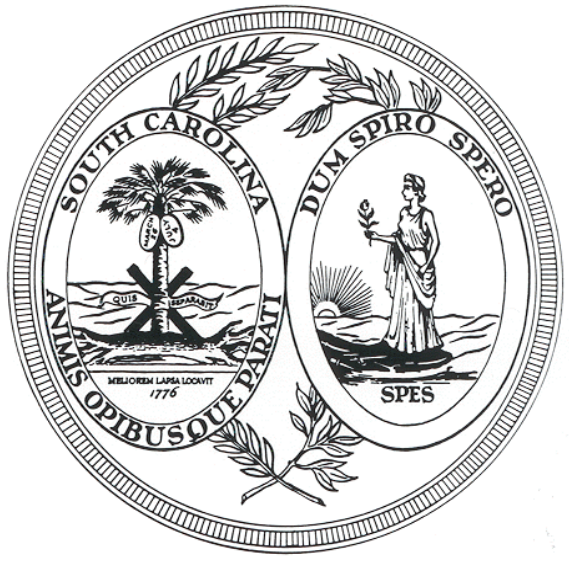
LAC

Report to the General Assembly

March 2000

A Review of Medical Services at the South Carolina Department of Corrections



Legislative Audit Council

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A Review of Medical Services at the South Carolina Department of Corrections
was conducted by the following audit team.

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Report to the General Assembly

A Review of Medical Services at the South Carolina Department of Corrections

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Synopsis

The President *Pro Tempore* of the Senate requested that we conduct a review of medical services provided to inmates at the South Carolina Department of Corrections (SCDC). The requester was concerned about the costs and quality of medical services at the department. Although our review focused on contracts between SCDC and Correctional Medical Services (CMS), a private provider, we also reviewed several aspects of medical services provided by SCDC employees. We did not review other procurements or other activities of the Department of Corrections. Our findings are summarized as follows:

- SCDC has not maintained sufficient data to determine medical costs for its inmate population. As a result, even though we were able to obtain total costs for medical services by provider, we were not able to compare SCDC costs to contracted costs.

- We reviewed the procurement process for two contracts. One contract was for medical services in nine prisons, and the second contract (an emergency procurement) was for medical services, and subsequently mental health services, in another prison. We found no material problems with the first contract. However, we found that the second contract and the addendum to that contract were not properly executed. SCDC paid the contractor over $1 million without a signed contract.

- We found that the department has not provided adequate oversight of contracted medical services. SCDC officials have not conducted required audits at the contracted sites, and have not assessed fines for non-compliance with contract requirements.

- The contracts allowed SCDC to deduct funds from payments to the contractor for deviations in contract requirements. Our review indicated that SCDC has not determined if funds from CMS are due to the department. In one case, the department allowed the contractor to determine the amount of the deduction for HIV/AIDS treatment. Department officials do not know if this amount is fair and reasonable.

- As required by agency policy, the department has not audited medical operations in sites where services are provided by SCDC employees. Only 1 of 40 medical audits, which review the adequacy of medical procedures and inmate care, was conducted over a two-year period.

- We experienced problems in obtaining access to contractor records which were required to complete our review. To avoid similar problems in the future, we recommend that state procurement officials include a provision in all requests for proposals (RFPs) to allow access to contractor records for state auditing purposes.

- While we concluded that the HIV treatment guidelines approved by SCDC in September 1997 conformed with established community standards, revised guidelines of June 1998 allow for treatment which is not generally recommended. Also, we found that a supplemental payment of $632,689 to the contractor for HIV treatment was not justified.

- The department conducted an audit of medication administration at a contracted site. Even though the rating for this service did not meet the minimal compliance rating established by department policy, SCDC officials did not take any action against the contractor. We found that inmates at this facility are still not receiving their medications in a timely manner.

- The contractor has not adequately planned for the discharge of inmates treated for chronic mental illness to the community. For two months, the contractor did not assign staff to handle discharge planning. During this period, at least ten inmates were released.

- We found that counseling staff for inmates at both CMS and SCDC sites did not meet minimum qualifications for their positions.

Introduction and Background

Audit Objectives

South Carolina Code of Laws §2-15-60(b) provides that the President *Pro Tempore* of the Senate may request the Legislative Audit Council to conduct an audit. The President *Pro Tempore* requested that we conduct a review of medical services provided to inmates at the South Carolina Department of Corrections (SCDC). Although our review focused on contracted medical services, we reviewed several aspects of medical services provided by SCDC employees in prisons. Based on the audit request and our preliminary fieldwork, we identified the audit objectives, which included:

- ❑ Determine if the procurement process for the contracts between SCDC and Correctional Medical Services (CMS), a private provider, complied with state procurement laws.
- ❑ Determine whether SCDC examined advantages and disadvantages before contracting with CMS in July 1997.
- ❑ Determine if SCDC and CMS have provided treatment to inmates with HIV/AIDS in accordance with community standards; also, determine the justification for supplemental funds to CMS for treatment of inmates with HIV/AIDS.
- ❑ Determine the role of SCDC's professional standards section in monitoring the CMS contracts for medical and mental health services.
- ❑ Determine the adequacy of discharge planning for inmates housed at Lee Correctional Institution.
- ❑ Determine if inmates receive medication in a timely manner.
- ❑ Determine if the qualifications and training of CMS staff who provide mental health counseling services at Lee Correctional Institution are comparable to those of SCDC staff who formerly provided these services.
- ❑ Determine if SCDC has deducted funds from payments to CMS in accordance with the contracts for medical and mental health services.

Scope and Methodology

The review was limited to health and mental health services provided to SCDC inmates in correctional facilities. We did not review other procurements or other activities of the Department of Corrections. The primary period of our review was from July 1997 to June 1999.

We reviewed several types of records:

- Financial and accounting data.
- Inmate medical files.
- Procurement records.
- Audits of contracted and non-contracted health services.
- Personnel records.

State procurement laws and regulations and SCDC policies and procedures were used to evaluate SCDC's performance. Various samples were conducted during our review. For example, we sampled medical records to determine if medications were administered to inmates in a timely manner.
We interviewed SCDC and contractor staff, employees of other state agencies, and officials of correctional organizations in other states.

In most cases, we did not rely upon computer-generated data to meet our audit objectives. When this data was viewed with other available evidence, we believe the opinions, conclusions, and recommendations in this report are valid.

The audit was conducted in accordance with generally accepted government auditing standards.

Background and History

Article XII, Section 2 of the South Carolina Constitution states:

> The General Assembly shall establish institutions for the confinement of all persons convicted of such crimes as may be designated by law, and shall provide for the custody, maintenance, health, welfare, education, and rehabilitation of the inmates.

In 1960, the South Carolina Department of Corrections (SCDC) was created to carry out the state's responsibilities for the prison system. South Carolina Code of Laws §24-1-130 provides that SCDC is responsible for the proper care and treatment of prisoners.

SCDC's office of health services directs the management of medical and mental health services. An organizational chart of the office of health services is found in Appendix A.

SCDC began contracting out some medical services in 1986. That year, SCDC contracted with Correctional Medical Services (CMS), a health care provider headquartered in St. Louis, Missouri, to provide comprehensive health care in three prisons (Coastal Pre-Release Center, Lieber, and MacDougall Correctional Institutions). In 1989, the department contracted with CMS to provide medical care in three more facilities (McCormick, Allendale, and Evans Correctional Institutions). Finally, in 1995, SCDC contracted for services in three additional prisons (Palmer Pre-Release Center, Ridgeland, and Turbeville Correctional Institutions).

In February 1997, the Budget and Control Board's Materials Management Office (MMO) issued a request for proposal (RFP) on behalf of SCDC for medical, psychiatric, dental services, and program support in the nine facilities previously contracted. The award was made to CMS in June 1997, and the contract began on July 1, 1997.

In May 1998, as the result of an emergency procurement, the department contracted with CMS for medical services in another prison, the Lee Correctional Institution. An addendum to that contract in November 1998 provided that CMS care for chronically mentally ill patients who were transferred from an institution serviced by SCDC to the Lee Correctional Institution.

From July 1997 to June 1999, the department paid CMS approximately $31 million for inmate medical and mental health services. During this period, SCDC expended approximately $66 million for medical services provided to prisoners by department employees.

As of September 1999, SCDC employees provided medical care to 11,450 inmates in 22 of the state's 32 prisons (see Table 1.1). The department contracted with CMS for medical services for 9,638 inmates in the 10 remaining prisons.

Table 1.1: Medical Provider by Institution

Facility	Location of Facility	Provider	Number of Inmates	Gender
Allendale Correctional Institution	Fairfax	CMS	1,173	Male
Broad River Correction Institution	Columbia	SCDC	1,012	Male
Campbell Pre-Release Center	Columbia	SCDC	245	Male
Catawba Pre-Release Center	Rock Hill	SCDC	188	Male
Coastal Pre-Release Center*	North Charleston	CMS	139	Male
Cross Anchor Correctional Institution	Enoree	SCDC	649	Male
Dutchman Correctional Institution	Enoree	SCDC	638	Male
Evans Correctional Institution	Bennettsville	CMS	1,310	Male
Givens Youth Correctional Center	Simpsonville	SCDC	102	Male
Goodman Correctional Institution	Columbia	SCDC	438	Male
Kershaw Correctional Institution	Kershaw	SCDC	1,291	Male
Kirkland Reception & Evaluation Center	Columbia	SCDC	738	Male
Leath Correctional Institution for Women	Greenwood	SCDC	468	Female
Lee Correctional Institution	Bishopville	CMS	1,442	Male
Lieber Correctional Institution	Ridgeville	CMS	1,263	Male
Livesay Pre-Release Center	Spartanburg	SCDC	151	Male
Lower Savannah Pre-Release	Aiken	SCDC	250	Male
MacDougall Correctional Institution	Ridgeville	CMS	633	Male
Manning Correctional Institution	Columbia	SCDC	782	Male
McCormick Correctional Institution	McCormick	CMS	1,162	Male
Northside Correctional Institution	Spartanburg	SCDC	325	Male
Palmer Pre-Release Center*	Florence	CMS	265	Male
Perry Correctional Institution	Pelzer	SCDC	879	Male
Ridgeland Correctional Institution	Ridgeland	CMS	1,212	Male
State Park Correctional Center	State Park	SCDC	430	Female
Stevenson Correctional Institution	Columbia	SCDC	250	Male
Trenton Correctional Institution	Trenton	SCDC	616	Male
Turbeville Correctional Institution	Turbeville	CMS	1,200	Male
Walden Correctional Institution	Columbia	SCDC	322	Male
Wateree River Correctional Institution	Rembert	SCDC	808	Male
Watkins Pre-Release Center	Columbia	SCDC	211	Male
Women's Correctional Institution	Columbia	SCDC	496	Female
TOTAL			**21,088**	

* CMS is responsible for the care of approximately 95 (68%) of the inmates at Coastal Pre-Release Center and 148 (56%) of the inmates at Palmer Pre-Release Center. According to an SCDC official, other inmates at these centers work in the community, and their medical care is provided through other means.

Source: SCDC records, September 1999.

Change in Agreement and Provider

The initial contract period between SCDC and CMS was from July 1997 to June 1999 with an option to renew the contract for three successive one-year periods. However, in April 1999, CMS notified the Budget and Control Board's Materials Management Office (MMO) and SCDC that it did not wish to renew the contract. Therefore, since the end of the initial contract period on June 30, 1999, CMS had provided care to SCDC inmates on a month-to-month basis.

In June 1999, an RFP was issued for total comprehensive health care services in the ten institutions previously contracted. As of November 1999, MMO had rejected all proposals in response to this RFP. The RFP was reissued on November 22. Then, on November 30, 1999, CMS informed SCDC that it would terminate inmate health services on January 31, 2000. The reissued RFP was then canceled, and the department began providing medical services in all state prisons in February 2000.

Privatization of Medical Services

We reviewed administrative operations which impact the privatization of inmate medical services. We found that data maintained by the department does not allow a direct comparison of the costs between contracted and agency-provided medical services.

Inmate Medical Costs

The audit requestor asked that we determine the cost effectiveness of privatized medical services at SCDC. To this end, we examined agency and contracted costs, and reviewed a statewide performance audit which reviewed contracted medical services within prisons.

We found that the department did not analyze the potential costs or benefits of contracting before entering into agreements with CMS. The agency has not maintained sufficient data to determine the costs of providing medical care to the inmate population that it serves.

Costs Comparison

Although we were able to obtain total costs for medical services by provider, we were not able to compare SCDC costs, considering the population served to contracted costs. As of September 1999, SCDC provided medical care for all female inmates (1,111), the HIV/AIDS population (575), inmates requiring dialysis (19), inmates requiring psychiatric hospitalization (74), and mentally retarded inmates (73). These inmates made up approximately 16% of the prisoners served by the department. Due to the extent of care needed for these persons, medical expenses tend to be higher.

The chronically mentally ill population (326) was the only specialized group of inmates served by CMS. These inmates accounted for approximately 3% of the population the contractor serves.

SCDC officials were able to provide information on total medical costs in categories such as salaries and medications, but not costs by specific population served, type of illness, or facility. Further, estimates for the costs of the populations served by the department varied. For example, according to an SCDC official, the average cost of care for a female inmate ranged from 2 to 2.5 times greater than the average cost for a male inmate. Nineteen of 26 states responding to a 1998 American Correctional Association survey indicated that medical costs for female inmates nationally were higher than those for male inmates.

In FY 98-99, SCDC's costs to provide medical services within prisons far exceeded those of CMS, see Table 2.1. However, as noted, variations in the costs of the populations served by SCDC and CMS make direct cost comparisons invalid.

Table 2.1: FY 98-99 Medical Costs by Provider

Provider	Costs	Average # of Inmates	Per Inmate	
			Annual Cost	Daily Cost
SCDC	$33,101,663	11,792	$2,807	$7.69
CMS	$17,333,598	9,167	$1,891	$5.18
TOTAL	**$50,435,261**	**20,959**	**$916[1]**	**$2.51[1]**

1 These totals are the differences between SCDC and CMS costs.

Source: SCDC records.

KPMG Report

The 1996 Appropriations Act authorized the retention of an independent contractor to conduct performance audits in all aspects of South Carolina state government. KPMG Peat Marwick LLP (KPMG), the firm contracted to conduct these audits, completed a review of South Carolina corrections agencies in March 1999. In its review, KPMG examined medical services provided by SCDC and a private provider. We requested the documents prepared by KPMG in conducting the review; however, according to a state official who serves as program manager for the KPMG audits, these records were unavailable.

KPMG concluded that $3.2 million per year could be saved by contracting medical services at SCDC. According to the report, these savings could be realized if SCDC obtained "pricing roughly comparable" to the private provider. However, the difference between agency and contracted costs were based on assumptions about the cost of providing treatment to the unique population served by SCDC.

KPMG also concluded that if medical services were contracted, the department must maintain a quality assurance staff to manage the private contract. KPMG focused on department oversight to prevent overpayment for contracted services, to ensure compliance with minimum staffing levels, and to ensure adequate health care at the contracted institutions.

We found that SCDC has not monitored its contracts adequately. For example, department officials do not know if SCDC's deductions from CMS payments for HIV treatment are fair and reasonable. This situation may result in an overpayment to CMS for services (see p. 18). Also, our review indicated that SCDC has not monitored staffing levels at the contracted facilities (see p. 17). In addition, regarding care, the contractor has not provided adequate discharge planning to help ensure a successful return of persons treated for chronic mental illness to the community (see p. 29), and has not provided medication to inmates in a timely manner (see p. 27). Finally, the department has not audited contracted sites to ensure that adequate health care is provided (see p. 13).

. . . SCDC has not monitored its contracts adequately.

KPMG recommended that the department solicit bids from providers and that SCDC's office of health services should consider responding to this proposal. In August 1999, in response to this recommendation, SCDC officials established a medical costing committee to determine in-house medical costs. This committee is "to develop a more efficient method/process of tracking and monitoring medical costs." Department staff plan to collect and analyze data over the next two years to determine the agency's costs.

Other States

We contacted corrections officials in the seven other southeastern states (Alabama, Florida, Georgia, Mississippi, North Carolina, Tennessee, and Virginia). None of these states had conducted a formal analysis before contracting for medical services. Also, due to different factors in the states, such as specialized care and security issues, we could not compare cost data. For instance, some medical costs did not include care for the mentally ill population.

While all prison medical services were contracted in Alabama, Georgia, and Mississippi, a small portion of prisons contracted services in the remaining states. Corrections agencies in Georgia and Mississippi contract with their states' medical universities.

Conclusion

The department began providing medical services in all prisons in February 2000. However, without adequate data on the agency's costs to provide these services, SCDC officials cannot make informed decisions about the cost effectiveness of agency services as compared to contracted services.

Recommendation

1. SCDC's medical costing committee should proceed in collecting and analyzing data to determine the agency's costs to provide inmate medical care. In January 2001, SCDC should issue a report to the Senate Finance Committee and the House Ways and Means Committee on the department's costs to provide medical care.

Procurement of Contracts

One of our audit objectives was to review the procurement process for two contracts between SCDC and CMS to determine compliance with state procurement laws. Effective July 1, 1997, SCDC entered into a two-year contract with CMS to provide health services in nine correctional facilities. In May 1998, SCDC entered into an emergency contract to provide health services to inmates in another facility, the Lee Correctional Institution. An addendum to that contract in November 1998 provided for mental health services at Lee.

Table 2.2: SCDC Institutions Under Contract with CMS

Institution(s)	Contracted Services	Effective Dates	Cost
(1) Allendale Correctional Institution (2) Coastal Pre-Release Center (3) Evans Correctional Institution (4) Lieber Correctional Institution (5) MacDougall Correctional Institution (6) McCormick Correctional Institution (7) Palmer Pre-Release Center (8) Ridgeland Correctional Institution (9) Turbeville Correctional Institution	Health care including: inmate hospitalization and outpatient services; dialysis; laboratory and radiology services; pharmaceutical; specialty and consultant services; dental; and psychiatric services.	July 1997 – June 1999	$26.9 million
Lee Correctional Institution	Health Care	June 1998 – June 1999	$3.5 million
Lee Correctional Institution	Mental Health Services for chronically mentally ill inmates.	November 1998 – June 1999	$1.3 million

Source: SCDC contracts with CMS.

While we found no material problems with the 1997 contract for health services, our review indicated that the emergency procurement and the addendum were not appropriately executed.

SCDC policy states that the director or his designee will be the only individuals who may sign a contract for services. According to agency officials, the director has never designated another employee to sign a contract.

From June 1998 through September 1998, SCDC paid CMS over $1 million without a signed contract.

In May 1998, SCDC declared an emergency for health care services at Lee Correctional Institution based on the agency's inability to retain medical staff at that facility. On June 1, 1998, CMS began providing services; however, the contract for these services was not signed until October, almost five months later. From June 1998 through September 1998, SCDC paid CMS over $1 million without a signed contract. Also, in November 1998, SCDC amended the May 1998 contract to require CMS to provide mental health services at Lee. The contract for these services was not signed by the agency director until March 1999, approximately four months after services were provided. CMS did not receive any payment for these services until the contract was signed.

Recommendation

2. SCDC should follow its procurement policies and ensure that all contracts are signed by the authorized personnel before services are provided or payments are made.

Contract Oversight

The department has not provided adequate oversight of contracted or agency-provided medical services. It is crucial that department staff monitor medical care to ensure that adequate services are provided.

Monitoring

We examined SCDC's oversight of the CMS contracts for inmate medical and mental health services. Our review showed that the department has not conducted required audits to monitor the adequacy and quality of services provided by CMS at the contracted sites. In addition, SCDC has not assessed fines for non-compliance against CMS as allowed by the contracts.

Audits

SCDC contracts and agency policy require staff of the office of health services to conduct annual audits at the ten contracted sites. Audit tools are developed to evaluate each medical area.

Table 3.1: Health Services Audits

Medical Area	Information Reviewed
Behavioral Medicine	Referral and counseling assessments, and documentation of treatment plans.
Dental Services	Staff licensing, safety issues, and documentation.
Health Records	Organization, storage, and documentation practices.
Infirmary	Admission and discharge practices, medication administration, and staff qualifications.
Intermediate Care Services	Treatment plans and progress of chronically mentally ill patients.
Laboratory	Safety and compliance issues and documentation.
Medical	Doctors' procedures, licensing, and handling of inmate care.
Medications	Documentation, storage, and administration of medication.
Nursing Services	Staff training, quality assurance practices, and documentation.
Pharmacy	Staff licensing, prescription labeling, and inventory control.
Radiology	Compliance with DHEC requirements and quality control practices.

Source: LAC review of SCDC documents.

Copies of completed audits are to be provided to the professional standards division within health services. The director of the professional standards division is to inform the deputy director of the office of health services about audit results as well as the failure to complete audits.

If an audit yields less than the minimal compliance level of 80%, a corrective action plan from the institution to the department is required in ten days. In addition, a follow-up audit by department staff is to be conducted within 60 to 90 days. The director of professional standards is also responsible for notifying the deputy director of health services about the status of corrective action plans and follow-up audits.

We reviewed audits completed by the department between July 1997 and May 1999, and found the following:

- No behavioral medicine audits, which review documentation of treatment plans, were conducted from July 1998 to May 1999. During this period, at least seven audits were required by departmental policy.

- Medication audits, which include a review of medication administration, were not found for seven (89%) of the eight institutions where they were required.

- No audits were found for five of nine medical service areas at the Lee Correctional Institution. This includes audits for dental services, laboratory, medical, medication, and behavioral medicine.

- In 18 (64%) of the 28 audits requiring a corrective action plan, the plan was not submitted. In 12 of these cases, re-audits were also not completed.

- Because behavioral medicine audits sometimes did not document the compliance rate achieved, we were unable to determine if corrective action plans and follow-up audits were required.

- It was difficult to determine which audits were required by institution. For example, although a department official told us that pharmacy audits were not required, documentation later obtained from this official included pharmacy audits.

Finally, specific time lines for conducting these audits have not been established. Agency policy only requires that the audits be conducted annually.

Fines

The contract between CMS and SCDC allowed the department to charge a penalty of $10,000 per day for unsatisfactory performance. We attempted to determine if fines were appropriately assessed against CMS. However, because SCDC had not conducted audits or necessary follow-up, we were unable to determine whether fines should have been assessed against this contractor.

We found one case in which it appears that SCDC should have assessed fines against the contractor, but did not. In an October 1998 audit of access to care and medication delivery in one institution, SCDC staff identified problems with inmate requests for medical care, but did not provide a compliance rating for this area. In addition, department staff were unable to rate the delivery of medication to inmates due to the lack of CMS records. Staff performed a re-audit of medication delivery in January and February 1999. The service was then rated at 46% compliance, well below the minimal compliance rating. The re-audit identified continued problems with the contractor's lack of documentation, and concluded that inmates were not receiving their medications in a timely manner. Nevertheless, rather than assessing fines against CMS, the department chose to conduct a second re-audit, which is not provided for by department policy. In a February 1999 letter from SCDC to CMS, SCDC stated that if the problems were not resolved after the second re-audit, the department would fine CMS $10,000 per day as allowed by the contract.

In one case, it appears that SCDC should have assessed fines against the contractor, but did not.

Upon completing the second re-audit in April 1999, SCDC concluded that problems in the area of access to care had been resolved. Although the audit concluded that medication delivery had improved, the compliance rating of 75% was still below the minimal compliance rate. SCDC took no further action against CMS.

Conclusion

Much of the focus of health service audits is directed toward staff qualifications and training, and the review of inmate medical treatment. Because the department did not complete initial and follow-up audits, there is less assurance that CMS has met its contractual obligations in these and other areas. Further, when SCDC fails to penalize contractors for unsatisfactory performance, there is less incentive for the contractor to meet requirements.

Recommendations

3. As required by department policy, SCDC's office of health services staff should conduct annual audits of medical services at contracted sites. The director of the professional services division should inform the deputy director about the status of all health services audits. This information should include data on required institutional corrective action plans and department follow-up audits. Also, staff should develop a schedule of audits which lists the required audits by institution.

4. As allowed, SCDC should assess fines against contractors for unsatisfactory performance.

Deductions from Contract Payments

The contracts between SCDC and CMS allowed SCDC to deduct funds from payments to CMS if CMS did not meet certain contract requirements. From July 1997 to June 1999, SCDC deducted approximately $1 million from payments to CMS (see Table 3.2). These deductions were a result of CMS not meeting requirements for inmate populations and staffing and transfers in services.

Table 3.2: Payments Deducted From CMS, July 1997 – June 1999

Basis for Payment Deduction	Amount
Transfer in Services From CMS to SCDC	
HIV/AIDS Population	$ 547,014
Dialysis Population	$ 39,515[1]
Inmate Population	$ 278,219
Staffing	$ 135,265
TOTAL	**$1,000,013**

1 This includes deductions in payments from January to March 1999. The department has not collected funds from April through June 1999.

Source: SCDC accounting records .

We found that SCDC has not provided adequate oversight to determine if CMS has complied with minimal staffing requirements. Also, the funds reimbursed for treatment of inmates who are HIV positive were not determined as outlined by the contract, and SCDC officials do not know if the amount is reasonable. In addition, although care for inmates requiring dialysis is now provided by SCDC, CMS officials question whether the department should receive payment for these services. We found no material problems with the amount of funds paid to the department for variances in inmate population.

Staffing Requirements

The contracts between SCDC and CMS provided that CMS maintain minimal staffing levels at the ten contracted institutions and that SCDC monitor compliance with this requirement. We found that the department has sometimes relied upon data reported by CMS to determine the contractor's compliance with minimal staffing requirements. Also, for at least 8 months of a 21-month period, SCDC officials did not determine whether reimbursements for staffing were owed to the department.

When staffing levels were not met, CMS was to reimburse SCDC for deviations. Daily rates established for unfilled positions were $500 for doctors, $350 for dentists, and $250 for all other staff. According to department records, from October 1997 to September 1998, SCDC collected a total of $135,265 for deviations in staffing reimbursements (see Table 3.2).

The contract for services in nine institutions allowed CMS a 90-day grace period (July 1997 to September 1997) to fill staff positions. Therefore, SCDC was to monitor CMS staffing levels in these institutions for 21 months (October 1997 to June 1999). For Lee Correctional Institution, contracted in June 1998, the department was to monitor staffing for 10 months (September 1998 to June 1999). SCDC monitoring did not occur.

For seven months, the department based the amount of reimbursements due from the original nine institutions on data collected by SCDC staff during on-site visits and CMS reports regarding staffing. For five months SCDC did not monitor staffing patterns, and relied completely upon reports provided by CMS to calculate and collect funds due to the department. In addition, from October 1998 to June 1999 (the remaining nine months), the department did not collect any funds from the institutions for staffing. The amount for October alone would have totaled $33,919.

Finally, for the Lee Correctional Institution, SCDC did not monitor staffing levels during the 10-month service period. No funds were collected for this facility.

HIV/AIDS Population

In October 1998, all inmates who were HIV positive were transferred to the Broad River Correctional Institute (BRCI) in Columbia. At this time, 288 inmates treated by CMS were moved to this facility, and, as a result of this transfer, funds were due from CMS to SCDC.

Although the contracts require that an adjustment in contract price must be negotiated between CMS, the department, and the Budget and Control Board's Materials Management Office (MMO), SCDC allowed the contractor to solely determine the amount of the reimbursement for HIV/AIDS treatment. Agency officials stated that they do not know if this deduction is reasonable.

. . . the amount for HIV/AIDS treatment may not be reasonable.

In January 1999, CMS calculated the amount owed to SCDC to be $804,000 ($67,000 per month for 12 months). SCDC also began deducting funds from payment to CMS in January 1999. Then, in March 1999 (two months after this amount had been determined and the deductions had begun), SCDC requested assistance from MMO to determine if the amount was reasonable. MMO staff responded that the only way to determine if the deduction was fair was by resoliciting the contract. As of June 1999, the department had collected reimbursements for HIV/AIDS treatment totaling $547,014.

Evidence indicates that the amount for HIV/AIDS treatment may not be reasonable. Based on SCDC records, the costs of medications *alone* for the inmates transferred from CMS sites amounted to $102,960 per month, approximately $36,000 more than the monthly deduction from CMS.

SCDC officials have requested documentation from CMS on how this amount was determined. According to a department official, CMS had not provided this information as of September 1999.

Dialysis Population

In January 1999, five inmates requiring dialysis services were transferred from CMS sites to a new dialysis facility at BRCI, where services would be provided by the department. The transfer of these patients resulted in another deduction from SCDC's payment to CMS. However, the amount of $39,515, which was calculated and collected by the department for January to March 1999, is being disputed by this contractor. CMS's challenge is based on the lack of a contract provision to allow for this deduction.

As of September 1999, this matter was being reviewed by SCDC's legal staff. The department has not collected funds from April to June 1999. According to an SCDC official, uncollected funds for dialysis through June 1999 amounted to $47,361.

Conclusion

The department's reliance upon data from the contractor provides minimal assurance that requirements were met and that contract reimbursements were adequate. Further, when SCDC does not collect funds, there is less incentive for the contractor to adhere to requirements. Ultimately, the state may not have received the level of inmate health and mental health services for which it contracted and paid.

Recommendations

5. For future contracts requiring minimal staffing levels, SCDC should conduct visits at the contracted sites, and verify contractor-generated data.

6. SCDC should comply with contract provisions for making adjustments to contract prices.

Audits of Medical Services Provided by SCDC

As required by SCDC policy, health services staff has not conducted audits of medical services provided by SCDC employees. We reviewed audit files for SCDC-provided sites for FY 97-98 and FY 98-99, and found the following:

- ❑ Only 1 of 40 medical audits required for the two-year period was conducted. These audits involve review of medical procedures and inmate care.

- ❑ Although 21 dental audits were required for this time period, none were conducted. These audits focus on staff licensing, safety, and documentation issues.

Health services' audits are tools to ensure that quality services are provided. When audits are not conducted, there is a lack of information about the level of service provided.

Recommendation

7. SCDC staff should conduct annual audits of medical services provided by SCDC employees, and develop a schedule of audits by institution.

LAC Access to CMS Records

One of the audit objectives required that we review the qualifications of CMS staff who provided counseling services to SCDC inmates. We encountered several problems in obtaining the necessary information to complete this review. Although state law addresses the Legislative Audit Council's access to information for auditing purposes, CMS officials maintained that the LAC did not have access to contractor information.

When our staff attempted to review the personnel files of CMS employees in September 1999, we were not allowed complete access to these files. Rather, a CMS official allowed LAC staff to view certain documents in her possession, which this employee considered as relevant to the LAC review.

Only after several letters between SCDC and the Audit Council and a written agreement between CMS and the Audit Council was LAC staff allowed complete access to the contractor's records. This process resulted in a significant delay in the review of these records.

South Carolina Code §2-15-61 provides that the Legislative Audit Council shall have access to records of the agency under review. Any records reviewed by the Audit Council are subject to confidentiality requirements. In addition to Audit Council legislation, §11-35-2220 (2) (the State Procurement Code) gives the state the authority to audit the books and records of a contractor or subcontractor, other than a firm fixed price contract, to the extent that the information relates to the performance of the contract. CMS is a contractor as defined by the procurement code.

. . . CMS officials maintained that the LAC did not have access to contractor information.

Further, the proposal submitted by CMS, which became a component of the contract, states that CMS will "establish a full credential file for each new hire, maintained on site and at CMS' Central Office with copies available to SCDC officials for review as requested." Because requirements for establishing personnel records and minimum qualifications for staff are set forth in the contract with SCDC, these records are subject to audit by the state.

When state audit entities are not allowed unrestricted access to relevant contractor records, this may interfere with an auditor's ability to form an independent and objective opinion and conclusion, and the interest of the state may not be protected. One solution to this problem would be to include a provision in state contracts which allows state auditing entities unrestricted access to contractor records. This provision would help to ensure adequate state oversight of contracted services.

Recommendation

8. The Budget and Control Board's Materials Management Office should include a provision in all requests for proposals to allow access to contractor records for state auditing purposes.

Service Issues

We reviewed medical service issues to include HIV treatment guidelines, pharmacy operations, discharge planning, and minimum qualifications for counseling staff. Our findings follow.

HIV/AIDS Treatment

In 1984, the human immunodeficiency virus (HIV) was found to be the virus which causes Acquired Immune Deficiency Syndrome (AIDS). AIDS is an infectious, viral disease resulting in suppression of the body's immune system.

From July 1997 to October 1998, CMS contracted with the department to provide treatment to 47% of the agency's HIV/AIDS population. At the time that CMS presented its proposal to provide medical services to inmates, this involved treatment of 180 inmates.

From July to September 1998, inmates throughout the state's prison system were tested for HIV. On October 26, 1998, all inmates who were found to be HIV positive were transferred from other prisons to the Broad River Correctional Institution in Columbia. Comprehensive medical services for all of these inmates were then assumed by SCDC, and CMS no longer provided medical services to the HIV/AIDS population. As of September 1999, the HIV/AIDS population at SCDC was 575.

We reviewed the HIV treatment guidelines adopted by SCDC in September 1997 and in June 1998 to determine if these guidelines were in accordance with community standards. We also examined the basis of a supplemental payment for HIV treatment from SCDC to CMS in September 1998.

While the September 1997 HIV treatment guidelines conformed with recommendations of medical authorities, the revised guidelines in June 1998 allow for treatment which is not generally recommended. We also found that the supplemental payment from SCDC to the contractor for medications to treat the HIV population was unjustified. During the bidding process, SCDC made vendors aware of possible changes in medications used to treat the HIV population.

Treatment Guidelines

One of our objectives was to determine if the department's treatment guidelines for HIV/AIDS conformed with community standards. Our review indicated that the term "community standard" is subject to differing interpretations. The difficulty in defining this term was addressed in a 1995 internal audit of SCDC's health services operations. Also, correctional and health officials that we interviewed stated that different ideas and approaches are used to determine community standards. These officials, however, agreed that community standards in respect to HIV treatment for inmates involve the availability of HIV treatment offered in the community to incarcerated persons.

To determine if SCDC treatment guidelines were based on community standards, we reviewed national publications regarding HIV treatment. We also interviewed officials of the South Carolina Department of Health and Environmental Control (DHEC) and corrections officials in other states.

SCDC issued guidelines for HIV treatment in September 1997. These guidelines required an initial regimen of triple-drug therapy to include a protease inhibitor. A protease inhibitor is an antiviral drug designed to reduce the amount of HIV produced in the body.

We found that the International AIDS Society (USA Panel) and DHEC considered triple therapy with a protease inhibitor as the preferred treatment for HIV. DHEC began using protease inhibitors in June 1996. Also, in June 1997, the International AIDS Society's guidelines were issued as a consensus statement in the *Journal of the American Medical Association* (JAMA). In addition, in June 1997, a panel convened by the U.S. Department of Health and Human Services and the Henry J. Kaiser Family Foundation (which included officials of the Centers for Disease Control [CDC] of the U.S. Department of Health and Human Services) issued "draft" guidelines which stated:

> All people with CDC-defined AIDS should receive combination antiretroviral therapy, preferably with three drugs including a protease inhibitor, . . .

According to a CDC official, these guidelines were used widely in the United States.

In June 1998, SCDC revised the guidelines for HIV treatment. These guidelines, which are currently used, require a step-wise approach to medications in treating HIV/AIDS. Treatment begins with a two-drug regimen with the addition of a third drug as needed.

Our review of medical data published at the time that SCDC's guidelines were revised and through May 1999 indicate that dual therapy for HIV treatment is not generally recommended. Further, a U.S. district court recently issued a preliminary injunction involving HIV treatment at the Mississippi Department of Corrections finding that triple therapy, not dual therapy, was appropriate. This decision was based on findings of the National Institute of Health (NIH), an agency of the U.S. Department of Health and Human Services. In addition, corrections officials in the states of Alabama, Florida, Georgia, North Carolina, Tennessee, and Virginia stated that their state guidelines for treatment of HIV include triple therapy with a protease inhibitor or use of the alternative antiviral drug.

Supplemental Payment

Beginning in May 1998, CMS requested a supplemental payment from SCDC for HIV treatment. According to CMS, the supplement was needed because SCDC's guidelines adopted in September 1997 were in excess of community standards. As noted earlier, our review indicated that this was not the case.

Between May and August 1998, CMS officials negotiated with SCDC for payment of these funds. During this period, we found that CMS changed both the basis of the request for funds and the amount requested.

- In May 1998, CMS requested a supplemental payment of $990,000 based on HIV treatment not being established or mandated during the bidding or contract negotiation periods.

- In July 1998, a CMS official acknowledged that the company had been aware of a possible change, and was to include the potential costs of protease inhibitors in its bid. This official reduced the amount of funds requested to $818,215 ($171,785 less than the original request). This amount was based on "over-utilization" of protease inhibitors by SCDC. Further, this official stated that the CDC and South Carolina standards did not require triple therapy until after SCDC approved its guidelines.

- In August 1998, CMS reduced its request for funds to approximately $632,689 ($357,311 less than the original request).

In April 1997, prior to award of the medical services contract, SCDC made all vendors aware of a possible change in the guidelines for HIV treatment, including the use of protease inhibitors. SCDC informed vendors that the contractor would be expected to comply with guidelines based on the Center for Disease Control and established community standards. Also, the contractor was to include the cost of this treatment in its bid.

Additionally, the proposal from CMS to provide inmate health services stated that the vendor would adhere to community standards and SCDC policies and procedures in the treatment of HIV positive inmates. Further, the contract between SCDC and CMS was at fixed costs for the first two years. However, in its proposal, CMS reserved the right to negotiate with the department if SCDC policies and procedures substantially altered the contract provisions. We concluded that the change in HIV treatment guidelines did not constitute a change in program requirements because of the information provided to vendors during the RFP process.

Recommendations

9. To ensure compliance with established community standards, SCDC officials should review and, as needed, revise the agency's protocols for HIV treatment.

10. SCDC officials should seek recovery for the supplemental payment of $632,689 from Correctional Medical Services. One option is to withhold payment to the vendor for this amount.

Pharmacy Operations

The contract between SCDC and CMS requires that CMS procure and dispense prescription drugs at the contracted sites. Further, CMS was to maintain an emergency stock of drugs on-site for use until regular delivery of medications.

Per the CMS proposal, daily prescriptions would be delivered to the facility within a 24- to 48-hour period. Further, CMS would keep a supply of critical medications on site, such as cardiac, hypertensive, seizure, and antibiotics, to assure immediate administration. Medical records would also be kept to document all medication administered, to include any ordered medication not administered with reason given.

Medication for inmates at contracted facilities is obtained from a private, CMS-owned company. Prescription orders are faxed to the pharmacy, and medications are shipped back to the facility for distribution.

We found that inmates were still not receiving their medications in a timely manner.

SCDC obtains medication for inmates from agency-operated pharmacies. Agency documentation standards require a nurse's signature in the appropriate space each time medication is administered and an "O" when medications are omitted or refused.

We conducted a limited review of the administration of medication at a contracted and at an agency-provided site. Although medication administration at the contracted site was previously audited by SCDC staff, we found that inmates at that facility were still not receiving their medications in a timely manner. We did not find material problems with SCDC's administration of medication.

Medication Administration

As a result of complaints and grievances received by the department, SCDC staff conducted a series of medical audits at the Lee Correctional Institution. The audits, conducted between October 1998 and April 1999, included an examination of the timeliness of medications to inmates.

In its initial review of medication administration, SCDC was unable to assess compliance due to the lack of contractor records. In a re-audit, department officials assessed a 46% compliance rating out of a minimal established rating of 80%. A second department re-audit yielded a compliance level of approximately 76%. Though still below the minimum rating, SCDC took no further action against the contractor (see p. 15).

Based on noncompliance in the area of medication at this facility, we focused our review on the chronically mentally ill population housed at this facility. We also conducted a review of medication administration at the Women's Correctional Institution (Columbia), where pharmacy services are provided by SCDC to chronically mentally ill females.

We reviewed the timeliness of medications for 10% of the population at both sites, involving 27 inmates at the Lee Correctional Institution and 6 inmates at the Women's Correctional Institution. For each inmate, we examined medical records for the time that prescriptions were written and the time that the medications were provided to the inmate. A medication was generally considered timely if it was administered in two days or less. In other cases, we considered the medication timely if it was available when needed by the inmate. For example, an inmate may have been prescribed a medication to be taken every two weeks.

We found that 92% of the prescriptions were provided within the required period at the SCDC-provided site, while 54% of the prescriptions were provided in a timely manner at the contracted site (see table below). Further, at the contracted site, three medications appeared not to be administered at all. We were unable to determine why inmates did not receive these medications due to inadequate documentation in the medical records.

Table 4.1: Inmate Receipt of Medications

Medication Provided Within	CMS	SCDC
Two Days or Required Time	28 (54%)	11 (92%)
Three to Four Days	10 (19%)	1 (8%)
More Than Four Days	11 (21%)	0 (0%)
Not Administered	3 (6%)	0 (0%)
TOTAL	**52 (100%)**	**12 (100%)**

SCDC officials accepted performance below the department's minimum compliance level at the contracted site. When medications are not administered in a timely manner, the state does not receive the services it contracted for, and inmates may not receive adequate medical care. In addition, when medications are not administered as prescribed, more extensive medical care may later be required.

Recommendation

11. SCDC should monitor contracted sites to ensure that inmates receive their medications in a timely manner. The department should require that the contractor document the reason(s) why medications are not provided to inmates.

Discharge Planning at Lee Correctional Institution

We reviewed discharge planning for inmates treated for chronic mental illness at the Lee Correctional Institution. In November 1998, the Intermediate Care Services (ICS) unit for the chronically mentally ill was transferred from Kirkland Correctional Institution (Columbia), where services were provided by SCDC, to Lee Correctional Institution (Bishopville), where services are provided by CMS. We found that CMS has not adequately planned for the return of these persons to the community.

The contract between CMS and SCDC provides that CMS is to comply with the department's policies and procedures. An SCDC memo dated May 1, 1997, addressed discharge planning procedures for inmates receiving treatment for mental illness. Per this memo, staff should complete a discharge summary one month prior to an inmate's scheduled release. The discharge summary should also be signed by the discharge planner's supervisor. Staff is then to forward the summary to the appropriate community agency that will provide care to the inmate after release.

CMS has not adequately planned for the return of inmates to the community.

We requested the files of the 38 inmates discharged from the ICS unit between November 1998 and May 1999, and found the following:

- ❑ Discharge summaries were not found for 19 (50%) of the inmates released. In 6 of these cases, CMS staff could not locate the inmate's file.
- ❑ In the 19 remaining cases where we found that a discharge summary had been completed, the document had not been forwarded to the agency that was responsible for follow-up care.
- ❑ In November and December 1998, no CMS staff was assigned to handle ICS discharges. During this period, ten inmates were released.

- ❑ Supervisory review of the discharge summaries was not conducted in a timely manner. In some instances, the supervisor signed the discharge summary almost two months *after* the inmate had been released.

The employee who was assigned responsibility for discharge planning had not been routinely notified of the dates inmates were scheduled for release. Also, this employee had not forwarded discharge plans to the appropriate community agency. Following our review, staff stated that the discharge planner will be notified of pending discharges, and discharge summaries will be forwarded to local agencies.

We contacted other state agencies who provide mental health services, including the Department of Mental Health, the Department of Juvenile Justice, and the Department of Disabilities and Special Needs. All of the staff interviewed acknowledged the importance of discharge planning and of the continuity of care when an individual leaves a facility to go back into the community.

When the steps for discharge planning are not followed, it may be more difficult for the inmate to successfully return to the community. Without discharge planning, persons may not have proper living arrangements, follow-up care with a local mental health center, or necessary contact with other social services agencies.

Recommendation

12. SCDC should ensure that agency policies and procedures for discharge planning are followed.

Minimum Qualifications of Counseling Staff

In November 1998, CMS entered a contract to begin providing care for male inmates treated for chronic mental illness who were formerly served by SCDC. We reviewed the qualifications of CMS and SCDC mental health counselors. Our review indicated that counselors at both CMS and SCDC did not meet minimum qualifications for their positions.

We reviewed the personnel records of all seven CMS employees who provided mental health counseling to determine if they met minimum qualifications for their positions. We found that one of the employees did not meet minimum education requirements and four (57%) did not meet the minimum experience requirements. One employee was required to have an active state license in social work, but did not.

. . . counselors at both CMS and SCDC did not meet minimum qualifications for their positions.

We also reviewed the personnel records of SCDC employees for documentation of the required education and work experience. Of the 21 employees initially identified, SCDC was unable to provide personnel documentation requested for five of them. We excluded five other employees whose duties were primarily supervisory. Three (27%) of the remaining eleven employees did not meet minimum education requirements while six (55%) did not meet minimum experience requirements. For example, we found no evidence that one employee had a B.S. degree in Human or Social Services, three years' experience in a psychotherapeutic setting, and one year experience in a correctional setting, as required.

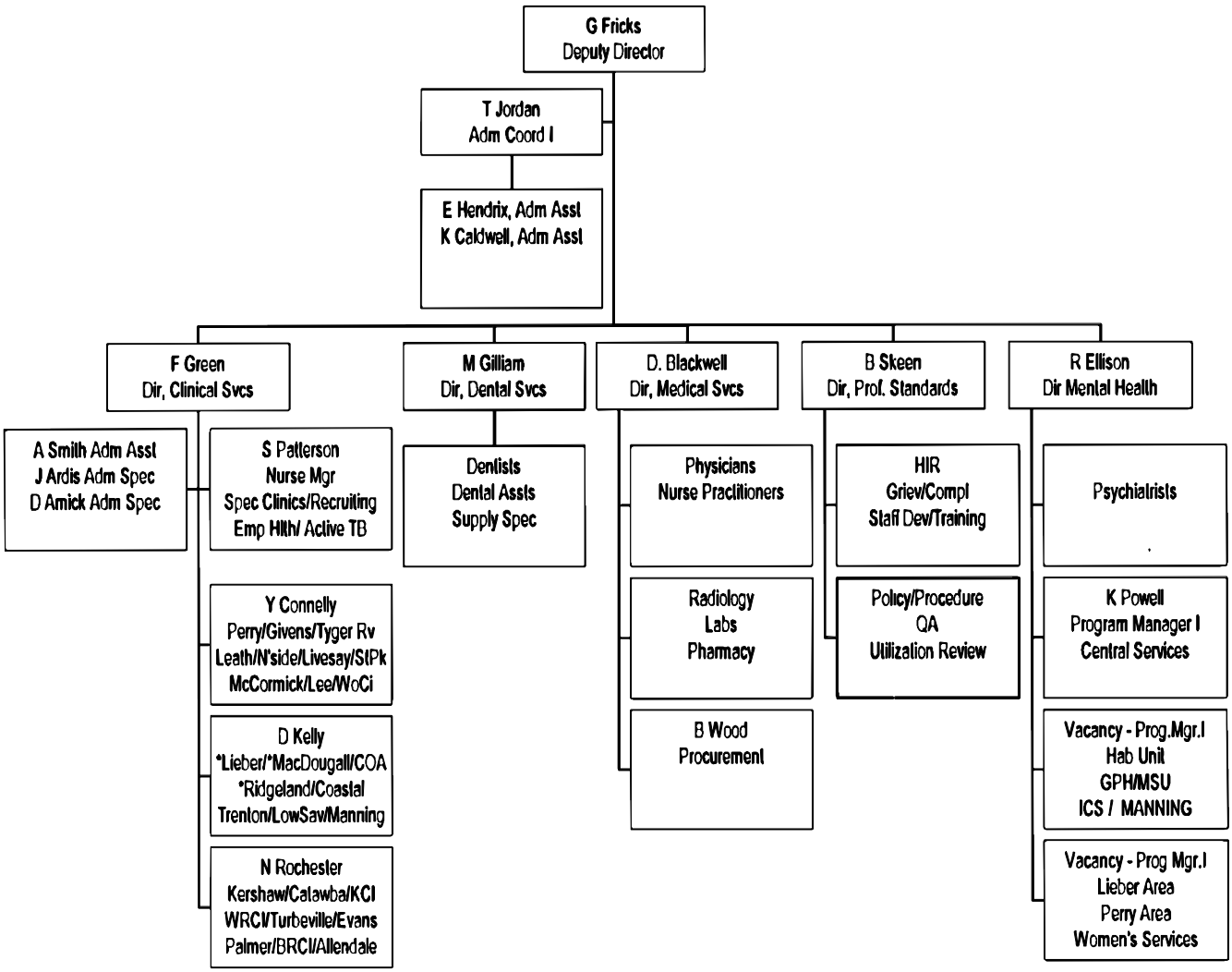
SCDC has not ensured that employees providing mental health counseling services meet the minimum qualifications for their positions. In addition, by hiring employees who did not meet minimum requirements for counseling positions, CMS has not adhered to its agreement with the department. The contract provides that CMS is to hire ". . . only appropriately licensed and/or certified health care personnel." It further provides that "all personnel will be State licensed, appropriately qualified and meet at least minimum requirements established by SCDC officials." In addition, CMS was to verify employee references and licenses.

Recommendation

13. SCDC should ensure that individuals, hired by the agency and contracted, meet the minimum training and experience requirements for their positions.

Appendices

SCDC Office of Health Services Organizational Chart



Appendix A
SCDC Office of Health Services Organizational Chart

Agency Comments

Appendix B
Agency Comments

South Carolina Department of Corrections

JIM HODGES, Governor
WILLIAM D. CATOE, Director

March 14, 2000

Mr. George Schroeder
Legislative Audit Council
400 Gervais Street
Columbia, SC 29201

Subject: Response to LAC Review of Medical Services at the South Carolina Department of Corrections

Dear Mr. Schroeder:

I appreciate the professional manner in which you and your auditors from the Legislative Audit Council (LAC) reviewed the health service delivery systems of the South Carolina Department of Corrections (SCDC). I welcome the opportunity to have an independent review and appraisal of departmental decision processes for service provision.

Consistent with Governor Hodges' philosophy, I expect and demand the highest standard of accountability in all areas of public service. In fact, I aggressively pursued corrective action to address deficiencies noted in the LAC report prior to initial findings being rendered. The provision of inmate health care is an extremely complex issue that will require sound processes, continuous monitoring, review, assessment and refinement. As I am certain you are aware, most of the audit findings are a reflection of the philosophy, policy and management decisions of the previous administration at SCDC.

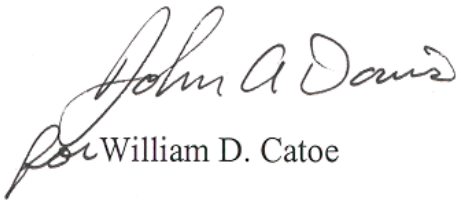
As of January 31, 2000, Correctional Medical Services (CMS) no longer provides health care to SCDC inmates. They elected to terminate the contract citing, among other reasons, the inadequate compensation and excessive and disruptive monitoring as rationale for their decision. The administrative and legal staffs of SCDC and CMS are currently addressing final resolution of the financial disputes between the parties. If a future decision is made to contract medical services again, policies and procedures will be in place to ensure proper monitoring of contractual services.

In the area of AIDS and HIV related treatment, the department respectfully believes that the treatment rendered to SCDC inmates is appropriate. However, in order to ensure that the agency is providing the most appropriate treatment, I will be requesting the South Carolina Department of Health and Environmental Control to evaluate the services being provided to this population.

P.O. Box 21787 - 4444 Broad River Road - Columbia, SC 29221-1787 - Telephone (803) 896-8555
http://www.state.sc.us/scdc E-mail: corrections.info@doc.state.sc.us

SCDC accepts the LAC findings and will strive to conform its future policies to the LAC recommendations. The attached document more fully outlines the department's responses and actions to the various findings and recommendations of the LAC. SCDC is dedicated to attaining excellence and setting the standard by which other correctional agencies can compare themselves.

Respectfully,



William D. Catoe

WDC:abb

Enclosure

RESPONSE TO FINDINGS AND RECOMMENDATIONS

Privatization of Medical Services

Recommendation: SCDC's medical costing committee should proceed in collecting and analyzing data to determine the agency's costs to provide inmate medical care. In January 2001, SCDC should issue a report to the Senate Finance Committee and the House Ways and Means Committee on the Department's costs to provide medical care.

Corrective Action: Developing a cost collection system that would allow us to identify medical costs in greater detail has been a concern of mine from the beginning. In fact, initiating action to develop such a system was one of my first acts as Director. The need for a better medical costing system was identified to the LAC auditors upon their arrival, by me and by other Agency staff. SCDC believes that setting up a system to collect detailed cost information on delivery of medical services is a sound business practice, allows for better management decisions, and is on the leading edge in comparison to other states.

The Statewide Performance Audit Steering Committee was briefed November 30, 1999 on the SCDC Implementation Plan for those issues dealing with medical services. The plan included the appointment of the referred committee to study and analyze staffing patterns and costs of services and, essentially, establish a process/system to collect and use data to manage and improve the efficiency of medical services. Allowing sufficient time to develop the process and to collect sufficient data, it is anticipated that comparisons could be accomplished by December 2001. The committee has made considerable progress with the development of the process.

SCDC will gladly brief the Senate Finance Committee and the House Ways and Means Committee on our progress in January 2001. Cost information presented at that time would be based on both available data and projections.

Procurement of Contracts

Recommendation: SCDC should follow its procurement policies and ensure that all contracts are signed by the authorized personnel before services are provided or payments are made.

Corrective Action: Both of the contracts noted by the LAC as not being signed were initiated under the previous Director of SCDC. It is unknown by the current management why the previous Director had not signed the Lee Correctional Institution Health Care contract ($3.5 million) until September 1998 or the Mental Health Services amendment prior to his departure in December 1998. Further delay was incurred with the Mental Health Services amendment due to the time required for the appointment and confirmation of the new/current Director.

SCDC agrees that this is not good business practice, even for an emergency situation. However, please note that the referenced funds were expended for services provided.

As recommended, SCDC will, follow procurement policies and, ensure that all contracts are signed by authorized personnel before services are provided or payments are made.

Contract Oversight

Recommendations: As required by department policy, SCDC's office of health services staff should conduct annual audits of medical services at contracted sites. The director of the professional services division should inform the deputy director about the status of all health services audits. This information should include data on required institutional corrective action plans and department follow-up audits. Also, staff should develop a schedule of audits which lists the required audits by institution.

As allowed, SCDC should assess fines against contractors for unsatisfactory performance.

Corrective Action: SCDC agrees that all contract services should be monitored very closely, and appropriate action should be taken to recoup costs or assess penalties. During the period reviewed by the LAC, medical services performed 111 audits in contracted institutions. In fact, the Agency did recoup over one million dollars as noted in the report.

SCDC has rewritten policies and established procedures that provide for more efficient monitoring of all contractual services as well as those provided by SCDC employees. Audit guides have been developed and schedules established to insure that medical services being provided at particular institutions, whether contract or SCDC, will be reviewed and appropriate action taken were deficiencies are noted. Additionally, the National Institute of Corrections recently provided SCDC with a consultant to review and assist us with the continuing development of a comprehensive monitoring program.

Deductions from Contract Payments

Recommendations: For future contracts requiring minimal staffing levels, SCDC should conduct visits at the contracted sites, and verify contractor-generated data.

SCDC should comply with contract provisions for making adjustments to contract prices.

Corrective Action: It should be noted that the Contractor (CMS) notified SCDC in May 1999 of their election not to extend their contract as allowed. Not being paid enough was their primary reason offered for this action. CMS agreed to continue on a month to month basis until a new Request for Proposal (RFP) could be issued. The new RFP was issued in July 1999. Although the initial responses were considered by MMO to be non-responsive, the figures from all responses suggested that the cost of contracting medical services

for those ten institutions was going to increase. In December 1999, SCDC was notified by CMS that they would discontinue providing services as of January 31, 2000. Among the reasons given for discontinuing services were that compensation was inadequate, and that SCDC's monitoring was excessive and disruptive. Soon thereafter, SCDC made the decision to provide medical services in those ten institutions by utilizing SCDC employees.

SCDC agrees that future contracts should be monitored to ensure contract compliance, and that penalties should be assessed or payments withheld as allowed by contracts for non-compliance. As stated in the previous corrective action, SCDC has established procedures that provide for more efficient and effective monitoring of services. Any new contracts and their provisions will be incorporated in the compliance audit guidelines.

Audits of Medical Services Provided by SCDC

Recommendations: SCDC staff should conduct annual audits of medical services provided by SCDC employees, and develop a schedule of audits by institution.

Corrective Action: During the period reviewed by the LAC, the SCDC medical staff performed 183 reviews/audits of health services. Of the 183 reviews, 114 areas received scores above 90% and 163 received scores above 80%. A re-audit was conducted of those areas scoring below 80% to ensure corrective action was taken. The guidelines and standards by which these reviews were conducted are established by SCDC internal policy. Our new administration will be reviewing and, as necessary, adjusting those policies to ensure the appropriate level of monitoring. Some audits in the medical and dental sub-categories, as noted by the LAC, were not conducted due to shortages of personnel at the times indicated. SCDC agrees that audits of medical services should be conducted on a regular basis of both contracted and employee-provided medical services. As stated previously, SCDC established policies and procedures to better ensure quality review of medical services provided.

LAC Access to CMS Records

Recommendation: The Budget & Control Board's Materials Management Office should include a provision in all requests for proposals to allow access to contractor records for state auditing purposes.

Corrective Action: SCDC agrees that the SC Materials Management Office should ensure that all contracts include a clause allowing state auditors unrestricted access to contractor records.

Service Issues

Recommendations: To ensure compliance with established community standards, SCDC officials should review and, as needed, revise the Agency's protocols for HIV treatment.

SCDC officials should seek reimbursement for the supplemental payment of $632,689 from Correctional Medical Services. One option is to withhold payment to the vendor for this amount.

Corrective Action: In the areas of AIDS and HIV related treatment, the Department respectfully believes that the treatment rendered to SCDC inmates is appropriate and consistent with the guidelines of the South Carolina Department of Health and Environmental Control (DHEC). However, in order to ensure that the Agency is providing the most appropriate treatment, I will be requesting DHEC to evaluate the services being provided this population.

The decision to move HIV and dialysis inmates under the care of SCDC Medical Services and the subsequent decision to reimburse the contractor $632,689 for prior HIV related costs were made under the previous Director. Currently, with contractor (CMS) services having ended as of January 31, 2000, there are several issues being addressed by both CMS and SCDC. All issues will be examined legally for potential options.

Pharmacy Operations

Recommendation: SCDC should monitor contracted sites to ensure that inmates receive their medications in a timely manner. The Department should require that the contractor document the reason(s) why medications are not provided to inmates.

Corrective Action: Correctional Medical Services (CMS) elected to discontinue services as of January 31, 2000. Among the reasons given for their decision were inadequate compensation and excessive and disruptive monitoring. February 1, 2000, SCDC assumed responsibility for providing all health-related services at the previously contracted institutions including medications for inmates. SCDC is currently expanding and automating pharmacy services. This will allow us not only to provide service to these institutions equivalent to that now provided SCDC operated institutions, but will actually improve upon our system of delivery and tracking of medications. Should medical services at institutions be contracted at a later date, SCDC will ensure that procedures are in place to monitor, document, and enforce proper dispensing of medications.

Discharge Planning at Lee Correctional Institution

Recommendation: SCDC should ensure that agency policies and procedures for discharge planning are followed.

Corrective Action: SCDC agrees that policies and procedures for discharge planning should be followed. As of February 1, 2000, SCDC assumed responsibility for the Intermediate Care Services at Lee CI. Discharge planning is a very important component of all inmate individual treatment plans. SCDC has included objectives in the Agency's strategic plan to complete a thorough review of the classification system, how it should interface with individual treatment plans, subsequent discharge planning and aftercare services, as required for each inmate. In particular, the current Director of Mental Health Services is conducting a detail assessment of staffing and services. The results of these reviews will be utilized to improve the efficient, effectiveness and where necessary the quality of the services being provided.

Minimum Qualifications of Counseling Staff

Recommendation: SCDC should ensure that individuals, hired by the agency and contracted, meet the minimum training and experience requirements for their positions.

Corrective Action: SCDC has in place recruiting procedures established in Human Resources to ensure that potential employees who do not meet State minimum requirements for education and experience are screened out prior to interview. SCDC agrees that individuals hired, by the Agency or by a contractor on contract with the Agency, meet the minimum training and experience requirements for their positions. As stated in the previous corrective action, a thorough review is being conducted of Mental Health Services' staffing and protocol. All positions will be reviewed to insure employees meet minimum qualifications. Appropriate action will be taken for any employees found not meeting minimum qualifications.

STATE OF SOUTH CAROLINA
State Budget and Control Board
OFFICE OF GENERAL SERVICES

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CHAIRMAN, WAYS AND MEANS COMMITTEE

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ROBERT W. McCLAM
DIRECTOR

March 13, 2000

Mr. George L. Schroeder, Director
Legislative Audit Council
1331 Elmwood Ave., Suite 315
Columbia, South Carolina 29201

Dear Mr. Schroeder:

Thank you for permitting the Office of General Services to respond to the draft report entitled "A Review of Medical Services at the South Carolina Department of Corrections."

Section 11-35-2220 of the South Carolina Consolidated Procurement Code establishes the State's right to audit the records of its contractors. As noted in your report, the contractor eventually acknowledged this requirement and allowed your agency access to its records of this contract. In order to emphasize this issue, the Materials Management Office will insert a clause in all requests for proposals to confirm the State's authority to audit the books and records of a contractor or subcontractor in accordance with this section of the Code.

If you have any questions, please do not hesitate to call me at 737-0010.

Sincerely,

Robert W. McClam
Office Director

cc: Helen T. Zeigler
Voight Shealy

This report was published for a total cost of $496.00; 200 bound copies were printed at a cost of $2.48 per unit.