

EXECUTIVE DIGEST

BUREAU OF HEALTH CARE SERVICES

INTRODUCTION

This report contains the results of our performance audit of the Bureau of Health Care Services (BHCS), Department of Corrections (DOC), for the period October 1, 1991 through July 31, 1994.

AUDIT PURPOSE

This performance audit was conducted as part of the constitutional responsibility of the Office of the Auditor General. Performance audits are conducted on a priority basis related to the potential for improving effectiveness and efficiency.

BACKGROUND

BHCS is responsible for providing prisoners with health care services which conform to contemporary standards of professional practice at a reasonable cost. Health care is provided through a network of outpatient clinics operated at all prisons, inpatient facilities at three prisons, and off-site medical and dental care providers.

In addition to providing medical and dental services, BHCS is responsible, in conjunction with the Department of Mental Health, for providing prisoners with mental health care services. We separately audit mental health care services.

BHCS expended approximately \$92.3 million in fiscal year 1992-93 for on-site medical care, hospital services, mental health care services, and central office staff and approximately \$25.2 million for purchased specialty care services to provide health care to an average population of 38,897 prisoners. The average cost per prisoner was approximately \$3,021.

BHCS employed 14 central office staff and 845 field staff on July 31, 1994.

**AUDIT OBJECTIVES,
CONCLUSIONS, AND
NOTEWORTHY
ACCOMPLISHMENTS**

Audit Objective: To assess the effectiveness of BHCS management of medical and dental services provided to prisoners.

Conclusion: We concluded that the dental program operated by BHCS was generally effective in providing service to prisoners. However, our assessment disclosed that BHCS could not document that it managed its medical program in an effective manner because of two material reportable conditions that diminished program effectiveness:

- BHCS did not establish output standards or a reporting system to document that it staffed its medical clinics in an effective manner (Finding 1).

BHCS agreed with our corresponding recommendations and will comply by October 1, 1995.

- BHCS did not establish a comprehensive quality assurance and peer review program to evaluate the effectiveness of all its medical clinics (Finding 2).

BHCS agreed with our corresponding recommendation and will comply by December 31, 1995.

Noteworthy Accomplishments: BHCS established a comprehensive on-site health care system consisting of triage and sick call screening to treat prisoners using the lowest level of medical staff necessary. BHCS also established a system of mortality reviews and annual consent decree reviews. In addition, BHCS developed staffing standards and a comprehensive output-based reporting system for its Statewide dental operations.

Audit Objective: To assess whether BHCS provided medical and dental services to prisoners in a cost-effective manner.

Conclusion: Our assessment disclosed that DOC and BHCS could not document that medical services were provided to prisoners in a cost-effective manner because of two material reportable conditions:

- DOC did not maintain an effective internal control structure over the use of specialty care funds. As a result, there was a lack of consistency in charging expenses, a lack of budgetary controls, and

inconsistency in approval procedures for costly off-site treatment. (Finding 3)

BHCS agreed with our corresponding recommendation and will comply by February 28, 1995.

- DOC did not solicit competitive bids and require BHCS to enter into standardized contractual agreements for 469 of 579 vendors. DOC paid in excess of \$7.1 million to these vendors in fiscal year 1992-93. (Finding 4)

The department partially agreed with our corresponding recommendation and will either attempt to contract with vendors estimated to provide more than \$10,000 worth of services or document why a contract was not possible. The department implemented standardized contract language.

In addition, we noted problems in the areas of authorizing fee schedule revisions, standardizing fees for common procedures, purchasing services through the Department of Management and Budget, paying bills on a timely basis, and paying unauthorized overtime (Findings 5 through 9). Also, we identified payments to vendors with multiple federal employer numbers (Finding 10).

Noteworthy Accomplishments: BHCS reported that it has taken steps over the past several years to help control medical costs. For example, BHCS has implemented cost containment measures to approve off-site referrals,

centralized physician after-hours emergency calls, and consolidated hemodialysis services at DOC's hospital (the Duane L. Waters Hospital in Jackson).

**AUDIT SCOPE
AND
METHODOLOGY**

Our audit scope was to examine medical and dental records and other records of the Bureau of Health Care Services for the period October 1, 1991 through July 31, 1994. Our audit was conducted in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States and, accordingly, included such tests of the records and such other auditing procedures as we considered necessary in the circumstances.

We audit prison mental health care services separately.

Our audit methodology included interviews with central office and field medical and dental staff and a review of statutes and DOC policies and procedures to gain an understanding of the medical care program. We also interviewed field employees and supervisors, documented the sick call and medical appointment process, and examined the process used to refer prisoners for specialized medical care in DOC's hospital and to outside medical care providers.

We examined the process used by DOC to contract for outside medical services and analyzed DOC's efforts to contain medical costs by providing on-site specialty clinics and by fully utilizing DOC's hospital. We also analyzed DOC's efforts to determine compliance with medical and dental professional standards, develop program output

measures, document staffing level needs, and measure program effectiveness.

**AGENCY
RESPONSES
AND PRIOR AUDIT
FOLLOW-UP**

Our audit report contains 10 findings and 14 corresponding recommendations. The agency preliminary response indicated that the department agreed or partially agreed with all 14 recommendations and had implemented or will take steps to implement the recommendations.

BHCS complied with 23 of the 24 prior audit recommendations included in our current scope of audit, and 1 prior audit recommendation is repeated in this report.