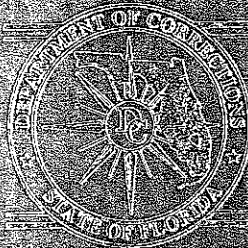


Office of the Inspector General
Bureau of Internal Audit

Follow-up of OPPAGA Report #09-07
Steps to Control Prison Inmate Health Care
Costs

Have Begun to Show Savings

Report #A09027F
July 16, 2009



State of Florida
Department of Corrections

**STATE OF FLORIDA
DEPARTMENT OF CORRECTIONS
OFFICE OF THE INSPECTOR GENERAL**

TO: Walter A. McNeil
Secretary

FROM: Walt Murphree
Interim Inspector General

DATE: July 16, 2009

SUBJECT: FOLLOW-UP AUDIT REPORT # A09027F – OFFICE OF PROGRAM POLICY ANALYSIS & GOVERNMENT ACCOUNTABILITY (OPPAGA) STEPS TO CONTROL PRISON HEALTH CARE COSTS HAVE BEGUN TO SHOW SAVINGS, REPORT NUMBER 09-07

The Bureau of Internal Audit performed a follow-up audit to OPPAGA's Steps to Control Prison Inmate Health Care Costs Have Begun to Show Savings, Report # 09-07, issued in January 2009. The objective of this follow-up was to determine the corrective actions taken on reported audit findings and whether actions taken achieved the desired results as intended by management. The scope of our follow-up consisted of obtaining from the Office of Health Services a written response of actions taken to correct reported findings. The follow-up response was then evaluated to determine if management's actions were adequate and timely. We have evaluated the response to each finding and have assessed that appropriate action has been taken or is being taken to address the issues identified in the report. No further follow-up is necessary for this audit.



Interim Inspector General

WM/PS/jc
Attachment

Richard D. Davison, Deputy Secretary
Bonnie Rogers, Chief of Staff
Sandeep Rahangdale, Deputy Secretary for Health Services
George MacLafferty, Assistant Secretary for Health Services
Kathy DuBose, Director of Joint Legislative Auditing Committee

FLORIDA DEPARTMENT OF CORRECTIONS

Follow-up of OPPAGA Report #09-07
Steps to Control Prison Inmate Health Care Costs
Have Begun to Show Savings

Walt Murphree, Interim Inspector General

Report #A09027F

Paul R. Strickland, Chief Internal Auditor

July 16, 2009

BACKGROUND

A federal court ruled in *Costello v. the State of Florida* that inmate health services are a constitutional right. Consequently, when offenders are admitted to Department of Corrections' prisons, the state becomes responsible for providing their health care. The department provides medical, dental, mental health, and pharmaceutical services to over 91,237 inmates housed in 55 prisons and in 77 other facilities throughout the state (as reported in OPPAGA's original report). Inmates often arrive at Florida's correctional facilities with an array of medical problems, including chronic or infectious diseases, mental health conditions, and substance abuse or alcohol disorders.

In January 2009, the Office of Program Policy Analysis & Government Accountability (OPPAGA) published a report, Steps to Control Prison Inmate Health Care Costs Have Begun to Show Savings, Report # 09-07.

OBJECTIVES

Our follow-up objectives were to determine:

- what corrective actions were taken on reported audit findings, *and*
- whether actions taken achieved the desired results as intended by management.

SCOPE AND METHODOLOGY

A request was made to the Office of Health Services (OHS) for a written response on the status of corrective actions taken.

RESULTS OF FOLLOW-UP

Finding: To ensure value and adequacy of contracted inmate health care, the department should further strengthen its contract procurement and monitoring practices.

Recommendation 1: Determine the impact of its increased starting salary rates on staff turnover and vacancy rates and request legislative approval to increase salaries of other vital medical service staff if it would reduce long-term costs to do so.

Management's Original Response: OHS recognizes that quality, dedicated health care staff is integral to efficient and effective operations. Historically, the starting salaries, hence current salaries, of many of our long-term staff have been substantially below comparable market rates. Current OHS management understands the fact that recruiting and obtaining competent, experienced staff actually saves the State money. That is why we requested and were successful in raising new-hire appointment rates across the board in health services.

As you can imagine, this has caused great concern among many current, long-term, dedicated staff who see new staff being hired at salaries above theirs. Therefore, we are requesting, for the second consecutive year, a \$14 million Legislative appropriation to bring most veteran salaries up to current appointment rates. We believe this is justified given the substantial cost savings staff have realized.

Management's Follow-Up Response: We were unsuccessful in obtaining this funding during the 2009 Legislative session. We will resubmit this request for the 2010 Legislative session.

Recommendation 2: Track costs for the medical transport of inmates to determine whether it is less costly to contract for secure hospital beds and, if so, for how many should there be contracts issued.

Management's Original Response: We currently contract with Memorial Hospital Jacksonville (MHJ) and Larkin Hospital in Miami, who provide a secure hospital wing for Department inmates. We have also contracted with Kendall Hospital in Dade County, who is in the process of constructing, at their expense, about \$1 million in security improvements for a 24-bed wing in their existing hospital.

We believe it quite apparent that utilizing a secure wing, which is staffed using three 8-hour shifts, is much less costly than providing security at non-secure hospitals. At non-secure hospitals, at least two and sometimes more security staff are needed, on a 24-hour basis, to ensure each inmate is properly secured.

Management's Follow-Up Response: Status complete. Kendall hospital's secure wing should be operational in July.

Recommendation 3: Develop business cases that identify the expected costs and benefits of outsourcing before carrying out these efforts.

Management's Original Response: Before deciding whether to contract with individual physicians or hospitals, or whether to provide services through a regional or statewide contract, OHS management makes great efforts to analyze expected costs and benefits. In fact, we recently completed a business case analysis for the design, construction and operation of a Radiotherapy Treatment Center on the grounds of RMC Hospital.

Management's Follow-Up Response: Since January, we have completed another business case analysis, this time for construction and operation of a free-standing dialysis treatment center on the grounds of Reception and Medical Center (RMC).

Recommendation 4: Include intermediate sanctions for noncompliance in its contracts.

Management's Original Response: *The issues mentioned in the report pertaining to a contract with MHM Solutions for health care staffing in Region IV were a result of the 2006 comprehensive health services contract the Department previously had with Prison Health Services (PHS). Region IV staffing had been privatized since 2001. As a result of being required to re-bid the contract, and the fact that PHS substantially underbid in winning the contract, PHS decided to terminate the contract after just 9-months. This forced OHS to write emergency contracts with all of PHS's subcontractors, which MHM Solutions had for Region IV health services staffing. In fact, the contract does provide for liquidated damages for excessive staff vacancies.*

Nonetheless, during 2009 OHS will be determining how best to provide medical staffing in Region IV. If the decision is made to continue contracting, we will ensure adequate penalties for non-compliance.

Management's Follow-Up Response: *OHS received 432 positions from the Legislature with which to de-privatize the physical health services contracted staff in Region 4. We will complete this conversion during the 2009-2010 fiscal year. Therefore, the liquidated damages issue will become moot.*

Recommendation 5: Publish a contract monitoring manual that establishes clear oversight responsibilities to ensure that all contract monitoring staff are trained in a standardized manner.

Management's Original Response: *In September 2008, the Bureau of Procurement and Supply (BPS) created Procedure 205.013, Contract Management and Monitoring, which provides guidelines and responsibilities for contract monitors throughout the Department. In addition, in mid-2008, OHS created a Contract Monitoring Section, which has improved contract monitoring efforts for its more than \$200 million in OHS medical services contracts. OHS contract monitors have received training from BPS. In addition, they are in the process of creating more specific monitoring guidelines for health services contracts.*

Management's Follow-Up Response: *Since early-2008, OHS's Contract Monitoring Section has done an excellent job in carrying out its monitoring duties. They have been a valuable addition to OHS's oversight capabilities. However, the above-mentioned BPS Procedure is still in draft form. OHS will finalize its contract monitoring manual after the BPS Procedure is finalized.*