

# **1999 - 2000 Ventura County Grand Jury Report**

## **Camarillo Health Care District**



# Camarillo Health Care District

## Background

The Camarillo Health Care District (CHCD) is an independent special district which traces its roots back to October 28, 1969, when by a 76 percent favorable vote, the Pleasant Valley Hospital District (PVHD) was formed to provide an acute care hospital in Camarillo. After two general obligation bond issues to finance construction of the hospital fell short of the required two-thirds vote in separate elections in 1970 and, in October 1971, a nonprofit corporation was formed to finance construction of the hospital through a privately underwritten bond issue. The principal and interest payments were to be made under a leaseback arrangement with the PVHD.

On July 15, 1974, the hospital opened; however, in 1982 the bonds used to construct the hospital were refinanced, dissolving the nonprofit corporation and eliminating the leaseback arrangement, and title to the hospital was vested with the PVHD. In 1983, Pleasant Valley Hospital was sold to a nonprofit corporation, but adult care services were retained by the PVHD for the purpose of providing health care to the senior population of the local area. In May 1984, the PVHD was reorganized under the Health Care District statutes of the State of California and renamed the Camarillo Health Care District (CHCD).

The State currently requires no plebiscite to validate these changes from a hospital centered special district, and dissolution was not considered. Today there are 74 health care districts in California of which 24 no longer operate hospitals. Of the 24 health care districts without hospitals, a number operate medical clinics for their constituents and at least one continues to operate an ambulance service. CHCD is the only health care district in Ventura County to fall into this category and provides neither medical clinics nor ambulance service.

The Little Hoover Commission, an independent, bipartisan oversight agency created by the California Legislature in 1962, focused on special districts in its May 2000 report, *Special Districts: Relics of the Past or Resources for the Future?* Health care districts no longer

operating hospitals, how their missions have changed, and whether they have considered dissolution are subjects given special scrutiny in this report. The report stated that Local Agency Formation Commissions (LAFCO), created by the State to foster the rational and orderly evolution of local government, including the authority to initiate special district consolidations, need to take a stronger leadership role in assertively reviewing the need for these districts to exist. In its report the Little Hoover Commission went on to state that “when a health care district ceases to operate a hospital, it may indeed be time for the district to disappear.” Among questions the Commission suggested be asked were:

- What savings would accrue from elimination of the elected board, including meetings stipends and other benefits, and overhead expenses?
- What services would potentially be eliminated [by the dissolution of the district] and how important are those to the community?
- What other entities in the community could provide the services [of the district] and at what cost? [Page 51]

Although it is a city of over 60,000, Camarillo is the only Ventura County population center without County sponsored medical and behavioral health facilities. Camarillo residents are required to travel to County clinics in Oxnard and Thousand Oaks for care, a major challenge to patients. The Little Hoover Commission report on special districts provides a framework to see if CHCD provides a medical and behavioral health “safety net” to Camarillo in the absence of County facilities.

## Methodology

In conducting the study, the Grand Jury did the following:

- Visited the Camarillo Health Care District and met with its Chief Executive Officer, Chief Operating Officer, Executive Secretary, on staff Registered Nurse, and the leader of the Stroke Survivors Support Group. The jurors also heard from the Directors of Public Relations, Club Camarillo, the Transportation and Lifeline Programs, and Volunteers.
- Studied the May 2000 Little Hoover Commission Report titled *Special Districts: Relics of the Past or Resources for the Future?*

- Interviewed citizens in Camarillo about their perceptions of the CHCD.
- Reviewed the operating budget and fees for services. Other materials studied included *Healthy Attitudes*, the bimonthly publication of CHCD, and *Recreation Magazine*, the publication of the Pleasant Valley Recreation and Park District.
- Reviewed newspaper articles and informational publications provided by CHCD.
- Studied the use of the Ventura County Medical and Behavioral Health Clinics by Camarillo residents.
- Conducted interviews and listened to presentations by Ventura County officials regarding special districts and health care facilities.

## Findings

- F-1 Camarillo residents are part of the Ventura County tax base, although no County medical or behavioral health clinics are located in Camarillo, the County's fifth largest city.
- F-2 The current CHCD mission statement states that the District "...is dedicated to meeting the health and wellness needs of District residents by promoting, coordinating, integrating and managing quality health and wellness related services."
- F-3 A study of the organization and financial status of CHCD and related Little Hoover Commission recommendations found that:
- CHCD is an enterprise special district, which allows it to collect property tax revenue *and* still charge fees.
  - The CHCD in 1999 collected \$1,012,285 in property taxes paid by homeowners in Camarillo, received \$29,295 in legacies and bequests, and an additional \$17,165 in grants, for a total of \$1,058,745. In 1998 the district earned \$58,126 in interest income and in 1999 reported \$51,807 of interest income. The Soares, Sandall, Bernacchi and Petrovich Independent Auditors' Report dated September 28, 1999, stated that the District's investments are all in insured accounts. [The CHCD financial statements are available through the Ventura County Auditor-Controller.]
  - The Little Hoover Commission report recommended that enterprise districts be scrutinized more carefully on the

state level to determine if property tax revenues should continue to be collected and in the same amounts.

- The Hoover Commission report also stated, “Property tax bills should identify for taxpayers the independent special districts that provide services to them, along with the tax allocation, reserves and other financial information about those districts.”
- Five elected directors, who meet bimonthly, govern the CHCD.
- The CHCD Board in 1998-1999 was budgeted to receive \$21,000 in stipends, \$9,000 in continuing education fees, and \$6,950 in election costs and D & O insurance, according to its most recent financial statement filed with the County Auditor-Controller.
- The CHCD has a staff of 11, which includes a Chief Executive Officer, a Chief Operating Officer, a Chief Financial Officer (position not currently filled), a Chief Administrative Officer, and a Human Resources specialist. An outside contractor currently fulfills the CFO function.
- The only trained medical professional on the district’s full time staff of 11 is one registered nurse.
- The Little Hoover Commission noted in its report that property tax revenues *continue* to fund districts that no longer provide the service for which they were originally formed.

“In 1998-99, approximately \$17 million in property taxes were allocated to 14 health care districts that no longer operate hospitals. Five of those districts report spending less than 25 percent of their revenue on direct services in their community.” [Pages 71-72.]

- In analyzing the basis for property tax allocation, the Little Hoover Commission also stated:

“Allocations of the one- percent property tax rate to special districts are based on policies adopted by the Legislature in the weeks following the passage of Proposition 13 in 1978. At the time, remaining property tax revenues were allocated based on shares of the property tax that agencies received from 1975-1978. Those agencies that had levied the higher rates to provide enhanced services prior to the passage of the initiative captured and continue to receive higher

revenues. Agencies that levied lower or no taxes received lower or no revenues. The allocation formula, which cemented the differences in place, continues today. In 1997-98, special districts received 8.8 percent of property tax revenues. Independent special districts received \$437 million in 1996-97 - \$420.6 million was allocated to enterprise districts and \$16.7-million to non-enterprise districts, such as park and recreation and library districts.” [Page 68-69]

- Classes at CHCD are run as “cost neutral,” which was explained to mean at no cost to the district. At a minimum, a nominal fee is charged for almost all classes and services offered by the district.

F-4 CHCD leases office space at 3639 East Las Posas Road, but it also owns and continues to buy additional properties at this location. It currently owns 9,000 square feet at this site. The District’s investment in property is reflected in its decline in interest on investments from 1998 to 1999. [See Finding #3.]

- According to the 1998-99 Independent Audit, the District subleased to Hospice of the Canyon/June Ebensteiner Foundation a portion of the Las Posas Road facility at an annual rent payment of \$6,840 as of June 30, 1998. The lease and sublease were terminated in September of 1998 when the now defunct *for profit* Hospice of the Canyon ran into financial difficulty. Throughout this period the *not-for-profit* Hospice of Camarillo served the community.
- Other agencies provide many of the services offered by CHCD, with CHCD serving as the landlord and providing the facilities, e.g., the once-per-month immunization clinic and Hospice counseling.

F-5 A search of *Healthy Attitudes* for March-April and May-June found only the following medical services offered on a regular basis with most of them charging fees:

- Shots for Kids offered on the second Tuesday of each month with funding from Catholic Health Care West and Ventura County Public Health. An appointment is necessary through St. John’s Regional Medical Center. Cost is \$5 per child with a family maximum of \$15.
- Adult immunizations are offered through St. John’s and Ventura County Public Health. Tetanus/diphtheria boosters and first mumps, measles and rubella

immunizations are \$5; other adult immunizations are \$30.

- TB tests are available with an appointment for a \$5 fee on the second Tuesday of each month from 4:00 to 5:00 p.m. through St. John's.
- Blood pressure screening and consultations are available with an appointment through the staff nurse. Donations are accepted.
- Blood sugar testing is done by appointment with the staff nurse for a \$5 fee.
- CHCD provides testing kits for colon cancer screening for a \$3 fee. This program is conducted in cooperation with the Ventura County Gastroenterology Physicians.
- Alcohol screening is a free service in conjunction with the National Screening Program.
- Cholesterol screening is done by appointment with the staff nurse for an \$8 fee.

F-6 CHCD offers some "scholarship" aid for those who qualify.

F-7 Various screenings are offered on a one-time basis, frequently by individuals or organizations soliciting business. Those found in the monthly offerings for March through June 2000 were:

- Eye, glaucoma, and diabetic screening offered, with an appointment from 2:00 to 4:00 p.m. for a \$5 fee.
- Foot Screening Clinic offered, with an appointment from 1:30 to 3:30 p.m. for a \$5 fee.
- Skin Cancer Screening Clinic, with an appointment from 10:00 a.m. to 1:00 p.m. for a \$5 fee.
- Respiratory Screening through American, offered from 9:00 a.m. to noon with a \$5 fee.
- Osteoporosis Screening Bone Density Scan, offered by the California Osteoporosis Institute from 9:00 a.m. to noon for a \$30 fee.

F-8 CHCD offers many alternative treatment classes such as Swedish Massage (\$45 for one-hour session), Reflexology (\$20 for 30 minute session), and Reiki – An Ancient Healing Art (\$140 for two-day workshop).

F-9 The Pleasant Valley Recreation and Park District also offers



many services that duplicate those offered by the CHCD.

- Many classes and services offered by CHCD are also offered by Pleasant Valley Recreation and Park District, e.g., blood pressure testing, diabetes counseling, health insurance counseling, exercise classes, and Grey Law consultations.
- Many CHCD for-fee classes were also available through Pleasant Valley Recreation and Park District at comparable prices. These included Yoga classes, weight control and nutrition.
- Club Camarillo is an elder day care program, although open to those over 18 years. The Club is an approved facility and serves a number of clients with Alzheimer's. The cost is \$36.75 per day, which includes lunch. The County does not offer care for Alzheimer's patients.
- Pleasant Valley Recreation and Park District offers a Senior Center on Monday-Friday from 9:00 a.m.-4:00 p.m. and Saturday from 9:00 a.m.-1:00 p.m. with drop-in activities such as billiards, cards, table games and music at no cost.
- In 1999, CHCD helped in founding the Camarillo Public Agencies Council created to negate duplication of efforts by various agencies. The Council, made up of representatives from the City of Camarillo, Camrosa Water District, Pleasant Valley School District, Oxnard Union High School District and Pleasant Valley Recreation and Parks District, meets annually to consider a topic. The topic of its May 2000 second annual meeting is Disaster Response Collaboration.

F-10 CHCD is working to expand its sphere of influence and tax base. It recently annexed into its district the California State University Channel Islands (CSUCI) site and is preparing to annex additional property in the near future, including portions of the Santa Rosa Valley and the Sterling Hills Development. When asked about annexation of the CSUCI site, the CEO indicated that CHCD is working with the County to place a clinic for the citizens of Camarillo at that location. When questioned, County officials knew of no proposed clinic for Camarillo.

F-11 CHCD's Care-A-Van Program offers door-to-door transportation service for individuals unable to use a fixed-route bus service and non-emergency transportation to medical appointments from the West San Fernando Valley to Ventura. The program is partially funded through the

Ventura County Transportation Commission and in addition a fare is charged each way, ranging from \$3.50 (\$7.00 R/T) to anywhere in Camarillo to \$9.00 to West San Fernando Valley (\$18.00 R/T). Transportation is available Monday through Friday by appointment.

- F-12 CHCD offers for-fee short-term counseling for depressions, loss, and transitional life changes by appointment, but does not offer comprehensive behavioral health services.
- F-13 An Administrative Community Leaders Advisory Panel was established by the CHCD in 1995 to serve “as a rich resource in determining the health and wellness needs of District residents.”
- The Panel of 69 includes six MD’s, one optometrist, two dentists, one RN, one retired psychiatrist, and three psychologists among its 69 members.
  - Many of the members of the Panel are prominent county residents, but are not residents of Camarillo.

## Conclusions

- C-1 Camarillo’s need for a “safety net” of low cost medical and mental health services for all ages is not met by the CHCD or the County. It would be ineffective to pursue a County medical clinic for Camarillo located at the California State University, Channel Islands site, because of problems of accessibility for Camarillo’s citizens including inconvenient and expensive transportation from Camarillo.
- C-2 When Pleasant Valley Hospital was sold, the PVHD was dissolved and CHCD was created. LAFCO did not conduct a study to determine if the Pleasant Valley Hospital District should continue to exist as the Camarillo Health Care District. However, a LAFCO official made reference to the CHCD as an example of a district that should have been dissolved.
- C-3 The CHCD has outgrown its original mission of health care for the senior population of the local area and has expanded its mission to “womb to tomb” care. Its present mission statement is ambiguous. No study has been conducted to date by the CHCD or the County to determine the medical and mental health care needs of Camarillo’s citizens.
- C-4 As an enterprise district which charges fees and collects property tax revenues, CHCD will continue to amass capital,

allowing the District to acquire more property. This capital accumulation has the following effects upon the District's constituents:

1. Property tax revenue is used to buy real estate.
2. Real estate purchased is taken off the property tax rolls.
3. Fees are charged for most services.

C-5 There is duplication of many services by the CHCD and other agencies.

- Duplication of tax-supported services, such as those of CHCD and Pleasant Valley Recreation and Park District, continues to exist.
- It may be more cost-effective for taxpayers to have one district providing all combined services.

C-6 Medical professionals are underrepresented on the CHCD staff and Administrative Community Leaders Advisory Panel. Of the 11 full time employees of the District, only one is a medical professional. Currently listed as serving on the panel are 14 medical professionals out of 69 members. This large number of non-medical professionals results in the large percent of alternative treatment programs offered by the District.

C-7 The Administrative Community Leaders Advisory Panel includes many members who are not constituents of the CHCD. These members are not aware of the unique needs of the Camarillo community.

C-8 By the 1975-1978 formula created after Proposition 13 to allocate one percent of property taxes, enterprise special districts such as CHCD deprive other districts, e.g., libraries, which cannot charge fees, of vital tax receipts.

## Recommendations

R-1 LAFCO should conduct a study and make a recommendation regarding the viability of CHCD as a health care district without a hospital or medical clinics. If dissolution is called for, this should be clearly and publicly stated, and the process initiated.

R-2 A study should be conducted to determine Camarillo

residents' health care needs and what County entity can provide these services most efficiently and cost effectively. Camarillo should be provided with "safety net" medical and behavioral health care. Subsequently, the mission of the CHCD should be modified to be more specific, reflecting the results of this study.

- R-3 A study should be conducted to assess the benefits of merging districts with similar services, e.g., CHCD and Pleasant Valley Recreation and Parks District. This may result in savings from elimination of elected board stipends, benefits, overhead expenses, etc.
- R-4 An independent financial audit and analysis of the CHCD should be conducted.
- R-5 Medically trained professionals should have a much larger presence on the CHCD staff and in determining District offerings.
- R-6 Until low cost medical and behavioral health care services are offered in Camarillo, convenient transportation should be offered to neighboring County clinics without charge or for a nominal fee. The CHCD, the County, or both should underwrite transportation.
- R-7 Inasmuch as the CHCD is showing a surplus each year, consideration should be given to reducing or eliminating the tax rate and reducing or eliminating the fees charged for services. The cost benefits to taxpayers of the CHCD acquiring real estate should also be reassessed.

### Responses Required

Camarillo Health Care District	R- 1, 2, 3, 4, 5, 6 and 7
Ventura County Health Care Agency	R- 2 and 6
LAFCO	R- 1, 2, 3 and 7