

Goals of Prison Receiver:

Adequate Health Care, Cost-Cutting and Transparency

By J. Clark Kelso

Capitol Weekly's story, "[Trade secrets: inmate health-care contracts kept confidential](#)," By [Jennifer Chaussee](#) (Dec. 12, 2010) does not reflect the true story behind the Receivership's efforts to control costs and improve the standards of health care in California's 33 state prisons, all within an environment of transparency, disclosure and accountability.

To set the record straight, we have made substantial progress toward turning around prison medical care and reducing costs. The Health Net contract is another initiative designed to further improve access to health care while containing costs through a statewide managed care system.

In addition to quality improvements, in the last year we turned the corner on what had been spiraling costs. As I testified in a recent Little Hoover Commission hearing, we began Fiscal Year 2009-10 anticipating expenditures of \$2.1 billion. During the year, we implemented substantial changes to improve quality of care while simultaneously reducing unnecessary costs. The result was a reduction of \$408 million in our expenditures. That is almost a 20 percent reduction in one year, during a time when general health care costs are rising at a rate of about 10 percent per year. These were not one-time gimmicks. These were permanent reductions in operations costs.

We are working to continue the cost reduction trend with the implementation of the Health Net contract. The goal of the Prison Health Care Provider Network project is to improve access to affordable community medical services that cannot be provided within the Department of Corrections and Rehabilitation by developing and maintaining a statewide network of health care providers with reasonable and sustainable rates for all 33 institutions. We informed the Legislature during budget discussions in 2009 and 2010 that we were going to issue a competitive request for proposals for that network provider, and part of our future savings are dependent upon implementation of that competitively bid contract.

One of my guiding management principles is to conduct business under the philosophy of transparency, disclosure and accountability. We are and will continue to be transparent and accountable in our efforts to meet the court mandate of improving prison health care, while increasing efficiencies and reducing costs. When it comes to disclosing details of the Health Net contract, there are many provisions in the California Codes that conflict with releasing the contract in its entirety.

However, in the interest of full disclosure and accountability, I chose to make public a redacted version that discloses as much of the contract as possible and am proactively providing complete copies of the contract without redactions to the Joint Legislative

Audit Committee and the Bureau of State Audits, the two Legislative bodies authorized under statute to have access to the complete contract.

Lastly, it is important to set the record straight regarding numbers reported in the Dec 12 article:

“The non-partisan Legislative Analyst’s Office found a “dramatic increase in spending on adult prison health care: from \$1.2 million in 2005-2006 to \$2.5 billion in 2008-2009,” according to the March, 2010 report on adult inmate health care costs. “Last year, California spent an average of \$16,000 on each of its 170,000 adult inmates.”

In fact, the correct 2005-2006 number should have been \$1.2 billion, not \$1.2 million. And, while it is correct that the health care expenditures increased from \$1.2 billion in 2005-06 to \$2.5 billion in 2008-09, these numbers include all three programs: medical, dental, mental health. It is paramount to remember that the Receivership has no control over expenditures for dental or mental health costs because those programs are managed by CDCR and supervised by a court monitor for dental care and a special master for mental health services.

Also, it is important to understand that in 2009-10, expenditures decreased from \$2.5 billion in 2008-09 to \$2.2 billion in 2009-10. These figures will be published in the 2011-12 Governor's Budget on Jan. 10, 2011. As far as the per capita cost of \$16,000, it is a 2008-09 figure that included all three health care programs—again, mental health and dental programs are not under the authority or control of the Receivership. The per capita cost for inmate medical care is approximately \$9,000, a significantly lower number than reported.

The issues are many and the task large, but I believe we have demonstrated our ability to meet the goals of improving medical services while increasing efficiencies and reducing costs—all in an environment of transparency, disclosure and accountability.

J. Clark Kelso is the federal receiver for California's Prison Health Care Services.