

APPENDIX 10

**Controlled Correspondence Unit
Executive Summary Report
May 2009**

1. **Focus:** The following analysis represents the number of correspondence (including those received from the California Out-of-State Correctional Facility [COCF], Sacramento Central Office [SACCO], Western Interstate Compact [WIC]), litigation issues, Inmate Health Care Inquiry Line (Hotline) calls, and California Prison Health Care Receivership Corporation (CPR) website emails received, processed, and were overdue for May 2009 compared to April 2009.
2. **Source Data:** The statistics are derived from the Controlled Correspondence Unit (CCU) monthly reports.
3. **Correspondence:** The following is a breakdown of the total number of correspondence received, completed, and overdue. (Note: Beginning June 2008, CCU began responding to correspondence sent to the CPR web-site email, COCF, SACCO, and WIC.)

	May 2009	April 2009
Correspondence Received	316*	352**
Correspondence Completed	416	325
Correspondence Overdue	271 ⁺	386 ⁺

* Of the 316 correspondences received, 117 of the correspondences were forwarded from the Office of Receiver to CCU for processing.

** Of the 352 correspondences received, 182 of the correspondences were forwarded from the Office of the Receiver to CCU for processing.

4. **Hotline:** The following is a breakdown of the total number of Hotline calls received, completed and overdue.

	May 2009	April 2009
Hotline Calls Received	132	131
Hotline Calls Completed	121	141
Hotline Calls Overdue♦	0	0

5. **Litigation:** The following is a breakdown of the total number of litigation issues received, completed and overdue.

	May 2009	April 2009
Litigation Received	81	90
Litigation Completed	85	92
Litigation Overdue♦	0	0

⁺NOTE: Thirteen of the overdue correspondences are Merit Awards completed by CCU. The Merit Awards were forwarded to and are pending approval by Ms. Sharon Aungst's office.

♦NOTE: This is a date in time snapshot report, which means there are no overdue Hotline or Litigation items on May 31, 2009.

**Controlled Correspondence Unit
Executive Summary Report
June 2009**

1. **Focus:** The following analysis represents the number of correspondence (including those received from the California Out-of-State Correctional Facility [COCF], Sacramento Central Office [SACCO], Western Interstate Compact [WIC]), litigation issues, Inmate Health Care Inquiry Line (Hotline) calls, and California Prison Health Care Receivership Corporation (CPR) website emails received, processed, and were overdue for June 2009 compared to May 2009.
2. **Source Data:** The statistics are derived from the Controlled Correspondence Unit (CCU) monthly reports.
3. **Correspondence:** The following is a breakdown of the total number of correspondence received, completed, and overdue. (Note: Beginning June 2008, CCU began responding to correspondence sent to the CPR web-site email, COCF, SACCO, and WIC.)

	June 2009	May 2009
Correspondence Received	333*	316**
Correspondence Completed	387	416
Correspondence Overdue	258 [†]	271 [†]

* Of the 333 correspondences received, 131 of the correspondences were forwarded from the Office of Receiver to CCU for processing.

** Of the 316 correspondences received, 117 of the correspondences were forwarded from the Office of the Receiver to CCU for processing.

4. **Hotline:** The following is a breakdown of the total number of Hotline calls received, completed and overdue.

	June 2009	May 2009
Hotline Calls Received	171	132
Hotline Calls Completed	166	121
Hotline Calls Overdue [◆]	0	0

5. **Litigation:** The following is a breakdown of the total number of litigation issues received, completed and overdue.

	June 2009	May 2009
Litigation Received	85	81
Litigation Completed	80	85
Litigation Overdue [◆]	0	0

[†]NOTE: Thirteen of the overdue correspondences are Merit Awards completed by CCU. The Merit Awards were forwarded to and are pending approval by Ms. Sharon Aungst's office.

[◆]NOTE: This is a date in time snapshot report, which means there are no overdue Hotline or Litigation items on June 30, 2009.

**Controlled Correspondence Unit
Executive Summary Report
July 2009***

1. **Focus:** The following analysis represents the number of correspondence (including those received from the California Out-of-State Correctional Facility [COCF], Sacramento Central Office [SACCO], Western Interstate Compact [WIC]), litigation issues, Inmate Health Care Inquiry Line (Hotline) calls, and California Prison Health Care Receivership Corporation (CPR) website emails received, processed, and were overdue for July 2009 compared to June 2009.
2. **Source Data:** The statistics are derived from the Controlled Correspondence Unit (CCU) monthly reports.
3. **Correspondence:** The following is a breakdown of the total number of correspondence received, completed, and overdue. (Note: Beginning June 2008, CCU began responding to correspondence sent to the CPR web-site email, COCF, SACCO, and WIC.)

	July 2009	June 2009
Correspondence Received	317	333
Correspondence Completed	292	387
Correspondence Overdue	215 ⁺	258 ⁺

4. **Hotline:** The following is a breakdown of the total number of Hotline calls received, completed and overdue.

	July 2009	June 2009
Hotline Calls Received	131	171
Hotline Calls Completed	147	166
Hotline Calls Overdue♦	0	0

5. **Litigation:** The following is a breakdown of the total number of litigation issues received, completed and overdue.

	July 2009	June 2009
Litigation Received	85	85
Litigation Completed	82	80
Litigation Overdue♦	0	0

*NOTE: Thirteen of the overdue correspondences are Merit Awards completed by CCU. The Merit Awards were forwarded to and are pending approval by Ms. Sharon Aungst's office.

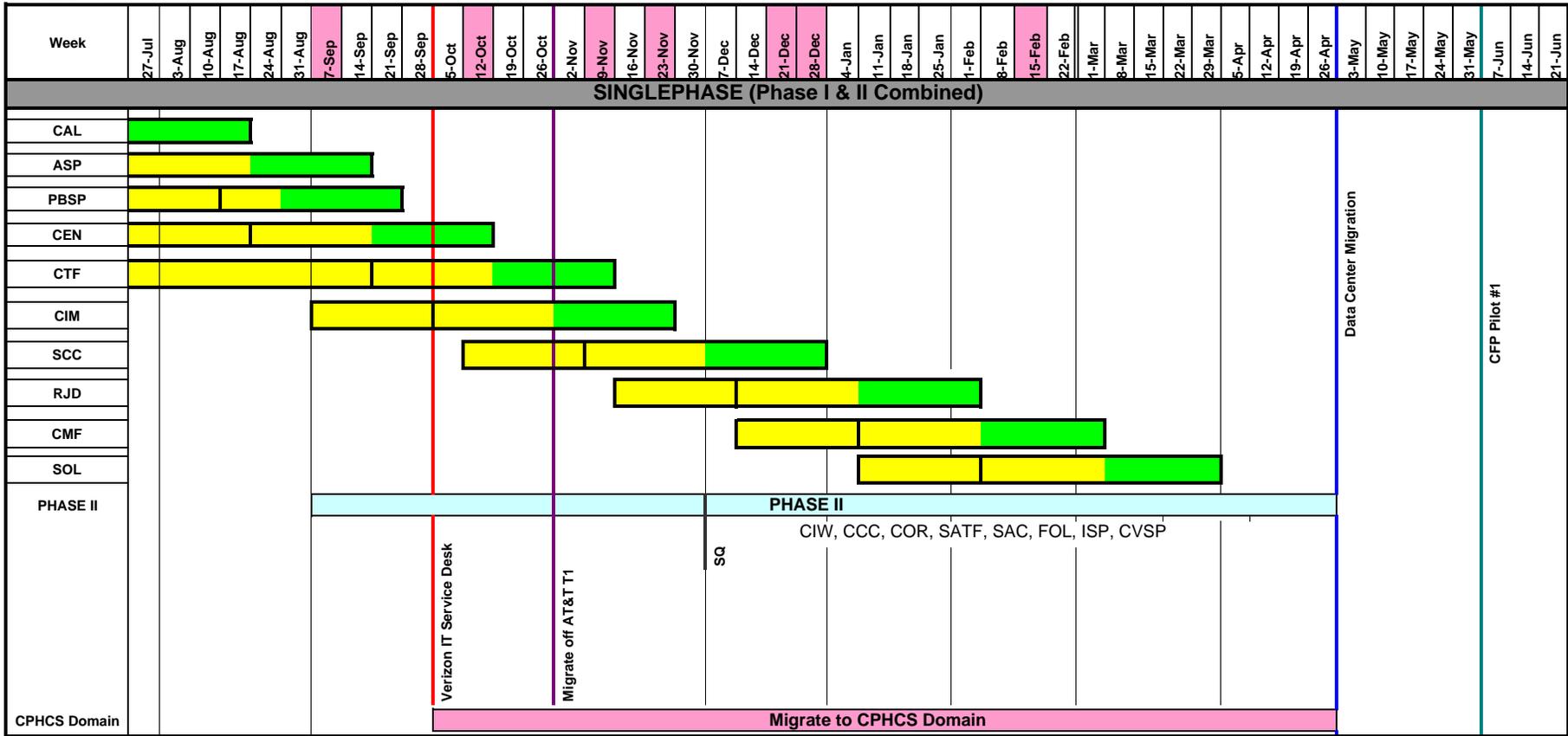
♦NOTE: This is a date in time snapshot report, which means there are no overdue Hotline or Litigation items on July 31, 2009.

*There were three (3) directed furlough days in July 2009. On July 10, 17 and 24, 2009, the CCU was closed.

APPENDIX 11

Updated
7/22/2009

GUARDIANRX REMAINING INSTITUTIONS



APPENDIX 12



**PHARMACY MANAGEMENT CONSULTING
SERVICES**

**Monthly Summary Report
To The
California Prison Health Care
Receivership Corporation**

May 2009

PHARMACY MANAGEMENT CONSULTING SERVICES

Monthly Summary Report May 2009

Summary of Activities

Implementation of the goals and objectives of the Road Map for improvements to the CDCR pharmacy program continued to make progress during this reporting period. This report updates activities through the month of May 2009.

Pharmacy and Therapeutics Committee Activities

The Pharmacy and Therapeutics (P&T) Committee has continued its monthly meetings to address formulary issues; discuss and approve Disease Medication Management Guidelines (DMMG); and review and approve pharmacy policies and procedures.

During this reporting period, revisions to the HIV DDMG were approved to reflect changes in national guidelines and current practice standards. After much consideration, the P&T Committee approved therapeutic interchanges for two antiretroviral medications (Combivir® and Trizivir®). Combivir® is a combination of two medicines called Epivir® (generic name lamivudine) and Retrovir® (generic name zidovudine) combined into one tablet. Trizivir® is a combination of three medicines called Ziagen® (generic name abacavir), Epivir® (generic name lamivudine) and Retrovir® (generic name zidovudine) combined into one tablet. The therapeutic interchange provides for the component medications of each of these combination drugs to be given as separate tablets rather than as a more expensive combination tablet, resulting in estimated cost savings of about \$800,000 per year. Also approved with the therapeutic interchanges was a patient education flyer that clearly explains and illustrates the change.

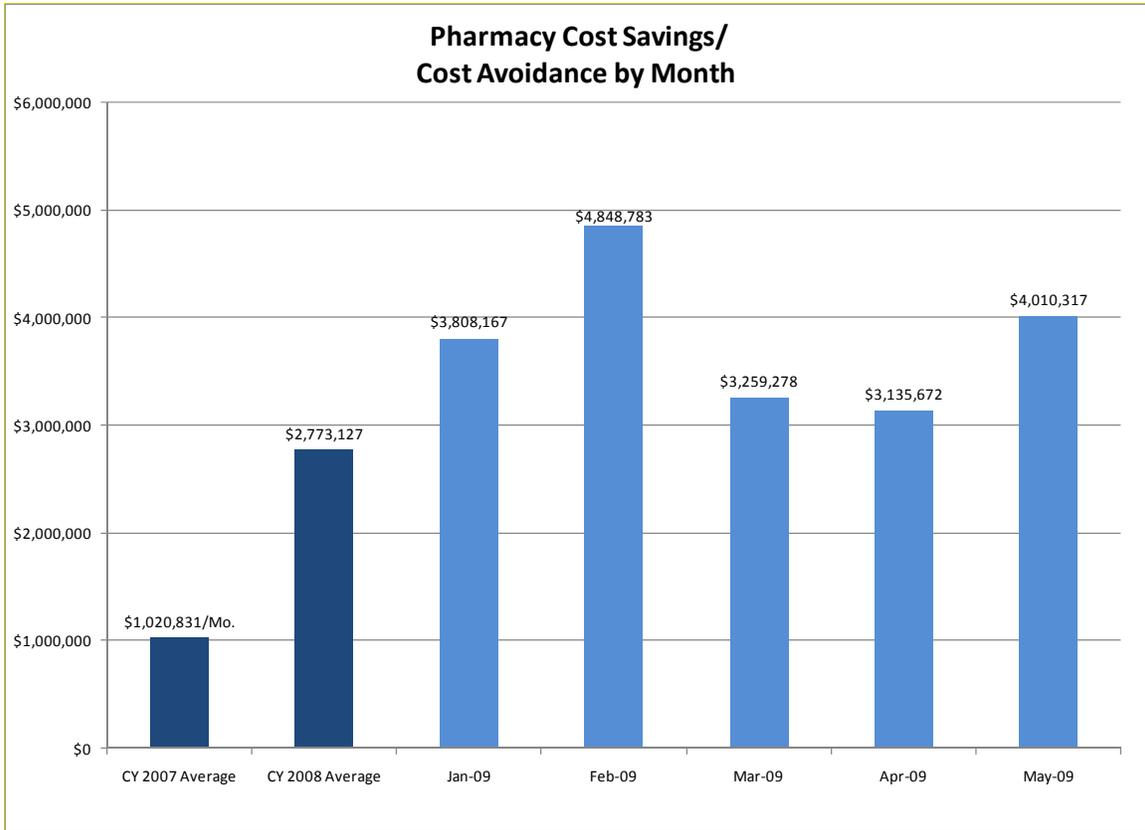
Chronic, acute and neuropathic pain guidelines were drafted and presented for review. The P&T Committee also reviewed and approved changes to the Fire Camp Supply list to ensure compliance with labeling requirements. Discussion on a variety of non-pharmaceutical products and over-the-counter (OTC) medications took place to review utilization of such items. A sub-committee of P&T members was established to make specific recommendations on the listing of non-pharmaceuticals and OTC products.

Purchasing and Contracting Activities

We continue to track and report on cost avoidance resulting from improved management oversight and direction of pharmacy purchasing and contract activities. Cost avoidance in 2008 totaled \$33.3M when compared to prior trends, averaging about \$2.8M per month. During the first five months of 2009, significant cost avoidance has continued,

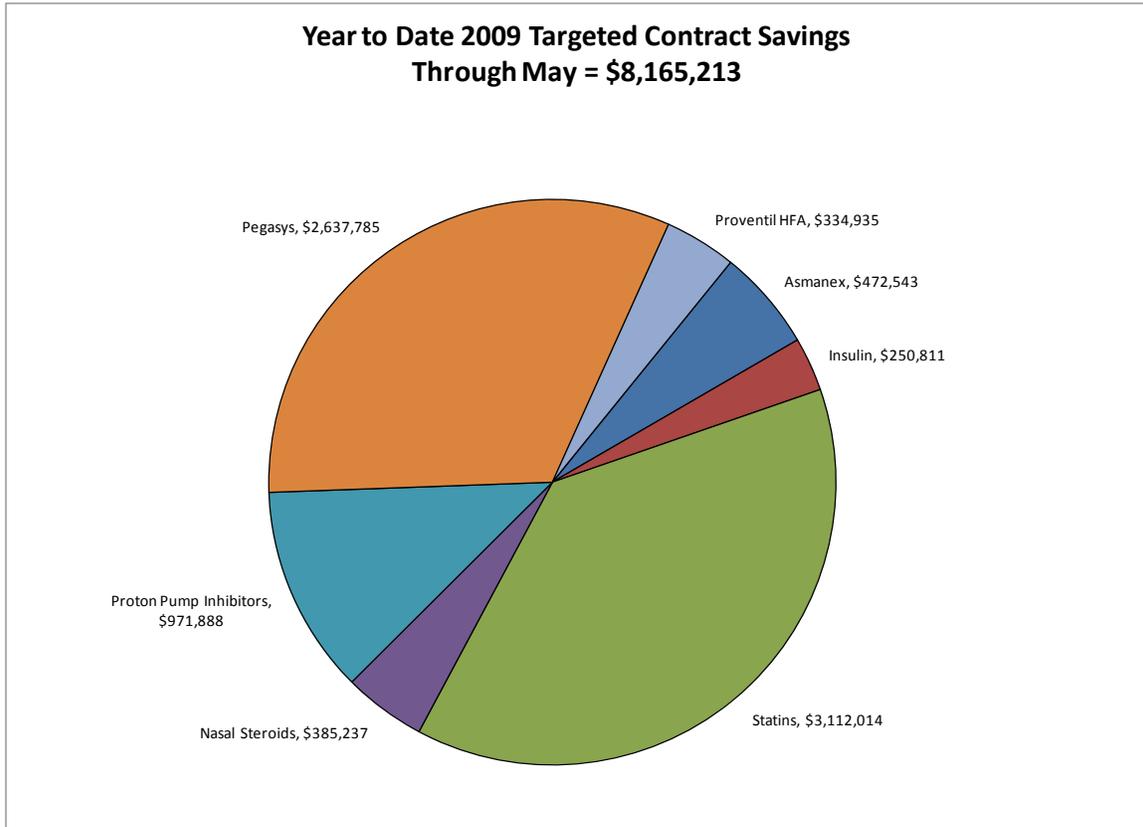
with a cost avoidance of approximately \$19.1M (Figure 1 shows cost avoidance by month below).

Figure 1



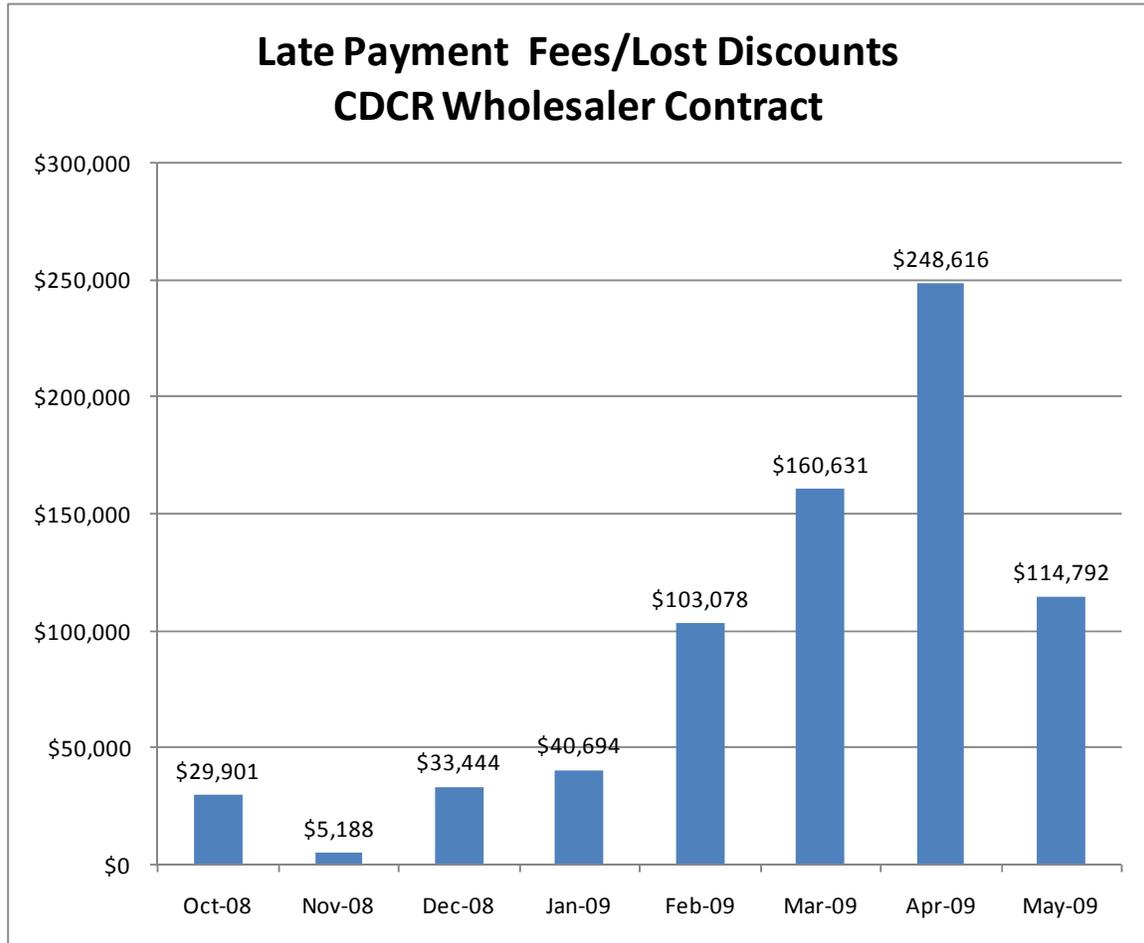
Contract, purchase and inventory monitoring efforts continue to yield results by avoiding unnecessary costs due to out-of-stock orders and ensuring that the correct contracted items are purchased. In May, \$152,798 in cost avoidance was realized by working with the wholesaler to ensure the best priced items were sufficiently stocked at the regional distribution centers and another \$145,082 in cost avoidance by directly working with the facilities to ensure the correct contracted items were purchased. Additionally, cost savings for the first four months of this year attributed to various targeted contract initiatives totaled more than \$8.1M (see Figure 2):

Figure 2



At the same time, while cost avoidance efforts have continued, some savings were not able to be realized due to delays in payments to the pharmacy wholesaler. These delays resulted in lost discounts and penalties of about \$660,000 through May of this year. A summary of the payment delays by facility was provided to CPHCS in April where an immediate review of the status of payments was initiated. As a result, the amount of lost discount in May was cut by more than half of the April figure, though still representing more than \$100K in potential savings missed. Figure 3 illustrates this trend which will continue to be monitored on an ongoing basis.

Figure 3.



Guardian Implementation

GuardianRx® has been successfully implemented in twenty-one sites (CCC, HDSP, FOL, MCSP, SQ, SAC, CMC, CVSP, ISP, COR, SATF, CIW, CCWF, VSPW, DVI, NKSP, KVSP, LAC, PVSP, SVSP, and CCI). Pre-conversion meetings and training at upcoming facilities continue as scheduled. The next scheduled “go-live” is at WSP in mid-June. Additionally, “go-back” sustainability efforts at institutions who have already implemented GuardianRx® have continued to ensure that the latest features and enhanced processes, including the ability to image prescriptions are made available. The prescription imaging enhancement to GuardianRx has been implemented in 15 of the 20 GuardianRx sites. Additionally, during the last 60 days a new GuardianRx enhancement (Auto-dispense) has been tested and has started to be rolled out to institutions. This added capability assists in managing workload and has been very well received by the facility pharmacy staff.

Other Activity

Recruitment efforts continue in an effort to fill pharmacy positions across the state. During the month of May, contract PICs were selected to fill vacancies at LAC and CMF. Currently there are 13 contract PICs and one Pharmacist I serving as Acting PIC.

Clinical pharmacy specialists (CPS) continue to monitor policy implementation and compliance at their facilities as well as provide in-service training on policies identified as not in full compliance. During the reporting period, CPS provided in-service training on pharmacy policy and procedures related to Chapter 5, Emergency Drug supplies and Chapter 35, Therapeutic Interchanges. CPS continued to provide input on non-formulary requests at the facility level and to review non-formulary and purchasing reports with facility leadership.

A formal Pharmacotherapy Management Consult (PMC) and process has been prepared and will be rolled out to COR and SATF, along with a pilot project to extend the duration of certain medical prescriptions to twelve-months. A training conference call for NKSP, KVSP, PVSP, SVSP, ISP, HDSP and CVSP on the managed care report sets was completed. Additional training time is being scheduled to help enhance understanding and application of this important management tool.

Work also continued on the development of the Central Fill Pharmacy Facility, with completion of the build-out specifications needed to incorporate the facility automation. DGS, CDCR and Maxor are working to negotiate final lease and/or purchase terms with the property owner. Concurrent work on staffing and transition preparation has also been initiated with the involvement of CPHCS human resource, finance and management staff.

Finally, during this reporting period, Maxor has continued to work with CPHCS leadership to assist in identifying budget adjustments and to examine cost avoidance opportunities as part of an overall assessment and evaluation of activities. These activities include review and reassessment of staffing requirements, consolidation and reduction in travel requirements, examining schedules for potential change impacts, reductions in overtime and a focus on increasing workload efficiencies.

Summary of Changes to Timeline

In the sections below, a listing of objectives completed, objectives delayed and objective timelines proposed for change (subject to review and approval of CPHCS) are provided.

Objectives Completed

- Objective A.1: A central pharmacy services administration, budget and enforcement authority was established on January 23, 2007.
- Objective A.2: Direct lines of authority were established to all pharmacy services personnel and linkages to central medical staff were defined.
- Objective A3: A complete update of system-wide pharmacy policies and procedures has been completed. Ongoing maintenance and regularly scheduled policy reviews are now underway.
- Objective A4: Establish key performance metrics used to evaluate the performance of the pharmacy services program. *(Completed, with continued refinement as GuardianRx® is implemented.)*

- Objective A5: Establish standardized monitoring reports and processes designed to continually assess program performance. (*Completed, with continued refinement as GuardianRx® is implemented.*)
- Objective B.1. A revised and reconstituted Pharmacy & Therapeutics Committee was established. Meetings are held the second Tuesday of each month. Current membership includes representation from central, regional and institutional level providers, as well as experts representing Coleman and Perez issues and the Department of Mental Health.
- Objective B3: Develop and implement effective and enforceable Disease Medication Management Guidelines.
- Objective B.4: Develop and implement an effective and enforceable institution audit process.
- Objective C.1: Monitor wholesaler (vendor) to ensure contract compliance.
- Objective C.3: Implement a process to insure that the best value contracted item is used.
- Objective D2: Complete skill set inventory of state and registry employees and provide required training, performance measures, and disciplinary measures as needed for existing employees.
- Objective D.3: Develop an effective means of documenting and tracking employee training, education, performance, and disciplinary action.
- Objective F1: Develop and implement improved reporting and monitoring capabilities with existing pharmacy system.

Objectives Delayed

All objectives except for A1.1 (hiring clinical specialists) are progressing according to the revised schedule adopted as a part of the Receiver's overall Plan of Action. Hiring qualified clinical pharmacists has been difficult. Active recruitment efforts for clinical pharmacists continue.

Objective E.2, relating to the development of the Central Fill Pharmacy Facility is progressing, but due to delays in selecting the site location and contracting for the automation services, as well as the identification of additional state specifications, completion of this objective will be delayed until the first quarter of 2010. Continued evaluation of the progress will be made and a request for timeline change will be submitted once final contracts are in place for the facility build-out and equipment installations.

As discussed in earlier reports, the roll out of the GuardianRx® system (Objective F.3) has been delayed, and will not be fully implemented statewide until early in 2010. As currently planned and resourced, the system will be implemented in 26 of the 33 facilities by the end of September, with the remaining seven facilities to follow. The conversion schedule is under continual review by the GuardianRx® Steering Committee and updates to the schedule will be provided when available.

Objective Timelines Proposed for Change

No additional changes to objective timelines are proposed at this time.

Issues or Obstacles to Success

No additional obstacles to success have been noted, beyond those identified in earlier reports. The Maxor team remains committed to implementation of the strategic vision outlined in the *Road Map* and will continue to work closely with CPHCS leadership to maintain positive momentum and to explore cost-effective means to continue these vital efforts.

Monthly Attachments

The section below contains links to the Pharmacy Dashboard, and Pharmacy Inspection Grid provided for review.

Appendix A - Pharmacy Dashboard



Pharmacy Dashboard
6.18.09.xls

Appendix B - Pharmacy Inspection Grid



CY 2008 - 09 Master
Inspection Grid.xls

APPENDIX 13



**PHARMACY MANAGEMENT CONSULTING
SERVICES**

**Monthly Summary Report
To The
California Prison Health Care
Receivership Corporation**

June 2009

PHARMACY MANAGEMENT CONSULTING SERVICES

Monthly Summary Report June 2009

Summary of Activities

Implementation of the goals and objectives of the Road Map for improvements to the CDCR pharmacy program continued to make progress during this reporting period. This report updates activities through the month of June 2009.

Pharmacy and Therapeutics Committee Activities

The Pharmacy and Therapeutics (P&T) Committee has continued its monthly meetings to address formulary issues; discuss and approve Disease Medication Management Guidelines (DMMG); and review and approve pharmacy policies and procedures.

During the June P&T meeting, the members of the P&T Committee reviewed monthly reports including the pharmacy dashboard, monthly metrics summary, the pharmacy inspection grid, a review of pharmacy cost center trends and reviewed medication error reports. In addition, the committee reviewed proposed changes to the pharmacy policies and procedures as a part of its annual review. Discussion on a variety of non-pharmaceutical products and over-the-counter (OTC) medications took place to review utilization of such items. A sub-committee of P&T members established to make specific recommendations on the listing of non-pharmaceuticals and OTC products presented its recommendations. Finally, a decision was made by the P&T Committee to discontinue Asmanex on the formulary due to stability and security concerns, replacing it with Flovent.

Pharmacy Staff Development and Training Activities

The Clinical Pharmacy Operations Specialists (CPOS) continued to provide in-service to facility staff on Pharmacy Policy and Procedure on a regular basis. This month, they in-serviced staff on Ch.38, Prescription Turn Around Time, Ch. 35, Therapeutic Interchange, and Ch.5, Emergency Drugs Supply. Additionally, CPOS provided in-service to facility staff on HIV and GERD DMMGs and in-serviced pharmacy staff on the Guidelines for Chart and Patient Profile Review.

CPOS have also engaged in non-formulary review at both the patient level (review of non-form drug requests) and the facility level (review of non-formulary purchases and utilization) and continue to provide feedback to facility staff and leadership on their non-formulary utilization trends.

Purchase v dispenses and managed care report set use training was held for PICs at CIW, SVSP, PVSP, LAC, NKSP, and KVSP. The first Pharmacotherapy Management Consult (PMC) was presented to COR and SATF health care leadership teams including the Regional Medical Director and the PICs. The PMC included a review of prescribing patterns and offered suggestions and recommendations related to various prescribing and drug use issues identified in the PMC report.

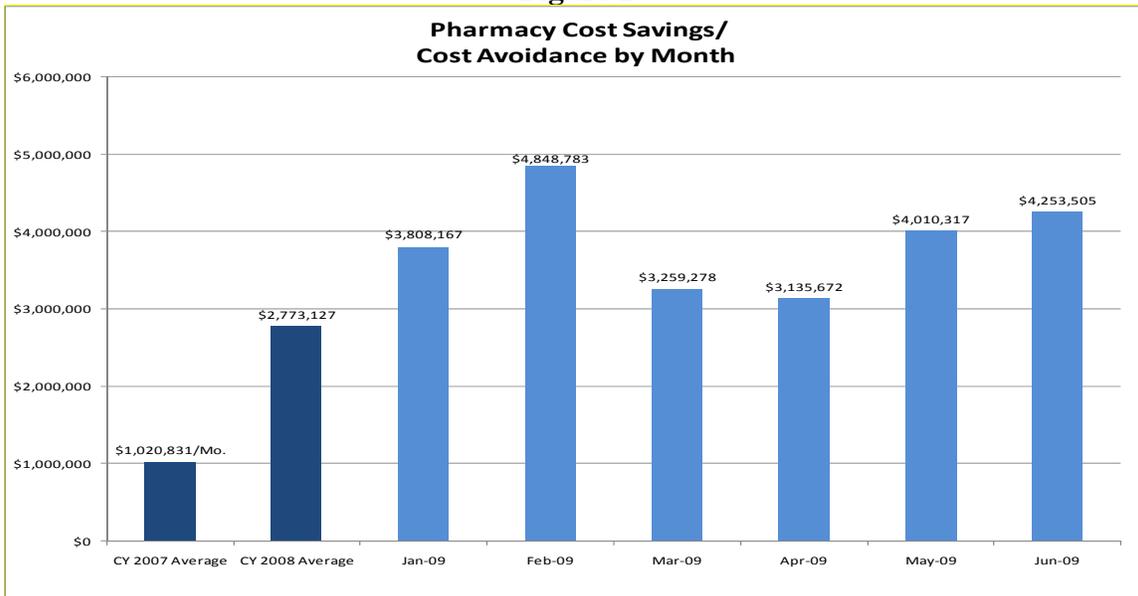
A” mini” PMC focusing on non-formulary utilization was prepared for ISP and CVSP and discussed with the CMO. Starting in July, the CPOS staff will be discussing with CMOs in assigned facilities (with GuardianRx) targeted versions of the PMC analysis focusing on non-formulary and over-the-counter (OTC) medication use. The targeted PMCs will also include trending of overall utilization through a facility-level dashboard.

The monitoring of progress in completion of training modules available online through MC Strategies has continued. The overall completion rate is now at 81%. A monthly PIC conference call was also conducted as part of the ongoing efforts to improve PIC training. Topics included: Annual controlled substance inventory and California State Board self-assessment, GuardianRx roll-out schedule and implementation of additional functionality, the clinical data repository project, Verizon Helpdesk and the importance of the return-to-stock program.

Purchasing and Contracting Activities

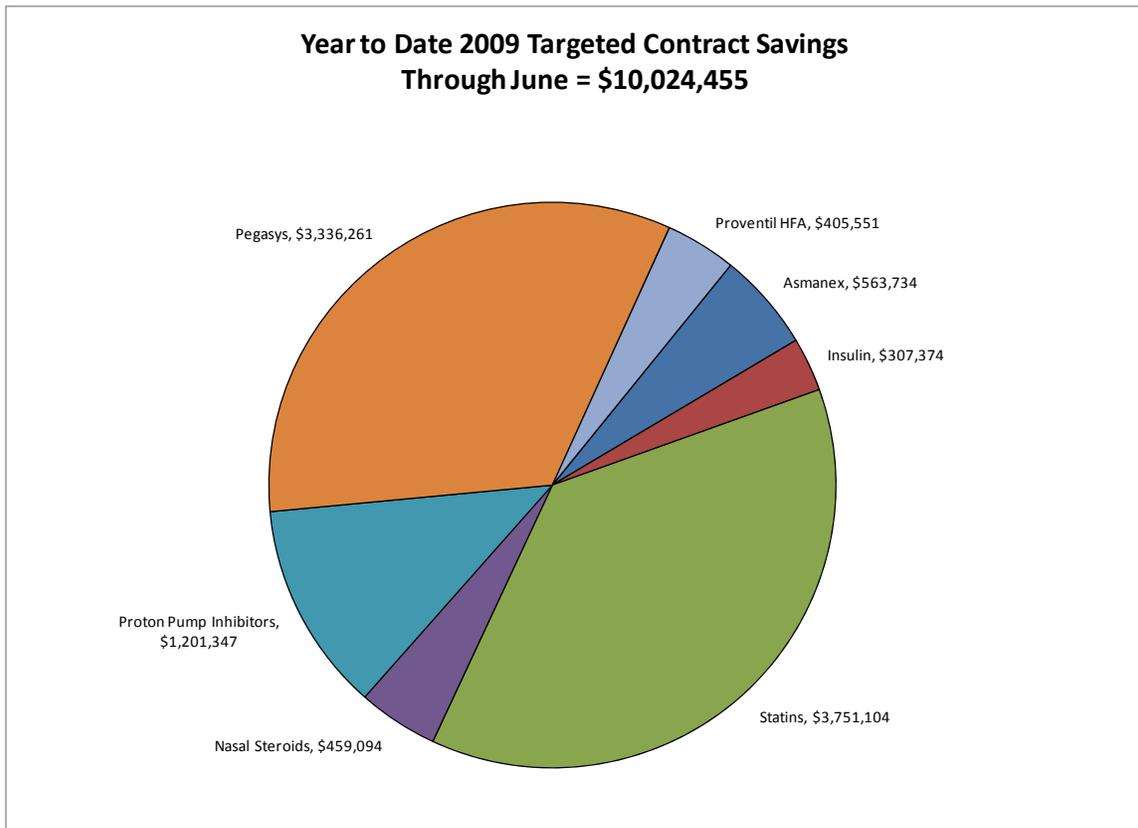
We continue to track and report on cost avoidance resulting from improved management oversight and direction of pharmacy purchasing and contract activities. Cost avoidance in 2008 totaled \$33.3M when compared to prior trends, averaging about \$2.8M per month. During the first six months of 2009, significant cost avoidance has continued, with a cost avoidance of approximately \$23.3M (Figure 1 shows cost avoidance by month below).

Figure 1



Contract, purchase and inventory monitoring efforts continue to yield results by avoiding unnecessary costs due to out-of-stock orders and ensuring that the correct contracted items are purchased. In June, \$142,193 in cost avoidance was realized by working with the wholesaler to ensure the best priced items were sufficiently stocked at the regional distribution centers and another \$161,328 in cost avoidance by directly working with the facilities to ensure the correct contracted items were purchased. Additionally, cost savings for the first six months of this year attributed to various targeted contract initiatives totaled more than \$10.0M (see Figure 2):

Figure 2

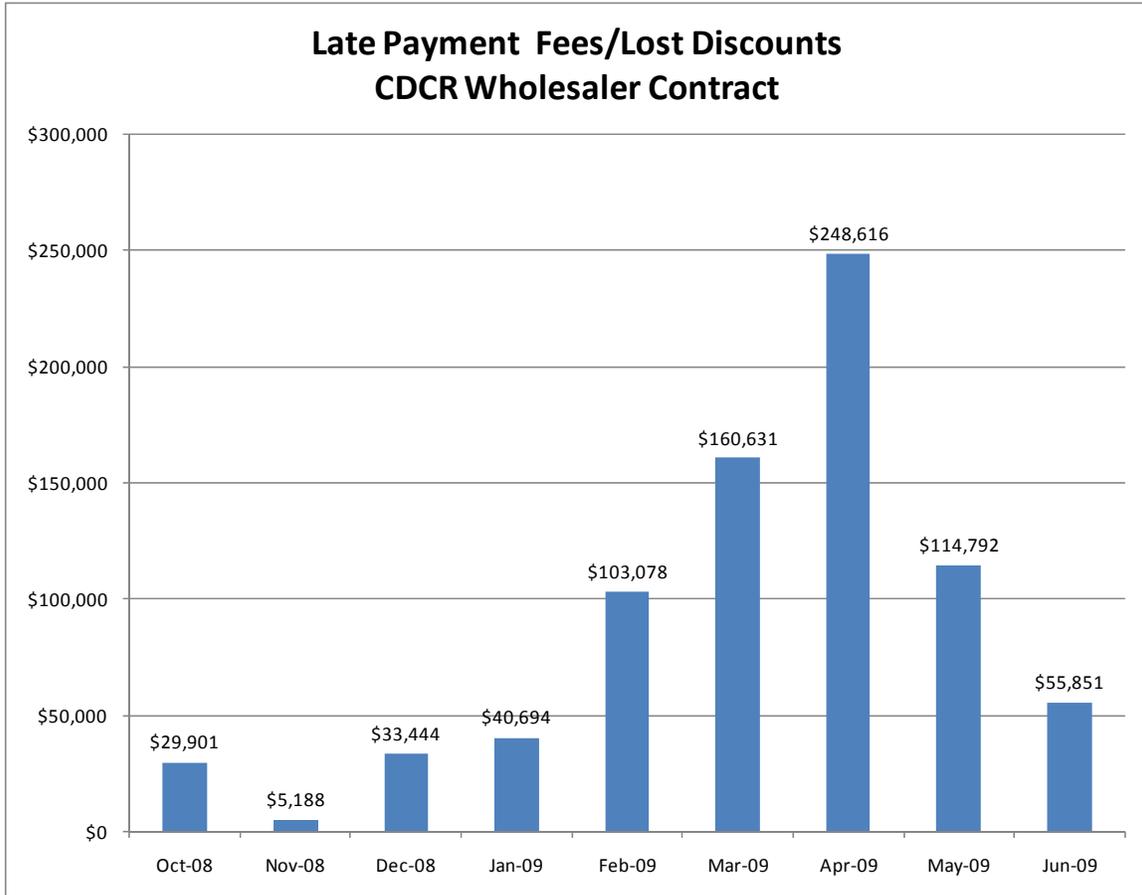


During the last 60 days significant progress has been made in reducing the delays in making payments to the pharmacy wholesaler. Delays result in lost discounts. A summary of the payment delays by facility was provided to CPHCS in April where an immediate review of the status of payments was initiated. As a result, the amount of lost discount in May was cut by more than half of the April figure, and reduced by half again in June. Figure 3 illustrates this trend which will continue to be monitored on an ongoing basis.

Additionally, the Maxor supply team has pre-booked orders for the 2009 flu vaccination program and provided this information to CPHCS. Staff has remained vigilant in

monitoring the availability and distribution of Tamiflu in the system in response to the H1N1 flu strain and has arranged for the supply of this medication to be strategically positioned for response if needed.

Figure 3.



Guardian Implementation

GuardianRx® has been successfully implemented in twenty-three sites (CCC, HDSP, FOL, MCSP, SQ, SAC, CMC, CVSP, ISP, COR, SATF, CIW, CCWF, VSPW, DVI, NKSP, KVSP, LAC, PVSP, SVSP, CCI, WSP and CRC). Pre-conversion meetings and training at upcoming facilities continue as scheduled. The next scheduled “go-lives” include CAL, ASP, PBSP and CEN. Additionally, “go-back” sustainability efforts at institutions who have already implemented GuardianRx® have continued to ensure that the latest features and enhanced processes, including the ability to image prescriptions are made available. Additionally, a new GuardianRx enhancement (Auto-dispense) has been tested and has been rolled out to all GuardianRx institutions except FSP (which is waiting for additional required equipment and work flow changes). This added capability assists in managing workload and has been very well received by the facility pharmacy staff. It is estimated to save the workload equivalent of 0.5-1.0 FTE per facility for higher volume sites.

Other Activity

Recruitment efforts continue in order to fill pharmacy positions across the state. Currently there are 13 contract PICs and one Pharmacist I serving as Acting PIC. Interviews for state position pharmacists are down 35% from the same time period last year, which is anecdotally attributed in some degree to the state's current budget concerns and the furlough policies. During June, sixteen candidate files were reviewed, fourteen interviews were scheduled and ten interviews were conducted. Three employment offers were made and one was accepted.

Work also continued on the development of the Central Fill Pharmacy Facility, with approval of the final lease terms with the property owner. Demolition, permitting and renovation work on the facility will follow. Concurrent work on staffing and transition preparation has also been initiated with the involvement of CPHCS human resource, finance and management staff.

Also during this reporting period, Maxor has continued to work with CPHCS leadership to assist in identifying budget adjustments and to examine cost avoidance opportunities as part of an overall assessment and evaluation of activities. These activities include review and reassessment of staffing requirements, consolidation and reduction in travel requirements, examining schedules for potential change impacts, and a focus on increasing workload efficiencies.

Finally, Maxor was requested to consider a reduction in its project budget and worked with CPHCS leadership to successfully develop and agree to a significant reduction in the contract budget for the pharmacy project. The revised budget for FY 2009-2010 allows for the continuation of currently scheduled activities related to the P&T Committee; policy and procedure review; facility pharmacy oversight; the implementation of GuardianRx; planning and work related to the Central Fill Facility; and continuation of pharmaceutical purchasing oversight.

Summary of Changes to Timeline

In the sections below, a listing of objectives completed, objectives delayed and objective timelines proposed for change (subject to review and approval of CPHCS) are provided.

Objectives Completed

- Objective A.1: A central pharmacy services administration, budget and enforcement authority was established on January 23, 2007.
- Objective A.2: Direct lines of authority were established to all pharmacy services personnel and linkages to central medical staff were defined.
- Objective A3: A complete update of system-wide pharmacy policies and procedures has been completed. Ongoing maintenance and regularly scheduled policy reviews are now underway.

- Objective A4: Establish key performance metrics used to evaluate the performance of the pharmacy services program. *(Completed, with continued refinement as GuardianRx® is implemented.)*
- Objective A5: Establish standardized monitoring reports and processes designed to continually assess program performance. *(Completed, with continued refinement as GuardianRx® is implemented.)*
- Objective B.1. A revised and reconstituted Pharmacy & Therapeutics Committee was established. Meetings are held the second Tuesday of each month. Current membership includes representation from central, regional and institutional level providers, as well as experts representing Coleman and Perez issues and the Department of Mental Health.
- Objective B3: Develop and implement effective and enforceable Disease Medication Management Guidelines.
- Objective B.4: Develop and implement an effective and enforceable institution audit process.
- Objective C.1: Monitor wholesaler (vendor) to ensure contract compliance.
- Objective C.3: Implement a process to insure that the best value contracted item is used.
- Objective D2: Complete skill set inventory of state and registry employees and provide required training, performance measures, and disciplinary measures as needed for existing employees.
- Objective D.3: Develop an effective means of documenting and tracking employee training, education, performance, and disciplinary action.
- Objective F1: Develop and implement improved reporting and monitoring capabilities with existing pharmacy system.

Objectives Delayed

All objectives except for A1.1 (hiring clinical specialists) are progressing according to the revised schedule adopted as a part of the Receiver's overall Plan of Action. Hiring qualified clinical pharmacists has been difficult. As a part of the budget reductions agreed to by CPHCS and Maxor, the number of clinical pharmacists will remain at the three currently employed, therefore this objective will be considered completed.

Objective E.2, relating to the development of the Central Fill Pharmacy Facility is progressing, but due to delays in selecting the site location and contracting for the automation services, as well as the identification of additional state specifications, completion of this objective will be delayed until the first quarter of 2010. Continued evaluation of the progress will be made and a request for timeline change will be submitted once final contracts are in place for the facility build-out and equipment installations.

As discussed in earlier reports, the roll out of the GuardianRx® system (Objective F.3) has been delayed, and will not be fully implemented statewide until early in 2010. As currently planned and resourced, the system will be implemented in 26 of the 33 facilities by the end of September, with the remaining seven facilities to follow. The conversion

schedule is under continual review by the GuardianRx® Steering Committee and updates to the schedule will be provided when available.

Objective Timelines Proposed for Change

No additional changes to objective timelines are proposed at this time.

Issues or Obstacles to Success

The impact of furloughs on staff availability and morale has begun to impact the GuardianRx conversion process. In particular, assuring sufficient staff is present to complete essential training, workload and initial conversion quality review has become increasingly challenging due to furloughs, travel restrictions and overtime limitations. The Maxor team remains committed to implementation of the strategic vision outlined in the *Road Map* and will continue to work closely with CPHCS leadership to maintain positive momentum and to explore cost-effective means to continue these vital efforts.

Monthly Attachments

The section below contains links to the Pharmacy Dashboard, and Pharmacy Inspection Grid provided for review.

Appendix A - Pharmacy Dashboard



2009 Pharmacy
Dashboard 071409

Appendix B - Pharmacy Inspection Grid



2008 - 09 Master
Inspection Grid

APPENDIX 14



**PHARMACY MANAGEMENT CONSULTING
SERVICES**

**Monthly Summary Report
To The
California Prison Health Care
Receivership Corporation**

July 2009

PHARMACY MANAGEMENT CONSULTING SERVICES

Monthly Summary Report July 2009

Summary of Activities

Implementation of the goals and objectives of the Road Map for improvements to the CDCR pharmacy program continued to make progress during this reporting period. This report updates activities through the month of July 2009.

Pharmacy and Therapeutics Committee Activities

The Pharmacy and Therapeutics (P&T) Committee continued its monthly meetings to review utilization trends, address formulary issues; discuss and approve Disease Medication Management Guidelines (DMMG); and review and approve pharmacy policies and procedures.

During the July P&T meeting, the members of the P&T Committee reviewed monthly reports including the pharmacy dashboard, monthly metrics summary, the pharmacy inspection grid, a review of pharmacy cost center trends and reviewed medication error reports. In addition, the committee reviewed and approved proposed changes to the pharmacy policies and procedures manual to complete its annual review and update of the policies. Changes were accepted by P&T and sent for legal review. Revisions will be distributed to the field once the legal review is completed. In addition, a revised Chapter 11 – Dental Urgent Medication Process, was approved by the P&T Committee. A new policy relating to the purchase of specialty pharmaceuticals was developed and will be presented to the P&T Committee in August.

The P&T Committee also considered updates to the formulary and approved the following changes:

- Due to product availability issues with Nasalide (flunisolide 25mcg/spray), Nasarel (flunisolide 29mcg/spray) was added to the formulary. The two forms of flunisolide nasal spray may be used interchangeably. A therapeutic interchange form was provided to ensure facilities are compliant with generic substitution laws.
- Flovent HFA (fluticasone) – 110mcg, 220mcg – 120 count inhalers; Nasaral (flunisolide 29mcg/spray); and Advair (fluticasone/salmeterol) – 100/50mcg, 250/50mcg, 500/50mcg were added to the formulary.
- Asmanex (mometasone) was deleted from the formulary.

Pharmacy Staff Development and Training Activities

The Clinical Pharmacy Operations Specialists (CPOS) continued to provide in-service to facility staff on Pharmacy Policy and Procedure on a regular basis. This month, they in-

serviced staff on Ch. 9, Prescription Requirements and Ch. 35, Therapeutic Interchange as well as HIV DMMG and ICS dosing equivalence. CPOS also presented a Pharmacotherapy Management Consult (PMC) focusing on non-formulary and OTC drug utilization at LAC and Nonformulary utilization at CIW to the medical leadership. The reports and recommendations were well received by CMOs at both facilities who took immediate actions on some of the recommendations.

CPOS presented trend charts and discussed non-formulary utilization and purchases with CMOs and CP&Ss in their assigned facilities and continued to retrospectively evaluate Nonformulary approval requests and provided feedback to facility leadership.

With the increased availability of management data from the GuardianRx system, additional reporting and monitoring tools continue to be developed and made available to facility and system leadership. An institution-level dashboard for prescription utilization was created for selected facilities based on utilization data from the managed care reports.

A meeting was held with the Director of Psychiatric Services in both June and July to provide training and discuss the Managed Care report sets for use in impacting psychiatric medication utilization. A DMH psychiatric medication report was also created to be used in meetings with leadership in August.

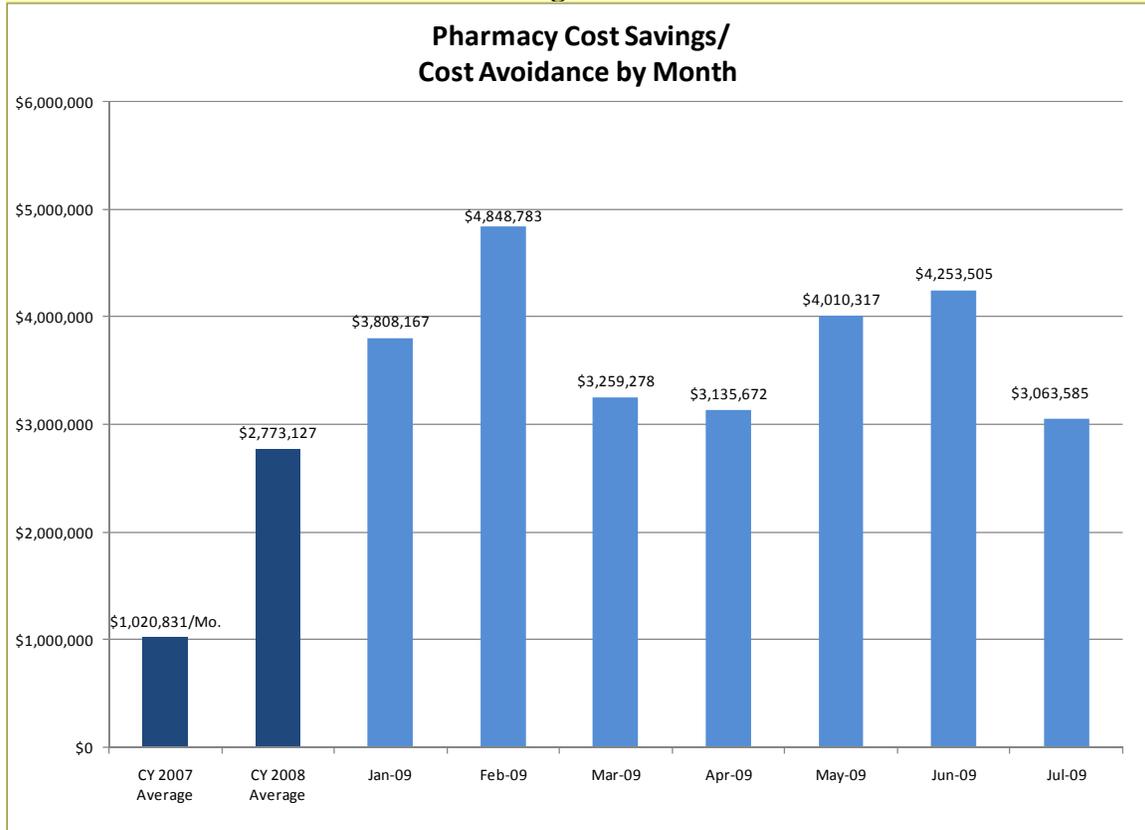
Monthly meetings with all Pharmacists-In-Charge continued in July. Topics included: therapeutic interchange program, medication error reporting, managed care reports and the importance of entering Rx's correctly with the correct cost. In addition during the meeting pharmacy management clarified rules for split doses (am & pm), discussed the use of Spanish sigs, provided a nurse protocol update, explained the role of Utilization Management and the interface with pharmacy and explained procedures for tracking expensive drugs.

New *MC Strategies* lessons for pharmacy policies and procedures (Ch. 6, After Hours Medication Supply and Ch. 38, Prescription Turn Around Time) were assigned. In addition, the deadline for completion of MC Strategies lessons was extended to 90 days. Compliance will be evaluated quarterly to accommodate scheduling and staffing shortages due to furloughs. The monthly rates will be considered interim. The July 09 interim report reflects overall completion rate of 88.7%.

Purchasing and Contracting Activities

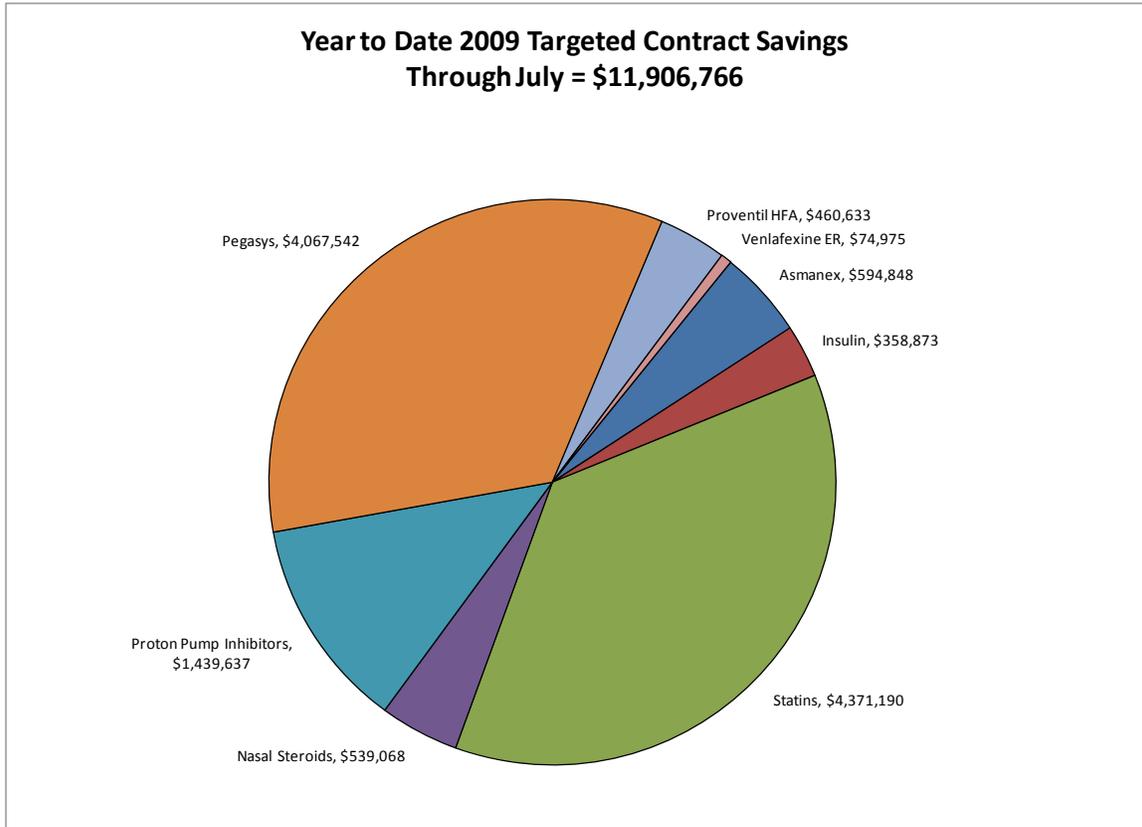
We continue to track and report on cost avoidance resulting from improved management oversight and direction of pharmacy purchasing and contract activities. Cost avoidance in 2008 totaled \$33.3M when compared to prior trends, averaging about \$2.8M per month. During the first seven months of 2009, significant cost avoidance has continued, with a cost avoidance of approximately \$26.4M (Figure 1 shows cost avoidance by month below).

Figure 1



Contract, purchase and inventory monitoring efforts continue to yield results by avoiding unnecessary costs due to out-of-stock orders and ensuring that the correct contracted items are purchased. In July, \$ 176,699 in cost avoidance was realized by working with the wholesaler to ensure the best priced items were sufficiently stocked at the regional distribution centers and another \$ 206,815 in cost avoidance by directly working with the facilities to ensure the correct contracted items were purchased. Additionally, cost savings for the first seven months of this year attributed to various targeted contract initiatives totaled more than \$11.9M (see Figure 2):

Figure 2



Additionally, 2009 flu vaccination orders have been coordinated and placed. Work continues with the CPHCS public health staff on the distribution of vaccine and Tamiflu in the system in response to the H1N1 flu strain.

Guardian Implementation

GuardianRx® has been successfully implemented in twenty-four sites (CCC, HDSP, FOL, MCSP, SQ, SAC, CMC, CVSP, ISP, COR, SATF, CIW, CCWF, VSPW, DVI, NKSP, KVSP, LAC, PVSP, SVSP, CCI, WSP, CRC and CAL). Pre-conversion meetings and training at upcoming facilities continue as scheduled.

RJD completed conversion from floor stock to patient specific processes in June. Only CMF, CIM, and CMC have remaining bulk floor stock operations. Maxor also verified completion of the conversion to patient specific processes at COR.

Other Activity

Recruitment efforts continue in order to fill pharmacy positions across the state. During this reporting period, the PIC at CIM resigned. Two pharmacists were interviewed and offered PIC positions at LAC and CEN and both accepted. Overall in July, 20 pharmacist candidate files were reviewed, two interviews conducted, four interviews

declined, ten interviews are pending. Eight offers of employment were made, with three hired and five declining the offers. Also during the month, two pharmacist resignations were received.

We continue to work with CPHCS and finance staff to address pharmacy staffing and funding issues. Limited term positions that are expiring are being moved into PIE positions as an interim measure with continued discussions around pharmacy staffing allocations. Efforts to reduce pharmacy workload are being examined at every opportunity.

Work also continued on the development of the Central Fill Pharmacy Facility, with approval of the final lease terms with the property owner. Demolition, permitting and renovation work on the facility is now scheduled to follow.

Summary of Changes to Timeline

In the sections below, a listing of objectives completed, objectives delayed and objective timelines proposed for change (subject to review and approval of CPHCS) are provided.

Objectives Completed

- Objective A.1: A central pharmacy services administration, budget and enforcement authority was established on January 23, 2007.
- Objective A.2: Direct lines of authority were established to all pharmacy services personnel and linkages to central medical staff were defined.
- Objective A3: A complete update of system-wide pharmacy policies and procedures has been completed. Ongoing maintenance and regularly scheduled policy reviews are now underway.
- Objective A4: Establish key performance metrics used to evaluate the performance of the pharmacy services program. *(Completed, with continued refinement as GuardianRx® is implemented.)*
- Objective A5: Establish standardized monitoring reports and processes designed to continually assess program performance. *(Completed, with continued refinement as GuardianRx® is implemented.)*
- Objective B.1. A revised and reconstituted Pharmacy & Therapeutics Committee was established. Meetings are held the second Tuesday of each month. Current membership includes representation from central, regional and institutional level providers, as well as experts representing Coleman and Perez issues and the Department of Mental Health.
- Objective B3: Develop and implement effective and enforceable Disease Medication Management Guidelines.
- Objective B.4: Develop and implement an effective and enforceable institution audit process.
- Objective C.1: Monitor wholesaler (vendor) to ensure contract compliance.

- Objective C.3: Implement a process to insure that the best value contracted item is used.
- Objective D2: Complete skill set inventory of state and registry employees and provide required training, performance measures, and disciplinary measures as needed for existing employees.
- Objective D.3: Develop an effective means of documenting and tracking employee training, education, performance, and disciplinary action.
- Objective F1: Develop and implement improved reporting and monitoring capabilities with existing pharmacy system.

Objectives Delayed

All objectives except for A1.1 (hiring clinical specialists) are progressing according to the revised schedule adopted as a part of the Receiver's overall Plan of Action. As a part of the budget reductions agreed to by CPHCS and Maxor, the number of clinical pharmacists will remain at the three currently employed, therefore this objective will be considered completed.

Objective E.2, relating to the development of the Central Fill Pharmacy Facility is progressing, but due to delays in selecting the site location and contracting for the automation services, as well as the identification of additional state specifications, completion of this objective will be delayed until the first quarter of 2010. Continued evaluation of the progress will be made and a request for timeline change will be submitted once final schedules are in place for the facility build-out and equipment installations.

As discussed in earlier reports, the roll out of the GuardianRx® system (Objective F.3) has been delayed, and will not be fully implemented statewide until early in 2010. As currently planned and resourced, the system will be implemented in 26 of the 33 facilities by the end of September, with the remaining seven facilities to follow. The conversion schedule is under continual review by the GuardianRx® Steering Committee.

Objective Timelines Proposed for Change

No additional changes to objective timelines are proposed at this time.

Issues or Obstacles to Success

No new issues or obstacles noted.

Monthly Attachments

The section below contains links to the Pharmacy Dashboard, and Pharmacy Inspection Grid provided for review.

Appendix A - Pharmacy Dashboard



2009 Pharmacy
Dashboard 080509.xls

Appendix B - Pharmacy Inspection Grid



CY 2008 - 09 Master
Inspection Grid 8.13.xls

APPENDIX 15

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Discussion and Analysis of Unaudited Financial Statements
For the Period July 1, 2008 through June 30, 2009

The June 30, 2009 financial statements of the California Prison Health Care Receivership Corp (CPR) are presented in compliance with the measurement focus, basis of accounting and financial presentation set forth by the Government Accounting Standards Board (GASB), and include a Statement of Net Assets and General Fund Balance (Balance Sheet) and a Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance (Revenues and Expenses). In lieu of comparing net asset and operating activities to prior period amounts, operating activities are compared to budget.

A review of expenses included on the unaudited statement of activities compared to what was budgeted for the twelve months ended June 30, 2009 shows a total difference of \$3.7 million or 3.9 % variance under budget. Three line items or activities in the statement account for the majority of the difference.

Salaries and benefits were 14% under budget. As a result of restructuring the organization and moving functions and positions into CDCR, all but six employees have been eliminated from CPR. Professional fees were 25 % under budget. As a result of the restructuring, the majority of the professional contracts have been transferred to CDCR for administration and payment. Other expenses were \$1,427,393 above budget. The receivership hired the marketing and recruitment firm Bernard Hodes to assist in the campaign to recruit and hire professional medical staff to work for the CDCR. These costs of recruitment for CDCR Medical and nursing staff had originally been considered a CDCR budget item, but were paid by the Corporation to avoid delays in initiating the program. As of the end of the year the contract has been transferred to the CDCR and CPR will not incur any additional recruitment costs.

Capital assets increased by \$72.1 million for the twelve months ending June 30, 2009. Of the total expenditures for capital assets, \$44.9 million was related to program management services for the 10,000 bed project. The remaining expenditures were primarily for various capital improvements at San Quentin, Interim Modular's for Avenal and CDCR information system improvements.

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
For the eleven months ended May 31, 2009

	Final Budget	Actual (Budgetary Basis)	Variance between Final Budget and Actual
Revenues:			
State of California appropriation to Receivership	\$96,147,258	\$96,147,258	\$ -
Investment earnings	\$779,166	\$841,937	62,771
	96,926,424	96,989,195	62,771
Total revenues			
Expenditures:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	\$4,779,290	4,430,712	348,578
Legal and professional services	15,244,504	12,036,958	3,207,546
Travel	477,179	270,683	206,496
Rents and leases	66,000	90,457	(24,457)
Office expenses	92,463	75,249	17,214
Telephone and network	31,900	55,483	(23,583)
Insurance	78,381	52,743	25,638
Other	176,395	\$1,606,359	(1,429,964)
Capital outlay	68,020,900	68,020,900	-
	88,967,012	86,639,544	2,327,468
Total expenditures			
Change in fund balance	\$ 7,959,412	10,349,651	\$ 2,390,240
GAAP basis difference - compensated absences		(54,276)	
Fund balance - July 1, 2008		4,041,586	
Fund balance - May 31, 2009		\$ 14,336,961	

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
For the eleven months ended May 31, 2009

	General Fund	Adjustments (Note 1)	Statement of Net Assets
Assets			
Current assets:			
Cash	\$15,091,534	\$ -	\$ 15,091,534
Prepaid items	\$0	-	-
	15,091,534	-	15,091,534
Noncurrent assets:			
Deposits with others	\$295,399	-	295,399
Capital assets, net	-	\$102,445,233	102,445,233
	-	\$102,445,233	102,445,233
Total assets	\$ 15,386,932	102,445,233	117,832,166
Liabilities			
Liabilities:			
Accounts payable	\$418,463	-	418,463
Accrued salaries and benefits	\$141,741	-	141,741
Other accrued expenses	\$489,766	-	489,766
Compensated absences	-	182,138	182,138
	-	182,138	182,138
Total liabilities	1,049,970	182,138	1,232,108
Fund Balance/Net Assets			
Fund balance:			
Reserved for prepaid items and deposits with others	295,399	(295,399)	-
Unreserved, undesignated	14,041,563	(14,041,563)	-
	14,336,962	(14,336,962)	-
Total fund balance	14,336,962	(14,336,962)	-
Total liabilities and fund balance	\$ 15,386,932		
Net assets:			
Invested in capital assets, net of related debt		102,445,233	102,445,233
Unrestricted		14,154,823	14,154,823
		116,600,057	116,600,057
Total net assets		\$ 116,600,057	\$ 116,600,057

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
For the eleven months ended May 31, 2009

	General Fund	Adjustments (Note 2)	Statement of Activities
Revenues			
Program revenues:			
Operating grants and contributions:			
State of California appropriation to Receivership	\$96,147,258	-	96,147,258
General revenues:			
Investment earnings	\$841,937	-	841,937
Total revenues	\$96,989,195	-	96,989,195
Expenditures/Expenses:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	\$4,484,988	(54,276)	4,430,712
Legal and professional services	\$12,036,958	-	12,036,958
Travel	\$270,683	-	270,683
Rents and leases	\$90,457	-	90,457
Insurance	\$52,743	-	52,743
Other	\$1,737,091	-	1,737,091
Depreciation	\$0	\$2,562,296	2,562,296
Capital outlay - Fixed Assets	68,020,900	(68,020,900)	-
Total expenditures/expenses	86,693,820	(65,512,880)	21,180,940
Change in fund balance	10,295,375	(10,295,375)	-
Change in net assets	-	65,512,880	75,808,256
Fund balance/net assets - July 1, 2008	4,041,586	45,874,174	40,791,801
Fund balance/net assets - May 31, 2009	\$ 14,336,961	\$ 101,091,679	\$ 116,600,057

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
For the twelve months ended
June 30, 2009

	Final Budget	Actual (Budgetary Basis)	Variance between Final Budget and Actual
Revenues:			
State of California appropriation to Receivership	\$96,147,258	\$96,147,258	\$ -
Investment earnings	\$850,000	\$850,369	369
Total revenues	96,997,258	96,997,627	369
Expenditures:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	\$5,213,767	4,504,465	709,302
Legal and professional services	16,630,139	12,399,903	4,230,236
Travel	520,556	278,988	241,568
Rents and leases	72,000	93,930	(21,930)
Office expenses	100,868	77,594	23,274
Telephone and network	34,800	59,106	(24,306)
Insurance	85,506	67,956	17,550
Other	192,428	\$1,619,821	(1,427,393)
Capital outlay	72,050,383	72,050,383	-
Total expenditures	94,900,447	91,152,145	3,748,302
Change in fund balance	\$ 2,096,811	5,845,482	\$ 3,748,671
GAAP basis difference - compensated absences		(178,737)	
Fund balance - July 1, 2008		4,041,586	
Fund balance - June 30, 2009		\$ 9,708,331	

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
For the twelve months ended June 30, 2009

	General Fund	Adjustments (Note 1)	Statement of Net Assets
Assets			
Current assets:			
Cash	\$13,293,567	\$ -	\$ 13,293,567
Prepaid items	\$0	-	-
	13,293,567	-	13,293,567
Noncurrent assets:			
Deposits with others	\$274,848	-	274,848
Capital assets, net	-	\$106,241,780	106,241,780
	-	\$106,241,780	106,241,780
Total assets	\$ 13,568,415	106,241,780	119,810,195
Liabilities			
Liabilities:			
Accounts payable	\$3,163,642	-	3,163,642
Accrued salaries and benefits	\$141,741	-	141,741
Other accrued expenses	\$554,702	-	554,702
Compensated absences	-	57,677	57,677
	-	57,677	57,677
Total liabilities	3,860,085	57,677	3,917,762
Fund Balance/Net Assets			
Fund balance:			
Reserved for prepaid items and deposits with others	274,848	(274,848)	-
Unreserved, undesignated	9,433,482	(9,433,482)	-
	9,708,330	(9,708,330)	-
Total fund balance	9,708,330	(9,708,330)	-
Total liabilities and fund balance	\$ 13,568,415		
Net assets:			
Invested in capital assets, net of related debt		106,241,780	106,241,780
Unrestricted		9,650,654	9,650,654
		106,241,780	106,241,780
Total net assets		\$ 115,892,434	\$ 115,892,434

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
For the twelve months ended June 30, 2009

	General Fund	Adjustments (Note 2)	Statement of Activities
Revenues			
Program revenues:			
Operating grants and contributions:			
State of California appropriation to Receivership	\$96,147,258	-	96,147,258
General revenues:			
Investment earnings	\$850,369	-	850,369
Total revenues	\$96,997,627	-	96,997,627
Expenditures/Expenses:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	\$4,683,202	(178,737)	4,504,465
Legal and professional services	\$12,399,903	-	12,399,903
Travel	\$278,988	-	278,988
Rents and leases	\$93,930	-	93,930
Insurance	\$67,956	-	67,956
Other	\$1,756,520	-	1,756,520
Depreciation	\$0	\$2,795,232	2,795,232
Capital outlay - Fixed Assets	72,050,383	(72,050,383)	-
Total expenditures/expenses	91,330,882	(69,433,888)	21,896,994
Change in fund balance	5,666,745	(5,666,745)	-
Change in net assets	-	69,433,888	75,100,633
Fund balance/net assets - July 1, 2008	4,041,586	45,874,174	40,791,801
Fund balance/net assets - June 30, 2009	\$ 9,708,331	\$ 109,641,317	\$ 115,892,434

APPENDIX 16

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Discussion and Analysis of Unaudited Financial Statements
For the Period July 1, 2009 through August 31, 2009

The August 31, 2009 financial statements of the California Prison Health Care Receivership Corp (CPR) are presented in compliance with the measurement focus, basis of accounting and financial presentation set forth by the Government Accounting Standards Board (GASB), and include a Statement of Net Assets and General Fund Balance (Balance Sheet) and a Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance (Revenues and Expenses). In lieu of comparing net asset and operating activities to prior period amounts, operating activities are compared to budget.

A review of expenses included on the unaudited statement of activities compared to what was budgeted for the two months ended August 31, 2009 shows a total difference of \$924,461 or 69% variance under budget. One line item or activity in the statement account for the majority of the difference.

Professional fees were \$924,512 or 87% under budget. The Legal costs anticipated in the budget have been much less to date than originally considered primarily because of timing with court dates and filings. We do anticipate legal costs to ramp up to budgeted levels for the fiscal year. Capital assets have not increased during the first two months of the Fiscal year.

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
For the one month ended
July 31, 2009

	Final Budget	Actual (Budgetary Basis)	Variance between Final Budget and Actual
Revenues:			
State of California appropriation to Receivership	\$250,000	\$250,000	\$ -
Investment earnings	\$0	\$2,960	2,960
Total revenues	250,000	252,960	2,960
Expenditures:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	\$162,340	135,360	26,980
Legal and professional services	531,136	71,977	459,159
Travel	3,000	1,995	1,005
Rents and leases	3,239	4,055	(816)
Office expenses	5,300	3,649	1,651
Telephone and network	1,500	2,826	(1,326)
Insurance	1,500	36,399	(34,899)
Other	20,934	\$894	20,040
Capital outlay	74	74	-
Total expenditures	729,023	257,229	471,794
Change in fund balance	\$ (479,023)	(4,269)	\$ 474,754
GAAP basis difference - compensated absences		-	
Fund balance - July 1, 2009		9,708,331	
Fund balance - July 31, 2009		\$ 9,704,062	

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
For the one month ended July 31, 2009

	General Fund	Adjustments (Note 1)	Statement of Net Assets
Assets			
Current assets:			
Cash	\$138,712	\$ -	\$ 138,712
Prepaid items	\$25,428	-	25,428
	164,140	-	164,140
Noncurrent assets:			
Deposits with others	\$244,466	-	244,466
Capital assets, net	-	\$106,008,918	106,008,918
	-	\$106,008,918	106,008,918
Total assets	\$ 408,606	106,008,918	106,417,524
Liabilities			
Liabilities:			
Accounts payable	\$238,665	-	238,665
Accrued salaries and benefits	\$141,741	-	141,741
Other accrued expenses	\$324,137		324,137
Compensated absences	-	57,677	57,677
	-	57,677	57,677
Total liabilities	704,543	57,677	762,220
Fund Balance/Net Assets			
Fund balance:			
Reserved for prepaid items and deposits with others	269,894	(269,894)	-
Unreserved, undesignated	(565,831)	565,831	-
	-	-	-
Total fund balance	(295,937)	295,937	-
Total liabilities and fund balance	\$ 408,606		
Net assets:			
Invested in capital assets, net of related debt		106,008,918	106,008,918
Unrestricted		9,646,385	9,646,385
		9,646,385	9,646,385
Total net assets		\$ 115,655,303	\$ 115,655,303

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
For the one month ended
July 31, 2009

	General Fund	Adjustments (Note 2)	Statement of Activities
Revenues			
Program revenues:			
Operating grants and contributions:			
State of California appropriation to Receivership	\$250,000	-	250,000
General revenues:			
Investment earnings	\$2,960	-	2,960
Total revenues	\$252,960	-	252,960
Expenditures/Expenses:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	\$135,360	-	135,360
Legal and professional services	\$71,977	-	71,977
Travel	\$1,995	-	1,995
Rents and leases	\$4,055	-	4,055
Insurance	\$36,399	-	36,399
Other	\$7,368	-	7,368
Depreciation	\$0	\$232,936	232,936
Capital outlay - Fixed Assets	74	(74)	-
Total expenditures/expenses	257,229	232,862	490,091
Change in fund balance	(4,269)	4,269	-
Change in net assets	-	(232,862)	(237,131)
Fund balance/net assets - July 1, 2009	9,708,331	109,641,317	115,892,434
Fund balance/net assets - July 31, 2009	\$ 9,704,062	\$ 109,412,724	\$ 115,655,303

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
For the two months ended
August 31, 2009

	General Fund	Adjustments (Note 2)	Statement of Activities
Revenues			
Program revenues:			
Operating grants and contributions:			
State of California appropriation to Receivership	\$ 500,000	-	\$ 500,000
General revenues:			
Investment earnings	2,960	-	2,960
Total revenues	502,960	-	502,960
Expenditures/Expenses:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	207,863	-	207,863
Legal and professional services	137,760	-	137,760
Travel	3,472	-	3,472
Rents and leases	8,110	-	8,110
Insurance	38,994	-	38,994
Other	14,635	-	14,635
Depreciation	0	465,872	465,872
Capital outlay - Fixed Assets	74	(74)	-
Total expenditures/expenses	410,908	465,798	876,706
Change in fund balance	92,052	(92,052)	-
Change in net assets	-	(465,798)	(373,746)
Fund balance/net assets - July 1, 2009	9,708,331	109,641,317	115,892,434
Fund balance/net assets - August 31, 2009	\$ 9,800,383	\$ 109,083,467	\$ 115,518,688

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
For the two months ended
August 31, 2009

	General Fund	Adjustments (Note 1)	Statement of Net Assets
Assets			
Current assets:			
Cash	\$98,604	\$ -	\$ 98,604
Prepaid items	\$23,481	-	23,481
	122,085	-	122,085
Noncurrent assets:			
Deposits with others	244,372	-	244,372
Capital assets, net	-	\$105,775,982	105,775,982
	-	\$105,775,982	105,775,982
Total assets	\$ 366,457	105,775,982	\$ 106,142,439
Liabilities			
Liabilities:			
Accounts payable	160,423	-	160,423
Accrued salaries and benefits	141,741	-	141,741
Other accrued expenses	263,910		263,910
Compensated absences	0	57,677	57,677
	-	57,677	57,677
Total liabilities	\$ 566,074	\$ 57,677	\$ 623,751
Fund Balance/Net Assets			
Fund balance:			
Reserved for prepaid items and deposits with others	267,853	(267,853)	-
Unreserved, undesignated	(467,470)	467,470	-
	-	467,470	-
Total fund balance	(199,617)	199,617	-
Total liabilities and fund balance	\$ 366,457		
Net assets:			
Invested in capital assets, net of related debt		105,775,982	105,775,982
Unrestricted		9,742,706	9,742,706
		9,742,706	9,742,706
Total net assets		\$ 115,518,688	\$ 115,518,688

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
For the two months ended
August 31, 2009

	Final Budget	Actual (Budgetary Basis)	Variance between Final Budget and Actual
Revenues:			
State of California appropriation to Receivership	\$500,000	\$500,000	\$ -
Investment earnings	\$0	\$2,960	2,960
Total revenues	500,000	502,960	2,960
Expenditures:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	202,077	207,863	(5,786)
Legal and professional services	1,062,272	137,760	924,512
Travel	6,000	3,472	2,528
Rents and leases	6,478	8,110	(1,632)
Office expenses	10,600	4,690	5,910
Telephone and network	3,000	4,626	(1,626)
Insurance	3,000	38,994	(35,994)
Other	41,868	\$5,320	36,548
Capital outlay	74	74	-
Total expenditures	1,335,369	410,908	924,461
Change in fund balance	\$ (835,369)	92,052	\$ 927,421
GAAP basis difference - compensated absences		-	
Fund balance - July 1, 2009		9,708,331	
Fund balance - August 31, 2009		\$ 9,800,383	

APPENDIX 17

Vendors Engaged by the Receiver During this Reporting Period Relating to Services to Assist the Receivership in the Development and Delivery of Constitutional Medical Care Within the California Department of Corrections and Rehabilitation (“CDCR”) and its Prisons

During the last reporting period, the Receiver has engaged the following vendors relating to services to assist the Office of the Receiver in the development and delivery of constitutional care within CDCR and its prisons:¹

A. Contracting Project

Third Party Administrator Medical Claims Processing Services

California Prison Health Care Services (CPHCS) issued a request for proposal (RFP) to secure a contractor to perform third party administrator medical claims processing services, to transition the current claims processing operation to one based on best practices and standards in the industry applicable to the correctional environment. The objective of the claims processing system is to improve the quality, efficiency, and timeliness of payments to health care vendors serving CDCR’s patient population, while also implementing effective cost management. This acquisition was via the Expedited Formal Bid process. Proposals were solicited at the Receiver’s website from all interested companies. Proposals were received from American Correctional Solutions (ACS), Anthem Blue Cross, Avidity Health Care Solutions, Inc., Correct Care – Integrated Health Incorporated (CCIH), E*HealthLine.com, Inc., HealthSmart, Prison Health Services, Inc. (PHS), Reassure Technologies Incorporated (RTI), Technical Data Systems, and TriZetto. CorrectCare – Integrated Health Inc. was selected.

Post Payment Audit and Recovery Services

As part of its proposal in response to the above RFP, CorrectCare – Integrated Health Inc. proposed the use of Viant, a separate entity, to perform post payment audit and recovery services of medical claims. This portion of the proposal responded to the part of the RFP requiring the ability to audit two previous years of invoices. The RFP reserved the right to award two separate contracts for these services, and CPHCS exercised that right, awarding the contract for post payment audit and recovery services to Viant.

B. San Quentin Project: Medical Facility Construction

East/West Rotundas

The Receiver solicited bids for the Wall Repair Project at the new Sick Call Units at the East and West Rotundas, using the Urgent Informal Bid process. The Urgent Informal Bid process was used because the contract was essential to the “critical path” of

¹ For the sake of brevity, reports to the Court do not include any subcontracts. Information about any subcontracts, however, can be provided to the Court upon request.

the Receiver's renovation efforts at San Quentin, and the additional delay that would result from utilizing the expedited formal bidding process would have significantly interfered with timely completion of the larger project. In addition, the anticipated contract price was estimated to be significantly less than \$75,000. Bids were solicited from Bill Hitchcock Construction, Hensel Phelps Construction Company and W.E. Lyons. Hitchcock was selected.

Personnel Building

Using the Urgent Informal Bid process, the Receiver solicited bids for an erosion control project west of the new Personnel Building. The anticipated contract price was estimated to be significantly less than \$75,000; as such, the Receiver determined that use of the Urgent Informal Bid process was appropriate. The Receiver solicited bids from three contractors: Bill Hitchcock Construction, Ghilotti Brothers, Inc. and Purdy Builders, Inc. Past performance and experience were similar among responsive bidders, and Hitchcock Construction's bid was selected, as the apparent low bidder.

C. Expansion Program (formerly the "10,000 Bed Project")

Lean Healthcare Delivery Consulting Services

Using the Sole Source process, URS/BLL Joint Venture (URS/BLL), on behalf of the Receiver, secured the services of Rona Consulting Group, to provide Lean Healthcare Delivery Consulting Services. The sudden departure of the prior consultant, the immediate need for a replacement consultant, the significant cost that would be incurred in delaying the Target Value Design initiative to conduct a more formal procurement, and the unique qualifications of Rona Consulting Group support the determination that no other sources were readily available. URS/BLL was unable to locate a more successful lean implementation consultant of a comparable nature and scope to Rona Consulting Group, and URS/BLL determined that Rona Consulting Group was uniquely qualified to provide the consulting services for this contract.

Consulting and Software for Lean Project Delivery (Lean Construction Practice)

Using the Urgent Informal Bid process, URS/BLL, on behalf of the Receiver, solicited bids for consulting and software for Lean Project Delivery. URS/BLL solicited bids from three contractors: SPS, Project Production Systems, and Lean Project Consulting, all of whom qualified and were awarded contracts. Contracts with Project Production Systems and Lean Project Consulting were executed in a prior reporting period. The contract with SPS was executed during the reporting period for this Twelfth Tri-Annual Report. The contract with SPS is essential to the critical path of the project. As part of Lean Construction Practice, SPS will provide deployment of SPS / PM suite of Internet Last Planner Software, and Production Management Software and Related Consulting for CPR's Expansion Program. Additional delay associated with use of the

Expedited Formal Bid process would significantly interfere with timely completion of the goals associated with the Expansion Program.