

THOMAS P. DiNAPOLI
STATE COMPTROLLER



110 STATE STREET
ALBANY, NEW YORK 12236

STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER

July 2, 2009

Thomas A. Farley, M.D.
Commissioner
NYC Department of Health and Mental Hygiene
125 Worth Street, CN-28
New York, NY 10013

Re: Report 2009-F-2

Dear Dr. Farley:

Pursuant to the State Comptroller's authority as set forth in Article V, Section 1 of the State Constitution, and Article III, of the General Municipal Law, we have followed up on the actions taken by officials of the Department of Health and Mental Hygiene to implement the recommendations contained in our audit report, *Contracted Health Care Services for New York City Prison Inmates* (Report 2005-N-5).

Background, Scope and Objective

The New York City Department of Health and Mental Hygiene (Department) is responsible for providing health care services to New York City prison inmates. These services are provided through a contract with Prison Health Services (PHS), Inc. Under the contract, PHS is required to fully meet up to 40 performance indicators (PIs). These indicators relate to various health care services, some of which are to be provided to all inmates (e.g., a physical examination and medical history upon admission to the New York City prison system) and others which are to be provided only when needed (e.g., prenatal care or treatment for chronic medical conditions). New York City provides health care services to inmates at 11 City-operated prisons, ten of which are serviced by PHS. Nine of these prisons are located on Rikers Island, while the tenth is located in Manhattan. On average, about 14,000 inmates a day are housed in the prisons. For the 2008 calendar year, payments made to PHS totaled over \$114.9 million. The Department is allowed by the contract to assess financial penalties, known as liquidated damages, when these standards are not met. Total liquidated damages assessed against PHS for not meeting performance indicators totaled \$218,753.

Our initial audit report, which was issued on June 25, 2007, we identified the need for certain improvements in the Department's monitoring efforts, as several of the PIs established by the Department were not being met by the contractor. We recommended the Department consider increasing the penalties when the contract was due to be extended or rebid at the end of 2007. We found that while the process used for awarding the \$359 million contract in 2004 was open and

competitive, \$9.2 million in service enhancements that were negotiated into the contract after the contractor's proposal was accepted were not adequately supported by written documentation. The objective of our follow-up was to assess the extent of implementation as of March 23, 2009, of the ten recommendations included in our initial report.

Summary Conclusions and Status of Audit Recommendations

We found that Department officials have made some progress in implementing the recommendations contained in our prior report. Of the ten prior audit recommendations, five recommendations have been implemented, four recommendations have not been implemented and one recommendation was no longer applicable.

Follow-up Observations

Recommendation 1

Expedite efforts to develop electronic medical records.

Status - Implemented

Agency Action - Since the issuance of our prior audit report, the Department has moved forward with its efforts to develop and implement electronic medical records. Officials have implemented electronic medical records for the women's prison, a facility that houses approximately 1,300 inmates, representing about 10 percent of the City's total inmate population. Department officials stated that implementation is a continuous process and they will continue to develop, expand, refine and integrate electronic records for all inmates. They would not estimate when all records would be available electronically.

Recommendation 2

Periodically validate a sample of the SDA Unit's daily assessments.

Status - Implemented

Agency Action - At the conclusion of our prior audit, Department officials initiated a process to validate a risk-based sample of the SDA Unit's daily assessments, using factors such as the experience level of the nurses who performed the assessments. These validations were informally documented on a date book calendar and summary totals were recorded. Effective February 2009, the Department formalized the process by adopting guidelines and a standard form to be completed. The guidelines call for a minimum of at least ten charts to be validated per month for each nurse. Our review confirmed that these forms were in use.

Recommendation 3

Recommendation was deleted from the final report.

Recommendation 4

Expedite the development of the new chronic care management model, and require PHS to implement this new model.

Status - Implemented

Agency Action - Department officials have developed a new chronic care management model, and Correctional Health Services staff is working to revise and modify the language for the criteria for this PI.

Recommendation 5

Expedite the development and implementation of corrective action plans by (a) reducing the delays in the issuance of the quarterly reports and (b) using the interim biweekly performance reports to officially report areas of concern before the end of a quarter.

Status - Not Implemented

Agency Action - Department officials disagreed with this recommendation. They indicated that the interim biweekly performance reports are, in fact, used to report areas of concern to PHS before the end of a quarter. However, as during our prior audit, we saw no indication that PHS initiated corrective actions or significantly improved its performance based on the results of these reports, or that the development of corrective action plans had been expedited.

Recommendation 6

Develop an ongoing process for monitoring the effectiveness of corrective action plans. In this process, use the interim biweekly performance reports to monitor PHS's performance in the areas addressed by the plans.

Status - Not Implemented

Agency Action - Department officials disagreed with this recommendation. They stated that they have always continuously monitored corrective action plans. However, they were neither able to provide us with a document that described the ongoing monitoring process nor provide support for their actual monitoring, including the use of the bi-weekly reports.

Recommendation 7

Maintain minutes of the meetings held to develop corrective action plans, and review these minutes for improvement opportunities whenever a plan proves to be ineffective.

Status - Not Implemented

Agency Action - Department officials continue to disagree with this recommendation.

Recommendation 8

Routinely review all substantially met performance indicators to determine whether the number of instances of non-compliance for any indicator is significant enough to warrant corrective actions.

Status - Implemented

Agency Action - Department officials stated that the Deputy Commissioner and the Director of the Department's Bureau of Correctional Health Services regularly meet with PHS to discuss concerns about all PIs and whether they were met, substantially met or not met. They provided evidence that they have required PHS to take corrective actions for a PI that was not substantially met.

Recommendation 9

Establish a strategy for strengthening the effectiveness of the contract for periods beyond 2007. Address the questions presented in this report when establishing the strategy.

Status - Implemented

Agency Action - The contract with PHS was renewed to cover the period from January 1, 2008 through December 31, 2010. In renewing the contract Department officials made certain changes in the contract to strengthen its effectiveness. Those changes included the development of electronic medical records, development of the chronic care model, institution of a new performance indicator form, and additions, deletions and modifications of existing PIs.

Recommendation 10

Ensure that service enhancements in contracts are supported by detailed written analyses showing the additional services are needed.

Status - Not Applicable

Agency Action - The contract was renewed and did not include service enhancements.

Recommendation 11

Maintain records of all meetings in which important procurement decisions are made.

Status - Not Implemented

Agency Action - Department officials still disagree with this recommendation.

Major contributors to this report were Stuart Dolgon, David Louie, John Ames, Ray Louie and Margarita Ledezma.

We would appreciate your response to this report within 30 days, indicating any actions planned to address the unresolved issues discussed in this report. We also thank the management and staff of the Department for the courtesies and cooperation extended to our auditors during this review.

Very truly yours,

Michael Solomon
Audit Manager

cc: T. Hardiman, Internal Audit
G. Davis, Mayor's Office