



**Washington County
Auditor's Office**

**Third and Final
Follow-up Report**

Audit of Jail Healthcare

Final Report
April 9, 2018



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I. Background

Government officials who incarcerate inmates have a constitutional obligation to provide for their medical, psychiatric, and dental care. Governments have increasingly sought to control the rising costs of corrections healthcare by contracting for healthcare services with for-profit corporations. Since 1998 Washington County had contracted with Corizon Health (formerly Prison Health Services) to provide health care for inmates of the Washington County Jail (WCJ).

A for-profit corporation's need to demonstrate that it can provide services at a lower cost than government, while realizing a profit, creates a natural tension between cost-control and healthcare objectives. As a result, strong oversight by the government is essential to ensure that the vendor complies with its contractual obligation to provide adequate care.

On November 24, 2014 the County Auditor released his report on Jail Healthcare to the Board of County Commissioners (the Board) and the public. We found that the contract administrator did not administer the jail healthcare contract in accordance with County guidelines and best practices, that certain terms of the contract did not adequately protect County interests, and that cost controls could be improved. We made 27 recommendations to improve contract administration, strengthen cost controls and reduce budget overruns.¹ The County Administrator agreed with all 27 of those recommendations.

On the same day that we released our report, the County issued its Request for Proposals (RFP) for Inmate Health Care. On May 1, 2015 the County entered into a contract with a new health care provider (HCP), NaphCare, to provide healthcare services in the Washington County Jail.

In our first follow-up report on the Jail Healthcare Audit, dated November 19, 2015, we found that eight of the 27 recommendations had been Fully Implemented. Two were Not Implemented. Implementation of sixteen recommendations remained In Process. One recommendation was On Hold.

Since a new contract was already in place, we had expected to close all of the recommendations directed at the RFP/contracting process. However, we found that the contract failed to implement certain recommendations relating to minimum staffing, time reporting, and remedies for understaffing. Because the County Administrator planned to amend the contract to fully implement those recommendations, we elected to treat them as In Process, rather than closing them as Not Implemented.

The County Administrator also reported that full implementation of recommendations to improve contract administration had been delayed due to the change in HCP. Implementation of most of those recommendations remained In Process.

¹ Three more recommendations, addressing other issues, were closed when the report was released, two as Fully Implemented and one as Not Implemented. Those recommendations are not included in this follow-up report.

In June 2016 we initiated a second follow-up review to determine whether the County Administrator had implemented the 17 recommendations that were In Process or On Hold at the first follow-up. We found that 3 of the 17 open recommendations had been Fully Implemented. Four were Partially Implemented. Three were Not Implemented. Seven remained In Process.

In June 2017 we initiated this third and final follow-up review to determine whether the County Administrator had implemented the seven recommendations that remained in Process.

II. Summary of Findings on Third Follow-up

This is our third and final follow-up on the Jail Healthcare Audit, in which we report on the status of the seven recommendations still open as of July 1, 2016 and report the final status of all 27 recommendations. We found that the County Administrator had Fully Implemented three of the seven open recommendations and had Not Implemented four of the recommendations.

In summary, of the 27 original recommendations from our November 2014 report, the County has Fully Implemented fourteen, Partially Implemented four and Not Implemented nine.

III. Status of Audit Recommendations

1. *The contract administrator should implement a risk-based contract monitoring plan for the jail healthcare contract. The plan should include key contract requirements and performance measures, procedures for comparing those measures with actual performance, and procedures for corrective action.*

Status at First Follow-up - In Process. A contract monitoring plan has been developed, but not yet fully implemented. Planned implementation date: December 31, 2016.

Status at Second Follow-up – In Process. A contract monitoring plan has been developed, but not yet fully implemented. Revised implementation date: June 30, 2016.

Final Status – Fully Implemented.

2. *The County should assign responsibility for ensuring the quality of jail healthcare to a qualified medical professional independent of the vendor, such as the County Health Officer. Policies and procedures for jail healthcare should be subject to approval by the County's qualified medical professional and the Sheriff.*

Status at First Follow-Up- In Process. The County Administrator reported that the Director of Health and Human Services (HHS) had been assigned as the County's qualified medical professional (QMP). However, the responsibilities of the QMP had not yet been documented, and the QMP had not yet approved policies and procedures for jail healthcare. The county has decided that there are

significant liability risks to having any county officer or employee approve the policies of an independent contractor. Planned implementation date: July 1, 2016.

Final Status – Not Implemented. The Director of Health and Human Services (HHS), a qualified medical professional (QMP), is actively involved in reviewing and discussing quality of care processes, procedures and outcome. However, the responsibilities of the QMP do not include ensuring the quality of jail healthcare, and policies and procedures for jail healthcare are not subject to approval by the County’s QMP.

- 3. The County should require the contractor to implement a quality assurance program. The program should continuously evaluate healthcare provided to inmates both on-site and off-site for quality appropriateness and continuity of care. The program should include evaluating compliance with policies and procedures.*

Status at First Follow-up - In Process. The contract with the HCP requires the contractor to implement a robust quality assurance program. The County Administrator reported that the new HCP had not yet submitted its quality assurance program. Planned implementation date: July 1, 2016.

Status at Second Follow-up – In Process. As of July 1, 2016, the contractor had submitted its quality assurance plan, but had not yet fully implemented it. Revised implementation date: June 30, 2017.

Final Status – Fully Implemented

- 4. The County should require that the contractor's quality assurance program be approved by the County's qualified medical professional.*

Status at First Follow-up - In Process. The contract does not require that the HCP’s quality assurance program be approved by the County’s qualified medical professional, although the County Administrator reported that the HCP understands that this is required. The County Administrator reported that the new HCP had not yet submitted its quality assurance program for review and approval. Planned implementation date: July 1, 2016.

Final Status – Not Implemented. The County Administrator reports that, although the QMP reviews the contractor’s quality assurance program, she does not approve it.

- 5. Results of the contractor's quality assurance monitoring should be documented and reported regularly to the County's qualified medical professional, the Medical Audit Committee (MAC) and the Jail Commander.*

Status at First Follow-up - In Process. The County Administrator reported that the new HCP had not yet submitted any results of its quality assurance program monitoring. Planned implementation date: July 1, 2016.

Final Status – Fully Implemented. The contractor is documenting the results of its quality assurance

monitoring and reporting results regularly to the Contract Administrator, QMP, the MAC and the Jail Commander.

- 6. The County should validate the results of the vendor's quality assurance process by periodically auditing cases randomly selected from the pool of cases reviewed by the vendor.*

Status at First Follow-up - In Process. The new HCP had not yet submitted any results from its quality assurance program. Planned implementation date: July 1, 2016.

Final Status – Partially Implemented. The County does not validate the results of the vendor's quality assurance process by periodically auditing cases randomly selected from the pool of cases reviewed by the vendor. The County conducts monthly random case reviews, but cases reviewed by the county were not those reviewed by the vendor. The County has also replicated certain vendor QA audits, reviewing every case reviewed by the vendor. This validates selected parts of the vendor's QA process.

- 7. The County should engage a jail healthcare consultant, independent of the healthcare contractor, to develop minimum staffing requirements for the WCJ.*

Final Status - Not Implemented. The County did not engage a jail healthcare consultant, independent of the healthcare contractor, to develop minimum staffing requirements for the WCJ.

- 8. The contract administrator should monitor and enforce compliance with minimum staffing requirements.*

Status at First Follow-up - In Process. The County Administrator reported that the Contract Administrator would monitor and enforce compliance with the minimum staffing requirements proposed by the HCP, including by positions, by day, by shift staffing proposed for direct healthcare staff. The County Administrator reported that the HCP had not yet provided staffing reports to support monitoring at that level. Planned implementation date: July 1, 2016.

Status at Second Follow-up – In Process. The contract as amended did not require the contractor to satisfy minimum staffing requirements by position, by day, by shift for direct healthcare staff. The County Administrator reported that further amendments would clarify this requirement. Revised implementation date: September 30, 2016.

Final Status – Not Implemented. The contract was not amended to require the contractor to satisfy minimum staffing requirements by position, by day, by shift for direct healthcare staff. The contract administrator monitors staffing by position, by day, by shift, but has no authority to require minimum staffing at that level of detail.

- 9. The contract administrator should require the contractor to report staffing at the same level of detail as staffing requirements specified in the contract.*

Status at First Follow-up - In Process. The County Administrator reported that the HCP is developing reports that will detail hours by position, by day, by shift. Planned implementation date: July 1, 2016.

Status at Second Follow-up – In Process. The contract as amended did not require the contractor to satisfy minimum staffing requirements by position, by day, by shift for direct healthcare staff. The County Administrator reported that further amendments would clarify this requirement, and the contract administrator will require the contractor to report staffing at the same level of detail as staffing requirements specified in the contract. Revised implementation date: September 30, 2016.

Final Status – Not Implemented. The contract was not amended to require the contractor to satisfy minimum staffing requirements by position, by day, by shift for direct healthcare providers.

- 10.** *The contract administrator should require the vendor to provide evidence of its compliance with Oregon medical practice requirements.*

Status at First Follow-up - In Process. The County Administrator reported that the new HCP is developing reports that will fully implement this recommendation. Planned implementation date: July 1, 2016.

Final Status – Fully Implemented. The contract administrator requires the vendor to report evidence of its compliance with Oregon medical practice requirements.

- 11.** *The contract administrator should monitor contractor performance and enforce compliance with contract provisions related to the Secure Release Program.²*

Status at First Follow-up - In Process. The County Administrator reported that the new HCP is developing reports that will support monitoring the discharge planning process. Planned implementation date: September 1, 2016.

Status at Second Follow-up – In Process. The County Administrator reported that contractor had included an audit of the discharge planning process in its quality assurance plan, but had not yet completed the review and reported to the results. Revised implementation date: December 31, 2016.

Final Status – Fully Implemented.

- 12.** *The contract administrator should negotiate appropriate reductions in the contract fee in connection with any reductions in the scope of work.*

Status at First Follow-up - In Process. The contract appears to have reduced the scope of work specified in the RFP and the HCP's response. The County Administrator reported that was not the intent and the County will pursue an amendment to the contract to clarify the approved staffing

² The term Secure Release Program is no longer applicable to the current vendor and contract, which refer to Discharge Planning.

plan and basis for payment. Planned implementation date: July 1, 2016

Final Status – Not Implemented. No reduction in the contract fee was negotiated in connection with the contract reductions in the scope of work specified in the RFP and the HCP’s response.

13. *The contract administrator should process a contract amendment whenever the scope of work is changed.*

Status on First Follow-up - On Hold. No changes to the scope of work specified in the contract have yet been made.

Current Status – Fully Implemented. The contract administrator has processed contract amendments reflecting changes to the scope of work.

14. *The contract administrator should monitor and enforce compliance with provisions of the County’s Standard Terms and Conditions included in the jail healthcare contract.*

Status at First Follow-up - In Process. The County Administrator reported that the Contract Administrator has developed a plan that includes monitoring compliance with Terms and Conditions, but has not yet fully implemented it. Planned implementation date: December 31, 2016.

Status at Second Follow-up – In Process. The County Administrator reported that the contract administrator will review compliance with the standard terms and conditions quarterly (or as needed). Planned implementation date December 31, 2016.

Final Status –Not Implemented. The Contract Administrator was unable to provide confirming evidence that compliance with standard terms and conditions is reviewed.

15. *The County Administrator should assign responsibility for administration of the jail health care contract to a new contract administrator outside of HHS.*

Final Status - Fully Implemented. The CAO had fully implemented this recommendation before we completed our audit work.

16. *Requirements for line healthcare staffing should be specified in the contract by number of hours per position, per day and per shift. Administrative and contracted positions should be specified as full-time equivalents with scheduling flexibility. The contract should make clear that specifications are minimum staffing requirements and that the contractor must provide any additional staffing necessary to meet its contract obligations without additional compensation, unless the contract fee is modified by contract amendment.*

Status at First Follow-up - In Process. The RFP required vendors to propose a staffing plan by number of hours per position, per day and per shift, and to identify those direct service positions that must be filled at all times. NaphCare proposed minimum staffing by number of hours per position, per day and per shift, and identified those direct service positions that would be filled at all

times. However, Appendix B of the contract does not specify minimum requirements for line healthcare staffing by number of hours per position, per day, and per shift. The County Administrator reported that the intent of the parties was to specify requirements for line healthcare staff by number of hours per position, per day, and per shift, and the County will pursue an amendment to the contract to clarify the staffing requirements. Planned implementation date: July 1, 2016.

Status at Second Follow-up – In Process. The County had not processed a contract amendment specifying requirements for line healthcare staff by number of hours per position, per day and per shift by July 1, 2016. The County Administrator reported that the County still intends to do so. Revised implementation date September 30, 2016.

Final Status – Not Implemented. The contract does not specify line healthcare staffing by number of hours, by position, per day and per shift.

- 17.** *The County should ensure that the jail healthcare contract provides that the County has the right to monitor the contractor's compliance with National Commission on Corrections Health Care (NCCHC) standards and to require the contractor to promptly remedy any standards violations.*

Final Status - Fully Implemented. The contract does not explicitly address the County's right to monitor compliance with NCCHC standards. However, the contract requires the HCP to comply with NCCHC standards. The County may terminate the contract if the contractor fails to perform any of the contract provisions and fails to correct such failures within 30 days of being notified by the County.

- 18.** *The County should clarify contract language regarding the contractor's obligation to implement a quality assurance program.*

Final Status - Fully Implemented. The contract requires the HCP to have a robust quality assurance program consistent with the NCCHC Medical Quality Assurance Program.

- 19.** *The County should ensure the jail healthcare contract provides specific remedies for non-performance, including specific damages for understaffing by the contractor.*

Status at First Follow-up - In Process. The jail healthcare contract includes specific remedies for non-performance, including penalties for understaffing by the contractor. However, those penalties do not provide a financial disincentive to understaffing since payroll savings would exceed the penalty. The County Administrator reported that the County intends to negotiate a contract amendment that provides financial disincentives to understaffing. Planned implementation date: July 1, 2016.

Final Status – Partially Implemented. The jail healthcare contract included specific remedies for non-performance, including penalties for understaffing by the contractor. However, those penalties did not provide a financial disincentive to understaffing since payroll savings would exceed the penalty. The County DID NOT negotiate a contract amendment that provides financial disincentives

to understaffing.

- 20.** *The County should include in the jail healthcare contract a termination clause that ensures continuity of care until the vendor is replaced.*

Final Status - Fully Implemented. The termination provisions do not explicitly require the HCP to continue to provide care until a new HCP is in place. However, notice requirements for termination have been increased to 120 days. This should provide sufficient time for the County to select a suitable replacement HCP and ensure continuity of care.

- 21.** *The County should strengthen standard contract provisions for access to vendor records. The audit clause in the County's Standard Terms and Conditions should state clearly that it applies to performance audits as well as financial audits.*

Final Status - Fully Implemented. County Standard Terms and Conditions have been revised to state: "Contractor acknowledges and agrees that County and its duly authorized representatives shall have access to ... records ... pertinent to this contract for the purpose of making financial and performance audits...."

- 22.** *The County should consider entering into a full-liability contract, purchasing commercial insurance to transfer the risk of catastrophic cases, and/or enrolling uninsured inmates in health coverage through the Affordable Care Act.*

Final Status - Fully Implemented. The County has required the contractor to implement a process for enrolling uninsured inmates in health care coverage.

- 23.** *The County should engage a third party medical billings auditor, on a contingency fee basis, to audit hospital billings for inmate care.*

Final Status - Not Implemented. The County will rely on the corporate medical payment system of the HCP, which includes a review of hospital billings.

- 24.** *The County should include in the contract provisions that incent the contractor to control costs.*

Final Status - Fully Implemented. The contract includes a cost sharing provision under which the County and the contractor will equally bear the burden of external costs that exceed the aggregate cap or equally share the savings should external costs be less than the aggregate cap. However, the County has agreed to pay the contractor at least \$200,000 per year to cover the contractor's risk that external costs may exceed the cap.

- 25.** *The County should ask bidders for the next jail healthcare contract to propose specific strategies for controlling emergency and inpatient hospital costs.*

Final Status - Fully Implemented. The RFP specifically required bidders to describe their strategies for controlling emergency and inpatient hospital costs.

26. The County should evaluate the cost effectiveness of contracting for independent utilization review services to monitor external referrals.

Status at First Follow-up - In Process. The County Administrator reported that the County has not yet completed its evaluation. The County committed to complete the evaluation by June 30, 2016 in the initial response to the audit.

Final Status – Partially Implemented. The County’s report addresses the cost of independent utilization services and the effectiveness of the contractor’s utilization management, but does not evaluate the cost-effectiveness of contracting for independent utilization review services to monitor external referrals.

27. The County should evaluate the feasibility and cost-effectiveness of implementing a program to facilitate the enrollment of eligible WCJ inmates in health coverage under the ACA.

Status at First Follow-up - In Process. The County has required the contractor to implement a process for enrolling uninsured inmates in health care coverage. The County Administrator reported that the County has not yet evaluated the cost-effectiveness of implementing the program or determined the scope of the program. Planned implementation date: September 1, 2016.

Final Status – Partially Implemented. The County has required the contractor to implement a process for enrolling uninsured inmates in health care coverage. The County Administrator reports that there are no specific plans to evaluate the cost-effectiveness of the program.

IV. About this Review

In June 2017 we initiated a third and final follow-up review to determine whether the County Administrator had implemented those recommendations of our November 2014 Audit of Jail Healthcare that remained open after our second follow-up. We asked the County Administrator to describe any actions taken to implement the Auditor’s recommendations, and to provide documentation that would support the actions taken. We reviewed the response to our request, reviewed the documentation submitted, and collected additional information as necessary to provide sufficient, appropriate evidence to conclude whether each recommendation was fully implemented.

We close a commendation as Fully Implemented if we find that County Administration completed the recommended action or adequately addressed the issues identified by the Auditor by alternative means. We close a recommendation as Partially Implemented if we find that County Administration completed some, but not all, actions and plans no further action on the recommendation. We close a

recommendation as Not Implemented if we find that County Administration took no action to implement the recommendation. We identify a recommendation as In Process if County Administration plans to take further action to implement a recommendation.

We conducted this follow-up audit in accordance with generally accepted government auditing standards, except that our office has not had an external peer review performed by reviewers independent of the audit organization. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The County Administrator did not file a response to this report.



Signed:

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