



*Excellence  
Integrity  
Service*

# COUNTY OF ORANGE HEALTH CARE AGENCY

## OFFICE OF THE DIRECTOR

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February 23, 2009

**TO:** Steve Danley, Performance Audit Director  
Office of the Performance Audit Director

**SUBJECT: Performance Audit of HCA/Correctional Medical Services**

Thank you for the time and effort you and your staff extended to review the Health Care Agency (HCA) Correctional Medical Services (CMS) Program. We welcomed the opportunity for an external review and recommendations for improvement of this important program. We recognize that this was a considerable undertaking. We especially appreciate your recognition of the overall good quality of medical care provided by the CMS Program, and also your acknowledgement of HCA's efforts to address issues that were identified.

HCA's responsibility is to provide efficient and high-quality medical care in the Orange County Jails. Your report includes a series of recommendations on how the CMS Program would benefit from updating or implementing new policies and procedures to improve accountability and oversight of operations. We are fully committed to implementing the agreed upon recommendations. Toward this end, as you note in the report, HCA has already formed the recommended Task Force and it is meeting regularly. This task force has been instrumental in developing this response and will monitor and guide our implementation efforts.

HCA concurs with a majority of the recommendations. Of the 57 recommendations, we concur with 44, disagree with five, and require further study on three. The remaining five relate to the Sheriff's Department. HCA also is not in full agreement with the amount of estimated cost savings related to certain recommendations.

HCA has coordinated our response with Sheriff Hutchens and will be working closely with her staff to put the agreed upon recommendations into place. We are very pleased to note that Sheriff Hutchens and her staff have established a refreshingly open and collaborative approach to addressing issues and solving problems. We look forward to working with her to continue providing cost effective quality health care in the jails.

Attachment I includes responses to each of the recommendations. Attachment II provides a response to the Estimated Cost Savings/Revenue Enhancements portion of the Audit Report.

In addition, we would like to take this opportunity to present the following comments that we feel provide important overall context and background when considering the efficiency and quality of care provided by HCA at the jails.

CMS is a unique and challenging healthcare delivery program

Correctional healthcare is one of the most uniquely challenging programs in the healthcare industry to administer for a number of reasons. The physical setting of delivering patient care within the environment of a locked criminal justice facility creates obstacles in healthcare delivery. Tracking and monitoring the sheer number and movement of inmates in the jail system is a significant challenge for the Sheriff and healthcare staff. There are over 66,000 entries into the jail system per year - comparable to an Orange County city.

Recruiting staff into a jail environment is especially difficult considering the on-going high demand for healthcare professionals - especially for nurses. Even with the depressed economy, many of these individuals have multiple choices for employment in the healthcare industry. The necessary background investigations also delay our ability to make job offers. Despite the challenges, CMS is fully staffed with a low current vacancy rate (6%).

Furthermore, inmates are an especially challenging patient population to serve because many of them enter the jail with exceedingly high levels of drug and alcohol abuse and/or levels of communicable diseases greater than the population at large. The age of the inmate population is also becoming more advanced, which presents an increased need for the CMS Program to monitor and treat chronic diseases such as diabetes and hypertension.

In spite of the above, Orange County CMS runs a comprehensive well-staffed medical care system that includes: (1) full medical screening of all inmates by registered nurses upon entry into the jail system, (2) physician, nurse practitioner and nursing primary care services, (3) pharmaceutical distribution including two licensed pharmacies, (4) dental services, and (5) complete specialty physician services as well as emergency and inpatient acute care at an Orange County community hospital. At four of the five jails, CMS provides around-the-clock registered nursing coverage to respond to emergencies.

The volume of care provided at the jails is impressive. In 2008, there were nearly 177,000 physician, nurse practitioner, or nursing sick call visits, and 11,000 dental visits. The CMS pharmacies and nursing staff prepare and administer 1.5 million doses of medications per year - over 4,000 every day.

The Orange County jails have the lowest death rate among the eight largest jails in California

While various factors relate to jail deaths, quality of medical care is a primary factor. As measured by death rate, CMS is performing well. Of the 50 largest jails in United States, 46 have higher rates of inmate deaths than Orange County. Eight of these 50 facilities are located in California. As shown in the table below, Orange County has the lowest rate of inmate deaths of these eight.

**AVERAGE ANNUAL MORTALITY RATE\***  
**PER 100,000 LOCAL JAIL INMATES**  
**2000 – 2006**

| <b>Jurisdiction</b>   | <b>Average Annual Rate</b> |
|-----------------------|----------------------------|
| San Diego County      | 198                        |
| Sacramento County     | 189                        |
| Los Angeles County    | 176                        |
| Fresno County         | 164                        |
| Riverside County      | 132                        |
| San Bernardino County | 129                        |
| Santa Clara County    | 116                        |
| Orange County         | 74                         |

\*Source: Bureau of Justice Statistics – most recent data

Correctional healthcare is a highly litigious environment - nearly all inmates are represented by counsel, and many are quick to challenge healthcare and jail conditions. Despite this, there are relatively low expenditures to litigate or settle disputes related to medical services in the Orange County Jails. These costs, including the cost of outside counsel, totaled \$1.2 million over a five year period. About \$.5 million of that amount was for payment of claims. Only six claims were settled during this five year period - a very low number considering that over 66,000 inmates pass through the jail system each year.

To put Orange County’s experience into perspective, the Los Angeles County Board of Supervisors approved settlements of \$1.55 million for three lawsuits specifically related to medical care at a single Board meeting in January 2007.

CMS complies with the majority of Institute of Medical Quality Standards

The Institute for Medical Quality has established voluntary standards of excellence for correctional healthcare and offers an accreditation program for interested public facilities. It is considered the standard of excellence in correctional healthcare, but can involve considerable expense for full compliance.

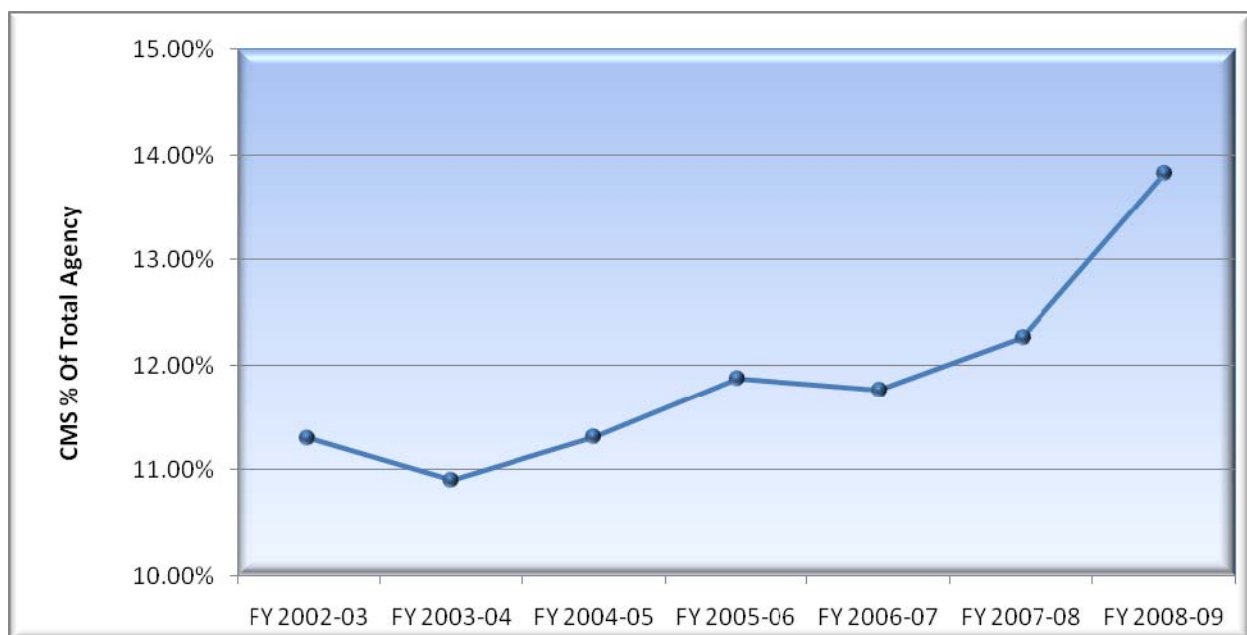
Of the ten largest California counties, only Santa Clara and one San Diego jail have full accreditation. The CMS Medical Director, who is the current chair of the Institute of Medical Quality accreditation panel, indicates that Orange County complies with an estimated 80% of the current standards. This is a considerable accomplishment, especially considering the current fiscal climate and the large Orange County inmate population. CMS has an active committee that is striving to comply with all standards that do not require budget augmentation.

HCA has strongly supported CMS financially

The CMS Program has consistently been a high priority for HCA as reflected in its budget allocations.

The CMS budget has nearly doubled in the past eight years during a time of scarce resources and program cuts. As shown in the table below, CMS' proportion of HCA discretionary funding has climbed from 10.9% in FY 2003/04 to 13.8% in FY 2008/09.

**Percentage of Total HCA Discretionary Revenues  
Allocated to Correctional Medical Services**



During HCA budget reductions over the past two years, and continuing into FY 2009/10, CMS has taken less than its share of budget reductions. Other agency programs have made up the difference.

Correctional Medical Services Hospital and Physician contracts have been Cost Effective

The fixed sum agreements for physician and hospital services have been favorable for the County. The contract amounts increased by only 7.1% in the five year period from FY 2003-04 to FY 2008-09. In contrast, the Medical Consumer Price Index increased by 21.6% during the same five-year period. Also during, that same period the population of jail inmates increased by 11%.

As noted in the Audit Report, the current hospital and physician agreements are “negotiated amount” or “fixed price” agreements. The structure of these agreements places all the risk on the contract providers. If the demand for their services is less than anticipated, then they would

make a greater profit. However, if the demand for their services is greater than anticipated, as it has been since late 2007, the County is under no obligation to provide any additional funding to these providers.

HCA has established a New CMS Leadership Team

HCA has hired a new Director of Nursing who formerly held a chief operational officer position with a local community hospital. She possesses excellent clinical and leadership credentials and is currently evaluating ways to enhance CMS nursing operations. HCA has also recently assigned a veteran division manager with strong managerial background to lead the Correctional Healthcare division. With agency support, these two new leaders along with the rest of the CMS management team are focusing on continuing to improve CMS operations including implementing the agreed upon Performance Audit recommendations.

We again want to thank you and your audit team for your assistance in our efforts to provide the best possible health care to inmates of the Orange County Jails. We remain fully committed to that objective.

  
Juliette A. Poulson, RN, MN  
Director

JAP/MJT(09-043)

Attachment I - Health Care Agency Response to Performance Audit of HCA/Correctional Medical Services

Attachment II - Response to Estimated Cost Savings/Revenue Enhancements

cc: Supervisor Patricia C. Bates, Fifth District, Board Chair  
Supervisor Janet Nguyen, First District, Vice-Chair  
Supervisor John M.W. Moorlach, Second District  
Supervisor Bill Campbell, Third District  
Supervisor Chris Norby, Fourth District  
Thomas G. Mauk, County Executive Officer  
Stephen Dunivent, Deputy CEO  
Sandra Hutchens, Sheriff-Coroner

**Health Care Agency Response  
To  
Performance Audit of HCA/Correctional Medical Services**

**Finding 1: Negative employee morale impedes meaningful progress.**

*HCA Comments on Finding Write Up*

*CMS is taking steps to improve employee communication, strengthen supervision and follow-up, and work with staff in a positive manner. The CMS Program has made progress on a number of initiatives over recent years, including recruitment and hiring of a Director of Nursing, implementation of Quality Advisory Board Meetings, on-site training for Supervising and Senior Nurses, installation and implementation of network access, and emergency response training for all staff.*

*The low death rate in the OC jails and significant level of compliance with voluntary accreditation standards indicate that the program is fulfilling well its basic mission.*

**Recommendation**

- 1: Remove all organizational and personnel barriers to change within the CMS organization. Set in place a leadership team that is willing and able to promote an environment of performance and optimism that will ensure that the findings of this audit are implemented in a timely manner. A formal action plan should be established that is supported by the resources necessary to bring about lasting improvements, and CMS management's progress should be actively monitored by HCA Executive Management.

*Response:*

*HCA concurs with this recommendation. Key personnel changes have been made and a Task Force is in place to ensure that agreed recommendations of this audit are implemented. This Task Force includes all senior management positions within Correctional Medical Services (CMS) and will include executive and senior management positions from other areas of HCA as needed. The team is being led by the Medical and Institutional Health Services (MIHS) Deputy Agency Director.*

**Finding 2: The current CMS Administrative Services structure impedes operational efficiency and effectiveness.**

*HCA Comments on Finding Write Up*

*Since the beginning of the audit and with the appointment of the new Nursing Director, CMS has reorganized to clearly separate clinical functions from administrative and program support roles with clear lines of authority and responsibility.*

## **Recommendations**

- 2.1: Relocate the CMS Program Manager from the Central Jail Complex to HCA/Headquarters and assign the following overall administrative responsibilities for the CMS function: Human Resources Coordination, Budget, Contract Administration, Purchasing, and Medical Recordkeeping/IT. This position should continue to report to the Institutional Health Services Division Manager, but have no line authority over jail medical staff.

### **Response:**

*We concur that the Administrative Manager position should focus on administrative and program support functions as opposed to clinical. The administrative manager classification is the most appropriate in the county system to lead support services. This position coordinates ancillary functions of supply, radiology, medical records, information technology (IT) and purchasing in support of the CMS clinical functions. The supervisory and line staffs for these functions are housed in the Central Jail Complex. We believe it is essential that the Administrative Manager be co-located on-site to provide coordination, access, and leadership.*

- 2.2: Realign the X-Ray Technician and Inmate Hospital/Clinic Scheduler under the CMS Medical Director.

### **Response:**

*While these functions could be assigned to the CMS Medical Director, we believe they are most appropriately placed under support services to provide coordination, liaison, and back-up support. The CMS Medical Director is responsible for overall medical leadership, direction, and policy setting along with directly managing all physician and nurse practitioner staff and overseeing hospital and specialty clinic services. We believe that the above two positions are most efficiently supervised on a day-to-day basis by support services, freeing the Medical Director to focus on medical leadership. The Medical Director and Assistant Medical Director will continue to provide clinical direction for radiology and clinic services.*

- 2.3: Realign the supply room function under the Nursing authority structure at each jail facility.

### **Response:**

*We agree that there have been performance and communication issues regarding the supply function. However, we believe these issues are best addressed by maintaining supply functions under support services. The supply rooms support the entire CMS Program, not just nursing. Supply staff also order and maintain supplies and equipment for physicians, medical records, dental, radiology, administration, and selected facility related needs (furniture, computer equipment, coordination of repairs not handled by the Sheriff's Department, etc.). In addition, supply procurement, inventory, delivery, and control is typically best managed in a centralized manner to ensure economy of scale, standardization, and inventory control.*

*We have taken a number of steps to improve support, and plan to make further enhancements. Steps taken to date include:*

- *Implemented a Nursing Shift Report which includes a section for nursing to report all supply and/or equipment issues.*
- *Established a log of all equipment that is pending repair or maintenance that is available on the CMS central server for all staff.*
- *Implemented customized electronic order forms for each medical service area that allow CMS staff to check the status of any order at any time.*
- *Created a “CMS Supplies” e-mail account so CMS staff does not have to send their requests to multiple supply team members.*

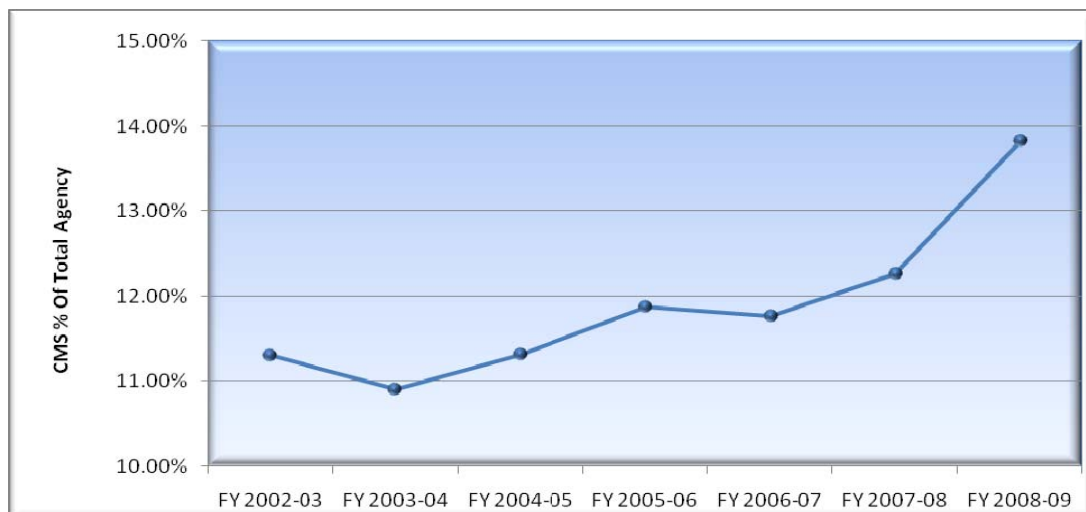
**Finding 3: Inmate health care is a priority, but a secondary priority for OCSD and a non-core service for HCA.**

*HCA Comments on Finding Write Up*

*HCA was surprised by this finding, and disagrees. It is well known within HCA that correctional healthcare has been a high priority for many years. The Correctional Healthcare Division Manager is one of the only HCA division managers with a standing seat on the HCA Executive Team. HCA Executive Managers have directly coordinated issues with Sheriff Executive Managers and have been personally involved in recruitment of new key CMS staff.*

*A key indicator of tangible support for any program in county government is the amount and level of discretionary revenue it receives. By that measure, CMS has done well. Its budget has nearly doubled in the past eight years during a time of scarce resources and program cuts. CMS’ proportion of agency discretionary funding has climbed from 10.9% of the agency total in FY 2003/04 to 13.8% in FY 2008/09.*

*During the HCA budget reductions over the past two years, continuing into FY 2009/10, CMS has taken no or well below its commensurate proportion of reductions as compared to other HCA programs. Other agency programs, primarily Behavioral Health and Public Health, have made up the difference. (See the table below)*



### **Recommendation**

- 3: Due to the risks inherent in a correctional medical operation (i.e., financial, ethical, legal, public/political sensitivity), CMS should be elevated to a first tier priority for both OCSD and HCA.

#### *Response:*

*CMS is a first tier priority within HCA.*

*The Orange County Sheriff Department (OCSD) advises that inmate health care is a priority and they will work with HCA to ensure this occurs.*

### **Finding 4: There is a lack of accountability with CMS management and line staff.**

#### *HCA Comments on Finding Write Up*

*HCA has recently instituted several actions to address the issues discussed in this section. One example is HCA/Human Resources supervisory training for CMS Senior and Supervising Nurses.*

*While further emphasis is necessary, CMS has successfully addressed a number of personnel issues in the recent past, including suspensions, written reprimands, written improvement plans, verbal counseling, releases from probation and documentation in performance evaluations. During calendar years 2007 and 2008, CMS and HCA Human Resources worked together to resolve eighteen (18) informal and formal corrective actions ranging from memos of expectations through discharge.*

### **Recommendations**

- 4.1: HCA should create a Task Force of high-performance HCA employees to comprehensively address the management/accountability deficiencies identified in this audit.

#### *Response:*

*HCA concurs with this recommendation. This task force has already been created and is meeting regularly.*

- 4.2 Throughout CMS, performance standards should be established, communicated, and enforced. When basic performance expectations and standards are not met, employee training, counseling, and then discipline should occur.

#### *Response:*

*HCA concurs with this recommendation.*

4.3: Appropriately address all conflicts of interest in CMS

Response:

*HCA concurs with this recommendation. Both situations discussed in the report have been addressed.*

**Finding 5: The current allocation of four Supervising Comprehensive Care Nurse positions is excessive.**

**Recommendations**

5.1: Reduce the number of Supervising Nurses to two, with one responsible for nursing activities at the Theo Lacy and James Musick Facilities, and one responsible for the Central Jail Complex. Each Supervisor should be on site Monday through Friday to assist Senior Nurses with day-to-day operations and facilitate problem solving.

Response:

*The new Director of Nursing is working with HCA/Human Resources to review the roles and responsibilities of these positions in order to propose the most appropriate staffing structure. Her review will take this recommendation into consideration.*

*In addition to the current duties and responsibilities of these positions, other factors being considered are:*

- *The need for additional managerial/supervising nursing staff with 24/7 responsibility for oversight and supervision of nursing services at five adult correctional facilities. Currently the Director of Nursing is the only position with this responsibility.*
- *The financial impact of various approaches, including overtime, on-call and call-back pay required by the current labor Memorandum of Understanding governing nursing positions.*
- *Long and short-term staff planning in consideration of the abilities of current staff. Included in this planning is the staffing structure to meet immediate needs with the current classifications, and how this structure would transition with future staff promotions and/or attrition.*

5.2: Both the vacant Supervising Nurse positions and the Supervising Nurse position currently responsible for recruiting should be reclassified to a Senior Nurse level and reassigned to either (1) WMC-A as the CMS hospital liaison or (2) the Theo Lacy Jail Facility to improve Senior Nurse coverage.

Response:

*As detailed in the response to Recommendation 5.1, the Director of Nursing is currently reviewing the roles and responsibilities of the four Supervising Nurse positions, three of which are filled and one of which is vacant. The Performance Audit recommendations will be considered in her evaluation.*

**Finding 6: The current allocation of eight budgeted Senior Nurse positions is insufficient to meet coverage needs.**

**Recommendation**

6: Increase the number of Senior Nurse positions to ten in order to fill in coverage gaps to ensure day-to-day supervision, especially at the Theo Lacy Facility. The one temporarily promoted position should be made permanent, and the second position should come from the reclassification of one of the Supervising Nurse positions.

**Response:**

*HCA concurs with this recommendation and is increasing the number of senior nurses from nine to ten.*

**Finding 7: The current LVN schedules are inefficient and lead to supervision difficulty because they are inconsistent with the schedules of other nursing personnel.**

**Recommendation**

7: Transition all LVN positions to either eight-hour shifts or twelve-hour shifts in order to eliminate the unnecessary staff overlap that currently exists with either the “4-10” and “9-80” schedule. Implementing this change would be more efficient, allowing six LVN positions to either be deleted or reassigned to assist with IMQ accreditation-related tasks (e.g. 14-day health inventories). The decision between eight and twelve hour shifts needs to be made only after a thorough review of shift activities and Fair Labor Standards Act (FSLA) requirements is completed and any procedural adjustments are made (e.g. reduction in the number of medication passes).

**Response:**

*HCA concurs with this recommendation which was also recommended by an HCA consultant, Sandra Fair. The Director of Nursing and HCA Human Resources are presently evaluating 8 hour versus 12 hour shifts and other possible shift alternatives for LVN staff. Following this evaluation, the optimal shift configuration and required staffing level will be proposed by the Director of Nursing and the approved plan will be implemented.*

**Finding 8: The bi-weekly master nursing schedule has been the source of considerable frustration among nursing staff.**

**Recommendation**

8: Utilize an administrative support employee who reports to the Director of Nursing (DON) to develop the schedule for review by the DON. This person should also work collaboratively with the Supervising Nurses assigned to specific facilities to address any problems that arise. This solution will not only make for effective use of the Supervising Nurse resources, but will empower the Scheduler to make any schedule-related decisions in consultation with, and with the authority of, the DON and Supervisors.

Response:

*HCA concurs with this recommendation, with the clarification that an employee with a clinical background is needed to facilitate discussions with nursing staff and to better understand what level of nursing staff is needed by shift and location.*

**Finding 9: The current number of daily medication passes consumes significant staff resources and may not all be necessary.**

HCA Comments on Finding Write Up

*The number of medication passes in Orange County is consistent with two other counties identified in the Benchmarking Results of the Audit Report (please see Page 74 of the Audit Report). Orange County, which is identified as having four medication passes, actually has two main medication passes and two minor medication passes which is the same as Contra Costa and San Bernardino counties. This is evidenced by the data presented in the Audit Report as to the average number of doses during the various medication pass times:*

|                                |   |
|--------------------------------|---|
| <i>5:00 AM Medication Pass</i> | <i>36 doses or 1% of all doses for an average day</i>     |
| <i>9:00 AM Medication Pass</i> | <i>1,092 doses or 34% of all doses for an average day</i> |
| <i>1:00 PM Medication Pass</i> | <i>141 doses or 4% of all doses for an average day</i>    |
| <i>7:00 PM Medication Pass</i> | <i>1,904 doses or 60% of all doses for an average day</i> |

*A key factor to consider in looking at these benchmark indicators is that all inmates in San Bernardino can self-carry a full course of antibiotics, a full course of pain medication from dentists, and oral diabetic medications if they are stable. This is not currently the practice in Orange County due to OCSD security concerns.*

**Recommendation**

- 9: CMS Physician and Pharmacy staff should perform a formal evaluation of the 1:00 PM med pass for the purpose of determining the feasibility of discontinuing the pass in the future, or limiting the pass to include only those medications that must be given between the 9:00 AM and 7:00 PM passes.

Response:

*In anticipation of this recommendation, the Medical Director and Pharmacy Director have conducted a review of the 1:00 PM medication delivery and have determined that it is clinically necessary for appropriate levels of care. The volume of doses from this review and the medical considerations do not support elimination of the 1:00 PM medication pass.*

*In view of the Audit recommendation, HCA will work with the Sheriff to determine if inmates may be allowed to self-carry medications in facilities other than James Musick. If this is possible, the Medical Director and Pharmacy Director will re-evaluate the impact on the 1:00 PM medication pass.*

**Finding 10: Coordination efforts between OCSD and CMS have been unsuccessful in establishing a physician residency and training partnership with local medical programs.**

**Recommendation**

10: CMS and OCSD should develop a partnership with a local medical school residency program.

**Response:**

*HCA concurs with this recommendation. CMS previously provided a residency rotation program for UCI Medical Center residents, but the program was suspended due to issues related to security clearances. CMS and OCSD have recently collaborated on security concerns to allow nursing students to obtain clinical experience in the jail. CMS will work with OCSD on a streamlined process to obtain security clearances for resident physicians, and will begin discussions with UCI Medical Center regarding re-establishment of the residency program.*

**Finding 11: WMC-A does not perform meaningful hospital or physician Utilization Reviews of services provided according to contract requirements.**

**Recommendation**

11: CMS/Physicians should ensure that adequate utilization review procedures are performed. Any changes to utilization procedures should be discussed with CMS Management before being implemented.

**Response:**

*HCA concurs with this recommendation. The current utilization review procedures and practices will be reviewed, evaluated and updated under the leadership of the CMS Medical Director and reviewed by CMS Management prior to implementation. CMS management will ensure regular review and updating of utilization review procedures.*

**Finding 12: Telephone orders for medication are not approved electronically in the CHART electronic medical record system.**

**Recommendation**

12: CMS should complete its efforts to roll-out the electronic approval of verbal medication orders in the CHART system.

**Response:**

*HCA concurs with this recommendation and is in the process of implementing it. Full implementation is planned by March 31, 2009.*

**Finding 13: Medications prescribed by contract Physicians at the hospital/clinic are not always properly reviewed by a CMS physician before the prescription is processed.**

**Recommendation**

13: All medications orders should be properly reviewed and approved, at least verbally, and ideally electronically, by a County Physician before it is entered into the CHART system.

*Response:*

*HCA concurs with this recommendation, and plans to fully implement it by March 31, 2009.*

**Finding 14: Controlled substance documentation and disposal procedures are not always followed.**

**Recommendations**

14.1: CMS should immediately enforce the regulations and procedures related to controlled substances.

*Response:*

*HCA concurs with this recommendation. Additional education and training of the nurses regarding the proper return of controlled substances will be provided in accordance with the response to Recommendation 14.2.*

14.2: CMS Pharmacy should provide additional training to nursing staff on the proper procedures to account for and dispose of controlled substances.

*Response:*

*HCA concurs with this recommendation. The CMS Pharmacy staff will provide additional and regular periodic training on controlled substance procedures.*

14.3: The Pharmacy Director should ensure that a specific formal policy and procedure exists and is enforced to address required spot checks of controlled substance inventories at all dispensary facilities.

*Response:*

*HCA concurs with this recommendation. The current Policy & Procedure will be updated by March 31, 2009.*

- 14.4: Additional monitoring procedures should be performed by the Senior Nurse responsible for ensuring the substance administration record is properly completed to include a periodic review of the CHART system medication/hard copy distribution record to the Controlled Substance Administration Record. Any differences should be immediately addressed.

Response:

*HCA concurs with this recommendation. The CHART Administrator is in the process of developing an interactive search to accommodate the periodic review of controlled substance medication doses. Due to the level of complexity in programming this feature, assistance of the CHART vendor is required. The CHART Administrator and Pharmacy Director have set a target implementation date of July 1, 2009.*

**Finding 15: There is no validation that undistributed medications are properly returned to Jail Pharmacies to be destroyed.**

**Recommendation**

- 15: A process to ensure the undistributed medications are properly returned to the Pharmacy should be evaluated by CMS Management. That process should include the overnight storage of medications in a secure location with access only by Pharmacy personnel and the medication nurse.

Response:

*HCA concurs with this recommendation. The Pharmacy Director and the Director of Nursing will review pharmaceutical security practices and the current policy and procedures for returning undistributed medications to ensure consistency across all nursing areas.*

**Finding 16: The CMS Pharmacies package medication too far in advance resulting in a significant number of medications that must be destroyed.**

HCA Comments on Finding Write Up

*The CMS pharmacy works hard to minimize waste. However, some waste is unavoidable due to the dynamic nature of inmate movement in the jails. Changes include admissions, discharges, transfers, new orders, and changes in orders. Within CMS, medications which are sent out as unit-dose packages are not wasted and are returnable. Medications are only wasted if they are handled by the nurse and not handed to the inmate.*

*To provide a full perspective, the CMS Pharmacy has significantly reduced pharmaceutical expenditures in the jails in spite of increases in the number of medications dispensed. Volume increases are illustrated in the following table.*

**ORANGE COUNTY JAIL PHARMACY  
 MEDICATION DOSES PACKAGED BY AUTOMED MACHINE  
 FISCAL YEARS 00-01 TO 07-08**

| <b>Facility</b>         | <b>FY<br/>00/01</b> | <b>FY<br/>01/02</b> | <b>FY<br/>02/03</b> | <b>FY<br/>03/04</b> | <b>FY<br/>04/05</b> | <b>FY<br/>05/06</b> | <b>FY<br/>06/07</b> | <b>FY<br/>07/08</b> |
|-------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Central Jail            | 732,000             | 799,596             | 856,956             | 927,357             | 994,056             | 944,685             | 977,958             | 1,232,791           |
| Theo Lacy*              | 0                   | 0                   | 0                   | 12,309              | 274,764             | 386,632             | 473,201             | 491,475             |
| Total Doses Packaged    | 732,000             | 799,596             | 856,956             | 939,666             | 1,268,820           | 1,331,317           | 1,451,159           | 1,724,266           |
| Variance to Prior Year: | N/A                 | 9.23%               | 6.69%               | 9.65%               | 35.03%              | 4.93%               | 9.00%               | 18.82%              |

*\*Theo Lacy Pharmacy opened on June 8, 2004*

*Despite the significant growth in the number of inmates and medications packaged, historical CMS pharmaceutical costs were as follows:*

|                     |                    |
|---------------------|--------------------|
| <i>FY 2004/2005</i> | <i>\$1,062,769</i> |
| <i>FY 2005/2006</i> | <i>\$1,104,674</i> |
| <i>FY 2006/2007</i> | <i>\$1,306,851</i> |
| <i>FY 2007/2008</i> | <i>\$ 991,345</i>  |

*The significant decrease in medical expenditures between FY 2006-07 and FY 2007-08 is primarily due to the implementation of a Therapeutic Interchange Program, through which a specific formulary medication in a specific drug class is selected to be the drug of choice to be prescribed by all CMS physicians unless an appropriate medical justification is provided for using a different medication.*

**Recommendation**

- 16: CMS should evaluate the current Pharmacy work schedule with the goal to improve medication packaging timelines that are closer to the medication distribution schedules.

**Response:**

*HCA concurs with this recommendation. Past reviews of the pharmacy work schedule have indicated that (1) to prepare unit-dose packages closer to time of distribution, it would be necessary to add pharmacy staff on the night shift (midnight to 7 a.m.), and (2) reassignment of staff from other shifts would not be possible because coverage and workload demands during peak usage times require the present coverage. The Pharmacy Director will take a fresh look at the pharmacy work schedule.*

**Finding 17: Some new medication orders are not included in the inmate’s medication package when they are filled by the Pharmacy.**

**Recommendation**

17: CMS should quickly complete its efforts to create the required update query in the CHART system in order to reduce the number of medications packaged by LVNs.

*Response:*

*HCA concurs with this recommendation. A target implementation date of March 31, 2009 has been set and training of LVNs on the new procedure is in process.*

**Finding 18: Random spot checks of Musick Jail Facility self-carry medications are not always provided weekly to the Pharmacy according to policy.**

**Recommendation**

18: The CMS Pharmacy should monitor self-carry medications random spot check records to ensure documentation is provided in compliance with established procedures.

*Response:*

*HCA concurs and is implementing this recommendation. The Pharmacy Director and Supervising Nurse responsible for the James Musick facility will monitor records jointly and regularly report findings to the Quality Improvement Committee. Of note, a recent detailed CMS review of these required spot checks for calendar 2008 indicated a significant improvement as follows:*

| <i><u>Period</u></i>                     | <i><u># Received</u></i> | <i><u># Not Received</u></i> |
|--|--------------------------|------------------------------|
| <i>January through March 2008</i>        | <i>7</i>                 | <i>6</i>                     |
| <i>April through June 2008</i>           | <i>10</i>                | <i>4</i>                     |
| <i>July through September 2008</i>       | <i>10</i>                | <i>3</i>                     |
| <i>October through December 2008</i>     | <i>13</i>                | <i>0</i>                     |
| <i>January through February 14, 2009</i> | <i>6</i>                 | <i>0</i>                     |

**Finding 19: There is no perpetual inventory of formulary medications maintained outside of the Pharmacy.**

**Recommendation**

19: CMS should evaluate available dispensing systems that may be purchased within current budget constraints.

*Response:*

*HCA concurs with this recommendation.*

**Finding 20: OCSD currently does not contribute any financial resources to offset the cost of correctional medical services provided by HCA.**

**Recommendation**

20: OCSD should begin to contribute financial resources to cover at least some of the fiscal burden of providing inmate medical services. Immediate contribution opportunities exist with some much needed capital and infrastructure investments, such as: (1) refurbishing medical observation units at the jails, (2) an electronic medical record system, and (3) building out clinic space at the jails. In addition, the cost of over-the-counter (OTC) medications sold through the commissary, when such a program is implemented, should be funded with Inmate Welfare/Commissary dollars in OCSD.

**Response:**

*OCSD advises that while this sounds reasonable on the surface, OCSD is facing serious financial difficulties as well. It is OCSD's position that HCA has been given funds to provide health care services and OCSD will work with HCA on programs that are mutually beneficial and realize cost savings.*

*OCSD will work with County Counsel to determine if the Inmate Welfare Fund can be used on the types of programs suggested by the Audit Report.*

**Finding 21: CMS contract administration and program monitoring roles are not clearly defined, resulting in ineffective contract oversight.**

**Recommendation**

21: HCA/Contract Administration and CMS should delineate the responsibilities for contract administration and contract program monitoring. Once this occurs, CMS should ensure contract monitoring is performed as required.

**Response:**

*HCA concurs with this recommendation. These duties will be clearly defined by April 1, 2009 and will be revised and/or updated prior to July 1, 2009 to reflect contract changes indicated in our responses to Recommendations 26.1 through 26.4.*

**Finding 22: CMC contract physicians do not input discharge planning orders into the CHART system when an inmate leaves WMC-A.**

**Recommendation**

22: CMS should ensure that County and contractor computer systems are compatible to allow for electronic access to the medical records. After this occurs, CMS should require that CMS contract physicians input discharge planning information into the CHART system in order to achieve a fully electronic medical record as required by the contract.

Response:

*Past liability concerns raised by CMS, the hospital, and the physician group resulted in previous access to the CHART system at WMC-Anaheim by non-CMS staff being terminated. HCA will re-evaluate those concerns with County Counsel to determine how this issue may be resolved.*

**Finding 23.1: Profit and Loss Statements are not prepared according to the contract period as required.**

**Finding 23.2: CMC over-reported expenses included on Profit and Loss Statements.**

**Finding 23.3: CMC’s Revised Profit and Loss Expenditures do not agree with supporting documentation.**

**Recommendation**

23: HCA should require by contract that CMC obtain an independent audit of the Profit and Loss Statement annually to ensure that the statements accurately present CMC’s profit.

Response:

*HCA concurs with this recommendation. An independent audit requirement will be negotiated into the upcoming agreement for physician services.*

**Finding 24: CMC’s profit margin from the CMS contract far exceeds industry standards.**

HCA Comments on Finding Write Up

*The initial year of the current agreements (FY 04-05) were negotiated at amounts less than in the prior year. The Medical CPI from July 1, 2003 to July 1, 2004 was 5.2% while HCA was able to negotiate the total of all agreements at 6.14% less than in FY 2003-04.*

| <b>Contract/Service</b> | <b>FY 03-04 Contract</b> | <b>Negotiated FY 2004-05 Contract</b> | <b>% Variance to FY 03-04</b> |
|-------------------------|--------------------------|---------------------------------------|-------------------------------|
| WMC-A                   | \$ 5,144,748             | \$ 4,860,000                          | (5.53%)                       |
| CMC                     | \$ 2,637,712             | \$ 2,450,000                          | (7.12%)                       |
| Radiology (CMC)         | \$ 300,000               | \$ 275,873                            | (8.04%)                       |
| <b>TOTAL:</b>           | <b>\$ 8,082,460</b>      | <b>\$ 7,585,873</b>                   | <b>(6.14%)</b>                |

**Recommendation**

- 24: HCA should (1) request that CMC reduce their rates for the remainder of the current contract term (June 2009), and (2) ensure that future negotiated physician contracts provide appropriate profit margins in accordance with industry standards and are in line with other government entities contracting for correctional medical services.

*Response:*

*HCA will approach CMC regarding their current contract funding. HCA is committed to negotiating contracts that are fiscally appropriate for the services being provided and/or populations being served.*

**Finding 25.1: WMC-A is unable to provide sufficient documentation to explain expenses reported in the Profit and Loss Statements provided to the County.**

**Finding 25.2: Profit and Loss Statements are not prepared according to the terms of the contract.**

**Recommendation**

- 25: HCA needs to hold WMC-A accountable to the terms of the contract regarding the preparation of annual profit and loss statements. In addition, HCA needs to work directly with WMC-A to clarify and verify the actual costs of Custody Hospital Services that WMC-A provides in order for both sides to be fully prepared for the upcoming request for proposals (RFP) and potential contract negotiations. Lastly, HCA should require that WMC-A obtain an independent audit of their annually-provided profit and loss statements to ensure that the County has complete and accurate information in this regard.

*Response:*

*HCA concurs with this recommendation.*

**Finding 26: The physician and hospital expense database maintained by CMC is incomplete, inaccurate, and largely unutilized by CMS for contract monitoring and program management purposes.**

**Recommendations**

- 26.1: CMS and HCA/Contract Administration need to articulate the goal for keeping the custody database and who is responsible within HCA to ensure that goal is achieved. Both parties need to work together to determine how this data, and any additional data that can be captured, will be utilized to improve CMS from a programmatic and operational standpoint.

*Response:*

*HCA concurs with this recommendation.*

26.2: HCA needs to renegotiate with CMC to eliminate the \$100,000 charge for inputting data that is already necessary for CMC to conduct its own internal billing and claims processing. This information should be provided to the County for minimal or no charge as part of normal contract monitoring. CMC should be able to provide a data file to the County on a monthly basis with all relevant information.

Response:

*The \$100,000 payment to CMC was not for the collection and submission of its own information. The payment was for CMC to collect, incorporate, and review all hospital data to verify that where there were physician charges there were corresponding hospital charges, thereby ensuring a complete medical service record. The collection and maintenance of the database will be turned over to a third-party vendor effective July 1, 2009. The third party vendor will receive electronic billings from both the hospital and the physician, grouping the manner required by HIPAA, and set up streamlined processes to review and validate their claims, and to provide consolidated reports.*

26.3: HCA/Contract Administration should work directly with WMC-A to import their charge data directly into a database that is maintained in-house by HCA/Contract Administration or by CMS program management.

Response:

*WMC-A will submit their claims data to the third party vendor in a manner consistent with their billings to other health plan providers.*

26.4: HCA/Contract Administration or CMS program management needs to conduct some degree of periodic auditing of this data to ensure accuracy and completeness. Based on the audit team's experience, this objective can be achieved with minimal time and resources on the part of HCA.

Response:

*HCA concurs with this recommendation. HCA does and will continue to audit the data to ensure any duplicates or other inaccurate data are identified and eliminated from the overall database.*

**Finding 27: CMS management is unable to definitively explain the reason that there is a sustained increase in the daily census of inpatient inmates at WMC-A, that began in late 2007.**

HCA Comments on Finding Write Up

*HCA is working with the contract hospital and Sheriff to determine reasons for the increase in census and to initiate actions to reduce the hospital census. There are a number of relevant factors including increased healthcare problems with inmates and the fact that the hospital custody unit has not been expanded since it opened in 1990, in spite of a substantial increase in jail population. However, those factors still do not fully explain the increase.*

### **Recommendation**

- 27: CMS management needs to specifically determine whether this increase in the inpatient hospital inmate population is a permanent shift, or one that can be mitigated through operational changes on the part of both CMS and OCSD. If in fact some of the inmate inpatients at WMC-A can be moved back to the jail by making some improvements to the observation units at the jail, and boosting training and initiative on the part of nursing staff, then HCA and the County may be able to lower the inpatient hospital inmate population to a level that can be accommodated in the existing unit, thereby avoiding an expensive build-out of additional custody space. If, however, HCA and OCSD determine that there are no internal measures to address the increased inpatient population, then both HCA and OCSD should commit financial resources for the build out of the custodial facility at WMC-A, should the current contract be extended past June 2009. Not only does the responsibility for care fall to the Sheriff's Department, but OCSD also stands to achieve significant cost savings if they do not have to commit overtime resources to one-on-one guarding of each inmate patient that is out in the general population of the hospital.

#### *Response:*

*HCA concurs with this recommendation and is working with the Sheriff and contract hospital to further analyze and reduce the census.*

### **Finding 28: The inpatient/outpatient scheduling process requires improvement.**

#### **Recommendations**

- 28.1: CMS should complete its efforts for fully interface outpatient/inpatient approval/scheduling process in the CHART system to include electronically created sequentially numbers TARs with online priority/approval function, outpatient scheduling, and reporting queries that provide CMS Management information to monitor the process.

#### *Response:*

*HCA concurs with this recommendation. CMS is currently working with the CHART vendor to build a module for scheduling of outpatient clinic appointments including a priority/approval function, monitoring capabilities, and reporting queries. After a preliminary review of the request, the CHART vendor has stated that there is a high level of complexity to develop the module which will take significant time to test and implement.*

- 28.2: CMS should change its organizational structure to have the CMS Scheduling Clerk report to the Assistant Medical Director with technical support from program administrative services.

#### *Response:*

*Please see response to Recommendation 2.2 on page 2.*

28.3: CMS should work with OCSD to find solutions that will ensure that the inmates are transported to scheduled clinic/hospital appointments.

Response:

*HCA concurs and is working OCSD to improve the outpatient clinic appointment system.*

**Finding 29: The CHART electronic medical record information system is not fully utilized resulting in significant system-wide inefficiencies.**

**Recommendation**

29: CMS should move forward immediately to purchase a new fully automated medical records information system. In the interim, CMS should fully utilize the CHART system and establish a timeline for moving hard copy components to the electronic medical record in CHART until a new medical record system is available. A formal on-going training program is required regardless of which electronic medical record system is in place. An analysis of hard copy medical records currently used should be performed to determine if any system customization is required to achieve this goal. In the near term, CMS should delete 2-3 medical records positions, and in the long run, aim to eliminate 10-15 positions.

Response:

*HCA concurs that a new automated medical information system for correctional healthcare would be desirable and is moving towards that objective. HCA will procure a consultant to evaluate all aspects of Correctional Medical Services in relation to an electronic health records system with the long term goal of a full Electronic Medical Record (EMR).*

*The implementation of such a system, however, is an extremely challenging, complex, and risky undertaking—typically requiring years to implement from start to finish. The automation of medical records is quite difficult even in well-funded large healthcare organizations due to technical, operational, and cultural issues. Implementation in a correctional setting will carry additional challenges.*

*HCA agrees that there are aspects of the current CHART system which should be evaluated for further implementation. We will work with the vendor to review potential additional applications and realize any available savings.*

*We do not agree, however, that it is prudent to attempt to expand CHART into a full EMR as suggested in the recommendation. CHART is a 1990 era product that is based on a DOS platform and is supported by a single vendor who has a full time job outside of Orange County. It was originally envisioned as a pharmacy system interfaced with the Sheriff's system and it has served that purpose well. CHART is used in only two other locations in the country.*

*According to the vendor, substantial programming time would be required in attempting to convert CHART into an EMR, and limited vendor support would be available.*

*The savings estimate presented in this recommendation appears to be overly optimistic considering the uncertainty of converting CHART into an EMR. Full implementation of a new and modern EMR is expected to provide opportunity for savings; however, an accurate estimate of potential savings should await the completion of a comprehensive feasibility analysis.*

*With respect to the training issue, CMS currently has four CHART “super users” that can provide training. All four will be used to ensure that all new and existing staff members are oriented, trained, and comfortable using CHART. An update of the CHART Users Manual will be completed by March 1, 2009 and placed on the CMS server where it will be accessible to all CMS staff.*

**Finding 30: The CHART system is written in an outdated programming language and its future system maintenance and support is limited.**

**Recommendation**

30: HCA should continue its efforts to purchase a new system to replace CHART, especially in light of the short term support available in the near future, the cost savings to be realized from a reduction in the manual record keeping process, and to mitigate potential high-risk operating deficiencies created by maintaining a semi-manual medical record keeping system.

Response:

*HCA concurs with this recommendation.*

**Finding 31: CMS does not coordinate with HCA/IT or follow change management best practices when modifying the CHART system application.**

**Recommendation**

31: CMS should work with HCA/IT to implement ongoing adequate change management procedures in accordance with best practices.

Response:

*HCA concurs with this recommendation. CMS now has a formal process for prioritizing and authorizing system change requests.*

**Finding 32: Sheriff AJS (Adult Justice System) inmate demographic information is not uploaded often enough into the CHART system.**

**Recommendation**

32: CMS Management should work with HCA/IT and OCSD/IT to receive more frequent updates from the AJS information in the CHART system.

**Response:**

*HCA concurs with this recommendation. CMS will facilitate discussions between HCA/IT and OCSD/IT toward the objective of receiving more frequent updates from the Automated Jail System (AJS) information into CHART.*

*OCSD advises that they concur with this response. OCSD has made several upgrades over the past two years at the request of HCA. All of these upgrades were paid for by OCSD.*

**Finding 33: A total of \$1.2 million has been spent either in settling or defending CMS lawsuits over the last five fiscal years.**

**HCA Comments on Finding Write Up**

*Correctional healthcare is a highly litigious environment—nearly all inmates are represented by counsel, and many are quick to challenge healthcare and jail conditions. Despite this, there are relatively low expenditures to litigate or settle disputes related to medical services in the Orange County Jails. These costs, including the cost of outside counsel, totaled \$1.2 million over a five year period. About \$.5 million of that amount was for payment of claims. Only six claims were settled during this five year period—a very low number considering that over 66,000 inmates pass through the jail system each year.*

*To put Orange County's experience into perspective, the Los Angeles County Board of Supervisors approved settlements of \$1.55 million for three lawsuits specifically related to medical care at a single Board meeting in January 2007.*

**Recommendation**

33: With the implementation of recommendations included in this report, CMS should realize greater risk avoidance and liability protection.

**Response:**

*HCA concurs.*

**Finding 34: Recruiting medical professionals has been challenging for CMS.**

**Recommendation**

- 34: CMS should address the background issue with OSCD at their periodic meetings to determine if OCSD could customize its background check to expedite the hiring process. If this cannot be done, and if finances permit, CMS should consider partially funding an OCSD background position whose first priority would be to perform CMS-related background checks.

*Response:*

*HCA concurs with this recommendation, and will discuss and evaluate alternatives for improvement with OCSD.*

**Finding 35: CMS has not implemented a medical supply inventory tracking system.**

**Recommendation**

- 35: CMS should complete the inventory tracking project as soon as possible.

*Response:*

*HCA concurs with this recommendation. HCA Information Technology completed a review of available systems and a vendor has been selected. The new system is expected to be in place by the end of March, 2009.*

**Finding 36: CMS Storeroom/Supply Staff report organizationally to the CMS Program Manager.**

**Recommendation**

- 36: CMS should assign the supply room function to report organizationally to the Director of Nursing. Any ancillary purchasing support needed can be provided by the CMS/Administration function mentioned earlier in this report.

*Response:*

*See response to Recommendation 2.3 beginning on page 2.*

**Finding 37: Statistical summaries of medical services delivered by CMS to inmates are not accurate and are compiled by the inappropriate organizational unit.**

**Recommendation**

37: In the short term, CMS should establish procedures to ensure the statistical summary detail data is accurately compiled by staff and assigned the responsibility to compile statistics to CMS Administration. Once CMS has implemented a fully electronic medical record, statistical data should be generated from the CHART system automatically.

*Response:*

*HCA concurs with this recommendation, and will implement procedures by April 30, 2009.*

**Finding 38: The transportation of inmates from jail facilities to the clinic/hospital is expensive, taxes limited deputy resources, has security-related concerns, and often does not result in all scheduled inmates getting to hospital or clinic appointments.**

**Recommendation**

38: OCSD and HCA should begin an in-depth analysis of how to implement outpatient clinic(s) at its jail facility(ies).

*Response:*

*HCA concurs with this recommendation and will work with OCSD and the specialty contract physician group to analyze options. There are a number of efforts that have been underway and/or attempted and some that continue to move forward in this area. For example:*

- o The specialty physician group does have one doctor currently providing Ob/Gyn clinic services on site.*
- o Outpatient Dialysis at Theo Lacy was put out to bid approximately three years ago and the costs were determined to be prohibitive. This option is being re-evaluated.*
- o CMS is currently working towards the establishment of an on-site Optometry clinic.*

**Finding 39: The clinic schedule often conflicts with OCSD/Transportation's court runs.**

**Recommendation**

39: CMS should work with the CMC contract physicians to reschedule clinic times to accommodate OCSD/Transportation and maximize transportation resources.

*Response:*

*HCA concurs with this recommendation, and will work with the CMC contract physicians and Sheriff's Department to improve clinic transportation coordination.*

**Finding 40: The IRC medical screening area is not adequately designed to ensure privacy of medical information.**

**Recommendation**

40: CMS should work with OCSD to make the necessary adjustments to comply with best practices.

*Response:*

*HCA concurs with this recommendation, which was also identified in the Crout & Sida report. HCA will pursue possible alterations with OCSD.*

*OCSD advises that they will work with HCA to determine the best course of action.*

**Finding 41: Facility improvements are needed in the Men's Jail Observation Unit to provide a higher quality of care for inmates who need of skilled nursing care.**

**Recommendation**

41: OCSD should upgrade the condition of the Men's Observation Unit.

*Response:*

*OCSD advises that they will work with HCA to determine the best course of action in light of the County's current financial situation.*

**Finding 42: The physical layout of the area in the Women's Jail designated as the Observation Unit does not allow for adequate line-of-sight viewing of the inmates.**

**Recommendation**

42: OCSD should investigate placing cameras in each cell that could be viewed at the nursing station.

*Response:*

*OCSD advises that some of this will be covered in OCSD's pending digital camera project. OCSD will work with HCA on the remaining areas.*

**Finding 43: Frequent maintenance problems with the lone elevator to Mod-O and the Theo Lacy Pharmacy are a cause for concern for CMS staff.**

**Recommendation**

43: OCSD staff needs to ensure that the elevator to Mod-O and the Theo Lacy Pharmacy is functioning at all times. In addition, CMS and OCSD should consider relocating the Theo Lacy Pharmacy to a more central location, such as at the current Theo Lacy Dispensary. Such a move would give pharmacy staff easier access to vehicles picking up and dropping off medications, and would give doctors, LVNs and RNs easier access to pharmacy staff for the last-minute procurement and packaging of medications.

*Response:*

*OCSD advises that there are two elevators to this area of the Theo Lacy Jail. One of them is always working and generally they both are working. OCSD will work with HCA to determine how to progress with enhancements in this area.*

**Finding 44: There is not a sustained security presence in the medical area.**

**Recommendation**

44: Ensure that a deputy is present at all times during inmate sick call at the James Musick Facility.

*Response:*

*OCSD advises that they concur with this recommendation.*

**Finding 45: OCSD currently does not charge modest fees to inmates for some medical services provided as is common with other law enforcement agencies.**

**Recommendation**

45: OCSD and CMS should work together to determine the feasibility of charging inmates for sick call and/or selling of OTC medications through the Sheriff Commissary.

*Response:*

*HCA will work with OCSD to determine the feasibility of implementing this recommendation.*

## **Health Care Agency Response To Performance Audit Estimated Cost Savings/Revenue Enhancements**

The Audit Report includes calculations which estimate the cost savings and/or revenue enhancements from the implementation of the Audit Report recommendations. The estimated amount was \$2.7 million for a one year period, or \$13.7 million if measured over a five year period. The Audit Report noted that the savings is dependent upon HCA and OCSD operational changes. Despite the Audit Team's effort to use conservative assumptions to establish a minimum level of projected savings, HCA believes that certain of the projected savings are overstated.

Nevertheless, HCA generally concurs with the recommendations related to these items and will work to diligently implement them. HCA will pursue any realistic and available savings, but we believe it is important to set forth some concerns related to the identified potential savings.

Listed below are the savings estimates described in the Audit Report, followed by HCA comments.

- **Estimated annual savings of \$750,000 from reducing the number of medical records staff by 15, made possible by more efficient use of electronic medical record systems (maximization of the existing CHART system in the near term, and procurement of a new system in the long term).**

### HCA Comments

The savings estimates appear to assume full implementation of an Electronic Medical Record (EMR) which is an extremely challenging issue throughout the health care industry due to the technical and staffing challenges. Many of large and well-funded healthcare systems in the country have had a tough and expensive time implementing EMRs.

While HCA intends to pursue implementation of a new EMR system, we are concerned about the viability of the old CHART system as an interim EMR and about the estimated elimination of two thirds of the existing medical records staff (15 of 23).

CHART was customized for CMS and implemented in 1992 as a medication management system, and it has filled this function very well. Seventeen years later, the operating system (DOS) is considered outdated and the programming language (MUMPS) is considered antiquated. CHART was not designed to be an EMR system. The only jail medical provider to

convert CHART to an EMR has been San Francisco, and they report that considerable time and money was spent to customize the system.

HCA intends to retain a consultant to develop the specifications for the recommended replacement system and also to determine what functions CHART could cost-effectively perform in the interim.

With respect to cost savings, HCA agrees that some clerical time will be saved by implementing an EMR system. However, even with a fully automated EMR, a number of factors make it unlikely that CMS will be able to achieve the level of savings anticipated in the Audit Report.

Converting to a truly paperless system requires substantial clerical effort to incorporate ongoing paper records into the electronic system. Examples of hard copy documents include: laboratory results, any documentation requiring a signature, sheriff forms, most x-rays, self carry medication records, wound photographs, discharge summaries from other agencies, court orders, EKG's, inmate generated requests, and 5150 mental health documentation. As part of the EMR development and implementation, it is possible some of these records could be automated for inclusion into the EMR, but not likely all since multiple agencies and vendors are involved.

There is also a need for clerical support at multiple jail facilities with functions unrelated to medical records. Clerical support staff answer telephones, enter non-clinical information into CHART/EMR, and provide other non-clinical support to nurses and to physicians.

Although smaller and not fully comparable to Orange County, the staffing levels in the San Francisco jail system provide a rough point of comparison. With a jail census of approximately 2,000, San Francisco has five medical records clerks and two unit clerks. Scaling this number of positions to equate to the Orange County jail census of roughly 6,000 would yield a medical records staff of 21. This analysis suggests that eventual implementation of EMR might yield a savings of as few as two clerical positions.

In summary, HCA is committed to more fully implementing portions of CHART, short of an EMR, to achieve available savings and efficiencies while working towards a new EMR system which will more effectively and efficiently meet the needs of the CMS Program. HCA will strive to realize any available staff savings from the expansion of CHART and the eventual implementation of an EMR.

- **Savings of 1,095 hours or \$37,985 of LVN staff time per year resulting from reducing the number of medication runs in jail facilities from four to three times per day.**

#### HCA Comments

The number of medication passes in Orange County is consistent with two other counties identified in the Benchmarking Results of the Audit Report. Orange County, which is identified

as having four medication passes, actually has two main medication passes and two minor medication passes, the same as Contra Costa and San Bernardino counties.

In order to implement this recommendation it would be necessary for inmates to self-carry antibiotics, pain medication from dentists, and oral diabetic medications if they are stable. This is not currently the practice in Orange County due to OCSD security concerns. HCA will work with OCSD to discuss possible implementation, and as stated in the Audit Report, will re-evaluate the number of medication passes.

- **\$432,918/year of cost savings resulting from decreasing LVN staff by six, due to more efficient LVN scheduling.**

#### HCA Comments

As noted in Attachment 1, this recommendation was also made by the PHFE project consultant Sandra Fair. That review was undertaken in response to a Grand Jury recommendation and desire to obtain detailed nurse staffing recommendations as soon as possible. Ms. Fair's review was shared with the Office of the Performance Audit Director. Based on the consultant's recommendation and in anticipation of the projected savings, HCA has already deleted five of the six positions from the CMS budget requested for FY 2009-10 that will soon be submitted to the CEO, and CMS is planning the implementation of a new LVN schedule.

- **\$117,000/year of revenue generated from charging a \$3 co-pay for sick call visits. This estimate assumes that of the 130,000 RN sick calls that occur on an annual basis, only 30% (39,000) are chargeable and collectable.**

#### HCA Comments

The projected revenue from charging co-payments for medical services would potentially accrue to the OCSD, as would the cost of collection. HCA's ability to collect the necessary information to report to OCSD without adding additional burden and workload to current staff would depend upon the new EMR system discussed above. Increases in costs to implement this recommendation should also be factored into the revenue analysis. Input from OCSD will be necessary to fully determine the cost and validate the revenue estimates of the Audit Report.

- **\$14,580/year of revenue generated from charging inmates for over-the-counter medications through the Sheriff/Commissary, which are currently given by RNs or doctors during sick call. This estimate assumes that of all the sick calls (RN, doctor, and nurse practitioner), approximately 30% or 48,600 currently result in distributions of**

**such medication. This estimate also assumes that \$1 on average is charged for such medications and only 30% of charges are collectible.**

#### HCA Comments

The projected revenue from charging inmates for over-the-counter medications would potentially accrue to the OCSD, as would the cost of collection. Increases in costs to implement this recommendation should also be factored into the revenue analysis. Input from OCSD will be necessary to fully determine the cost and validate the revenue estimates of the Audit Report.

- **Savings of 22,750 hours or \$1,242,377 of RN staff time resulting from decreased sick call demand because inmates are (1) charged a co-pay for inmate-initiated visits, and (2) more OTC medications can be purchased through the Sheriff-Commissary. Analysis from the prior CMS pilot projects and from other jurisdictions indicates that total RN sick call will, conservatively, be reduced by 35% resulting from these changes (annual decrease of 45,500 sick calls per year). This estimate assumes that each sick call requires approximately 30 minute of RN time to complete all tasks associated with a sick call (e.g. triage, physical assessment, and charting).**

#### HCA Comments

As recommended, HCA will work with OCSD to study the feasibility of implementing the recommendations related to inmate co-payments. If implemented, a reduction in sick calls would be anticipated. However, the potential staffing reduction may be less than the estimated 22,750 hours (approximately 11 nurse positions). This is because of the nurse coverage requirements to staff RN sick call on the day shift at each of the five jails and at all jails except James Musick for the night shift. Also, San Bernardino County reports that while sick calls did decline when co-payments were first instituted, the number of sick calls later returned to pre-existing levels. HCA will carefully evaluate the staff savings that can be achieved if inmate co-payments and OTC charges are instituted.

- **Savings of \$16,000/year from reclassifying two existing Supervising Nurse positions to Senior Nurse Positions.**

#### HCA Comments

As detailed in Recommendations 5.1 and 5.2, the Director of Nursing is working with HCA/Human Resources to review the roles and responsibilities of the Supervising Nurses. Following that analysis, any classification changes and resulting savings will be identified.

- **\$100,000/year of cost savings due to eliminating the compensation to Correctional Managed Care (CMC) for unnecessary database management.**

### HCA Comments

As noted in our response to this finding, the payment to CMC is actually for the collection, review and comparison of hospital data with the physician data before it is forwarded to HCA. The collection and maintenance of the database will be turned over to a third-party vendor effective July 1, 2009. The \$100,000 savings in the CMC agreement will be partially offset by the cost for the third-party vendor to carry out the same activities, including automated processing and auditing.

- **\$30,000/year of cost savings from working directly with WMC-Anaheim to obtain hospital charge data, rather than through CMC. This assumes that only 50% of the \$60K that WMC-A pays to CMC is passed along to the County in the total contract amount.**

### HCA Comments

The collection and maintenance of the database will be turned over to a third-party vendor effective July 1, 2009. There is not expected to be any charge from WMC-A to submit this data to the third-party vendor, so no charge is expected to be passed along to the County. Any savings realized from this change will be partially offset by the cost for the third-party vendor to carry out the same activities, including automated processing and auditing.