

Summary: Spending on Inmate Health Care

VADOC spends about the same on inmate health care as other states and Medicaid, though spending is growing more quickly

Virginia spends about the same on inmate health care as other states and on its own Medicaid program; however, spending growth has been higher. The Virginia Department of Corrections (VADOC) spending on health care per inmate has grown 7.6 percent annually, nearly twice the rate of Virginia's Medicaid program and of health care spending nationwide.

VADOC is increasingly relying on contracts to help manage spending growth. Though using contracts has made spending more predictable in the short term, it may not be saving the state money in the long term. JLARC analysis found no evidence that contract facilities spend less than non-contract facilities on prescription drugs and offsite services.

VADOC pays more than other public payers for certain services and medications

Despite being a public purchaser of health care, VADOC pays rates higher than Medicare and Medicaid. Using a lower rate structure based on Medicare could save \$9 million annually. There would be, though, the need to balance the pursuit of these cost savings with ensuring access to care. This will be especially challenging as Virginia expands Medicaid, which will pose a substantial test of access in some areas of the state.

VADOC also pays more for certain prescription drugs. Furthering its partnership with VCU Health, the UVA health system, or others could reduce spending on biologic medications, inhalers, and insulin by \$1.5 million to \$6.6 million annually.

Virginia's restrictive compassionate release policies contribute to higher health care spending

Virginia has one of the nation's most restrictive compassionate release policies for inmates with terminal diagnoses. Only one state (Kansas) has a more stringent time requirement than Virginia's. VADOC spends much more on inmates near the end of their lives than on inmates generally. VADOC spent more than \$61,000, on average, to provide end-of-life care for 65 inmates who died in FY17. These 65 inmates comprised only 0.2 percent of all inmates, yet their end-of-life care accounted for 4.7 percent of VADOC health care spending.

WHY WE DID THIS STUDY

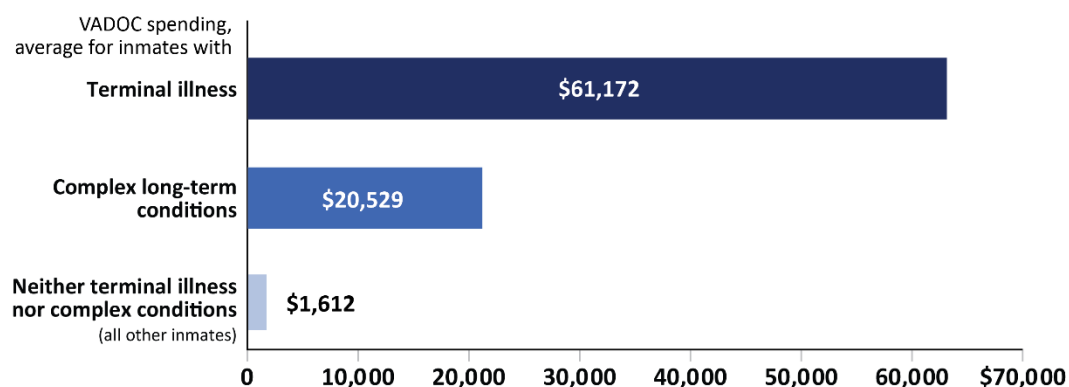
JLARC directed staff to study the rising cost of inmate health care. From FY07 to FY17, the Virginia Department of Corrections (VADOC) medical budget increased by \$56.8 million (40 percent).

ABOUT INMATE HEALTH CARE

Correctional systems are required to provide "reasonably adequate" health care to inmates. Inmates are typically less healthy than the general population. VADOC spent \$201 million on medical and clinical services in FY17, or about \$6,500 per inmate. This accounted for 17 percent of VADOC's \$1.2 billion operating budget, nearly all of which comes from the general fund. VADOC uses a mix of state employees and contracts to care for approximately 30,000 state-responsible inmates at its 41 facilities.

Virginia also has one of the nation’s most restrictive release policies for inmates with complex long-term medical conditions. Virginia is the only state that does not have a policy under which inmates who have complex health conditions or are permanently incapacitated may be considered for release. VADOC spends more on inmates with complex long-term medical conditions, which often require high-cost services or medications, than on inmates generally. VADOC spent more than \$20,000, on average, for 810 inmates with complex long-term medical conditions in FY17. These 810 inmates comprised only two percent of all inmates, yet their services and medications accounted for nearly 20 percent of VADOC health care spending.

Spending for inmates with terminal illness or complex conditions is far higher than spending for all other inmates (FY17)



SOURCE: JLARC analysis of VADOC claims data.

Aligning Virginia’s compassionate release policies with other states’ could reduce VADOC inmate health care spending—which is almost entirely state general funds—by anywhere from \$1.5 million to \$16.9 million. Some of these costs, though, would eventually be incurred through other parts of the state budget. Many inmates who would be released would be covered through other public programs, especially Medicaid, which lower general fund requirements.

Problems with staffing, record keeping, and monitoring pose legal and financial risk

Staffing problems, especially at facilities currently managed through contracts, pose the risk of a court finding that the state is not providing adequate health care to inmates. Stable, effective health administrative leadership is essential to managing a facility’s health care operations. However, facilities operated by contractors struggle to retain health administrators; nine of the 12 contract facilities lost their health administrators during FY17 alone. Similarly, key front-line staff, especially registered nurses and licensed practical nurses, left contract facilities twice as often as they left VADOC facilities.

Challenges with VADOC's medical records system and monitoring also potentially leave the state legally and financially vulnerable. VADOC's use of paper-based medical records hinders its ability to efficiently and reliably demonstrate that it is providing adequate care, which is essential when inmates allege they have been denied adequate care. VADOC does have a monitoring program that helps manage risk. The monitoring program, though, does not comprehensively address the full range of risks to adequate care at facilities (especially at the facilities the department manages itself). Issues identified through monitoring are also not fully tracked to resolution; this lack of follow-through also makes the state vulnerable.

WHAT WE RECOMMEND

Legislative action

- Direct VADOC to design a pilot project to pay Medicare rates to providers who treat inmates.
- Direct VADOC to work with the VCU Health Authority and the UVA health system to (i) treat inmates with chronic conditions that require on-going or high-cost prescription drugs and (ii) implement a clinical pharmacy services pilot project.
- Direct VADOC to work with the UVA and VCU health systems to develop and propose a pilot project to provide inmate health care for at least one VADOC facility.
- Option: Amend the Code of Virginia to allow inmates with serious illness to petition the Virginia Parole Board to be considered for release.

Executive action

- Extend the time requirement for a terminal diagnosis from 3 months to 12 months for an inmate to be considered for release.
- Modify contracts to incentivize retaining health administrators and key front-line staff at contract facilities.
- Develop and implement a risk-based monitoring program.

The complete list of recommendations and options is available on page v.