

In the Public Interest
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Letter of Support Regarding HB 86
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In the Public Interest
House Health and Social Services Committee
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Distinguished Members of the House Health and Social Services Committee,

In the Public Interest (ITPI) is a national nonprofit research and policy center focused on government outsourcing and responsible contracting. We are committed to equipping citizens, public officials, advocacy groups, and researchers with the information, ideas, and other resources they need to ensure that public contracts with private entities are transparent, fair, well-managed, and effectively monitored, and that those contracts meet the long-term needs of communities.

We submit this letter in support of House Bill 86. As my organization has studied various privatization efforts over the last decade, we have found that privatization of institutions that serve vulnerable populations often result in poor outcomes to the detriment of the health and safety of those who the institution is supposed to serve, as well as the taxpayers of the state. House Bill 86 seeks to prohibit the privatization of the state mental health treatment facility, which is a prudent approach to ensuring public control of a critical service. A 2017 consultant's report that examined the feasibility of privatizing the Alaska Psychiatric Institute agreed and explained that, "Our findings demonstrate that continued state management is not only the most advantageous route for generating overall cost savings, but that it also avoids many of the risks involved in contracting out the management of critical public infrastructure."¹

Privatization will not produce true cost savings. The 2017 consultant's report also found that, "Cost-benefit analysis revealed that (privatization would fail) to produce cost savings, making it infeasible on fiscal grounds..."² Other states have had similar findings, questioning the level of cost savings attainable with privatization and attributing possible cost savings to reductions in service quality. For example, in 2012, the North Carolina Psychological Association voiced strong opposition to the privatization of state-operated forensic psychiatric treatment. Cost savings, especially over the long term, were presented as unlikely. The letter also raised concerns over quality of care.³ Likewise, the 2010 Utah State Legislature

¹PCG Health, "Feasibility Study of the Privatization of the Alaska Psychiatric Institute," February 23, 2017.

http://dhss.alaska.gov/HealthyAlaska/Documents/Initiatives/API%20Privatization%20Feasibility%20Report_Jan%2026%202017.pdf

² Ibid.

³ North Carolina Psychological Association. Letter to Gov. Beverly Perdue re privatization of forensic treatment services, April 10, 2012

https://ncpsychology.org/pdfs/2012_NCPA_Position_on_Privatization_of_Forensic_Unit.pdf

Executive Appropriations Committee found that a main method for cost savings in privatized forensic psychiatric care appeared to stem from a reduction in overall staff compensation, associated with high turnover rates, which are associated with increased harm to patients.⁴

Privatization will reduce service quality. Two of the most important components of quality mental health treatment are patient safety and quality of care. However, privatized facilities can jeopardize both of these, since their model depends on cutting costs and maximizing profits. It is important to note that the current contractor for the Alaska Psychiatric Institute, Wellpath, is the product of a recent merger between two correctional health care companies, one of them—Correct Care Solutions—a former subsidiary of the private prison corporation GEO Group. Correct Care Solutions has been a major contractor involved in mental health treatment facilities in a number of states across the country and has a disturbing track record littered with medical malpractice and wrongful death lawsuits. According to a Department of Homeland Security report, the company was sued a staggering 1,395 times in federal courts in the decade prior to merging.⁵ In August 2012, the *Associated Press* reported three gruesome deaths, including a patient who died in a scalding bathtub, at the South Florida State Hospital operated by Correct Care Solutions.⁶ In 2015, Florida’s severely underfunded state hospital system was the subject of an investigative report by the *Tampa Bay Times* and the *Sarasota Herald-Tribune*. Between 2008 and 2015, Florida’s state hospitals saw a 45 percent increase in violent and other dangerous incidents, yet no action was taken by the state or Correct Care Solutions. Roach and rodent infestations, patient malnutrition, sexual abuse, and 14 patient deaths due to violence and neglect are only some of what was revealed in the series.⁷ A 2016 report, *Incorrect Care: A Prison Profiteer Turns Care into Confinement*, by the nonprofit Grassroots Leadership, further details the dismal track record of this company.⁸

When it comes to caring for human beings, particularly the most vulnerable, privatization is not the answer. The Alaska Psychiatric Institute has already suffered through years of underfunding and understaffing. It needs greater care and public investment. We urge the Committee to support HB 86 as a step in this direction. In the Public Interest is happy to provide support to the Committee as it considers HB 86. Thank you for your time and consideration.

⁴ Utah State Legislature Executive Appropriations Committee, Feasibility Study on the Privatization of Portions of the Utah State Hospital and the Utah State Developmental Center, August 2010 www.hendrickson-consulting.com/documents/FeasibilityStudyonthePrivatizationofPortionsoftheUtahStateHospitalandtheUtahStateDevelopment.pdf

⁵ Project on Government Oversight, List of Federal Lawsuits Filed Against Correct Care Solutions and Companies It Has Acquired, October 2018. <https://www.pogo.org/document/2018/10/list-of-federal-lawsuits-filed-against-correct-care-solutions-and-companies-it-has-acquired/>

⁶ Kathleen Haughney, “State reviews deaths at private-run mental hospital in Broward,” Sun Sentinel, July 25, 2012 http://articles.sun-sentinel.com/2012-07-25/news/fl-geo-hospital-bad-review-20120725_1_mental-health-hospital-employees-three-mental-patients

⁷ “Insane. Invisible. In Danger.” Tampa Bay Times & Sarasota Herald-Tribune, Fall 2015 <http://www.tampabay.com/projects/2015/investigations/florida-mental-health-hospitals>

⁸ Grassroots Leadership, “Incorrect Care: A Prison Profiteer Turns Care into Confinement,” February 2016. http://grassrootsleadership.org/sites/default/files/reports/incorrect_care_grassrootsleadership_2016.pdf