



Lou Ann Texeira
Executive Officer

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July 14, 2010 (Agenda)

July 14, 2010
Agenda Item 13

Contra Costa Local Agency Formation Commission
651 Pine Street, Sixth Floor
Martinez, CA 94553

**Response to Contra Costa County 2009-2010 Grand Jury Report No. 1009
“Lost Medanos Community Health Care District”**

Dear Members of the Commission:

On June 1, 2010, Contra Costa LAFCO received Contra Costa County Grand Jury Report No. 1009 “Lost’ Medanos Community Health Care District” (Attachment 1).

The subject report deals with the Los Medanos Community Health Care District, one of three public health care districts in Contra Costa County.

The California Government Code requires that the responding entity reply to each finding and recommendation. The response is due no later than July 26, 2010.

LAFCO staff has reviewed the report and drafted the attached response (Attachment 2) for the Commission’s consideration.

RECOMMENDATION

It is recommended that the Commission approve the attached response to Grand Jury Report No. 1009 entitled ““Lost’ Medanos Community Health Care District”, and direct LAFCO staff to forward the response no later than July 26, 2010.

Sincerely,

LOU ANN TEXEIRA
EXECUTIVE OFFICER

Attachment 1 - Grand Jury Report No. 1009 “Lost Medanos Community Health Care District”
Attachment 2 - Draft Response



May 26, 2010

Lou Ann Texeira, Executive Officer
Local Agency Formation Commission
651 Pine Street – 6th Floor
Martinez, CA 94553

Dear Ms. Texeira:

Attached is a copy of Grand Jury Report No. 1009, “Lost Medanos Community Health Care District” by the 2009-2010 Contra Costa Grand Jury.

In accordance with California Penal Code Section 933.05, this report is being provided to you at least two working days before it is released publicly.

Section 933.5(a) of the California Government Code requires that (the responding person or entity shall report one of the following actions) in respect to each finding:

- (1) The respondent agrees with the finding.
- (2) The respondent disagrees with the finding.
- (3) The respondent partially disagrees with the finding.

In the cases of both (2) and (3) above, the respondent shall specify the portion of the finding that is disputed, and shall include an explanation of the reasons therefor.

In addition, Section 933.05(b) requires that the respondent reply to each recommendation by stating one of the following actions:

1. The recommendation has been implemented, with a summary describing the implemented action.
2. The recommendation has not yet been implemented, but will be implemented in the future, with a time frame for implementation.
3. The recommendation requires further analysis. This response should explain the scope and parameters of the analysis or study, and a time frame for the matter to be prepared for discussion. This time frame shall not exceed six months from the date of the publication of the Grand Jury Report.

Lou Ann Texeira, Executive Officer
May 26, 2010
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4. The recommendation will not be implemented because it is not warranted or is not reasonable, with an explanation thereof.

Please be reminded that Section 933.05 specifies that no officer, agency, department or governing body of a public agency shall disclose any contents of the report prior to its public release. Please insure that your response to the above noted Grand Jury report includes the mandated items. We will expect your response, using the form described by the quoted Government Code, no later than **July 26, 2010.**

It would be greatly appreciated if you could send this response in hard copy to the Grand Jury as well as by e-mail to jcuev@contracosta.courts.ca.gov (Word document).

Sincerely,



RONALD TERVELT, Foreperson
2009-2010 Contra Costa County Civil Grand Jury

Report #1009

“LOST” MEDANOS COMMUNITY HEALTH CARE DISTRICT

Awash in a Sea of Inefficiency

**TO: Los Medanos Community Health Care District Board
Contra Costa County Board of Supervisors**

SUMMARY

The Grand Jury determined that Los Medanos Community Health Care District (LMCHD) pursues its goals in an inefficient manner. The District’s Mission Statement indicates its purpose is to improve the quality of health care in the community while promoting education and wellness. It spent an average of half its revenue on administrative costs for the years 2006 through 2009 including \$70,000 toward the third strategic plan in eight years. The remaining funds were spent on grants and programs. These expenditures resulted in minimal outcomes relative to priority health needs identified by the Contra Costa Health Services’ Community Health Assessment.

Of the sixteen grants and programs awarded for the year 2008-2009, fifteen were for \$25,000 or less. Awarding numerous small grants prevented LMCHD from making a substantial impact on priority health care needs in the community. Multiple small grants required more staff time to administer. The District spent \$4,000 on eight television sets which were never installed, \$18,000 for former Olympians to attend a one day track and field clinic, \$13,000 on gift cards to promote good mental health for youth, \$5,000 for a children’s reading corner with no books, and \$25,000 for fencing and landscape consultation for a community garden.

Other health providers within the District have recognized that ongoing collaboration with one another expands the effectiveness of programs delivered to their constituents. LMCHD has chosen to minimize its participation with other health care consortia.

BACKGROUND

LMCHD is an independent special district pursuant to California Government Code. LMCHD was the successor to the Los Medanos Community Hospital District which declared bankruptcy in 1994. Dissolution of the hospital was final in 1998 by order of the Northern District of the United States Bankruptcy Court.

LMCHD includes Pittsburg, Bay Point and portions of Clayton, Antioch and Clyde. The District's mission is to "improve the quality of health care in the community while promoting education and wellness." The primary source of funding is its share of *ad valorem* (property tax) which, for 2008-2009, was \$1,017,544.

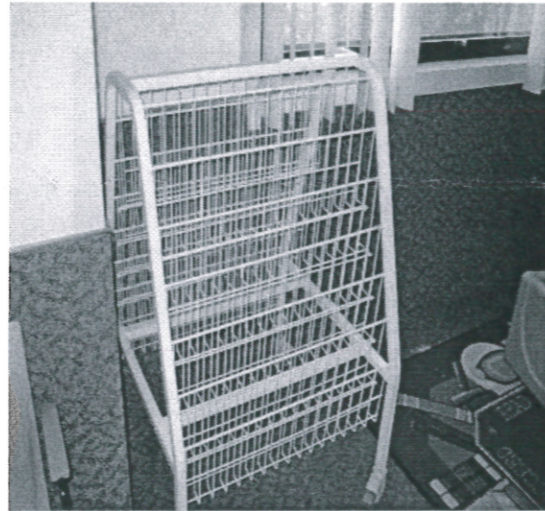
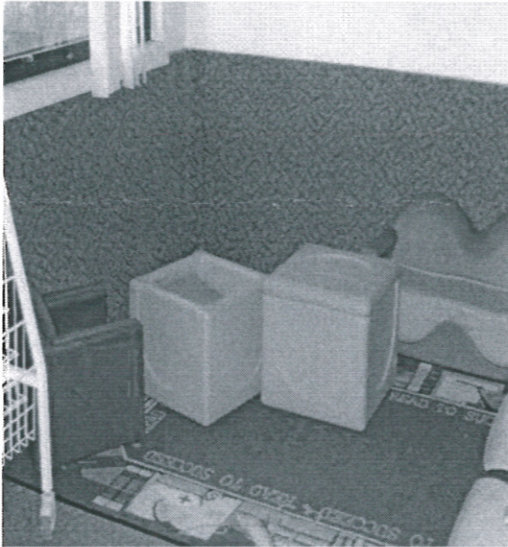
Residents within the boundaries of LMCHD receive health services from many different providers. These providers have recognized the value of collaboration and participate in the Contra Costa Health Access Coalition (HAC), an inclusive broad-based partnership of organizations and individuals. Its mission is to improve access to health care throughout the County. HAC and other health-related organizations, such as the Community Clinic Consortium, can provide information and support to assist LMCHD in delivering its mission statement goals. There is little evidence that the District ever partnered with these organizations.

The Contra Costa Health Services' Community Health Assessment is prepared triennially for the Hospital Council of Northern and Central California. The Assessment identifies the specific health risk factors for the County by geographical area. Within LMCHD's jurisdiction, the major health care concerns are heart disease, cancer and stroke, the three leading causes of death (Appendix). Major health care providers use the Assessment as an essential starting point for their granting processes.

Based on the above Assessment, which LMCHD did not use, the following projects are examples of those not addressing crucial identified health needs:

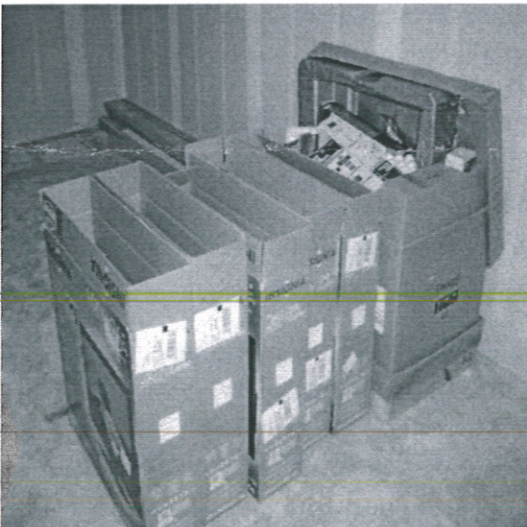
- 1) The District provided \$25,200 to support the Eddie Hart All in One Foundation's track and field education clinic held on June 27, 2009. According to the flier for the event, "The education clinic is designed to provide opportunities for the youth to receive hands-on training from some of the best Olympians and coaches in the world." Of the funds expended on this one day event over \$18,000 was for honoraria, transportation, lodging and meals for attending Olympians.
- 2) In January, 2009, the District authorized a grant of \$20,000 "to promote good mental health by providing youth with positive social and emotional experiences through employment training." First Baptist Head Start targeted sixth to tenth graders who had experienced teen peer pressure, anger and developmental issues. As of August, 2009, \$13,675 was expended on gift card rewards for participation.

3) In January, 2009, LMCHD made a one-time grant of \$5,000 for The Reading Corner in the Pittsburg Health Clinic which was established to provide a separate waiting area for children.



On two occasions, Grand Jury members visited The Reading Corner. Although the Clinic waiting room was heavily occupied by adults and children. The Reading Corner was unoccupied, the book racks were empty, and the area was dark and uninviting.

4) In July 2009, the District spent \$4,062 on the purchase of eight televisions for the purpose of educating patients regarding health-related matters, specifically H1N1.



To date, the televisions are still in boxes in a storage closet. In addition, no programs have been purchased for the streaming of health information.

5) LMCHD budgeted \$50,000 for the development of a 0.6 acre community garden on District-owned land. To date, approximately \$11,000 has been spent on fencing the area and \$14,000 has been awarded for landscape consultation. Fifty percent of the budgeted amount has been spent with no detailed written plans for ongoing management of the garden.



LMCHD funded other programs that have social value but did not directly address the critical healthcare needs of the District. Recipients included Contra Costa Food Bank, STAND! Against Domestic Violence, and Meals on Wheels.

The Grand Jury found little evidence of management oversight of funds expended. Grant contracts did not provide adequate administrative guidance regarding oversight, expected outcomes, and requirements for reconciliation or submission of receipts.

In reviewing LMCHD's annual financial statements for the past three years, the Grand Jury found that only an average of half of its revenue was spent on grants and programs. The balance was spent on operating expenses. Operating expenses included salaries, external professional fees (accounting, legal, web design, and auditing) as well as Board of Director stipends and travel expenses.

In 2002 and again in 2004 strategic plans were developed and commitments made for major changes in operations, financial accountability and grant policy. The proposed changes were not effectively implemented. Presently, the Board has executed a contract for yet another strategic plan at a cost of \$140,000 over a two year period. The latest plan is intended to achieve the following:

- Support work underway and set future directions
- Create and implement an effective business model
- Redesign grant and allocation procedures and processes

In 2000, the Contra Costa County Local Agency Formation Commission (LAFCO) considered dissolution of LMCHD. In 2003, Grand Jury Report 0309 recommended closure of the District; this recommendation was not implemented. In 2007 LAFCO completed a Municipal Service Review which identified four options:

- Maintain the status quo of the District
- Dissolve the District and cease operations
- Consolidate with Mount Diablo Health Care District
- Convert the District to a subsidiary of limited powers

Procedurally, dissolution or consolidation can be pursued only by the LMCHD Board of Directors, the affected residents, or LAFCO.

METHODOLOGY

In August, 2009, the Grand Jury commenced an investigation of LMCHD. Interviews were conducted with:

- Current and former LMCHD Board Members
- Various community health care providers
- Grant recipients

The Grand Jury reviewed and analyzed the following records:

- Bankruptcy records
- Financial records
- District expenditures
- Current contract for strategic planning with outside consultant
- Current and past grants and programs
- LAFCO documents pertaining to the District
- LAFCO Municipal Service Review, 2007

The Grand Jury:

- Attended LMCHD Board Meetings
- Visited the Pittsburg Health Clinic on District property
- Examined the Community Garden site

FINDINGS AND RECOMMENDATIONS

1. LMCHD's primary mission is to improve the quality of health care in the community while promoting education and wellness. However, actual grants and programs reviewed by the Grand Jury did not address the priority health needs as identified in the Contra Costa Health Services' Community Health Assessment.

Recommendation: Grants and programs shall be awarded in relation to the identified community health care needs as identified in the Contra Costa Health Services' Community Health Assessment (i.e. heart disease, cancer and stroke).

2. Of the sixteen grants and programs awarded for the year 2008-2009, fifteen were for \$25,000 or less. Awarding multiple grants in small dollar amounts is inefficient.

Recommendation: A new grant allocation process shall be developed which focuses on funding fewer projects with larger grants.

3. Community health programs and grant dollars consumed less than half of LMCHD's total revenue for the years 2006 through 2009.

Recommendation: LMCHD shall reduce unnecessary administrative expenditures thereby increasing funds available for priority health care needs.

4. The District has not collaborated with HAC and other health consortia.

Recommendation: LMCHD shall work with health care consortia within the County to expand its impact in awarding of grants and programs.

5. There have been two strategic plans; neither was effectively implemented. LMCHD is spending \$140,000 over a two year period for its third strategic plan in eight years.

Recommendation: LMCHD board shall adopt, and effectively implement the new strategic plan.

6. The 2007 LAFCO Municipal Service Review identified four options that could be taken by the District. The District chose to maintain the status quo.

Recommendation: At the time of LAFCO's next Municipal Service Review of the District, when addressing the District's accountability for community service needs, LAFCO shall consider the recommendations of this report and the District's implementation of its strategic plan.

CONCLUSIONS

Los Medanos Health Care District must live up to its mission and focus on awarding grants based upon identifiable health care needs in its jurisdiction. Community Health Indicators for Contra Costa County clearly delineate this information every three years. It is imperative that the District track the expenditure of funds granted and measure the outcomes to determine future funding efforts. Fewer dollars must be directed from superfluous projects such as the costly Community Garden. The taxpayers of Bay Point, Pittsburg, and portions of Clayton, Antioch and Clyde deserve more for their money!

REQUIRED RESPONSES

Findings

Los Medanos Community Health Care District Board of Directors 1 through 5

LAFCO 6

Recommendations

Los Medanos Community Health Care District Board of Directors 1 through 5

LAFCO 6

APPENDIX

Community Health Indicators for Contra Costa County 2007 Report

The three leading causes of death in Contra Costa County are heart disease, cancer and stroke. In Pittsburg, the rate per 100,000 residents is higher as follows:

219.9 compared to 179.9 countywide for heart disease deaths,

193.6 compared to 170.5 countywide for cancer deaths,

78.7 compared to 57.8 countywide for stroke deaths.

Health Issue	Risk Factors	Prevention & Education
Heart Disease	Tobacco use, poor diet, obesity, stress, high cholesterol levels	Regular blood pressure and cholesterol checks, no smoking, physical activity, weight control, healthy diet, reduce stress, avoid chronic conditions such as diabetes
Cancer	Tobacco use, poor diet, obesity, physical inactivity, age, family history	Early detection screenings and treatment, avoid second hand smoke, healthy balanced diet, physical activity
Stroke	High blood pressure, heart disease, diabetes, smoking, obesity	Regular blood pressure checks, no smoking, physical activity, weight control, health diet.

Draft Response

The following are the Contra Costa Local Agency Formation Commission's (LAFCO) responses to the Contra Costa County 2009-2010 Grand Jury Report No. 1009 findings and recommendations.

FINDINGS AND RECOMMENDATIONS

6. The 2007 LAFCO Municipal Service Review identified four options that could be taken by the District. The District chose to maintain the status quo.

Response: The Grand Jury Report No. 1009 correctly identifies the four governance options presented in the 2007 LAFCO Public Healthcare Services Municipal Service Review.

Recommendation: At the time of LAFCO's next Municipal Service Review of the District, when addressing the District's accountability for community service needs, LAFCO shall consider the recommendations of this report and the District's implementation of its strategic plan.

Response: In LAFCO's 2012-13 Public Healthcare Services Municipal Service Review, when addressing the LMCHD's accountability for community service needs, LAFCO will consider the recommendations of Grand Jury Report No. 1009 and the District's implementation of its strategic plan.