



State of Rhode Island and Providence Plantations
Office of Management and Budget
OFFICE OF INTERNAL AUDIT
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June 21, 2018

Ms. Patricia Coyne Fague, Acting Director
Department of Corrections
39 Howard Ave.
Cranston, RI 02920

Dear Acting Director Coyne Fague:

The Office of Internal Audit has completed its audit of the Department of Correction Health Services program. The audit was conducted in conformance with the Institute of Internal Auditors (IIA) International Standards for the Professional Practice of Internal Auditing and by the authority given to the unit as stated in accordance with the Rhode Island General Laws (RIGL) §35-7.1-2(a) – Establishment of office of internal audit. The recommendations included herein have been discussed with members of management, and we considered their comments in the preparation of this report.

RIGL §35-7.1-10 (d), entitled Annual and interim reports, states that, “Within twenty (20) calendar days following the date of issuance of the management response copy of the draft audit report, the head of the department, agency, public body or private entity audited shall respond in writing to each recommendation made in the audit report.” Accordingly, management submitted its response to the audit findings and recommendations on April 16, 2018 and such response is included in this report. Pursuant to this statute, the Office may follow up regarding recommendations included in this report within one year following the date of issuance.

We would like to express our sincere appreciation to the staff of the Department of Correction’s Health Services for the cooperation and courtesy extended to the members of our team during this audit.

Respectfully yours,

Dorothy Z. Pascale, CPA, CFF
Chief

- c- Jonathan Womer, Director, Office of Management and Budget
- Honorable William J. Conley, Jr., Chairperson, Senate Committee on Finance
- Honorable Marvin Abney, Chairperson, House Finance Committee

Audit Executive Summary

Why the Office of Internal Audit Did This Review

The purpose of this engagement is to determine if the Department of Corrections Health Services program is being administered efficiently and effectively, as a result of our annual risk assessment, we have audited the DOC Health Services Program. The purpose of the program audit is to determine the effectiveness and the operational efficiencies, compliance with applicable laws, rules or regulations, and to determine if adequate controls exist.

Background Information

Department of Corrections provides medical and clinical services to incarcerated offender population. They provide medical and mental health as well as dental and health education to the incarcerated population.

To Strengthen Controls and improve operations, the Department of Corrections Health Services should:

- Create discharge planning policies and procedures
- Coordinate with EOHHS to make changes to the Medicaid application
- Provide DOC access to online applications for Medicaid and HSRI managed care
- Develop staffing plan
- Obtain vendor's rate schedule

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Introduction

Department of Corrections (DOC) provides medical, dental, and clinical services to incarcerated offender population. Health education is provided about infectious diseases and disease prevention. Health Services program is made of the following General, Nursing, Dental, Pharmacy, Physician, Mental Health and Counseling, and Medical Records.

DOC Health Services relies upon providers in the community for treatment that is not able to be administered when in the prison; this is referred to as Professional Payments. Additionally, inmates can receive inpatient or outpatient treatment at community hospitals when needed; this is referred to as Institutional Payments. The following chart shows the annual amount spent, including the amount paid to community providers for treatments outside of DOC facilities for the most recent fiscal years:

	FY2015	FY2016	FY2017
Health Services – General	\$ 3,517,535.14	\$ 4,582,673.81	\$ 4,382,768.01
Professional Payments			\$ 286,840.15
Institutional Payments			\$ 1,232,569.05
Health Services - Nursing Services	\$ 7,482,961.62	\$ 7,331,044.89	\$ 7,467,829.54
Health Services - Dental Services	\$ 1,129,930.55	\$ 1,359,010.67	\$ 1,396,891.57
Health Services - Pharmacy Services	\$ 4,324,772.01	\$ 4,072,295.88	\$ 4,427,579.84
Health Services - Physician Services	\$ 1,266,427.31	\$ 1,210,584.73	\$ 1,205,475.79
Health Services - Mental Health	\$ 2,075,630.93	\$ 2,395,332.56	\$ 2,835,843.67
Special Services - AIDS Counseling	\$ 254,145.49	\$ 257,625.08	\$ 263,725.06
Medical Records	\$ 574,025.45	\$ 573,117.29	\$ 528,610.12
Total	\$ 20,625,428.50	\$ 21,781,684.91	\$ 22,508,723.60
Average Population	3,193	3,068	2,958
Costs Per Inmate	\$ 6,459.58	\$ 7,099.64	\$ 7,609.44

As this chart indicates, 40% of the increase to expenses over three fiscal years, relates to Mental Health. Additionally, about 6.75% of the total expenses for FY2017 relate to treatment provided outside of DOC facilities. This information was relied upon to provide context for the audit, and resulting recommendations for improvements, but was not audited by the OIA.

Recommendations and Management’s Responses

Document Discharge Planning Procedures

The DOC offers offenders discharge planning services to help them successfully transition from the Adult Correctional Institution (ACI) to the community. To provide this service, RIDOC employs a two-part system in which they contract both regional and specialized discharge planners. Each regional discharge planner is designated to a district of the state, as they connect offenders with resources in the region they will reside upon release. Regional planners also aid in accessing identification documents and healthcare (i.e. Medicaid). Specialized discharge planners provide supplemental support to offenders that are facing particularly high barriers to successful reentry, such as mental health issues, substance abuse, or homelessness.

When an inmate is granted parole with a condition of obtaining medical services upon release, the inmate will need healthcare coverage to receive the requisite treatment as a condition of their parole. It was noted that the inmates may remain incarcerated until they are enrolled in a managed care plan as they are unable to enter treatment programs without medical coverage.

The two significant barriers to inmate release, in these circumstances, are the screening question on the Medicaid application and a lack of access to online applications for Medicaid and managed care. The online Medicaid application requires that the applicant identify if they are currently incarcerated; answering yes to this question prevents the application from being submitted and processed. As a result, applications are submitted on paper to DHS, who manually processes the application and determines eligibility. Currently inmates have access to a secure controlled network for educational purposes and for ordering items from the commissary. During our review, a Department of Information Technology representative proposed using this secure internal network site for the DHS and HSRI portal access

Recommendation:

1. Create policies and procedures for the discharge planning process.
2. Coordinate with EOHHS to make changes to the Medicaid application that will allow inmates to submit an application while in prison for eligibility determination upon release.
3. Provide DOC access to online applications for Medicaid and HSRI managed care applications.

Management's Response:

The following changes have been made to strengthen and improve operations in Healthcare Services as noted below:

1. The RIDOC has a discharge planning policy entitled "Offender Re-entry: Transition from Prison to the Community" (20.10 DOC) dated 12/31/07. In addition, contracts with specific vendors (ex: Lifespan for Medical Discharge Planning, The Kent Center for Mental health discharge planning) include required reporting such as monthly metrics.
2. EOHHS and the DOC met several times to discuss a change in the HSRI software program to eliminate the question of incarceration (which was putting a halt on any further questions). The HSRI software was changed to remove this question in January 2018.
3. EOHHS reassigned an eligibility technician to the DOC to process Medicaid applications for incarcerated individuals thirty days prior to re-entry into the community. The eligibility technician is assigned to the Dix building and is working full time on this case load.

Responsible Party: Patricia Coyne-Fague

Anticipated Completion Date: Completed

Develop a Staffing Plan

The National Commission on Correctional Health Care (NCCCHCS) standards states units should have "a sufficient number of health staff of varying types provide inmates with adequate and timely evaluation and treatment consistent with contemporary standards of care." Additionally, a compliance indicator for this standard is that "the adequacy and effectiveness of the staffing plan are assessed by the facility's ability to meet the health needs of the inmate population." Further, it defines a staffing plan as a document that "lays

out the full-time equivalent staff coverage required, lists current incumbents and vacancies, and addresses how full coverage will be accomplished if all positions are not filled."

DOC Health Services provided a staffing plan that did not include all necessary information to comply with best practices. The staffing plan included current staffing posts but did not consider the inmate population or acuity. The Medical Services staff plan considers contractual staff posting but does not consider the additional staff resources to meet anticipated needs. The Behavioral Health unit did provide information regarding the level of staffing anticipated for the population requiring behavioral health services. Without a staffing plan, which considers all aspects of inmate population and acuity there could be increased costs to guard or transport inmates to receive care.

Recommendation:

4. Develop an annual staffing plan based upon the inmate census and acuity.

Management's Response:

At the time of the annual budget review, managers are required to submit a summary of the work completed the previous year as well as provide a projection of the number of staff needed for the upcoming budget year. Each unit in healthcare services has an established staffing plan that is reviewed on a yearly basis with the Medical Program Director.

Responsible Party: Patricia Coyne-Fague

Anticipated Completion Date: Completed

Ensure Contract Rate Schedule Matches Invoice

DOC Health Services established a contract with a vendor to provide services billable at an insurer billing rate. However, Health Services does not have these insurer rates to match to invoiced rates. Health Services management should have established a billing schedule for services rendered as part of the contract. Management should be able to use this fee schedule to verify that the amounts billed are in accordance with the contract terms.

Health Services is unable to verify insurer rates to invoiced amounts for services provided to ensure that they are in accordance with the contract terms.

Recommendation:

5. Obtain the rate schedule for which the vendor is charging for services

Management's Response:

Unfortunately, there is a contract that was written using the Blue Cross fee schedule (which is proprietary) and there is no way to verify the accuracy of the rates billed to the DOC. Every effort is made to review these invoices looking for duplicate charges or excessive costs. Another contract was written using Medicare rates and the senior reconciliation clerk verifies the accuracy of the charges using the CMS website. Using the HCPCS code, she retrieves the correct rate and makes any changes needed on the invoice prior to processing for payment.

Responsible Party: Patricia Coyne-Fague

Anticipated Completion Date: Completed.

Auditor's Comment: Management Accepts Risk due to lack of availability of data to perform the confirmation. OIA will consider this contract as part of the risk evaluation for audits of vendors.

Objective and Scope

The Office of Internal Audit (OIA) conducted a limited scope audit on the Department of Corrections Health Services Unit. The purpose of the engagement was to determine if operations are being administered efficiently and effectively in accordance with requirements, statutes, and state procedures.

Methodology

As part of our audit work we gained an understanding of the existing operations of the DOC Health Services. To address our audit objective, we performed the following:

- Interviewed key personnel
- Researched Rhode Island General Laws and
- Researched departmental policies and procedures and rules and regulations
- Researched accreditation body's rules and regulations
- Sampled financial transactions
- Sampled contracts provided by the Department

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS



Department of Corrections

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April 16, 2018

Ms. Dorothy Z. Pascale, CPA, CFF
Chief, Office of Internal Audit
Office of management and Budget
One Capitol Hill
Providence, Rhode Island 02908-5889

Dear Chief Pascale:

Thank you for sending the completed audit for the Health Services Program at the Rhode Island Department of Corrections completed November through December 2017.

The following changes have been made to strengthen and improve operations in Healthcare Services as noted below:

1) Document Discharge Planning Procedures:

- a. The RIDOC has a discharge planning policy entitled "Offender Re-entry: Transition from Prison to the Community" (20.10 DOC) dated 12/31/07. In addition, contracts with specific vendors (ex: Lifespan for Medical Discharge Planning, The Kent Center for Mental health discharge planning) include required reporting such as monthly metrics.
- b. Medicaid: EOHHS and the DOC met several times to discuss a change in the HSRI software program to eliminate the question of incarceration (which was putting a halt on any further questions). The HSRI software was changed to remove this question in January 2018.
- c. Medicaid: EOHHS reassigned an eligibility technician to the DOC to process Medicaid applications for incarcerated individuals thirty days prior to re-entry into the community. The eligibility technician is assigned to the Dix building and is working full time on this case load.

2) Annual Staffing Plan: At the time of the annual budget review, managers are required to submit a summary of the work completed the previous year as well as provide a projection of the number of staff needed for the upcoming budget year. Each unit in healthcare services has an established staffing plan that is reviewed on a yearly basis with the Medical Program Director.

3) Ensure Contract Rate Schedule Matches Invoice: Unfortunately, there is a contract that was written using the Blue Cross fee schedule (which is proprietary) and there is no way to verify the accuracy of the rates billed to the DOC. Every effort is made to review these

invoices looking for duplicate charges or excessive costs. Another contract was written using Medicare rates and the senior reconciliation clerk verifies the accuracy of the charges using the CMS website. Using the HCPCS code, she retrieves the correct rate and makes any changes needed on the invoice prior to processing for payment.

Thank you again for partnering with us for this review. If you have any further questions, please contact me at the number listed above.

Sincerely,

A handwritten signature in black ink, appearing to read "Patricia A. Coyne-Fague". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

Patricia A. Coyne-Fague
Acting Director