



State of Louisiana

**OFFICE OF
STATE INSPECTOR GENERAL**

SOUTHEAST LOUISIANA HOSPITAL

Report by

Inspector General Bill Lynch

Prepared for

Governor M.J. "Mike" Foster, Jr.

January 20, 1999

File No. 1-99-0041



State of Louisiana

**OFFICE OF
STATE INSPECTOR GENERAL**

Southeast Louisiana Hospital

January 15, 1999

Report by

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Inspector General Bill Lynch

Approved by

A handwritten signature in black ink, appearing to be "M.J. Foster", written over a horizontal line.

Governor M.J. "Mike" Foster, Jr.

File No. 1-99-0041

Southeast Louisiana Hospital

The chief executive officer and the environmental services-safety officer of Southeast Louisiana Hospital violated Department of Health and Hospitals regulations by improperly receiving \$21,229, in on-call pay while residing rent-free in state owned residences located on the hospital grounds.

Joseph Vinturella, the chief executive officer, received \$14,012, between May 29, 1996, and Oct. 4, 1998. Cecil Ruiz, the environmental services-safety officer, received \$7,217, between April 21, 1997, and Oct. 4, 1998.

Southeast Louisiana Hospital does not have a formal, written policy which prescribes the use by, and assignment of, employees to the state owned residences located on the grounds of the hospital.

Southeast Louisiana Hospital has failed to follow the emolument policy of the Department of Health and Hospitals – Office of Mental Health, by installing and maintaining LINC lines in five out of 20 state owned residences; and providing state telephone equipment with local service access, to 19 of the 20 residences.

Background

Southeast Louisiana Hospital is a licensed psychiatric hospital located in Mandeville, Louisiana, and currently operates 231 staffed beds. Southeast Hospital provides intermediate and long-term care to adults residing in specific state regions, and to adolescents and children statewide. The hospital is accredited by the Joint Commission for Accreditation of Hospitals, (JCAHO), and certified by the Health Care Financing Administration, (HCFA).

Construction of the hospital, which included individual employee residences and small apartment complexes began in 1950, and additional employee housing was constructed in 1954, 1960, and 1962. Southeast Hospital has authorization for 749 full-time Civil Service employees, and a current annual operating budget of approximately \$30 million.

Improper On-Call Pay

The chief executive officer and the environmental services-safety officer of Southeast Hospital improperly received \$21,229, in on-call pay while residing rent free in state owned residences located on the hospital grounds. Joseph Vinturella, the chief executive officer, received \$14,012, between May 29, 1996, and Oct. 4, 1998. Cecil Ruiz, the environmental services-safety officer, received \$7,217, between April 21, 1997 and Oct. 4, 1998.

Southeast Hospital has three general psychiatric programs and six specialty programs servicing children, adolescents, and adults, managed by its administrative staff. There are five affiliated programs housed on the grounds of the hospital which are not part of its management responsibility. Because the hospital operates on a 24-hour basis, there is the possibility of emergencies occurring which require immediate attention. To address these emergency situations, the administration has specific personnel assigned to be on-call regularly.

The Department of Health and Hospitals – Office of Mental Health, has an on-call policy for classified employees. Policy No. OMH 002-90 mandates that employees who live on the agency grounds, and do not pay rent, shall not be compensated for on-call duty; with the exception for classified doctors and psychiatrists.

Mr. Vinturella and Mr. Ruiz are not classified doctors or psychiatrists.

Between May 29, 1996, and Oct. 4, 1998, Joseph Vinturella worked 2,845 on-call hours, calculated at a pay rate of \$2.15 per hour; and 3,509 on-call hours at \$2.25 per hour, for a total receipt of \$14,012. During these periods, Mr. Vinturella served a rotating shift every third week, and was on duty 15.5 hours on weeknights, and 24 hours on weekends.

Mr. Vinturella resides at 63069 Hummingbird Lane, Mandeville, La. This address is located on the grounds of Southeast Hospital, and is listed in the records at DHH-OMH, as Residence #8. Mr. Vinturella has been living at this address since May 29, 1996, according to hospital records.

According to hospital records, Mr. Vinturella does not pay rent to DHH-OMH for the use of Residence #8-Hummingbird Lane. The monthly rental value calculated for this residence by DHH-OMH, is \$470, and the monthly utility value is \$224. Additionally, Mr. Vinturella receives a \$200 monthly food and maintenance allowance. These benefits are included in Mr. Vinturella's gross pay, and state and federal taxes are withheld from his bi-weekly salary for these benefits.

Mr. Vinturella explained that prior to relocating on the grounds of Southeast Hospital, he regularly provided on-call duty coverage similar to the schedule followed now. Mr. Vinturella stated that when he moved, he neglected to review the DHH-OMH on-call policy. As a result, he continued to receive pay for on-call duty just as he had before his move.

From April 21, 1997, to Oct. 4, 1998, Cecil Ruiz worked 1,503.5 on-call hours at \$2.15 per hour; and 1,771 on-call hours at \$2.25 per hour, for a total receipt of \$7,217. Mr. Ruiz also served an every third week rotating shift, serving 15.5 hours on weeknights and 24 hours on weekends.

Mr. Ruiz resides at 63068 Wren Way, Mandeville, La. This address is located on the grounds of Southeast Hospital, and is listed in the records at DHH-OMH as Residence #1-Wren Way. According to hospital records, Mr. Ruiz has been living at this address since April 20, 1997. Prior to moving to the hospital grounds, Mr. Ruiz also regularly provided on-call duty coverage, following the schedule he maintains now. He stated that he was unaware of the DHH-OMH on-call policy.

The monthly rental value calculated for the residence occupied by Mr. Ruiz is \$390, and the monthly utility value is \$167. These benefits are included in Mr. Ruiz's gross pay, and state and federal taxes are withheld from his pay for these benefits. Mr. Ruiz does not pay rent to DHH-OMH for the use of Residence #1-Wren Way at Southeast Hospital.

Variable time entry payroll listings for Mr. Vinturella and Mr. Ruiz, were also reviewed to determine how frequently they were called back to the hospital when on-call. The payroll documents revealed that the two administrators rarely received compensatory pay during the same pay period they were in on-call status.

Mr. Vinturella stated that in the three years that he has resided on the grounds of the hospital, he has been called to return to the hospital only three times. Mr. Ruiz said that most situations that he has responded to involved security or physical plant problems. However, he recalls the majority of those incidents were resolved through telephone calls, and then followed up with an on-site visit lasting 10 or 15 minutes. Mr. Ruiz stated further, that he seldom requested compensatory time for those minutes.

Use of State Owned Residences

Southeast Louisiana Hospital does not have a formal, written policy which establishes appropriate policies and procedures related to employee assignment and use of state owned residences located on its grounds.

La. R.S. 40:2017(5), provides that the Department of Health and Hospitals may establish maintenance allowances for officials and employees of hospitals under its department.

Policy #0019-89, issued Aug. 1, 1989, by DHH, does not address how each agency should select and assign state owned residences to its employees. According to Stan Mead, Director, Office of Fiscal Management, DHH, the department has a broadly written emolument policy. Mr. Mead stated that his office had just concluded a review of DHH's emolument policy, and has submitted written recommendations for changes to specific areas of the policy.

Southeast Hospital does not maintain records which document why and how an employee was selected to occupy one of the residences. No written criteria is used to assess the needs of each occupant, and to ensure the equal treatment of all employees. Assignment of employees and staff to the state owned residences is decided by the hospital's chief executive officer, Joseph Vinturella, BCSW.

Mr. Vinturella stated that the hospital has never been required by DHH to formulate a written policy regarding on-site housing. Mr. Vinturella also stated that Southeast Hospital has used the availability of on-site housing as a recruitment asset for the hospital. According to Mr. Vinturella, a narrowly defined or worded policy could hamper the ability of the hospital to recruit or maintain the services of desired professional medical staff. Furthermore, the lack of a written policy allows the hospital the flexibility to react to emergency needs, he says.

In spite of this position taken by the hospital, there is a plausible risk that the process used to select or assign employees and staff to the state owned residences will be inequitable without the existence of written criteria. The lack of written documentation which explains how and why each current occupant was assigned on-site housing calls into question the selection of those occupants.

LINC Lines, State Telephone Equipment

Southeast Hospital failed to follow the emolument policy of the Department of Health & Hospitals – Office of Mental Health, by installing and maintaining LINC lines in five of the 20 state owned residences; and providing state telephone equipment along with local service access to 19 of the 20 residences.

Because of the scope and objectives of the varied programs and constant needs of patients, the hospital maintains and utilizes eight individual residences and 12 apartment units, for a total of 20 residences located on its grounds.

Louisiana Intercity Network for Communications, (LINC), is a state-managed long distance system of leased telephone facilities. The LINC system provides low cost service for calls made to any telephone in the Continental United States. Each state agency is billed monthly for actual usage, and is provided a management report to enable agencies to better manage LINC usage.

DHH-OMH Policy No. 0019-89 prohibits LINC lines from being used in state owned residences. However, intercom telephones in state owned residences are permitted. Additionally, this policy has no provision that allows for the installation of telephone equipment that has local line access. The policy does provide for employees to be reimbursed by the state, with proper documentation, if it becomes necessary to use their personal phone for state business.

Jerry Hess is employed as an electronics technician advanced, at Southeast Hospital, and is responsible for installing and maintaining the hospital's telephone system. Mr. Hess confirmed the existence of the LINC lines and state telephone equipment in the five state owned residences, and the local lines and state telephone equipment in the remaining 14 residences. However, Mr. Hess stated that all orders to remove or install telephone equipment originates with hospital management. Mr. Hess also stated that the lines and state telephones installed in the residences provide employees with local service which includes New Orleans and other surrounding areas.

Interviews with other hospital staff confirmed that whenever a LINC line call is made at Southeast Hospital, those calls are routed through one central telephone number. Therefore, it is not possible to immediately identify individual telephone charges incurred because of the single LINC telephone number used at the hospital. The presence of LINC lines within the five residences occupied by hospital employees enables any person to make long distance calls, and exposes the hospital to potential risk related to unauthorized personal telephone use.

Conclusions:

1. The chief executive officer received \$14,012, and the environmental services-safety officer received \$7,217, in on-call duty pay, to which they were not entitled.
2. Southeast Louisiana Hospital does not have a formal, written policy which establishes appropriate procedures for assigning state owned residences for use by employees.

3. Southeast Louisiana Hospital failed to follow the Department of Health and Hospitals – Office of Mental Health emolument policy by installing and maintaining LINC lines and state telephone equipment with local service, in 19 state-owned residences located on the hospital grounds.

Recommendations:

1. The Department of Health and Hospitals – Office of Mental Health should seek reimbursement from Joseph Vinturella for \$14,012, and from Cecil Ruiz for \$7,217, for the improper on-call pay.
2. Southeast Louisiana Hospital should prepare a formal policy establishing guidelines related to employee use of state owned residences located on its grounds.
3. Southeast Louisiana Hospital should immediately remove all LINC and local telephone access from the state owned residences on the hospital grounds. Southeast Hospital should comply with DHH policy and provide only intercom telephones within the residences located on the hospital grounds.

Management Response:

See Attached.

IG Comment:

The department's position that it is not required to have a written policy for assignment of residences is noted. However, in our judgment prudent business practices call for a written policy to ensure that the assignment of employees to department owned residences is equitable and does not violate the constitutional prohibition on donation of public property.

BL/PCW/fs

File No. 1 – 99 - 0041



STATE OF LOUISIANA
DEPARTMENT OF HEALTH AND HOSPITALS



M. J. "Mike" Foster, Jr.
GOVERNOR

David W. Hood
SECRETARY

January 13, 1999

Mr. Bill Lynch
State Inspector General
Division of Administration
P. O. Box 94095
Baton Rouge, LA 70804-9095

Attn: Paula C. Williams

Re: Your file no: 1-99-0041
Southeast Louisiana Hospital

Dear Mr. Lynch:

On behalf of Mr. Joseph Vinturella, Mr. Cecil Ruiz, and the Department of Health and Hospitals (the parties), I thank you for the opportunity to respond. I urge you to consider the following comments of your draft report and to incorporate these suggestions in your final report.

The parties admit to findings number one (1) (on-call pay) and number three (3) (existence of LINC lines in five of the twenty residences) but DHH respectfully denies finding number two (2) relative to the lack of policy concerning the assignment of housing.

ON CALL PAY

As noted in your draft report at page 3 Mr. Vinturella was on on-call duty coverage prior to moving to the residence on the grounds of Southeast Hospital on May 29, 1996. He and the appointing authority inadvertently continued the on-call pay arrangement without realizing that such arrangement was in violation of the policy.

In October, 1998, immediately upon learning of the policy, Mr. Vinturella stopped the on-call pay arrangement for himself and for Mr. Cecil Ruiz who had similarly received on-call pay prior to moving to the grounds on April 20, 1997. Neither Mr.

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Vinturella nor Mr. Ruiz was aware of the prohibition against receiving on-call pay once you lived on the hospital grounds. In fairness to Mr. Vinturella and Mr. Ruiz, the appointing authority also failed to notice this technical violation of the DHH-OMH policy.

However, in accordance with your recommendation that DHH should seek reimbursement from Mr. Vinturella and Mr. Ruiz for the improper on-call pay, the parties will seek an amicable reimbursement schedule and avoid the necessity of legal action.

USE OF STATE OWNED RESIDENCES

The Department of Health and Hospitals respectfully submit that the lack of written policy for assignment of residences is not a valid finding absent a mandated requirement by law, policy, or regulation. In the instant case there is no law, policy, or regulation which requires the existence of a written policy. R.S. 40:2017(5) authorizes DHH to establish maintenance allowances but does not require the existence of written policy. Likewise DHH and OMH policies cited in your draft report do not require the existence of such a policy. Absent any specific allegations of abuse, discrimination, favoritism, or bad judgment in the assignment of residences this finding is totally without any merit or basis in fact.

In any event commencing January 1, 1999 DHH revised its emoluments policy to specifically provide that all food and housing allowances will be discontinued when incumbents receiving the same end their employment relationship with DHH. Because DHH is phasing out all food and housing allowances, it is unnecessary to adopt a written policy concerning the assignment of residences. A copy of DHH's new policy is enclosed for your information. Accordingly we respectfully request that this portion of your report be deleted in its entirety.

LINC LINES

With regards to the third finding relative to the LINC phone lines, DHH admits that it inadvertently violated its own policy. However, Mr. Vinturella immediately took steps to disconnect such lines upon learning of this technical violation of the policy and this has been corrected. A copy of Mr. Vinturella's October 26, 1998 memo requiring compliance with the policy is enclosed and made a part of this response. Accordingly we respectfully request that this portion of your draft report be deleted since it has been corrected in accordance with your recommendation.

Mr. Bill Lynch
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Again I thank you for the opportunity to respond and I respectfully urge you to adopt our comments.

If you have any questions or if I can be of further assistance please do not hesitate to contact me at 342-1128.

Sincerely,

A handwritten signature in black ink, appearing to read 'F. Perez', with a large, sweeping flourish above the name.

Frank H. Perez
General Counsel

FHP/fdh

cc: David Hood
Richard Lippincott, M.D.
Joseph Vinturella
Cecil Ruiz

Enclosures