

LAC

A Review of Medical Services at the SC Department of Corrections

March 2000

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 cost effectiveness and quality of contracted inmate medical services and medical services provided by SCDC employees.

In FY 97-98 and FY 98-99, SCDC paid Correctional Medical Services (CMS), a health care provider headquartered in St. Louis, Missouri, a total of \$31 million for inmate medical care while it expended \$66 million for medical services provided by agency employees. As of September 1999, the department provided medical services to 11,450 inmates in 22 of the state's 32 prisons. CMS provided services to 9,638 inmates in the remaining 10 facilities.

Since July 1999, CMS had provided services to SCDC on a month-to-month basis. However, CMS terminated this agreement on January 31, 2000, and SCDC began providing medical services to all inmates in February 2000.

PRIVATIZATION OF MEDICAL SERVICES

INMATE MEDICAL COSTS

To determine the cost effectiveness of contracting medical services at SCDC, we examined agency and contractor costs. Although SCDC has contracted medical services for over 13 years, department officials have not collected data to allow a direct comparison of agency and contracted costs.

As of September 1999, approximately 16% (1,853 of 11,450) of the inmate population served by SCDC required specialized care such as treatment for HIV/AIDS; medical costs for these inmates tended to be higher. To the contrary, the only specialized group receiving contracted services was the chronically mentally ill population which made up only 3% (326 of 9,638) of the population served by CMS.

In FY 98-99, the department's costs to provide medical services far exceeded those of CMS. However, variations in the costs of the populations served by these two providers make direct costs comparisons invalid.

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 were higher than those for male inmates.

Without adequate data on the costs to provide medical services, SCDC officials cannot make informed decisions about contracting. We recommend that department personnel collect and analyze cost data to allow a comparison of contracted and agency costs. In January 2001, the agency should report its findings to the Senate Finance Committee and the House Ways and Means Committee.

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	\$916¹	\$2.51¹

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

PROCUREMENT OF CONTRACTS

While we found no material problems with a contract for medical services in nine prisons, a second contract for medical services and an addendum for mental health services in another prison were not signed by the former agency director before services were provided. SCDC paid CMS over \$1 million without a signed contract.



CONTRACT OVERSIGHT

MONITORING

SCDC staff has not audited medical services at contracted or agency-provided sites as required by department contracts and policy. Agency oversight is crucial to ensure that medical services are adequate and that the state's interests are protected.

Office of health services staff are required to conduct annual audits in various medical areas at the prisons.

Health Services Audits

Medical Area	Information Reviewed
Behavioral Medicine	Referral and counseling data and documentation of treatment plans.
Dental Services	Staff licensing, safety issues, and documentation.
Health Records	Organization, storage, and documentation practices.
Infirmery	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 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.

We reviewed audits conducted at the contracted sites between July 1997 and May 1999 and found the following.

No behavioral medicine audits were conducted from July 1998 to May 1999. At least seven audits were required.

Medication audits were not found for seven (89%) of the eight institutions required.

No audits were found for five of nine disciplines at the Lee Correctional Institution including dental services, laboratory, medical, medication, and behavioral medicine.

Due to the lack of audits, we were unable to determine if SCDC appropriately assessed fines of \$10,000 a day against the contractor for noncompliance. We identified one case in which it appears that the department should have assessed fines in the area of medication delivery. However, SCDC took no action against the contractor.

Further, over a two-year period, department staff conducted only 1 of 40 medical audits at sites where SCDC employees provided care. These audits include a review of inmate care.

DEDUCTIONS FROM CONTRACT PAYMENTS

The contracts for medical services provided that SCDC deduct funds from payments to CMS if certain contract requirements were not met. For FY 97-98 and FY 98-99, SCDC deducted approximately \$1 million from CMS payments.

Payments Deducted From CMS July 1997 – June 1999

Basis for Payment Deduction	Amount
Transfer in Service from CMS to SCDC: HIV/AIDS Population	\$ 547,014
Dialysis Population	\$ 39,515
Inmate Population	\$ 278,219
Staffing	\$ 135,265
TOTAL	\$1,000,013

In nine of the ten contracted facilities, department staff was required to monitor minimal medical and other staffing levels. We found that SCDC did not monitor staffing levels for 9 of the 21 months as required; then, for an additional five months, agency employees relied completely upon contractor data to determine staffing, and the amount of funds due to SCDC. In the other contracted facility, we found that agency employees did not monitor levels for any of the 10 months required.

Our review also indicated that an adjustment for HIV/AIDS treatment was not determined by CMS, the department, and the Budget and Control Board's Materials Management Office (MMO), as required by the contract. Instead, department officials allowed CMS to solely determine the amount that was due to the agency, and SCDC officials do not know if this payment is reasonable. Evidence indicates that the payment of \$804,000 (\$67,000 per month for 12 months) may not be reasonable. The department's monthly costs for HIV/AIDS drugs *alone* were \$102,960 (\$36,000 more than the monthly deduction from CMS payments).

LAC ACCESS TO RECORDS

Although LAC's access to the records of an audited agency is provided for by state law, CMS would not provide records necessary to complete the SCDC audit. Only after a written agreement between the LAC and CMS was the Audit Council allowed to review the information requested. This process resulted in a significant delay in the review of these records. To eliminate similar problems in the future, we recommend that state procurement officials include a provision in all request for proposals to allow access to contractor records for state auditing purposes.

SERVICE DELIVERY

HIV / AIDS TREATMENT

While HIV treatment guidelines approved by SCDC in September 1997 conformed with established standards of treatment, the guidelines adopted in June 1998 allow for treatment using a dual-drug regimen, which is not generally recommended by medical professionals. We recommend that SCDC officials review, and, as needed, revise the agency's protocols for HIV treatment.

Also, we found that a September 1998 supplemental payment of \$632,689 from SCDC to CMS for HIV medications was not justified. During the bidding process, SCDC made vendors aware of a possible change in HIV treatment, and vendors were to consider these costs in their bids. The department should seek reimbursement from the contractor for these funds.

*M*ental Health Services

During our preliminary audit work, there were several allegations regarding the care of the chronically mentally ill population at Lee Correctional Institution in Bishopville, a contracted facility. We reviewed services to this population and found the following.

PHARMACY OPERATIONS

Although medication administration at the Lee Correctional Institution was previously audited by SCDC staff, we found that inmates at that facility were still not receiving their medications in a timely manner. Medications were considered timely if they were available within two days or when the inmate needed them. Approximately 46% (24 of 52) of the medications that we reviewed were not administered within these time periods; three of these medications appeared not to be administered at all.

DISCHARGE PLANNING

For two months, CMS did not assign staff to plan for the discharge of inmates treated for mental illness. During this period, at least ten inmates were released.

MINIMUM QUALIFICATIONS

Inmate counseling staff at both CMS and SCDC sites did not meet the minimum qualifications for their positions.

This document summarizes our full report, ***A Review of Medical Services at the SC Department of Corrections.*** Responses from the Department of Corrections and the State Budget and Control Board are included in the full report. All LAC audits are available free of charge. Audit reports and information about the LAC are also published on the Internet at www.state.sc.us/sclac. If you have questions, contact George L. Schroeder, Director.