

**Office of the Auditor General**  
Performance Audit Report

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**Prisoner Medical, Dental, and Optical Services**  
Department of Corrections

July 2015

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**The auditor general shall conduct post audits of financial transactions and accounts of the state and of all branches, departments, offices, boards, commissions, agencies, authorities and institutions of the state established by this constitution or by law, and performance post audits thereof.**

*Article IV, Section 53 of the Michigan Constitution*

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Office of the Auditor General

## Report Summary

### *Performance Audit Prisoner Medical, Dental, and Optical Services Department of Corrections*

**Report Number:  
471-0300-14**

**Released:  
July 2015**

The Bureau of Health Care Services (BHCS), Department of Corrections (DOC), is responsible for coordinating medical, dental, and optical services to approximately 45,000 prisoners in 33 correctional facilities. These services are provided through a network of outpatient clinics operated at correctional facilities and through a managed health care system for off-site services.

Audit Objective			Conclusion
Objective #1: To assess the effectiveness of BHCS's efforts to provide medical, dental, and optical services.			Moderately effective
Findings Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
DOC did not ensure that its medical providers conducted all chronic care condition medical assessments timely and documented them consistently. DOC may have jeopardized its ability to manage and treat potentially serious medical conditions before they became more severe and costly ( <u>Finding #1</u> ).		X	Agrees
DOC did not consistently charge required prisoner copayments relating to medical, dental, and optical services. DOC did not charge prisoner copayments for 57% of the health care visits ( <u>Finding #2</u> ).		X	Agrees

Audit Objective			Conclusion
Objective #2: To assess the effectiveness of DOC's efforts to monitor its health care vendor's compliance with selected contract requirements.			Moderately effective
Findings Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
DOC did not monitor the managed health care vendor's compliance with service level agreement (SLA) performance requirements timely. Performance issues were not corrected timely and others may not have been identified timely, potentially impacting the proper management of prisoner health care ( <u>Finding #3</u> ).		X	Agrees
DOC needs to improve its process to verify the accuracy and validity of prisoner health care costs for off-site services. DOC paid \$1.7 million for invalid prisoner health care charges for off-site services ( <u>Finding #4</u> ).		X	Agrees

Audit Objective			Conclusion
Objective #3: To assess the effectiveness of DOC's efforts to ensure the completeness, accuracy, and security of the electronic medical records (EMR) system related to medical, dental, and optical services.			Moderately effective
Findings Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
DOC had not established effective user access controls over the EMR system and could not ensure that the EMR data was protected from unauthorized modification or disclosure. Twelve users had unnecessary access to prisoner medical records for up to six months ( <u>Finding #5</u> ).		X	Agrees

A copy of the full report can be obtained by calling 517.334.8050 or by visiting our Web site at: <http://audgen.michigan.gov>

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# OAG

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**Doug A. Ringler, CPA, CIA**  
Auditor General

July 2, 2015

Ms. Heidi E. Washington, Director  
Department of Corrections  
Grandview Plaza Building  
Lansing, Michigan

Dear Ms. Washington:

I am pleased to provide this performance audit report on Prisoner Medical, Dental, and Optical Services, Department of Corrections.

We organize our findings and observations by audit objective. Your agency provided preliminary responses to the recommendations at the end of our fieldwork. The *Michigan Compiled Laws* and administrative procedures require an audited agency to develop a plan to comply with the recommendations and submit it within 60 days of the date above to the Office of Internal Audit Services, State Budget Office. Within 30 days of receipt, the Office of Internal Audit Services is required to review the plan and either accept the plan as final or contact the agency to take additional steps to finalize the plan.

We appreciate the courtesy and cooperation extended to us during this audit.

Sincerely,

Doug Ringler  
Auditor General



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# AUDIT OBJECTIVES, CONCLUSIONS, FINDINGS, AND OBSERVATIONS

## PROVIDING MEDICAL, DENTAL, AND OPTICAL SERVICES

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### BACKGROUND

The Bureau of Health Care Services (BHCS) is responsible for coordinating medical, dental, and optical services to approximately 45,000 prisoners in 33 correctional facilities. These services are provided through a network of outpatient clinics operated at the correctional facilities and through a managed health care system for off-site services.

Approximately 17,700 prisoners, 39.3% of the prison population, had at least one medical assessment for a chronic care condition\* during the period October 1, 2013 through April 30, 2014.

According to the *Michigan Compiled Laws* and the Department of Corrections (DOC) policy directive, DOC prisoners who request and receive nonemergency medical, dental, or optical services are generally responsible for a \$5.00 copayment. According to the policy, DOC will charge the copayment to the prisoner's account regardless of the prisoner's ability to pay. DOC collected approximately \$479,000 in copayments for eligible medical, dental, and optical services for the period October 2011 through April 2014.

### AUDIT OBJECTIVE

To assess the effectiveness\* of BHCS's efforts to provide medical, dental, and optical services.

### CONCLUSION

Moderately effective.

### FACTORS IMPACTING CONCLUSION

- BHCS's medical providers completed annual health screenings, medical screenings upon transfer to a different facility, and follow-up care for off-site services timely.
- BHCS responded to prisoner requests for medical, dental, and optical services timely and appropriately.
- DOC collected approximately \$479,000 in copayments for eligible medical, dental, and optical services, which is approximately the same level of collection identified in the prior audit.
- Reportable condition\* related to the timely completion and consistent documentation of chronic care condition medical assessments.
- Reportable condition related to DOC not charging copayments for 57.1% of the health care visits.

\* See glossary at end of report for definition.

## FINDING #1

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**Improvements are needed to timely complete and consistently document chronic care condition medical assessments.**

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DOC did not ensure that its medical providers\* conducted all chronic care condition medical assessments timely and documented them consistently. DOC may have jeopardized its ability to manage and treat potentially serious medical conditions before they became more severe and costly.

DOC's contract with its managed health care vendor requires that medical providers assess prisoners with chronic care conditions every month, three months, or six months if their last assessed level of control was poor, fair, or good, respectively. Also, for prisoners with multiple chronic care conditions, the contract requires that medical providers assess those prisoners based on the condition with the least level of control and assess and document the prisoner's level of control for every chronic care condition in the electronic medical record (EMR) system. In addition, DOC requires that medical providers annually assess all prisoners with chronic care conditions in their birth month.

DOC could not provide a facility-specific listing of all prisoners who had at least one chronic care condition at any point in time and, therefore, could not ensure that all prisoners with chronic care conditions received the necessary medical treatment. Staff at the 8 correctional facilities that we contacted informed us that they manually track prisoners with chronic care conditions because they were not able to identify these prisoners from the EMR system.

We reviewed the EMR system for 100 randomly selected prisoners from a listing of approximately 17,700 prisoners who had at least one medical assessment for a chronic care condition during the period October 1, 2013 through April 30, 2014. DOC completed 543 chronic care condition medical assessments (386 routine and 157 annual) for these 100 prisoners during this time period. We noted that the medical providers did not:

- a. Complete 109 (28.2%) of the 386 routine assessments timely, averaging 28 days late and ranging from 1 to 225 days late.
- b. Complete 13 (8.3%) of the 157 annual assessments timely, averaging 69 days late and ranging from 1 to 288 days late.
- c. Document the prisoner's level of control for every chronic care condition for 151 (27.8%) of the 543 completed chronic care condition medical assessments and, therefore, could not ensure the timeliness of the subsequent assessment.

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22% of the chronic care condition medical assessments not completed timely.

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\* See glossary at end of report for definition.

- d. Document the prisoner's previous level of control for 23 (6.0%) of the 386 routine assessments and, therefore, could not ensure the timeliness of the subsequent assessment.
- e. Update the prisoner's history for 144 (26.5%) of the 543 completed chronic care visits.
- f. Correctly identify 42 (7.7%) visits as non-chronic care visits.
- g. Correctly identify 74 (12.0%) visits as chronic care visits.

DOC explained that reasons for the delays in completing chronic care condition medical assessments may include overbooking the medical provider's schedule, errors in scheduling the next visit, prisoner transfers, and inaccurate or incomplete documentation in the EMR system. Also, according to staff at the 8 correctional facilities we contacted, the requirement to assess all of the prisoner's chronic care conditions at each visit was not always enforced.

We noted a similar condition related to the timeliness of chronic care condition medical assessments in our prior audit. DOC indicated that it agreed with the recommendation and was undertaking several efforts to improve the scheduling and timeliness of chronic care condition services, including incorporating a new EMR system with the ability to run exception reports on the timeliness of chronic care condition visits. During this audit, DOC indicated that there have been delays in creating the exception reports in the EMR system and the expected completion date is December 2015.

## **RECOMMENDATIONS**

We recommend that DOC improve its processes to ensure timely completion of all chronic care condition medical assessments.

We also recommend that DOC ensure that medical providers consistently document medical assessments for prisoners with chronic care conditions.

## **AGENCY PRELIMINARY RESPONSE**

DOC provided us with the following response:

*DOC agrees with the recommendations and has taken steps to comply. DOC implemented a chronic care project in the Southern region facilities that focused on appropriately scheduling chronic care patients according to their level of control, defining and training providers on the documentation needed for chronic care patients, illustrating the role of nursing in the chronic care process, and showing staff how to utilize some existing scheduling reports available in the EMR system*

*to monitor and track chronic care patients. This project has been completed, and the lessons learned from it will be implemented on a Statewide basis. DOC will also train staff on new exception reports once they become available in the EMR system.*

*DOC will also be forming a clinical workgroup that will evaluate the current chronic care time frames and level of control guidelines that are part of the managed care contract. This workgroup will evaluate whether there is a need to change those guidelines and will develop a communication plan so that the information regarding chronic care treatment is disseminated to DOC staff and contracted medical providers.*

## FINDING #2

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### Improvements are needed to consistently charge prisoner copayments.

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DOC did not charge prisoner copayments for 57% of the health care visits.

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DOC did not consistently charge required prisoner copayments relating to medical, dental, and optical services. This practice could lead to excessive requests for medical, dental, and optical services, creating unnecessary work for health care staff and unnecessary health care costs for DOC.

Section 791.267a of the *Michigan Compiled Laws* requires that a prisoner who receives nonemergency medical, dental, or optical services at his or her request is responsible for a copayment. Also, DOC policy directive 03.04.101 requires that a prisoner shall be charged, regardless of the prisoner's ability to pay, a \$5.00 copayment for each health care visit, except under certain circumstances.

DOC maintains accounts on behalf of its prisoners. Prisoners can use their funds to purchase personal items, pay court-ordered debt or restitution, and pay for medical copayments. According to DOC's records from August 2014, the average prisoner balance in the prisoner accounts was approximately \$78.00. A \$5.00 copayment would reduce the prisoner account balance by approximately 6.4%.

We randomly selected 100 prisoners incarcerated as of April 30, 2014. For each of these prisoners, we randomly selected and tested up to 2 prisoner-initiated requests for medical, dental, and optical services that resulted in a health care visit during our audit period and that required a copayment in accordance with DOC's policy. We determined that DOC did not charge copayments for 48 (57.1%) of the 84 health care visits, consisting of 19 medical, 27 dental, and 2 optical appointments.

DOC explained that the primary reasons that it did not charge copayments for these 48 visits was because:

- a. It did not interpret the copayment law as applying to urgent dental visits.
- b. It directed the correctional facilities to not charge a copayment for dental visits that did not include a complete dental examination or for a dental cleaning if the patient had already had a dental cleaning in the past year.
- c. Health care staff did not forward the appropriate paperwork to the business office for billing.

We noted a similar condition related to DOC not consistently charging prisoner copayments in our prior audit. DOC indicated that it agreed with the recommendation and had implemented various compliance measures.

**RECOMMENDATION**

We again recommend that DOC consistently charge prisoner copayments relating to medical, dental, and optical services.

**AGENCY  
PRELIMINARY  
RESPONSE**

DOC provided us with the following response:

*DOC agrees with the recommendation and has taken steps to comply. DOC already issued a memorandum to appropriate staff to clarify requirements concerning dental visits and also plans to send a memorandum to staff reiterating the requirements contained in the Prisoner Health Care Copayment Policy Directive 3.04.101. In addition, DOC will develop an audit tool and administer it on a semi-annual basis using a random sample to monitor that copayments are consistently charged. Facilities found noncompliant will receive further instruction from the Assistant Health Service Administrators. Facilities that fell below a certain compliance threshold will also be re-audited three months after the initial audit.*

# MONITORING THE HEALTH CARE VENDOR

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## BACKGROUND

DOC contracts with a private vendor to provide a Statewide managed health care system for off-site services and to provide medical providers, including physicians, physician assistants, and nurse practitioners, for on-site services. DOC reimburses the managed health care vendor for these services based on a fixed per prisoner, per month rate, adjusted to reflect actual costs. DOC paid its managed health care vendor \$108.4 million and \$68.8 million for on-site and off-site services, respectively, for the period October 2011 through April 2014.

DOC assigned the responsibility for monitoring the financial aspects of the managed health care contract to its Bureau of Fiscal Management and the responsibility for monitoring the service delivery aspects to BHCS.

## AUDIT OBJECTIVE

To assess the effectiveness of DOC's efforts to monitor its health care vendor's compliance with selected contract requirements.

## CONCLUSION

Moderately effective.

## FACTORS IMPACTING CONCLUSION

- DOC and the managed health care vendor met on a regular basis to discuss performance issues. In addition, DOC regularly monitored the vendor's performance by reviewing various reports. Examples of information in these reports include provider schedules, waiting times, appointment backlogs, and utilization rates.
- DOC completed 8 service level agreement (SLA) audits, identified instances of noncompliance with the contract, and collected \$357,000 in penalties from the managed health care vendor.
- Reportable condition related to DOC not completing SLA audits timely.
- Reportable condition related to DOC not having a process to verify the accuracy and validity of the vendor's prisoner health care charges.



### **FINDING #3**

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#### **Improvements are needed to managed health care vendor monitoring.**

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DOC completed only 50% of the required SLA audits of its managed health care vendor.

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DOC did not monitor the managed health care vendor's compliance with SLA performance requirements timely. The managed health care vendor did not correct identified SLA performance issues timely, and DOC may not have identified additional SLA performance issues to ensure that prisoner health care was managed appropriately.

DOC's managed health care contract clearly defines processes and measurable outcomes\* to monitor and resolve performance issues, including 12 SLA requirements, to be reviewed and audited annually. DOC informed us that it audits 3 of the 12 SLA requirements each quarter and that it considers content and timeliness of medical provider appointments, chronic care condition medical assessments, and specialty services as critical SLA requirements. Also, the contract requires that the vendor provide a written corrective action plan (CAP) within 15 days of the completion of the SLA audit and pay an assessment when the vendor does not meet the SLA requirements. In addition, the contract requires DOC's quarterly audits to include any SLA requirement that was noncompliant in the previous quarter and, if still noncompliant, the penalty amount shall be double. Although DOC had not established any time frames within which to complete the SLA audits and issue the reports, we estimated that, in order for DOC to effectively monitor the SLA requirements and allow the vendor sufficient time to implement corrective action, a period of 180 days would be reasonable.

DOC indicated that its practice is to share preliminary audit findings with the vendor for discussion purposes, prior to issuing a final SLA audit report. We reviewed the timeliness of

\* See glossary at end of report for definition.

DOC's completion of the 16 quarterly SLA audits required from the inception of the contract in February 2009 through April 30, 2014:

End of SLA Quarter	Notes	Number of Days From End of SLA Quarter Until:		
		Preliminary Findings Shared With the Vendor (a)	Final SLA Audit Report Completed or April 30, 2014	Final SLA Audit Report Completed Less the 180 Days or April 30, 2014
June 30, 2010	(b)(c)	188	309	129
September 30, 2010	(b)(c)	201	329	149
December 31, 2010	(c)	213	299	119
March 31, 2011	(d)	Unknown	242	62
June 30, 2011	(b)(c)	440	945	765
September 30, 2011	(b)(e)	578	943	763
December 31, 2011		794	814	634
March 31, 2012	(e)	703	760	580
June 30, 2012	(b)(e)	872	669	489
September 30, 2012	(b)(e)	Not Available	577	397
December 31, 2012		428	448	268
March 31, 2013	(e)	338	395	215
June 30, 2013	(b)(e)	507	304	124
September 30, 2013	(b)(e)	Not Available	212	32
December 31, 2013	(f)	63	83	Not Applicable
March 31, 2014	(f)(g)	(27)	30	Not Applicable

Notes:

- (a) Information was provided by DOC, unaudited.
- (b) Audit includes critical SLA requirements.
- (c) SLA audit results required the vendor to submit a CAP.
- (d) DOC could not provide data.
- (e) Not complete - SLA audit still in process as of April 30, 2014.
- (f) Not applicable because the date is less than 180 days before April 30, 2014.
- (g) Number is negative because the information was shared with the vendor prior to the end of the SLA quarter.

Also, DOC identified noncompliance in 4 of the SLA audits, requiring the vendor to submit a CAP and DOC to audit those SLA requirements in the following quarter. DOC received 3 of the 4 CAPs timely; however, it received the fourth CAP 167 days late. Also, DOC did not obtain support that the vendor implemented the corrective action proposed in any of the 4 CAPs and did not audit the noncompliant SLA requirements in the subsequent audits.

**RECOMMENDATION**

We recommend that DOC monitor the managed health care vendor's compliance with SLA performance requirements timely.

**AGENCY  
PRELIMINARY  
RESPONSE**

DOC provided us with the following response:

*DOC agrees with the recommendation and has taken steps to comply.*

*DOC acknowledges that the SLA audits have not been completed timely and has simplified the current audit tools to make it easier and more efficient for the audit team to collect data for each of the SLAs. Teams have also been assigned with dedicated time to complete the remaining audits that are behind schedule. Additionally, DOC has developed a tracking system to help ensure that all components of the SLA audit process are completed on time. The system will record when the audit findings were sent to the vendor, when the corrective action plans were submitted by the vendor, and when the corrective action plan is due so that it can be monitored as part of the regular contract meetings with the vendor. The tracking system will also identify any noncompliant SLA requirements that need to be re-audited. DOC will implement the re-audit process during the remaining SLA audits.*

*DOC also feels it important to note that it is currently working on a Request for Proposal covering health care services that will restructure SLA audits to improve monitoring of contractor performance. The SLAs will list Key Performance Indicators that will be assessed to ensure that service goals drive continuous improvement and efficiency.*

## **FINDING #4**

**Improvements are needed to verify the accuracy and validity of off-site service charges.**

DOC paid \$1.7 million for off-site services for 349 released or paroled prisoners.

DOC needs to improve its process to verify the accuracy and validity of prisoner health care costs for off-site services charged by the managed health care vendor. DOC paid \$1.7 million for invalid prisoner health care charges for off-site services.

DOC provides health care services to prisoners in accordance with court decisions, legislation, correctional and health care standards, and policies and procedures. Properly monitoring health care charges could assist DOC in controlling health care costs.

The Bureau of Fiscal Management monitored and reconciled billings, monitored cost fluctuations, and ensured timely payments to the vendor. However, our review of DOC's records of vendor charges for off-site services provided during the period October 2011 through April 2014 and the prisoner's status in DOC's Offender Management Network Information System (OMNI) noted that DOC inappropriately paid \$1.7 million for 349 prisoners who had been released or paroled prior to the date of the medical visit.

Also, in October 2010, a third party one-time review of the claims paid by DOC for off-site services noted the potential for the payment of off-site claims for prisoners who were not incarcerated as of the date of service. DOC had not developed a process to verify the accuracy and validity of the charges in response to this review.

We noted a similar condition related to DOC's monitoring of off-site services in our prior audit. DOC indicated that it agreed and had taken steps to comply.

## **RECOMMENDATION**

We recommend that DOC improve its process to verify the accuracy and validity of the prisoner health care costs for off-site services charged by the managed health care vendor.

## **AGENCY PRELIMINARY RESPONSE**

DOC provided us with the following response:

*DOC agrees with the recommendation and is currently working with the managed health care vendor to review all off-site service charges for the entire contract period to ensure the accuracy of those charges. The vendor is working with its subcontractor to recoup the monies that were paid for invalid prisoner health care charges.*

*DOC has also worked with the vendor to ensure that it is utilizing the daily census file to validate its off-site claims to ensure the accuracy of claim payments. In addition, the Bureau of Fiscal Management is developing a monthly process to verify the accuracy and validity of the vendor's charges by*

*sampling off-site claims to ensure that claims were not paid for prisoners who were no longer under the jurisdiction of DOC.*

*Additionally, DOC has strengthened the language related to claims payment and processing in the new Request for Proposal covering health care services.*

# ENSURING THE COMPLETENESS, ACCURACY, AND SECURITY OF THE EMR SYSTEM

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## BACKGROUND

DOC uses an EMR system to document health care services provided to prisoners. The EMR system is designed to accurately represent current medical information of the prisoners, including personal statistics such as age and weight, demographics, medical history, medication and allergies, immunization status, laboratory test results, radiology images, and vital signs.

## AUDIT OBJECTIVE

To assess the effectiveness of DOC's efforts to ensure the completeness, accuracy, and security of the EMR system related to medical, dental, and optical services.

## CONCLUSION

Moderately effective.

## FACTORS IMPACTING CONCLUSION

- DOC accurately documented the annual health screenings, health screenings upon transfer to a different facility, and follow-up care for off-site services in the EMR system.
- DOC accurately documented the requests from prisoners for medical, dental, and optical services and the action taken for these requests in the EMR system.
- Reportable condition related to the need for better user access controls over the EMR system.
- DOC's EMR system could not generate a facility-specific listing of all prisoners who had at least one chronic care condition at any point in time (see Finding 1), resulting in correctional facilities manually tracking this information.

## **FINDING #5**

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### **User access controls over the EMR system need improvement.**

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12 users had unnecessary access to prisoner medical records for up to 6 months.

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DOC had not established effective user access controls over the EMR system and could not ensure that the EMR data was protected from unauthorized modification or disclosure.

Control Objectives for Information and Related Technology\* (COBIT) provides guidance for maintaining the integrity of information and protecting information technology assets. Also, the Federal Information System Controls Audit Manual\* (FISCAM) provides guidance relating to access to sensitive system resources.

Our review of selected security access controls over the EMR system disclosed:

- a. DOC did not disable user access upon a user's employment departure. Department of Technology, Management, and Budget (DTMB) policy 1335.00.03 indicates that a system owner must manage information system accounts, which includes deactivating accounts of terminated or transferred users. DOC indicated that it has a process in place to remove departed or transferred employees. However, our review of 12 departed or transferred users noted that their user access was disabled due to an extended period of inactivity rather than manually disabled due to departure or transfer. As a result, these 12 users had access to confidential prisoner records for up to 185 days after their departure date.
- b. DOC did not disable user access after a reasonable period of inactivity. DTMB policy 1335.00.03 indicates that an information system should automatically disable inactive accounts after 120 days. Our review disclosed that the EMR system has been programmed to disable users after 185 days of inactivity.
- c. DOC did not routinely review high-risk user (such as a user with super user privileges) activity in the EMR system. FISCAM indicates that the use of privileged user accounts should be adequately monitored to ensure that inappropriate activity does not go undetected by management.

## **RECOMMENDATION**

We recommend that DOC improve its user access controls over the EMR system.

\* See glossary at end of report for definition.

**AGENCY  
PRELIMINARY  
RESPONSE**

DOC provided us with the following response:

*DOC agrees with the recommendation and will comply. DOC had a process in place to disable user access for departed or transferred employees. Upon receiving a deactivation request CHJ-629 from an EMR system authorized requestor, the Healthcare-support team would disable the account and also notify DTMB to delete the user's active directory. Upon completion, the Healthcare-support team would notify the authorized requestor that the deactivation request was complete. DOC will improve the process by requiring EMR system authorized requestors to conduct periodic audits using listings of departed employees from HR or the contractor to ensure that user access was disabled.*

*DOC has also taken steps to change the EMR to automatically disable inactive accounts after 120 days.*

*DOC will also work with DTMB to establish a method to monitor the activities of EMR Power Administrators.*



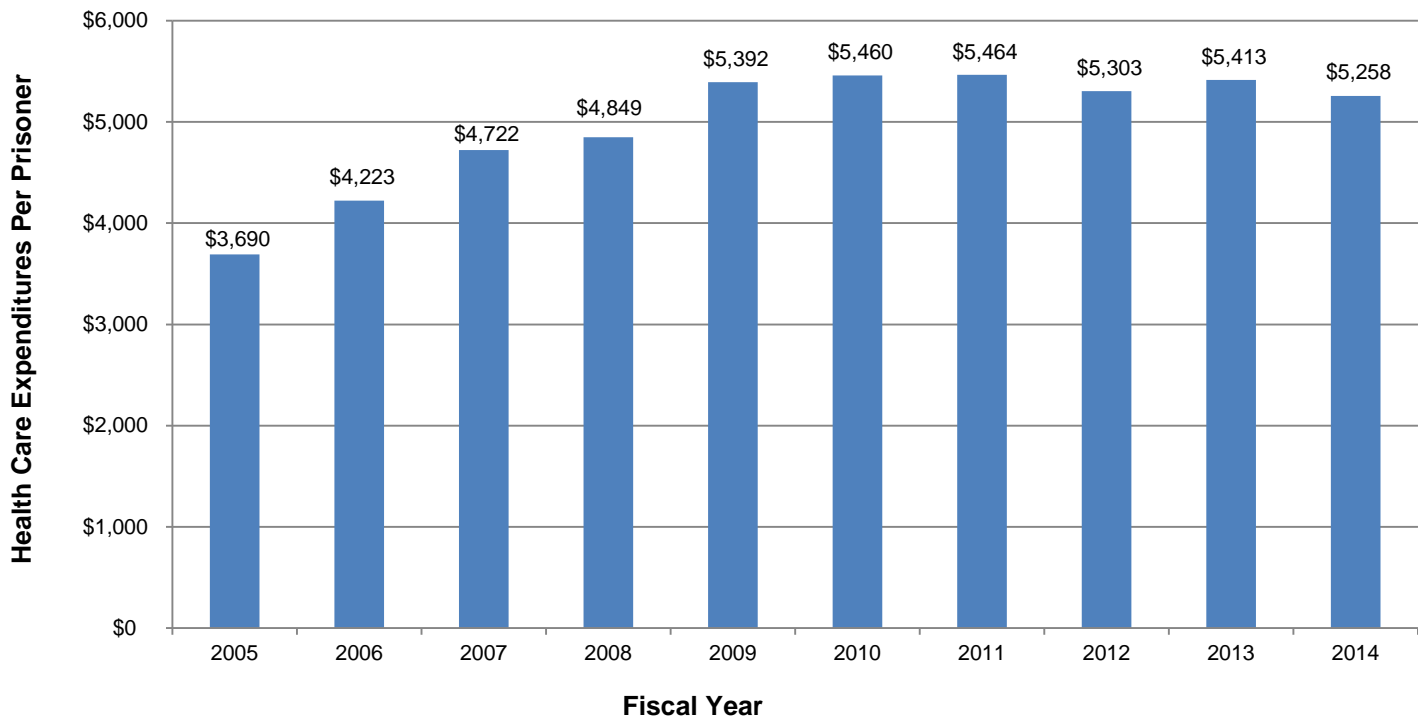
# SUPPLEMENTAL INFORMATION

UNAUDITED

Exhibit 1

## PRISONER MEDICAL, DENTAL, AND OPTICAL SERVICES Department of Corrections

Average Annual Health Care Expenditures Per Prisoner  
Last Ten Fiscal Years



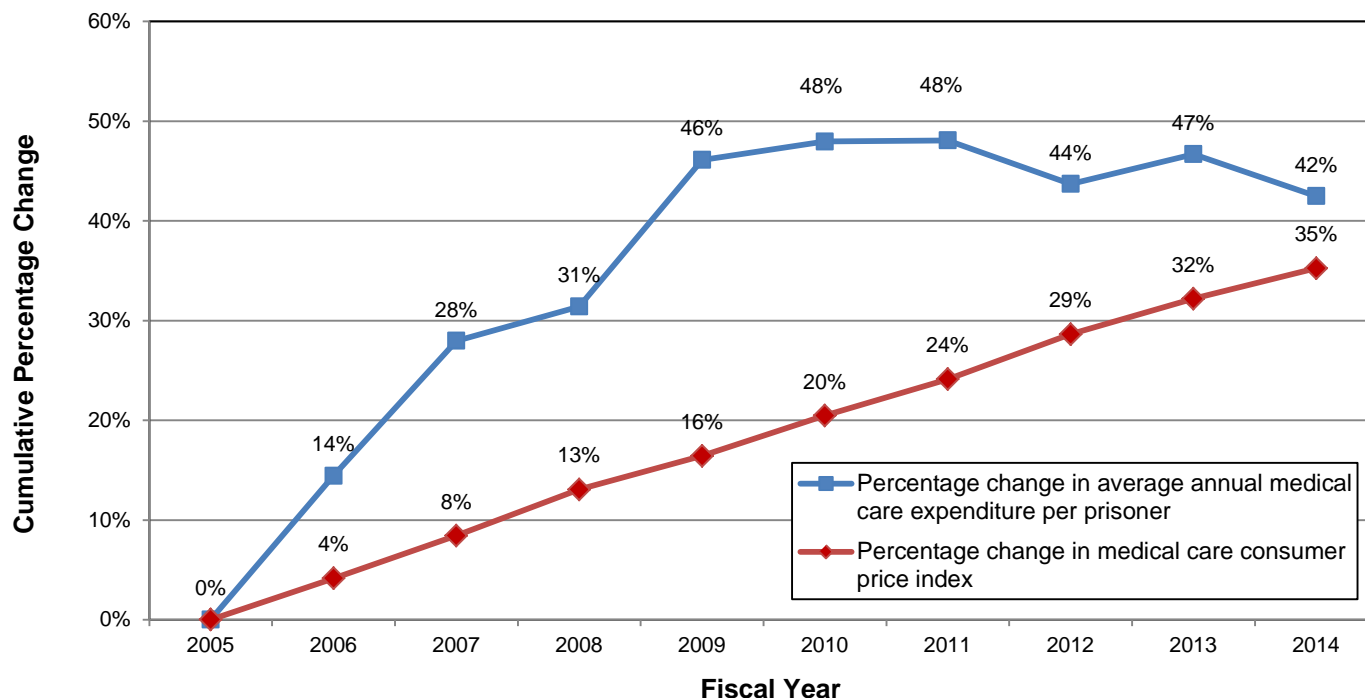
This graph indicates that the Department of Corrections' health care expenditures per prisoner steadily increased through fiscal year 2009; however, the expenditures have since leveled off.

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Total Health Care Expenditures (in millions)	\$180.5	\$213.7	\$242.7	\$245.3	\$261.2	\$249.3	\$241.9	\$233.5	\$240.5	\$235.0
Average Number of Prisoners	48,907	50,595	51,397	50,577	48,435	45,652	44,262	44,025	44,423	44,702

Source: Bureau of Fiscal Management, Department of Corrections.

PRISONER MEDICAL, DENTAL, AND OPTICAL SERVICES  
Department of Corrections

Cumulative Percentage Change in Health Care Expenditures Per Prisoner  
and Medical Care Consumer Price Index  
Last Ten Fiscal Years



This graph shows cumulative percentage change in annual Department of Corrections' health care expenditures per prisoner and the annual medical care consumer price index for fiscal years 2005 through 2014.

Source: Bureau of Fiscal Management, Department of Corrections, and Bureau of Labor Statistics, U.S. Department of Labor.

## SERVICES DESCRIPTION

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BHCS is responsible for coordinating medical, dental, and optical services for approximately 45,000 prisoners in 33 correctional facilities. These services are provided through a network of outpatient clinics operated at the correctional facilities and through a managed health care system for off-site services. In-patient care is provided at the Duane L. Waters Health Center, at DOC-operated secure units at Allegiance Health Hospital in Jackson and McLaren Greater Lansing Hospital in Lansing, and at other local hospitals.

For fiscal year 2014, DOC spent \$235.1 million for prisoner medical, dental, and optical services, including \$151.5 million for on-site health care services and administration and \$83.6 million for off-site health care services. The average prisoner population for fiscal year 2014 was 44,702 prisoners, resulting in an average annual cost per prisoner of \$5,258 for health care services.

## **AUDIT SCOPE, METHODOLOGY, AND OTHER INFORMATION**

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### **AUDIT SCOPE**

To examine the health care and other records of DOC and BHCS related to the delivery of prisoner medical, dental, and optical services. 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.

Although BHCS is also responsible for prisoner mental health services, substance abuse services, and pharmaceuticals, these were not included within the scope of this audit.

### **PERIOD**

Our audit procedures, which included a preliminary survey, audit fieldwork, report preparation, analysis of agency responses, and quality assurance, generally covered the period October 1, 2011 through April 30, 2014.

### **METHODOLOGY**

We conducted a preliminary survey of DOC's prisoner health care services, specifically, the delivery of medical, dental, and optical services, to gain an understanding of the operations and activities in order to establish our audit objectives, scope, and methodology. During our preliminary survey, we:

- Interviewed BHCS management and staff.
- Reviewed State statutes and DOC policies and procedures related to medical, dental, and optical services.
- Visited a judgmentally selected DOC correctional facility and reviewed a sample of prisoner medical records at the facility to understand documentation and procedure requirements.

### **OBJECTIVE #1**

To assess the effectiveness of BHCS's efforts to provide medical, dental, and optical services.

To accomplish our first objective, we:

- Reviewed records for a random sample of 100 prisoners of the approximately 45,000 prisoners incarcerated as of April 30, 2014 to determine whether DOC timely completed required annual health screenings, medical screenings for transferred prisoners, and follow-up care for prisoners who received off-site services.

\* See glossary at end of report for definition.

- Reviewed a random sample of prisoners to determine whether DOC completed chronic care condition medical assessments timely and consistently (see Finding 1).
- Interviewed health unit managers from 8 randomly selected correctional facilities to understand their chronic care condition processes.
- Reviewed a random sample of prisoner records for medical, dental, or optical appointments to determine whether DOC charged a copayment when appropriate (see Finding 2).
- Identified the total amount of copayments collected for prisoner medical, dental, and optical services compared to the amount collected in the prior audit.

## **OBJECTIVE #2**

To assess the effectiveness of DOC's efforts to monitor its health care vendor's compliance with selected contract requirements.

To accomplish our second objective, we:

- Reviewed SLA audits completed to determine whether they were completed timely and whether appropriate corrective action was taken.
- Reviewed a judgmentally selected sample of 10 and a randomly selected sample of 25 of the approximately 20,000 off-site claims paid to determine whether DOC and the managed health care vendor had documentation to support the amount and dates of service.
- Analyzed payments made to the managed health care vendor and cost settlement data to determine whether the payments were appropriate.
- Analyzed charges for off-site claims and reviewed OMNI to determine whether duplicate payments were made and whether the prisoner was incarcerated at the date of the service.
- Reviewed licensing records for a random sample of 20 of the approximately 1,200 BHCS staff and the approximately 100 medical providers employed by the managed health care vendor to determine whether they were properly licensed.

## **OBJECTIVE #3**

To assess the effectiveness of DOC's efforts to ensure the completeness, accuracy, and security of the EMR system related to medical, dental, and optical services.

To accomplish our third objective, we reviewed:

- Records of a randomly selected sample of 100 prisoners of the approximately 45,000 prisoners incarcerated as of April 30, 2014 to determine whether the medical services provided were properly documented in the EMR system.
- A judgmentally selected sample of 13 and a randomly selected sample of 37 EMR system users of the approximately 2,500 users identified by DOC to determine whether their access was appropriate.
- DOC's general and access controls related to the EMR system to determine whether the controls met information technology standards.

## **CONCLUSIONS**

We base our conclusions on our audit efforts and the resulting material conditions\* and reportable conditions.

When selecting activities or programs for audit, we direct our efforts based on risk and opportunities to improve State government operations. Consequently, we prepare our performance audit reports on an exception basis.

## **AGENCY RESPONSES**

Our audit report contains 5 findings and 6 corresponding recommendations. DOC's preliminary response indicates that it agrees with all 6 recommendations.

The agency preliminary response that follows each recommendation in our report was taken from the agency's written comments and oral discussion at the end of our audit fieldwork. Section 18.1462 of the *Michigan Compiled Laws* and the State of Michigan Financial Management Guide (Part VII, Chapter 4, Section 100) require an audited agency to develop a plan to comply with the recommendations and submit it within 60 days after release of the audit report to the Office of Internal Audit Services, State Budget Office. Within 30 days of receipt, the Office of Internal Audit Services is required to review the plan and either accept the plan as final or contact the agency to take additional steps to finalize the plan.

## **PRIOR AUDIT FOLLOW-UP**

We released our prior performance audit of the Prisoner Medical and Dental Services, Department of Corrections (471-0300-06), in March 2008. Within the scope of this audit, we followed up 5 of the 9 prior audit recommendations. We rewrote 4 prior audit recommendations for inclusion in Findings 1 and 4 of this audit report. We repeated 1 prior recommendation in Finding 2 of this audit report.

\* See glossary at end of report for definition.

**SUPPLEMENTAL  
INFORMATION**

As a part of our audit report, we prepared supplemental information that relates to our audit objectives (Exhibits 1 and 2). Our audit was not directed toward expressing an opinion on this information.

## GLOSSARY OF ABBREVIATIONS AND TERMS

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BHCS	Bureau of Health Care Services.
CAP	corrective action plan.
chronic care condition	Condition requiring medical treatment for an indefinite time frame.
Control Objectives for Information and Related Technology (COBIT)	A framework, control objectives, and audit guidelines published by the IT Governance Institute as a generally applicable and accepted standard for good practices for controls over information technology.
DOC	Department of Corrections.
DTMB	Department of Technology, Management, and Budget.
effectiveness	Success in achieving mission and goals.
EMR	electronic medical record.
Federal Information System Controls Audit Manual (FISCAM)	A methodology published by the U.S. Government Accountability Office (GAO) for performing information system control audits of federal and other governmental entities in accordance with <i>Government Auditing Standards</i> .
material condition	A matter that, in the auditor's judgment, is more severe than a reportable condition and could impair the ability of management to operate a program in an effective and efficient manner and/or could adversely affect the judgment of an interested person concerning the effectiveness and efficiency of the program.
medical provider	A physician, physician assistant, or nurse practitioner.
OMNI	Offender Management Network Information System.
outcome	An actual impact of a program or an entity.



performance audit	An audit that provides findings or conclusions based on an evaluation of sufficient, appropriate evidence against criteria. Performance audits provide objective analysis to assist management and those charged with governance and oversight in using the information to improve program performance and operations, reduce costs, facilitate decision making by parties with responsibility to oversee or initiate corrective action, and contribute to public accountability.
reportable condition	A matter that, in the auditor's judgment, is less severe than a material condition and falls within any of the following categories: an opportunity for improvement within the context of the audit objectives; a deficiency in internal control that is significant within the context of the audit objectives; all instances of fraud; illegal acts unless they are inconsequential within the context of the audit objectives; significant violations of provisions of contracts or grant agreements; and significant abuse that has occurred or is likely to have occurred.
SLA	service level agreement.





