

# CS House Bill 86

AN ACT RELATING TO A STATE OWNED INPATIENT MENTAL HEALTH HOSPITAL

REPRESENTATIVE ZACK FIELDS

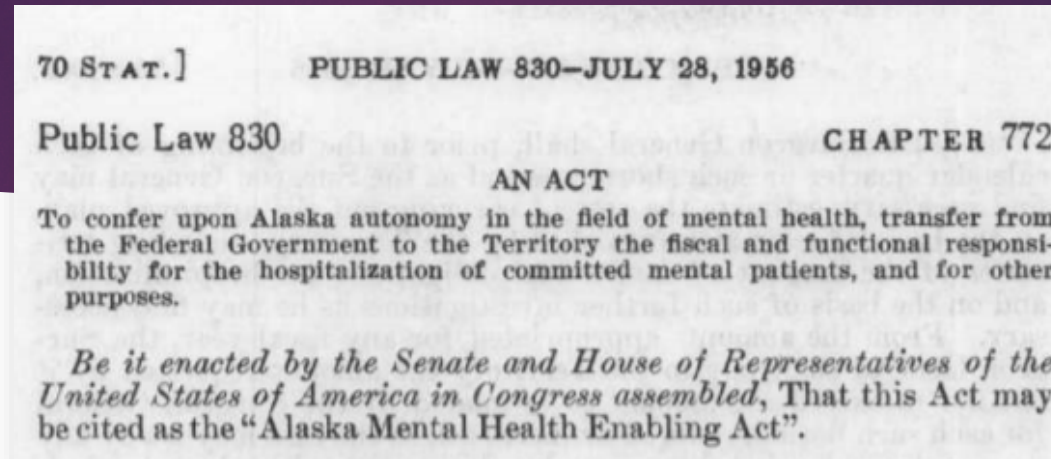
# Committee Substitute for HB 86

- ▶ Adjusted terminology in bill
- ▶ Allows for emergency, single source contracting for activities related to maintenance, operation of mental health hospital
- ▶ Competitive bid processing is available for all processes except ownership, management of state owned mental health hospital

# CS HB 86

- ▶ The state's mental health treatment hospital should remain in the public trust
- ▶ CS HB 86 provides for state ownership and management of inpatient mental health treatment hospital
- ▶ Still allows for contracts for services: from care specialists to laundry and security, on a number of contractual options
- ▶ Competitive bidding remains an option for all but ownership and operation of hospital

# API: Background



- ▶ Opened in 1962 as part of Alaska Mental Health Enabling Act of 1956.
- ▶ This same bill established the Alaska Mental Health Trust
- ▶ Initially funded through Mental Health Trust land grant: \$6.5 million to build hospital facilities operated by the Public Health Service
- ▶ The Alaska Mental Health Enabling Act recognized the challenge of providing care in the Last Frontier.
- ▶ Mandate is to be the center of a comprehensive mental health system



# Patient Population and Care

- ▶ Who uses API?
- ▶ It is a 24/7 safety net provider of inpatient psychiatric care
- ▶ Patients who need acute psychiatric care,
- ▶ Title 47-involuntary commitment
- ▶ Title 12-criminal/forensic patients awaiting court ordered examinations
- ▶ ADRD (Alzheimer Disease and Related Disorder) patients, often placed inappropriately because there is no community placement available
- ▶ Others are patients who are experiencing intellectual/developmental disabilities and where there is no community support
- ▶ API is key for broader health system reforms and cost savings

# Background Literature on Privatization




- ▶ 2001 study by Austin and Coventry for the Department of Justice found that projected savings failed to materialize in substantial ways-1% on average.
- ▶ 1999 Praat and Maahs metastudy of 33 cost effectiveness studies found that private facilities were no more cost effective than public studies
- ▶ 2016 the US Department of Justice cited lack of cost savings and lowered delivery of services in private prisons as reason for cessation of private prison usage.
- ▶ Alaska's own Legislature mandated a privatization study in SB 74, working with the Alaska Mental Health Trust and Public Consulting Group

# 2017 Legislative Study recommends against privatization

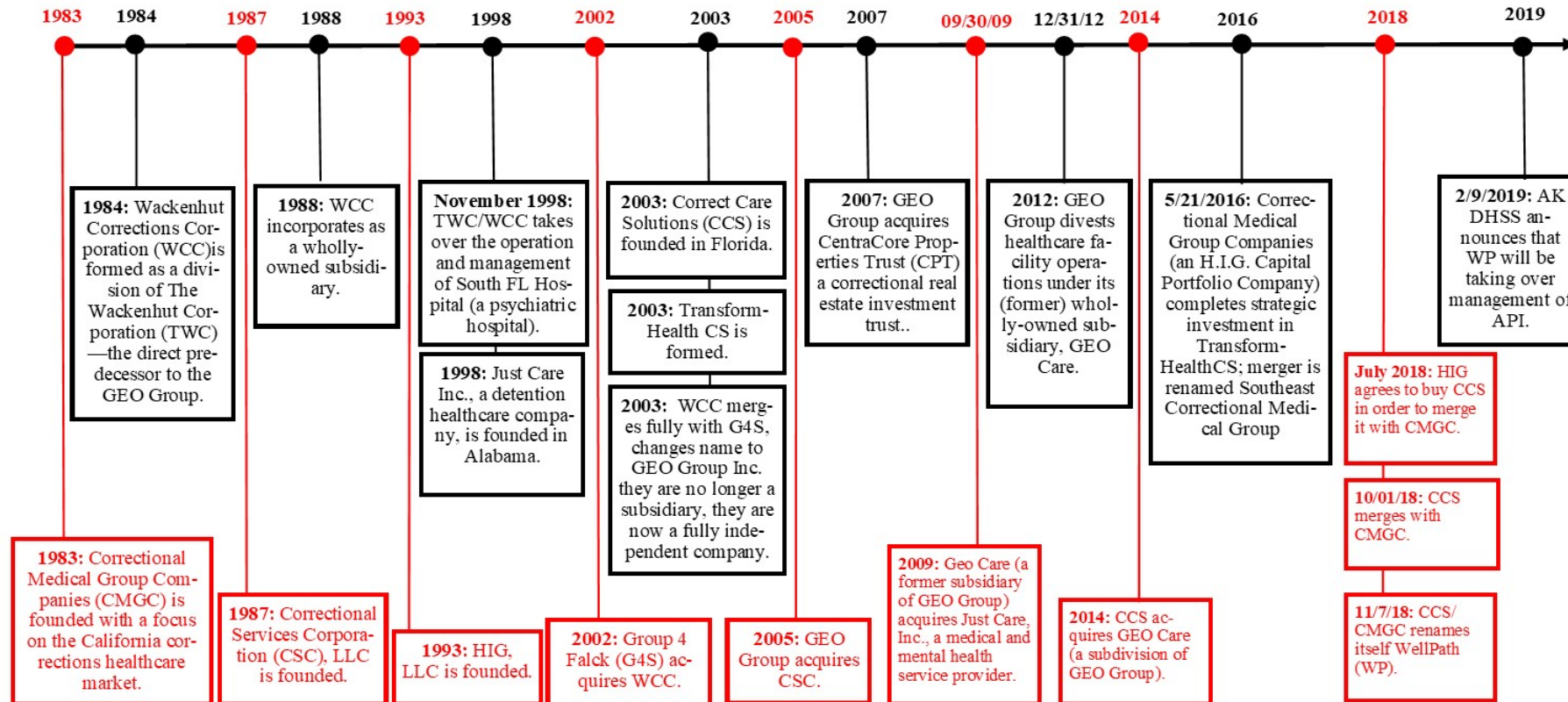
- ▶ Conclusion: Continue state management to attain cost savings while preserving services
- ▶ Cost benefit analysis showed that full privatization carried risks of decreased quality of services, higher cost over 5 year contract period
- ▶ Recommended state management with outsourcing of none-core services such as communications center
- ▶ CSHB 86 follows this guidance

Feasibility Study for the Privatization of Alaska Psychiatric Institute

January 25<sup>th</sup>, 2017

Privatization Option	Feasibility	Findings and Recommendations
1: Full Privatization		Cost-benefit analysis revealed that, even after significant staff reduction, when all transition costs, contract monitoring costs, and provider margins are considered, this option proves to be more expensive to the state over a likely 5-year contract period. The additional staff reductions needed for budget neutrality would likely diminish the quality of service delivery.
2: Joint Operating Agreement		As a variation of full privatization, this option failed to generate cost savings for the same reasons.
3: State Management		Cost-benefit analysis showed that implementing greater efficiencies in administrative functions and nursing staffing patterns could deliver the greatest amount of cost savings of all the options.

## A Brief Timeline of the GEO Group, Correct Care Solutions, and Wellpath





A1 TOP STORY, BROWARD SHERIFF'S OFFICE, GOVERNMENT CONTRACTORS, LOBBYISTS / JUNE 25, 2018 /  
AUTHOR: DAN CHRISTENSEN / 4310 SEEN / [READ 3 COMMENTS](#)

## New Broward jail healthcare provider has grim history of lawsuits, deaths



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## Prison Health Care Provider Sued 140 Times Now Blamed for at Least Six Deaths

Winfred Lawrence's family alleges Correct Care Solutions ignored his pneumonia until it killed him. Even a jail blames the company for several deaths.



# Dangerous Detention: Treasure Coast mental hospital lacks staff, training, funding

# DEATH ON THE WARDS

## 14 people who didn't have to die in Florida's mental hospitals

California for-profit company faces allegations of inadequate inmate care



## hundreds of Lawsuits Against Correct Care Solutions Sometimes Fatal Denial of Medical Treatment

2018 by [Matthew Clarke](#) published in Prison Legal News [September, 2018](#), page 32  
Correct Care Solutions, Systemic Medical Neglect. Location: [United States of America](#).

July 2018, at least 52 lawsuits were filed in federal court against Correct Care Solutions, a medical contractor based in Nashville, Tennessee – alleging failure to provide adequate

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## Inmates with Hepatitis C claim Florida denying medical treatment

[Jeffrey Schweers](#), Tallahassee Democrat Published 6:01 p.m. ET Dec. 18, 2018 | Updated 8:49 p.m. ET Dec. 20, 2018

U.S. NEWS 10/29/2018 03:25 pm ET

## Leading For-Profit Prison And Immigration Detention Medical Company Sued At Least 1,395 Times

The complaints allege a range of charges, including wrongful death, malpractice

# Wellpath's history of negligence, deaths

- ▶ -“...The firm, Nashville-based Correct Care Solutions, is one of the country's biggest private providers of health care to prisons and immigration detention centers. The number of lawsuits contained in the document, not previously disclosed, is many times higher than previously reported.
- ▶ While the two largest private prison companies, GEO Group and CoreCivic, are often at the center of debates over outsourcing imprisonment and immigrant detention, thousands of other companies like Correct Care Solutions are also involved in this multibillion-dollar industry. These companies are largely unknown to the public and even to some policymakers. Yet the health care companies, especially, can have life-and-death impacts.
- ▶ A privately held company founded in 2003 and owned by two private equity funds, Correct Care Solutions has annual revenues estimated at \$1.2 billion. It turned over its litigation history of 1,395 cases “only after significant resistance and pursuit in court,” said Darold Killmer, a Denver-based civil rights lawyer who has represented multiple clients who have sued Correct Care Solutions.”

Huffington Post, Oct 2018

# Wellpath's history of negligence, deaths

- ▶ "...A highly medicated Luis Santana, 42, died in a scalding bathtub on July 6, 2011, at South Florida State Hospital in Pembroke Pines. When hospital workers found him, they noticed his skin was "sloughing" off his face, chest, abdomen, back, arms and legs.
- ▶ Santana, a paranoid schizophrenic who was taking five psychiatric medications, had tried to injure himself before, so he was supposed to be checked every 15 minutes. Mental health technician Patricia Bush missed one of the required checks and returned to find Santana floating beneath the running faucet with his mouth open, according to a police report. The water temperature was 118 degrees, leaving second-degree burns all over his body."
- ▶ *Tampabay.com, Oct 29 2015*

# Wellpath's history of negligence, deaths

- ▶ *"...A treatable case of pneumonia turned deadly after medical staff at the Varner state prison refused to treat Lawrence, according to a lawsuit filed last week against the Arkansas Department of Corrections and the prison's medical provider, Correct Care Solutions which provides mental and physical health care to more than 100 state and federal prisons and 333 jails. The lawsuit came the same week as reports that a county in Georgia ended their contract with Correct Care Solutions following the deaths of five inmates in 75 days.*
- ▶ *More than 140 lawsuits have been filed against Correct Care Solutions since 2005, federal court records show."*

*Dailybeast.com, Nov 22<sup>nd</sup>, 2017*



# Wellpath's history of negligence, deaths

- ▶ "...She's not the only one concerned about care at the facility. Last May, the Monterey County Public Defender's Office partnered with the American Civil Liberties Union (ACLU) and the San Francisco-based law firm Rosen Bien Galvan and Grunfeld, to file a federal lawsuit against Monterey County, the jail and the jail's contract medical provider, California Forensic Medical Group (CFMG).
- ▶ It's a horror-show list of allegations being claimed. In one case, the suit alleges, the jail deprived a diabetic prisoner of insulin. In other cases, jail doctors delayed referring inmates to specialists. In another, an inmate was kept in a cell and not given food for 38 hours."
- ▶ "...There have been criticisms of chronic overcrowding, violence among inmates and insufficient staff, but these aren't problems known only in the county's law enforcement and policy circles. In 2006, the *Weekly* ran a cover story called "Hell Hole: The Monterey County Jail is an overcrowded pit of violence and despair. There is no plan to fix it."
- ▶ *Monterey County Weekly, April 10, 2014*

# Wellpath has “no plan,” loses key staff

- ▶ API hemorrhaging psychiatrists under Wellpath
- ▶ Staff overwhelmingly support public mission, public management
- ▶ Watchdogs have criticized Wellpath’s lack of staffing guarantees or other oversight to ensure quality
- ▶ Flat budget + private management = worse care, danger for all involved



Alaska News

## The last three psychiatrists working at API are resigning

✍ Author: [Michelle Theriault Boots](#) ⌚ Updated: March 21 📅 Published March 20

Alaska Psychiatric Institute’s three remaining psychiatrists have all put in notice to quit, one of the doctors testified at a court hearing in Anchorage on Wednesday.

Dr. Deborah Guris testified that after the beginning of April, she will be the last psychiatrist on staff at the troubled public psychiatric hospital, which the [state moved to privatize](#) in February. Wellpath, the company the state gave the contract to, is supposed to take over full operation of the facility on July 1.

Guris then said her own last day will be May 3.

“I don’t want to abandon my patients, but I also do not want to work somewhere that I can’t ethically care for my patients,” she said.

# Putting Alaskans First

## Opinions

### State shouldn't outsource Alaska Psychiatric Institute management to global private equity firm

✍ Author: Jeremy Mohler | Opinion 🕒 Updated: March 18 📅 Published March 18



The Alaska Psychiatric Institute, photographed Wednesday, Jan. 30, 2019. (Loren Holmes / ADN)

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## PROFIT AND MARGINS

In all scenarios related to full or partial privatization, it is assumed that the incoming contractor would expect to make a profit in addition to having its costs covered. Therefore, PCG found it necessary to predict the expected profit margin the State would be responsible for paying. In doing so, PCG estimated margins based on two organization types: a for-profit provider and a not-for-profit provider. This provides the State with a series of options to weigh when determining a vendor, as well as creating parameters for estimating likely expenditures related to profit.

The expected margin for a for-profit contractor is eight percent (8%). This estimate is based on reporting from South Florida State Hospital, a privatized state hospital, as well as annual financial statements from another for-profit hospital provider, Universal Health Systems. These profit expectations are also commonly found in Request for Proposal responses to similar privatization efforts in other states.

The expected margin for an incoming not-for-profit contract would be four percent (4%), based on hospital benchmarks created by Becker's Hospital Review. To estimate costs related to margin for both organizational types, PCG applied the expected margin to the total estimated cost of services being contracted.

Source: Feasibility Study for the Privatization of API, Jan 25<sup>th</sup> 2017





# Comments/Questions