

**Program Summary**  
**Department of Corrections (ADC)**  
**Health Care**

**Program Overview**

Department of Corrections (ADC) provides health care to inmates as required by the United States Supreme Court (*Estelle v. Gamble*, 1976) and by Arizona Statute (A.R.S. § 31-201.01). ADC's health program's objective is "to provide constitutionally mandated health care to offenders" that is consistent with community standards. This standard includes:

- The ability of inmates to make their health problems known.
- A competent and qualified health care staff to examine inmates and diagnose illnesses.
- The capacity of health care staff to treat inmate illnesses or provide referrals to outside medical/dental providers for treatment.

The Department of Corrections operates a managed-care program that provides health care services to over 30,841 inmates at 10 state-operated correctional facilities. All ADC privately contracted in-state and out-of-state correctional facilities must provide health care to the remaining 6,268 inmates housed at their facilities, as monitored by ADC. Inmate treatment is provided in 2 ways: 1) on-site at correctional facilities and 2) off-site with health care providers or hospitals.

Offenders begin medical processing upon arrival at the main intake unit in Phoenix where inmates receive a diagnostic health evaluation. This includes laboratory bloodwork analysis, physical and dental exams, x-rays, a medical history assessment, and a mental health and vision screen. Once in a prison unit, inmates are reviewed again by health care staff and a treatment plan is scheduled. All ADC prisons have fully-staffed medical units with physicians and 24-hour nursing care. On-site treatment includes routine and minor emergency medical, dental and mental health services. Major emergency procedures and specialty treatment, such as orthopedics and neurology, is only available at outside health care facilities. The health care staff to inmate ratio at prison facilities is 1 to 916 for physicians and 1 to 177 for nurses.

Most scheduled (non-emergency) medical procedures and third party consultations at outside facilities require prior review and approval. Recommendations from on-site health care providers are reviewed by a local facility medical committee and a central office medical review board to establish "medical necessity and continuity of care". In FY 2006,

10,856 inmate health care issues were deferred to offsite facilities including 8,098 specialty consults (outpatient visits and telemedicine); 1,297 hospital admissions; and 1,461 emergency room visits.

The department contracts with 10 outside health care facilities for major medical treatment and each provider serves a different geographic area. Medical contracts are awarded for a 5-year period and 3 of the 10 providers must go through a competitive bid process for the local ADC health care contract. The other 7 providers directly negotiate the contract with ADC. Direct negotiation is available only when a "sole provider", or lone option for provision of a particular service, has been identified, as per Arizona Administrative Code R2-7-338 (B).

The 2 largest providers, Carondelet/St. Mary's in Tucson and Maricopa Integrated Health Systems (MIHS), also known as Maricopa County Special Health Care District, are critical care hospitals that provide the majority of inmate treatment and have on-site availability of specialty physicians, telemedicine and outpatient services. The 2 providers each have a specialty doctor panel of as many as 200 physicians and maintain secure locked wards that serve as an extension of ADC correctional facilities, as required by ADC. For security reasons, ADC provides correctional officers for supervision of inmates while being treated at hospital facilities. The number of officers required depends on the security level of inmates. For example, inmates classified as Level 5 or maximum security require 2 correctional officers posted at all times. St. Mary's Hospital in Tucson is the largest provider of inmate hospital services with 69.5% of the hospital admissions. The remaining 8 contracted facilities are utilized mainly for emergency needs and short-term hospital stays.

*Telemedicine*

Since 1996, ADC has relied increasingly upon telemedicine programming to provide inmate health care services. Through this University of Arizona program, specialty physicians at hospitals can consult with inmates via telephone rather than requiring an in-person meeting. All of the prisons located outside of the Phoenix area provide or will soon provide telemedicine services. In FY 2006, telemedicine generated a savings of \$735,534 due to decreased transportation and security costs. Further, year-over-year, the number of consults completed via telephone increased by 38.0% to 2,608 consults in FY 2006. While there is often a 2 to 4 week wait for

telemedicine or outpatient services, as new providers enroll the usage of the telemedicine system and availability of services continues to expand.

### **Program Funding**

Currently, the ADC Health Care Program consists entirely of State General Fund monies. The FY 2008 General Appropriation Act (Laws 2007, Chapter 255), provides \$130,538,600, or 16.6% of the department's total operating budget for such costs. This amount represents an increase of \$6,645,500 (or 5.4%) over the department's FY 2007 adjusted allocation and an increase of \$55,527,600 (or 74.0%) over the department's actual FY 2001 expenditures.

### *AHCCCS Billing Processing*

In October 2004, the department began using AHCCCS as its bill processor or Third Party Administrator, which requires Tucson and Phoenix area facilities to utilize per diem flat rates for inpatient hospital bed costs. This same structure is utilized by AHCCCS, however ADC is not required to use AHCCCS rates. The inpatient tiers include (1) Maternity, (2) ICU, (3) Surgery, (4) Psychiatric, (5) Routine, and (6) Custodial Care. Previously, facilities often charged fees for all services based on a percentage of bill charges, such as a 70% ADC reimbursement of costs. Physician services, outpatient, trauma, emergency care, specialty clinic and air transportation are separate costs that are based on the bidder's proposed fee schedule.

### *Inmate Co-Pays*

In order to limit abuse of available health care services, in 1994 ADC began charging inmates co-pays, as authorized by A.R.S. § 31-202.01H. The current co-pay for inmate medical appointments is \$3. This fee is deducted from the prisoners' spendable account and is deposited into the General Fund for reduction of agency costs. No co-pay will be applied for chronic conditions, previously scheduled treatments or emergency care. An inmate cannot be refused treatment due to lack of personal financial resources.

### *Treatment Costs*

The Department of Corrections currently serves 1,167 inmates per day at a daily cost of \$8.89 (or \$3,245 annually). In FY 2005 however, the department served over 1,494 inmates per day at a daily cost of \$8.20 (\$3,029 annually), an increase of 8.4% despite 327 fewer inmates being served per day. According to ADC, the rising cost of inmate health care has resulted from medical inflation and an increasing number of inmate hospital admissions. While data is unavailable for FY 2007, between FY 2005 and FY 2006, the number of ADC hospital admissions statewide increased from 1,083 to 1,297, an increase of 19.8%. Despite this increase in hospital admissions, the

number of hospital bed days decreased by 22 days to 8,255 days during the same period.

The ADC population is also considered high-risk due to infectious pre-incarceration behaviors and requires costly treatments and medications. As of July 2007, roughly 13% of the population is known to have Hepatitis C. The department reports that the 13% is less than reported in previous years due to a policy decision which discontinued the intake testing of every inmate. For example, prior to the department's new policy, 23.7% of the population were known to have Hepatitis C. In addition, ADC treats approximately 150-170 HIV/AIDS infected inmates per year, and 4,567 inmates are on psychotropic medications.

### **Performance Measures**

*Table 1* includes performance measures for the Department of Corrections Health Care System. None of the measures listed in the General Appropriation Act directly measure ADC health care performance. The performance measures listed below are compiled from statistical data provided by the Department of Corrections but are not measures that the department currently uses.

The measures listed in *Table 1* demonstrate various aspects of measuring program performance including cost efficiency, efficiency in providing treatment to inmates, and potential cost savings generated by department treatment policies. First, ADC should consider measuring the cost of inmate health care compared to the cost of providing a comparative service to an outside population, such as AHCCCS per member costs or an average national per inmate cost. Utilizing a comparative standard would provide a better gauge for interpretation of costs rather than an average inmate cost alone. To date, the department has not implemented this comparative standard. Second, the percent of inmates receiving health care within 30 days demonstrates how quickly inmates can be treated by measuring the processing time or treatment efficiency in providing the proper "standard of care". The department has indicated that in FY 2007, the department implemented methodologies that ensure 100% of all inmates are evaluated and/or treated within 30 days of their request. Third, as mentioned in the *Program Funding* section above, telemedicine provides cost savings or cost avoidance to the department and the state. Between FY 2005 and FY 2006, the department increased the percentage of specialty consults conducted using telemedicine from 28.5% to 32.2%. As indicated previously, the specialty consults conducted using telemedicine resulted in a savings of \$735,534

**Table 1****ADC Health Care Performance Measures**

<u>Performance Measures</u>	<u>FY 2005 Actual</u>	<u>FY 2006 Actual</u>	<u>FY 2007 Estimate</u>	<u>FY 2008 Estimate</u>
Percentage of ADC health care cost per inmate compared to the average AHCCCS health care cost per capita*	--	--	--	--
Percent of inmates receiving health services within 30 days	--	--	100	100
Percent of specialty consults conducted using telemedicine	28.5	32.2	--	--

\*An accurate AHCCCS estimate is currently not available.