



Commonwealth of Massachusetts
Office of the State Auditor
Suzanne M. Bump

Making government work better

Official Audit Report – April 5, 2013

Department of Correction – Mental Health Services Contract For the period July 1, 2009 through June 30, 2012



TABLE OF CONTENTS

INTRODUCTION AND AUDIT SUMMARY 1
OVERVIEW OF AUDITED AGENCY 3
AUDIT SCOPE, OBJECTIVES, AND METHODOLOGY 5

INTRODUCTION AND AUDIT SUMMARY

During fiscal year 2012, the Office of the State Auditor (OSA) initiated an audit of the Department of Correction (DOC) to review and examine its monitoring and oversight of its contract with MHM Correctional Services, Inc., (MHM) for providing a comprehensive program of mental health services for all inmates in the care and custody of the DOC and to review expenditures to determine whether payments made to MHM were complete, accurate, and reasonable.

The DOC is authorized by Chapter 27, Section 1, of the Massachusetts General Laws to promote public safety by managing offenders while providing care and appropriate programming in preparation for successful reentry into the community. The DOC works collaboratively with local communities and other agencies to develop and implement strategies supporting mutual goals and objectives.

The Division of Health Services (DHS) within the DOC is responsible for arranging and providing accessible medical, dental, and mental health care to all inmates in accordance with applicable standards and regulations. DHS provides oversight of administration, organization, and planning of medical, mental health, and dental services provided by the contractual medical providers. DHS ensures that the contracted mental health provider meets its responsibility to provide quality medical, dental, and mental health services for inmates/detainees at each DOC facility and for forensic mental health for patients at Bridgewater State Hospital, as required by contractual agreement.

On June 30, 2004, the Governor's Commission on Correction Reform (GCCR) issued a report entitled "Strengthening Public Safety, Increasing Accountability and Instituting Fiscal Discipline in the Department of Correction" that contained 18 major recommendations for improving the Commonwealth's correctional system. One of these recommendations was that a dedicated external review of inmate medical and mental health services be conducted. In response, the DOC established a 24-member Medical Review Panel (MRP), which examined the following four topics:

- The overall scope of medical, pharmacological, dental, and mental health services provided to inmates;
- The gender-specific medical and mental health needs of the female population;

- Services provided at Bridgewater State Hospital and the Massachusetts Alcohol and Substance Abuse Center;
- Services provided at the Lemuel Shattuck Hospital for inpatient and outpatient care.

The MRP made a number of recommendations regarding these four topics, which were subsequently approved by the Correction Advisory Council on September 16, 2005. A Request for Responses from potential providers for delivery of services consistent with these recommendations was issued in 2006. On July 1, 2007, the DOC entered into a five-year contract with MHM for the provision of comprehensive mental health services to the incarcerated population in the Commonwealth of Massachusetts correctional system, and for medical, dental and forensic mental health services at the Bridgewater State Hospital, which was based on the MRP's recommendations.

For the fiscal years ended June 30, 2010, June 30, 2011, and June 30, 2012, the DOC received state facility appropriations to fund its administrative operations. In addition, the DOC received special state appropriations and funding from other sources to support various programs, as detailed below:

Revenue Source: Direct Appropriations	2010	2011	2012
Department of Correction Facility Operations	\$521,112,630	\$494,964,501	\$509,360,246
Mass. Alcohol and Substance Abuse Center	-	5,000,000	5,000,000
Prison Industrial and Farm Service Program	2,620,247	2,082,694	1,875,409
Rent Programs	594,745	550,139	550,130
Department of Correction Substance Abuse Services	-	<u>2,022,877</u>	-
Total Direct Appropriations	<u>\$524,327,622</u>	<u>\$504,620,211</u>	<u>\$516,785,785</u>

The DOC expended \$194,480,520 under its contract with MHM for the five-year period July 1, 2007 through June 30, 2012, of which \$116,896,118 was expended during our audit period July 1, 2009 through June 30, 2012.

We reviewed the DOC's internal controls over its monitoring and oversight of its contract with MHM and we have concluded that these controls are adequate to ensure performance under the contract.

OVERVIEW OF AUDITED AGENCY

The Department of Correction (DOC) is authorized by Chapter 27, Section 1, of the Massachusetts General Laws to promote public safety by managing offenders while providing care and appropriate programming in preparation for successful reentry into the community. The DOC works collaboratively with local communities and other agencies to develop and implement strategies supporting mutual goals and objectives. The DOC has established policies and procedures governing mental health services to be provided to the incarcerated population in the Commonwealth of Massachusetts correctional system under regulations 103 DOC 601, Health Services Organization, and 103 DOC 650, Mental Health Services. The DOC has designated its Division of Health Services (DHS) as the overall health authority of the DOC. The primary role of the DHS is defined under DOC policies as follows:

. . . to supervise and provide an external organizational process for reviewing, planning, monitoring, and managing the quality and appropriateness of care provided to inmates by the contractual medical provider. The main focus of Health Services is to ensure contract compliance by monitoring and evaluating the quality and efficiency of the contractual services.

The policies further detail the organization and responsibilities of the DHS in providing oversight of administration, organization, and planning of medical, mental health, and dental services provided by the contractual medical provider.

The DOC employs approximately 5,000 staff, with the majority representing positions dedicated to the security of the prisons, the safety of the facilities, and the oversight of over 11,500 offenders. During fiscal year 2012, the DOC operated 18 correctional facilities for incarcerated men and women with various levels of security and number of inmates, as follows:

Facility	Security Level	Average Daily Population of Inmates ¹
Bay State Correctional Center	Medium	322
Boston Pre-Release Center	Minimum & Pre-Release	184
Bridgewater State Hospital	Medium	379
Lemuel Shattuck Hospital Correctional Unit	Medium	24

¹ Source: Department of Correction 2011 Annual Report

Massachusetts Alcohol and Substance Abuse Center	Minimum	149
Massachusetts Treatment Center	Medium	629
MCI Cedar Junction	Maximum	807
MCI Concord	Medium	1,343
MCI Framingham	Medium	666
MCI Norfolk	Medium	1,514
MCI Plymouth	Minimum	184
MCI Shirley	Medium & Minimum	1,511
North Central Correctional Institution	Medium & Minimum	966
Northeastern Correctional Center	Minimum & Pre-Release	266
Old Colony Correctional Center	Medium & Minimum	891
Pondville Correctional Center	Minimum & Pre-Release	191
South Middlesex Correctional Center	Minimum & Pre-Release	157
Souza-Baranowski Correctional Center	Maximum	1,292

AUDIT SCOPE, OBJECTIVES, AND METHODOLOGY

In accordance with Chapter 11, Section 12, of the Massachusetts General Laws, the Office of the State Auditor has conducted an audit of certain oversight activities of the Department of Correction (DOC) for the period July 1, 2009 through June 30, 2012. The objectives of our audit were to review and examine the DOC's monitoring and oversight of its contractual agreement with MHM Correctional Services, Inc., (MHM) for providing a comprehensive program of mental health services for all inmates residing in DOC facilities or in the care and custody of the DOC and to review expenditures to determine whether payments made to MHM were complete, accurate, and reasonable.

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.

To achieve our audit objectives, we assessed internal controls over the areas of oversight and payments made to MHM. We also:

- Reviewed documentation and records relating to the contract, including all contract amendments and cost adjustments, to determine whether they are complete, accurate, and reasonable.
- Reviewed the controls put into place by DOC to ensure that the contractor is complying with the key terms of the contract.
- Analyzed DOC records pertaining to utilization rates of mental health services by inmates to determine whether the contractor is fulfilling its obligations.
- Reviewed controls in place for determining the quality of care and medical necessity for services provided to inmates.
- Reviewed a trend analysis conducted by DOC on the types and amounts of mental health services provided to inmates.
- Reviewed the Request for Responses (RFR), the MHM contract and amendments, and vendor responses to the RFR in determining the roles and responsibilities of the contractor.
- Reviewed DOC policies and procedures and applicable Code of Massachusetts Regulations.

- Interviewed key officials within the DOC responsible for monitoring the contract who were familiar with federal and state regulations applicable to prisoners' healthcare.
- Performed transaction testing of invoice authorization and payments to MHM for contractual mental health services provided to DOC inmates.
- Examined program reviews conducted by internal and external organizations pertaining to mental health services provided and rendered within the DOC (which are tools utilized by the DHS to test compliance and quality of care).
- Reviewed DHS minutes of meetings detailing discussions involving mental health services provided to DOC inmates.

We obtained appropriation activity and contract expenditure information from systems maintained by the Commonwealth. We compared this information with other source documents and interviewed knowledgeable DOC officials about the data. We determined that the data were sufficiently reliable for the purpose of this report. We utilized nonstatistical, judgmental sampling for the transaction testing of invoice authorization and payment, the minutes of meetings discussing mental health services provided to inmates, and the external and internal reviews conducted.

Based on our review, we have concluded that, for the audit period July 1, 2009 through June 30, 2012, DOC had adequate internal controls over its monitoring and oversight of its contract with MHM.