

COUNTY OF LOS ANGELES – DEPARTMENT OF HEALTH SERVICES

AUDIT & COMPLIANCE DIVISION

CONFIDENTIAL

SUBJECT: ALLEGED FALSIFICATION OF DOCUMENTS AND VIOLATION OF THE COUNTY AGREEMENTS BY RELIABLE HEALTH CARE SERVICES (RELIABLE)

PURPOSE

To investigate allegations of improprieties by Reliable and violation of its contracts with the County.

BACKGROUND

The Department of Health Services (DHS) contracts with Reliable for services to meet patient care requirements and address staffing shortages in various clinical areas at County facilities. In fiscal year 2005/2006, DHS paid Reliable \$8,921,187 for services at approximately nine County facilities, not including Public Health Centers. DHS received an anonymous letter alleging various improprieties by Reliable that violate the terms of its Medical Personnel Services Agreements. The letter included allegations such as bribery; falsifying documents regarding employment of a Director of Nursing; falsification of personnel documents, i.e., falsifying employee physical examination documentation, Cardio Pulmonary Resuscitation (CPR) and Hospital Fire and Life Safety (HF&LS) training documents, and drug test results; instructing its employees to fraudulently report time; overcharging for provided services; paying employees “under the table;” and inadequate workers’ compensation insurance coverage.

The Auditor-Controller’s Office of County Investigations (OCI) is investigating a number of these allegations, which will be reported separately.

SCOPE/METHODOLOGY

A&CD staff reviewed Reliable’s five Medical Personnel Services Agreements with the County to identify the specific terms, conditions, and service requirements for each agreement and consulted with County Counsel for clarification of contract language and intent. Reliable is currently providing 10 services under three of its five agreements: H-701360, H-701773, and H-211863. A&CD staff also reviewed paid invoices, Personnel Services Agreement Utilization Reports, the DHS-Human Resources Non-County Workforce Database, and documents provided by Reliable to identify the Reliable personnel working at each DHS facility.

In addition, A&CD staff reviewed County documents including finance registry reports, policies and procedures, time records, area files, Reliable employee medical and personnel files, insurance certificates, and other pertinent documents. A&CD staff conducted interviews with various County employees including the Quality Improvement Program Director and Assistant Director; Contracts and Grants Division Chief; Regulatory Compliance/Organizational Development Manager; facility contract monitors; and supervisors and/or staff responsible for timesheet approval. A&CD staff also interviewed individuals at outside medical facilities, CPR training agencies and instructors, former City

of Los Angeles Fire Department (LAFD) training instructors, insurance representatives, and Reliable's Corporate President, Human Resources Director, and its employees working at DHS facilities.

ALLEGATION #1

Reliable does not have a Director of Nursing as required by the contract, and the owner instructs office staff to forge documents containing the Director of Nursing's name, physical examination documentation, employee CPR and HF&LS training documents, and drug test results.

FINDINGS

Director of Nursing

Temporary Nursing Personnel Services Agreement No. H-211863 requires Reliable to provide a full-time Director of Nursing, who shall be available at Reliable's local office Monday through Friday from 8:00 a.m. to 5:00 p.m. The proposal submitted by Reliable to Contracts and Grants resulted in Reliable being awarded Contract No. H-211863, which was implemented on December 19, 2000. Reliable identified a registered nurse as its Director of Nursing and indicated that she is employed on a full-time basis at their headquarters in Culver City. In addition to performing various duties, Reliable's proposal indicated that the registered nurse "is available Monday through Friday during regular office hours and on-call twenty-four (24) hours per day, seven (7) days per week, including holidays for nursing consultation."

During interviews with Christopher Beesemyer, Reliable's Director of Human Resources, he identified the same registered nurse named in the proposal as the Director of Nursing and stated that her work schedule is Monday to Friday, 8:00 a.m. to 4:00 p.m. He stated that as of May 2006, a second registered nurse was hired to be on-call in the Director of Nursing's absence. A&CD staff requested time records for the Director of Nursing; however, Mr. Beesemyer stated that she is a salaried administrative level employee, and is not required to complete time records. Mr. Beesemyer provided copies of current licenses from the California Board of Registered Nursing for both individuals. According to the California Board of Registered Nursing, the Director of Nursing resides in Burnt Ranch, California and the on-call registered nurse resides in Durango, Colorado.

During an interview, Mr. Beesemyer stated that the Director of Nursing was on vacation at her ranch in Northern California and was expected to return to work in a week or so. In a subsequent interview 2½ weeks later, Mr. Beesemyer indicated that the Director of Nursing had returned from her previous vacation; however, he stated she was taking additional vacation time off. Since the Director of Nursing reports to Reliable's Corporate President, Dr. William Benbassat, Mr. Beesemyer referred A&CD staff to him for further clarification about her vacation schedule.

Dr. Benbassat stated that the Director of Nursing had been on vacation for approximately two to three weeks and would return in approximately 30 days. Dr. Benbassat indicated that she accrues vacation time and provided a printout as documentation of her vacation days earned for the period January 3, 2004 through September 30, 2006. He also provided a matrix of the Director of Nursing's earnings for the period July 7, 2006 to August 28, 2006, that identifies her Federal and State Income tax, Social Security, Medicare, and State Disability Insurance withholdings. Dr. Benbassat provided a job

description for the Director of Nursing position that was consistent with the duties outlined in Reliable's proposal.

A&CD staff conducted a telephone interview with the individual identified by Reliable as its Director of Nursing, who stated that as a favor to her friend, Dr. Benbassat, she was hired to give flu shots at department stores and began working for Reliable approximately eight years ago. The registered nurse stated that she only worked for Reliable sporadically and has not worked for Reliable for over a year. She also stated that she never held a full-time position and has never worked out of a Reliable office. The registered nurse stated that she moved from Los Angeles to Burnt Ranch, in Northern California, in 2002. According to MapQuest, Inc., Burnt Ranch is approximately 626 miles from Reliable's Culver City office. She stated that Reliable paid her in cash for the work she performed and Reliable has never provided her with either a 1099 or a W-2 tax form. According to documents obtained by the Health Authority Law Enforcement Task Force (HALT), the California Employment Development Department has no record of employee wages earned by the registered nurse identified as the Director of Nursing or the on-call registered nurse for the time period July 2005 through June 2006.

Tuberculosis (TB) Skin Tests

According to the terms of the agreements, Reliable shall provide upon request, evidence that each of its personnel has received an annual TB skin test or chest x-ray. A&CD staff reviewed Section 70723, Title 22, Division 5-Licensing and Certification of Health Facilities, Home Health Agencies, Clinics, and Referral Agencies, of the California Code of Regulations (CCR). Section 70723 requires an annual TB skin test for individuals that have documentation of a previous negative skin test and a chest x-ray for those with a previous positive skin test.

Mr. Beesemyer stated that Reliable conducts free in-house TB skin tests for its employees. The California Department of Health Services Guidelines for Prevention and Control of Tuberculosis in California Long-Term Health Care Facilities indicates that the TB skin test should be administered by a licensed health care professional, specifically trained to apply and interpret the results. Mr. Beesemyer stated that the injections are given by Maria Carranza, who he indicated is a Certified Nursing Attendant (CNA), or by the registered nurse identified as the Director of Nursing, and the results are read by the registered nurse. However, the registered nurse stated that she has never read TB tests for Reliable, which contradicts the information provided by Mr. Beesemyer. A&CD staff requested a copy of Ms. Carranza's CNA certificate and discovered that she is not certified, as previously stated by Mr. Beesemyer.

During a review of 69 Reliable employee medical files, A&CD staff observed 14 forms with Reliable's logo, entitled "Annual Tuberculosis Questionnaire" that contained information regarding a TB skin test. The "for office use only" section of the form indicates the date the employees' skin tests were given, the date the results were read, and the initials/signature of the individual responsible for performing each task. On three of the 14 forms, the signed name of the registered nurse identified as the Director of Nursing indicated that she was the individual who read the TB skin test results; however, she stated that she has never read TB skin tests.

A&CD staff interviewed eight of the 14 employees whose medical file contained TB skin test information on Reliable's Annual Tuberculosis Questionnaire and noted the following:

- Two employees stated that they had not received a TB skin test at Reliable.
- Five employees indicated that they were given the TB skin test at Reliable. Three of the five employees indicated that Ms. Carranza administered and read the test results, one employee indicated that she was told to look at her arm for a reaction and call Reliable the following Monday, and one employee stated that the same woman who gave the injection also read the results, but he did not know her name.
- One employee was not sure whether or not he had received the TB skin test at Reliable.

A&CD staff interviewed staff at three of the four facilities that have utilized the services of the 14 employees and found that the TB skin test information on Reliable's Annual Tuberculosis Questionnaire is accepted as evidence of TB clearance. According to Deborah Jackson, Regulatory Compliance/Organizational Development Manager, DHS facilities adhere to the CCR Section 70723 requirement for annual TB screening, but employees working in high risk areas require a TB clearance semi-annually. She also indicated that since this is hospital policy, it falls under the Joint Committee on the Accreditation of Healthcare Organizations (JCAHO) Standard HR.1.20, Element of Performance 7, which requires the facility to comply "with applicable health screening requirements established by the hospital." Ms. Jackson stated that patient safety and the facility's JCAHO accreditation could be jeopardized if staff does not receive annual TB screenings as required by the facility.

Physical Examination Documents

According to the terms of the Reliable agreements, physical examinations are required for each employee on an annual or biannual basis, as required by JCAHO and Section 70723, Title 22, (CCR). During a review of 261 Reliable employee medical files, A&CD staff observed that 179 files contained physical examination documents from various medical facilities/offices. The remaining 82 files (31%) contained a document with Reliable's logo, entitled "health certificate." A&CD staff obtained an additional Reliable health certificate from KDMC Occupational Health files for a total of 83 documents. The health certificate has a space for the physician's signature certifying that the employee has been examined and is "free from communicable disease and physically able to perform duties," and that results provided on the form "are true and accurate as of the exam date and that supporting documentation is on file" at the physician's office. Mr. Beesmyer indicated that the employee takes the health certificate to their personal physician for completion. He also stated that when an employee does not have their own physician, they are referred to the Centinela Hospital Airport Medical Clinic (Centinela).

Of the 83 Reliable health certificates, 28 (34%) were for examinations performed at Centinela and 10 (12%) were for examinations performed at Kaiser Permanente (Kaiser). A&CD reviewed a judgmentally selected sample of 43 health certificates including the health certificates from these two medical facilities which made up 46% of the Reliable certificates and five additional health certificates from other medical offices.

Based on a review of the health certificates and interviews with Centinela's Marketing Director, a Kaiser Facility Administrator, and five individual medical offices, A&CD staff determined the following:

- Sixteen health certificates (37%) were determined not to be valid since there was no record that the employee had ever been seen at the medical facility/office, or the examination dates, facility location, or physician information were inconsistent with the employee medical record information. Eight of the invalid certificates were for employees identified in the anonymous letter as allegedly having expired or missing physical examination documents.
- Three health certificates (7%) could not be verified since one facility's medical records department did not respond to the request for verification.
- Twenty-four health certificates (56%) were determined to be valid since they were consistent with the employee medical record information or included additional supporting documents with a physician's signature.

Two of the 16 invalid health certificates belonged to the same employee. A&CD staff interviewed nine of the 15 Reliable employees with invalid health certificates. Three of the nine employees stated that they have never visited the medical facility/office identified on their Reliable health certificate; one employee stated she had only visited the facility once for emergency treatment; and one employee stated that he was examined by a colleague who works at the medical facility identified on his certificate. In addition, four employees indicated they received a physical exam at the facility more than two years ago, but had not visited the facility since that time.

A&CD staff compared the 10 Kaiser examination health certificates to each other and found that four of the invalid certificates contain specific details, including the position of letters/numbers, physician signature, and medical office location stamp which appear to be identical to one valid certificate. Two other invalid certificates appear to be identical to each other for the same reasons noted above.

A&CD staff also compared documents obtained from the County contract monitor files with those found in Reliable's files for two of the 16 invalid health certificates. It appears that the dates on each health certificate obtained from Reliable's file had been altered since specific details, including the position of letters/numbers, appear to be identical on both health certificates for the two employees. For one employee, the dates the TB tests were given and read appear to have been changed from March 22, 2004 and March 24, 2004 to March 22, 2006 and March 24, 2006, respectively. On a second employee's health certificate, the day and year of the examination and physician signature appear to have been changed from July 6, 2004 to July 16, 2006, and the day and year of the chest x-ray appear to have been changed from July 1, 2004 to July 13, 2006.

A&CD staff interviewed staff at three of the four facilities that have utilized the services of the 15 employees with invalid health certificates and found that the Reliable health certificate is accepted as evidence of an annual physical examination. According to the policies at each of the three facilities, annual health examinations are required for all employees. Deborah Jackson indicated that since this is hospital policy, it falls under the JCAHO Standard HR.1.20, Element of Performance 7, which requires the facility to comply "with applicable health screening requirements established by the hospital." Ms. Jackson stated that patient safety and the facility's JCAHO accreditation could be jeopardized if staff does not receive annual health examinations as required by the facility.

CPR Documents

According to the terms of the Reliable agreements, all contract personnel, with the exception of surgical technicians, must have current CPR certification and carry their original certification card with them. A&CD staff interviewed 55 Reliable employees at Harbor-UCLA, Hudson CHC, King/Drew, LAC+USC, Long Beach CHC, Olive View-UCLA, and Central Health Center. Of the 55 employees interviewed, 31 (56%) did not have their original CPR certification card with them.

According to the contracts, Reliable employees must obtain CPR certification from an approved training agency, including the American Heart Association (AHA), American Red Cross (ARC), or American Safety & Health Institute (ASHI). Mr. Beesemyer stated that as a service to Reliable employees, an AHA instructor from an outside company conducts CPR training at Reliable's office once a month at the employee's expense.

A&CD staff reviewed 261 Reliable employee personnel files for CPR certification documentation (CPR card) and noted that one file did not have a CPR card, five files contained an expired card, and 26 did not have copies of the back of the card to identify the training center. A&CD staff was able to identify the training center information for 22 of the 26 cards, which is necessary for verification. Of the 256 cards, 74 (28%) indicated the name of the instructor Mr. Beesemyer identified (Instructor A) or a second instructor (Instructor B) from the same training center.

A&CD staff contacted 43 AHA training centers, two ARC Chapters, and one ASHI training provider to verify the 256 cards and determined the following:

- 28 (11%) were not valid, since the training center had no record of the training or the class instructor was not approved by AHA or ARC.
- 14 (5%) cards could not be verified by the training center for one of the following reasons: the information was not legible; they could not locate the rosters for that month; they did not have rosters for expired cards; inaccurate contact information; or they did not respond. Three of the 14 cards were for on-line courses that do not require practicing on a manikin and, therefore, do not appear to meet the County's criteria for CPR training.
- 214 (84%) were determined to be valid based upon training sign-in sheets, rosters, or confirmation by telephone, e-mail, or fax. Some of the training centers confirmed the issuance of the cards, but would not provide any supporting documentation.

Of the 28 invalid cards, nine (32%) indicated the name of Instructors A or B who conducted the on-site CPR training for Reliable employees. A&CD staff conducted separate interviews with each instructor. Instructor A stated that she has been an AHA instructor for eight years and has been conducting CPR training at Reliable for three years. Instructor A indicated that after she conducts a class, she submits the class roster to her training center and maintains a copy for her own records. She stated that the training center then prints a card for each individual based upon the roster information and she mails the original cards to Reliable to distribute to its employees.

A&CD staff reviewed the issue date of each invalid card with Instructor A, who stated that according to her work calendar and the class rosters, she did not conduct CPR training at Reliable on the days

indicated on the invalid cards. Instructor A indicated that periodically, Instructor B conducted CPR classes independently at Reliable. Both instructors stated that Instructor B worked for Instructor A until the end of 2004; however, two invalid cards dated April 12, 2006 and May 2005 indicate that Instructor B was the trainer. The anonymous letter included a blank CPR card that indicated the name of Instructor B and alleged that Reliable utilizes the blank card to create falsified documents. According to the training center's coordinator, there are no rosters for the nine invalid cards and specific details in the card appearance such as the font style, font size, and date format indicate to her that they were falsified.

A&CD staff interviewed five of the nine employees with invalid cards that indicate the names of Instructors A or B and one employee whose Reliable file contained both a valid ASHI card and an AHA card missing the reverse side, for training center information. A&CD staff determined that two of the six employees interviewed were not credible since they made inconsistent statements. Three of the four remaining employees indicated that they have never received CPR training at Reliable and one employee indicated that she received CPR training at Reliable once, but not on the date indicated on the card. All four employees stated that they did not provide the invalid cards to Reliable and provided their original CPR cards for classes taken elsewhere, which A&CD staff confirmed as valid.

HF&LS Documents

According to Temporary Nursing Personnel Services Agreement No. H-211863, contractor personnel may be required to provide a copy of a valid "fire card" (Hospital Fire and Life Safety training) obtained through a County or City Fire Department. In addition, although contract numbers H-701360 and H-701773 do not have the same requirement, according to facility contract monitors and files reviewed, Reliable provides HF&LS cards to County facilities for some of these employees.

The anonymous letter included two blank LAFD HF&LS cards, which named a former LAFD Instructor and the training location as the American Red Cross or Van Nuys American Red Cross. The letter alleged that Reliable utilizes the blank cards to create falsified documents. A&CD staff contacted a current LAFD Inspector who stated that the LAFD Fire & Safety Education Unit was formerly responsible for conducting HF&LS training; however, the training was discontinued in late 2004. The LAFD Inspector stated that since the HF&LS cards are valid for four years, any LAFD card with an expiration date after 2008 could not have been issued by the LAFD and, therefore, would be invalid.

A&CD staff reviewed a judgmentally selected sample of 63 HF&LS training cards obtained from Reliable employee personnel files. Of the 63 cards reviewed, 57 were issued by King/Drew, LAC+USC, or Olive View-UCLA. A&CD staff obtained sign-in sheets that validated 55 County-issued cards, while two cards may be invalid since no records of the training were identified.

The remaining six cards were consistent with the anonymous letter, i.e., LAFD cards that named the former LAFD Instructor and the training location as American Red Cross or Van Nuys American Red Cross. The Instructor stated that he discontinued employment with the LAFD in July 2004. He stated that he never pre-signed cards and confirmed that if a card with his signature is identified with an expiration date after July 2008, it is invalid and was not issued by him. Based upon the Instructor and Inspector's statements, the six LAFD cards were determined to be invalid since they had expiration dates of January 2009 or later. In addition, it appears that blank cards similar to those included with the anonymous letter may have been used to create the six invalid LAFD cards.

A&CD staff interviewed four of the six employees with invalid LAFD cards. Three of the four employees interviewed stated that they have never had a card issued to them; two indicating that they have never had HF&LS training and one stating he had never taken HF&LS training at the American Red Cross. The fourth employee stated she has taken only one HF&LS training class and provided an original card issued by King/Drew on June 28, 2006, which A&CD staff confirmed as valid from the training sign-in sheet. Since the invalid LAFD card found in her Reliable file expires in January 2009, the training would have been conducted in January 2005; however, the employee stated that she was a college student at the time and did not take that class.

Drug Test Results

The anonymous letter alleges that positive drug test results are altered to appear negative. Based on a review of contract language and consultation with County Counsel, employee drug testing is not required by the contracts, therefore, A&CD did not verify the results that are maintained in Reliable's files.

ADDITIONAL FINDINGS

According to the agreements, all contractor personnel must carry their current original California State license, registration, or certificate, at all times while providing services. For a sample of 85 Reliable employees, A&CD staff conducted an on-line verification of licenses and certificates obtained from employee interviews and Reliable files and found them to be valid. In interviews with 44 Reliable employees, it was determined that four (9%) do not require certification or licensure, 13 (30%) had their original certification or license with them, and 27 (61%) did not have their original as required.

Chapter 2.202, Section 2.202.010 of the Los Angeles County Code states, "in order to promote integrity in the County's contracting processes and to protect the public interest," it is the County's policy to conduct business only with responsible contractors. According to the terms of the agreements, the contractor must demonstrate the attribute of trustworthiness, as well as quality, fitness, capacity, and experience to satisfactorily perform the contract. The agreements notify the contractor that, in accordance with Chapter 2.202 of the Los Angeles County Code, if the County acquires information concerning its performance which indicates that the contractor is not responsible, it may debar the contractor and terminate all its existing County agreements.

CONCLUSIONS

1. Reliable does not have a Director of Nursing as required by Agreement No. H-211863. Reliable made false and misleading statements and provided fraudulent documentation regarding its employment of a Director of Nursing to the investigators during the review and in its proposal submitted to the Contracts and Grants Division.
2. Reliable forged various employee documents that are required under the terms of the County agreements including TB skin tests, physical examinations, and CPR and HF&LS training, that included physician signatures and medical license information. Reliable's action in this matter jeopardized the safety of County patients and the facility's JCAHO accreditation.

3. Reliable's contract personnel who work at County facilities without current TB tests, medical clearances, and CPR certifications jeopardize patient safety and JCAHO accreditation.
4. Reliable demonstrated a lack of business integrity and business honesty.

ALLEGATION #2

Reliable's owner, Dr. Benbassat, instructs his employees to falsify their timesheets and claim more hours than they actually work.

FINDINGS

A&CD staff interviewed 44 Reliable employees, who stated that they had never been told and were not aware of any other Reliable employee being told or encouraged to falsify their time.

A&CD staff compared a sample of timesheets and invoices for 19 Reliable employees for the months of January and April 2006. A&CD staff also verified time reported with timecards that were provided by the facilities for seven of the 19 employees. No discrepancies were identified between a comparison of timesheets, invoices, and timecards. A&CD staff interviewed 23 County supervisors and/or staff responsible for timesheet approval. Generally, the service areas appear to have controls in place to ensure accurate time reporting by Reliable employees; however, the following deficiencies were identified:

- Three supervisors approve and sign the timesheets, then allow the employees to fax their timesheets to Reliable.
- A KDMC supervisor signs timesheets for a Reliable employee that she does not supervise and does not have a method for verifying the employee's reported work hours. The Reliable employee works at Harbor-UCLA and also performs work for KDMC at Harbor-UCLA.
- A Harbor-UCLA physician supervisor does not utilize a schedule for Reliable Physicians and does not have a method for verifying the work hours reported by the employees.

A review of the County Fiscal Manual, Section 3.1.6-Timekeeping Controls, indicates the following:

- As the supervisors sign subordinates' timecards, they should be checking for the validity of hours charged (total hours charged, hours charged to each program or task, etc.), the overall completeness of the timecard, and the employee's signature.
- Approved original timecards should not be returned to or be accessible to employees.

A&CD staff interviewed 19 facility contract monitors responsible for oversight of the Reliable agreements and identified the following weaknesses:

- Although they were identified as the individuals responsible for contract monitoring, two employees were unaware of their contract monitoring responsibilities.

- Eight did not have a copy of the current contract they are responsible for monitoring.
- Eight have not attended contract monitoring training.
- Ten do not go to the contractor's place of business to conduct an annual administrative review.

Contract Monitoring Protocol: 03.01 – Department Expectations, Reminders, which was distributed to Contract Monitoring Audit Liaisons by A&CD on March 27, 2003, indicates that staff responsible for monitoring DHS contracts are expected to attend a Contract Monitoring Training class; utilize a Monitoring Instrument specific to each contract prepared by the facility/program office; and conduct an administrative review at least once, on an annual basis during the County's fiscal year.

CONCLUSIONS

5. Three County facility supervisors and/or staff responsible for timesheet approval returned approved timesheets to the Reliable employees, resulting in inadequate controls.
6. Eight County facility contract monitors are not in compliance with Contract Monitoring Protocol: 03.01 since they have not attended the Department's Contract Monitoring Training. Also, ten contract monitors are not in compliance since they do not visit the contractor's place of business to conduct an annual administrative review.

ALLEGATION #3

Reliable does not have adequate workers' compensation insurance coverage.

FINDINGS

According to the contracts, Reliable is required to maintain insurance that provides workers' compensation benefits, including employers' liability coverage. Reliable provided two certificates of insurance for workers' compensation and employers' liability. Policy [REDACTED] effective December 23, 2005 through December 23, 2006, covers contract numbers H-701360, H-211863, and H-211729, and policy # [REDACTED] effective April 5, 2006 through April 5, 2007, covers contract numbers H-700282 and H-701773. A review of the certificates indicates that they meet the minimum coverage limits required by the contracts. GNW – Evergreen Insurance Services, LLC (GNW), a representative for the insurer, confirmed that the policies are valid and meet the State's minimum requirements for workers' compensation insurance coverage.

Reliable is also required to maintain general liability insurance with limits of not less than the following:

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| • General Aggregate: | \$2 million |
| • Products/Completed Operations Aggregate: | \$1 million |
| • Personal and Advertising Injury: | \$1 million |
| • Each Occurrence: | \$1 million |

Reliable provided two certificates of insurance for general liability. A review of the certificate for policy [REDACTED] which covers contract numbers H-701360, H-211863, and H-211729 and is effective April 22, 2006 through April 22, 2007, indicates that it meets the minimum coverage limits required by the contracts. However, the certificate for policy [REDACTED] which covers contract numbers H-700282 and H-701773 and is effective June 17, 2006 through June 17, 2007, indicates no coverage for Products/Completed Operations Aggregate or Personal and Advertising Injury.

Paul Meshekow, owner of GNW, confirmed that policy [REDACTED] does not cover personal and advertising injury or products/completed operations aggregate. Mr. Meshekow stated that the insurance carrier, Evanston Insurance Company, did not think the coverage was necessary because of the type of service Reliable provides. Debra Sartori, Chief Program Specialist, Chief Administrative Office Risk Management Branch, reviewed the certificate for this policy and stated that in her subsequent conversation with GNW, they indicated that another policy written through Hartford Casualty Insurance Company provides the coverage. GNW subsequently provided an additional certificate for policy [REDACTED] effective June 24, 2006 through June 24, 2007 for contract numbers H-700282 and H-701773, which indicates that it meets the minimum coverage limits required by the contracts.

CONCLUSIONS

7. Reliable appears to meet the minimum coverage limits required by the contracts for workers' compensation and general liability insurance.

RECOMMENDATIONS

The findings represent material breaches of the Reliable agreements and demonstrate a lack of trustworthiness and integrity. Therefore, it is recommended that:

1. The Director of Health Services consult with County Counsel regarding this report, and consider termination of all Reliable contracts and other appropriate action.
2. The Chief Network Officer ensure that County facility staff appropriately monitor contracts in accordance with Department monitoring protocols and the County Fiscal Manual. Specifically, employees responsible for timesheet approval comply with Section 3.1.6-Timekeeping Controls of the County Fiscal Manual, and facility employees responsible for monitoring DHS contracts receive a copy of the current contract, attend the Department's Contract Monitoring Training, and visit the contractor's place of business to conduct an annual administrative review.