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Audit Report

**PRIMECARE  
MEDICAL INC.,  
CONTRACT AUDIT**

As of March 31, 2015

**Office of the Controller  
County of Northampton  
Pennsylvania**



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November 25, 2015

Members of the Northampton County Council  
John A. Brown, County Executive  
County of Northampton, Pennsylvania

We have completed an audit of the PrimeCare Medical Inc. contract as of March 31, 2015.

The Executive Summary on page 1 summarizes the audit results, while the Audit Results section provides a detailed explanation.

We acknowledge the cooperation and assistance we received from management and staff at PrimeCare Medical Inc. and the Jail, and also other counties that participated in our survey. Their help was essential to the performance of this audit.

Our report was discussed with management at our exit conference on October 16, 2015. Management's response is included in the Audit Results section of the report.

Very truly yours,

Stephen J. Barron, Jr., CFE  
County Controller

Paul L. Albert, CIA  
Lead Auditor

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## EXECUTIVE SUMMARY

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PrimeCare Medical Inc. (PrimeCare) is the provider of inmate healthcare services at the Department of Corrections (Jail) under a contract with the County that was executed September 6, 2012. Northampton County Council requested this audit of the PrimeCare contract.

Overall we found that PrimeCare was complying with the terms of the contract in the delivery of healthcare to the inmates. They did not comply with a clause in the contract that required them to have an annual financial audit conducted specific to Northampton County. The cost of that audit would have been shared with the County. However since it is a fixed-price contract and not program funded, the necessity of that audit is questionable. Most of the recommendations are directed at the Jail and County Administration on ways to lower the cost of the next contract and to use funds in the Inmate Healthcare Self-Insurance Fund for other County purposes.

A significant observation made in the audit pertains to the estimated inmate population at the Jail over the life of the contract. The estimated population in the Request for Proposal (RFP) was much higher than the actual population. That resulted in proposals from vendors based on those higher population figures, which made the contract more expensive than it would have been with lower population estimates. Also, the Inmate Healthcare Self-Insurance Trust Fund was established to pay amounts that exceed caps established in the contract. However, the fund hasn't been used for that purpose in the last 15 years and has a balance in excess of \$300,000.

An analysis was performed of financial information supplied by PrimeCare for the last five years and it showed the favorable economic results of Pennsylvania Act 22 of 2011. It greatly lowered the cost of in-patient and out-patient medical costs, and the cost of this contract with PrimeCare.

Finally, there is comparative data from other third class counties and the inmate healthcare providers that they use. Seven of the other counties also use PrimeCare while the remaining four counties use one of three different providers.

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## INTRODUCTION

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On September 6, 2012, the County entered into Contract 12-168 with PrimeCare Medical Inc. of Harrisburg to provide healthcare to inmates housed at the Jail. The five-year contract, with the option of two one-year extensions, has an annual base amount of \$2,695,726.77. The contract also has a contractor's liability limit for the first \$125,000 for HIV, Hepatitis C and other infectious diseases provided to the total inmate population and a \$15,000 Hospital Liability limit per single inmate per contract year. In addition, a per diem rate of \$2.66 payable to PrimeCare when the Average Daily Population (ADP) for a month exceeds 1,100 and a reverse per diem of \$2.66 from PrimeCare when the ADP in a month is below 700 inmates is included in the contract. There is also a prompt pay discount of 0.50% when payment is received by PrimeCare the month before services are provided.

Three companies responded to the Request for Proposals (RFP) in 2012. Besides PrimeCare, proposals were received from Correctional Care, Inc. and Correct Care Solutions LLC. The proposal from Correctional Care, Inc. was rejected by the Solicitor due to a faulty Bid Bond. PrimeCare was then selected by the review committee after they analyzed the two remaining proposals.

An important change in the cost of inmate healthcare occurred on July 1, 2011 when Pennsylvania Act 22 of 2011 (Act 22) became effective. Act 22 caps inpatient hospital care for county and state inmates at Medicaid rates and outpatient care at Medicare rates. Additionally, the Medical Assistance qualification can result in up to 50% of the inpatient care being paid by the federal government. Payment of inpatient hospital bills is handled through the Prison Inmate Medical Cost Containment (PIMCC) program established by the County Commissioners Association of Pennsylvania (CCAP). PIMCC provides the Act 22 service and also acts as a liaison between the counties, Department of Public Welfare and the Department of Corrections. Act 22 resulted in a lower base amount of the current contract with PrimeCare compared to the previous contract and less money owed by the County when inmates exceed the individual Hospital Limit or group Infectious Disease limit. In addition, because PrimeCare manages all aspects of "In-patient/Out-patient" hospital care pursuant to Act 22, the County is no longer required to establish an escrow account or pay usage fees that would have otherwise been required.

PrimeCare was founded in 1986 and provides healthcare services to 60 correctional facilities in three states. They have been providing healthcare services to the Jail since 1999, and administer to inmates in the main Jail, the Community Corrections Facility and the West Easton Treatment Center, utilizing a comprehensive electronic medical records system.

The table below provides a summary of some of the services provided to inmates in the Jail during 2014. These statistics were provided to us by PrimeCare in their annual 2014 Statistical Summary report.

### **Statistics of Inmate HealthCare – 2014**

Activity	Number
Number of Inmate Deaths	0
Number of Inmates Hospitalized	22
Number of Patient Days	83
Number of Outside Consultations	373
In-House EKG's and X-Rays	521
Sick Call by Doctors, Nurse Practitioner, Physician Assistant, Certified Registered Nurse Practitioner	5,462
Sick Call by Nurses	4,774
Number of Physicals Performed	2,249
Inmates Seen by Psychiatrist, Psychologist	3,542
Inmates Seen by Dentist	664
Inmates Seen at In-House Clinics	2,036
Number Screened at Intake	3,466
Number of Inmates on Medications	2,272
Number of Inmates on Suicide Watch	751
Number of Pregnant Females	77
Number of MRSA Cases	12

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## PURPOSE AND SCOPE

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The audit was conducted at the request of Northampton County Council via Resolution Number 13-2015. Council requested an audit of the PrimeCare Medical Inc. contract for the Jail's healthcare services. It was requested that the audit address, but not necessarily be limited to, the following:

- Analysis of the operating costs
- Analysis of the cost for labor
- Analysis of administrative costs
- Comparisons to other Third Class Counties
- Analysis of the last five years financials to view the spending trends.

Our scope included a review of financial information from January 1, 2010 to March 31, 2015. Testing was performed on limited activity that occurred during the fifteen months ended March 31, 2015.

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## METHODOLOGY

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Our methodology included:

- Reviewing the most current contract with PrimeCare that was signed September 6, 2012.
- Interviewing management at PrimeCare and the Jail to gain an understanding of the processes and details of the contract.
- Reviewing the Jail's policies and procedures that pertain to inmate healthcare.
- Reviewing the two most recent Accreditation Reports from the National Commission on Correctional Health Care for the Jail.
- Reviewing Jail Advisory Board Minutes dealing with inmate healthcare.
- Analyzing the effects of the average daily inmate population on the contract and the use of the Inmate Healthcare Self-Insurance Trust Fund.
- Analyzing financial information provided by PrimeCare.
- Contacting representatives from other third class counties to learn more about inmate healthcare in their Jails.
- Reviewing staffing levels, testing payments made to PrimeCare above stated limits, testing early pay discounts taken and per diem/reverse per diem rates.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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## AUDIT RESULTS

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### **Section A – Financial Analysis**

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This Financial Analysis section is in response to the request from County Council. PrimeCare does not provide the County with financial statements specific to the contract, audited or non-audited, on an ongoing basis. They did provide five-year unaudited financial statements specific to the Jail when they were requested for this audit. PrimeCare's corporate financial statements are audited annually by SF & Company, a CPA firm based in Harrisburg. SF & Company provided an unqualified opinion as to the reasonableness of the corporate-wide financial statements. Although those audited statements were provided in response to the RFP and to our office for the audit, their contents are confidential because PrimeCare is a privately owned corporation.

The five-year statements broke out costs into three categories: labor, operating and administrative, as council requested. They also noted whether the costs were incurred directly in the administration of inmate healthcare or if the costs were allocated by corporate.

#### **2014 Financial Information**

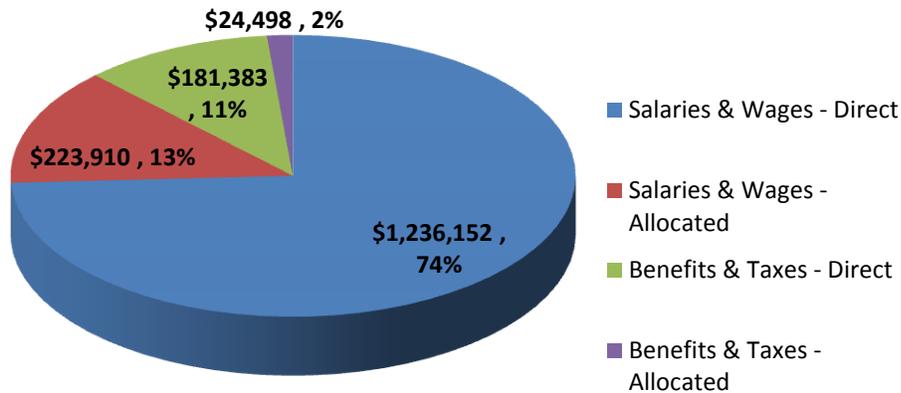
**Labor Costs** - Using the financial information received from PrimeCare, it was noted that the largest component of costs in 2014 and all years was labor costs. This includes salaries, wages, payroll taxes and benefits incurred by individuals that work for PrimeCare at the Jail, and also some allocated corporate support staff. Over the last four years labor costs represent approximately 65% of PrimeCare's costs; they amounted to \$1,665,943 in 2014. They've decreased each of the last four years as overall costs have also gone down. The table on the following page reflects the breakdown of staffing hours during 2014 as compared to the staffing hours stated in the contract. Overall the hours worked are consistent with the contract, with more hours being provided by Physicians, Physician's Assistants, Dentists and mental health workers. Fewer hours were provided by Nurses.

## Staffing Analysis – Hours Worked vs Contract

Staffing Classification	Approximate Weekly Hours Worked	Hours Stated in the Contract
Physician, Physician Assistant (PA), Certified Registered Nurse Practitioner (CRNP)	54 hours	40 hours
Dentist	12 hours	6 hours
Psychiatrist, Psychologist, Mental Health Worker	75 hours	68 hours
Registered Nurse, Licensed Practical Nurse, Medical Assistant	720 hours	736 hours
Health Services Administration	54 hours	40 hours
Clerical	40 hours	40 hours
<b>Totals</b>	<b>955 hours</b>	<b>930 hours</b>

The pie chart below illustrates that 85% of 2014 labor costs were incurred by staff that worked on-site (direct) at the Jail. The remaining 15% represented corporate staff costs that were allocated to the Jail. Benefits and payroll taxes accounted for 13% of labor costs.

## Components of Labor Costs - 2014



**Operating Costs** – During 2014 operating costs were \$570,478, and since 2011 they’ve averaged approximately 22% of total expenses. These are all direct expenses representing the cost of care provided to the inmates housed at the Jail. This category has seen the largest decrease over the last five years because of Act 22. Costs related to in-patient and out-patient hospital care have decreased from \$630,917 in 2010 to \$199,537 in 2014, and radiology costs have decreased from \$80,176 to \$16,347 over the same time period. Pharmacy costs

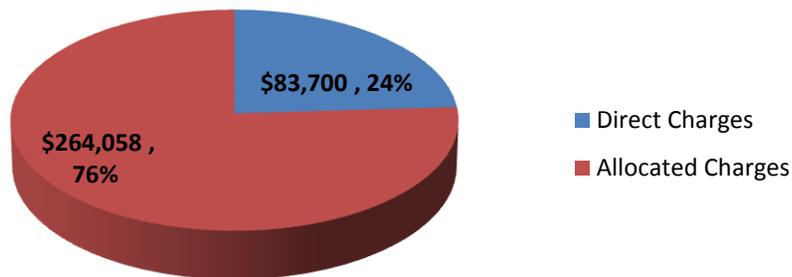
remain the largest component of operating costs and have remained relatively constant over the last 5 years.

### Operating Costs by Category – 2014

Operational Category	Cost
Pharmacy	\$232,736
Hospitals	199,537
Medical Supplies	39,512
Insurance Specific to the Jail	26,958
Lab Fees	26,362
Malpractice Insurance	24,674
Radiology	16,347
Other	4,352
<b>totals</b>	<b>\$570,478</b>

**Administrative Costs** – These costs are incurred to support the healthcare provided to inmates at the Jail. They’ve averaged approximately 13% of total expenses over the last five years and were \$347,758 in 2014. These costs are dominated by Corporate Wide Insurance costs which include workers compensation insurance. During 2014 insurance accounted for 32% of administrative costs while legal costs accounted for another 22% of total administrative costs. As the pie chart below shows most administrative costs are allocated from corporate; they were not incurred directly at the Jail.

### Components of Administrative Costs - 2014



### Five-Year Financial Information

Act 22 of 2011 not only reduced the amount the County pays above the caps for infectious diseases and to treat individual inmates, it also reduced the amount that PrimeCare owed for those two items (under the cap). As a result the current contract with PrimeCare effective in 2012 is roughly \$300,000 a year less than the previous contract. It also resulted in overall savings of \$621,358 or 18% over

the last five years. The table below illustrates payments to PrimeCare and how they've decreased since 2010. The effective date of Act 22 of 2011 was July 1, 2011.

### Payments to PrimeCare

Year	Contract Payments	Other Payments (above caps)	Total
2010	\$2,968,529	\$395,644	\$3,364,173
2011	\$2,956,048	\$162,643	\$3,118,691
2012	\$2,882,235	\$27,875	\$2,910,110
2013	\$2,683,371	\$25,872	\$2,709,243
2014	\$2,683,371	\$59,444	\$2,742,815
<b>totals</b>	\$14,173,554	\$671,478	\$14,845,032

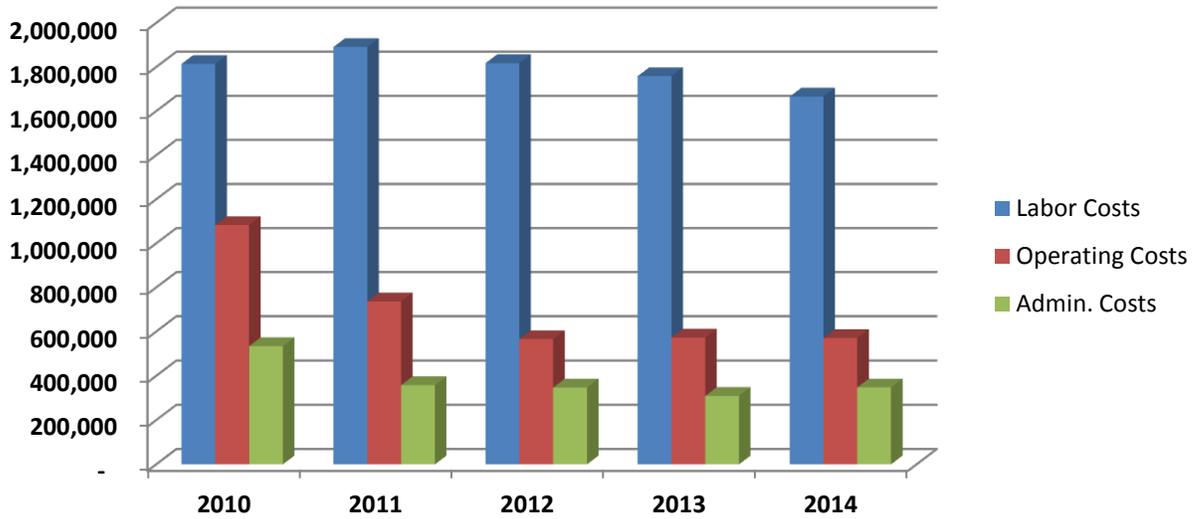
Using the financial information provided by PrimeCare, the table below details the revenue PrimeCare received from the County and how it was spent, along with any profit or loss. Costs have remained relatively consistent by category as a percent of the total.

### Five Year Spending Trends

Year	Total Revenue	Labor Costs	Operating Costs	Administrative Costs	Net Profit / (Loss)
2010	\$3,359,830	\$1,814,144	\$1,082,993	\$534,127	\$(71,434)
2011	\$3,103,213	\$1,891,138	\$736,664	\$358,270	\$117,141
2012	\$2,863,370	\$1,817,764	\$565,853	\$347,435	\$132,318
2013	\$2,707,227	\$1,758,620	\$572,753	\$309,419	\$66,435
2014	\$2,731,403	\$1,665,943	\$570,478	\$347,758	\$147,224
<b>totals</b>	\$14,765,043	\$8,947,609	\$3,528,741	\$1,897,009	\$391,684

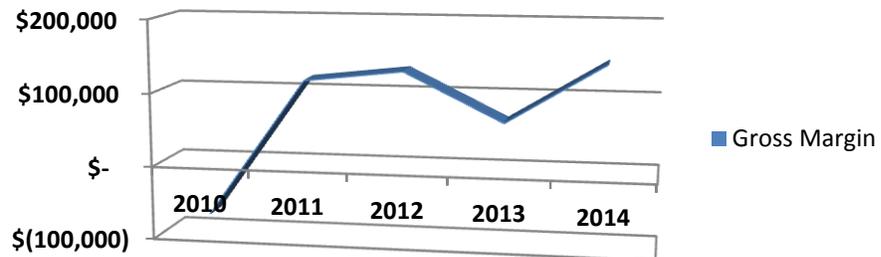
The bar chart on the following page illustrates the breakdown of expenses by cost category. In each of the last five years labor costs made up the majority of the costs. The decrease in operating costs reflects the savings realized by Act 22 of 2011 which have leveled off since 2012, the first full year the law took effect. The largest fluctuation in administrative costs occurred in legal fees which are specific to lawsuits filed by inmates at the Jail against PrimeCare. These costs ranged from a high of \$188,901 in 2010 to \$16,724 in 2013; with \$76,690 being spent in 2014.

## Breakdown of Expenses by Cost Category



This final line chart shows the excess of funds sent to PrimeCare Medical over their expenses. The gross margin ranged from -2.1% in 2010 to 5.4% in 2014.

## Excess of Revenue over Expenses



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**Section B – Comparison to Other Third Class Counties**

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As requested by County Council, inmate healthcare information was gathered from the eleven other third class counties in Pennsylvania. The majority of the information came from PrimeCare because they provide inmate healthcare to seven of those counties. County Controllers or Wardens were contacted in the other counties to obtain their contract information.

**Third Class Counties and Inmate Healthcare Providers**

<b>County</b>	<b>Vendor</b>	<b>Location</b>
<b>Berks</b>	PrimeCare Medical, Inc.	Harrisburg, PA
<b>Chester</b>	PrimeCare Medical, Inc.	Harrisburg, PA
<b>Cumberland</b>	PrimeCare Medical, Inc.	Harrisburg, PA
<b>Dauphin</b>	PrimeCare Medical, Inc.	Harrisburg, PA
<b>Lancaster</b>	PrimeCare Medical, Inc.	Harrisburg, PA
<b>Lehigh</b>	PrimeCare Medical, Inc.	Harrisburg, PA
<b>Northampton</b>	PrimeCare Medical, Inc.	Harrisburg, PA
<b>York</b>	PrimeCare Medical, Inc.	Harrisburg, PA
<b>Erie</b>	Wexford Health Sources Inc.	Pittsburgh, PA
<b>Westmoreland</b>	Wexford Health Sources Inc.	Pittsburgh, PA
<b>Lackawanna</b>	Correctional Care Inc.	Moosic, PA
<b>Luzerne</b>	Correct Care Solutions, LLC	Nashville, TN

**Observations from PrimeCare Contracts**

- Healthcare services provided at county jails are fairly standard but the amount of liability that each of the jails is willing to absorb directly affects the dollar amount of the contracts.
- Most jails have had a long-term relationship with PrimeCare ranging from eight to 28 years.
- Northampton County is the only Jail where the contract price is fixed for the term of the contract. Other contracts allow for annual contract increases.

**Observations from All Contracts**

- All counties extend healthcare to their community corrections or work release facilities with the exception of Lackawanna County.

- PrimeCare Medical, Wexford Health Sources and Correct Care Solutions are all nation-wide companies.
- Luzerne and Westmoreland counties do not have dollar limits on the amount their provider covers for things such as infectious diseases or care for individual inmates.
- Erie County has a \$200,000 limit for offsite services. If the costs are above \$200,000 the County pays the amount above \$200,000. If the costs are below \$200,000 the vendor refunds the unspent amount below \$200,000.
- All counties except Lackawanna have a fixed contract amount with possible allowances for caps on certain services, and per diem and reverse per diem rates. Lackawanna County pays their healthcare provider based on these three factors:
  - The actual cost of care
  - General and administrative costs based on the agreed number of inmates and staffing level requirement, not to exceed a total designated amount
  - An agreed annual compensation fee.
- The healthcare contract in Erie County does not cover pharmaceuticals. The county entered into a separate contract with a different vendor for those services.

### **Average Annual Cost per Inmate**

County	Annual Cost per Inmate	Annual Cost Based on this Inmate Population
Northampton	\$2,450.66	700-1,100 contracted
Cumberland	\$2,568.94	415 contracted
Erie	\$2,742.84	525 contracted
Dauphin	\$2,782.58	1,200 contracted
York	\$2,818.98	2,450 contracted
Lehigh	\$2,896.72	1,500 contracted
Luzerne	\$3,013.89	700 contracted
Lancaster	\$3,136.04	1,000-1,200 contracted
Westmoreland	\$3,351.98	589 actual 2014
Berks	\$3,609.45	900-1,125 contracted
Chester	\$4,254.08	1,100 contracted

Contract amounts fluctuate based on other terms such as the dollar amount of the cap for treatment of infectious diseases and the cap for treatment of individual inmates. Also, the figures above are almost all based on the number of inmates projected in RFP's, not the actual number of inmates. When a range of inmate population is stated in the RFP, PrimeCare based their proposal on the highest number of inmates, to lower their financial exposure. Section C, Finding 1 of the report talks more about the estimated inmate population in the RFP.

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## **Section C – Economy and Efficiency**

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### **1. Inmate Population Estimate in the Request for Proposal**

#### **OBSERVATION**

When the RFP was prepared for inmate healthcare in 2012, the Jail had to address a number of questions that would provide the basis for vendors to submit proposals. One question that possibly had the greatest impact on the cost of proposals was the estimated inmate population over the length of the contract. The Warden indicated that a consultant was hired to prepare a master plan that would estimate what the inmate population would be in the future, i.e. during the length of the contract. Per the Warden the master plan indicated that the population would range between 1,100 and 1,300 inmates. In preparing the RFP, a range of 700 to 1,100 inmates was used as the estimated population during the contract length. During 2011, the Average Daily Population (ADP) was 792 inmates.

PrimeCare based their annual bid amount of \$2,695,726.77 on 1,100 inmates to lessen their financial exposure in case the population increased to the upper level of the estimate. Their bid amounts to an average of \$2,450 per inmate each year for healthcare based on 1,100 inmates. In addition to their base bid, PrimeCare and the County negotiated per diem and reverse per diem rates in case the ADP increased above or decreased below the estimated levels. If the monthly ADP is above 1,100, the County owes PrimeCare an additional \$2.66 per inmate per day for the number of inmates above 1,100 in a particular month. If the ADP falls below 700 in any month, PrimeCare owes the County \$2.66 per inmate per day for the number of inmates below 700 each month. Inmate healthcare at the daily per diem rate for 365 days amounts to \$971 per inmate per year, much less than the average contract amount of \$2,450 noted above.

The ADP in the Jail for the fifteen months ended March 31, 2015 was at the low end of the amount estimated in the RFP. The low population increased the average cost of inmate healthcare even when taking into account payments received from PrimeCare as a result of the reverse per diem. Those payments to the County totaled \$8,911 in 2014 and \$7,209 for the first three months of 2015. The table on the following page illustrates the ADP in the Jail for January 2013 – March 2015, the average cost of inmate healthcare for each of the periods based on the actual average population (net of per diem payments), and the number of months the ADP was above 1,100 or below 700 inmates.

## Average Population and Cost of HealthCare per Inmate

Year	Average Daily Population	Actual Annual Cost of HealthCare per Inmate	Number of Months above 1,100 Inmates	Number of Months below 700 Inmates
2013	739	\$3,648	0	0
2014	699	\$3,844	0	6
1 <sup>st</sup> Quarter 2015	679	\$3,960	0	3

The inmate population during the contract has not exceeded 800 inmates in any one month. The per diem charge of \$2.66 per day is intended to cover the additional medical costs associated with additional inmates, but not any increased personnel costs. Those costs would have to be negotiated if there was a large increase in inmate population.

### RECOMMENDATION

The master plan developed by a consultant for the Jail overestimated the top end of the ADP by over 300 inmates per year. The proposal was estimated to cost \$2,450 per inmate per year for healthcare based on 1,100 inmates. The cost of healthcare for those 300 additional inmates using the estimated cost of \$2,450 per inmate amounts to \$735,000. While this is not an exact number because of fixed costs in the contract, the County is paying substantially more than they would have if their population estimate was more accurate.

In future RFP's the County should be more conservative in their estimates of the ADP of inmates. If a range of ADP is included, it should be much smaller than the 400 inmate gap that was in the latest RFP. If the limit is exceeded, the per diem rate is still cheaper than the average cost of care stated in the RFP. If there is a large increase in the ADP, the County would have to negotiate a new staffing plan with PrimeCare, and amend the contract to reflect the extra cost of additional staffing.

### MANAGEMENT RESPONSE

#### **Daniel S. Keen, Director of Corrections**

The County will take a more conservative approach to the ADP of inmates with the next RFP for inmate medical coverage. In addition, the County will supply language in the RFP to have the ability to amend the contract to reflect the extra cost of additional staffing if there is a large increase in the ADP.

## 2. Use of the Prison Medical Self-Insurance Trust Fund

### OBSERVATION

The contract with PrimeCare establishes a fixed contract amount and also two areas that are capped, limiting PrimeCare's exposure for excessive costs in a contract year. There is a \$125,000 limit to PrimeCare's liability for HIV, Hepatitis C and other infectious diseases provided to the total inmate population, and a \$15,000 cap per inmate for out of the ordinary healthcare costs. To neutralize the effects that these overages could have on the Jail's operating budget, the County established an Inmate Healthcare Self-Insurance Trust Fund to account for payments above the contract amount. This was especially important before the implementation of Act 22 in 2011 which greatly reduced the amount owed for in-patient and out-patient care.

The balance in the account at March 31, 2015 was \$302,203. In the last 15 years the only payments made out of the Inmate Healthcare Self-Insurance Trust Fund were for monthly fund management services and \$215,222 in 2002 when the County purchased a building on South Union Street for Correction's office space and training. Payments to PrimeCare above the contract amount ranged from a high of \$395,644 in 2010 to a low of \$25,872 in 2013, and they were paid from the Jail's operating budget.

### RECOMMENDATION

The fact that the Inmate Healthcare Self-Insurance Trust Fund was not used for its intended purpose for such a long period requires further review by the Administration. The Administration should decide if they want to keep funds in this trust fund to pay invoices above the cap, or transfer the funds to the General Fund or another self-insurance trust fund.

### MANAGEMENT RESPONSE

#### **Daniel S. Keen, Director of Corrections**

The County will realign these funds suitable for the Administration's needs to offset any cost that may be accrued.

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## **Section D – Compliance**

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### **1. County Specific Audit not Performed**

#### **OBSERVATION**

The boilerplate section of all County contracts requires vendors to maintain records for a period of six years following final performance of the agreement and gives the Northampton County Controller or his duly authorized representatives access to the records to audit or examine them. In addition to that audit clause, Section 11, page 16 of the PrimeCare contract states that “PrimeCare Medical, Inc. shall participate in annual audits conducted by mutually agreed upon independent auditors. Such audits may be conducted for the purposes of ensuring NCCHC standards compliance and financial records review, specific to Northampton County”.

No such audits specific to the Northampton County contract were ever completed and no one at the Jail monitored the contract to request this audit from PrimeCare.

#### **RECOMMENDATION**

A contract clause requesting an audit specific to Northampton County is unusual especially because this is a fixed-price contract, with some exceptions for services that are capped. It is not a cost-plus contract where the vendor is reimbursed for allowable expenses. A contract specific audit would require additional monetary and time resources from both parties and should only be requested if there is a specific need for it. Management should decide whether this audit clause is necessary; and if not, the contract should be amended. Jail management should also monitor requirements of the contract and perform follow-up with the vendor when necessary.

#### **MANAGEMENT RESPONSE**

##### **Daniel S. Keen, Director of Corrections**

Management will review and decide if a contract specific audit clause should be conducted or amended from the contract. Jail Management staff will monitor the requirements of the contract and will perform follow-up with the vendor as needed.

##### **Todd W. Haskins, Vice President of Operations, PrimeCare Medical, Inc.**

PrimeCare Medical, Inc. shall fully comply with all terms and conditions contained within our health services contract with Northampton County, to include required

participation in any and all audits performed. Should the County desire to amend the provision for county specific audits as it relates to the financial performance of the contract, PrimeCare Medical shall willfully comply with such a request. With regards to the completion of audits pertaining to contract compliance specifically related to inmate/patient care and NCCHC Standards compliance, PrimeCare Medical's Policies and Procedures are all based upon these standards. As such, all health care services provided to Northampton County inmates/patients are completed in accordance with NCCHC Standards and community standards for care. Further, PrimeCare Medical and the Northampton County Department of Corrections are audited by the NCCHC and have been continuously accredited by this agency since 2000.

## 2. Definition of “Hospital Liability” in Contract

### OBSERVATION

One of the options the County chooses from in the contract is the amount of “Hospital Liability” per single inmate per contract year; it could range from a low cap of \$7,500 or a high of \$50,000. PrimeCare is responsible for the amount of costs up to the cap and the County is responsible for the remainder above the cap. The County chose the “Hospital Liability” amount of \$15,000 over \$50,000 which saved \$120,000 each year of the contract.

The term “Hospital Liability” is misleading because a common man would believe that it refers to costs related to in-patient or out-patient hospital costs. In reality it refers to any out of the ordinary costs incurred by inmates. Ordinary costs refer to over-the-counter pain relievers, band-aides, etc. The costs of other treatments or medications whether performed in the Jail or at an outside facility count toward the “Hospital Liability” amount.

### RECOMMENDATION

The wording in the contract for the limit on “Hospital Liability” should be changed to reflect what it actually means or the term should be defined. Knowing what the term actually means may make a difference when evaluating proposals when the next RFP is issued for inmate healthcare.

### MANAGEMENT RESPONSE

#### **Daniel S. Keen, Director of Corrections**

Management will ensure with the next RFP that “Hospital Liability” must be spelled out in each Proposal.

#### **Todd W. Haskins, Vice President of Operations, PrimeCare Medical, Inc.**

Pursuant to our health services contract with Northampton County pertaining to the capitation of “Hospital Liability” expenses, PrimeCare Medical is financially responsible for the first \$15,000.00 of such costs per inmate/patient. In accordance with the existing contract and the customary practices between the parties, “Hospital Liability” includes not only all in-patient and out-patient health care expenses. Non-routine medical services / treatments include, but are not limited to, those medical / mental health services or treatments that could not be reasonably budgeted for under the base pricing proposal and cannot be normally or reasonably be provided by the contracted medical staff outlined in the contracted staffing matrix. Non-routine medical services may include certain medications, radiology services, laboratory services, dialysis, and physical therapy.

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## **Section E – Internal Control**

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### **1. Monitoring of Contract**

#### **OBSERVATION**

It was observed that no one person at the Jail is responsible for monitoring the terms of the contract with PrimeCare. For a contract as complex as the one for inmate medical care, the Jail's interests would be best served if one individual was assigned responsibility for that contract. That person would be accountable for:

- monitoring compliance,
- establishing performance measures to gauge PrimeCare's effectiveness,
- being a liaison between PrimeCare and the Jail administration, and
- having input into the RFP process.

#### **RECOMMENDATION**

The Director of Corrections should designate one individual in the Jail to monitor the PrimeCare contract. It would improve oversight on a large contract the Jail is responsible for and provide assurance that the County is getting what they paid for out of the contract.

#### **MANAGEMENT RESPONSE**

##### **Daniel S. Keen, Director of Corrections**

The Director of Corrections has dedicated a Primary and Secondary individual to oversee the PrimeCare contract to ensure timeliness, accountability and efficiency.

## 2. Follow-Up to Inmate Complaints

### OBSERVATION

During the 15-month period ending March 31, 2015, there were 41 documented concerns pertaining to medical care that inmates brought to the attention of the Prison Advisory Board members. Before each meeting Board members speak with inmates in different tiers and units of the Jail to learn of their concerns or complaints. During the board meeting the concerns are discussed and any issues with regard to inmate healthcare are assigned to the PrimeCare on-site supervisor for follow-up. The Jail administration does not follow-up with PrimeCare to determine how those issues were resolved.

### RECOMMENDATION

The Jail Administration should designate an individual within the Jail to follow-up on all inmate complaints assigned to third parties, in this case PrimeCare. When inmates bring a concern to the Prison Advisory Board that may or may not be legitimate, the Jail Administration has an obligation on behalf of the Prison Advisory Board, to make sure that the concern was investigated, and that follow-up action was taken when necessary. Not following-up on publicly stated concerns can leave the County open to costly lawsuits and unnecessary legal fees.

### MANAGEMENT RESPONSE

#### **Daniel S. Keen, Director of Corrections**

All cases of complaints and / or concerns provided by the Prison Advisory Board are reviewed and followed up with. The inmate is also informed that they must follow the proper protocol in filing a complaint and that is through the grievance process.

#### **Todd W. Haskins, Vice President of Operations, PrimeCare Medical, Inc.**

PrimeCare Medical has an established inmate/patient grievance policy, which is followed at all contracted facilities, to include the Northampton County Department of Corrections. Specific to your audit's recommendations pertaining to inmate/patient health related concerns expressed to the Facility's Prison Advisory Board, PrimeCare Medical fully investigates all such concerns, providing a detailed report of our findings directly to the Facility's Administration, to include any necessary actions taken.

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## **Section F – Best Practices**

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Throughout the audit a couple items were noted that had a positive impact on the quality of care provided to inmates. These Best Practices include:

### **1. National Commission on Correctional Health Care (NCCHC) Accredited**

PrimeCare and the Northampton County Department of Corrections have maintained continuous accreditation by the NCCHC since 2000, with the most recent accreditation taking place in 2013. The Jail was in full compliance with all 34 Essential Standards that applied to them and in full compliance with all 31 of the Important Standards that applied to them. If Accreditation is not maintained through the fault of PrimeCare, the contract stipulates that PrimeCare would pay the County a \$75,000 financial penalty.

### **2. Documentation of Training and Quality Control Review**

PrimeCare maintains detailed and thorough records that document their training and internal quality control review program. Some of the monthly documents include:

- Mandatory Staff Meeting Minutes
- Continuing Quality Improvement Meeting Notes
- Quality Control Questionnaires
- Inspection Questionnaires of Medical Unit and Treatment Areas
- Quality Control Questionnaires of Inmate Records Including:
  - Intake Screening Monitoring
  - MRSA Compliance
  - Treatment and Identification of Tuberculosis
  - Health Assessments
  - Monitoring of Nursing Encounters
  - Pharmacy Inspection
  - Therapeutic Diet Monitoring
  - Monitoring the Electronic Medical Records
  - Orientation for New Staff
- Checklists:
  - Monthly Food Service Area Inspections – Main Jail
  - Monthly Environmental Checklist – Main Jail
  - Monthly Food Service Area Inspections – Towers / Community Corrections
  - Monthly Environmental Checklist – Towers / Community Corrections
- Quarterly Administrative Meeting Minutes