

TAHOE FOREST HOSPITAL DISTRICT

REASON FOR THE INVESTIGATION

The Nevada County Civil Grand Jury has responsibility to review special districts that are organized in the county. The Grand Jury received a complaint concerning the Tahoe Forest Hospital in Truckee. Tahoe Forest Hospital is a special district as defined by Government Code Section 12463.1.

PROCEDURE FOLLOWED

The Grand Jury toured the hospital and interviewed the following:

The Tahoe Forest Hospital District Chief Executive Officer Lawrence Long
The Tahoe Forest Hospital District Chief Financial Officer David Bottemiller
An employee of the hospital
The complainant

The Grand Jury also reviewed the financial records, patient statistics and an exercise video tape provided by the hospital district.

FINDINGS

1. The district was formed by a vote of the citizens within the proposed district in 1949. The district receives tax revenues from property that is within the district boundaries.
2. The district boundaries are entirely within California. The boundaries have been expanded by ballot votes five times since the original formation. The district has five directors elected from within the district boundaries.
3. The area served by Tahoe Forest Hospital extends beyond the district boundaries. This service area includes Nevada County, Sierra County, the eastern portion of Placer County and the Incline Village area of the State of Nevada.
4. Operating under Nevada state law, the Incline Village Health Center provides health services for the area in and around Incline Village. The center was purchased by the district from a private organization on March 1, 1996. There is a five-year plan in effect to establish the center's optimal use before the board and management make a decision to invest further. Approximately 65% of the patients who first receive treatment at the Incline Village Health Center continue any necessary additional treatment at Tahoe Forest Hospital.
5. Tahoe Forest Hospital has 35 acute-care beds and 37 long-term beds. The facility is located in a resort area where sports injuries are common. Consequently, much of its revenue is generated in the Emergency Department. As is customary in hospitals, physicians in private practice are extended the privilege, at the hospital's discretion, of admitting their patients to the hospital for care. These doctors comprise the hospital medical staff.

6. The hospital district has an annual operating budget of approximately \$36.8 million for fiscal year ending June 30, 1998, based on information provided to the Grand Jury. The district earned \$37.4 million from all sources. The hospital district uses a "cost distribution system" that identifies cost and earnings separately for each of the Truckee and Incline Village facilities. The district has a staff of 400 employees in full and part time positions. The full time equivalent number of employees is approximately 300.
7. In an effort to attract employees, the hospital operates a child-care facility for ages four months through middle school. This day-care facility is available to the community as well as the staff.
8. A video demonstrating the value of exercise for seniors has been produced by a group that included a hospital employee who was acting as an independent agent. The video, which displays the hospital's logo, is being marketed by the video's producers. There is a royalty agreement between the marketer and the hospital which at this time has created no revenue for the hospital. The hospital administrator stated that Tahoe Forest Hospital incurred no costs in the production of the video.

CONCLUSIONS

1. The Grand Jury concludes that Tahoe Forest Hospital's management and Board of Directors are prudent in their fiscal operations.
2. The production of an exercise video was not a part of the hospital district's business and was the result of an employee's off hours business venture. The Grand Jury finds no conflict of interest in the production of the video.
3. The five-year plan to evaluate the optimum usage of the Incline Village Health Center is reasonable before the district places more assets in the center.

RECOMMENDATIONS

None

REQUIRED RESPONSES

None