

United States Senate

COMMITTEE ON
HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS
WASHINGTON, DC 20510-6250

CHRISTOPHER R. HIXON, STAFF DIRECTOR
MARGARET E. DAUM, MINORITY STAFF DIRECTOR

September 20, 2017

Thomas R. Kane
Acting Director
Federal Bureau of Prisons
320 First St., NW
Washington, D.C. 20535

Dear Mr. Kane:

I write to request information regarding efforts by the Bureau of Prisons (BOP) to evaluate and control costs associated with inmate healthcare. It is critical for Congress to understand how BOP is managing taxpayer dollars to ensure the efficient and effective provision of medical care to inmates under BOP's supervision.

The U.S. Government Accountability Office (GAO) recently completed a report, at my request, regarding BOP's rising healthcare costs. The report specifically addresses BOP's need to better evaluate and plan for healthcare expenditures in order to control costs. GAO found that during fiscal years 2009 through 2016, BOP obligated more than \$9 billion for inmate healthcare. Over that time period, BOP's costs associated with inmate healthcare rose from \$978 million to over \$1.3 billion in fiscal year 2016, a 37% increase. During this period, per capita healthcare costs increased by a nearly identical rate – 36% – even after accounting for inflation. The agency cited several factors for the rising costs, including an aging inmate population, rising pharmaceutical prices as well as increasing costs of outside medical services.¹

GAO conducted its review in order to assess whether BOP can adequately measure the return it is getting from the billions it has spent on inmate healthcare and to identify BOP's specific challenges with regards to inmate healthcare costs. GAO examined BOP healthcare data from fiscal years 2009 through 2016, specifically examining: (1) how much BOP has obligated for inmate healthcare from fiscal years 2009 through 2016 and the factors that affect BOP's costs, (2) the extent to which BOP has data available to understand and help control its costs, and (3) the initiatives BOP has identified and implemented to help control healthcare costs and the extent to which BOP has effectively planned its healthcare cost control efforts. GAO concluded that BOP either did not possess, or did not analyze, the data necessary to understand and control the rising costs associated with inmate healthcare. According to GAO, while BOP can identify

¹ U.S. Government Accountability Office, *Bureau of Prisons, Better Planning and Evaluation Needed to Understand and Control Rising Inmate Health Care Costs* (GAO-17-379) (June 2017).

how much it is spending overall on healthcare provided inside and outside an institution, BOP lacks data with sufficient granularity to demonstrate “how much it is spending on individual inmate’s health care or how much it is expending on a particular health care service.” GAO acknowledges that BOP has taken some corrective action to control its healthcare costs, but has failed to pursue basic steps to address the issues including analyzing its healthcare spending data to better understand what its institutions are buying, from whom and how much they spend.²

GAO made five recommendations to BOP that will improve BOP’s ability to monitor and evaluate its inmate health care costs. The recommendations include a number of evaluation and analytical initiatives that will ensure that the actions BOP takes toward accomplishing their strategic goals can be properly measured. GAO recommended conducting a cost-effectiveness analysis, implementing guidance to conduct “spend analyses of health care spending, evaluating the extent to which its initiatives achieve their cost control aims, establishing a way to measure their progress toward achieving their strategic objectives, identifying the resources necessary for implementation of its planned healthcare cost control initiatives and documenting their analyses and findings in order to improve the reliability and utility of its Federal Medical Center mission analyses. BOP agreed to implement each of GAO’s recommendations, but did not provide specific information on how the agency plans to implement any changes to its current processes.³

In order to better understand BOP’s response to the issues raised in the report and its response to GAO’s recommendations, please provide a written response to the following questions not later than October 11, 2017:

1. Please provide a status update regarding implementation of GAO’s five recommendations to BOP. This description should include whether the recommendation has been closed, completed or is still in progress. If BOP has not closed the recommendation, please provide a deadline for when BOP expects to close the recommendation.
2. GAO found that BOP does not track the specific costs provided to inmates housed in privately run facilities. Are there any plans to begin tracking these costs? If so when is the date you will begin?
3. How did BOP conclude that the increasing costs of outside medical care were due to an aging inmate population, rising pharmaceutical prices and an overall increase in the price of outside medical services?
4. What processes does BOP have in place for tracking the healthcare costs associated with federal inmates housed in secure institutions operated by private corporations?

² For the purposes of this report, GAO did not review the federal government’s process for collecting and reviewing health cost data for inmates that are not housed in BOP facilities, such as private prisons. *Id.*

³ *Id.*

Thomas R. Kane
September 20, 2017
Page 3

In order to understand your strategy for correcting the identified deficiencies, I request that you provide a briefing to our staffs by October 11, 2017.

Thank you for your assistance with this matter. If you have any questions please contact Donald Sherman with Senator McCaskill's staff at (202) 224-1957 or Donald_Sherman@hsgac.senate.gov. Please send any official correspondence related to this request to Amanda Trosen at Amanda_Trosen@hsgac.senate.gov.

Sincerely,



Claire McCaskill
Ranking Member

cc: Ron Johnson
Chairman