



# Washington County Auditor's Office

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## Audit of Jail Healthcare

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Final Report  
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County Auditor

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# AUDIT OF JAIL HEALTHCARE EXECUTIVE SUMMARY

## Why we audited jail healthcare

The County Administrator's Office (CAO) suggested this audit due to significant increases in jail healthcare costs and substantial overruns of the jail healthcare budgets from FY2007 through FY2010. The County has contracted for jail healthcare services since 1998. We included this audit in our FY2012 audit plan to address the following questions:

- Did the County effectively administer the contract?
- Were the terms of the contract appropriate?
- What caused the budget overruns?
- Did the County take appropriate steps to contain costs?

## What we found

The jail healthcare contract was not administered in accordance with County guidelines and best practices.

Certain terms of the jail healthcare contract did not adequately protect County interests.

From FY2007 to FY2010 the County did not forecast and include sufficient funds in the jail healthcare budget to cover jail healthcare costs.

The County and its contractor have taken steps to control healthcare costs, but should consider additional options.

## What we recommend

To more effectively administer the contract, the contract administrator should:

- Implement a risk-based contract monitoring plan for the jail health contract;
- Monitor and enforce compliance with contract requirements; and
- Ensure that changes to the scope of work are processed as contract amendments with appropriate changes to contract payments;

and the County should:

- Reassign administration of the contract;
- Engage a qualified corrections healthcare consultant to develop the Jail healthcare staffing plan;
- Assign responsibility for ensuring quality of care to a qualified medical professional independent of the contractor;
- Require the contractor to implement a quality assurance program approved by the County's qualified medical professional; and
- Validate the results of the vendor's quality assurance process through periodic audits.

Contract terms should:

- Clearly specify minimum staffing requirements by position, by day and by shift;
- Include specific remedies for non-performance;
- Ensure continuity of care in the event of termination of the contract;
- Ensure that the County can monitor standards compliance and require the contractor to promptly remedy violations;
- Require the contractor to implement a quality assurance program approved by the County;
- Include a strong right to audit clause.

To avoid or limit budget overruns in jail healthcare, the County should consider:

- Entering into a full-liability contract with the jail healthcare provider;
- Purchasing commercial insurance to transfer the risk of catastrophic cases; and/or
- Enrolling uninsured inmates in health coverage through the Affordable Care Act.

To more effectively control costs the County should:

- Engage a third party medical billings auditor to audit hospital billings for accuracy;
- Include in the contract provisions that incentivize cost control;
- Ask bidders to propose specific strategies for controlling emergency and inpatient hospital cost;
- Evaluate the cost-effectiveness of contracting for independent utilization review;
- Credit jail admission health screening fees to the jail healthcare account; and
- Evaluate the feasibility and cost-effectiveness of enrolling eligible inmates in health coverage under the Affordable Care Act.



**BACKGROUND**

Government officials who incarcerate inmates have a constitutional obligation to provide for their medical, psychiatric and dental care. Healthcare in correctional facilities has a long history of problems, including lack of medical facilities, inadequate care, and unhealthful living conditions. Although actions by courts and health professional organizations beginning in the 1970s resulted in significant improvements in the quality of care, for a variety of reasons these programs remain subject to significant challenges, including burgeoning costs.

Governments have increasingly sought to control the rising costs of corrections healthcare by contracting for healthcare services with for-profit corporations. However, contracting does not relieve the government of its responsibility to provide adequate healthcare for inmates. Neither does a contractor's obligation to indemnify the government relieve the government of liability.

A for-profit corporation's need to demonstrate that it can provide services at a lower cost than government, while realizing a profit, creates a natural tension between cost-control and healthcare objectives. As a result, strong oversight by the government is essential to ensure that the vendor complies with its contractual obligation to provide adequate care.

Until 1998 Washington County provided healthcare to inmates of the old County Jail on Lincoln Street with County staff from the Department of Health and Human Services (HHS), under the direction of the County Health Officer. When it opened the new Washington County Jail (WCJ) in 1998, the County began contracting for jail healthcare services. The County has bid the contract three times over the years, but has awarded the contract to the same vendor each time.<sup>1</sup> The Sheriff operates the WCJ, but until recently, HHS administered the jail healthcare contract.

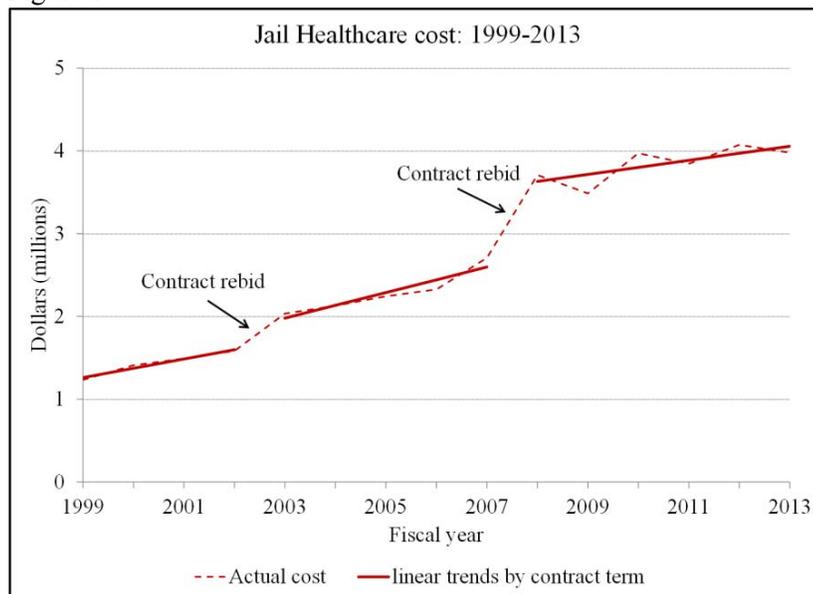
The contractor was responsible for providing all healthcare services for inmates of the WCJ and indemnified the County against any claims arising from its provision of, or failure to provide, healthcare services. Washington County paid the contractor a monthly fee established in the contract. This fee covered the cost of all in-house healthcare, and costs for pharmacy and outside referrals (hospital & specialty care) up to an annual aggregate cap specified in the contract. Once the aggregate cap was met, the County reimbursed the contractor for any additional costs for pharmacy and outside care. In fiscal year 2013 (FY2013) the County paid approximately \$3.7 million in monthly fees, plus approximately \$0.3 million for costs beyond the aggregate cap, for a total of nearly \$4 million.

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<sup>1</sup> The County contracted with Prison Health Services (PHS). In 2011, PHS merged with another leading provider of corrections health services to form Corizon Health Services.

Total costs for jail healthcare services increased substantially over the past 15 years, from approximately \$1.2 million in FY1999 to nearly \$4 million in FY2013. Significant year-over-year increases in costs occurred each time the jail healthcare contract was rebid (Figure 1).

Figure 1



Source: Analysis of CAFR data

## FINDINGS & RECOMMENDATIONS

**Contract administration** Contract administration best practices recommend that a contract administrator implement a contract monitoring plan that addresses key contract requirements prioritized by risk, establishes performance measures, and assesses the extent to which the contractor achieves these. We found that the contract administrator had no such plan for administering the jail healthcare contract. We recommend that the contract administrator implement a risk-based contract monitoring plan. The plan should include key contract requirements and performance measures, procedures for comparing those measures with actual performance, and procedures for corrective action.

The County's Contract Administration Guidelines establish certain duties of the contract administrator. The contract administrator is responsible for ensuring contractor performance and compliance with all terms and conditions of the contract. The contract administrator must initiate a contract amendment whenever the scope of work of the contract is changed. We found that the contract administrator for the jail healthcare contract did not perform these assigned duties.

*Quality of Care* Evaluating the quality of care provided to inmates was beyond the scope of this audit, and we express no opinion on the quality of care provided. We did review the processes implemented by the contract administrator to monitor quality of care and concluded they did not provide the County with reasonable assurance that quality care was being provided.

The contract required the vendor to establish a Medical Audit Committee (MAC) to assure that quality care was accessible to all inmates. The contractor established this committee with representation from the Contractor's administrative and medical staff, the Sheriff's Office and the contract administrator.

The contract also required that all jail healthcare services be reviewed and evaluated for quality of care through established and regularly performed audits. We found no evidence that these audits had been performed. Although the vendor represented that it had a quality assurance program, it did not report the results of its quality assurance audits to the MAC or the contract administrator. The vendor could not provide the auditors with evidence that the specified audits were actually conducted.

The County also employed a physician from the local hospital to audit the medical records of a few randomly selected inmates each month. We found these audits to be of limited value for monitoring quality of care. The sample was too small to support conclusions regarding the quality of care provided to the inmate population. The focus of the review was on the quality of medical record documentation, rather than the quality of care provided. We found no record of recommendations or corrective actions in response to these audits, although we observed that the physician had noted recurring problems. The physician reported that he saw little value in the audit process as implemented by the County.

The MAC was also responsible for recommending and implementing all policies and procedures necessary for the operation of the jail healthcare program. We found that the MAC had not recommended and implemented all policies and procedures for jail healthcare, and that the vendor had not provided the contract administrator with a copy of its policies and procedures. We found that the vendor's standard policies and procedures had not been tailored to the WCJ, as required by National Commission on Correctional Health Care (NCCHC) standards. This deficiency was not remedied until shortly before a scheduled NCCHC accreditation inspection.

We recommend that the County assign responsibility for ensuring the quality of jail healthcare to a qualified medical professional independent of the vendor, such as the County Health Officer. Policies and procedures for jail healthcare should be subject to approval by the County's qualified medical professional and the

Sheriff. The County should require the jail healthcare provider to implement a quality assurance program approved by the County's qualified medical professional. The program should continuously evaluate healthcare provided to inmates both on-site and off-site for quality appropriateness and continuity of care. The program should include evaluating compliance with policies and procedures. Results should be documented and reported regularly to the County's qualified medical professional, the MAC and the Jail Commander. The County should validate the results of the vendor's quality assurance process by periodically auditing cases randomly selected from the pool of cases reviewed by the vendor in its quality assurance process.

*Minimum staffing levels* The contract specified minimum staffing levels for jail health services by position, by day and by shift (see, for example, Table 1).

Table 1

<b>ADP 600</b>									
<b>Position</b>	<b>M</b>	<b>Tu</b>	<b>W</b>	<b>Th</b>	<b>F</b>	<b>Sa</b>	<b>Su</b>	<b>Hrs/Wk</b>	<b>FTE</b>
<b>Day Shift</b>									
Program Administrator	8	8	8	8	8			40	1.0
Charge Nurse (DON)	8	8	8	8	8			40	1.0
Mental Health RN	8	8	8	8		8		40	1.0
Qual Mental Health Prof (MSW)		8	8	8	8		8	40	1.0
Adult Nurse Practitioner	8	8	8	8	8			40	1.0
Administrative Assistant	8	8	8	8	8			40	1.0
Medical Records Clerk	8	8	8	8	8			40	1.0
Dental Assistant		8						8	0.2
Registered Medical Assistant	8	8	8	8	8			40	1.0
RN	16	16	16	16	16	8	8	96	2.4
LPN	16	16	16	16	16	16	16	112	2.8
Discharge Planner (LCSW)	8	8	8	8	8			40	1.0
<b>Total Hours/FTE-Day</b>								<b>576</b>	<b>14.4</b>
<b>Evening Shift</b>									
RN	8	8	8	8	8	8	8	56	1.4
LPN	8	8	8	8	8	16	16	72	1.8
Registered Medical Assistant	16	16	16	16	16			80	2.0
Medical Records Clerk						8	8	16	0.4
<b>Total Hours/FTE-Day</b>								<b>224</b>	<b>5.6</b>
<b>Night Shift</b>									
RN	8	8	8	8	8	8	8	56	1.4
LPN	8	8	8	8	8	8	8	56	1.4
Registered Medical Assistant	8	8	8	8			8	40	1.0
<b>Total Hours/FTE-Day</b>								<b>152</b>	<b>3.8</b>
<b>Total Hours/FTE per week</b>								<b>952</b>	<b>23.8</b>
<b>Subcontractors</b>									
<b>Day Shift</b>									
Medical Director	8		4					12	0.3
Dentist		8						8	0.2
Psychiatrist		8						8	0.2
<b>Total Hours/FTE-Day</b>								<b>28</b>	<b>0.7</b>

Source: Jail Healthcare contract FY2012 minimum staffing requirements

The contract administrator did not require the contractor to meet the explicitly defined minimum staffing requirements of the contract.

Instead, he granted the contractor a degree of flexibility in staffing that was inappropriate for a contract of this nature.

The contract administrator also failed to implement an effective system to ensure the jail was staffed with the appropriate number and types of healthcare staff at all times. He did not require the contractor to report staffing in sufficient detail to determine whether staffing specifications were met or whether the staffing actually provided was adequate to ensure quality of care. The vendor provided only monthly staffing summaries that included total hours for each staff member, but did not break those hours down by day and shift. Those reports did not reveal days and shifts on which staffing was less than specified in the staffing plan.

For example, the plan required that the vendor staff the facility with at least one registered nurse (RN) at all times. As the senior medical position on duty during evening and night shifts and on weekends, the RN was a critical position. The contract also specified that only an RN could perform certain healthcare functions, including admission triage and health screenings. We analyzed payroll records for FY2012 and found that no RN was on duty in the WCJ 19% of the time.

We analyzed the contractor's summary staffing reports and found significant understaffing of several other positions. In FY2012, the contractor provided only 56% of contracted hours for the medical director, 44% of the contracted hours of a licensed clinical social worker, and 77% of the contracted hours of the dentist. These were senior staffing levels in their respective areas of practice. We noted that less highly qualified positions were sometimes overstaffed. However, backfilling with less qualified staff could compromise quality of care and increase the provider's profit at the County's expense.

We estimated the value of the minimum specified staffing that the County did not receive between July 1, 2008 and June 30, 2012 to be at least \$350,000. Failing to enforce minimum staffing requirements may also have increased other County costs for jail healthcare. We examined the contractor's monthly reports for December 2007 through June 2012. We found that when the hours Medical Director's were more than 5 hours below the specified minimum, the average number of referrals to external physicians was 42% higher, and the average number of deputy transports for medical care was 48% higher, than in other months. When the total hours for all providers (Medical Director, Physician Assistant, and Nurse Practitioner), were more than 10 hours below specified minimums, ER visits, hospital admissions, and inmates on non-formulary drugs averaged 21%, 32%, and 33% higher, respectively. Deputy transports, and additional hospitalizations, ER visits, external referrals and pharmaceutical expenses resulted in additional costs to the County beyond the contract fee.

Minimum staffing requirements for jail healthcare should be developed by qualified professionals independent of the healthcare contractor with expertise in correctional healthcare. We recommend that the County engage a jail healthcare consultant to develop those requirements. Requirements for line healthcare staff should be specified in the contract by number of hours per position, per day and per shift. Administrative positions should be specified as full time equivalents with scheduling flexibility. The contract should make clear that specifications are minimum requirements and that the contractor must provide any additional staffing necessary to meet its contract obligations without additional compensation, unless the contract fee is modified by contract amendment. The contract administrator should monitor and ensure compliance with minimum staffing requirements and should require that the contractor report staffing provided at a level of detail that supports such monitoring. The contract should provide specific damages for understaffing. When necessary and appropriate, staffing requirements should be changed only through a contract amendment with appropriate adjustments to the contract fee.

*Oregon Medical Practice Requirements* The contract provided that all jail healthcare staff must be licensed to practice in Oregon and must comply with all Oregon professional practice act regulations. We found that the contract administrator did not monitor compliance with this provision. We found that a Physician's Assistant employed by the contractor worked in the WCJ for 36 weeks without adequate physician supervision required by the Oregon Medical Practice Act. We recommend that the County require the vendor to provide evidence of its compliance with Oregon medical practice requirements.

*Secure Release Program* The contract required that the contractor establish a Secure Release program. The County agreed to pay an additional amount for the contractor to add a Discharge Planner to its staffing plan. As proposed, the Secure Release program included providing a 30-day supply of prescribed medications and an appointment with a community healthcare provider to all inmates requiring follow-up care upon release. We found that the contractor provided medications upon release only to inmates housed for at least 30 days and did not make appointments with community healthcare providers at release. The contract administrator had apparently accepted these reductions in the scope of work without negotiating reductions in compensation or initiating a contract amendment.

We recommend that the Contract Administrator monitor contractor performance and enforce compliance with contract provisions related to the Secure Release program. When reductions in the scope of work are negotiated, they should be accompanied by negotiations to reduce contract fees. Changes to the scope of work should be accomplished by contract amendment.

*Standard Terms & Conditions* The County maintains a set of Standard Terms and Conditions to be included in all County contracts. The contract administrator did not monitor or enforce certain of the standard contract terms and conditions in the jail healthcare contract, including the contractor's obligations to report claims made against it, to obtain County approval of subcontracts, and to provide access to records.

One standard provision required the vendor to inform the County of all claims made against it by third parties. Knowledge of claims filed by WCJ inmates against its jail healthcare provider could alert the County to deficiencies in the vendor's performance and to potential County liability. Knowledge of claims against the vendor in other jurisdictions could alert the County to risks of nonperformance by the vendor. We found that the vendor had not notified the County of all claims made against it.

Another standard provision required the vendor to obtain the County's written approval of any subcontract. The vendor entered into subcontracts with physicians, dentists, psychiatrists and hospitals to provide healthcare to inmates of the WCJ without obtaining written approval from the County. Although the contract administrator was aware that the vendor was subcontracting work, he did not require the vendor to submit those subcontracts for approval and did not report the vendor's failure to do so to Purchasing or County Counsel. As a result the County was not in a position to ensure that subcontracts adequately protected the County's interests. We found that one subcontract did not ensure that the County would receive the level of service the vendor was obligated to provide. Several subcontracts did not contain certain provisions which the Standard Terms and Conditions specified should be included in all subcontracts.

Another standard provision required the vendor to maintain records documenting its performance and to allow duly authorized County representatives access to such records. The contractor repeatedly refused the Auditor's request for access to certain records pertinent to this contract, and the contract administrator took no action to require the contractor to comply with this provision.

We recommend that the contract administrator monitor and enforce compliance with the Standard Terms and Conditions included in the jail healthcare contract.

**Contract terms** Certain terms of the jail healthcare contract were inadequate to protect County interests. These included several provisions of the Standard Terms and Conditions and others specific to the jail healthcare contract.

The jail healthcare contract required that "health care services must be provided in compliance with the standards of the National

Commission on Correctional Health Care (NCCHC).” The contract further stated: “More specifically, the services provided must meet the standards to the extent required to achieve NCCHC accreditation.” The second sentence suggests that maintaining NCCHC accreditation would be sufficient to satisfy the requirement that healthcare services must be performed in compliance with the standards. This language could limit the County’s right to monitor compliance with standards and to require the contractor to remedy violations.

The WCJ has maintained its NCCHC accreditation status. However, NCCHC evaluates a facility’s standards compliance through on-site visits only every three years. NCCHC does not require that a facility comply with all standards in order to receive a certificate of compliance. In fact, the WCJ was most recently accredited by NCCHC despite noncompliance with 15% of essential standards. We recommend that the jail healthcare contract provide specifically that the County has the right to monitor the contractor’s compliance with NCCHC standards and to require the contractor to promptly remedy any standards violations.

The contract required the contractor to establish a Medical Audit Committee (MAC) with the objective of assuring that quality care was available to all inmates. The same section provided that “All services under the purview of health services shall be reviewed and evaluated for quality of care through established and regularly performed audits.” Although County Counsel advised us that the contract required the vendor to perform these audits, the vendor maintained that they were a County responsibility. The contract administrator had not required the vendor to perform these audits. We recommend that the County clarify contract language regarding the contractor’s obligation to implement a quality assurance program.

The jail healthcare contract did not provide for monetary damages or withholding payment for non-performance. The only remedy provided for contract violations was termination of the contract. Termination is a drastic remedy that could create hardship for the County and endanger the health of inmates, because replacing the jail healthcare provider is a months-long process. Revisions to the County’s Standard Terms and Conditions have improved the remedy language, but the jail healthcare contract could be further improved. We recommend that the County add provisions for specific remedies for non-performance and a termination clause that ensures continuity of care until the vendor is replaced.

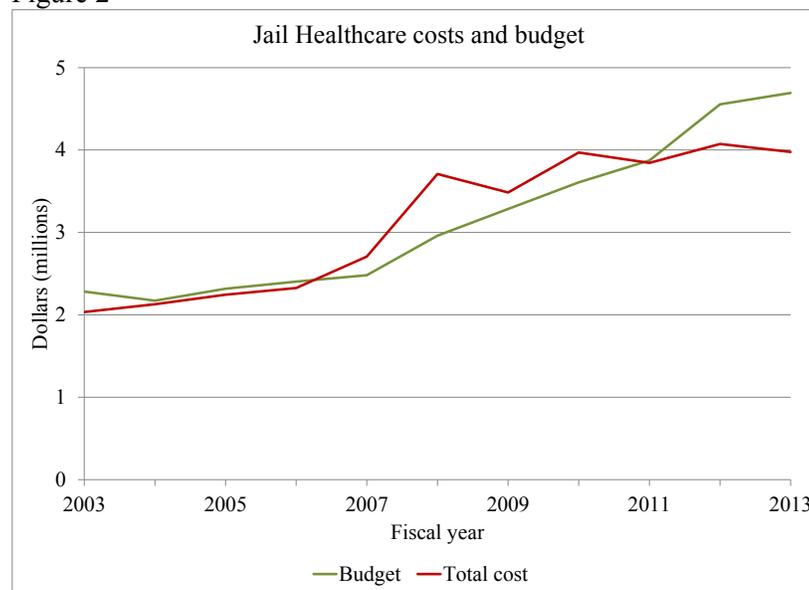
The record access and audit provisions of the Standard Terms and Conditions were insufficient to ensure County access to contractor records and the County Auditor’s access to contractor staff. The contractor maintained that its policy and procedure manual for WCJ Health Services, its quality assurance manuals, its quality assurance

reports on healthcare services at WCJ, and its subcontracts with local hospitals and providers were proprietary documents that it was not obligated to provide to the County. The contractor refused the auditor's request to interview certain members of its WCJ healthcare staff. Without guaranteed access to such materials and contractor staff, the County could not adequately monitor performance.

The audit clause should require the contractor and its staff to cooperate with the County Auditor in evaluating contract compliance and performance. Standard contract terms should ensure that the County Auditor's Office can perform its charter responsibility to continuously evaluate County programs and activities when such activities are performed by contractors. We recommend that the County strengthen standard contract provisions for access to vendor records. The audit clause in the County's Standard Terms and Conditions should state clearly that it applies to performance audits as well as financial audits.

**Budget overruns** Jail healthcare costs increased significantly in FY2007 and FY2008 and have remained higher. The County experienced significant budget overruns in jail healthcare from FY2007 through FY2010 because increases in expenditures were not matched by budget increases until FY2011 (Figure 2).

Figure 2



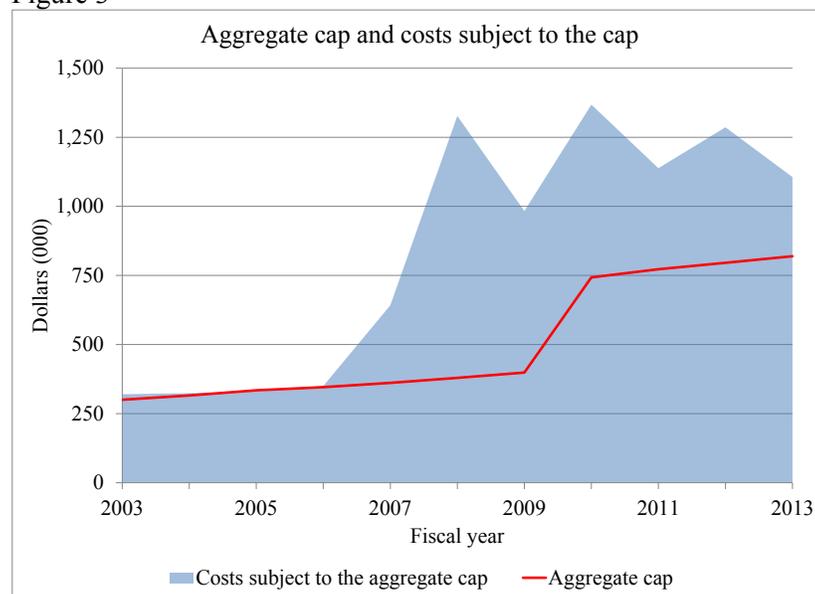
Source: Analysis of Adopted Budget & CAFR data

The County has been unable to budget accurately for the costs of jail healthcare under the 2007 contract (Figure 2). Budgeting for costs subject to the aggregate cap (external referrals and pharmacy) has proven particularly challenging. The budget variances that began in FY2007 reflect this inability to project costs subject to the cap.

From FY2007 to FY2013, funds included in the budget for external referrals and pharmacy increased from about \$0.4 million to more than \$1.8 million. Budgeted amounts bore little relationship to the costs actually incurred. This resulted in substantial deficits from FY2008 to FY2010 and substantial surpluses in FY2012 and FY2013, as illustrated in Figure 2.

Prior to FY2007, the aggregate cap specified in the contract appeared to operate as a constraint on costs. The total cost of external referrals and pharmacy for FY2003 through FY2006 was only 2% more than the sum of the aggregate caps for the period. Since FY2007, costs for external referrals and pharmacy have far exceeded the cap even after a substantial increase in the cap in FY2010 (Figure 3).

Figure 3



Source: Analysis of CAFR data & Jail Healthcare contracts

The parties had gradually eliminated clauses included in earlier contracts that promoted cost control. The first contract limited to \$25,000 the vendor's liability for the healthcare costs of an individual inmate. The 2002 contract changed the contractor's liability to an aggregate limit on all off-site services and pharmacy costs. The County was responsible for costs above the aggregate limit established in the contract. However, the 2002 contract also provided that the "contractor bears the risk of non-payment for services in excess" of the contract. This provided an incentive for the contractor to contain cost within the contract amount. That incentive was eliminated in the 2007 contract.

Until 2010, if costs for external referrals and pharmacy remained below the aggregate cap, the contractor could retain 50% of the savings. In 2010 the contract was amended to eliminate this last

incentive for the contractor to control costs subject to the cap. Thereafter 100% of savings, if any, would be returned to the County. These changes gradually eliminated financial incentives for the contractor to control costs for off-site referrals and pharmacy. As a result, the County lost control over those costs and could no longer accurately project and budget for jail healthcare costs.

One approach to eliminating budget overruns would be to enter into a full-liability contract with no aggregate cap. Under such a contract, the vendor assumes responsibility for all jail healthcare costs, including the cost of in-house healthcare, pharmacy and external referrals. With a full liability contract the County could budget for the contract amount with confidence that the budget would not be exceeded. While Washington County has not recently solicited competitive proposals for a full liability contract, its current vendor recently entered into such a contract with another Oregon county. Because healthcare costs for the WCJ have been more stable in recent years, vendors may be more willing to assume the risk of a full-liability contract.

Another approach to controlling budget overruns would be for the County to purchase commercial insurance. Budgeting accurately for a known insurance premium is much easier than forecasting when a "budget-busting" catastrophic case might occur. To manage its risk universe, the County employs a combination of self-insurance and commercial insurance. It relies upon the Risk Management department to cost-effectively balance risk retention and risk transfer.

The availability of healthcare coverage for inmates under the Affordable Care Act could also reduce the County's liability for inmate healthcare costs.

To avoid or limit future budget overruns in jail healthcare, we recommend that the County consider:

- entering into a full-liability contract,
- purchasing commercial insurance to transfer the risk of catastrophic cases, and/or
- enrolling inmates in healthcare coverage under the Affordable Care Act.

**Cost control** The County and its contractor have taken steps to control healthcare costs, but should consider additional options.

WCJ initiated a fee-for-service program. Fees were charged for healthcare services requested by an inmate. In accordance with the position of the NCCHC, fees were small (\$10) and were not compounded when an inmate was seen more than once for the same medical condition. Fees were not charged when an inmate was indigent. Healthcare fees were charged to and paid from an inmate's

jail account. Uncollected charges remained in an inmate's account and could be collected if the inmate were readmitted to the jail. Fees collected for inmate requested healthcare services (about \$10,000 per year) were credited to the jail healthcare account. We did not assess the effectiveness of the fee-for-service program in controlling costs resulting from inmate abuse of healthcare services in WCJ.

Jail policy also provided that all inmates admitted to the facility must receive an intake health screening, for which the inmate was assessed a fee. Although permitted by Oregon law, because the intake screening was mandatory, this policy was inconsistent with NCCHC guidelines for charging inmates a fee for healthcare services. Those guidelines provide that only services initiated by the inmate should be subject to a fee, and they state explicitly that no charges should be made for the intake health screening. When we brought this issue to the attention of the Sheriff and the Jail Commander, they changed the policy to eliminate the fee for the intake health screening. However, as we were finalizing our report, we were informed that the Jail had reinstated a fee for the mandatory intake health screening. We recommend that this fee be discontinued.

Fees collected for the intake health screening (over \$70,000 in FY2014) were not credited to the jail healthcare account. If the WCJ continues to assess and collect fees for the intake health screening, we recommend that those fees be credited to the jail healthcare account.

The jail healthcare contractor had implemented a drug formulary to promote the use of less-costly and generic drug alternatives. The contractor paid most external specialty care providers at deeply discounted rates. The County and the contractor had been unable to negotiate a discount rate with the hospital to which most jail inmates were referred.

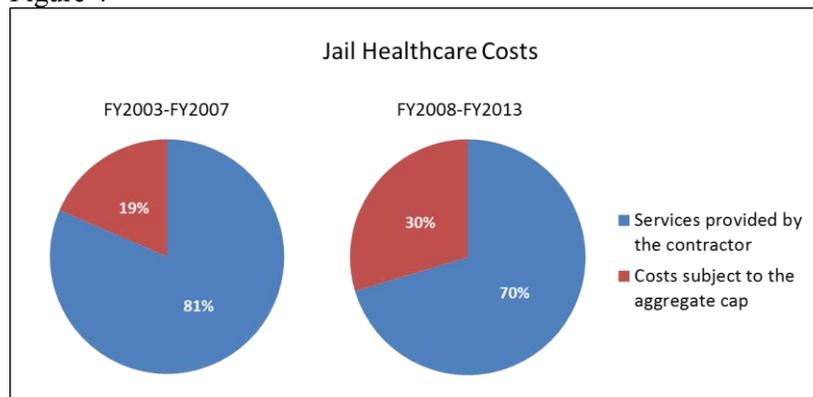
The County paid more than \$4 million dollars in hospital charges for jail inmates between FY2006 and FY2012. We did not assess the accuracy of hospital charges. However, studies show that hospital bills frequently contain errors and recommend that bills be reviewed. The County did not review hospital bills for accuracy, and there was little incentive for the contractor to do so, since its liability was limited by the aggregate cap, which was routinely exceeded. We recommend that the County engage a third party medical billings auditor, on a contingency fee basis, to audit hospital bills for inmate care.

As described earlier in this report, contract changes gradually eliminated the financial incentives for the contractor to control costs for off-site referrals. We found that utilization of off-site emergency room and inpatient hospitalization treatment nearly doubled from FY2006 to FY2013. Utilization of external specialty services

increased by 58% over the same period. Total costs for services subject to the cap more than tripled from FY2006 to FY2013.

Costs subject to the cap represented a much larger share of total healthcare costs under the 2007 contract than they did under the previous contract (Figure 4).

Figure 4



Source: Analysis of CAFR data & Jail Healthcare contracts

We express no opinion on the medical necessity of the off-site referrals. However, the terms of the current contract and weaknesses in contract administration, described earlier in this report, created a risk that over-utilization of external resources could occur without being detected by the County.

Utilization review is a safeguard against unnecessary and inappropriate medical care. The County has relied almost entirely on the contractor for utilization review, while employing a contract fee structure that appears to provide an incentive for the contractor to refer inmates for external care to reduce its costs for providing care in the jail facility. We recommend that the County include in the contract provisions that incentivize the contractor to control costs and ask bidders for the next jail healthcare contract to propose specific strategies for controlling emergency and inpatient hospital costs. We recommend that the County evaluate the cost effectiveness of contracting for independent utilization review services.

Many states and counties, including Multnomah County, have begun facilitating the enrollment of inmates in health coverage under the Affordable Care Act (ACA). While implementing such a program in a local jail presents special challenges, it has the potential to reduce the County's liability for jail healthcare costs and to reduce the likelihood that inmates will return to jail following their release. We recommend that the County evaluate the feasibility and cost-effectiveness of implementing a program to facilitate the enrollment of eligible WCJ inmates in health coverage under the ACA.

**Issues already addressed** To address the contractor's refusal to provide pertinent records to the auditor, we recommended that County Counsel strengthen the audit clause of the County's standard contract terms and conditions. By May 2012 the clause had been strengthened and the jail health contract was amended to include the revised Standard Terms and Conditions.

In an interim report in November 2013, we recommended that the CAO consider assigning responsibility for administration of the jail healthcare contract to a new contract administrator outside of HHS. The CAO has assigned responsibility for the administration of the contract to a Senior Management Analyst in the Finance Department reporting directly to the Assistant County Administrator.

Jail policy required that female inmates seeking an elective abortion must obtain the approval of Jail Command Staff. We advised the Sheriff in July 2012 that this policy appeared to be inconsistent with NCCHC Standards. The Sheriff removed the requirement that this medical procedure be approved by jail security staff.

We also discovered in the course of our audit work that the employee who conducted the County's audit of inmate healthcare records was recording inmates' protected healthcare information on his personal computer and taking it home to prepare his audit reports, in violation of the Health Information Portability and Accountability Act (HIPAA). In May 2012 we brought this matter to the attention of the County's Information Security Officer who acted promptly to ensure that the practice was discontinued.

**OBJECTIVES, SCOPE  
& METHODOLOGY**

We included this audit in our FY2012 audit program to address the following objectives:

- Was the jail healthcare contract administered in accordance with County guidelines and best practices?
- Did the terms of the contract for jail healthcare protect the County's interests in controlling costs, ensuring quality of care, compliance with jail healthcare standards, providing remedies for nonperformance, and ensuring access to contractor records?
- What could the County have done to better match the approved budget for jail healthcare to costs?
- Did the County act appropriately to contain jail healthcare costs?

This audit examined budgets and expenditures, contract terms, contract administration, and cost control efforts for the jail healthcare contract effective July 1, 2008 through June 30, 2013. The original scope period, July 1, 2008 through June 30, 2011, was extended as the audit was delayed by changes in audit staffing and issues relating to access to information. We examined contracts and practices in earlier years to provide historical perspective and highlight changes in the contract and the behavior of the parties.

To evaluate the County's administration of the contract, we:

- reviewed the County's contract administration guidelines and literature on best practices in contract administration,
- interviewed County staff responsible for administration of the contract and County Counsel staff,
- toured the jail, including jail healthcare facilities, and documented the flow of inmates through the jail healthcare system,
- reviewed contract staffing requirements and vendor staffing reports,
- analyzed vendor payroll records,
- reviewed Oregon professional practice requirements, NCCHC standards and positions on jail healthcare, and relevant portions of the Oregon Jail Standards,
- reviewed relevant sections of inspection reports on WCJ from NCCHC, the Oregon State Sheriff's Association, the Oregon Department of Corrections and Washington County Grand Juries,
- searched the internet and court records for claims filed against the vendor,
- reviewed the vendor's subcontracts for health services to WCJ inmates,
- attended MAC meetings and reviewed MAC minutes, and
- reviewed WCJ and vendor policies and procedures for jail healthcare and the vendor's quality assurance manual.

To evaluate whether the contract adequately protected County interests, we:

- reviewed current and previous WCJ healthcare contracts, similar contracts in other jurisdictions and alternative contracting models,
- interviewed County purchasing staff, contract administration staff, County Counsel staff and vendor management, and
- reviewed NCCHC accreditation reports on WCJ and the NCCHC accreditation process.

To identify the causes of budget overruns in the Jail healthcare program and develop our recommendations for addressing them, we:

- reviewed the current and previous WCJ healthcare contracts and all amendments, the jail healthcare contracts of other jurisdictions, and other contracting models,
- reviewed and analyzed historical budget and expenditure data for the WCJ healthcare program, including detailed data on external referral and pharmacy costs,
- interviewed County staff responsible for developing the healthcare budget and the County Risk Manager, and
- researched available options for insurance to cover the costs of inmate healthcare.

To document and assess the effectiveness of measures to monitor and control jail healthcare costs, we:

- interviewed the County's contract administrator and vendor management staff,
- analyzed fees charged and paid for external services and pharmacy,
- examined provider and hospital subcontracts,
- reviewed the literature on hospital billing errors and utilization review, and the vendor's utilization review manual,
- reviewed Jail policies on healthcare fees and analyzed inmate account records, and
- reviewed monthly staffing and performance reports.

Survey work was performed by a consultant under contract to the Auditor's Office. After the consulting contract ended, fieldwork was completed by Auditor's Office staff. We provided the County Administrator with interim reports in May 2013 and November 2013 that included most of the findings and recommendations in this final report.

The contractor delayed and denied access to certain records, reports and personnel. While the contractor's actions delayed our work significantly, we eventually obtained sufficient, appropriate evidence to support our findings and conclusions.

**SUMMARY OF AUDIT  
RECOMMENDATIONS**

To more effectively administer the jail healthcare contract:

1. The contract administrator should implement a risk-based contract monitoring plan for the jail healthcare contract. The plan should include key contract requirements and performance measures, procedures for comparing those measures with actual performance, and procedures for corrective action.
2. The County should assign responsibility for ensuring the quality of jail healthcare to a qualified medical professional independent of the vendor, such as the County Health Officer. Policies and procedures for jail healthcare should be subject to approval by the County's qualified medical professional and the Sheriff.
3. The County should require the contractor to implement a quality assurance program. The program should continuously evaluate healthcare provided to inmates both on-site and off-site for quality appropriateness and continuity of care. The program should include evaluating compliance with policies and procedures.
4. The County should require that the contractor's quality assurance program be approved by the County's qualified medical professional.
5. Results of the contractor's quality assurance monitoring should be documented and reported regularly to the County's qualified medical professional, the MAC and the Jail Commander.
6. The County should validate the results of the vendor's quality assurance process by periodically auditing cases randomly selected from the pool of cases reviewed by the vendor.
7. The County should engage a jail healthcare consultant, independent of the healthcare contractor, to develop minimum healthcare staffing requirements for the WCJ.
8. The contract administrator should monitor and enforce compliance with minimum staffing requirements.
9. The contract administrator should require the contractor to report staffing at the same level of detail as staffing requirements specified in the contract.
10. The contract administrator should require the vendor to provide evidence of its compliance with Oregon medical practice requirements.
11. The contract administrator should monitor contractor performance and enforce compliance with contract provisions related to the Secure Release program.

12. The contract administrator should negotiate appropriate reductions in the contract fee in connection with any reductions in the scope of work.
13. The contract administrator should process a contract amendment whenever the scope of work is changed. When necessary and appropriate, staffing requirements should be changed only through a contract amendment with appropriate adjustments to the contract fee.
14. The contract administrator should monitor and enforce compliance with provisions of the County's Standard Terms and Conditions included in the jail healthcare contract.
15. The County Administrator should assign responsibility for administration of the jail healthcare contract to a new contract administrator outside of HHS. The CAO had fully implemented this recommendation before we completed our audit work.

To ensure that County interests are protected by the terms of the jail healthcare contract:

16. Requirements for line healthcare staffing should be specified in the contract by number of hours per position, per day and per shift. Administrative and contracted positions should be specified as full-time equivalents with scheduling flexibility. The contract should make clear that specifications are minimum staffing requirements and that the contractor must provide any additional staffing necessary to meet its contract obligations without additional compensation, unless the contract fee is modified by contract amendment.
17. The County should ensure that the jail healthcare contract provides that the County has the right to monitor the contractor's compliance with NCCHC standards and to require the contractor to promptly remedy any standards violations.
18. The County should clarify contract language regarding the contractor's obligation to implement a quality assurance program.
19. The County should ensure the jail healthcare contract provides specific remedies for non-performance, including specific damages for understaffing by the contractor.
20. The County should include in the jail healthcare contract a termination clause that ensures continuity of care until the vendor is replaced.

21. The County should strengthen standard contract provisions for access to vendor records. The audit clause in the County's Standard Terms and Conditions should state clearly that it applies to performance audits as well as financial audits.

To avoid or limit future budget overruns in jail healthcare:

22. The County should consider:
- entering into a full-liability contract with the jail healthcare provider,
  - purchasing commercial insurance to transfer the risk of catastrophic cases, and/or
  - enrolling uninsured inmates in health coverage through the ACA.

To more effectively control jail healthcare costs:

23. The County should engage a third party medical billings auditor, on a contingency fee basis, to audit hospital billings for inmate care.
24. The County should include in the contract provisions that incentivize the contractor to control costs.
25. The County should ask bidders for the next jail healthcare contract to propose specific strategies for controlling emergency and inpatient hospital costs.
26. The County should evaluate the cost effectiveness of contracting for independent utilization review services to monitor external referrals.
27. The County should evaluate the feasibility and cost-effectiveness of implementing a program to facilitate the enrollment of eligible WCJ inmates in health coverage under the ACA.
28. The Jail should not assess inmates a fee for the mandatory intake health screening. If it continues to assess a fee for the mandatory intake health screening, fees collected should be credited to the jail healthcare account.

Other recommendations:

29. The Jail should not require that a pregnant inmate seeking an elective abortion must obtain the approval of Jail Command Staff. The Sheriff had fully implemented this recommendation before we completed our audit work.

30. The County's quality assurance physician should not be allowed to store protected health information on his personal computer. HHS had fully implemented this recommendation before we completed our audit work.

**COMPLIANCE WITH  
AUDIT STANDARDS**

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.



signed:

Audit Team: County Auditor: John Hutzler, CIA, CGAP, CCSA  
Auditor Assigned: Latham Stack, CIA, CGAP  
Reviewer: Mona Rabii, CIA, CISA, CGAP



## **MEMO**

To: John Hutzler, County Auditor

From: Robert Davis, County Administrator *RD*  
Don Bohn, Assistant County Administrator *DB*  
Pat Garrett, Sheriff *PG*

Date: November 21, 2014

**Subject: Response to Jail Health Care Audit**

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### **Overview**

We have reviewed your audit report on jail health care, and are providing you with this joint response from the Sheriff and County Administrative Office (CAO).

We appreciate your work on this important topic and will continue to use the information to inform our efforts to improve oversight and administration of jail health care. The interim audit recommendations that you provided previously have been incorporated into a comprehensive administrative review of jail health care that has been underway since February 2014.

Our review process has progressed over these months to include the following key program elements: 1) program management and coordination; 2) contract standard terms and conditions; 3) quality and timeliness of service delivery; 4) compliance with established standards and expectations; 5) overarching policies and procedures; 6) vendor medical-related staffing levels; and 7) jail staffing levels in support of the health care program. Based on this review, a number of improvements have been implemented, are in the process of being implemented, or are scheduled for implementation as part of the next contract period beginning July 1, 2015.

Significant milestones to date include:

- Enhanced program management.
- Enhanced contract administration through an increase in dedicated staff resources and assignment of the role/responsibility to the Department of Support Services, Finance Division.
- Reconstituted Medical Advisory Committee and newly formed Operations Team to ensure quality, timely and efficient delivery of services.

- The preparation of a Jail Health Care request for proposal (RFP) scheduled for release prior to December 1, 2014, for a new contract term beginning July 1, 2015.
- The preparation of an amendment to the current vendor's contract prior to January 1, 2015, to address a number of interim priorities, program modifications and language clarifications.
- The preparation of a revised contract boilerplate for future contracts.
- Analysis of vendor and jail staffing levels related to health care delivery. The preparation of a plan to modify staffing patterns to ensure efficient, timely, and quality provision of medical services.
- Implementation of the Affordable Care Act (ACA). With the ongoing implementation of the ACA, the methods and opportunities for funding inmate health services will continue to expand and evolve and ultimately inform specific elements of the jail health care program.
- A new on-site leadership team from the contract vendor

We are confident that these changes and the commitment and expertise of assigned staff set the stage for successful execution of the improvements identified through our administrative process and your audit.

### **Background**

For the benefit of context, we offer the following as background to the Jail Health Care program.

- The County and Sheriff's Office are keenly aware of the constitutional, statutory and moral obligation to provide quality and timely health service to all persons in our custody. These considerations continue to guide and motivate our work as well as the additional goal of providing these services in an efficient and cost-effective manner.
- After many years of providing jail health care with County staff, the County migrated to a vendor model with the opening of the new Jail in 1998. This can best be described as a coproduction model that relies upon the cooperation and collaboration between many independent organizations including the onsite medical provider, Jail staff, EMS (ambulance), varied hospital systems, pharmaceutical vendors, insurance companies (including Medicare), amongst others.
- The County does not provide primary health care as part of our portfolio of services. As a result, we do not possess the institutional expertise and infrastructure to provide health care services without considerable investment (staff and infrastructure). The County remains fully committed to the vendor model and will continue to actively improve the methods and manner in which the service is administered, monitored and evaluated.
- From 1998 to 2014, the Jail health care contract was administered by the Department of Health and Human Services. The designated contract administrator and department management team interpreted the contract and interfaced with the medical provider on a regular basis.

## **Response to the Auditor's Recommendations**

Your audit report identifies a number of recommendations for improvements as presented below with our response.

**Auditor Recommendation #1:** The contract administrator should implement a risk-based contract monitoring plan for the jail healthcare contract. The plan should include key contract requirements and performance measures, procedures for comparing those measures with actual performance, and procedures for corrective action.

**County Administrator Response:** We agree. The Contract Administrator is actively and continuously engaged in contract administration and monitoring and is in the process of documenting a contract administration plan. This plan will conform to the County's Contract Administration Guidelines and include key contract requirements, performance standards and measures, methods for monitoring and corrective action. Although in the development phase, the plan will be fully documented by August 1, 2015 (based on a new contract becoming effective July 1, 2015).

**Auditor Recommendation #2:** The County should assign responsibility for ensuring the quality of jail healthcare to a qualified medical professional independent of the vendor, such as the County Health Officer. Policies and procedures for jail healthcare should be subject to approval by the County's qualified medical professional and the Sheriff.

**County Administrator Response:** We agree. The Director of Health and Human Services will assign a qualified health professional to participate on the Medical Advisory Committee (MAC), which has the role of ensuring quality and cost-effective execution of the jail health care program and services. As a member of the committee, the qualified medical professional will review and approve appropriate policies and procedures. The MAC will also include participation from the contract administrator, medical file audit reviewer and Jail command staff. The medical vendor will provide administrative support to the committee. The reconstituted MAC will be fully operational by February 1, 2015.

**Auditor Recommendation #3:** The County should require the contractor to implement a quality assurance program. The program should continuously evaluate healthcare provided to inmates both on-site and off-site for quality appropriateness and continuity of care. The program should include evaluating compliance with policies and procedures.

**County Administrator Response:** We agree. The pending contract amendment will clarify the contractor's role in implementing a quality assurance program and this requirement will continue in the next RFP and contract. The current contractor implemented a quality assurance program as of April 2014.

Auditor Recommendation #4: The County should require the contractor's quality assurance program be approved by the County's qualified medical professional.

County Administrator Response: We agree. The Medical Advisory Committee, which includes a qualified medical professional, will review and approve the quality assurance program. The current quality assurance program will be reviewed by the committee by February 1, 2015.

Auditor Recommendation #5: Results of the contractor's quality assurance monitoring should be documented and reported regularly to the County's qualified medical professional, the MAC and the Jail Commander.

County Administrator Response: We agree. The results of the quality assurance monitoring program will be presented to, and discussed, during the monthly meetings of the Medical Advisory Committee, which includes a qualified medical professional and Jail command staff.

Auditor Recommendation #6: The County should validate the results of the vendor's quality assurance process by periodically auditing cases randomly selected from the pool of cases reviewed by the vendor.

County Administrator Response: We agree. The County has initiated a process to review select results of the vendor's quality assurance program. This review will continue through the current and next contract period.

Auditor Recommendation #7: The County should engage a jail healthcare consultant, independent of the healthcare contractor to develop minimum staffing requirements for the WCJ.

County Administrator Response: We agree in principle. The minimum staffing requirements will be developed as part of the RFP and contract negotiation processes. As part of this process, the County will assess the benefit of contracting for corrections health care expertise to validate the proposed staffing plan.

Auditor Recommendation #8: The contract administrator should monitor and enforce compliance with minimum staffing requirements.

County Administrator Response: We agree. The contract administrator will continue to monitor and enforce compliance with the staffing plan. The next vendor contract will more clearly specify how the staffing plan is structured, administered and reconciled and will include remedies for non-compliance. The current and future staffing plan(s) will be actively monitored and enforced by the contract administrator.

Auditor Recommendation #9: The contract administrator should require the contractor to report staffing at the same level of detail as staffing requirements specified in the contract.

County Administrator Response: We agree. The contract administrator is currently requesting staffing reports at the level of detail required by the contract. This practice will continue.

Auditor Recommendation #10: The contract administrator should require the vendor to provide evidence of its compliance with Oregon medical practice requirements.

County Administrator Response: We agree. As part of the formal agenda for the monthly Medical Advisory Committee meetings, the vendor will specifically address and confirm compliance with Oregon medical practice requirements. The meeting notes will reflect the confirmation of compliance or note any deficiencies. This process will be initiated by February 1, 2015.

Auditor Recommendation #11: The contract administrator should monitor contractor performance and enforce compliance with contract provisions related to the Secure Release Program.

County Administrator Response: We agree. The contract administrator is monitoring and enforcing compliance with current contract provisions including discharge planning (also known as the Secure Release Program).

Auditor Recommendation #12: The contract administrator should negotiate appropriate reductions in the contract fee in connection with any reductions in the scope of work.

County Administrator Response: We agree. The County and vendor will identify any financial impacts related to modifications to the scope of work and memorialize these modifications in a timely amendment to the contract.

Auditor Recommendation #13: The contract administrator should process a contract amendment whenever the scope of work is changed.

County Administrator Response: We agree. The contract administrator is complying with the County's Contract Administration Guidelines, including the requirement to timely process contract amendments.

Auditor Recommendation #14: The contract administrator should monitor and enforce compliance with provisions of the County's Standard Terms and Conditions included in the jail healthcare contract.

County Administrator Response: We agree. The contract administrator is actively monitoring and enforcing compliance with the Standard Terms and Conditions.

Auditor Recommendation #15: The County Administrator should assign responsibility for administration of the jail health care contract to a new contract administrator outside of HHS. The CAO had fully implemented this recommendation before we completed our audit work.

County Administrator Response: We agree. The contract was reassigned to the Department of Support Services, Finance Division as of February 10, 2014.

Auditor Recommendation #16: Requirements for line healthcare staffing should be specified in the contract by number of hours per position, per day and per shift. Administrative and contracted positions should be specified as full-time equivalents with scheduling flexibility. The contract should make clear that specifications are minimum staffing requirements and that the contractor must provide any additional staffing necessary to meet its contract obligations without additional compensation, unless the contract fee is modified by contract amendment.

County Administrator Response: We agree. The RFP and the next vendor contract includes a “minimum” staffing plan for direct health care providers per position, per shift, per day and an “operational” staffing level encompassing all other positions and functions. The “minimum” and “operational” staffing plans will be actively monitored and enforced. Any modifications to the staffing plan will be memorialized in a contract amendment.

Auditor Recommendation #17: The County should ensure that the jail healthcare contract provides that the County has the right to monitor the contractor’s compliance with NCCHC standards and to require the contractor to promptly remedy any standards violations.

County Administrator Response: We agree. The pending contract amendment and the next vendor contract include language that clarifies the County’s right to monitor the contractor’s compliance with NCCHC standards and require prompt remedy to any deficiency.

Auditor Recommendation #18: The County should clarify contract language regarding the contractor’s obligation to implement a quality assurance program.

County Administrator Response: We agree. The pending contract amendment and next vendor contract clarify language regarding the contractor’s obligation.

Auditor Recommendation #19: The County should ensure the jail healthcare contract provides specific remedies for non-performance, including specific damages for understaffing by the contractor.

County Administrator Response: We agree. The pending contract amendment and next vendor contract includes specific remedies and damages for non-performance and deviations from the minimal staffing plan.

Auditor Recommendation #20: The County should include in the jail healthcare contract a termination clause that ensures continuity of care until the vendor is replaced.

County Administrator Response: We agree. The pending contract amendment and next vendor contract include provisions to address continuity of care in the event of a contract termination. The pending contract amendment includes a 90 day transition period. The transition period will be increased to 120 days in the next vendor contract.

Auditor Recommendation #21: The County should strengthen standard contract provisions for access to vendor records. The audit clause in the County's Standard Terms and Conditions should state clearly that it applies to performance audits as well as financial audits.

County Administrator Response: We agree. The contract boilerplate has been amended and refers to "audits" more generally, which would include both financial and performance audits.

Auditor Recommendation #22: The County should consider:

- entering into a full-liability contract,
- purchasing commercial insurance to transfer the risk of catastrophic cases, and/or
- enrolling uninsured inmates in health coverage through the ACA.

County Administrator Response: We agree with the third bullet. The County is fully engaged in efforts to enroll eligible inmates in the ACA. This will be an ongoing emphasis for the current and/or future vendor.

Auditor Recommendation #23: The County should engage a third party medical billings auditor, on a contingency fee basis, to audit hospital billings for inmate care.

County Administrator Response: We agree in principal, but need to further assess the availability of a service provider paid by contingency fee. Staff will conduct this diligence process by March 1, 2015.

Auditor Recommendation #24: The County should include in the contract provisions that incentivize the contractor to control costs.

County Administrator Response: We agree. The pending contract amendment and next vendor contract includes provisions to incentivize the contractor to control costs.

Auditor Recommendation #25: The County should ask bidders for the next jail healthcare contract to propose specific strategies for controlling emergency and inpatient hospital costs.

County Administrator Response: We agree. The RFP to be issued by December 1, 2014, requires bidders to propose strategies for controlling costs, including emergency, inpatient hospitalization, prescriptions and transportation.

Auditor Recommendation #26: The County should evaluate the cost effectiveness of contracting for independent utilization review services to monitor external referrals.

County Administrator Response: We agree. The County will evaluate this suggestion during the first 12 months of the next contract period (by June 30, 2016).

Auditor Recommendation #27: The County should evaluate the feasibility and cost-effectiveness of implementing a program to facilitate the enrollment of eligible WCJ inmates in health coverage under the ACA.

County Administrator Response: We agree. The County has implemented a program to enroll eligible inmates in health coverage under the ACA. The program will be expanded as part of the next contract.

Auditor Recommendation #28: The Jail should not assess inmates a fee for the mandatory intake health screening. If it continues to assess a fee for the mandatory intake health screening, fees collected should be credited to the jail healthcare account.

Sheriff Response: I disagree. Every inmate receives a medical screen during the intake process and a \$10 fee is charged to their account. The fee is supported by state and federal law, complies with the National Commission on Corrections Health Care (NCCHC) standards, and helps control Jail costs.

The same medical screen is provided regardless of ability to pay. Through Oregon Revised Statute 169.150(2), the Oregon Legislature expressly authorized counties “may charge persons committed to the local correctional facility of the county or city a reasonable health care fee for any health care services”. Indeed, the nominal intake screening fee offsets Jail costs by about \$70,000 each year and operates similarly to how co-pays encourage cost sharing by those who benefit from the service. The specific NCCHC guideline referenced by the Auditor is predicated on the basis that “If a fee-for-service program is to be implemented, NCCHC recommends that it be founded on the principle that access to health services will be available to all inmates regardless of their ability to pay” and “To ensure that access to care is not impeded”. See <http://www.ncchc.org/charging-inmates-a-fee-for-health-care-services/>

Medical screening services are provided in the same manner to all inmates and do not impede access to care. Accordingly, the fee complies with all specific NCCHC standards and their overarching guiding principles. The intake screening fee has been in place during each of our NCCHC inspections since 2006.

The screening fee did not result in a single adverse rating, and in fact each inspection resulted in accreditation. The Sheriff's Office has no intention of changing or modifying this approach. The fee-generated revenue will continue to be included in the Jail budget as it reflects the cost impacts to the Sheriff's Office.

Auditor Recommendation #29: The Jail should not require that a pregnant inmate seeking an elective abortion must obtain the approval of Jail Command Staff. The Sheriff had fully implemented this recommendation before we completed our audit work.

Sheriff Response: I agree. The Jail policy which required command-officer approval for elective abortions (J-9-6) referenced by the Auditor was instituted before the current Sheriff took office. As reported by the Auditor, the Sheriff's Office removed the provision once it was brought to the current Sheriff's attention. Legacy policy language notwithstanding, Jail staff has always understood inmates have a right to such a procedure and, accordingly, has never denied such a request.

Auditor Recommendation #30: The County's quality assurance physician should not be allowed to store protected health information on his personal computer. HHS had fully implemented this recommendation before we completed our audit work.

County Administrator Response: We agree. The County has established policies and procedures expressly prohibiting the storage of protected health information on personal computers. The County's policy and procedures for compliance with the Health Insurance Portability and Accountability Act (HIPPA) are in the process of being updated based on changes to the law and best practices. The policy updating process will be followed by expanded training to all County employees.