



STATE OF ARIZONA
OFFICE OF THE GOVERNOR

DOUGLAS A. DUCEY
GOVERNOR

EXECUTIVE OFFICE

February 5, 2019

Honorable Mark Brnovich
Arizona Attorney General
2005 N Central Avenue
Phoenix, Arizona 85004

Dear General Brnovich,

We share a dedication to serving the public, and in our respective offices, I know we are both committed to protecting public safety and our state's most vulnerable citizens. With continuing developments related to the appalling events that have taken place at a Hacienda Healthcare Facility -- we must continue to exercise intense scrutiny and vigilance to ensure public safety, accountability and justice.

Approximately nine months ago, an incapacitated woman in the care of Hacienda Healthcare was raped and subsequently became pregnant. It is unknown for how long or how many times this vulnerable victim was attacked prior to and after this instance and it may never be known due to the fact that her ability to communicate is limited. Although a suspect in this crime has been apprehended thanks to the good work of the Phoenix Police Department, details continue to emerge regarding the leadership of this entity and its lack of action.

Published reports also indicate Hacienda's Board of Directors received numerous complaints of sexual harassment committed by the former CEO to include groping, explicit comments and inappropriate inquiries about employees' sex lives. Additionally, there are allegations of other questionable behavior exhibited by this employee of which the Board was supposedly aware of and yet still allowed him to continue leading the entity.

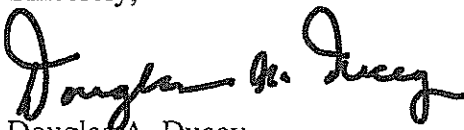
Furthermore, there are allegations of financial fraud within the company, which receives taxpayer dollars from both the state and federal government to take care of vulnerable citizens. It is unclear how far or wide the alleged fraud extends. One thing is clear though -- Arizona cannot tolerate such disregard for its most vulnerable citizens or the laws of our state.

To ensure that the patients in Hacienda's care were safe, the Department of Economic Security (DES) and the Arizona Healthcare Cost Containment System (AHCCCS) required Hacienda to contract with a third party management company to take over day-to-day operations. Hacienda announced publicly that they were contracting with Benchmark, an Indiana company. It has come to my attention over the weekend that Hacienda claims it cannot afford the cost of Benchmark, with anticipated costs of \$500,000, even though according to tax documents, it paid the prior CEO an almost \$600,000 salary. These facts do not add up.

I urge you to exercise your authority under A.R.S. §§ 41-193(A)(2) and 46-455, to initiate and prosecute a complaint under the Adult Protective Services Act against Hacienda Healthcare and its governing body for their actions or lack thereof in relation to the rape of a patient, its staff's failure to notice that the patient became pregnant prior to the birth of her child, and any other actions that constitute violations of the act. I ask that civil penalties be sought on behalf of the State as well as orders requiring members of the board to divest themselves of any interest in the entity and that the entity is reorganized to ensure that nothing like this ever happens again. I also ask that you initiate an investigation into violations of Arizona's civil rights act related to the troubling allegations of the organization's work culture and any financial fraud that may have occurred. In the event that any of these allegations are substantiated, I ask that they are prosecuted to the fullest extent of the law.

Finally, I ask that you pursue, on behalf of the DES and AHCCCS, any contract actions available to enforce provisions of Hacienda's contract with the State that require them to ensure the health, safety, and security of the patients in its care. The continued lack of cooperation with the State to assure the care of this vulnerable population is concerning and must be addressed.

Sincerely,

A handwritten signature in black ink that reads "Douglas A. Ducey". The signature is written in a cursive, flowing style.

Douglas A. Ducey
Governor
State of Arizona