

**A report on the maltreatment of employees and concerns regarding
perceived mismanagement of programs and public funding within
the Gold Coast Health Plan of Ventura County
A publicly funded agency**



This report was prepared by LULAC Ventura County

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BACKGROUND

Gold Coast Health Plan (GCHP) is a publicly funded agency serving the more than 100,000 Medi-Cal recipients in Ventura County. At the operational level, GCHP is administered and staffed by approximately 100 employees, which includes about 20 managers, directors, and supervisors. The Chief Executive Officer for GCHP is Michael P. Engelhard. This agency is overseen by a Commission that is comprised of representatives from across the health care, human services, and public services sectors of the county. One member of the Commission is an elected official, Peter C. Foy from the Ventura County Board of Supervisors. In essence, GCHP is a publicly funded entity that is therefore subject to public scrutiny and the policies and regulations that drive public agencies in this state and across the nation. The revenue for the 2012-2013 fiscal year was \$347 million. Chart A below provides a breakdown of the member (Medi-Cal recipients) population by County of Ventura Supervisorial Districts.

Chart A – Membership by District 2012-2013		
District	Supervisor	# of Members
1	Steve Bennett	15,278
2	Linda Parks	7,975
3	Kathy Long	20,250
4	Peter C. Foy	12,942
5	John C. Zaragoza	49,539
Total		109,921

Members of GCHP oversight Commission

1. Antonio Alatorre, Clinicas del Camino Real, Inc.
2. David Araujo, MD, Ventura County Medical Center Family Medicine Residency Program
3. May Lee Berry, Medi-Cal Beneficiary Advocate
4. Lanyard Dial, MD, Ventura County Medical Association
5. Barry Fisher, Ventura County Health Care Agency
6. Peter Foy, Ventura County Board of Supervisors
7. David Glycer, Private Hospitals / Healthcare System
8. Michelle Laba, MD, Ventura County Medical Center Executive Committee
9. Gagan Pawar, MD, Clinicas del Camino Real, Inc.
10. Dee Pupa, Ventura County Health Care Agency
11. Robert Wardwell, Private Hospitals / Healthcare System

This investigation was prompted by a history of complaints to LULAC from current and former employees of the agency, as well as past and present members of the agency's oversight Commission. The complaints we received included perceived race-based hostility in the workplace, disparate treatment of employees, nepotism, and substandard treatment and services to eligible and entitled members, particularly those of Mexican descent, and the perceived mismanagement of public funds.

PROCEDURES

This investigation included acquisition and review of documents released to LULAC per GCHP’s response to a Public Records Act request during the months of April and May 2014. The Public Records Act request submitted and retrieved by LULAC included questions about the staff diversity of the agency, travel expenditure records for senior staff, copies of certain Minutes related to Commission meetings, and several other items. At the time of this writing, GCHP has failed to release an array of requested items pertaining to the diversity of the staff for the agency. The procedures used to conduct this investigation also included numerous first-hand interviews of current and former employees of the agency. To prevent in-the-workplace retaliation against those individuals, LULAC withheld the use of specific names which we are prepared to disclose to the appropriate officials at the appropriate time. In addition, there was information provided directly to LULAC at two meetings that took place between LULAC leaders and senior staff members of GCHP. At those meetings questions were asked and some answers were given by GCHP administrators and they also provided our organization with certain documents, such as the Annual Report to the Community for 2014 and an organizational chart by staff positions.

FINDINGS (See section titled Conclusions for analysis of Findings)

1. GCHP maintains an “at will” hiring system that pursuant to Section 4.1 of the agency’s policy manual is described as follows: “All positions within the Plan are at will positions. The employment of at will employees may be terminated at any time, for any reason, and without any requirement of demonstrating ‘good cause.’ At will employees have no right to appeal any discipline or termination. At will employees do not acquire a property interest in their position.”
2. Of the total 109,921 clients served by GCHP, 70,187 (Districts 3 and 5) or 64% of the total reside in the Oxnard, Camarillo, Santa Paula, and Fillmore areas, along with several other unincorporated areas. Table B provides a 2010 statistical profile of the population by ethnicity and residing within the GCHP service area. (This figure has reportedly grown to about 148,000 since this figure was first reported in the agency’s annual report).

Table B: City Population by Percentage of Ethnicity									
City	*White	African American	American Indian & Alaskan	Asian	Native Hawaiian & Pacific Islander	Some Other Race	Two or more races	**Hispanic or Latino (of any race)	Total Population
Camarillo	74.1%	1.8%	0.4%	9.5%	0.6%	10.0%	3.6%	21.2%	62,392
Fillmore	52.6%	0.6%	0.2%	2.3%	0.0%	42.3%	1.9%	72.6%	14,945
Moorpark	71.3%	1.1%	0.4%	6.4%	0.0%	17.4%	3.4%	30.1%	35,830
Pt. Hueneme	55.7%	3.8%	5.1%	6.7%	0.8%	19.7%	8.1%	51.4%	21,531
Ojai	83.1%	0.0%	0.1%	1.7%	0.0%	13.6%	1.5%	19.8%	7,772
Oxnard	53.1%	4.3%	2.7%	8.1%	0.3%	27.6%	3.7%	69.3%	183,765
Santa Paula	49.5%	0.1%	0.3%	1.0%	0.1%	46.0%	3.1%	75.5%	28,482
Simi Valley	75.8%	1.1%	0.5%	7.9%	0.1%	11.6%	2.9%	21.7%	119,334
Thous. Oaks	81.2%	1.1%	0.4%	8.6%	0.5%	5.7%	2.6%	15.0%	122,652
Ventura	72.3%	1.1%	1.1%	3.4%	0.1%	17.0%	4.9%	30.6%	103,232
Total unincorporated areas: Data by unincorporated area not available per ACS									103,065
TOTAL ESTIMATE ACS									803,000

Source: (2010) <http://factfinder.census.gov>

3. According to current and former employees that reached out to LULAC for assistance, the agency maintains a work environment that is hostile to people of color and, in particular, people of Mexican descent. Reportedly, it is apparently acceptable for managers, from the bottom to the top of the hierarchy, to openly make disparaging and racially charged comments to others within the workplace. It was reported to LULAC that employees of Mexican descent and people of color are belittled, marginalized and made to feel highly unwelcome within the GCHP environment. According to individuals interviewed, the following statements (and observations) were made directly at or within the proximity of employees of Mexican descent.

- In one situation a senior manager connected with member services at GCHP was advised by a colleague that he make an effort to establish a more collaborative working relationship with a CEO of Mexican descent for local network of medical clinics. Reportedly, the manager responded to his colleague as follows: “I’m not going to work with that f_____ Mexican. You do it!”
- At one “all staff meeting,” one manager from the HR department openly shared with other staff at the meeting that she was getting complaints from job seekers who were questioning the bilingual requirement of certain jobs being announced by the agency. She stated that the callers had said things such as “those people are just toilet bowl cleaners.” While the manager was supposedly quoting a caller, the staff member who shared this account with LULAC stated that the comment “resonated in me as a person of Mexican descent and it looked like she was really enjoying herself in sharing what she said.”
- In another meeting, one manager of Mexican descent who attempted to advocate for improved services for the Mixteco community was thereafter routinely referred to by one senior Anglo manager as “King of the Mixtecos.”
- In another meeting, during the course of a “small talk” conversation among co-workers, one person of Mexican descent shared with others in the room that he did not like hot, spicy foods. One of the Anglo managers at the meeting responded “You need to live up to the stereotype. Those are your people.”
- In another setting, one manager made a racially charged comment about the appearance and eating preferences of one Mexican manager’s spouse. She stated that “That lady is only happy when she has an enchilada in her mouth.”
- In another situation, a senior manager shared with colleagues that she had been in a car accident and that she had “been hit by a non-English speaking person!” In respect to body language and eye contact, she made the comment directly at the one manager of Mexican descent in the room. This interviewee stated to LULAC that “they know

they can say whatever they want to us. This kind of talk goes on in the presence of the executive director and nothing is done about it. There are only several Latinos in management or director positions. If we complain about the racist comments, they will accuse you of being difficult. They will demote you and they will harass you and they will get rid of you.”

- In another complaint, an employee of African-American descent reported to LULAC that it is her perception that people of color are treated in a highly disparate manner by Anglo supervisors in respect to the work load imposed on individuals, the required educational background for many positions, and promotional opportunities. In addition, she stated that “we are treated like garbage.” She stated that in addition to her primary and official job within the agency, she is often assigned work responsibilities for other vacant positions above her classification. When evaluated for overall work performance, her supervisor often factors in work performance for positions that she was not hired to fill and/or paid to perform. She stated that many of the supervisory staff, nearly all of Anglo descent, do not possess the level or type of college training that is normally required of such positions and that it is not uncommon for a person with no college training to be put in charge of supervising employees who were required to have a college degree when hired. It was also reported to LULAC that senior administrators of the agency routinely wave the educational requirement for positions that were advertised as requiring a degree. This individual also described an environment where she is routinely demeaned and disrespected by her supervisor and constantly bullied. Recently, this employee was directed by her supervisor to complete a task, which she stated, required what most people would consider impossible to achieve. “I was already doing three jobs, including filling in for a vacancy, and she asked me to do more. I asked her [supervisor] to please take into consideration what I already had on my plate. Her response to me was that ‘you will do what I tell you to do because I said so!’”
- It was also reported to LULAC that managers of Mexican descent and other non-Anglo managers are often times excluded from meetings that their Anglo peers are invited to attend. When they are included in meetings or discussions, their recommendations and observations are usually dismissed and, at most, treated as unimportant. In one case, a person of non-Anglo descent was hired as a Controller and told that he would be supervising the Controllers fiscal department which included several assistant staff. However, the assigned staff openly refused to take direction from him and instead sought the direction of another manager of Anglo descent not officially assigned the noted responsibility. This state of affairs occurred and continued on for months with the full knowledge of senior management at the agency. It was his conclusion, as stated to LULAC, that “they have hired a few ethnic

minority managers but they give us no authority to do anything. They can make us look incompetent by not giving us the items or information that we need to do our jobs. If they make a mistake, it's just that, a mistake. If one of us makes a mistake, they use that to further marginalize us. “

4. One manager who complained to the leadership of the organization about the overt racism expressed at meetings and within the workplace against people of Mexican descent in particular, informed LULAC that he has since been the target of harassment at the hands of his immediate supervisor. He believes that the harassment is designed to “break” him down and force him to quit his position. Prior to making the complaint to senior managers and members of the Commission, this manager had a history of positive work performance evaluations. Since making the noted complaint, his performance evaluations have been negative and he was demoted and relegated to a lower management classification in a position that required a background in a field completely alien to him. As he stated, “After I complained about all of the racist comments around here, I was demoted and set up to fail in a position that I knew nothing about. Despite their attempts to have me fail in that position, I have done a more than satisfactory job but they simply just make up things about my performance that are not true. ”
5. In addition, it was reported to LULAC that senior managers within the agency routinely make denigrating remarks about the client population, particularly people of Mexican descent. As one interviewee stated to LULAC, “The senior managers around here seem to have a lot of contempt for the people receiving our services.” Reportedly, one senior manager who was invited to attend a function with teen parents stated “My belief system won't allow me to attend something like that.”
6. Managers who in the past have questioned what they perceive to be fiscal irregularities by senior level managers were reportedly subjected to retaliation and were quickly terminated from their position of employment. During the course of the past two years, the agency has employed and then terminated and/or sought to terminate the two individuals who occupied the position of Controller for the agency. The core purpose of this position is to watchdog the fiscal integrity of the GCHP agency. Specifically, the position is designed to help guide financial decisions by establishing, monitoring, and enforcing policies and procedures. In addition, s/he protects assets by establishing and enforcing internal controls. The position also monitors and confirms the financial condition of the agency by conducting audits and providing information to external auditors.

The first Controller, a Certified Public Accountant, who worked at the agency for about two years and was terminated in September of 2013, reportedly discovered some irregular discrepancies within the payroll and fringe benefit account of a senior manager. According to what was conveyed to LULAC, it was a staff assistant who brought the concern to the Controller's attention. The transaction, which occurred on or about April 25, 2013, involved what she perceived to be the arbitrary implementation of a policy not

yet approved by the Commission that would allow employees to cash out their unused vacation leave. Several of the staff members who were interviewed stated that they were informed about the new provision through an email sent to them by CEO Michael P. Engelhard. Since the provision had not been approved by the Commission, the matter caught their attention. In effect, the new policy was enacted and implemented without the approval of the Commission. On that same day, without the involvement of the Controller's office, a payroll clerk was approached and instructed to issue a check to a senior manager for all or a portion of his unused year-to-date vacation leave. When one of her staff brought the transaction to the Controller's attention, the Controller not only questioned the appropriateness of the transaction but upon looking into the matter she discovered what appeared to be a new, unexplained line-item coding in the senior manager's personal payroll profile, which is posted within the agency's payroll data network. While it was not verified, it appeared that the unexplained code may have something to do with the tracking or replenishment of vacation leave. As stated, at least two other staff members within the unit were puzzled by the unexplained code and its purpose. The Controller, reportedly quite concerned about matter, decided to seek advice from two senior administrators at the County of Ventura, including the Chief Financial Officer of that agency. Reportedly she approached that agency because of its close affiliation with GCHP. She also assumed that approaching a public governmental agency would help to shelter her from any undue retaliation for bringing attention to this matter. She was strongly advised by the County's Chief Financial Officer (CFO) to report her concerns to the Chief Financial Officer of GCHP. She took the advice and returned to her office and shared her concerns with the CFO at CGHP, who is reportedly a close and personal friend of the senior manager who had requested and processed the vacation cashout. Within a few days, the Controller was approached by senior management and advised that co-workers viewed her as difficult to work with. When the Controller asked for an example of the alleged misconduct, she was told that she was not entitled to an explanation. Within about three months, she was removed from her position of employment. On or about this Controller's last day of work at GCHP, the two assistants who had knowledge of the perceived irregularity with the matter of the vacation cashout provision were reportedly promoted and issued a pay raise. One of the two individuals, at the time a low range manager, now earns a salary almost equal to the salary that the agency pays to its current Controller. Weeks later, the now terminated Controller received a phone call from a GCHP attorney who stated that she had been hired to review the concerns she expressed regarding the vacation cashout matter and that she found no wrongdoing.

The second Controller, also a Certified Public Accountant, and the replacement for the aforementioned Controller that was fired, discovered what he perceived to be an array of incongruences in the overall administration of the agency's budget. It was his position that budgetary information being reported to the oversight Commission by senior managers was often times incorrect and not congruent with external audit information available to the agency. He based his position on a comparison of external audit firm documents to that of documents and information produced internally by other senior managers of GCHP. As stated by the Controller, "The budget is such a mess that they don't even know how much money is owed to the agency by the state. The agency's

internal figures provided to the Commission by staff are different from the balance figures posted by the auditors that we hired to check our books. The Commissioners are not getting correct information.” There was also considerable budget activity that occurred within the senior ranks of the agency that he was not allowed to review in his role as Controller. In early April, 2014, he was asked to approve a vacation “buyout” transaction for a certain employee (not the manager described in the preceding incident). Upon reviewing the employee’s computerized record of vacation leave, he found that the amount of the requested payout exceeded the amount of actual earned year-to-date vacation leave posted in the database and therefore he refused to sign off on approving the transaction. On or about April 11, 2014, he was called into a meeting by the chief Financial Officer of the agency and the Director of Human Services. He was accused of being abusive and demeaning to his staff. Two days later, on 4/13/2014, the Controller responded in writing to the accusations in an email. As stated, “When I asked about the details and evidence of the accusations, none was presented to me. I was told to go home early and think about whether Gold Coast Health Plan is the right fit for me.” The written response from this Controller to senior staff at GCHP included a variety of expressed concerns regarding the overall fiscal operation of the agency:

- “Willfully reporting wrong and hiding financial information from the Commission”
- “Financial misappropriation of funds”
- “Discriminatory practices for merit increases”
- “[use of] Wrong accounting practices”
- Misreporting the general balance of the agency’s budget to the Commission by as much as \$8 million
- Attempts by certain GCHP staff to “cover up” payroll discrepancies among certain employees
- In one described incident GCHP overbilled the DHCS \$2 million which was eventually discovered to have already been paid to GCHP months earlier. “This indicates that GCHP Accounts Receivable is not reconciled properly displaying the incompetence to DHCS.”
- According to the written statement, one of the main reasons that he was targeted for harassment and retaliation had to do with his discovery on April 10, 2014, that one employee was being paid a salary that exceeded the maximum allowed for her classification. Reportedly, this employee is one of the individuals who shortly after accused this Controller of being “abusive,” which led to his reprimand by his immediate supervisor who also advised him to consider resigning from the agency.
- The written statement also states that he was subjected to “verbal abusive and racially motivated attacks by Lyndon Turner, Director of Finance.” (This Controller is of Mid-Eastern descent).

On May 15, 2014, this Controller, now on medical stress leave, received a letter from CEO Michael Engelhard informing him that the agency had an attorney (not a trained fiscal auditor) review the concerns he had expressed in his written statement and that a GCHP attorney assigned to review the matter had found no wrongdoing. The agency’s manner of dismissing the concerns reported by this Controller is seemingly an exact

replica of how the agency handled dismissal of the previous Controller. Neither of these two Controllers have ever met or communicated in any manner.

On May 16, 2014, the GCHP oversight Commission posted its agenda for its regular meeting to be held Monday, May 19th. One of the agenda items included by senior management was a request that the Commission approve a provision that would provide employees with the option to cash out unused vacation pay. This action was apparently an effort to retroactively approve a policy that was inappropriately enacted in April of 2013 by CEO Michael Engelhard, without Commission approval. As noted, the first Controller who questioned the appropriateness of implementing the unapproved policy and was terminated.

LULAC State President Dave Rodriguez attended the May 19th GCHP Commission meeting and during the public comment session of the meeting he read a letter urging the members of the Commission to table the item pertaining to the vacation buy-out provision pending completion of LULAC's investigation into the overall concerns expressed by the Controllers of the agency. The provision was nonetheless approved, with two Commissioners voting against the retroactive policy.

At this same meeting of May 19th, the agency's legal counsel reported to Commissioners during closed session that the second Controller, Allen Maithel, had become very difficult to work with according to co-workers and some of them had threatened to resign their position if Mr. Maithel was allowed to return to work. Apparently, he had been sent home on administrative leave after certain employees complained about his behavior. The legal counsel reportedly advised the Commissioners to allow CEO Michael Engelhard to offer Ms. Maithel up to \$50,000 in the form of severance pay and/or to encourage him to separate himself from the agency. At no time during this session were Commissioners informed that Mr. Maithel had during the month of April reported a variety of perceived fiscal improprieties within the agency and that his refusal to sign off on what he believed to be a highly improper request for approval of certain funds is what led to the turmoil within his workplace and among his co-workers. Reportedly, Commissioners were also not informed about the perceived and reported fiscal improprieties by the previous Controller who was also issued a severance package seemingly to make her "just go away." See page six and seven in this report under the sections titled "First Controller" and "Second Controller" for a review of the matter. This Controller, in an effort to obtain guidance regarding the matter, also reported her concerns to the County of Ventura's Chief Fiscal Officer who advised her to return to her office and report her concerns to the GCHP's Chief Financial Officer. As previously noted, this Controller was eventually terminated from employment.

In a separate action taken by the oversight Commission at its May 19th meeting, there were two other items approved that included increase in pay ranges for all staff. Following is a table illustrating the new pay ranges for senior staff of GCHP.

Gold Coast Health Plan Pay Ranges Approved by Commission 5/19/2014				
Position	Minimum	Mid-Point	Maximum	Max. Monthly
Chief Financial Officer	\$214,970	\$251,525	\$288,079	\$24,006
Chief information Officer	\$214,970	\$251,525	\$288,079	\$24,006
COO	\$214,970	\$251,525	\$288,079	\$24,006
CMO	\$225,717	\$264,100	\$302,483	\$25,206
Chief Executive Officer	\$237,003	\$277,305	\$317,607	\$26,467

Source: GCHP Agenda and related documents

The second item approved by the oversight Commission consisted of what senior staff termed as a SPOT reward system whereby an employee can be gifted a monetary award for work performance deemed exemplary by respective supervisory staff. This award would be separate from the wages they were already paid for having performed the same function. The range of the reward is \$50 to \$1,000 per exemplary act.

In a review of Article 16 of the California State Constitution and Government Code Section 8314 regarding gift of public funds it was found that a government entity cannot give away public money to individual employees. This includes money and/or any other item that only an individual can use. Rewards can be given but only to a group or a department and the awarded items must continue to be owned and retained by the respective publicly funded agency.

7. Both Controllers were highly consistent in what they described as a two-tier society when it comes to employees and the level of salary they are paid. People of color or of Mexican origin are rarely given raises or promotions. People, typically of Anglo descent, in good standing with the CEO of the agency, are rewarded with raises and promotions at a pace that far exceeds the standard for this industry. The second Controller, currently on stress leave, stated that he routinely questioned the reasonableness of cost for proposed raises within his area of supervision but was consequently accused of being a difficult employee. Reportedly, some of the Anglo managers have received as many as two promotions and two raises within a 24 month period. The Director of Communications for GCHP, who earns an executive level salary, is allowed to work from home almost 50% of the time. The agency's Chief Information Officer reportedly started at GCHP at \$130,000 per year and within 8 months her salary was increased to more than \$200,000. The agency employees a second employee who resides in the state of Washington. The agency has no policy that allows this type of remote working arrangement.
8. Pursuant to Section 25 of its policy manual, GCHP has in place a rule against the practice of nepotism in the work place. While the policy clearly states that no person shall be denied employment on the basis of marital status and, by implication, being a blood relative of another person, Section 25.2 of the policy requires that appropriate steps be taken to avoid inappropriate working and, by implication, hiring relationships among relatives. Reportedly, one senior manager of the agency directly intervened in the decision to hire his step daughter into a position that was never announced to the public or posted within the agency. Though she had no prior experience, she was hired as a policy analyst intern at about \$48,000 per year.

9. LULAC was informed that senior managers at the agency, including the CEO, seem highly resistant to have outreach information translated into Spanish. As stated by one employee of the agency, “This is an example of the contempt that these people have towards Mexican people. Sixty percent of our members are Latinos. It is very difficult to get them to do what most other public agencies in the country consider very necessary in order to do a good job.”
10. In the course of its investigation, LULAC made a Public Records Act request to GCHP in April 2014. Among the numerous public records documents requested, LULAC received and analyzed over 300 pages of listings of travel and credit card charges made by staff at GCHP from January 1, 2011 to March 31, 2014. Despite the specific time frames stated in our request, the agency clearly failed and/or refused to release credit card purchases records for the latter part of the period noted. In other words, there was virtually no records released that pertained to the past 12 months of activity. The purpose of this retrieval and review is to examine an agency’s use and/or abuse of public funds through the course of day-to-day operations. Our investigators examined the expenditures from the perspective that GCHP is a publicly funded agency established for the purpose of using taxpayer-generated Medi-Cal money to serve the poorest sectors of the community within Ventura County. It was assumed that the management and leadership team of the agency is expected to be highly cognizant of the need to manage its resources in the most frugal and conservative manner possible. In terms of the noted records, we observed countless credit card transactions that appeared to be of a personal nature and not appropriate agency business.

Because the names and position of the individual making the purchases were not noted on the credit card ledgers, the purpose of most of the expenditures were not made available to LULAC. For example, there were numerous purchases made at fast-food outlets, Walmart stores, one flower shop, and one music guitar shop. The amounts of the purchase ranged from a few dollars to hundreds of dollars. There were several incidents where public funds appeared to be used to purchase liquor (in accompaniment of meals), obviously something that is not acceptable for any public agency. The following table constitutes a listing of purchases that our organization considered to be the most glaring in terms of probable inappropriate credit card usage that, at a minimum, merits an explanation. There are countless other similar purchases that were made with agency credit cards but we elected to only use some of them as indicators of the overall picture.

In terms of credit card usage our organization looks for patterns of use, proximity of dates, type of purchases, and perceived extravagance. The usage amounts to purchases of gasoline, fast food items, and a visit to a grocery store.

The following transactions represent a small sampling of purchases made with Medi-Cal funds by GCHP personnel over the course of the past two years. These transactions serve as one indicator of how GCHP manages public funds. Clearly, a more thorough investigation is merited before a final conclusion can be made regarding the appropriateness of the noted purchases. At this point in time, we leave the interpretation

of the following credit card usage to the reader and/or regulatory agency in receipt of this report. For example, how does one explain using Medi-Cal funds to download music from the iTunes USA Corporation? What is the explanation for the agency's Chief Financial Officer using Medi-Cal funds to pay for lodging, two different times, one month apart, at the most exclusive resort in Ojai, California? What is the explanation for someone using Medi-Cal funds to make a \$296 purchase at a guitar shop? What is the explanation for the spree of credit card usage in the West Hills area in September 2013 which appears to be of a personal nature and not agency business?

Date of Purchase	Day of week	Description	Amount
2/6/2012	Mon	Guitar Center, Oxnard, California	\$23.69
6/27/13	Thurs	Ojai Valley Inn – lodging for CFO	\$225.00
8/5/2013	Mon	Ojai Valley Inn – lodging for CFO	\$225.00
7/21/12	Sat	Sears Fine Food – Liquor with food	\$4.00
3/7/2012	Wed	TLF Sweet Peas Flowers	75.02
3/17/2012	Sat	Marshalls (general merchandise)	\$51.40
3/19/2012	Mon	Fresh and Easy Oxnard	\$42.31
3/20/2012	Tues	Pizza Demarco Valencia	24.85
3/27/2012	Tues	Walmart Santa Clarita	\$3.93
3/26/2012	Mon	Guitar Center – Oxnard	\$296.00
6/4/2012	Mon	American Pizza	\$70.00
7/24/2012	Tues	P.F. Changs (liquor with meal)	\$8.00
7/21/2012	Sat	Pub at Ghirardelli S.F. Liquor with meal/2 alcoholic beverages	10.00
7/23/2012	Mon	Vons Oxnard	\$28.69
7/30/2012	Sat	American Pizza and Pasta Oxnard	\$28.69
10/9/2012	Tues	Party Pleaser, Camarillo	\$500.00
10/16/2012	Tues	iTunes MusicUSA Cupertino, CA	\$29.99
10/16/2012	Tues	iTunes MusicUSA Cupertino, CA	\$151.98
10/16/2012	Tues	iTunes MusicUSA Cupertino, CA	\$189.99
9/9/2012	Sun	Woodstock's Pizza SLO	\$29.59
9/10/2013	Mon	Shell Oil Camarillo	\$43.03
9/11/2013	Tues	Wendy's West Hills, CA	\$14.67
9/11/2013	Tues	Kohl's West Hills, CA	\$18.52
9/12/2013	Wed	Carl's Junior Woodland Hills	\$13.05
9/14/2013	Thurs	WalMart West Hills, CA	\$16.22
9/14/2013	Thurs	Pavillion's West Hills, CA	\$122.71
9/16/2013	Sun	Chevron West Hills, CA	\$41.08
9/26/13	Thurs	Village idiot Lexington, KY/Liquor	\$26.00
6/19/13	Wed	Tapeo Restaurant Boston	\$19.50

11. At the initial meeting that LULAC leaders held with CEO Michael Engelhard and one of his staff members, there were several concerns that were presented. The concerns included (a) the lack of diversity within the agency's management and director ranks, (b) the relocation of the agency from Oxnard to Camarillo which was viewed by our organization and respective constituency as creating an undue hardship for members (recipients) in terms of access and transportation, and (c) the overall need for the agency to be more sensitive to the community in terms of cultural competency. The response from Mr. Engelhard regarding the transportation and access issue was that clients would be able to utilize public transportation. LULAC representatives at the meeting expressed concern and reminded Mr. Engelhard that public transportation within this county, particularly public bus services, remains very limited. When asked, Mr. Engelhard admitted that clients from as far away as Fillmore and Santa Paula would have to find their way to the Camarillo GCHP facility if they want to initiate registration for services. After further dialog, Mr. Engelhard seemed to agree that he was open to exploring the possibility of establishing "storefront" orientation centers in some of the towns. LULAC representatives advised Mr. Engelhard and his staff to pursue a collaborative venture with the County of Ventura's Human Services Agency which has satellite centers across the county with ample facilities to accommodate orientations for clients from the respective areas.

CONCLUSIONS

1. The agency uses an "at will" hiring process that, in practice, allows senior management to completely circumvent standard equal employment opportunity practices that are normally required of publicly funded organizations. There are virtually no "checks and balances" to ensure bias-free hiring procedures and therefore senior management is able to hire whoever they want "at will." A review of documents provided to LULAC revealed that there are almost no people of color or Asian descent and Latinos account for less than 10% of the directors and managers of the agency. Meanwhile, about 60% of the clients served by the agency are Latino. There are a significant number of Latino/as in support services positions working at GCHP but not in management or director positions. As previously described, the "at will" hiring provision presently in place at this agency, whether intentional or not, allows senior managers to determine the level of diversity and/or non-diversity within the leadership ranks of the organization. In effect, the bias free hiring process normally expected of publicly funded agencies is non-existent at GCHP. There is a perception among concerned observers that senior managers at GCHP exercise every opportunity to partake in a form of cloning which is fully accommodated by the at-will hiring process. They hand-pick new hires who often times have a personal history with them (friends, etc.), think like them, look like them, and, in particular, share their political and philosophical views about other races of people. All of the senior directors, including the CFO, COO, and CIO were friends and/or acquaintances of the current CEO prior to being hired.
2. The "at will" hiring system, by its very design, also provides supervisory staff with a "blank check" to write and state whatever they want regarding an employee's performance. As stated in Section 4.1. of the agency's policy manual, "At will employees have no right to appeal any discipline or termination." Given the complete absence of due process rights and provisions

that are normally extended to employees within most public institutions, an employee who falls into disfavor with a given GCHP supervisor has no right to rebuttal mischaracterizations or errors about his/her job performance. If they do assert themselves, their complaints are simply dismissed. In the case of the two Controllers who asked for examples and evidence of their misconduct, their request for facts were dismissed. It was also our finding that when senior administrators report to the Commission accounts about the alleged misconduct of employees (who in actuality may have simply elected to stand up to oppose maltreatment in the workplace), the majority of the Commissioners blindly accept whatever they are told and apparently just dismiss the matter as something having to do with a problematic employee. This perception is validated by the voting pattern of the Commission to support the dismissal of the two Controllers. Reportedly, none of the Commissioners were ever informed by GCHP senior administrators about the fiscal findings and expressed concerns of the two Controllers regarding perceived mismanagement of public funds. It is our belief that most of the Commissioners would not have supported the dismissal and/or orchestrated removal of the two Controllers if they had been provided with all of the facts pertaining to the matter.

In effect, senior staff members within the agency are selective in the information that they share with Commissioners. In the matter of the two Controllers, Commissioners, until they received a copy of the report in hand, were never informed about the expressed concerns from the two Controllers regarding the mismanagement of public funds at the hands of senior administrators. Senior managers, in concert with their legal counsel, simply made recommendations to the Commissioners that the Controllers be paid a sizeable severance package. As one dissenting Commissioner shared with LULAC, “It kind of looks like a cover-up.”

3. We also received testimony that managers who fall into disfavor are often times not invited to certain meetings and crucial information they need to do their jobs is kept from them. They are then accused of malperformance for having not attended the same meeting or failing to act on information they never received. The manager who complained in May 2012 about the overt racist conduct of co-workers in the workplace has since received nothing but poor performance reviews from his supervisor which he is unable to refute or correct since there is no due process available to targeted employees. In effect, the at-will employment system, in the hands of a mal-intended supervisor, can be used to unfairly treat an employee and/or engineer the termination of that person without paying any mind to honesty and fair treatment. In conclusion, the at-will hiring system enables supervisory overseers to hire, supervise, and terminate employees without any consideration for factual evidence or respect for the civil rights of a person. Of the individuals who gave testimony to LULAC, three described themselves as victims of the at-will “no rights” system. After reporting perceived improprieties in the mishandling of public funds by others and/or being subjected to race-based hostility in the workplace, they suddenly became the target of what was described to LULAC as “untrue statements about my work performance designed to get me to resign or eventually get fired.”
4. From a best practices point of view, the matter of diversity in the work place is extremely important when examining the management and leadership make-up of a given agency. Consistent with best practices models within the human services industry, the level of

diversity within an organization determines the level of cultural competency that will be unleashed on a community by a given agency. Nearly all of the individuals who were interviewed for this investigation stated that people of color and non-Anglo descent, either as employees of the agency or as clients of the community, do not have their best interests represented by the agency. As one employee stated, “The people running this agency see themselves as the clients of the agency and not the community. You see this in their decisions, the raises they give to themselves, the way they treat Latinos and others at work, and the contempt they have for poor people. Everything they do is for their convenience. Even the move from Oxnard to Camarillo was so they could be closer to their homes in East County. They could care less about the people in Oxnard that don’t have transportation to get to our new office.” There are presently only several people of Mexican descent within the management and directorship ranks of the agency. As stated, sixty-percent of the client base connected to the agency consists of people of Mexican descent. Aside from several Latino/as, there are no people of African-American, Asian, or any other ethnic minority background within the management and directorship ranks of GCHP. Of the two controllers employed (and fired) by the agency during the past two years, one was of African-South American descent and the other emanated from a mid-Eastern background (India). The highly consistent reports from current and past employees describe a work environment where managers of Mexican descent and other people of color are openly subjected to race based abuse and they are severely marginalized so that they cannot excel in their official positions as employees, thereby keeping them in a highly vulnerable position throughout what appears to be short stays. The most compelling evidence to support our conclusion came from the accounts presented to us by the last two Controllers who, to date, have never met one another yet they both were fired for discovering and calling attention to what they viewed as highly improper fiscal management of public funds and for also complaining about the abuse and disrespect in the workplace. In essence, the manner in which senior managers treat managers of color and/or Mexican descent in the workplace is a major indicator of how Medi-Cal recipients of the same race and ethnicity are viewed and treated. It is our position that GCHP, a publicly funded agency, has been allowed to create a culturally incompetent management and leadership team that is at complete odds with the best interests of the intended and entitled client population, particularly people of Mexican descent. According to interviews we conducted, there is presently no cultural competency training being provided to employees of GCHP.

5. In terms of the oversight Commission that is supposedly responsible for helping to steer and regulate the agency, as previously noted, it is our conclusion that Commissioners are either not aware of the ongoing mistreatment of employees and perceived mismanagement of public funds or, in terms of the majority of members, they condone the misconduct described in this report. As indicated by the concerns articulated by the previous two GCHP Controllers, it is the perception of at least one of the Controllers that members of the Commission are not receiving accurate information from senior managers of the agency. Whether the cause of the perceived misinformation is merely that of “sloppy” accounting procedures or actual attempts to hinder transparency is not clear. The matter of the provision that allows employees to cash out unused vacation is one example of non-transparency. As stated, the provision was never approved by the Commission, yet it was announced and enacted by CEO Michael Engelhard in April of 2013. According to our sources, Mr. Engelhard exercised his option to cash out his unused vacation on or about April 25, 2013.

This should raise a major concern about the level of transparency that is being maintained by senior staff in terms of respecting or not respecting the role of the Commission. The fact that senior management finally brought the matter of the vacation cashout provision to the Commission's attention at its May 19, 2014 meeting with a request that it be approved retroactively to April 24, 2013, certainly validates the concern expressed by the Controller who was reportedly fired for questioning implementation of the unapproved provision. It is LULAC's perception that the matter was finally brought to the Commission for retroactive approval because of our organization's recent Public Record Act request which included a demand for a copy of the Commission minutes showing that it had approved the vacation buy-out policy, which we now know never happened.

6. It is our conclusion that the membership structure of the Commission allows for the existence of a rather obvious conflict of interest for respective members. Given the fact that one of the County Board of Supervisors sits on the Commission, it is a forgone conclusion that any employees of the County who serve on the Commission will not have a genuine voice when voting on matters. In political terms, it would be very rare and potentially damaging to the career of a County employee to openly oppose the voting desire of a Supervisor. This is a well-known fact regarding the tradition and political culture of the County as an agency. Several of the individuals serving on the Commission are employees of the County and reportedly one of the other Commission members is a former employee who now has a contractor relationship with the County. Reportedly, an attorney that works for and is paid by GCHP concluded that County employees who serve on the Commission do not constitute a conflict of interest.

While some interpret conflict of interest as an arrangement restricted to a situation whereby members of a given body stand to benefit monetarily from their vote and should therefore be removed from the situation or, at a minimum, abstain from voting on a given matter, our organization's interpretation of conflict of interest is expanded and consistent with the Attorney General's definition which means that if the GCHP Commission is structured in a way that decisions are not rendered in the best interest of the public because one person has the power to monopolize the course of decisions, then that body is not functioning in a manner that serves the best interest of the public.

7. It is important to note that the racially charged comments that were reportedly made in the GCHP workplace were done so by senior managers of the agency. The names of personnel who either made the comments or were recipients of the comments are documented and recorded with LULAC but were held back from this report to prevent further undue retaliation against employees within the work place. In addition, some of the noted incidents reportedly occurred as far back as January 2012 and more recently in 2014. The described hostile work environment is apparently still in full swing and therefore we elected to expose what we perceive as a continuing pattern of the described conduct. While there has been a turnover in some of the senior staff over the course of the past two years, the hostile environment has apparently not changed. If the proverbial notion that leadership begins at the top is to be given any credence, it is our position that the described conduct would not be acceptable at GCHP unless the management team is simply modeling what they see and hear at the top.

8. There appears to be a major discrepancy of awareness and disinterest on the part of senior management regarding the need for the agency to respond more effectively and congruently to the challenges that economically disadvantaged “members” (aka Medi-Cal patients) face when forced to travel out of town in order to register for services. In addition, many of the eligible GCHP members do not have access to on-line or telephone support which means that accessing some of the services within the agency is very difficult for economically disadvantaged people who may not have such equipment. The current open access model for new members is inadequate and puts an undue transportation burden on new members. It was evident at meetings that LULAC attended with GCHP leadership to address this concern that senior management is seemingly completely disinterested in understanding how to best serve the entitled user population for GCHP. Senior managers at the agency, in particular CEO Michael Engelhard, have been advised about the lack of public transportation within the Ventura county region and he has also been reminded about the economic disadvantage of most Medi-Cal recipients. Recently, when the agency elected to move its central office to Camarillo where new member orientations are held, our organization urged him to seriously consider establishing storefront operations in towns such as Santa Paula, Fillmore, Oxnard, and Ventura. He was also asked about the level of bilingual services available to the Spanish speaking population. Employees of the agency reported that Mr. Engelhard is seemingly resistant to translation of outreach materials into the Spanish language. Reportedly, the agency has sponsored a couple of storefront orientation sessions at 1 p.m. or 2 p.m. in the afternoon. Attendance was almost zero. These sessions were poorly advertised and obviously held at a time of the day when potential new members are working or unaware of the session’s presence in their community. LULAC also found that the Director of Communications, which supposedly oversees the agency’s outreach to the community, works from his home in Orange County about half of the work week.

9. A review of past Commission minutes from previous meetings revealed that senior staff reportedly conducted a survey of other California health Plan agencies to determine if the salary levels for staff within GCHP were competitive and equitable to counterparts in other counties. As previously noted, the Commission approved raise range increase for GCHP at its May 2014 meeting. It is the position of our organization and most likely many other observers that the salary range for GCHP staff, particularly senior managers, is excessive. A comparison of the current salary range for GCHP managers and the County of Ventura managers who previously managed the Medi-Cal program will show that the salary range for GCHP managers is at least double what it was for their predecessors.

RECOMMENDATIONS

1. It is highly recommended that the GCHP and/or the oversight Commission abolish the at-will hiring and personnel system currently in place and replace it with a system that is designed to greatly reduce the capacity of the agency to circumvent the fair employment and due process practices that are normally expected of publicly funded agencies. We are specifically recommending that the agency embrace a personnel and employment model that is based on Merit System Principles. The guiding principles for such a model would include the following:

-Recruitment should be from qualified individuals from appropriate sources in an endeavor to achieve a work force from all segments of society, and selection and advancement should be determined solely on the basis of relative ability, appropriate educational level and/or certified credentials, knowledge and skills, after fair and open competition which assures that all receive equal opportunity.

-All employees and applicants for employment should receive fair and equitable treatment in all aspects of personnel management without regard to political affiliation, race, color, religion, national origin, sex, marital status, age, or handicapping condition, and with proper regard for their privacy and constitutional rights.

-Equal pay should be provided for work of equal value, with appropriate consideration of both national and local rates paid by employers in the private sector, and appropriate incentives and recognition should be provided for excellence in performance. Salary increases should be based on verifiable experience and appropriate credentials.

-All employees should maintain high standards of integrity, conduct, and concern for the public interest.

-Employees should be retained on the basis of adequacy of their performance, inadequate performance should be corrected, and employees should be separated who cannot or will not improve their performance to meet required standards. Review and performance of employees should be formative and progressive in nature. Procedures to review, evaluate, and discipline employees should be guided by factual, validated observation and documented information.

-Employees should be provided effective education and training in cases in which such education and training would result in increasing the capacity of employees to perform their jobs more effectively and to serve the public as intended by the agency. Cultural competency training designed to sensitize employees about the need to respect and celebrate diversity is one example of such training.

-Employees should be protected against arbitrary action, personal favoritism, or coercion for partisan political purposes

-Employees should be protected against reprisal for the lawful disclosure of information which the employees reasonably believe evidences (a) a violation of any law, rule, or regulation, or (b) mismanagement, a gross waste of funds, an absence of authority, or a substantial and specific danger to public health or safety.

The content of the aforementioned recommendation is partially based on recommendations made by the U.S. Merits Protection Board
<http://www.mspb.gov/meritsystemsprinciples.htm>

2. It is highly recommended that GCHP and the oversight Commission take immediate and corrective action to establish a work environment that is intolerable of racist or abusive conduct. It should be made clear to every employee, particularly managers and directors, that racially charged comments and/or disrespectful treatment of others will not be tolerated by the agency and that disciplinary and/or corrective action will be applied accordingly.
3. It is furthermore recommended that the agency develop and implement a cultural competency training program that is designed to enhance the ability of employees to celebrate and appreciate the diversity that prevails in our society and particularly within the county of Ventura. The training should also include a component that is designed to increase the sensitivity of employees towards the diverse client population being served by GCHP.
4. It is also recommended that senior management and the oversight Commission reaffirm the need to treat all managers and directors, regardless of their racial background, in a fair, respectful, and equitable manner. Disparate treatment, such as not allowing them to attend meetings attended by their peers or being deprived of information they need to effectively perform their job in a satisfactory manner, should not be allowed under any circumstances.
5. It is furthermore recommended that GCHP and the oversight Commission reaffirm the public doctrine of equal pay-for equal work and that the current salary levels for all managers and directors be audited to ensure that people of color and Mexican descent are not being treated and paid in a disparate manner, as compared to Anglo personnel doing the same type and quantity of work.
6. It is also recommended that the agency's salary schedule be reviewed to ensure that recently increased salary levels for managers and directors is reasonable and equitable to the prevailing standards of local public service industry. The review should also include a study of the survey that was already conducted to check salary levels in other counties to ensure that the Commission received accurate information before approving the exorbitant pay increases.
7. It is recommended that GCHP and the oversight Commission reaffirm the right of employees to voice their concerns to appropriate administrators when they believe they have been the victims of abuse in the workplace without fear of retaliation. Furthermore, no employee should be subjected to undue repercussions for complaining about a hostile work environment.
8. It is highly recommended that senior GCHP administrators and the oversight Commission take measures to repair the damage that has already been inflicted on current managers and employees who have been or continue to be targeted with retaliation for speaking out about perceived abuse within the workplace or perceived improprieties that they were hired to prevent, as in the case of the second Controller presently on stress leave.

9. We also urge the oversight Commission to engage an independent external fiscal audit firm to examine the expressed concerns of the two Controllers employed by GCHP over the course of the past two years. We are also recommending that the firm not be one that the agency has used in the past. The audit should include an interview of the two Controllers, as well as any other employee or individual with relevant information about the fiscal state of affairs within the agency. Their expressed concerns should be fully investigated and the findings should be reported directly to the Commission and/or the proper public officials by the investigators and not left to the discretion of senior GCHP management. We are particularly recommending that the perceived practice of using the performance evaluation process as a tool for retaliation against people who complain about hostilities in the workplace, as opposed to using that process as a fair and honest human development tool, be thoroughly investigated and corrected accordingly. Given the testimony provided to LULAC regarding this aspect of the agency's operation, we believe that the confidence factor, in terms of credibility, is very high and, in the interest of maintaining a transparent and properly operated agency, an audit is greatly merited.
10. It is also recommended that the agency and the oversight Commission initiate a personnel qualifications audit to ensure that all current GCHP staff members are actually qualified to perform the duties they are being paid to perform. For example, we were informed that the Compliance Officer for the agency emanated from a prior position as a Pharmacy Technician. Furthermore, we were informed that this Compliance Officer reports directly to the CEO of the agency, which is an outright conflict of interest.
11. In terms of cross agency relationships between the County of Ventura and GCHP, we will be strongly communicating our concerns regarding the perceived conflict of interest involving the presence of a County Board Supervisor serving on a Commission that is populated by a significant number of County employees.

SUMMARY

In summative terms, it is the position of LULAC that GCHP is a publicly funded agency that is being treated and managed like a private corporation where fair treatment of employees and racial tolerance is not always guaranteed and public funds are perceived as being mismanaged. Consequently, adverse working conditions and management of resources that are typically not allowed to thrive in a publicly funded setting are very much alive within the GCHP environment. In addition, based on our observation of the Commission's proceedings at its May 19, 2014, it is clear to us that the majority of the Commissioners are either completely unaware of their responsibility to represent the best interests of the public or they condone the perceived and described misconduct of the agency as presented in this report. Based on our analysis of the information gathered and the testimony that was shared with our organization by current and former employees of the agency, it is furthermore our position that the fundamental cause of the unrest at GCHP can be traced to several specific sources.

The first source of the problem is clearly the at-will hiring system which allows senior managers to dismiss the use of fairness and equity in the workplace and fully determine the fate of every

employee, especially those who question the abuse inflicted on them and/or voice any concerns about perceived improprieties. There is virtually no semblance of diversity within the decision-making arena of the agency pertaining to Directors and Managers and therefore cloning and racial intolerance is rampant.

The second source of the problem is racial and cultural incompetence whereby people of color and Mexican descent are completely disenfranchised and vulnerable to race-based hostility at the hands of senior managers and directors. They are not represented within the decision making arena of the agency and those that are in charge appear to have nothing but contempt for employees and clients who are not a mirror image of themselves. The fact that about sixty-percent of the client population is Latino is apparently not appreciated by those in charge at the agency. As allowed by the at-will hiring and personnel system, there is no process in place to protect employees who choose to not tolerate racially driven mistreatment.

The third source of the unrest is the policy of inflicting unrestrained retaliation against employees (i.e. Controllers) who have the courage to question what they perceive to be improprieties as to how the agency and its public funds are being managed and/or mismanaged.

As stated within our recommendations for resolving the unrest and conflict within GCHP, we urge members of the oversight Commission and/or external regulatory agencies reading this report to fully investigate the matter at hand and, in the case GCHP fiscal operations, that the audit be administered by an outside firm that is credible, competent, and experts in auditing publicly funded institutions. In respect to the matter of race-based hostility in the work place, we are also requesting that GCHP be directed to engage the services of an outside, impartial firm to investigate the complaints and to develop a plan for cultural competency training that all staff will be required to complete in order to maintain good standing as employees.

While LULAC has made a good faith effort to present recommendations for improving and correcting the described conditions, ultimately it is our belief that unless a new, well-intentioned and competent leadership team is brought into the agency, it will no doubt require tremendous intervention from outside regulatory agencies and powerbrokers to correct the appalling conditions that we have described in this report.