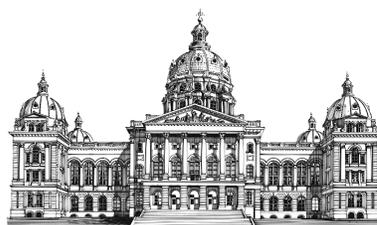


Iowa Legislative Fiscal Bureau

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Des Moines, IA 50319
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Prison Health Care Costs

ISSUE

Increasing health care costs for Iowa correctional institutions.

AFFECTED AGENCIES

Department of Corrections (DOC)

CODE AUTHORITY

Chapter 246.108, Code of Iowa

BACKGROUND

Department of Corrections' expenditures show a significant increase in prison health care costs. This report describes the health care provided to inmates in Iowa correctional institutions and examines the factors causing the increase in health care costs.

CURRENT SITUATION

The Department of Corrections provides normal general practice medical services to all inmates. On October 1, 1992, the prison population contained: 36 inmates with hepatitis B virus infection, 124 with positive tuberculosis tests (not active cases), 36 with seizure disorders, 18 with chronic obstructive pulmonary disease, 118 with hepatitis C virus infection, 24 with insulin dependent diabetes, 138 with hypertension, 23 with coronary artery disease, 15 receiving prenatal care, 14 cancer patients, 92 with asthma, 119 with significant mental disorders, and various other maladies.

The DOC employs the following staff and contract staff to provide health care services:

- Physicians: 1 full-time general physician and contracts with other private sector physicians; 3 full-time psychiatrists, one of whom serves as the Department's medical director in addition to providing on-site psychiatric services. Five physician assistants (2 full-time, 2 full-time contract, and 1 part-time contract) to provide medical practitioner services under the supervision of a physician.
- Nursing staff (51.3 FTE positions) to provide intake health screening and nursing-level health services, including 24-hour nursing coverage at certain prisons.

- Two full-time dentists at the Iowa Medical and Classification Center and limited contracts with private providers. The Clarinda and Mount Pleasant Mental Health Institutes provide additional dental services and receive cost reimbursements.
- Optometry services by contract.

The following table shows the historical health care costs for the DOC over the past 3 years.

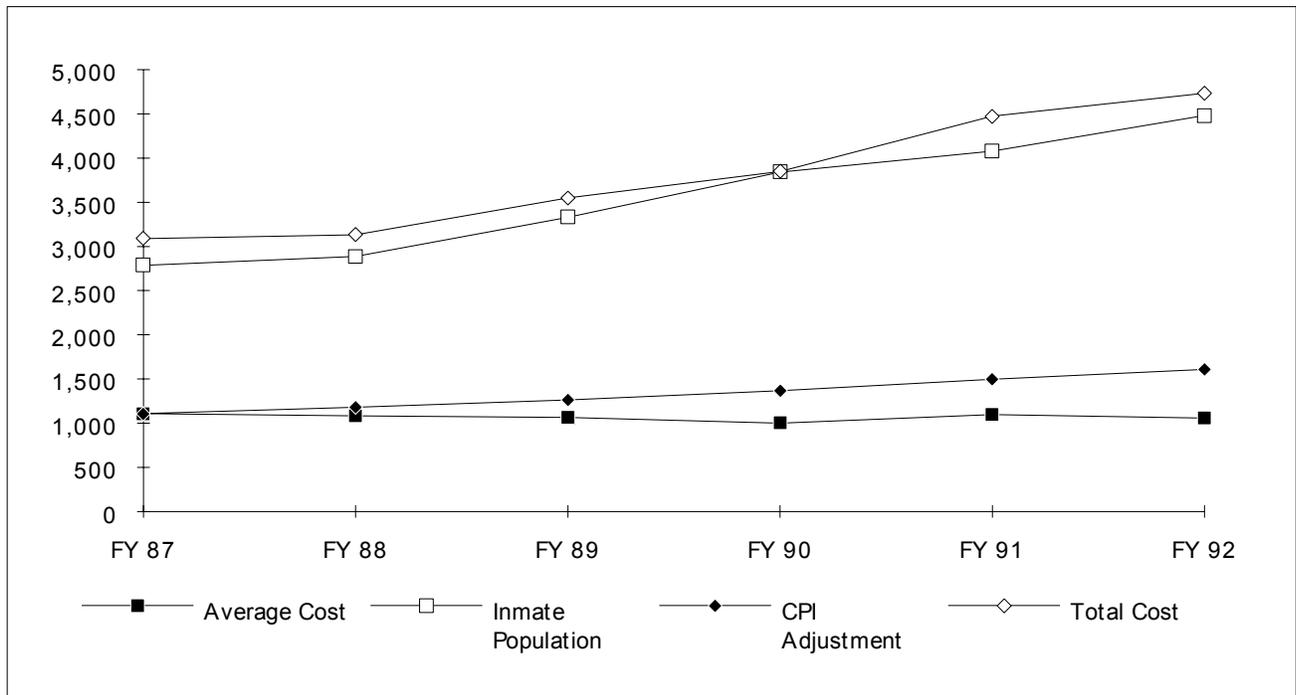
Health Care Costs by Institution

Institution	FY 1990	FY 1991	FY 1992
Fort Madison*	\$ 1,060,201	\$ 1,177,940	\$ 1,254,031
Anamosa	497,653	618,488	632,867
Oakdale	1,088,529	1,299,661	1,537,272
Newton	120,868	163,774	186,153
Mt. Pleasant	423,131	457,001	427,297
Rockwell City	166,189	181,239	185,302
Clarinda	209,432	250,183	197,328
Mitchellville	283,315	326,111	314,304
Total	\$ 3,849,318	\$ 4,474,397	\$ 4,734,554
Percentage Increase	8.51%	16.24%	5.81%
Inmate Population	3,843	4,079	4,481
Percentage Increase	15.41%	6.14%	9.86%

*FY 1992 Correctional Medical Services contract costs. Other costs are the actual FY 1992 expenditures for nursing, medical-surgery, pharmacy, laboratory, and psychiatry.

The following chart displays information covering FY 1987 through FY 1992. The chart shows the growth in the inmate population, the total costs for prison health care (in \$1,000 increments), the average cost for inmate health care, and the FY 1987 average health care costs adjusted by the Consumer Price Index (CPI) for medical care.

Inmate Population, Total Health Care Costs, Average Cost and Consumer Price Index (CPI) Adjusted Costs



Over the past 6 years, the average prison health care costs show some decline. The number of inmates has grown, the costs of medical supplies and services have increased, but the number of staff and facilities have not increased. Thus, the decline in the cost per inmate results from the growth in the inmate population rather than increased efficiency by the DOC.

The Department has identified several factors leading to increased prison health care costs:

- Increased Inmate Population:** Over the past 6 years, the inmate population has increased by 60.8%. An estimate of the variable and fixed costs for the Iowa prison system shows that for each inmate added to the prison population, health care costs increase by \$992 (i.e., variable costs). Fixed costs are approximately \$266,000 for the prison system.
- National Health Care Cost Escalation:** Over the past 6 years, health care costs have been escalating an average of 7.7% annually. (See Chart.)
- Federal Legislation:** The 1988 Clinical Laboratory Improvement Amendment (CLIA) regulations are being phased in over the next several years and have increased the costs for laboratory tests. These regulations defined and raised standards for quality controls, test calibration and validation, procedure manuals, and other areas. The 1988 Pryor Bill required pharmaceutical

manufacturers to give the Medicaid Program the same rebates as given to large institutional buyers. The net effect was to extend the rebate benefit to more buyers which resulted in a price increase for the previous institutional buyers (such as the State of Iowa) to maintain the companies' profit margins. Prices increased between 10% and 15% as purchase contracts expired and were renegotiated.

- Auto-Immune Deficiency Syndrome (AIDS): The Department began testing newly admitted offenders for AIDS in 1986. Currently, 18 inmates are HIV positive. Eight have active AIDS and require medication. Depending on the status of the disease, the per patient cost ranges from a few cents per day to approximately \$19,000 per year. The Department estimates between 12 and 15 AIDS-infected inmates, at various stages of the disease, will be admitted to prison in FY 1993. In regard to other types of costs, the AIDS epidemic has generally increased health care costs as medical personnel have implemented precautions (rubber gloves, barrier gowns, masks, etc.) in dealing with patients.

BUDGET IMPACT

The inmate population growth rate is expected to slow in FY 1993 and FY 1994, while prison health care costs are expected to grow more rapidly. The inmate population is projected to increase to 4,661 (a 4.0% increase) in FY 1993 and to 4,737 (a 1.6% increase) in FY 1994. Both of these increases are well below the 10.1% average prison population growth rate for the preceding 6 years. Health care costs are budgeted for \$5.8 million (a 22.2% increase) in FY 1993, and the DOC has requested \$7.2 million (a 25.2% increase) for FY 1994. These increases are well above the 9.0% average rate of increase for health care costs over the last 6 years.

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