technology Strategy Power Point Summary" and supporting documents, County staff.
  29. "County of Stanislaus California, Report to Management For the Fiscal year Ended June 30, 2005," Macias, Gini and Company, LLP.
  30. "Patient Volumes for the Last 10 Years and Projected Budget for 2006 through 2008," November 16, 2005.
  31. "Appointment of Interim Health Services Agency Managing Director," CEO, January 24, 2006.
  32. "Mid-Year Financial Report 2005/06," February 28, 2006.
  33. "Health Services Agency Organization Chart," January 12, 2006.
  34. "Financial Statements and Report of Independent Certified Public Accountants, Stanislaus Medical Center Enterprise Fund," June 30, 1993 through June 30, 2005.
  35. Agenda Item – "Discontinuing the Community Health Advisory Committee in favor of the Health Executive Committee," September 23, 2003.
  36. "The Third Annual IHSP Hospital 200-The Nation's Most - and Least – Expensive Hospitals, Fiscal Year 2003/2004," Institute For Health and Socio-Economic Policy, December 13, 2005.  
[http://www.calnurses.org/research/pdfs/IHSP\\_Hospital\\_200\\_2005.pdf](http://www.calnurses.org/research/pdfs/IHSP_Hospital_200_2005.pdf).
  37. "Medicare Disproportionate Share (DSH) Payments," Lynn Davis Boyle, June 5, 2006.  
<http://www.aamc.org/advocacy/library/teachhosp/hosp0003.htm>.
  38. Case 03-12-C, Civil Grand Jury Final Report 2001/2002, June 2002.
  39. Case 03-23, Civil Grand Jury Final Report 2002/2003, June 2003.
- "Budget Unit Financing Use Detail, Health Services Agency" – June 30, 1997 though June 30, 2006.
  - "Proposed and Final Budget for 2004-2005," Stanislaus County.
  - "2005-2006 Final Budget," Stanislaus County.
  - "Stanislaus County Health Services Agency, Modesto California Billing Department Review and Update," The Camden Group, May 23, 2000.



CORRESPONDENCE 1

STANISLAUS COUNTY CIVIL GRAND JURY

Post Office Box 3387 • Modesto, California 95354 • (209) 558-7766 • Fax (209) 558-8170

page 3 of 6

2005-2006

GRAND JURY MEMBERS

June 26, 2006

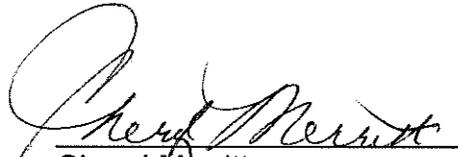
CHERYL MERRITT, FOREPERSON

- BRUCE ABANATHIE
- PHILIP ANSELMO, JR.
- LESLIE BEGGS
- RAELENE BROWN
- LAWRENCE CARMELICH
- DAVID GEER
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- ELIZABETH GUTIERREZ
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- RUTHANNE LARA
- NORMAN LEE
- RICHARD MCCULLOUGH
- DONALD MOORE
- LEINANI NEVES
- SEENA RHINE
- PAMELA TOOMBS

To Whom It May Concern:

The Civil Grand Jury is providing to you or your agency a copy of the portion of the grand jury report relating to you or your agency two working days to its prior release. You or other affected people may review this but the Penal Code prohibits you from disclosing any contents of the report prior to its public release.

Sincerely,

  
Cheryl Merritt  
Foreperson  
2005-2006 Civil Grand Jury

**Stanislaus County Men's Jail Medical Care  
Grand Jury Case # 06-21  
2005-2006**

**SUMMARY**

The Stanislaus County Civil Grand Jury (CGJ) received 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.

After interviewing witnesses and reviewing relevant policies, procedures and medical records, the CGJ found that the complainant was denied his personal medication and the medical staff and jail personnel did not provide adequate medical follow-up due in part to the lack of communication between medical staff, the complainant's healthcare providers and law enforcement personnel.

The Stanislaus County Sheriff's Department and California Forensic Medical Group (CFMG) who serves as jail medical staff (1) shall revise existing policies and procedures; and (2) develop new policies and procedures whereby medical staff and jail personnel will communicate effectively and in a timely manner regarding an inmate's medical condition.

To ensure quality and humane healthcare is provided to inmates, the CGJ recommends that the new policies and procedures must include the following:

- 1) The arresting officer shall immediately report to the booking officer any known medical condition and/or known medical treatment the inmate received prior to his arrest. The booking officer shall then report this information to the receiving officer who shall then report or communicate this medical information directly to medical staff to avoid any gaps in appropriate medical care and treatment provided to the inmate.
- 2) The current jail medical screening form shall be revised to include a question about whether the arrestee received *any* medical treatment before being arrested or booked in jail. The current policy is inadequate in that it requires reporting information only when the inmate has received medical treatment at an emergency center (e.g. hospital.) This revision to current policy would provide medical staff with a more comprehensive and accurate inmate medical history to effectively treat the inmate.

- 3) Jail policy shall include a directive whereby all of the inmate's records from arrest to booking be made available and reviewed by medical staff after the jail medical screening form is completed and the clerk/officer has determined that further medical evaluation is necessary by medical staff.
- 4) Jail personnel shall follow current policy that states, "prescribed medications belonging to an arrestee will immediately be turned over to medical staff unless otherwise directed by medical personnel".<sup>1</sup>
- 5) The Sheriff's Department and CFMG should jointly establish a complaint process whereby inmates who have a complaint regarding their medical treatment while incarcerated may complain to a supervising officer or supervising nurse to investigate and address the inmate's medical concerns immediately.

## **INTRODUCTION**

A citizen complaint was received regarding inadequate medical treatment while incarcerated in the men's jail. The complainant contended that during his three-day incarceration, he was denied his prescribed medication that he brought to jail with him and denied appropriate medical assistance and care during the time he was in jail. Medical records indicated that the complainant was a retired 66 year old man with multiple serious health conditions which included: diabetes type II, hypertension, hyperlipidemia, and coronary artery disease with post Percutaneous Transluminal Coronary Angioplasty (PTCA) with five stents in place. With no prior arrest record, this was the complainant's first experience in jail. A domestic dispute was the basis of his arrest. When the complainant was booked in jail, the booking/receiving officer took possession of the complainant's nitroglycerin tablets and placed them in jail storage. The complainant claims that when he requested his personal nitroglycerin tablets, he was denied. Despite complaining of chest pains and requesting medical assistance from nursing staff, the complainant claims that he did not receive necessary medical treatment in a timely manner.

The purpose of the CGJ investigation was to determine:

- 1) The policies and procedures currently in place regarding medical treatment for inmates incarcerated in jail.
- 2) If the jail personnel and medical staff complied with these policies and procedures.
- 3) Whether the existing policies and procedures were adequate.
- 4) Other findings.

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<sup>1</sup> See, Men's Jail Procedure Manual ("Jail Manual") at page 10.

## Relevant Policies and Procedures

- *Adult Detention Division Policy Manual (Adult Manual)* states as follows:

RECEIVING SCREENING – The Sheriff of Stanislaus County will provide comprehensive health care services by qualified personnel in order to protect the health and well being of all persons detained or incarcerated within the detention facilities. Health screening is a system of structured inquiry and observation designed to:

- Prevent newly arrived persons who pose a health or safety threat to themselves or others from admittance to the general population.
  - Rapidly transport newly admitted persons to needed health care.<sup>2</sup>
- *Stanislaus County Adult Facility Policy and Procedure Manual (County Manual)* regarding the subject of Pre-Detention Medical Evaluation/Intake Health Screening Policy states as follows:

It is the policy of the jail medical program that no arrestee who displays obvious signs of trauma or acute illness or who reports a history of recent trauma or whose circumstances of arrest suggest the probability of trauma be incarcerated without first undergoing medical evaluation.<sup>3</sup>

In application of the above policy, the County Manual also states that it is the responsibility of the arresting officer to report any evidence of trauma or acute illness to the reception officer and the reception officer to observe the arrestee for any visible signs of trauma and to question the arresting officer concerning any recent history or trauma.

The policy also states that the Reception Officer shall ask the arrestee the following questions:

1. Is there any trauma that may have been sustained during the arrest process?
2. Is there any other acute illness or injury in the past 24 hours?
3. Have you been seen by a private doctor or in an emergency room in the past 24 hours?
4. Have you refused medical treatment from anyone in the past 24 hours?<sup>4</sup>

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<sup>2</sup> Adult Detention Division Policy Manual (“Adult Detention Manual”) at page 42.

<sup>3</sup> Stanislaus County Adult Facility Policy & Procedure Manual (“County Manual”) at page 203. Authority Reference: CCR Title 15, Section 1207; IMQ Standard #302 (E).

<sup>4</sup> Id. at 204.

- According to adult facility procedure, “if the arrestee is taken to an emergency treatment center for medical evaluation and clearance, prior to booking, documented evidence of such evaluation, treatment and clearance must be returned to the jail so as to become part of that inmate’s medical record.”<sup>5</sup>
- *Stanislaus County Adult Detention Division Medical Screening* form provides that “if the answer to any of the questions indicated is yes, medical [staff] must be called and respond to booking to evaluate inmate”.<sup>6</sup>
- According to the Jail Manual when officers secure property of an arrestee, the procedure will include but is not limited to, taking custody of all personal effects and personal property of the arrestee.
  1. Prescribed medications belonging to an arrestee will immediately be turned over to medical staff [emphasis added] unless otherwise directed by medical personnel.
  2. Prescribed medications belonging to an arrestee to be cite [sic] released will normally be placed in the arrestee’s property.
  3. Medical staff must give approval prior to allowing inmates to consume/take medication.<sup>7</sup>

**METHOD OF INVESTIGATION**

Members of the CGJ toured the following correctional facilities in Stanislaus County:

- Downtown Men’s Jail
- Safety Center
- Honor Farm
- Juvenile Hall

The CGJ interviewed the following witnesses:

- Complainant
- California Forensic Medical Group, Inc. (CFMG) Registered Nurse, Regional Program Manager for Amador, Calaveras, Tuolumne and Stanislaus County Jail.

The CGJ reviewed the following documents:

- Stanislaus County Adult Facility Policy and Procedure Manual and Pre-Detention Medical Evaluation/Intake Health Screening Policy (pages 203-205).
- Stanislaus County Adult Detention Division Policy Manual (pages 39-45).
- Stanislaus County Adult Detention Division Medical Screening form (JAIL 171L)
- Men’s Jail Procedure Manual (pages 1-22).

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<sup>5</sup> Id. at 205.

<sup>6</sup> See, Stanislaus County Adult Detention Division Medical Screening form # JAIL 171L.

<sup>7</sup> Jail Manual at page 10.

- Statistics on Deaths that Occurred in Stanislaus County Correctional Facilities from 2000-2005.
- Complainant's private medical records.
- Complainant's jail records: arrest, booking, and medical records.
- Complainant's Emergency Medical Treatment records
- California Forensic Medical Group, Inc. (CFMG) policy records and forms.

## **FINDINGS**

### **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.)<sup>8</sup>
- 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

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<sup>8</sup> Reference to County Manual at page 205.

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.”<sup>9</sup> 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”,<sup>10</sup> 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.

**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.

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<sup>9</sup> Jail Manual at page 10.

<sup>10</sup> Id at 10.

- 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.<sup>11</sup>
- 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 potentially critical medical information to provide appropriate and timely medical treatment to the inmate.

### 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.

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<sup>11</sup> Id.

- 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.

## **RECOMMENDATIONS**

Based upon the findings, the CGJ makes the following recommendations:

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



**CORRESPONDENCE 1**  
**STANISLAUS COUNTY CIVIL GRAND JURY**

Post Office Box 3387 • Modesto, California 95354 • (209) 558-7766 • Fax (209) 558-8170

*page 5 of 6*

**2005-2006**

**GRAND JURY MEMBERS**

June 26, 2006

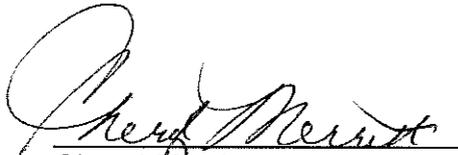
CHERYL MERRITT, FOREPERSON

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To Whom It May Concern:

The Civil Grand Jury is providing to you or your agency a copy of the portion of the grand jury report relating to you or your agency two working days to its prior release. You or other affected people may review this but the Penal Code prohibits you from disclosing any contents of the report prior to its public release.

Sincerely,

  
 Cheryl Merritt  
 Foreperson  
 2005-2006 Civil Grand Jury

Stanislaus County Commissary  
Grand Jury Case # 06-30  
2005-2006

**SUMMARY**

The Stanislaus County Civil Grand Jury (CGJ) received 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."

After reviewing various county policies and procedures, interviewing the Jail Detail Commander/Member of the Inmate Welfare Fund Committee (IWFC) and considering relevant sections of the California Penal Code, the CGJ found that the complaint did not have merit.

- (1) Stanislaus County commissary prices are established in accordance with county policy and the California Penal Code, section 4025 which states in part that "... the sale prices of the articles offered for sale at the store shall be fixed by the sheriff." The CGJ found that the commissary rates are established by the Custodial Account Clerk (CAC) who researches, reviews and compares bids for commissary items,<sup>1</sup> subject to approval by the IWFC.<sup>2</sup>
- (2) The CGJ found that the Stanislaus County commissary prices are reasonably comparable to San Joaquin County Jail (SJCJ), a correctional facility of similar size and nearby geographic location. The CGJ also compared policies, procedures and pricing with Deuel Vocational Institute (DVI), a state correctional institution. The CGJ found that due to the size and buying power of DVI, its prices are generally lower. The CGJ found that the cost of commissary items in Stanislaus County is reflected by the needs of the inmate population. The prices are not unreasonable.
- (3) Commissary profits are distributed in accordance with California Penal Code, section 4025 which states in part that "... Any profit shall be deposited in an inmate welfare fund (IWF) to be kept in the treasury of the county. The money and property deposited in the inmate welfare fund shall be expended by the sheriff primarily for the benefit of the inmates confined in the jail." Based on documentation and sworn testimony, the CGJ found that profits generated from commissary sales are being utilized for the benefit of the inmates.

<sup>1</sup> Adult Detention Division Manual (Manual), Section 7 p. 24.

<sup>2</sup> Id. at 27.

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BOARD OF SUPERVISORS

## **INTRODUCTION**

The CGJ received a complaint that alleges commissary items for sale in correctional facilities in Stanislaus County are higher priced than commissary items sold at the California Department of Corrections (CDC) Canteen Services [a.k.a. Deuel Vocational Institute]. The complaint alleges that the Stanislaus County Sheriff's Department and Commissary Support Services are taking advantage of the inmates and their families in the form of "price gouging."

The purpose of the CGJ investigation was to determine:

- 1) How commissary prices in Stanislaus County correctional facilities are established.
- 2) If those commissary prices are reasonable by making a comparison to both San Joaquin County Jail (county) and Deuel Vocational Institute (state) commissary prices.
- 3) Whether commissary profits are distributed according to the law and county policy.

## **METHOD OF INVESTIGATION**

The CGJ reviewed the following documents:

Stanislaus County:

- Auditor-Controller Policy And Procedure [purchasing guidelines]
- Adult Detention Division Policy Manual (Manual) for Inmate Welfare Fund-Commissary (pages 121-122 and 124-127)
- Commissary Rules and Regulations (11/05)
- Commissary Delivery Schedule
- Contract Overview Process
- February 2006 Inmate Welfare Expenditure and Revenue Statement
- Inmate Commissary [order form/price list]
- Inmate Welfare Budget
- Jail Commissary Budget
- Refocus Budget

San Joaquin County:

- Commissary Distribution Policy
- Commissary Pricing List
- Commissary Procedure Manual
- Commissary Store Pricing Procedures
- Pricing Procedure
- Vendor Selection and Purchases

Deuel Vocational Institute (DVI):

- General Population Canteen Price List (January 2006)
- Inmate Welfare Fund Monthly Statements (April 2006)
- Mainline Canteen List (March 2006)
- Monthly Canteen Report (March to May 2006)
- Preliminary Inmate Services Allotments for the Fiscal Year 2005/06

California Penal Code:

- Section 4025 authorizes the Sheriff of each county to operate and set prices for a commissary.
- Section 5005 authorizes the State Department of Corrections to operate a canteen at any state prison and the authority for the Director to set prices and select items for sale.
- Section 5006 establishes an inmate welfare fund/inmate canteen fund for the purpose of distributing profits for the benefit of the inmates.

The CGJ interviewed the Jail Detail Commander from the Stanislaus County Sheriff's Department /Member of the Inmate Welfare Fund Committee (IWFC).

The CGJ toured the following correctional facilities in Stanislaus County:

- Downtown Men's Jail
- Safety Center
- Honor Farm
- Juvenile Hall

STATEMENT OF FACTS

(1) According to the Manual, regarding the Inmate Welfare Fund-Commissary, the Custodial Account Clerk (CAC) duties are as follows:

- Act as Committee's Secretary
- Maintain the Inmate Welfare Fund Capital equipment inventory
- Maintain on file copies of all inmate purchase orders charged to the IWF
- Oversee all of the Jail Store Purchases<sup>3</sup>

In addition, the Manual requires that the IWF "moneys [sic] will be expended for the benefit, education and welfare of the inmate."

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<sup>3</sup> Id. at 25.

(2) California Penal Code, section 4025 states as follows:

(a) The sheriff of each county may establish, maintain and operate a store in connection with the county jail and for this purpose may . . . sell these goods, articles and supplies for cash to inmates in the jail.

(b) The sale prices of the articles offered for sale at the store shall be fixed by the sheriff. Any profit shall be deposited in an inmate welfare fund to be kept in the treasury of the county.

(e) The money and property deposited in the inmate welfare fund shall be expended by the sheriff primarily for the benefit, education, and welfare of the inmates within the jail. Any funds that are not needed for the welfare of inmates may be expended for the maintenance of the county facilities.

(3) California Penal Code, section 5005 states in part as follows:

The Department may maintain a canteen at any prison or institution under its jurisdiction for the sale to persons confined therein . . . the Director shall specify what commodities shall be sold in the canteen. The sale prices of the articles offered for sale shall be fixed by the director at the amounts that will, as far as possible, render each canteen self-supporting.

(4) California Penal Code, section 5006 states in part as follows:

All moneys [sic] now held for the benefit of prisoners . . . shall be deposited in the Inmate Welfare Fund of the Department of Corrections in the State Treasury which fund is hereby created.

## **FINDINGS**

The CGJ found the following:

- 1) Stanislaus County, San Joaquin County and Deuel Vocational Institute have established a commissary/canteen consistent with the California Penal code.
- 2) Prices for commissary/canteen items are set by the Sheriff / Director of the correctional facility.

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.

- In Stanislaus County, the Custodial Account Clerk (CAC) oversees all of the jail store purchases<sup>4</sup> 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.”<sup>5</sup> In SJCJ, the Material Specialist is responsible for pricing items which may be priced at 40% above cost.<sup>6</sup> While there is no percentage above cost stated in Stanislaus county policy and procedures, there is 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.<sup>7</sup> 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.

4) The list of commissary items differ from county to county, county to state, and facility to facility.

5) Both state and county correctional facilities operate an IWF.

## 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.

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<sup>4</sup> Id.

<sup>5</sup> Id. at p. 27.

<sup>6</sup> SJCJ Pricing Procedure, dated 07/08/05.

<sup>7</sup> Preliminary Inmate Services Allotments for the Fiscal Year 2005/06 at p. 1.

- 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.
- 3) According to sworn testimony with respect to the IWF, and review of budgets and revenue statements,<sup>5</sup> 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.

### **RECOMMENDATIONS**

The CGJ has no recommendations.

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<sup>5</sup> In reference to the following: February 2006 Inmate Welfare Expenditure and Revenue Statement; Inmate Welfare Budget; Jail Commissary Budget; and the Refocus Budget.