A Report to the Legislative Budget Board and Governor to identify and evaluate mechanisms to lower the cost of, or increase the quality of care in, health or pharmacy services.

Executive Summary

The Texas Department of Criminal Justice and the Correctional Managed Health Care Committee were directed to identify and evaluate mechanisms to lower the cost of or increase the quality of care in health or pharmacy services. The methodology used for this review consisted of three steps: (1) The CMHCC conducted a review of previous studies and of similar initiatives in other correctional jurisdictions; (2) The Texas Department of Criminal Justice, University of Texas Medical Branch and Texas Tech University Health Sciences Center each attempted to identify ideas that would lower cost or increase the quality of care; and (3) Input was solicited from the public at a meeting held February 8, 2010.

Without question, the single most important factor impacting correctional health care and its costs is the aging of the offender population. The TDCJ population of offenders aged 55 and older grew at a rate of 7.79% from the first quarter of FY09 through the first quarter FY10.

While comprising about 7.6% of the service population offenders age 55 and over account for more than 30.8% of hospitalization costs. To the extent that the system continues to house this aging population at increased levels, the costs and challenges in providing health care services will continue.

This report identifies opportunities to impact the quality and/or cost of care provided by the university providers and TDCJ. In some cases, these actions have been implemented; while some need more research and some continue to be implemented over a period of time.

Review of Past Studies

The report also looks back at prior reports or studies that have been submitted to the legislature. These reports offer ways to improve quality of care or lower costs.

1) "Needs Related to Regional Medical Facilities for TDCJ". Rider 78, TDCJ appropriations, Senate Bill 1, 79th Legislature, 2005.

2) "Health Care Savings from Releasing Certain Offenders age 55 and over". House Bill 429, 80th Legislature.

3) "Inmates confined in facilities operated by or under contract with the department who pose no significant risk of recidivism or danger to society".

    a) inmates age or health
    b) nature of crime
    c) reasonably successful rehabilitation

    Section 50 of Senate Bill 909, 80th Regular Session

4) Staffing Analysis for correctional health and mental health care for each facility. Article V, Rider 87 of the General Appropriations Act of the 80th Legislature.

It should be noted that at the same time that this report was being prepared, the university providers and TDCJ, like all agencies, were asked to submit plans to reduce their proposed biennial budget by at least 5%. The university providers identified their proposed 5% biennial budget reductions as requested by the letter of Governor Perry, Lieutenant Governor Dewhurst, and Speaker Straus. Those proposed reductions are in addition to those items listed in this report.

Introduction:

During the 81st Legislative Session section 16b of House Bill 4586 required that the Texas Department of Criminal Justice and Correctional Managed Health Care committee identify and evaluate mechanisms to lower the cost of, or increase the quality of care in health or pharmacy services and submit a report to the Legislative Budget Board and the Governor's Office no later than May 1, 2010.

This report has been prepared and submitted in accordance with section 16b of House Bill 4586 with input from the Correctional Managed Health Care Committee, the Texas Department of Criminal Justice, the University Texas Medical Branch, and the Texas Tech University Health Sciences Center. In addition a public meeting was held February 8, 2010 in Austin to gather information from the public regarding section 16b of House Bill 4586.

Approach:

The review of the needs associated with correctional medical care is a complex endeavor. The first approach was to look at the recent legislative sessions and see if reports had been completed that could reduce cost or increase the quality of care. Several studies were conducted over the last few years that provide options for consideration that would enhance the quality of care and/or impact the costs of care.

1) A study submitted in response to Rider 78, TDCJ Appropriations, Senate Bill 1, 79th Legislature, 2005 "Needs Related to Regional Medical Facilities for TDCJ". This report notes that the most demographic factor impacting the correctional health care program is the aging of the offender population. The TDCJ population aged 55 and older consumes health care resources at a rate three – four times of younger offenders. The study recommended the following options for further study:

    - development of 15 – 20 dedicated female offender infirmary beds;

    - development of additional psychiatric inpatient facility for female offenders with a capacity of 150 – 180 beds

    - development of an additional 150 – 200 geriatric extended care beds for older offenders

Potential Impact:

This study addresses potential improvements to quality of care with recommendations for further study on the above listed facilities. The expansion of in-house options for managing the health care of the identified populations would enhance the quality of care. Funding for the operation of such facilities would represent increased costs, but could potentially be offset to a large degree by reducing offsite care costs. Further study would be required to examine these possibilities.

2) A report to the Legislature Pursuant to House Bill 429, 80th Legislature, "Health Care Savings from Releasing Certain Offenders age 55 and over"

   - this report stated there were 10,950 offenders age 55 and older who were incarcerated as of August 31, 2008 in TDCJ

   - 5,000 offenders age 55 and over with no 3g offenses as of August 31, 2008 in TDCJ

Potential Impact:

The report notes there were approximately $4,040 per offender in off-site medical costs during FY2008 for offenders over 55. The report suggests medical costs savings have the potential to be as high as $20,200,000 per year if all offenders over 55 without 3g offenses were released. Savings regarding medical care would need to be balanced by policy decisions about releasing

offenders and public safety concerns. In addition, there may be offsetting costs to other parts of the state budget as these offenders move into other state programs such as Medicaid or the mental health system.

3) A report to the Legislature Section 50 of Senate Bill 909, 80th regular session. The TDCJ conducted a study of "inmates confined in facilities operated by or under contract with the department who pose no significant risk of recidivism or danger to society due to the:

    a) inmate's age or health
    b) nature of the crime committed by the inmate; or
    c) reasonably successful rehabilitation of the inmate while incarcerated.

Potential Impact:

Much of the population suggested in the above study are generally eligible for release consideration under current law. Pursuant to chapter 503.146 of the Texas Government Code, the Medically Recommended Intensive Supervision (MRIS) program provides for the early parole review and release of certain categories of offenders who are mentally ill, mentally retarded, elderly, terminally ill and long term care of physically handicapped. The purpose of MRIS is to release inmates from incarceration who due to their physical condition pose minimal public safety risk and place them in more cost effective alternatives.

4) Article V, Rider 87 of the General Appropriations Act of the 80th Legislative Session "required the TDCJ to perform a correctional health medical and mental health care staffing analysis for each facility in the correctional

institutional division." The goal of the analysis was to develop unit level operational staffing models that UTMB and TTUHSC could use to ensure that timely, quality health care services are provided in a cost effective manner. The TDCJ Health Services Division served as the primary work group. In addition, key health services staff from the University of Texas Medical Branch (UTMB), Texas Tech University of Health Sciences Center (TTUHSC) and the Correctional Managed Health Care Committee (CMHCC) were asked to provide input for consideration. The Health Services Division team was a multidisciplinary group with physician, dentist, nursing, administrative and psychology representatives to insure that each clinical and administrative discipline was adequately represented.

Potential Impact:

The study recommends an increase of approximately 1,207 employees at an annual increase of $59,383,728 to insure timely and quality health care.

A second approach was to review initiatives in other correctional systems to identify potential cost saving ideas. Many of the commonly offered approaches to managing correctional health care costs are already being employed in the Texas system including such items as telemedicine, consolidating care into regional secure medical facilities, using disease management guidelines, managing the formulary, centralizing the distribution of medications, and providing mechanisms for the release of offenders with special medical needs.

Capping Medical Reimbursement Rates

One initiative that has not been adopted in Texas, but has recently been employed in the State of California with their healthcare program calls for a cap on medical reimbursements for offsite, free-world hospital and specialty care that is tied to the Medicare rates for the state.

The enactment of this legislation was designed to help the State contain and reduce the cost of medical care provided to California's inmate population while continuing to provide a constitutional level of care, as well as align the cost of this medical care with that provided to the general public under the Medicare reimbursement system. Effective September 1, 2009 the maximum reimbursement rate for contracted physician services is 110% of Medicare. For contracted ambulance services, the maximum reimbursement rate is 120% of Medicare, and for contracted hospital services, the maximum reimbursement rate is 130% of Medicare.

The maximum rate provisions established by this bill do not apply to reimbursement of (1) administrative days; (2) transplant services; (3) competitively bid contracts; (4) services provided pursuant to a contract executed prior to September 1, 2009, and (5) services provided through a future CA prison system designated health care network provider.

The impact of such an initiative in Texas is unknown at this time and would require further study. The Texas system currently attempts to enforce similar provisions through its management of the provider networks.

It should also be noted that the California prison system health care system is currently under federal Receivership and its costs are about four times higher than currently found in Texas. Additionally, California is currently exploring the implementation of university-based health care program similar to the Texas system in an effort to reduce their costs.

Expanding Inmate Co-Pay Charges

Some jurisdictions have expanded inmate co-payment requirements beyond those currently found in the Texas system, to include higher co-pay amounts or requiring a co pay for medications. However, most jurisdictions also have similar exceptions to the co pay requirements as found in the Texas law. Additionally, the actual returns from the co pay program in Texas have been limited to a large degree by the high number of indigent inmates in the system and by the fact that Texas does not pay its inmate for work while incarcerated.

A third approach to identifying potential ideas for improving the quality of care and/or reducing costs was to gather information from TDCJ, UTMB, and TTUHSC. Each partner submitted their suggestions to the committee. Many of the ideas related or tied back to studies done for previous legislatures and have been listed earlier in this report. Other suggestions are listed below in several different categories.

Quality of Care:

1) Expansion of Electronic Medical Records:

    a) privately operated facilities
    b) implement EMR bridge with Hospital Galveston

The TDCJ EMR is not integrated with the HG EMR which disrupts the flow of clinical information and requires increasing amounts of staff time at the facilities to remedy. Bridging the two systems would create a seamless patient record benefiting the healthcare providers, TDCJ Health Services, and TCOOMMI. Inpatient and sub-specialty clinic information is vital for good patient care and placement.

c) EMR Disease Management template development

d) EMR inpatient module to improve local and systematic continuity of care

2) Aging offender population is the greatest operational issue for Correctional Managed Healthcare.

3) Convert the privately operated facilities to CMHC for continuity of care.

4) Evaluate current formulary and warehouse stock for possible efficiencies.

5) Look at establishing a statewide medical shoe policy.

6) Re-evaluate the Medically Recommended Intensive Supervision (MRIS) process.

7) Review current Policy and Procedure to identify areas of costs that could be addressed.

a) hepatitis B vaccination program

The Hepatitis B vaccination program is an excellent public health program but not essential to the CMC mission. Texas is one of only 4 states in the country that provides universal Hepatitis B vaccination for offenders upon entry. Eliminating this program would save approximately $4,000,000 annually without adversely impacting the required level of care.

b) re-issue offender benefit plan

Reducing cost for TDCJ healthcare will require a reduction in provided services. The Offender Benefit Plan and the policy and procedures that flow from the plan should be reviewed for opportunities to eliminate or reduce care and programs that may be amenable to such action. Sub-specialty services access and laboratory testing programs such as HIV and MRSA, should be reviewed for necessity. Clinical services such as optometry, brace and limb, dental, and medical footwear should be critically evaluated to insure consistent application and practice.

8) Transplant consideration in long term dialysis patients.

Transplantation in the TDCJ is considered on a case by case basis. Dialysis patient with long incarcerations should be considered for possible kidney transplantation. The cost of dialysis over years well exceeds that for transplant providing financial benefit for the State and freeing up valuable dialysis space within the system. Transplantation in correctional care is controversial but should be studied by the state to evaluate the cost benefit.

9) Evaluate the possibility of Cars 0 facilities.

Using the CARS classification system offenders are categorized on a 0-4 scale with 0 representing patients with no medical or mental health needs. Currently TDCJ outpatient facilities are staffed to care for CARS 0-3 patients. Consideration needs to be given to the creation of outpatient facilities that manage only CARS 0 patients. This change would significantly reduce the

healthcare staffing associated costs at these facilities. Preferably these facilities would be located in areas where CMC has historically struggled finding healthcare staff, reducing the financial premiums being paid for that staff and the medico-legal risk of mismatching staff and acuity.

10) System Leadership Council/Quality Improvement monitors.

11) Facility specific Quality improvement monitors.

12) Continue CME programs.

13) Move toward implementing clinical centers of excellence at specified units.

    a) end-stage liver disease
    b) insulin dependent diabetes
    c) asthma
    d) COPD
    e) cardiovascular and lipid disorders, etc.

14) Evaluate infirmary capacity issues.

Infirmary capacity with the TDCJ system is at a critical level and a long term strategy needs to be developed to insure proper care and costs. The acuity of the TDCJ patients continues to rise at an alarming rate. The impact of Hepatitis C, end stage liver and renal disease, cancer, as well as the 25,000 patients 50 years of age and older is translating into an infirmary capacity not currently present in TDCJ. Use of UT Tyler and HG to accommodate infirmary placement is already occurring but these represent only a short term solution. Unless there are changes in sentencing or MRIS qualification TDCJ will need a significant increase geriatric, infirmary, LTAC, and hospital bed capabilities.

Lowering Offsite Health Care Costs:

1) Study the possibility of capping reimbursement rates for specialty care, diagnostic procedures, and tertiary care. Capping the reimbursement rate could allow for consistent and comparable rates for services that are provided by off-site and free world health care delivery.

2) Study the feasibility of utilizing Hospital Galveston to a greater extent, to include skilled nursing beds. Currently, only 108 beds of the 300+ bed capacity at Hospital Galveston are being utilized. Increasing the bed total could lead to an overall decreased reliance of free world hospital care.

3) Re-evaluate access to the John Sealy Emergency Room (ER) by TDCJ offenders. By not accepting TDCJ offenders at the John Sealy ER in Galveston, unit medical staff is required to send stable ER offenders to local hospitals, which results in increased costs to the overall health care delivery.

4) Look again for an avenue for TTUHSC to take advantage of 340B pricing.

Staff Vacancies:

1) CMHCC and partners study the feasibility of a loan repayment program for all clinical staff positions.

2) Study the feasibility of rotation of health care professionals in training to be offered at TDCJ to state and private university medical schools.

Cost Containment Measures Already in Use:

1) Use of Disease Management Guidelines

2) Strict Formulary Controls

3) Access to 340B drug prices

4) Utilization Management Programs

5) Participation in MRIS program

6) Use of screening tools and techniques to more carefully triage ER visits

7) Ongoing provider network management

8) Telemedicine

9) Aggressive recruiting to reduce agency and locum tenens utilization
10) Usual and customary payment methodologies based upon Medicare rate limitation

The fourth approach on soliciting ideas for improving the quality of health care or reducing costs was to hold a public meeting on February 8, 2010 in Austin to seek public input. While there are several vendors that provide healthcare services to incarcerated populations throughout the country one company did sign up to speak and make a presentation. In its presentation, this company suggested the state consider a pilot project to outsource to a private vendor the management of health care in order to lower costs and/or improve quality.

The suggested project could be:

- A 2 year project
- Cover a Geographic Region of the State
- Include a Representative Sample of the Population
  - Facility Missions
  - Medical Acuity
  - Age/Gender
  - +/- 15% of population

It was suggested that the pilot project would be able to serve as a basis for evaluating potential improvements to the quality of care or cost savings from the current system.

Such a project would require careful planning and coordination with the existing system to ensure the standard of care was met, that continuity of care was maintained, and that adequate contract monitoring and evaluation methods were in place.

Since the public meeting on February 8th, two more companies requested and did meet with Correctional Managed Healthcare Committee staff (CMHCC) and expressed an interest in providing medical care for TDCJ. Both companies stated that they felt they could provide inmate medical care at a savings to the state of Texas if that was the direction Texas chooses to go.

Conclusion

The recent studies submitted to the Legislature provide discussion of a number of possible avenues for substantial cost savings or the ability to increase the quality of care; in particular, the reports submitted to the Legislature regarding offenders over age 55 and Medically Recommended Intensive Supervision. A report for the 79th Legislature regarding regional medical facilities could possibly carry a substantial price tag but would improve the quality of care and may over time present cost efficiencies for the system. The detailed staffing analysis required by the 80th Legislature has a substantial cost if implemented but would greatly increase the quality of care.

The items the university providers and TDCJ proposed to improve quality of care such as enhancements to the electronic medical records are scheduled to continue as funding allows.

Lastly, the public meeting produced a private company wanting to provide healthcare to the offender population, including a pilot project for a two year time frame. This could allow the State to determine whether they could provide comparable or improved healthcare at a less expensive rate than the current system. Since the public meeting, two more companies expressed an interest in providing health care services for the inmate population of TDCJ.

APPENDIX

Web Site information for previous legislative reports referenced:

(1) *Rider 78, TDCJ Appropriations, Senate Bill 1, 79th Legislature, 2005. "Needs Related to Regional Medical Facilities for TDCJ"*

www.cmhcc.state.tx.us/Publications/Rider78Study

(2) Report to the Legislature Pursuant to *House Bill 429, 80th Legislature, "Health Care Savings from Releasing Certain Offenders age 55 and over"*

www.tdcj.state.tx.us/General Information/Publications/Business &Finance/Report to the Legislature Pursuant to House Bill429.80th Legislature

(3) A report to the Legislature *Section 50 of Senate Bill 909, 80th Regular Session*

www.tdcj.state.tx.us/General Information/Publications/ Executive Administrative Services/TDCJ Section50,Senate Bill 909 Report January2009

(4) *Article V, Rider 87 of the General Appropriations Act of the 80th Legislative Session* required the TDCJ to perform a correctional health medical and mental health care staffing analysis for each facility in the institutional division. A CD will be provided for those requesting a copy of the study. Forward your request to cmhc@suddenlinkmail.com

(5) Vendor presentations were made by:

a) Correctional Medical Services (presentation material available upon request)

b) League Medical Concepts

c) Wexford Health