

Department of Legislative Services
Maryland General Assembly
2003 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 326

(Senator Middleton)

Finance

Appropriations

Study of Health Care Cost Reductions for State and County Inmate Populations

This bill requires the Department of Health and Mental Hygiene and the Department of Public Safety and Correctional Services (DPSCS) to study whether the State can reduce the health care costs for State and county inmates. The departments must report findings and recommendations to the Governor and the General Assembly by December 1, 2003.

The bill takes effect June 1, 2003 and terminates December 31, 2003.

Fiscal Summary

State Effect: The bill's requirements could be handled with existing budgeted resources.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: Whenever DPSCS Division of Correction (DOC) determines that an inmate is ill and the facilities of the correctional facility are inadequate to provide treatment, DOC may direct the correctional facility manager to order the inmate's temporary removal to a facility in the State in which the inmate may receive adequate treatment.

An order of temporary removal must be carried out with correctional officers and under supervision and safeguards to prevent the inmate's escape and require the inmate to be returned to a DOC correctional facility as soon as the inmate's health allows.

Background: DPSCS inmate health care payment rates are set at 135% of the Medicare rate.

Inmate medical care in Maryland is provided by two private companies that competitively bid on a fixed price contract to provide virtually all inmate primary and secondary medical services. The contractor also is responsible for providing psychiatric and acute mental health services for inmates (other mental health services are provided by the Patuxent Institution). The scope of the contract is for all inmates under the jurisdiction of DOC, the Division of Pretrial Detention and Services, and the Patuxent Institution. DOC absorbs most of the contract expense.

The benefit of the fixed price contract to the State is that the contractor accepts the risks of a population increase or changes in the health of the inmate population. Conversely, if the inmate population decreases or becomes healthier, the State would not realize any cost savings. The contractor also absorbs foreseeable business risks including changes in regulations, modifications of the standards of care, and supply side cost increases.

The current contract has a three-year term, July 1, 2000 through June 30, 2003. The contract also contains provisions for two, one-year unilateral extensions for the State. If the State chooses to exercise the options, the current contract will remain in full force and effect until June 30, 2005. If the State chooses not to exercise the options and rebids the contract, DOC indicates that contract costs may increase significantly.

The total number of inmates under the jurisdiction of DOC, the Division of Pretrial Detention and Services, and the Patuxent Institution is estimated at 28,350 people in fiscal 2004. The total cost of the DPSCS inmate health care service contracts with two health care providers is expected to exceed \$66 million in fiscal 2004.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Montgomery County, Prince George's County, Caroline County, Howard County, Department of Health and Mental Hygiene, Department of Public Safety and Correctional Services, Department of Legislative Services

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