OFFICE OF THE INSPECTOR GENERAL *BUREAU OF INTERNAL AUDIT*

FLORIDA DEPARTMENT OF CORRECTIONS

CONTRACT MANAGEMENT REVIEW

Contract S6149 – Prison Health Services at Taylor CI

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BACKGROUND

Contract S6149 was awarded in August 2005 by the Department of Corrections (agency) to Prison Health Services (contractor) for the provision of medical, dental and mental health services to inmates at Taylor Correctional Institution. As originally implemented, this contract covered a 12-month period through July 19, 2006. An amendment extended the contract through January 19, 2007. Historically, Prison Health Services has provided contracted health care at Taylor CI for more than 10 years.

OBJECTIVES

Our review objectives were to determine whether the following actions were carried out pursuant to the terms of the contract:

1. the contractor delivered health care services as required by the contract;
2. the agency monitored the contractor's performance in a manner adequate to detect significant deficiencies in service delivery; and
3. contract payments were in accordance with the terms of the contract.

SCOPE AND METHODOLOGY

The scope of our review included examining agency and contractor compliance with contract terms for the period August 2005 through August 2006. Due to issues which surfaced during the review related to reimbursements for services provided by the agency that were deemed the contractor's responsibility, we expanded our review period to include select records and reports dating back to 2002.

In examining the deliverables, we relied primarily on review systems established by the agency, and to a lesser extent, those utilized by the Correctional Medical Authority and the American Correctional Association, each of which bear some responsibility for assessing the agency's health care delivery systems. We examined reports documenting the annual Clinical Quality Reviews (CQR) conducted by the agency in 2005, and reviewed medical records at the Taylor CI health services unit to verify CQR

corrective action. We also interviewed staff at Taylor CI, Central Office and at the Region II business and health services offices. We reviewed contractor invoices and payments for accuracy, and documented the system used to recover the cost of services provided by the agency that were the contractor's responsibility. The latter effort included interviews with staff at Reception and Medical Center (RMC).

RESULTS OF REVIEW

ASSESSMENT OF PRIMARY DELIVERABLES

The deliverables of this contract comprise a comprehensive array of medical, dental and mental health services for inmates housed at Taylor Correctional Institution. That facility encompasses the main unit, annex and recently opened work camp. The Taylor CI warden and OHS staff responsible for health care quality management and contract monitoring agreed that the contractor has done a satisfactory job of providing health services to inmates, and has addressed issues promptly when notified of deficiencies. Documentation from the 2005 CQR supports this conclusion.

A comprehensive CQR conducted by OHS in August 2005 found 27 deficiencies (non-compliance with agency standards) of 398 standards examined. These standards are the same as those used by OHS to monitor health care quality at all agency institutions. Follow-up and corrective-action reports indicated that the deficiencies were addressed and corrected by the contractor within 90 days or less of notification. These CQRs have provided an effective system for monitoring contractor performance, with the exception noted below *(Finding 1)*.

The **American Correctional Association** (ACA) conducts periodic comprehensive reviews of the agency's correctional institutions, and provides nationally recognized accreditation when those facilities meet accepted standards. Taylor CI maintained ACA accreditation during its 2000 and 2003 ACA audits, and scored no significant deficiencies in the health care area.

Finding #1: A 2003 CMA survey report found that PHS failed to provide timely psychiatric evaluations for inmates at Taylor CI. The delays continued for almost two years, until action was taken to correct the problem at the end of 2005. OHS should have required PHS to take corrective action much earlier.

The **Correctional Medical Authority** (CMA) was charged with conducting comprehensive surveys of the agency's physical and mental health care systems. In its 2003 survey at Taylor CI, the CMA reported only six findings in the physical health care area, "representing relatively minor departures from CMA standards, prevailing practice standards generally accepted in the community at large, or Department of Corrections' standards."

However, CMA found 15 deficiencies in the mental health area of its Taylor CI survey. Significant findings included "three to four month delays in obtaining psychiatric evaluations for inmates demonstrating symptoms of serious mental illness, lack of timely confinement evaluations of close management inmates, missing documentation of observation of suicidal inmates, and lack of consistently documented responses to psychological emergencies."

CMA noted that the delays constituted “an unacceptable clinical practice,” and warned that “several inmates on the waiting list were demonstrating symptoms of serious mental illness requiring more expedient psychiatric/medication intervention.”

In a supplemental report to the agency, CMA stated, “The issue of delays in psychiatric evaluations will require intervention by the Office of Health Services.”

CMA wrote that staff vacancies may have contributed to many of the documentation deficiencies noted during the mental health survey. Staffing issues also surfaced during our on-site interviews, when we observed that the contractor’s Health Services Administrator and the Director of Nursing positions had been vacant for 7 weeks and 4 months, respectively. Contract S6149 does not specify staffing requirements, rendering it difficult for the agency’s contract manager to require reasonable staffing levels.

During our review of consult logs for psychiatric evaluations, we found the delays at Taylor continued, without effective intervention by OHS, until the end of 2005. However, beginning January 2006, the logs show a significant improvement by the contractor in providing more timely psychiatric evaluations. When asked what changes occurred that led to the sudden improvement in 2006, the agency’s new Deputy Director for Health Services Administration told us that a change in contract managers late last year resulted in renewed focus on this contract and more aggressive enforcement of required standards.

We recommend that OHS continue to monitor contractor performance and pursue timely remedies to enforce compliance. **We also recommend** that future contracts include a minimum staffing requirement, so that contract managers can proactively identify pending service deficiencies and pursue corrective action.

Management’s Response: *OHS will continue to aggressively monitor contractor performance and pursue timely remedies to enforce compliance. OHS also concurs with the recommendation that all future contracts include a minimum staffing requirement and we will continue to work with the Department’s Legislative Affairs Office regarding such language in future contracts.*

FUNDS OWED BY THE CONTRACTOR TO THE AGENCY

Finding #2: The agency’s system for identifying and collecting health care costs owed by the contractor is weak.

The contract permits the contractor to utilize the agency’s health care services at RMC to care for inmates who are the contractor’s responsibility. Financial responsibility for this service is allocated by the contract as follows:

> Off-Site Services: Inmates transferred out of Taylor CI for specialty services, ambulatory surgery or inpatient hospitalization at Reception and Medical Center will remain the Contractor’s financial responsibility if:

1) The Contractor is paid the per diem for said inmate;

2) The Contractor shall be a participant in the decision making process regarding the Taylor CI inmate's on-going care after the initial referral to RMC and through RMC for services and will retain authority and fiscal responsibility for further consultations, diagnostic procedures, or treatments. The Contractor's CHO and Utilization Management staff shall coordinate care, on-site at RMC or through RMC as a staging facility, with the Department's Chief Health Officer at RMC (if care is on-site at RMC) and Utilization Management staff; and

3) The inmate is returned to Taylor CI for continued care after admission is complete regardless of where the inmate is counted (e.g., inmate moved from Taylor CI to Reception and Medical Center count for inpatient hospitalization at Reception and Medical Center or Memorial Hospital Jacksonville; see Section III., A., 6.) – however, the Contractor will receive per diem during that time period as Contractor remains responsible for inmate's health care costs.

We identified significant deficiencies in the agency's methods used to identify and collect health care costs which, under the above contract terms, should be paid by the contractor. An August 2006 report of receivables owed by the contractor for agency-provided health care services identified $579,631 in unpaid charges dating back to 2002.

Our review of the existing tracking and billing systems, which included site visits and interviews with management at RMC Hospital and the Region II business and health services offices, disclosed the following weaknesses:

- Medical costs for Taylor CI inmates who are transferred to RMC for medical treatment may not always be identified as the contractor's responsibility. As a result, the agency may assume costs for which it should not be liable.
- The system for approving medical procedures for Taylor CI inmates is a complex, multi-tiered system. The contractor has in the past refused to pay for services delivered to Taylor CI inmates because of agency lapses in obtaining necessary approvals from the contractor's utilization management office.
- Methods for identifying, tracking and collecting medical costs owed by the contractor are largely paper and email-based. This inhibits continuity and reconciliation of the billing and collection processes.
- The contract does not specify steps or remedies the agency may take to collect fees from the contractor. Without remedies, such as withholding a portion of receivables from future payments to the contractor, the contractor has little incentive to expedite processing or payment of invoices it receives from the agency.
- When the contractor submits payment to the agency for inmate care at RMC, the check often is not accompanied by documentation sufficient to identify which inmates and procedures are covered by the payment.
- Some of the charges may have been successfully disputed by the Contractor but remained on the receivables report due to inaction, faulty documentation and/or poor communication among the parties involved.

Section III A 3 of Contract S6149 appears to allow for the withholding of receivables from subsequent payments to the contractor, stating:

> Monthly adjustments will also be made for costs defined as payable by the Contractor which have been paid by the Department or costs defined as payable by the Department which have been paid by the Contractor. Such adjustments will be added to or deducted from the subsequent monthly payment after reconciliation between the Department and the Contractor.

We recommend that OHS develop a comprehensive solution for approving, identifying, tracking and collecting health care costs owed by the contractor. Future contracts should include language that effectively addresses these issues.

Management's Response: *OHS too identified this as a major issue for our Office. We have partnered with an outside vendor to conduct a comprehensive Needs Assessment to determine our best course of actions concerning approving, identifying, tracking and collecting health care costs owed by the contractor. It is our intent to implement an automated system by where each of these billing and collection functions is realized.*

OHS is aggressively discussing the current outstanding invoices with Prison Health Services (PHS) Leadership. If agreement is not made prior to the end of the contract period, the total due will be deducted from the final payment to PHS.

AGENCY PAYMENTS TO THE CONTRACTOR

Finding #3: Invoices are not being adjusted to reflect Taylor CI inmates housed temporarily at RMC for medical treatment.

Our review of payments to the contractor indicated an absence of any adjustment for PHS inmates temporarily assigned to RMC for medical treatment. Contract S6149 states that inmate counts shall be adjusted so that the contractor is paid per diem rates for Taylor CI inmates while they are at RMC.

We found no evidence that the RMC Hospital Administrator provided documentation needed to make these adjustments to the Regional Health Services Manager, as required by the contract. While such adjustments would cost the agency a small amount of money, they would document that PHS inmates at RMC are being properly tracked according to contract terms, and would more readily support recovery of the actual medical costs from the contractor.

We recommend that the RMC Hospital Administrator track Taylor inmates housed temporarily at RMC and provide documentation to the Regional Health Services Manager so that population counts can be adjusted as required by the contract.

Management's Response: *OHS fully intends to meet this requirement and will include the capture and use of this information in our electronic billing and collection system described above.*