



STATE OF MICHIGAN
DEPARTMENT OF CORRECTIONS
LANSING

JENNIFER M. GRANHOLM
GOVERNOR

PATRICIA L. CARUSO
DIRECTOR

May 21, 2008

Mr. Bryan Weiler
Support Services Division
Office of State Budget
George W. Romney Building
111 South Capitol, 5th Floor
Lansing, MI 48913

Dear Mr. Weiler:

In accordance with the State of Michigan, Financial Management Guide, Part VII, attached please find a preliminary summary table and corrective action plans to address the recommendations that were directed at the Department of Corrections within the Office of the Auditor General's audit report of the:

Prisoner Medical and Dental Services

Questions regarding the preliminary summary table or corrective action plans should be directed to Connie MacKenzie, internal audit liaison, at 517-241-7342.

Sincerely,

DEPARTMENT OF CORRECTIONS

Signature Redacted

Patricia L. Caruso, Director

Attachment

PC/22/cm

c: C. MacKenzie
D. Straub
L. Zeller

**Prisoner Medical and Dental Services
Department of Corrections
Preliminary Summary of Agency Responses to Recommendations
October 2003 through July 2006**

1. Findings/Recommendations DOC complied with:

2

2. Findings/Recommendations DOC will comply with by:

1	10/01/2009
3	12/31/2008
4	10/01/2009
5	12/31/2008
6	10/01/2009
7	10/01/2009

3. Findings/Recommendations DOC disagreed with:

None

**Prisoner Medical and Dental Services
Department of Corrections
Preliminary Corrective Action Plan
October 2003 through July 2006**

1. Delivery of Health Care Services

The auditors recommended that BHCS conduct all required chronic condition medical evaluations, routine annual health care screenings, and clinic visits resulting from prisoner requests for health care services.

The auditors also recommended that BHCS ensure that it provides these evaluations, screenings, and clinic visits within the time frames established by its policies and procedures.

Agency Preliminary Response:

BHCS agrees and will comply. Although this has been a problem in the past, there are several efforts underway that will improve scheduling and the timeliness of health services delivery. Prisoners have been assigned an acuity index that will allow staff to better track prisoners with chronic medical conditions. DOC has appointed a Health Care Quality Improvement Team (HCQIT) which has conducted a critical assessment of the administration and management of health care operations and developed a strategic plan to guide BHCS in the redesign of the health care delivery system. BHCS indicated that in the systemic redesign of the health care delivery system, HCQIT identified the following areas for improvement: BHCS management, infrastructure, health services contracts, quality assurance, communications, and independent reviews.

BHCS stated that progress steps on those HCQIT activities that are aligned substantially to correct this finding include the following:

- The management infrastructure work group has developed a new management structure for the BHCS central office staff to enhance the strategic planning, quality assurance, and performance monitoring of the health care delivery system.
- A request for proposal (RFP) for an updated and robust electronic medical record (EMR) has been awarded through collaboration with the Department of Management and Budget and the Department of Information Technology. The new EMR will result in improved productivity of medical practitioner staff of all disciplines, and will also give DOC the capacity to run exception reports.
- BHCS is reviewing its medical practitioner and nursing staffing plan to ensure that sufficient human resources exist to provide timely routine health care services and to investigate and resolve exceptions. In addition, although BHCS will continue annual screenings for tuberculosis, BHCS is considering reducing the frequency of routine health care screenings for some age groups to be more consistent with the Centers for Disease Control and Prevention and correctional industry practices.

- As part of the recent extension of the Correctional Medical Services (CMS) contract, provisions were negotiated to increase accountability in the areas of provider staffing and productivity.
- An RFP for managed care health services was posted in July 2007 and subsequently withdrawn to strengthen the RFP and improve competitive bidding. Subsequently, a request for information (RFI) in advance of the second RFP was posted in November 2007. DOC hosted a successful RFI conference attended by over 50 participants from the community of potential vendors.
- In collaboration with the Department of Management and Budget, HCQIT reviewed RFI responses and is preparing a new RFP for managed care services that will be more responsive to DOC needs.
- The new position of administrator of operations has been added to central office staff to strengthen healthcare operations and ensure consistency throughout the state.
- The development of a quality assurance administrator position with support staff is currently in process to monitor clinical performance by both contract providers and DOC health staff.
- The development of an independent review contract to assist in the utilization practices of the health care delivery system for implementation in fiscal year 2008-09.

2. Prisoner Copayments

The auditors recommend that BHCS consistently charge prisoner copayments in accordance with DOC policy.

Agency Preliminary Response:

BHCS agrees and complied in 2006 by providing additional information to health care staff to clarify the DOC policy. In addition, as a result of increased oversight by the Bureau of Fiscal Management, the new BHCS central office structure, and increased performance monitoring and quality assurance activities called for in the strategic plan, BHCS will demand better compliance with its copayment policy at the facility level.

3. Electronic Prisoner Medical Record System

The auditors recommended that BHCS ensure that its electronic prisoner medical record system (Serapis) contains separate and accurate data and provides for sufficient collection, analysis, and reporting of data.

Agency Preliminary Response:

BHCS agrees and will comply. Progress steps to date on those HCQIT activities related to EMR include the following:

- BHCS has established a form to record medical information when the system is nonoperational. Staff have been instructed to enter information recorded on the form when the system returns to operation. In addition, staff have been instructed to record all prisoner-initiated requests and all health care encounters into the EMR system.
- In the recently negotiated extension of the CMS contract, provisions were added to allow for penalties if the medical practitioners fail to use the EMR.
- DOC has conducted an exhaustive review of several national software products for correctional health electronic medical records. This included a weeklong series of product presentations as part of DIT's Horizon process. As a result of this process, the Department of Management and Budget posted an RFP to replace the Serapis EMR.
- The Joint Evaluation Committee has completed the RFP evaluation process for a new EMR, and a contract has been awarded to NextGen. The improvement of the fully integrated EMR will greatly enhance the efficiency of staff and provide additional reporting capabilities. The new EMR will also enhance the retrieval of information already in the record. Implementation of the new EMR is scheduled for fiscal year 2008.

4. Restricted Medications

The auditors recommended that DOC improve controls related to maintaining and distributing restricted medications.

Agency Preliminary Response

BHCS agrees and will comply. The HCQIT Strategic Plan for health care has several initiatives that will address this issue, including:

- The pharmaceutical RFP will include an electronic medication administration record that will electronically record the receiving, dispensing, and disposing of medications. This will make reconciliation of inventories of restricted medications with the potential for theft or abuse more feasible.
- BHCS has reminded staff to ensure that prisoners have swallowed their restricted medication as required by policy.
- The development of a quality assurance administrator position with support staff will increase clinical performance monitoring and lead to continuous quality improvement activity in this area as appropriate.

- The new RFPs for managed care service and pharmacy service will allow DOC to incorporate further controls over restricted medications.

5. Disposal of Medications

The auditors recommended that DOC effectively monitor the disposal of unused or expired medications or medications returned to the pharmacy contractor.

Agency Preliminary Response

BHCS agrees and will comply. The following initiatives in the HCQIT Strategic Plan address this issue:

- The pharmaceutical RFP will include an electronic medication administration record that will electronically record the receiving, dispensing, and disposal of medications. This will improve BHCS's ability to monitor the disposal of medications and returns to the pharmacy vendor for credit.
- The development of a quality assurance administrator position with support staff will increase performance monitoring and lead to continuous quality improvement activity in this area as appropriate.
- The Bureau of Fiscal Management is assisting BHCS with monitoring the contractor's credits for returned medications.
- BHCS will also strengthen future pharmacy contracts to ensure that contractors are required to disclose the reason when credits are not issued for returns.

In addition, BHCS has sent direction to staff and is in the process of updating the operating procedure to allow prisoners to take unused nonrestricted medications with them upon parole or discharge in addition to a 30-day supply when it is not cost effective to have the pharmacy contractor fill prescriptions for less than 30 days.

6. Brand Name and Nonformulary Prescriptions

The auditors recommended that BHCS document the justification for the use of a brand name or nonformulary drug rather than a generic or formulary drug.

The auditors also recommended that BHCS document the regional medical officer's approval for brand name and nonformulary drugs prescribed by health care professionals.

Agency Preliminary Response

BHCS agrees and has taken steps to comply. The pharmacy contractor and State pharmacists have been instructed to ensure that brand name and nonformulary drugs are only provided when the prescription for such has been approved by the regional medical officer or when the prescription is for a 10-day supply or less. The regional medical officers have been instructed to ensure that justification for prescriptions for brand name and nonformulary drugs are documented prior to their approval. In addition, The HCQIT Strategic Plan calls for additional initiatives that will address this issue, including:

- Redesign of the health care infrastructure at both central office and regional office levels will result in increased administrative control and monitoring of pharmaceutical usage.
- The new pharmacy RFP will contain more control over acquisition and dispensing of pharmaceuticals.
- The new RFP for managed care services will contain more control over acquisition and dispensing of pharmaceuticals.
- The development of a quality assurance administrator position with support staff will increase performance monitoring and lead to continuous quality improvement activity in this area as appropriate.

7. Contract Monitoring

The auditors recommended that BHCS improve its monitoring of the managed health care and pharmaceutical contracts.

Agency Preliminary Response

BHCS agrees and will comply. BHCS continues to work with the present off-site specialty services contractor to obtain reports and information to assist in monitoring prisoner health care services under the present contract. The recently negotiated contract extension with CMS added several provisions that allow DOC to hold CMS more accountable in several areas.

The HCQIT Strategic Plan for health care calls for the following initiatives in this area, which will improve contract monitoring:

- A new improved robust EMR will allow for additional electronic monitoring capabilities.
- A new managed care contract will greatly improve accountability, employ global managed care principles, and provide incentives for greater fiscal responsibility.
- A new management structure will enhance contract performance monitoring, including:

- A health services administrator who is accountable together with the Bureau of Fiscal Management for developing new business processes that will require enhanced accountability and oversight of the managed care vendor.
- The new position of administrator of operations which will strengthen healthcare operations and ensure consistency throughout the state.
- The development of a quality assurance administrator position with support staff to monitor clinical performance by both contract providers and DOC health care staff.
- The development and implementation of a comprehensive continuous quality improvement program with a focus on creating a “Culture of Quality.”
- The development of an independent review contract to assist in the utilization practices of the health care delivery system for implementation in fiscal year 2008-09.