

My View: Prison health care reform can save money

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To bring medical care in the California's 33-**prison system** up to constitutional standards, U.S. District Court Judge Thelton E. Henderson in 2005 turned the responsibility for managing medical operations in the prison system over to a court-appointed receiver.

Given the fiscal situation in which the state finds itself, our goal has been to cut waste in the prison health care system so that we can offset the cost of needed improvements.

The results are now in, and the bottom line is simple, yet startling.

We have found ways to cut \$500 million from the annual cost of prison health care by cutting waste. In just one major cost-driving area alone – sending officer-escorted inmates to doctors and specialists in the community – we can save \$200 million to \$400 million a year.

In contrast, in the first half of this decade before the federal court established a receivership to take charge of prison medical care, the cost of prison health care increased dramatically. But those increases – over \$600 million – did not translate into improved delivery of health care services.

Indeed, when the federal court examined the system in 2005, it discovered that prison medical care was in a state of chaos and crisis. As a result, the court installed a receiver to manage medical care (prison mental health and dental care remains under the control and management of the California Department of Corrections and Rehabilitation).

Improved care in California prisons can and should be delivered in a more cost-effective manner.

Here's how the court-appointed receivership is doing that:

- Reducing outside-the-prison referrals

Here's perhaps the most important piece of the cost-saving puzzle. The state can avoid hundreds of millions of dollars more in costs every year by building appropriate long-term care facilities for the oldest, sickest and most disabled prisoners.

Sending these prisoners into the community for treatment is extraordinarily expensive.

In fact, the cost is fast approaching \$1 billion per year. A 20 to 40 percent reduction of these trips into the community for medical services would amount to savings of \$200 million to \$400 million annually on contract medical costs, in addition to savings on custody guarding.

The cost to construct 5,000 needed long-term care beds is estimated to be \$2.5 billion to \$3 billion (depending upon the mix of medical and mental health beds). The payment on the construction bond would be approximately \$200-250 million annually for 25 years. So the savings from referrals alone could pay for the bond.

- New programs

Our new pharmacy program will save the state an estimated \$50 million annually. The new method for managing health records will save another \$85 million per year. There are others.

- Implementing performance measures in the prison medical care program

The key to accountability in spending taxpayers' dollars is to implement performance measures that objectively demonstrate progress.

That is exactly what we are doing. First, the receivership does an annual report on inmate deaths (which analyzes the connection between inmate deaths and lack of access to appropriate care). Second, the state's independent Office of the Inspector General has begun to do institution-by-institution audits on prison health care on 18 measures.

In addition, we are measuring our progress in improving the pharmacy system, ensuring access to clinicians, meeting hiring goals, managing information technology projects, and improving utilization of outside hospitals and specialists.

Even as court challenges proceed, I am committed to continue working with Corrections and Rehabilitation Secretary Matt Cate and Director of Finance Mike Genest to find ways to save money while fulfilling our constitutional responsibility.

A great deal of taxpayer money has been invested in California's prison health system. But a great deal can be saved if we fully implement our cost-effective solutions. The receivership must fulfill its mission. California's taxpayers can't afford to go through another expensive buildup or costly series of lawsuits all over again.