

In the Public Interest
1305 Franklin St., Suite 501
Oakland, CA 94612

Letter of Support Regarding HB 86
Shar Habibi
Research and Policy Director
In the Public Interest
House Health and Social Services Committee
March 28, 2019

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

From: [Galina Lintelman](#)
To: [Rep. Zack Fields](#)
Subject: HB 86
Date: Wednesday, March 27, 2019 3:17:39 PM

Dear Representative Zack Fields,

I work for the Alaska Psychiatric Institute. I help Alaskans manage and recover from extraordinary mental health issues. I love my job and feel grateful that I can help people reconnect with their families and community.

Everyone at API is a public servant. We take this public duty seriously. The sole source contract signed between WellPath and the Dunleavy Administration has nothing to do with public service. Instead, it has everything to do with extracting profit for out-of-state corporate interests which do not care about Alaska or its residents.

I support HB 86 because our API patients are Alaskans and we have a constitutional mission to provide compassionate and effective mental health services. That can't happen if the responsibility and accountability is outsourced.

Alaska's mental health services are a commitment by Alaskans to residents in need, not services subordinate to profits and corporate dividends.

Please support HB 86 so that we are able to build our families around a community that builds a brighter future for our state, in our state.

Thank you.

Galina Lintelman

8694 Spruce Brook St,

Anchorage AK 99507

907-441-4377

From: [Jennifer White](#)
To: [Rep. Andy Josephson](#)
Cc: [Rep. Zack Fields](#)
Subject: HB86
Date: Wednesday, March 27, 2019 3:35:37 PM

Dear Andy Josephson,

I work for the Alaska Psychiatric Institute. I help Alaskans manage and recover from extraordinary mental health issues. I love my job and feel grateful that I can help people reconnect with their families and community.

Everyone at API is a public servant. We take this public duty seriously. The sole source contract signed between WellPath and the Dunleavy Administration has nothing to do with public service. Instead, it has everything to do with extracting profit for out-of-state corporate interests which do not care about Alaska or its residents.

I support HB 86 because our API patients are Alaskans and we have a constitutional mission to provide compassionate and effective mental health services. That can't happen if the responsibility and accountability is outsourced.

Alaska's mental health services are a commitment by Alaskans to residents in need, not services subordinate to profits and corporate dividends.

Please support HB 86 so that we are able to build our families around a community that builds a brighter future for our state, in our state.

Thank you.

Jennifer White
3711 checkmate Drive #A
Anchorage Alaska 99508
907-317-7677

From: [James Santoro](#)
To: [Rep. Ivy Spohnholz](#); [Rep. Tiffany Zulkosky](#); [Rep. Geran Tarr](#); [Rep. Harriet Drummond](#); [Rep. Lance Pruitt](#); [Rep. Matt Claman](#); [Rep. Sharon Jackson](#); [Rep. Chuck Kopp](#); [Rep. Zack Fields](#)
Subject: Vote Yes on HB-86
Date: Wednesday, March 27, 2019 3:55:32 PM

Dear Alaska State Legislators



My name is James Santoro. I have lived in Alaska all but three years of my life, and have been a State worker at the Alaska Psychiatric Institute (API) for just under 18 years. I write you today to serve as a voice for the API staff, and other middle class families like mine, who would like to see this state prosper and be free of outside lobbying.

For many years API has been underfunded, and lacked oversight from the Behavioral Health Department. Poor management has plagued the institute with recurrent knee jerk decisions and a revolving door of frail, vulnerable patients. Despite these adversities, line staff have resiliently tried to create a safe environment for all. The same staff have endured physical and psychological battering, and yet continue to respectfully serve this underprivileged population.

Recently newspapers have reported some of the problems at API, giving us hope that we would finally receive some much needed help. Regrettably, we were instead painted in a poor light by our administrators at the time, who excused themselves from the inconvenient duty of owning responsibility and sold out the employees they were meant to serve.

Now, with budget cuts on the table, we are faced with privatizing API with the 'Wellpath Corporation' – an organization with no transparency, no proven record, and no honesty - having been given a “no bid” contract to take over.

The people who maintain the current heartbeat of API foresee no improvement with the decision to privatize. Historical research on this has proven that costs will sky rocket. The amount of money invested in privatization, if properly managed by the current API administration and licensed staff, would be enough to turn API around.

Budget cuts proposed by the new Office of Management and out of state Budget director, Donna Arduin are 'smoke and mirrors' policies. How can we trust someone who has no personal investment in this state? Who was not born here, does not raise a family here, and does not work *in* Alaska, but instead collects a paycheck funded *by* Alaskans.

These policies will leave us dependent on oil companies, while second rate scavenger companies like 'Wellpath' dine off state money. Oil companies are setting the agenda, not Alaskans. Arduin's proposal to fire thousands of Alaska state workers, and privatize state services is a direct attack to our state and our livelihood. Her decisions will prompt Alaska into

a major economic recession, pressing middle class families like mine to move out.

Dunleavy's administration and Arduin's budget is perpetrating a huge tyranny against all Alaskans, please HELP putting a stop to this. We ask you for your support to thoroughly review the 'Wellpath' contract and the decision of privatization of Alaska government.

Sincerely,

James Santoro
13920 Venus Way
Anchorage, AK 99515
(907) 280-7768



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