

Privatizing State Prison Health Care



A Prescription for Making Taxpayers Sick



State Employees Association of North Carolina
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Privatizing State Prison Health Care:
A Prescription for Making Taxpayers Sick

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FOREWORD

The State Employees Association of North Carolina (SEANC) is pleased to submit a report — Privatizing Health Care at State Prisons: A Prescription for Making Taxpayers Sick — to members of the N.C. General Assembly.

There are many cautionary tales across the nation to warn against privatizing inmate health care: allegations of pay-to-play campaign contributions in Illinois, unsafe prisons in Kentucky and lawsuits in Michigan. However, to be precise, the most important reason to reject privatization of inmate health care is wasting taxpayers' money.

At the heart of the debate over whether or not to privatize correctional health care lies its own prisoners' dilemma. The state can either write a contract that safeguards public tax dollars by ensuring adequate medical care, food, staffing and reporting requirements or it can award a less restrictive contract that does not — therefore increasing the state's potential for liability in lawsuits while threatening the safety of medical care providers and, inherently, our own safety.

Given the scope of work involved in North Carolina's prisons there are only a few likely bidders for the inmate health care contract, including Conmed, Corizon and Wexford Health Services. And if one of these three contractors should win the bid, but fail to make enough money on the project, they can pull out of the contract leaving state employees to clean up a private contractors' mess.

The bad news is that if this happens in North Carolina, state employees at least have some previous experience in cleaning up after a failed sweetheart deal to privatize prison facilities. In 2000,



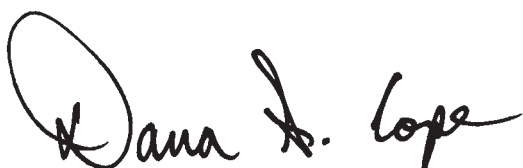
FOREWORD

the state had to pull the plug on a failed privatization experiment in three private North Carolina prisons after only two short years.

This report provides overwhelming examples of the perils of privatizing prison health care. It is not one or two examples over a few years, but more than 20 years of failure across most of the United States. If you were to stick a pin on the map, chances are it will land near an example of prison privatization gone bad. This report contains privatization failures in 33 states and the District of Columbia. That should be more than enough mayhem to prove that another privatization experiment isn't worth our state's sacrifice.

North Carolina is better than this. I urge lawmakers to read this report and to safeguard North Carolina's taxpayer dollars by rejecting this for-profit scheme should legislation come before the General Assembly to privatize prison health care.

Thank you,



Dana Cope
SEANC Executive Director

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“We save money because we skip the ambulance and bring them right to the morgue.”

CMS nurse Diane Jackson, as quoted in the St. Louis Post-Dispatch

This report highlights issues involving companies that contract with state governments or the federal government to run prisons and jails or provide health care for inmates.

Unlike other states, North Carolina has been timid, only placing its toes in the water of prison privatization. In the late 1990s, North Carolina contracted and soon canceled its two contracts with Corrections Corporation of America (CCA) due to concerns about the company’s failure to meet contract requirements.

Inmate Health Care and N.C. Division of Adult Correction

This reticence to privatization has receded. Private companies can smell money in the water. In 2010, the latest statistics available, the N.C. Department of Public Safety Division of Adult Correction budget was \$1.1 billion, with the cost per prisoner per year at \$29,965. The state employed 2,000 nurses and doctors and contracted with hospitals and outside physicians. Inmate health care costs taxpayers about 25 percent of the total budget – \$250 million each year.

In September 2011, the N.C. Department of Public Safety Division of Adult Correction solicited bids to outsource all aspects of health

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care services provided to inmates. The state then cancelled the process in March 2012. The move came after Corizon Inc., one of the largest providers of such services, told the state it would decline to bid on the contract and that the requests made by the state “contain several provisions that are either completely unattainable or add significant and unnecessary cost that will likely mitigate any savings that can be achieved.”

The state is expected to revamp the request for proposal (RFP) and seek new bids for outsourcing inmate health care.

Recent Events

In March 2012, the N.C. Department of Public Safety Division of Adult Correction (DPS) canceled bids it had solicited in September 2011 to outsource all aspects of health care services provided to inmates. The process was canceled after executives with Corizon told the state it believed the requests made by the state “contain several provisions that are either completely unattainable or add significant and unnecessary cost that will likely mitigate any savings that can be achieved.”

The state employs 2,000 nurses and doctors and contracts with hospitals and outside physicians. The system costs taxpayers \$250 million each year. There were no estimates of how much the state could save, if any, in an outsourced model. “At this point we are reassessing where we are going to go and looking at the possibility of another RFP in the future,” said DPS spokesman Keith Acree.

Corizon left its options open with the state. “Should the department be willing to entertain changes to the current RFP, we

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would be pleased to entertain those changes and reconsider our decision,” wrote Jonathan Walker, Corizon senior vice president of business development, in a letter informing Joanne Rowland, the DPS management services administrator, of the company’s intent to not submit a proposal.

Walker expressed frustration that the state allowed only one round of questions and one tour of the new \$150 million, five-story, 167,000-square-foot Central Prison Hospital and Mental Health Facility in Raleigh.

Walker outlined other “major concerns” including:

- Unattainable IT requirements surrounding the Unified EMR (electronic medical records) specifications;
- A \$100 million performance bond;
- Data discrepancy issues (Triangle Business Journal, March 9, 2012).

Similar Issues in Florida

A similar story played out in Florida. In November 2011, prison health care vendors took issue with Florida’s attempt to write a contract for private prisons that protected taxpayers. The companies asked the state more than 600 questions about the RFPs. In response, Florida pushed back its schedule to implement the project.

In a Tampa Bay Times article on Sept. 9, 2011, Wexford Health Sources (Wexford) Chief Executive Officer Mark Hale inadvertently told an uncomfortable truth for states seeking to privatize. “Privatization of inmate health care is a good idea for Florida

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taxpayers,” Hale said. “But it will be very difficult for the state to successfully contract to provide quality inmate care while fully achieving the highest possible savings.” Florida eventually awarded the contract to both Wexford and Corizon, although the state’s effort at complete privatization has been put on hold.

Conundrum?

If prison officials put too many safeguards into contracts, the state saves no money, defeating the purpose of privatizing. If the state puts too few safeguards into place, poor and negligent medical care becomes the norm, and the state opens itself up to lawsuits and safety concerns for correctional officers and inmates.

Some correctional professionals believe that keeping prisoners happy ensures safety that, in the long run, saves dollars and lives. “Corrections 101 comes down to this when dealing with inmates,” said Rocco Pozzi, commissioner of Westchester Department of Corrections in New York, in a July 10, 2005, New York Times article. “If you have adequate health care and the food is adequate, all the other issues line themselves up and become insignificant. If food and medical issues are not done the right way, then it can really cause major problems for you. And it’s something that we’re not going to skimp on because that provides a certain level of security for our staff.”

The Bidding

Corizon and Wexford, and possibly Conmed, are likely the only private companies capable of handling the scope of the North

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Carolina contract. Corizon and Wexford could be considered a monopoly on prison health services after Correctional Medical Services (CMS) bought PHS Correctional Health Care (PHS) in 2011 and merged to form Corizon. In this report, all CMS and PHS references are now attributable to Corizon.

It Can Happen in North Carolina

Other states have privatized inmate health care, allowing North Carolina an opportunity to see the tremendous number of problems associated with doing so. This report highlights the records of Corizon and Wexford, the two dominant companies in the prison health care industry.

The problems from privatization are many — pay-to-play campaign contributions, unsafe prisons, poor inmate care, lawsuits. The repeatedly reported fines, infractions, contract disagreements and inmate deaths strongly suggest neither company has fixed the issues. From the many news reports of misdeeds, it appears that providing quality health care would mean losing, not making, money. Listed here are problems that North Carolina would most likely experience if inmate health care were to be outsourced.

- Poor inmate care, malpractice that leads to death, lawsuits, penalty fines for not meeting contractual obligations and general shoddiness that results in mismanagement and staffing shortages.
- Blocking of care for inmates, keeping inmates from expensive procedures and drugs that will cut the contractor's bottom line.
- Contractors backing out of contracts if they are no longer making a profit.

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- No proof of money saved.
- Campaign contributions to politicians for two apparent reasons: to grease the awarding of contracts and to promote legislation that would keep more prisoners in jail for longer periods.

Listed here are key examples of research items – both big and small — that underscore these themes.

• **Arizona legislators decided they did not care if privatizing prison health care saved taxpayer money.** In April 2012, the Arizona Department of Corrections announced that Wexford had received a contract to cover inmate care. The contract called for \$349 million to be paid to Wexford over three years. Legislators in the state House removed language from the law that required bidders for the prison health contract to meet or beat state-run inmate health costs (Arizona Republic, April 4, 2012).

• **Inmates allegedly died because private contractors refused to give them the care needed.** In August 2007, PHS was sued over the death of Hugh Locklear Jr., 21, who died in the Gaston County jail in North Carolina after an epileptic seizure. Jail medical personnel allegedly failed to provide Locklear with his medication and failed to monitor his condition (Charlotte Observer, Aug. 23, 2007).

In August 2011, a nurse and mental health specialist working for Corizon at the Fayette County Detention Center in Kentucky allegedly denied Anthony Dwayne Davis' request to go to the medical unit. Corizon employees reportedly said he was

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“manipulating the system.” Davis died 19 hours later after being left alone in a cell for 17 hours. When he was found without a pulse after finally being placed in the medical unit, he was rushed to the hospital, where he was pronounced dead (Lexington Herald Leader, Aug. 2, 2011).

In February 2012, in a report commissioned by SEIU in Michigan, several of CMS’s failures to provide proper medical care were listed, including in Arkansas, where a diabetic prisoner died after CMS personnel reportedly denied him insulin for 30 hours (“Pitfalls and Promises,” February 2012).

In March 1992, 39-year-old Fernando Garcia, a diabetic, reportedly went without insulin for three days after being moved from the jail annex to the main jail in Lakeland, Fla. He died shortly thereafter. Garcia had no relatives who could sue in what sheriff’s officials said was PHS’s fault (Lakeland Ledger, March 31, 2001).

On Feb. 27, 2005, an article in the New York Times reviewed private prison deaths, including that of Brian Tetrault, 44, a former nuclear scientist, who died in 2001 after PHS allegedly failed to properly care for him in a Schenectady jail. Over 10 days, Tetrault slid into a stupor, soaked in his own sweat and urine. He reportedly never saw the jail doctor after an initial evaluation – the jail’s medical director allegedly had cut off all but a few of the 32 pills he needed each day to quell his Parkinson’s tremors. Nurses are said to have dismissed him as a faker. After Tetrault’s heart stopped, investigators said,

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correction officers doctored records to make it appear he had been released before he died. Tetrault, had been charged with taking skis and other items from his ex-wife's home.

In September 1998, the St. Louis Post-Dispatch published a series of articles on prison health care, noting that Diane Nelson, 46, died of a heart attack in March 1994 in the Pinellas County Jail, in Florida, after three nurses with PHS allegedly ignored her repeated requests for heart medication prescribed by her doctor. Nelson had been arrested for slapping her teenage daughter. As Nelson collapsed, a nurse reportedly yelled, "Stop the theatrics."

In June 2005, the family of Indiana resident Erin Finley, who died after medical personnel at the State Correctional Facility at Muncie allegedly ignored her repeated pleas for medical care for severe asthma, settled with Wexford and the state for \$2.15 million. Allegedly, a Wexford physician ordered that Finley be denied steroid medication believing she had abused and overused them even though he had never examined her (Lawyers Weekly, June 6, 2005).

• **Corizon and Wexford have been fined repeatedly for not following contractual obligations.** In August 2000, the state of Virginia fined CMS almost \$1 million for a number of violations at Wallens Ridge State Prison. The fines were for poor record-keeping, failing to triage inmates correctly, failing to assess inmates' conditions and failing to provide timely referrals (Hartford Courant, Aug. 26, 2000).

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In June 2011, Idaho fined CMS/Corizon \$382,500 for failing to meet basic health care requirements of inmates in the state. Among the problems detailed: The South Boise Women's Correctional Center was without an OB/GYN for two years, and the Idaho Maximum Security Institution was without a staff psychologist for at least eight months. Idaho's contract with CMS required that vacant positions be filled within 60 days (Idaho State Journal, June 13, 2011).

• **PHS fired two workers allegedly for blowing the whistle alleging horrendous care for inmates.** In October 2005, Karran Bedwell and Debra Long, two nurses at the Wyoming State Penitentiary, said they were fired for speaking out about inadequate health care staffing and training at the prison. Bedwell and Long said health care standards at the prison had gone downhill since PHS took over from CMS and Wexford. One of Long's jobs was to monitor the nurse sick call. She said that during the last week in August 2005, inmates were being seen within 48 hours only 20 percent of the time. She also said the prison fell short of guidelines that required new inmates receive health screenings within 24 hours of admission. In addition, she said, staffing problems sometimes prevented inmates from getting their medications until 2 a.m. (Associated Press, Oct. 31, 2005).

In December 2011, a federal jury awarded former Alameda County, Calif., jail nurse Freddie Davis \$500,000, concluding that bosses retaliated against her after she and other nurses spoke out about mistreatment they said they received from a

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manager. In 2006, a group of nurses complained about the mistreatment they were receiving from a manager for PHS, which provided health care services for the county jail. Davis spoke out on behalf of the nurses. In retaliation, Davis was harassed and forced out of her job. Davis, who was president of the Hayward branch of the NAACP, worked more than 15 years as a nurse for PHS at the Santa Rita Jail and received consistently positive performance reviews (Contra Costa Times, Dec. 17, 2011).

In August 2006, two Albuquerque, N.M., psychiatrists sued Lovelace Health Systems for firing them after they refused to participate in a proposed contract with Wexford. The contract would have called for the psychiatrists to provide substandard treatment to state inmates, the lawsuit alleged (Santa Fe Reporter, Aug. 30, 2006).

- **Corizon health care called “inhumane” at Idaho prison.** In March 2012, reports were released that found medical care was so poor at an Idaho state prison that it amounted to neglect and cruel and unusual punishment. Correctional health care expert Dr. Marc Stern said there had been some improvements at the Idaho State Correctional Institution south of Boise. But the reports stated that terminal and long-term inmates sometimes went unfed, nursing mistakes or failure likely resulted in some deaths, and one inmate wasn’t told for seven months that he had cancer. Some of the medical problems described in the reports were disturbing, including Stern’s finding that inmates who were terminal or required long-term care and who were unable

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to move on their own were sometimes left in soiled linens, given inadequate pain medication and went periods without food and water. Stern said those conditions were “inhumane” (Lewiston Morning Tribune, March 20, 2012).

• **Local pharmacy company reportedly devastated by Corizon practice of using national drug supplier.** In November 2011, Corizon cancelled its contract with a small state pharmacy supplier putting local citizens out of work. The company, owned by state Sen. Percy Malone, had filled Arkansas inmates’ prescriptions for more than 20 years. The move prompted Malone to contact prison officials, warning them that the new arrangement could mean inmates may not get their drugs as quickly as they have in the past. Malone said his company, W.P. Malone Inc., in most cases delivered medicine the same day it was ordered. PharmaCorr, the company taking over the contract, planned to use UPS to ship the drugs overnight from its pharmacy in Oklahoma City (Arkansas Democrat-Gazette, Nov. 1, 2011).

• **Judge says CMS delayed care for ‘craven profit motives.’** In February 2012, in a report commissioned by SEIU in Michigan, several of CMS’ alleged failures to provide proper medical care were listed, including in Macomb County, Mich., where a judge had to issue an order for adequate medical care to be provided in the jail. “The days of dead wood in the Department of Corrections are over, as are the days of CMS intentionally delaying referrals and care for craven profit motives” (“Pitfalls and Promises,” February 2012).

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• **CMS' goal, says judge, is to not do any work at Arizona jail.** In July 2008, Pima County dropped CMS as its medical provider for inmates. County officials said the company had failed to meet basic expectations laid out in its contract, including meeting staffing levels and providing care in a timely manner. Court officials expressed concern about the quality of psychiatric care provided in the jail, including psychological evaluations done by a nurse practitioner. Pima County Superior Court Judge Nanette Warner said she had big problems with the company. "I have huge issues with the quality of the staff, the quality of the care. It has been a frustration for the court," Warner said. "Their whole goal is how not to do any work." (Arizona Daily Star, July 2, 2008).

• **PHS pulled out of contract with Florida because the company was losing money.** In September 2006, PHS pulled out of a contract to provide health services to prisons in south Florida only months after signing the deal, saying the company would lose money. A company spokesman said the contract "has underperformed financially" for the firm. The company said its main reason for ending the eight-month-old contract was "higher than anticipated use" of hospitals off prison grounds. PHS won the contract despite protests from lawmakers and competitors who contended the company's bid was too low to provide quality service. The company intended to rebid to continue the work, possibly at a higher price for the firm, said Martha Harbin, a PHS spokeswoman (Orlando Sentinel, Sept. 12, 2006).

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- **Wexford donation returned in New Mexico.** In 2004, Gov. Bill Richardson returned \$10,000 to Wexford after it won the health services contract for New Mexico prisons (Albuquerque Journal, Aug. 15, 2004).
- **Contributions raise questions of pay-to-play tactics in Illinois.** In January 2005, the Chicago Sun-Times reported that Wexford, which had \$138 million in contracts with the state, gave \$28,000 to Gov. Rod Blagojevich's campaigns (Sun Times, Jan. 30, 2005).

A New Company

Centurion LLC is a new entrant into the inmate health care business and may bid on North Carolina's contract. Centurion LLC was incorporated in Arizona in December 2011, shortly before it submitted a bid for that state's prison health care contract. Centurion is a unit of Centene Corp. of Clayton, Mo., a publicly traded Fortune 500 company and the country's fourth-largest Medicaid-claims manager. Centene filed incorporation papers for Centurion in Georgia and North Carolina (Arizona Republic, Feb. 17, 2012). Centurion also hired a North Carolina lobbyist in 2012.

Private Prisons

The scope of this report also included reviewing the records of the two largest private prison companies, Corrections Corporation of America (CCA) and GEO Group Inc.

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Key Items

- **Sheriff returns jail to public, reports saving \$1 million. Sheriff suggests some former CCA employees perhaps should have been in jail.** In August 2010, Hernando County, Fla., reportedly produced \$1 million in savings by returning the county jail to public hands after allowing CCA to run the facility. When management changed hands, most of the 177 former CCA employees lost their jobs and were invited to reapply. The sheriff hired only 45 of them. The rest failed background checks or didn't meet his standards. "I don't understand why a few of them weren't in jail," he said ("Pitfalls and Promises," February 2012).
- **Despite questionable record, Florida county must still pay CCA.** After a contract dispute, Hernando County was still required to pay CCA the remaining \$1.86 million even though jail facilities were reportedly left in shambles. The county sought \$900,000 in repair money, but mediation produced only a \$100,000 payment from CCA to the county (Tampa Bay Times, Jan. 29, 2012).
- **Florida privatization effort reportedly ignores problems, pays back prison company donors, who gave \$1.5 million to Florida politicians.** In April 2011, the Miami Herald reviewed the 16-year history of Florida's use of private prisons, recounting alleged instances of mismanagement, lax contracts, overbilling by contractors, corruption and a legal loophole that allowed for sexual misconduct in private facilities to go unpunished. "Their whole business model is to save money,

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and you save money on employees,” said Ken Kopczynski, a PBA lobbyist. “If you have high turnover, that can turn into major problems.” (Miami Herald, April 23, 2011).

- **CCA correctional officers charged with sexual abuse of inmates.** In July 2010, the Louisville Courier Journal reported on a number of problems with CCA’s running of Otter Creek Correctional Center in Floyd County, Ky., including alleged sexual abuse of female inmates by male correctional officers. CCA housed more than 400 female inmates at Otter Creek until January 2010 when the state transferred them to a public prison. There were reportedly eight substantiated cases of abuse, with charges filed against six staff members (Courier Journal, July 4, 2010).

- **CCA and GEO reportedly overcharged Florida \$13 million.** In February 2012, SEIU reported that GEO and CCA were found to have overcharged the state of Florida by \$13 million in 2005 for unfilled job positions, inflated per diems and maintenance overpayments (“Pitfalls and Promises,” February 2012).

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This section includes all research items for the report. Some of the items included here are also highlighted in the Summary section.

Corizon

Corizon Inc. of Brentwood, Tenn., a privately held company, is the country's largest provider of correctional medical care, operating at 400 prisons and jails in 31 states, with a total prison population of about 400,000. Corizon formed in June 2011 out of the merger of the parent companies of CMS and PHS, previously fierce rivals. Both Corizon's CMS and PHS sides have repeatedly run into problems providing adequate health care in other states.

Since 2005, Corizon's CMS or PHS have lost contracts or failed to win renewals with prison systems in four states, each with seven to 24 prisons: Alabama (2007), Delaware (2010), Maryland (2010) and Vermont (2005). Additionally, Corizon's units lost contracts at individual county jails in Pima County, Ariz. (2008), Monroe County, N.Y. (2010) and Galveston County, Texas (2007), ("Pitfalls and Promises," February 2012).

Below are research items on Corizon arranged by state. This section includes items on PHS and CMS, which merged to form Corizon in 2011.

North Carolina

- In August 2007, **PHS was sued over the death of Hugh Locklear Jr., 21, who died in the Gaston County jail** after an epileptic seizure. Jail medical personnel allegedly failed to provide Locklear with his medication and failed to monitor his

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condition (Charlotte Observer, Aug. 23, 2007).

- In November 2007, the family of Judy McDaniel Woodle settled a case with **PHS after Woodle died in the Guilford County jail from a strangulated femoral hernia**. She had been in jail on petty theft charges and was awaiting trial. PHS nurses and doctors allegedly misdiagnosed Woodle (Greensboro News & Record, Nov. 30, 2007).

Alabama

- In September 1998, the St. Louis Post-Dispatch published a series of **articles on CMS, noting that Calvin Moore, 18, died in February 1996 after serving only a few weeks of a two-year burglary sentence in the Kilby Correctional Facility**. He lost more than 50 pounds in less than a month and suffered symptoms of severe mental illness, dehydration and starvation. CMS was responsible for his health care (St. Louis Post-Dispatch, Sept. 27, 1998).

- In September 2007, a legislative contract review committee held up the **awarding of a \$223 million contract to CMS** to review a bid by Wexford, which was \$9 million cheaper than the bid by CMS (Birmingham News, Sept. 7, 2007).

Arizona

- In July 2008, Pima County dropped CMS as its medical provider for inmates. County officials said the company failed to meet basic expectations laid out in its contract, including meeting staffing levels and providing care in a timely manner.

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“Our feeling is they have not met our requirements for quality care at the jail,” said Dr. Fred Miller, Pima County’s chief medical officer.

CMS had five administrators and four corporate liaisons in the 26 months of the contract, leading to inconsistent leadership. The company failed to collect \$1.3 million from the contract because it didn’t meet staffing requirements. Court officials expressed concern about the quality of psychiatric care provided in the jail, including psychological evaluations done by a nurse practitioner.

Pima County Superior Court Judge Nanette Warner said she had big problems with the company. “I have huge issues with the quality of the staff, the quality of the care. It has been a frustration for the court,” Warner said. “Their whole goal is how not to do any work” (Arizona Daily Star, July 2, 2008).

Arkansas

- In November 2011, **Corizon, health care provider for the Arkansas prison system, cancelled its contract with a small state pharmacy supplier reportedly putting local citizens out of work.** The company, owned by state Sen. Percy Malone, had filled inmates’ prescriptions for more than 20 years. The move prompted Malone to contact prison officials, warning them that the new arrangement could mean inmates may not get their drugs as quickly as they have in the past. Malone said his company, W.P. Malone Inc., in most cases delivered medicine the same day it was ordered.

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PharmaCorr, the company taking over the contract, planned to use UPS to ship the drugs overnight from its pharmacy in Oklahoma City.

Malone said he would lay off 16 employees, eliminating all the positions in his company's correctional pharmacy division in Arkadelphia, whether or not he reached a deal with Corizon. "I broke down and cried when I was telling them," Malone said. "I've never had to do that before in my life as a business person."

PharmaCorr's president, Reed Heflin, confirmed at a state Board of Pharmacy meeting that his company was "in discussions" with Malone's company "about some continued services in the state." In a statement to the Arkansas Democrat-Gazette, Corizon said "the PharmaCorr model has been used successfully by Corizon in other states and offered many benefits that had not been available under the previous model." Prescription drug services for inmates were provided under a medical contract with Corizon (Arkansas Democrat-Gazette, Nov. 1, 2011).

- In February 2012, in a report commissioned by SEIU in Michigan, several of **CMS' alleged failures to provide proper medical care were listed, including in Arkansas, where a diabetic prisoner died after CMS personnel allegedly denied him insulin for 30 hours** ("Pitfalls and Promises," February 2012).

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Delaware

- In July 2008, **Delaware candidates for governor attempted to outdo each other as they promised to fire CMS for its shoddy job as the health care provider for the state's prison system.** Lt. Gov. John Carney Jr. said he would dismiss CMS as the vendor for prison health care in Delaware if he was elected governor, and his opponent in the Democratic primary, state Treasurer Jack Markell, said firing the vendor wouldn't go far enough to fix the system's "culture of failure."

An independent monitor released a third report on inmate care within the Department of Corrections. The report found poor supervision of medical personnel, inadequate staffing, long waits for inmates seeking care and inappropriate care.

Carney said he was especially disturbed by the problems with sick call. In one sample reported, 12 out of 15 inmates calling for medical attention at the Vaughn Correctional Center in Smyrna were not examined in a timely fashion, if at all. And, **the report said, the sick-call waiting list averaged 100 inmates at some facilities (Wilmington News Journal, July 31, 2008).**

Florida

- **In September 1998,** the St. Louis Post-Dispatch published a series of articles on CMS and PHS, noting that Diane Nelson, 46, mother of three, died of a heart attack in March 1994 in the Pinellas County Jail after three nurses with Prison Health

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Services Inc. allegedly ignored her repeated requests for heart medication prescribed by her doctor. **Nelson had been arrested for slapping her teen-age daughter. As Nelson collapsed, a nurse reportedly yelled, “Stop the theatrics” (St. Louis Post-Dispatch, Sept. 27, 1998).**

- **In March 2001, the Lakeland Ledger reviewed incidents involving Prison Health Services** at the Polk County Jail. Included items were:

Thirty-nine-year-old Fernando Garcia, a diabetic, allegedly went without insulin for three days after being moved from the jail annex to the main jail. He died on March 17, 1992. Garcia had no relatives who could sue in what sheriff’s officials said was Prison Health Services’ fault.

Daniel Zuniga, 20, died on June 13, 1992, from hanging himself on his third suicide try in three weeks. The sheriff’s office paid \$30,000 to settle the case. PHS paid a \$156,666 settlement.

Eddie Cherry, 43, a chronic alcoholic, suffered hallucinations before either jumping or falling from his jail infirmary bed, dying Dec. 26, 1992. PHS paid \$500,000 in a settlement (Lakeland Ledger, March, 31, 2001).

- In September 2006, **PHS pulled out of a contract to provide health services to prisons in south Florida only months after signing the deal, saying the company would lose money.** A company spokesman said the contract “has

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underperformed financially” for the firm. The company said its main reason for ending the 8-month-old contract was “higher than anticipated use” of hospitals off prison grounds. PHS won the contract despite protests from lawmakers and competitors who contended the company’s bid was too low to provide quality service. The company intended to rebid to continue the work, possibly at a higher price for the firm, said Martha Harbin, a PHS spokeswoman (Orlando Sentinel, Sept. 12, 2006).

- In November 2011, **vendors took issue with Florida’s attempt to write a contract for private prisons that protected taxpayers.** Private prison companies asked the state more than 600 questions about the request for proposals that the Department of Corrections. In response, Florida pushed back its schedule to implement the project.

“Privatization of inmate health care is a good idea for Florida taxpayers,” said Mark Hale, chief executive officer of Wexford. “But it will be very difficult for the state to successfully contract to provide quality inmate care while fully achieving the highest possible savings” (Tampa Bay Times, Nov. 9, 2011).

In April 2012, the Florida Department of Corrections selected both Corizon and Wexford to share the \$400 million contract to provide health care in the state’s prisons (AFSCME Privatization Update, April 5, 2012).

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Idaho

- In June 2011, **Idaho fined CMS/Corizon \$382,500 for failing to meet basic health care requirements of inmates in the state.** Among the problems detailed: The South Boise Women's Correctional Center was without an OB/GYN for two years, and the Idaho Maximum Security Institution was without a staff psychologist for at least eight months. Idaho's contract with CMS required that vacant positions be filled within 60 days (Idaho State Journal, June 13, 2011).

- In March 2012, **reports were released that concluded medical care was so poor at an Idaho state prison that it amounted to neglect and cruel and unusual punishment.** Correctional health care expert Dr. Marc Stern said there had been some improvements at the Idaho State Correctional Institution south of Boise. But terminal and long-term inmates sometimes went unfed, nursing mistakes or failure likely resulted in some deaths, and one inmate wasn't told for seven months that he had cancer, he said. The Idaho Department of Correction and the prison health care provider, Corizon, said they were disappointed and were preparing a response that would show the care delivered to inmates met constitutional and health care standards.

Stern was appointed to study the care at the prison near Boise as part of a long-running lawsuit brought by inmates. Some of the medical problems described in the report were disturbing, including Stern's finding that inmates who were terminal or required long-term care and who were unable to move on their

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own were sometimes left in soiled linens, given inadequate pain medication and went periods without food and water. **Stern said those conditions were “inhumane.”**

Emergency care was also found deficient in the report, with medical staffers routinely failing to bring parts of a basic resuscitation device - a ventilator mask for rescue breathing - to inmates experiencing medical emergencies. Prison correctional officers reported to Stern that they sometimes had to call the health staffers multiple times to get them to respond to inmate emergencies, and sometimes the nurses only responded by phone, telling the correctional officers to have the inmates request care the following day. In another case described by Stern, a nurse who found an inmate unconscious and having serious breathing problems didn't take any other vital signs and failed to give the man oxygen. “Such evaluation was critically important at this point because it was highly likely the patient was not getting enough blood to his brain and required resuscitation,” Stern wrote. Instead, he said, the nurse moved the patient to the health unit and only assessed him a few minutes later, when he was having a heart attack. The patient died.

Officials with Corizon took issue with Stern's findings. The company said Stern inappropriately used legal language and made conclusions that were totally unsupported by the facts. “The recent Special Master's report regarding health care at the Idaho State Correctional Institution (ISCI) is an incomplete, misleading and erroneous representation of the current health

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care delivery system. The flawed report totally undermines the hard work and trust developed between the Idaho Department of Correction, Corizon and our inmate patients,” the company said (Lewiston Morning Tribune, March 20, 2012).

Kentucky

- In August 2011, a nurse and mental health specialist working for **Corizon at the Fayette County Detention Center allegedly denied Anthony Dwayne Davis’ request to go to the medical unit. Corizon employees are reported to have said he was “manipulating the system.” Davis died 19 hours later after being left alone in a cell for 17 hours.**

When he was found without a pulse after finally being placed in the medical unit, he was rushed to the hospital, where he was pronounced dead (Lexington Herald Leader, Aug. 2, 2011).

Maine

- In January 2012, **Maine officials issued a report detailing how inmates at the state’s prisons went without medication or receiving timely treatment for health problems.** The state had contracted with Corizon for prisoner medical care. One review of 24 prisoners on medication found no evidence that the medication was given (Bangor Daily News, Jan. 6, 2012).

Maryland

- In June 2005, the Baltimore Sun did an overview of Prison Health Systems, which was removed from providing health care to inmates in that state. PHS executives pleaded to get out of

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the contract in 2003, but the state refused. PHS said Maryland continued to pay far less for services than it was costing to deliver. The company said it was paid more than \$260 million over five years but lost \$14 million. **Staff shortages at prisons caused lengthy delays in prisoners being seen by physicians, psychiatrists and nurses, according to audits of prison infirmaries done by the state Office of Health Care Quality**, an independent state agency that monitored Maryland health care facilities. Baltimore's jails, the Central Booking and Intake Center and the city detention center, were provided psychiatrists for only 100 of the 156 hours required each week in 2004, according to the Baltimore Sun review of staffing records.

Massachusetts

- In July 2010, the Immigration and Customs Enforcement Office of Professional Responsibility issued a report highlighting problems with the Suffolk County jail's medical provider in a case involving the death of Pedro Alvarez. **According to the provider, PHS kept incomplete medical records, failed to address language barriers, and did not perform medical tasks in a timely manner** (Boston Globe, July 30, 2010).

Michigan

- In February 2012, in a report commissioned by SEIU in Michigan, several of CMS's failures to provide proper medical care were listed, including in Macomb County, where a judge issued an order for adequate medical care to be provided in the jail. **"The days of dead wood in the Department of**

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Corrections are over, as are the days of CMS intentionally delaying referrals and care for craven profit motives”

(“Pitfalls and Promises,” February 2012).

Minnesota

- In December 2011, **Corizon was ordered to enter settlement talks with attorneys for Teddy Korf, who suffered severe eye and skin damage after an adverse drug reaction while an inmate at St. Cloud Correctional Facility in 2007.** Records reportedly indicated that the medical staff at the prison did not correctly diagnose his condition, known as Stevens-Johnson syndrome. Korf allegedly was prescribed Tegretol, a treatment for bipolar disorder, which he had not been diagnosed as having. Then for two weeks, medical staff allegedly gave Korf Tylenol and Benadryl. Eventually, Korf was found unconscious in his cell. Korf survived but with damage to his skin and eyes (Star Tribune, Dec. 14, 2011).

Nevada

- In February 2012, in a report commissioned by SEIU in Michigan, several of CMS’ alleged failures to provide proper medical care were listed, including a Nevada case where **CMS’ medical director was suspended from practice as a result of his care** (“Pitfalls and Promises,” February 2012).

New York

- In September 1998, the St. Louis Post-Dispatch **published a series of articles on CMS and PHS, noting that Nancy Blumenthal, 17, committed suicide in May 1996 in the**

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Westchester County Jail, in Valhalla, after a doctor working for EMSA Correctional Care (which became CMS) allegedly took her off of an anti-depressant drug following a 20-minute interview, even though she was suicidal. Blumenthal had been jailed for robbery and threatening her mother with a kitchen knife (St. Louis Post-Dispatch, Sept. 27, 1998).

- In February 2005, the New York Times **reviewed private prison deaths, including that of Brian Tetrault, a former nuclear scientist, who died in 2001 after Prison Health Services allegedly failed to properly care for him in a Schenectady jail.** Over 10 days, Tetrault slid into a stupor, soaked in his own sweat and urine. He never saw the jail doctor after an initial evaluation – the jail’s medical director had cut off all but a few of the 32 pills he needed each day to quell his Parkinson’s tremors.

Nurses reportedly dismissed him as a faker. After Tetrault’s heart stopped, investigators said, correction officers allegedly doctored records to make it appear he had been released before he died. Tetrault, 44, had been charged with taking skis and other items from his ex-wife’s home (New York Times, Feb. 27, 2005).

- In January 2005, **New York City officials fined PHS \$71,000 for failing to meet medical or mental health standards in 10 of 39 areas** at city jails, including standards covering HIV treatment, mental health care and suicide watch (New York Times, Jan. 27, 2006).

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Pennsylvania

- In June 2002, **Prison Health Services quit its \$26 million contract to provide medical care to the Philadelphia jail system.** City officials had been discussing PHS's high staff turnover, failure to provide critical health services, the excessive use of psychotropic drugs and inmate deaths (Philadelphia Daily News, June 29, 2002).

Virginia

- In August 2000, **CMS was fined almost \$1 million for a number of violations at Wallens Ridge State Prison.** The fines were for poor record-keeping, failing to triage inmates correctly, failing to assess inmates' conditions and failing to provide timely referrals (Hartford Courant, Aug. 26, 2000).

Vermont

- In January 2011, **Vermont renewed its contract with Prison Health Services with a \$3.6 million increase per year.** Corrections Commissioner Rob Hofmann said his department reluctantly had reached a tentative agreement on a new contract with PHS pending the outcome of deliberations on final contract language. Prison Health Services beat out two competitors for the contract. The state hastily had to put the contract out to bid in November 2010 after PHS opted out of a \$26 million, three-year contract it had with the department, complaining it was losing too much money to justify continuing its work in the state.

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Vermont prisons housed 1,700 inmates; another 518 were incarcerated at jails in Kentucky, Oklahoma and Tennessee. PHS took over health care services at Vermont's prisons in early 2005 after the previous contractor, CMS, came under fire for \$700,000 in alleged billing mistakes, including instances where it billed the state for services that were never provided (Burlington Free Press, Jan. 11, 2007).

Wyoming

- In October 2005, Karran Bedwell and Debra Long, two nurses at the Wyoming State Penitentiary, said **they were fired for speaking out about inadequate health care staffing and training at the prison.** Bedwell and Long said health care standards at the prison had gone downhill since PHS took over from CMS and Wexford. One of Long's jobs was to monitor the nurse sick call. She said that during the last week in August 2005, inmates were being seen within 48 hours only 20 percent of the time. She also said the prison fell short of guidelines that required new inmates to receive health screenings within 24 hours of admission. In addition, she said, staffing problems sometimes prevented inmates from getting their medications until 2 a.m. (Associated Press Oct. 31, 2005).

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Wexford Health Sources (Wexford)

Wexford of Pittsburgh, also privately held, has contracts with 100 prisons and jails, holding about 91,000 inmates in 10 states. (“Pitfalls and Promises,” February 2012).

Arizona

- In April 2012, the **Arizona Department of Corrections announced that Wexford had received a contract to cover inmate care. The contract called for \$349 million** to be paid to Wexford over three years. The state House removed language from the law that required bidders for the prison health contract to meet or beat state health costs (Arizona Republic, April 4, 2012).

Florida

- In February 2002, **David A. Taylor died in the Broward County Detention Center while awaiting trial on a DUI charge.** “I don’t understand how someone goes unconscious and bleeds to death in an infirmary. The fact that they are in the infirmary means they need to be watched,” chief assistant public defender Howard Finkelstein, said. “Something is seriously wrong if citizens can’t survive a short stay in the Broward jail” (Miami Herald, Feb. 16, 2002).

Illinois

- In October 2000, **former employees of Wexford told the Prison Management Reform Committee that patients at Robinson Correctional Center were given poor health care and that reports of shoddy treatment never made**

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it to management. Rep. Tom Dart backed up many of the complaints. “I was there a week ago. It was a zoo,” he said. “Robinson is an utter and complete disaster. To allow this madhouse to go on is inexcusable.”

Incorrect bandage tape led to severe bedsores on one inmate in a wheelchair, one former nurse testified. A dental assistant told the legislature a dentist used the same needle on two inmates and rooted around in a tray of clean instruments while wearing bloody gloves. Rep. Chuck Hartke, said the problems were so widespread he doubted the ex-employees were out to get their former employer (Associated Press, Oct. 25, 2000).

- In January 2005, the Chicago Sun-Times reported that **Wexford, which had \$138 million in contracts with the state, allegedly gave \$28,000 to Gov. Rod Blagojevich’s campaigns** (Sun Times, Jan. 30, 2005).
- In July 2007, lobbyists for Wexford were involved in the indictment of a prison official accused of taking kickbacks. Donald N. Snyder Jr., who served as chief of prisons under Gov. George Ryan, raked in about \$50,000 in kickbacks from late 1999 to December 2002, according to the indictment. The grand jury also indicted two lobbyists accused of paying the kickbacks: Larry E. Sims and John J. Robinson, a former Cook County undersheriff. “As a top state official, Mr. Snyder was bound by various rules governing his acceptance of gifts or favors of any kind,” U.S. Attorney Patrick Fitzgerald said.

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“He was forbidden from receiving cash kickbacks from anyone, much less from lobbyists representing companies doing millions of dollars in business with [the prisons]” (Chicago Tribune, July 20, 2007).

Indiana

- In June 2005, the family of Indiana resident **Erin Finley, who died after medical personnel at the State Correctional Facility at Muncie allegedly ignored her repeated pleas for medical care for severe asthma, settled with Wexford and the state for \$2.15 million.** A Wexford physician ordered that Finley be denied steroid medication believing she had abused and overused them; he had never examined her (Lawyers Weekly, June 6, 2005).

Nebraska

- In December 1998, **Wexford asked Douglas County for an additional \$35,800 a month for health care at the jail.** The county made the additional payment contingent on Wexford Inc. giving up its option to end the contract with a 90-day notice. The company cited a nationwide nurse shortage that has increased wages; an increase in drug costs by 15 percent or more nationally; increased costs to maintain equipment; and sicker inmates requiring more care (Omaha World Herald, Dec. 17, 1998).

New Mexico

- In 2004, Gov. Bill Richardson **returned \$10,000 in campaign donations to Wexford executives after it won the health services contract for New Mexico prisons** (Albuquerque Journal, Aug. 15, 2004).

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- In August 2006, the Santa Fe Reporter **outlined the policies that allegedly led to inadequate medical care given by Wexford employees to prisoners.** The article reported that Dr. Norton Bicoll, a dentist, and his assistant Sharon Daily reportedly left their employment at Wexford because the company ordered them to cut their hours for inmates in half. In response, Bicoll and Daily began to book patients roughly four or five months in advance to deal with the large number of inmates who required serious dental work due to rotting teeth and gum disease. Both said that Wexford administrators told them to stop making the advance appointments. Bicoll and Daily, both of whom served under Wexford's predecessor Addus Healthcare, quit their jobs six months after the changes in policy.

"It was shocking to me. Inmates had to wait longer and they were in pain. All we could do was tell them to file a grievance," Daily said. "It seemed like Wexford was doing all of this to save money." Daily said she complained to Wexford administrators and medical officials from the New Mexico Corrections Department but to no avail. Also, two Albuquerque psychiatrists sued Lovelace Health Systems for firing them after they refused to participate in a proposed contract with Wexford. The contract would have called for the psychiatrists to provide substandard treatment to state inmates, the lawsuit alleged (Santa Fe Reporter, Aug. 30, 2006).

- In October 2006, **medical personnel at a state prison reportedly did not have protective gear to treat inmates with**

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infectious diseases. Allegedly, nurses at the same prison lacked sanitary wipes for sick inmates who had soiled themselves and inmates regularly missed doses of critical medicine because their prescriptions were not renewed properly.

Nurse Norbert Sanchez, who worked for Wexford, made the allegations concerning health care in New Mexico's state prisons. "There were no guidelines, no policies from Wexford. It was unsafe for the inmates and the employees," Sanchez, a 20-year veteran nurse, said.

Another area where Sanchez found problems involved the dispensation of prescription drugs. Often, he reported, prescriptions would run out, and because of miscommunication between Wexford pharmacy staff and administrators, inmates had to wait before their dosages were renewed. In one instance, that meant an inmate with congestive heart failure missed nearly two days of medication, Sanchez said. Sanchez said he complained to Wexford administrators but got little response (Santa Fe Reporter, Oct. 10, 2006).

Oklahoma

- In September 1998, the St. Louis Post-Dispatch published a series of articles on inmate deaths, noting that **Charles Guffey, 39, died of a perforated ulcer in October 1997 in the Tulsa County Adult Detention Center after nurses working for Wexford allegedly ignored his pleas concerning severe abdominal pain.** Jailers reportedly said a nurse told them to return Guffey to his cell and "let inmate justice take its course."

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He had been arrested for failing to appear in court on drug charges (St. Louis Post-Dispatch, Sept. 27, 1998).

In September 1998, **licensed practical nurse Sherry Burkybile said a Tulsa jail often went without basic medical supplies on the night shift.** She is reported to have given the following details: If nurses ran out of peroxide, “you used water. It don’t work as good, but you improvised.” Bandages? “Ran out. There’s nothing you can do. You put a paper towel on it ... I ripped up a sheet and got in trouble because that was state property.” Burkybile’s statements came in a deposition about jail care and her former employer, Wexford. She explained the bureaucratic maze for sending an inmate to the emergency room. If an inmate showed signs of a potential heart attack, Burkybile had to be convinced the inmate wasn’t faking. She didn’t want to wake her supervisor at home over a false alarm. She also had to get permission from the director of nursing or a jail administrator to call the doctor. Sometimes, as precious time elapsed, Burkybile had to page these people and wait for a reply. Only then could she call the sheriff’s deputy to pick up the inmate (St. Louis Post-Dispatch, Sept. 27, 1998).

- In January 2003, **relatives of Gregory Allen Pope Sr. settled a lawsuit with Wexford after his death at Tulsa Regional Medical Center on July 1, 1998.** Pope’s relatives said that Pope, 34, began vomiting and convulsing and that a trustee notified a nurse, who then chose to continue talking on a telephone instead of responding immediately to Pope’s medical needs. Relatives said that 30 to 45 minutes passed

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before the nurse was brought to the scene by corrections officers. Wexford officials said the state medical examiner ruled that Pope died of natural causes, most likely due to coronary sclerotic heart disease. The company claimed that Pope was discovered unconscious by detention officers and was immediately removed from his cell and given CPR. Wexford claimed that the care provided to Pope fell within the standard of care for medical treatment given in a corrections facility (Tulsa World, Jan. 30, 2003).

Washington

- In April 2010, **the parents of Vuong Tran sued Wexford and the Clark County Washington jail for the overdose death of Tran.** Allegedly Tran died of a Prozac overdose after he was not put on suicide watch by Wexford medical staff despite a recommendation from physicians at a mental health facility where Tran had recently been (Columbian, April 21, 2010).

West Virginia

- In August 1997, **Warden George Trent of the Mount Olive Prison filed a vendor complaint against Wexford saying that services had degraded to the degree that an emergency situation existed.** He reported that the prison went weeks without a full-time doctor (Charleston Gazette, Aug. 21, 1997). “Poor on-site management and failure to enforce Wexford’s own policies and procedures resulted in shoddy record-keeping, severe personnel problems, security concerns and a less than acceptable response to the health care needs of inmates,” said Trent (Charleston Gazette, Sept. 19, 1997).

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Wyoming

- In March 1999, **relatives of dead inmate Jody Mapp sued Wexford and the Wyoming prison system for denying Mapp appropriate medical care.** Mapp died of a heart attack in prison, and relatives sued state and medical officials on grounds Wexford denied him appropriate medical care. The lawsuit claimed Mapp's health problems turned fatal on Oct. 31, 1998 because prison officials delayed and often denied him insulin prescribed to him for severe diabetes. The lack of medical attention caused Mapp to require emergency heart surgery, the lawsuit said. Mapp had been sentenced to three to six years in prison in 1996 for check forgery (Associated Press, March 16, 1999).

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Conmed

Conmed started in 1984 in Maryland and operates health care services for county and municipal correctional facilities in 10 states: Arizona, Kansas, Kentucky, Maryland, Oregon, Tennessee, Texas, Virginia and Washington.

Virginia

- In November 2010, allegedly, retired Virginia Beach Sheriff Paul Lanteigne emailed former employees in his new capacity as senior director at Conmed Health Care Management to get inside information on an upcoming jail contract for inmate health care and the **former employees provided Lanteigne with drafts of bid specifications for the contract. Conmed won the contract. Lanteigne broke no laws.**(Virginian Pilot, Nov. 23, 2010).
- In August 2011, **the sister of an unidentified man filed suit against Conmed, saying her brother died in the Virginia Beach jail due to medical negligence by the contract provider.** The lawsuit alleged that the man, age 54, entered the jail on Oct. 29, 2010, to serve a 10-day sentence for driving with a suspended driver's license. Five days later he was rushed to the hospital, and died. On the afternoon of Nov. 3, the man reported to jail staff he had severe eye pain. He was unsteady on his feet and sweating. He collapsed and hit his head on a table.
He was taken to the infirmary, where the medical staff implied "he was malingering," according to the lawsuit. When he returned to his cell, a deputy, a doctor and nurses allegedly

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told other inmates that the man was “faking blindness.” He was transferred to Virginia Beach General Hospital, where he was diagnosed with a brain hemorrhage. He was pronounced brain dead on Nov 4, and died three days later. Conmed took over the jail’s medical contract in October 2010 (Virginia HS Injury Law Blog, Aug. 21, 2011).

Washington

- In January 2011, **a lawsuit filed against Conmed and Yakima County alleged that the medical staff failed to provide treatment for Sandra Knight’s mental illness.** Knight killed herself while in jail (Yakima Herald-Republic, Jan. 6, 2011).

PRIVATIZATION LOBBYISTS

N.C. Lobbyists Representing Private Prisons

Each of the prison health care companies was reviewed on the N.C. Secretary of State website to determine who works in this state as their registered lobbyists. This information is current as of May 1, 2012.

- Ed Turlington is a registered lobbyist for Corizon Health Inc. He and the company reported spending no money as of April 17, 2012. Turlington was the registered lobbyist for PHS Correctional Healthcare in 2011.
- Franklin Freeman, Harry Kaplan and Richard Sullivan are the registered lobbyists for GEO Care Inc. Previously, Lori Ann Harris was the registered lobbyist for The Geo Group Inc. as of 2008.
- Theresa Kostrzewa is the registered lobbyist for Centurion LLC.
- Dave Horne was the registered lobbyist for Wexford in 2010, but the company no longer lists a lobbyist in the state.

PRIVATE PRISON OPERATORS

Overview

If North Carolina continues down the path of privatization, legislators and the governor may attempt to privatize prisons. The rallying cry will be saving money, but this section outlines how little, if any, money is saved by states that privatize prisons. The section also outlines the numerous issues associated with privatizing prisons.

In 2010, private prisons held 128,195 of the 1.6 million state and federal prisoners in the United States. From 1999 to 2010, the number of inmates held in private prisons increased 80 percent, while the overall prison population increased 18 percent (“Too Good to Be True: Private Prisons in America, The Sentencing Project,” January 2012).

This report highlights issues involving two of the largest companies, Corrections Corporation of America (CCA) and GeoGroup.

CCA and Geo Group exist to make a profit. Both mention in their annual reports that the gravest threat to profitability is the fluctuation in prison populations. Attempts by other states, such as in Michigan and California, to ease overcrowding and revise harsh mandatory prison sentencing laws are seen as a threat to their business model.

Sentencing Project Undercuts Claims to Saving Money by Private Prisons

In January 2012, the Sentencing Project reviewed claims that private prisons or privatizing prison services saved states and

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localities money. The report stated that private prisons produced cost savings largely through lower salaries and benefits by employing non-union employees. In a 2009 analysis by researchers at the University of Utah cited in the report, “Prison privatization provides neither a clear advantage nor disadvantage compared to publicly managed prisons,” and “cost savings from privatization are not guaranteed” (“Too Good to Be True: Private Prisons in America, The Sentencing Project,” January 2012).

In February 2012, SEIU issued a report that reviewed cost studies in Arizona, Florida, Ohio and Texas. In 2009, Arizona confined 22.1 percent of its prison population in private facilities. The state broke even on minimum-security beds, with public facilities costing \$46.59 per day and private costing \$46.56 per day. The state lost money in medium security facilities, where the daily cost of state prisons was \$48.42 and \$53.02 for private facilities, losing Arizona taxpayers more than \$1,600 per prisoner, per year.

In Florida, the state was required by law to show a 7 percent savings in housing prisoners in private prisons versus state facilities. The Florida Office of Programing and Policy Analysis said the task was nearly impossible, with transfers and ordinary and special costs so complicated it obfuscated the ability of the state to calculate savings. Additionally, GEO and CCA were found to have overcharged the state by \$13 million in 2005 for unfilled job positions, inflated per diems and maintenance overpayments.

In Ohio, state law required a 5 percent savings from private prisons over public facilities, but studies for the 2006-2007

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biennium at a test facility first found a savings and then found a deficit.

In Texas, studies found that turnover increased costs. In 2008, the Texas Senate Committee on Criminal Justice found the highest salary for corrections officers in private prisons was \$2,000 less than the lowest salary for officers in public prisons. Ninety percent of privately employed corrections officers left their jobs within one year (“Pitfalls and Promises,” February 2012).

Private Prisons Unsafe

On average, private prison employees also received 58 hours less training than their publicly-employed counterparts. Consequently, there are higher employee turnover rates in private prisons than in publicly operated facilities (“Too Good to Be True: Private Prisons in America, The Sentencing Project,” January 2012).

In February 2012, the SEIU report “Pitfalls and Promises” outlined how public prisons average 5.6 inmates per officer, but private prisons averaged 7.1 per officer. The federal bureau of prisons concluded that “the greater the inmate-to-staff ratio, the higher the levels of serious violence among inmates (“Pitfalls and Promises,” February 2012).

In January 2012, The Sentencing Project stated that studies show that assaults in private prisons can occur at double the rate found in public facilities (“Too Good to Be True: Private Prisons in America, The Sentencing Project,” January 2012).

PRIVATE PRISON RESEARCH

Corrections Corporation Of America (CCA) and GEO Group Inc.

Money Trail

GEO Group Inc. — In February 2012, a report on private prisons commissioned by SEIU in Michigan reported that the top six GEO executives made a total of \$13.5 million in 2010, including \$3.4 million to Chairman and Chief Executive Officer George Zoley and \$6.4 in compensation to former Vice Chairman, President and Chief Operating Officer Wayne Calbrese (“Pitfalls and Promises,” February 2012).

CCA — CCA has spent about \$17.6 million lobbying Congress and federal agencies over the past decade, according to records compiled by the Center for Responsive Politics, a nonpartisan organization that tracks the effect of money on U.S. politics. The agencies include the Department of Homeland Security and its Immigration and Customs Enforcement division, which contract with private operators such as CCA for immigration-detention centers.

Thirty of CCA’s 35 lobbyists on Capitol Hill previously worked for members of Congress or for federal agencies. Two CCA senior executives were former directors of the Federal Bureau of Prisons, including Harley Lappin. CCA is a major bureau contractor. Another CCA vice president, Bart VerHulst, previously worked as chief of staff for then-Senate Majority Leader Bill Frist of Tennessee.

CCA lobbies heavily on the state level, employing 178 lobbyists in 32 states over the past eight years, according to the National

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Institute on Money in State Politics (Arizona Republic, Sept. 4, 2011).

As of January 2012, CCA has spent an average of nearly \$1.4 million per year since 1999 on lobbying. CCA employed an average of 70 state-based lobbyists per year since 2003. CCA backed stricter immigration laws and attempted to block laws that subject prisons to more public scrutiny, such as making private prisons subject to the Freedom of Information Act (“Too Good to Be True: Private Prisons in America, The Sentencing Project,” January 2012).

In January 2012, the Sentencing Project recounted CCA giving an average of \$130,000 per election cycle to federal election campaigns and Political Action Committees. CCA also gave more than \$80,000 per cycle, combined, to the Republican Governors Association and the Democratic Governors Association. CCA also gave more than \$190,000 per election cycle to state party organizations since 2004 (“Too Good to Be True: Private Prisons in America, The Sentencing Project,” January 2012).

CCA Pushes for Longer Prison Terms

CCA backed legislation that required tougher criminal sentencing, expanded immigration enforcement and promoted prison privatization. As members of the American Legislative Exchange Council, CCA backed tough-on-crime measures that would send more people to prison for a longer time, including a “Truth in Sentencing Act” requiring that convicts serve at least 85 percent of any sentence, and 100 percent of a sentence for violent crimes; a “Mandatory Minimum Sentencing Act,” imposing longer, mandatory

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sentences for all drug offenses; a “Third Strike” law mandating a life sentence for a third violent felony conviction; and dozens of other bills that called for violent juveniles to be tried and sentenced as adults, and for longer sentences for child-porn crimes, drunken driving, repeated retail theft and many other crimes (Arizona Republic, Sept. 4, 2011).

PRIVATIZATION IN THE NEWS

National

- In May 2007, **CCA rejected a proposal by a group of faith-based stockholders to require twice a year reports on its political contributions.** The proposal by Mercy Investment Program of New York, Sisters of Charity of the Blessed Virgin Mary of Chicago and the Province of St. Joseph of the Capuchin Order of Milwaukee was presented at CCA's annual meeting in Nashville. The groups owned a total of about 400 shares. Close to two-thirds of the shares voted at the meeting were against the proposal. The groups wanted the company to disclose its policies and procedures for political contributions made with corporate funds and the people in the company who participated in making the decisions to give the money (Atlanta Journal-Constitution, May 12, 2007).
- In 2010, **CCA reportedly spent more than \$3 million to kill the Federal Private Prison Information Act that would have made private correctional facilities operating under federal contracts subject to open records laws** ("Pitfalls and Promises," February 2012).
- In October 2011, the Houston Chronicle **outlined problems with CCA's detention facility in Houston** where U.S. Immigration and Customs Enforcement (ICE) sent detainees. ICE's Office of Professional Responsibility records showed the ICE failed to systematically track disciplinary actions involving contractors, making it difficult to determine whether companies and corrections departments took appropriate action for substantiated reports of abuse.

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At the Houston facility, reportedly an employee was terminated for an inappropriate relationship with a detainee and another resigned in lieu of termination due to “a violation of the use of force policy.” It was also reported that two employees were suspended for “abusive treatments toward detainees,” and others were “counseled” for yelling and cursing at detainees.

The Houston facility received relatively high marks in reviews by private contractors paid by ICE to inspect them for compliance with the agency’s detention standards. Those contractor-produced reports, frequently published on the agency’s website, reportedly often directly contradicted the internal inspections. For example, private contractors in 2009 found no violations of the government’s detention standards at the Houston facility. But the records outlined ICE’s own inspectors documented more than 50 deficiencies in 2008 and nine repeat deficiencies in 2009 (Houston Chronicle, Oct. 9, 2011).

Arizona

- In August 2012, the Arizona Republic reported that **Gov. Jan Brewer signed SB 1070 to help CCA receive more illegal immigrants as prisoners.** SB 1070 required arresting any person who could not prove proof of citizenship. Democrats called on Brewer to fire “aides” associated with the prison company. That included HighGround, a Phoenix consulting and lobbying firm managing Brewer’s gubernatorial campaign. The firm listed CCA among its clients. Brewer’s official spokesman, Paul Senseman, also used to lobby for CCA.

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Campaign finance reports filed in 2012 showed that eight executives with CCA contributed \$1,080 of the \$51,193 in seed money Brewer received for her gubernatorial campaign (Arizona Republic, Aug. 22, 2010).

In a September article in the same newspaper, Bob Libal, a senior organizer at Grassroots Leadership, a Texas group that opposed prison privatization, said, “They spend a lot of money, and clearly, they spend it because it benefits their interest, which is winning contracts” (Arizona Republic, Sept. 4, 2011).

Florida

- In December 1990, the St. Petersburg Times outlined **how CCA allegedly deliberately failed to treat Hernando County jail inmate Darren Wilson’s malignant melanoma**, including waiting weeks to confirm he had the disease (St. Petersburg Times, Dec. 17, 1990).

- In August 2010, **Hernando County reported having produced \$1 million in savings by returning the county jail to public hands after allowing CCA to run the facility.**

When management changed hands, most of the 177 former CCA employees lost their jobs and were invited to reapply. The sheriff hired only 45 of them. The rest failed background checks or didn’t meet his standards. “I don’t understand why a few of them weren’t in jail,” he said (“Pitfalls and Promises,” February 2012).

After a contract dispute, Hernando County was still required to pay CCA the remaining \$1.86 million in payments even

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though jail facilities were allegedly left in shambles. The county sought \$900,000 in repair money, but mediation produced only a \$100,000 payment from CCA to the county (Tampa Bay Times, Jan. 29, 2012). An audit of the jail deemed it non-performing in safety/emergency, patrols and the physical plant (St. Petersburg Times, Jan. 29, 2006). The medical unit showed “22 years of neglect,” including plumbing issues, problems with rats and roaches and all the sprinkler heads allegedly had been capped by CCA (Tampa Bay Times, Feb. 23, 2011).

- In April 2011, the Miami Herald reviewed the 16-year history of Florida’s use of private prisons, recounting instances of alleged mismanagement, lax contracts, overbilling by contractors, corruption and a legal loophole that allowed for sexual misconduct in private facilities to go unpunished. **“Their whole business model is to save money, and you save money on employees,” said Ken Kopczynski, a PBA lobbyist in Tallahassee.** “If you have high turnover, that can turn into major problems.”

- In May 2011, **a CCA prison psychiatrist was accused of asking female inmates to give sexually explicit lap dances and to expose themselves.** He allegedly offered to trade medicine for sex (“Too Good to Be True: Private Prisons in America, The Sentencing Project,” January 2012).

Georgia

- In October 1999, the Atlanta Journal Constitution reported that the state Department of Corrections was **“concerned”**

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that CCA failed to adequately treat the medical needs of state inmates at new private prisons in Coffee and Wheeler counties. The report also noted continuing problems with the system that sets off an alarm if an inmate tried to climb perimeter fences, short staffing in a cellblock and a lack of inmate discipline at both.

Georgia paid CCA \$90,000 daily to keep 2,000 medium-security inmates at Wheeler Correctional Facility at Alamo and the Coffee Correctional Facility in Nicholls.

“Neither facility is meeting contract requirements in spite of improvements at each,” the report said. Officials were told the company was not meeting the state’s minimum standards in inmate health care, staffing and security. The report said more than one-third of the nursing positions at one prison were vacant. After the September 1999 inspection, one auditor accused CCA of showing “borderline deliberate indifference” (Atlanta Journal Constitution, Oct. 2, 1999).

Hawaii

- In 2009, **Hawaii planned to bring all 168 female prisoners back from Otter Creek Correctional Center, a CCA-run prison in Kentucky.** The facility allegedly had four times the amount of sexual abuse as a state-run counterpart (“Too Good to Be True: Private Prisons in America, The Sentencing Project,” January 2012).

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Idaho

- In March 2012, the Lewiston Morning Tribune reported that **Idaho officials never completed a cost analysis to see if private prisons were cheaper than those run by the state.**

Idaho officials said private prisons saved the state \$12 per day per inmate, but adjusting for known system-wide expenses and the cost of the contract reportedly brings the savings to \$5 per day per prisoner.

Kentucky

- In July 2010, the Louisville Courier Journal **reported on a number of problems with CCA's running of Otter Creek Correctional Center in Floyd County, including alleged sexual abuse of female inmates** by male correctional officers.

CCA housed more than 400 female inmates at Otter Creek until January 2010 when the state transferred them to a public prison. Reportedly there were eight substantiated cases of abuse, with charges filed against six staff members (Courier Journal, July 4, 2010).

Mississippi

- In 2012, The Sentencing Project reported that **the GEO Group was sued by the federal government concerning the Walnut Grove Youth Correctional Facility.** The lawsuit claimed that inmates “live in unconstitutional and inhumane conditions and endure great risks to their safety and security due to understaffing violence corruption and lack of proper medical care” (“Too Good to Be True: Private Prisons in America, The Sentencing Project,” January 2012).”

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New Jersey

- In February 2007, **an African man was left allegedly dying on the floor from a head injury for 13 hours at the CCA-run Elizabeth Detention Center.** Officials reportedly discussed sending the body to Guinea in order to deter the man's widow from drawing attention to the death by traveling to the United States to retrieve the body ("Too Good to Be True: Private Prisons in America, The Sentencing Project," January 2012).

New Mexico

- In July 2008, the Santa Fe New Mexican reported that **former Gov. Bill Richardson received \$43,750 from the GEO Group in 2006** (Santa Fe New Mexican, April 13, 2008).

North Carolina

- In October 2000, **North Carolina officially took control of two private prisons in the state.** After months of staffing shortages and anemic work programs for inmates, people called the private prison experiment a flop. "I really felt like it was a failure," said Rep. Paul McCrory, a Democrat from Davidson County. Private prison firms "are in the business to make money, and they're going to take some shortcuts when they can."

CCA said it did the best it could with a bad contract. "It was a very ambitious challenge," said Susan Hart, spokesperson for the company. "The bottom line is, (correctional officers') posts were

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manned. Health care was delivered. Inmates did not suffer.” The state took back Pamlico Correctional Facility in coastal Bayboro, east of New Bern, and the Mountain View Correctional Facility in Spruce Pine, near Boone. CCA was slated to run the prisons until 2003, but the prisons’ troubles left both sides wanting to get out of the contract early. CCA said it struggled with the two prisons because it labored under a contract it didn’t want. The state awarded the original contract to another company, U.S. Corrections Corp., which had entered a lower bid than CCA. But when CCA later swallowed the other company in a merger, CCA inherited the contract. Believing the contract had been underbid, CCA unsuccessfully lobbied state officials for a new one, Hart said (Charlotte Observer, Oct. 1, 2000).

South Carolina

- In November 1999, the Toronto Star reported that **the state of South Carolina cancelled a contract with CCA after allegations of brutality at a young offender facility**. One teen was allegedly hog-tied more than 30 times by correctional officers as punishment. Also, 18 people were confined to a one-person cell with no toilet, only cups (Toronto Star, Dec. 28, 1999).

Texas

- In November 1999, the Toronto Star reported that **the escape of two notorious sex offenders in 1996 was allegedly the first time Houston residents and state corrections officials learned that a medium-security facility for illegal immigrants was holding violent inmates imported by CCA**

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from Oregon. All 200 were sex offenders (Toronto Star, Dec. 28, 1999).

Washington D.C.

- In December 1998, **Washington, D.C., sued CCA for failing to comply with a \$182 million contract that called for housing 1,500 D.C. inmates in a Youngstown, Ohio prison.** D.C. officials had been sued by a group of prisoners, and CCA failed to provide legal counsel in a lawsuit and indemnify D.C. officials after a prison correctional officer was killed at the private site (Washington Post, Dec. 19, 1998). CCA correctional officers allegedly deserted their posts and failed to respond to alarms (The Guardian, April 7, 1999). Some of the inmates attacked five staff members and later started a riot in their new home at a CCA-run prison in New Mexico (Toronto Star, Dec. 28, 1999).

Miscellaneous

- In March 2007, Modern Healthcare reviewed private companies that sell health care services to prisons and jails. Miami, Fla.-based Armor Correctional Health Service, a privately owned company founded in 2004 by physician-owner Jose Armas generated \$100 million in annual revenue, had about 1,000 employees, of which about 700 were direct caregivers to patients, Armor had contracts with local governments in Florida and Virginia to provide services in local jails (Modern Health Care, March 19, 2007).

- In July 2010, the Mecklenburg Times in North Carolina reported that Keith and Keith Corrections was paid \$6.46

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million to manage the maintenance at the Mecklenburg County jail (Mecklenburg Times, July 7, 2010).

CONTRACTOR CAMPAIGN DONATIONS

The Institute on Money in State Politics Report

In April 2006, the Institute on Money in State Politics issued an exhaustive report (<http://tinyurl.com/d347scj>) on how the private prison industry seeks to influence policy at the state level through donations to candidates, PACs and parties.

North Carolina was not included in the 10 states highlighted in the report. Yet, the examples given are highly instructive of what could happen in the state should North Carolina use private contracting in the prison system.

The work required a tremendous amount of resources by the Institute: The Institute examined private-prison giving at the state level over the 2002 and 2004 election cycles. With the assistance of the Corporate Research Project of Good Jobs First in Washington, D.C., the Institute created a database of private-prison companies, their executives, directors and lobbyists. It included investment firms, construction companies, food service providers, and health-care management and counseling services with interests in private prisons. The Institute then matched the names in this database against its database of state campaign-contribution records.

The report found that companies involved in private prisons and those affiliated with them contributed \$3.3 million in 44 states between 2000 and 2004. State political parties received \$1.1 million, 34 percent of the money. (North Carolina received only \$4,875.)

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The report found:

- Companies favored states with some of the toughest sentencing laws, particularly those that had enacted legislation to lengthen the sentence given to any offender who was convicted of a felony for the third time. Private-prison interests gave almost \$2.1 million in 22 states that had a so-called “three-strikes law,” compared with \$1.2 million in 22 states that did not.
- Companies concentrated their giving on legislative candidates who, if elected, act on state budgets and sentencing laws. These candidates received almost half of the money given to candidates — slightly more than \$1 million.
- Companies gave heavily to gubernatorial candidates. About \$873,300 of the candidate money went to gubernatorial candidates, who have the power to suggest and to support privatization as a way of keeping their states’ budgets in balance.
- Companies themselves and the lobbyists they hired gave the biggest portions of the funds. The companies gave almost \$1.6 million, or 48 percent of the total. Lobbyists gave nearly \$1.1 million, or 33 percent. The remainder came from company officials, members of the companies’ boards of directors, construction companies that work on prison projects and firms that subcontract to provide services to private prisons.
- Lobbyists hired by the private-prison industry were the top contributors in 10 states, and the only source of private-prison money in another seven states.

CONTRACTOR CAMPAIGN DONATIONS

- In Florida, when the prospect of re-opening bids for the operation of five private prisons surfaced, private-prison vendors lobbied successfully for the elimination of the commission overseeing the bidding process.
- In Arizona, the industry contributed to 29 of the 42 members of the committees that heard a 2003 proposal to increase the number of private-prison beds in the state. Those testifying in favor of the bill included a vice president of a private-prison firm that stood to benefit from the original proposal.
- Colorado had contracted to house out-of-state prisoners from other states to alleviate overcrowding issues in those states. But when faced with overcrowding problems, Colorado made plans to prohibit out-of-state prisoners. Pressure from the private-prison industry led to the rejection of the plan.
- Texas, known for its tough-on-crime attitude, continued to elect and re-elect legislators with that attitude. The industry gave generously to powerful, well-established legislative leaders and members of committees hearing measures affecting sentencing.
- In Indiana, shortly after being elected, Gov. Mitch Daniels looked for ways to turn government services over to the private sector. Within months, food and nursing services in state prisons were handed over to the private companies, and the state contracted for its first-ever private prison.



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