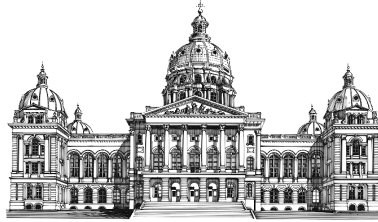

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Medical Costs of the State Prison System

This *Issue Review* provides an overview of medical costs within the Iowa Prison System, alternatives for cost containment, and the impact on the State's budget.

AFFECTED AGENCIES

Department of Corrections (DOC)
Department of Human Services
Board of Regents
Board of Parole

CODE AUTHORITY

Chapters 249A, 255, 904, and 904A

BACKGROUND

State expenditures for the Iowa Prison System were \$192.0 million in FY 2003, an increase of \$102.8 million (115.3%) compared to FY 1993. This was an average annual increase of 11.5% over the last 10 years.

Medical costs are the second largest operational expenditure, after personnel, in the Iowa Prison System and medical costs are the fastest growing component of all operating costs. State expenditures for medical costs were \$16.7 million in FY 2003, an increase of \$10.8 million (183.9%) compared to FY 1993. The average annual increase was 18.4% over the last 10 years. In contrast, the year-end prison population increased by 3,700 offenders (78.8%) over the last 10 years, resulting in an average annual increase of 7.9%.

Medical costs in the Iowa Prison System are expected to increase in the future, due to increases in the following:

- Prison population – The Criminal and Juvenile Justice Planning Division (CJJP), Department of Human Rights, forecasts the prison population will be approximately 10,600 inmates by June 30, 2014. This is an increase of 22.9% over the next 10 years.
- Pharmaceutical costs – The average annual increase for drugs and biological medicine has been 94.0% for each of the last 10 years.

- Older inmates – Offenders aged 51 or older comprised 4.0% of the prison population in FY 1993. By FY 2003, offenders aged 51 or older comprised 7.0% of the population.
- The number of offenders with communicable or chronic diseases or mental illness – Approximately 7.3% of the offender population has chronic communicable diseases, such as Hepatitis C or tuberculosis. In comparison, 4.6% of the inmates had chronic communicable diseases in FY 1999.

CURRENT SITUATION

The State and counties are required to provide health care to offenders in jails and prisons under the U.S. and Iowa Constitutions. The community standard of care is the level of care the State and counties are required to meet, as determined by a series of federal court rulings.

All offenders sentenced to State prisons are initially admitted to the Iowa Medical and Classification Center at Oakdale. All admitted offenders receive a physical examination, including tests such as the Complete Blood Count (CBC) which detects anemia and infection; Basic Metabolic Profile (BMP) which detects diabetes, renal failure, and body salts; tuberculosis; Human Immune Deficiency Virus (HIV) and Auto-Immune Deficiency Syndrome (AIDS); Hepatitis C; and sexually transmitted diseases. If the offender's past medical history is available and further testing or treatment is warranted, it is provided.

Although Iowa's costs for offender medical care have increased substantially over the last 10 years, Iowa is below the national average in cost per offender. According to the U.S. Department of Justice, Iowa spent \$2,063 per prison offender in 2001, while the national average was \$2,625.

ALTERNATIVES

According to the Council of State Governments (CSG), states have used the following policy options as cost containment efforts for medical costs:

- Offender Co-Payments – The fee offsets the costs of medical care and may reduce unnecessary sick visits. The DOC charges offenders \$3.00 per medical visit, pursuant to Section 904.108(6), Code of Iowa. The DOC is considering increasing the fee, as Iowa law permits the charge to be up to \$5.00. When the fee was implemented in FY 1997, there was an initial decrease in demand for medical services.
- Telemedicine – The technology generates savings in both transportation and specialized health care costs. The Iowa DOC ranks number one in the nation for use of telemedicine. Approximately 300 offenders per week use telemedicine in such disciplines as cardiology, urology, orthopedics, dermatology, and psychology.
- Privatization – This option provides opportunities to generate savings in certain cases. The DOC contracted all medical services at the Iowa State Penitentiary for approximately 20 years. The DOC saved funds by converting some of the contracted positions to State-funded employees beginning in FY 2001. Currently, the DOC uses a combination of State employees and contracted personnel to provide medical services within the Prison System. The DOC employs physicians, a psychiatrist, radiology technicians, physician assistants, pharmacists, pharmacy technicians, pharmacy assistants, psychologists, dentists, dental hygienists, dental assistants, medical technologists, a nursing administrator, nursing services directors, nurse supervisors, licensed practical nurses, registered nurses, and nursing unit coordinators. The

DOC also has contracted physician and psychiatric services, pharmacy, optometry, dentists, and radiology. Generally, private contracts are used in more rural areas of the State or in cases where the DOC cannot compete with private sector salaries.

- Early Release of Elderly, or Chronically or Terminally Ill Offenders – According to the CSG, there are 36 states that permit some type of early release for ill or elderly offenders. Iowa has no specific statute for early release of these offenders. **Attachment 1** provides results of a survey of selected states.

The Iowa Board of Parole does grant parole to offenders who pose a limited risk to re-offend due to age or illness. Under current law, only those serving non-mandatory minimum terms, or those who have served the mandatory minimum sentence portion, are eligible for this type of release. Most elderly or ill inmates are serving mandatory minimum terms and are not eligible to be considered for early release. Under current Iowa law, these offenders are eligible to be released through the commutation of sentence process, which is quite lengthy. Case reviews are currently being conducted for requests for executive clemency that were submitted in 1995.

- Utilization Review – Requests for medical services are reviewed by a panel of professionals to determine necessity. This option may decrease costs by eliminating unnecessary procedures or by improving quality assurance. The DOC does not use this option, primarily due to a lack of resources.
- Pharmaceutical Costs – The Prison System's costs for drugs and biological medications were \$4.1 million in FY 2003, an increase of \$3.7 million (940.0%) over the last 10 years. The DOC has made recent changes to control drug costs, including:
 - The implementation of a formulary to restrict the medicine choices provided to physicians.
 - The limitation of prescription drug options to generic or low-cost alternatives.
 - The bidding of prepackaged pharmacy services at four institutions. This resulted in saving approximately \$250,000 compared to FY 2003 costs.
- Preferred Provider Organizations (PPO) and/or Health Maintenance Organizations (HMO) – This option attempts to contain medical costs by contracting with providers who agree to charge a discounted fee or standardized rates for services. The DOC does not specifically use this method, as it appears to work best in rural areas. Most offenders with serious medical issues are held in prisons in the eastern part of the State to be near the University of Iowa Hospitals and Clinics in Iowa City.
- Alternative Reimbursement for Emergency and Ambulatory Services – The DOC relies on nursing staff to provide around-the-clock coverage. Any emergencies that occur after hours require a physician's consent to transport the offender to a local hospital. Nurses may approve the transport in severe emergencies. The DOC contracts with local hospitals to provide emergency services. The costs are 100.0% of the market rate, including the University of Iowa Hospitals and Clinics. The only exception is at Clarinda, where the DOC contracted with the local emergency services provider at 30.0% below market rate.
- Prevention Programs – Generally, offenders lead unhealthy lifestyles and may be unaware of the benefits associated with prevention. Some states have implemented prevention programs, such as health screens, vaccines, and health education campaigns. The DOC provides health screens, flu vaccine to offenders aged 50 and over, and education on managing chronic illness,

such as diabetes. The DOC also trains offenders to serve as peers to offenders with chronic diseases, such as Hepatitis.

BUDGET IMPACT

If medical costs continue to increase at the current rate, annual costs will total approximately \$106.9 million by FY 2014. State policy makers may want to further explore the following options:

- Early Release of the Elderly, or Chronically or Terminally Ill Offenders – By releasing certain offenders, the costs may be shifted from the General Fund to Medicaid, Medicare, veterans' benefits, or other public or private assistance. Generally, "medical parole" or "geriatric parole" is used sparingly in states that permit early release of offenders serving mandatory minimum sentences. For example, Texas' prison population is approximately 150,000 offenders. During the last year, 2,786 referrals were made and 164 offenders were released under the Texas statute. Texas has six staff dedicated to providing a care continuum for transition to local communities. Placement includes hospices, nursing homes, Veteran's Administration hospitals, and private sector hospitals.
- Pharmaceutical Costs – The DOC may further contain costs by implementing the following:
 - Centralizing pharmacy operations within the system. For example, four institutions purchase prepackaged medicines through contract, while five perform this function in-house.
 - Create a consortium of all nine prisons, Department of Human Services' institutions, and the Veteran's Home to purchase pharmacy supplies, drugs, and medical supplies at wholesale or discounted prices. Multi-state purchasing groups may also be an option.
- Emergency Medical Care – There are several options to contain costs of emergency medical care, including:
 - Pre-negotiate discounted fees for services provided. Payment is only for services used at a cost less than the market rate, usually at Medicare rates.
 - Pre-negotiate a capitated rate for specific services, such as dentistry. Payments are made in advance of service provision.
 - Mandate by statute that emergency medical services providers cannot charge in excess of the State rate, rather than the market rate, for providing services to Iowa inmates.

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Medical Costs of the State Prison System
<http://staffweb.legis.state.ia.us/lfb/irview/irview.htm>
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MEDICAL PAROLE: SURVEY OF SELECTED STATES

State	Eligibility	Restrictions	Notes
Connecticut	<p>Medical parole</p> <ul style="list-style-type: none"> • Suffers from a terminal condition, disease or syndrome, AND • Is so debilitated or incapacitated by such condition, disease or syndrome as to be physically incapable of presenting a danger to society. 	Offenders convicted of capital felonies are not eligible.	<p>By request of the Board of Parole, Commissioner of Correction, correctional institution warden, inmate, or inmate's spouse, parent, guardian, grandparent, aunt or uncle, sibling, child over the age of 18, or attorney.</p> <p>May be revoked if physical condition improves.</p>
District of Columbia	<p>Geriatric inmates</p> <ul style="list-style-type: none"> • 65 years of age or older, AND • Suffers from chronic infirmity, illness or disease related to aging that did not exist at time of sentencing, AND • Poses a low risk to the community. <p>Permanently incapacitated inmate</p> <ul style="list-style-type: none"> • By reason of an existing physical or medical condition that did not exist at time of sentencing, is permanently and irreversibly physically incapacitated, AND • Does not constitute a danger to himself/herself or to society. <p>Terminally ill inmate</p> <ul style="list-style-type: none"> • Has an incurable condition caused by illness or disease that did not exist at time of sentencing which would produce death within 6 months, AND • Does not constitute a danger to himself/herself or to society. 	Offenders convicted of first degree murder, a violent crime while armed with a firearm, or carjacking while armed with a firearm are not eligible.	By request of inmate or inmate's representative.
Louisiana	<p>Permanently incapacitated inmate</p> <ul style="list-style-type: none"> • By reason of an existing physical or medical condition, is so permanently and irreversibly physically incapacitated does not constitute a danger to himself/herself or to society. <p>Terminally ill inmate</p> <ul style="list-style-type: none"> • By reason of an existing medical condition, is irreversibly terminally ill, AND • Does not constitute a danger to himself/herself or to society. 	Offenders convicted of first or second degree murder are not eligible.	By request of the DOC. May be revoked if physical condition improves.

MEDICAL PAROLE: SURVEY OF SELECTED STATES

State	Eligibility	Restrictions	Notes
Alaska	<p>Medical Parole</p> <ul style="list-style-type: none"> • Reasonable probability exists that the offender <ul style="list-style-type: none"> • Will remain at liberty without violating any laws or condition imposed by the board, AND • Because of severe medical or cognitive disability, will not pose a threat of harm to the public if released on parole; AND • Release on parole would not diminish the seriousness of the crime, AND • Was not suffering, or was not suffering to same degree, from medical condition at time of offense, AND • Care and supervision required can be provided in a more medically appropriate or cost-effective manner than by DOC, AND • Is incapacitated to an extent that incarceration does not impose significant additional restrictions, AND • Is likely to remain subject to the severe medical or cognitive disability throughout the entire period of parole or to die and no reasonable expectation that medical or cognitive disability will improve noticeably, AND • An appropriate discharge plan has been formulated that addresses basic life domains of the prisoner, including care coordination, housing, eligibility for public benefits, and health care, including necessary medication. 	<p>Offenders convicted of first, second, or third degree sexual assault or first, second, or third degree sexual abuse of a minor are not eligible.</p>	<p>By application for parole by inmate or DOC.</p> <p>May be revoked if physical condition improves.</p>
Colorado	<p>Special needs parole</p> <ul style="list-style-type: none"> • Based on offender's condition and a medical evaluation, does not constitute a threat to public safety and is not likely to commit an offense, AND • The board prepared a special needs parole plan that ensures appropriate supervision and placement of the special needs offender. 	<p>None</p>	<p>By request of DOC.</p>

MEDICAL PAROLE: SURVEY OF SELECTED STATES

State	Eligibility	Restrictions	Notes
Mississippi	<p>Medical parole</p> <ul style="list-style-type: none"> • Based on the offender suffering from a permanent significant medical condition with no possibility of recovery. • Further incarceration serves no rehabilitative purpose. • The State would incur unreasonable expenses as a result of continued incarceration. 	<p>Must have served at least one year of the sentence.</p> <p>Sex offenders are not eligible.</p> <p>Offenders released under this law are required to be supervised for the remainder of their sentence.</p>	<p>Medical Director must certify to the Commissioner of Corrections that the offender meets the medical requirements.</p> <p>An offender may be revoked to prison if he or she violates a condition of release.</p>
Missouri	<p>Geriatric or medical parole</p> <ul style="list-style-type: none"> • Advanced in age, AND <ul style="list-style-type: none"> • Is in need of long-term nursing home care, OR • When confinement will necessarily greatly endanger or shorten life. <p>Terminally ill offender</p> <ul style="list-style-type: none"> • Afflicted by a terminal disease. 	<p>None</p>	<p>By request of chief medical administrator.</p>
Montana	<p>Medical parole</p> <ul style="list-style-type: none"> • Inmate suffers from an incapacitating physical condition, disease, or syndrome that renders the person highly unlikely to present a clear and present danger to public safety. 	<p>Offenders sentenced to death are not eligible.</p>	<p>By request of the parole board, DOC, inmate, or inmate's parent, grandparent, child, or sibling.</p>
New Hampshire	<p>Medical parole</p> <ul style="list-style-type: none"> • Inmate has a debilitating, terminal, incapacitating, or incurable medical condition or syndrome as certified by a licensed physician, AND • Costs for medical care, treatment, and resources are determined to be excessive, AND • Board of Parole has determined that the inmate is not a danger to the public. 	<p>Required that the parole be granted by a majority of the full seven-member Board of Parole.</p> <p>Board of Parole may require periodic medical evaluations. If the parolee is cured of the medical condition, then the parole is revoked.</p> <p>Inmates sentenced to life in prison or the death penalty are not eligible.</p>	<p>Granted by the Board of Parole as recommended by the commissioner of corrections and the medical director of corrections.</p> <p>Medical director may petition the Board of Parole on behalf of the inmate.</p> <p>The State is responsible for all Medicaid costs, net of federal reimbursement, for any medical parolee until the earliest date on which a parole could have been granted had the inmate not been granted a medical parole.</p>

New Mexico	<p>Geriatric inmates</p> <ul style="list-style-type: none"> • 65 years of age or older, AND • Suffers from chronic infirmity, illness or disease related to aging. <p>Permanently incapacitated inmate</p> <ul style="list-style-type: none"> • By reason of an existing physical condition, is permanently and irreversibly physically incapacitated. <p>Terminally ill inmate</p> <ul style="list-style-type: none"> • Has an incurable condition caused by illness that would in reasonable medical judgment, cause death within 6 months. 	None	By application of inmate.
Oklahoma	<p>Medical parole</p> <ul style="list-style-type: none"> • Suffers from a medical condition. 	Offenders sentenced to life without parole are not eligible.	By request of DOC.
Texas	<p>Medical clemency</p> <ul style="list-style-type: none"> • Terminally ill with projected life expectancy of less than six months. • Family member that is terminally ill. <p>Medical parole to intensive supervision</p> <ul style="list-style-type: none"> • Based on age, physical disability, mentally ill, mentally retarded, or having a condition requiring long-term care. • The parole panel determines the offender does not pose a threat to public safety. • The Correctional Office on Offenders with Medical or Mental Impairments has prepared a medical parole plan that includes electronic monitoring, intensive supervision, and community placement. 	<p>Medical clemency is rarely granted by the Governor.</p> <p>Offenders serving sentences for the following crimes are not eligible for medical parole: sex offenses, murder, capital murder, aggravated kidnapping, aggravated robbery, certain drug offenses, and any offense that involved use of a firearm.</p> <p>Offenders released on medical parole are required to remain under the care of a physician, and quarterly medical reports are required to be submitted to the parole panel.</p>	The Texas Correctional Office on Offenders with Medical or Mental Impairments controls who is considered for release under the medical parole law.
Virginia	<p>Geriatric inmates</p> <ul style="list-style-type: none"> • 65 years of age or older, AND • Has served at least 5 years of sentence imposed, OR • 60 years of age or older, AND • Has served at least 10 years of sentence imposed. 	Offenders convicted of Class 1 felony are not eligible.	By application of inmate.
U.S. Bureau of Prisons	<p>Compassionate Release</p> <ul style="list-style-type: none"> • Extraordinary and compelling reasons warrant such a reduction; OR • The defendant is at least 70 years of age, has served at least 30 years in prison for the offense or offenses for which the defendant is currently imprisoned, AND 	The original sentencing judge must make the determination to reduce the sentence so the offender may be released.	Compassionate release is rarely used. The statute is broader than actual practice.

- A determination has been made by the Director of the Bureau of Prisons that the defendant is not a danger to the safety of any other person, AND
 - That such a reduction is consistent with applicable policy statements issued by the Sentencing Commission.
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Sources: Vera Institute of Justice; Legislative Services Agency

LSA: Fiscal Services/Subcom/Justice/Beth/DOC/Institutions/Medical//Medicalparolecomparisons.doc