

Dec 3, 2022 Phitconsultant.

PE Firms Rebrand Prison Healthcare Companies, But Care Issues Continue

– A new report, “Private Equity Firms Rebrand Prison Healthcare Companies, But Care Issues Continue,” by the Private Equity Stakeholder Project (PESP) focuses on healthcare company Wellpath and the regulatory risks that the company continues to take in local jails and prisons. – Wellpath is owned by private equity firm H.I.G. Capital and is among the largest healthcare companies serving U.S. prisons and jails. Wellpath has had a litany of staffing and access to care concerns that have followed the organization in multiple states, and the company continues to be mired in regulatory and reputational risk related to the poor conditions of its incarcerated patients. Even so, the organization is currently in the process of expanding beyond traditional correctional settings, recently beginning to provide child psychiatric services, mental health treatment, and substance use services to the general population. Private Equity Firms Rebrand Prison Healthcare Companies, But Care Issues Continue.

Key insights from the report are as follows:

1. Wellpath is owned by H.I.G. Capital, and is among the largest healthcare companies serving U.S. prisons and jails: Privatisation and its attendant harms continue in other forms and places, such as within immigration facilities. Federal and state correctional authorities also continue to privatize specific services within facilities, such as phone services, commissary, and healthcare. In 2020, there were estimated to be over 4,100 corporations profiting from mass incarceration in the U.S. In 2016, the Justice Department’s Office of Inspector General found that federal prison spending on outsourced healthcare increased 24% to \$327 million between 2010 and 2014, while the overall prisons budget increased only 11%. In 2016 it was estimated that half of all state and local prisons and jails had outsourced healthcare to an industry worth more than \$3 billion annually. As of 2022, correctional healthcare is estimated to be worth \$9.3 billion. In a 2020 report, Reuters estimated that over 60% of jails outsource their healthcare to private companies. The report also reviewed deaths in more than 500 jails from 2016 to 2018, and found that “those relying on one of the five leading healthcare contractors had higher death rates than facilities where medical services are run by government agencies. This report examines Wellpath, a company that claimed more than 15,000 healthcare professionals serving over 300,000 adult and juvenile patients across the United States and Australia in 2019. The report also looks at Wellpath’s private equity owner H.I.G. Capital, and more generally examines private equity’s healthcare profiting from prisons, jails, and mass incarceration. As discussed below, Wellpath has been found by regulators and watchdogs to provide inadequate healthcare in some of its facilities and has continued to staff some facilities to levels inadequate to provide adequate care.

2. H.I.G.’s Dubious Track Record in Prisons and Healthcare: Wellpath was formed in 2018 from the consolidation of H.I.G. Capital-owned companies Correct Care Solutions (CCS), which H.I.G. acquired in 2018, and Correctional Medical Group Companies (CMGC), acquired by H.I.G. in 2013. In the year before H.I.G. acquired Correct Care Solutions, the company also came under scrutiny from the U.S. Department of Homeland Security Office of Inspector General and members of Congress for poor conditions at an immigration facility where it provided healthcare in Adelanto, California. The inspector general’s report raised concerns about “untimely and inadequate medical care” and 80 detainee medical care grievances filed between November 2017 to April 2018. At another facility in Texas, the U.S. Justice Department found CCS failed to meet federal staffing standards more than 90 percent of the time. In addition to the healthcare provider, H.I.G. Capital also owns TKC Holdings, which provides food, commissary, and telecom services to jails, prisons, and immigrant detention centers. The company was formed by combining Trinity Services Group, which H.I.G. acquired in 2012, and the Keefe Group, acquired in 2016. Before that, H.I.G. helped make Securus Technologies one of the largest correctional telecommunications companies in the U.S., before selling the company in 2011. Recently, Wellpath came under scrutiny from the U.S. Department of Justice, which in 2021 published an investigation of

California's San Luis Obispo County Jail and found reasonable cause to believe that the jail failed to provide constitutionally adequate medical and mental health care, and denies prisoners with mental health disabilities access to services, programs, and activities. Justice Department investigators were accompanied by medical and mental healthcare consultants for visits to the jail in January 2019 and August 2019. The county health agency provided and mental health services to the jail until Wellpath began providing services in February 2019. The report includes comparisons of before and after Wellpath began providing the jail's healthcare services.

3. YesCare/Corizon Health – BlueMountain Capital Management, Flacks Group: One of Wellpath's largest competitors is YesCare, which was known as Corizon Health until the company rebranded in May 2022. YesCare/Corizon was previously owned by private equity firm BlueMountain Capital Management until its 2020 acquisition by the Flacks Group. According to a press release at the time of its acquisition, YesCare/Corizon provided primary medical services, behavioral health, dental care, and pharmacy services to 149 facilities in 16 states, employing more than 5,000 people and generating approximately \$800 million in annual revenue. Gerard Boyle, the Wellpath founder who pleaded guilty of bribery in 2021,⁵² started his correctional healthcare career at a company that would eventually rebrand as Corizon Health. In the five years leading up to April 2020, YesCare/Corizon paid at least \$16 million in fines, penalties, or lost revenue due to inadequate staffing levels and failures to improve patient healthcare around the country. At one facility in Arizona, a judge-appointed expert observed that "recruitment and retention are an ongoing issue, resulting in staff being stretched too thin to provide coverage. At the same facility, staff described the situation in an email to management with the subject line, "IN NEED OF HELP!!

4. Wellpath's inconsistent and harmful medication practices: Wellpath facilities have also been accused of medication mismanagement. In January 2022, the Disability Law Center in Massachusetts issued a report on Bridgewater State Hospital, where it has conducted oversight for almost eight years, finding "Wellpath is now subjecting [persons served] to all forms of restraint and seclusion in unsanctioned circumstances, particularly the use of manual holds, seclusion, and chemical restraint". The DLC report also describes a "culture of intimidation" at the facility. One individual reported that Wellpath staff would "supply the disturbance"—through offensive comments or by instigating conflict—in order to justify the use of chemical restraints. In July, Disability Law Center published a follow-up report on Bridgewater, identifying involuntary medication administration absent emergencies and a "significant number of [emergency treatment orders] administered for reasons that do not comply" with state law." "Wellpath continues to use vague terms, which often lack any reference to harm whatsoever" to justify restraints and seclusion. In May 2022 at Norfolk City Jail in Virginia, a Wellpath psychiatrist resigned citing disagreements over issues at the jail, including what he perceived to be overmedication of people incarcerated at the facility. In August 2019, a "psych tech" at the jail administered "a high one-time dosage of an anti- psychotic that could have caused an overdose." According to the report, despite exhibiting signs of overdose, there is no indication the man was physically evaluated, and a psychiatric nurse practitioner did not evaluate him until a week after the high dosage of medication. In another example from an Iowa jail, in 2021 Wellpath was sued for allegedly refusing to administer prescribed mental health medication. In one such case, Wellpath agreed in a settlement to finally provide prescribed mental health medication to an incarcerated man.

5. Difficulty accessing care at Wellpath facilities: Beyond intake an early screening, persons served by Wellpath have faced additional difficulties accessing care. In San Luis Obispo County, the Justice Department observed "Neither of the Jail's two channels for prisoners to notify staff about medical concerns— medical request forms and healthcare grievances—function properly. In reviewing medical

request forms, “medical staff frequently overlook prisoners’ concerns, fail to provide prompt care, or fail to provide care at all.” Patients at the facility have encountered obstacles when attempting to raise concerns: “the Jail routinely fails to give prisoners grievance forms, or provide them timely, even after repeated requests.” For the grievances that were completed, “a significant proportion raise medical issues, including missed or unfilled medications, failure to provide follow-up care, and inability to access care through the sick call slip process.” The Justice Department also identified failures to provide adequate specialty care, ancillary services, and follow-up treatment and care. Specialty care appointments, laboratory draws, and other tests “are frequently ‘rescheduled’ for no discernable or documented reason, resulting in very long delays or the failure to perform tests or deliver follow-up care entirely.” The report also noted, “Wellpath also refuses treatment for chronic conditions when prisoners are purportedly to be released soon, even though many of them have release dates weeks or months away or requested treatment months earlier.”

6. Wellpath’s inadequate staffing and oversight: Inadequate staffing is one contributing factor to Wellpath’s issues in providing care. “Wellpath fails to provide adequate staffing to prevent delays in medical care that place prisoners at substantial risk of serious harm,” observed the Justice Department in San Luis Obispo’s jail. The investigators noted inconsistencies in reported hours, for example a nurse practitioner who reported an average of 18.7 and 13.4 hours per calendar day in July and August 2019. In an interview, the nurse said she had worked about 50 hours per week during this time, substantially less than reported. “No matter the actual number of service hours, as illustrated above and below,” the Justice Department wrote, “existing staffing appears inadequate to ensure timely access to various types of care.” In San Luis Obispo’s jail, “[t]he onsite Health Services Administrator told us that she assigned the psychiatrist 50% more patients per day than the psychiatrist felt comfortable seeing.” Additionally, “[t]he psychiatric nurse practitioner said that previously she sometimes had as many as 30 patients on her list per day even though she could only see between 10 and 12.” In Sonoma County, California, the National Union of Healthcare Workers sent a letter to county officials in April, outlining a number of issues related to understaffing at the county jail. At the time, nurses estimated 300 cases that had gone more than 14 days without being addressed by a healthcare professional. And despite Wellpath’s recent contract renewal with the county, only 59% of registered nurse hours that Wellpath was contracted to fill were staffed from the end of 2021 to March 2022. Nurses reported working shifts alone, despite requirements that Wellpath have six nurses in the jail per day shift.

7. COVID-19 response from Wellpath and H.I.G. Capital: In July 2020, PESP discussed COVID-19 outbreaks reported at 10 facilities where Wellpath provides care, including facilities in Massachusetts, Kentucky, California, and others.⁹⁸ At one facility in Arkansas, nurses described understaffing issues that could leave Wellpath prison infirmaries hundreds of sick calls behind. In April 2020, PESP joined partner organizations in asking that private equity firms invested in prison and detention service companies to halt those companies’ predatory practices during the COVID-19 pandemic. As part of that effort, a letter was sent to H.I.G. Capital regarding Wellpath and TKC Holdings. In a response letter, H.I.G. objected to accusations that it engaged in “predatory behavior” or using the pandemic “as an opportunity to further exploit incarcerated people”—saying that these descriptions were “insulting and couldn’t be further from the truth.” In 2021 in Polk County, Iowa, a Wellpath social worker agreed to a \$65,000 settlement after being fired in the pandemic’s early months, allegedly for criticizing how the facility handled COVID-19 restrictions, characterizing the protocols as “a clusterf—” and alleging that patients with mental illness were being poorly treated.¹¹¹ According to county data released two days after her firing in May 2020, at least 89 patients and nine staffers at Polk County Jail had tested positive for th