

RECEIVER'S CHANGES TO PRISON MEDICAL CARE SAVE CALIFORNIA TAX-PAYERS MILLIONS

Third Report to the Court Details Efficiencies,
New Approach to Medical Care Delivery

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SAN JOSE, Calif. – Robert Sillen, court-appointed Receiver of the state's prison medical care system, announced today millions of dollars in savings that will result from changes to nursing and pharmacy operations currently underway as part of his mandate to bring California's prison medical care system up to constitutional levels. Sillen also has assumed greater control over prison clinical operations and established new mechanisms to ensure that remedial efforts take place in a timely, cost-effective manner.

"Efficient, cost-effective medical care is entirely consistent with quality care," said Sillen, who ran Santa Clara County's public hospital and health system for 27 years before becoming Receiver in April. "Health care costs are rising all over the country, and prisons are no different. But we can spend our health care dollar much more wisely and achieve savings in areas that have previously produced enormous waste."

In nursing, the conversion of Medical Technical Assistant (MTA) positions to Licensed Vocational Nurses (LVN) will reap state savings of approximately \$39 million, in the first year alone, the Receiver reported in his third bi-monthly report to U.S. District Court Judge Thelton E. Henderson. The MTA position is a hybrid nurse/peace officer unique to California prisons. That has contributed to an environment of unnecessary tension between custody and medical staff, and cost the state far more than it would to employ nurses with non peace-officer pay and benefits. Many individual MTAs, however, are dedicated caregivers and all will be afforded the choice to stay in medical care as non peace-officer LVNs or RNs or transfer to vacant correctional officer positions.

In pharmacy operations, Sillen has previously reported that an audit he commissioned found that California's 33 prison pharmacies cost tax-payers \$46 to \$80 million more than comparable systems. The Receiver will be contracting with Amarillo-based Maxor National Pharmacy Services Corp. to manage the state's prison pharmacies and lead the turnaround to create an efficient, quality, patient-centered system.

The Receivership was established by Henderson as the result of a 2001 class action law suit (*Plata v. Schwarzenegger*) brought against the State of California over the quality of medical care in the state's prisons. The court found that the care was a violation of the Eighth Amendment of the U.S. Constitution, which forbids cruel and unusual punishment. After

several years of failure by the state to fulfill court orders to improve care, Henderson appointed Sillen as Receiver to oversee operations and direct improvement in the quality of medical care, stripping that function from the California Department of Corrections and Rehabilitation (CDCR).

The MTA conversion is a component of the Receiver's plan to create a nurse-driven prison medical care delivery system, where nurses take on their appropriate role as the central coordinators of patient care, assuring continuity and providing system oversight. Another step in this direction came with long overdue salary adjustments for medical staff, which took effect September 1 after Henderson granted Sillen's request to waive state law and allow him to raise prison medical staff salaries. They are now closer in line with those paid at University of California hospitals. The estimated cost of the increases is approximately \$24 million in the first year, if all the positions are filled. By contrast, in fiscal year 2005-06, the state spent \$90 million on contract employees to help fill huge vacancies in prison medical staffing. These contractors are far more costly than permanent employees. The use of these contractors and the resultant cost should be reduced significantly as a result of the new salary increases and the transition of MTAs to LVNs.

In order to expedite plans to create a nurse-driven delivery system, and to assure that remedial efforts are implemented in a timely and cost-effective manner, Sillen has placed several critical aspects of prison medical care delivery directly under his management. This includes increased direct oversight of clinical operations and infrastructure. Prison nurse and physician leaders now report directly to the Receiver's office and not to the management of CDCR's Division of Correctional Health Care Services.

In addition, a newly created *Plata* Compliance Unit reporting directly to the Receiver's Chief of Staff John Hagar has been established to provide CDCR employees with a setting in which to provide high quality innovative service outside the confines of the usual state bureaucracy. The Receiver has previously identified the state's bureaucratic, business and political practices as a major impediment to achieving a constitutionally adequate medical care system. The Unit's functions include medical recruitment, hiring and human resources processing, as well as management of medical staff investigations and discipline tracking. The Unit also houses a 34-person team of CDCR employees responsible for processing more than 2,600 prison medical contracts with physician specialists and hospitals worth in excess of \$408 million per year. This team will implement a new, better managed, computerized contracting system developed collaboratively with the Receiver's staff, CDCR and representatives from the state's control agencies.

"There is a long way to go," Sillen said. "By tackling big areas such as staff salaries, pharmacy, medical contracting and the proper function of nursing, we have just begun to create the environment for real clinical change and cost effectiveness. This will attract and reward quality staff and ultimately will benefit the nearly 175,000 adult inmate patients with a constitutional right to adequate medical care. As well, the tax-payers are rewarded by a more efficient and effective use of their tax dollars."

In order to meet the growing demands of managing an increasing number of daily prison operations, while continuing to draw up plans for long-term systemic improvement, the Receiver's office has added several new members, including a Chief Financial Officer, Chief Information Officer and Chief Medical Information Officer.

Further detail on the Receiver's efforts can be found in the approximately 50-page report to Judge Henderson, which is now posted on the California Prison Health Care Receivership web site at www.cprinc.org in the Court Materials section.

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