



# Update on Select Public Safety Topics

---

David Reynolds, Fiscal Analyst  
House Appropriations Committee Retreat  
November 15, 2017



# Topics Covered in This Presentation

- Adult Correctional Population Forecast
- State Inmate Healthcare Costs
- Update on Jail Mental Health Pilots
- Update on Juvenile Justice Reforms

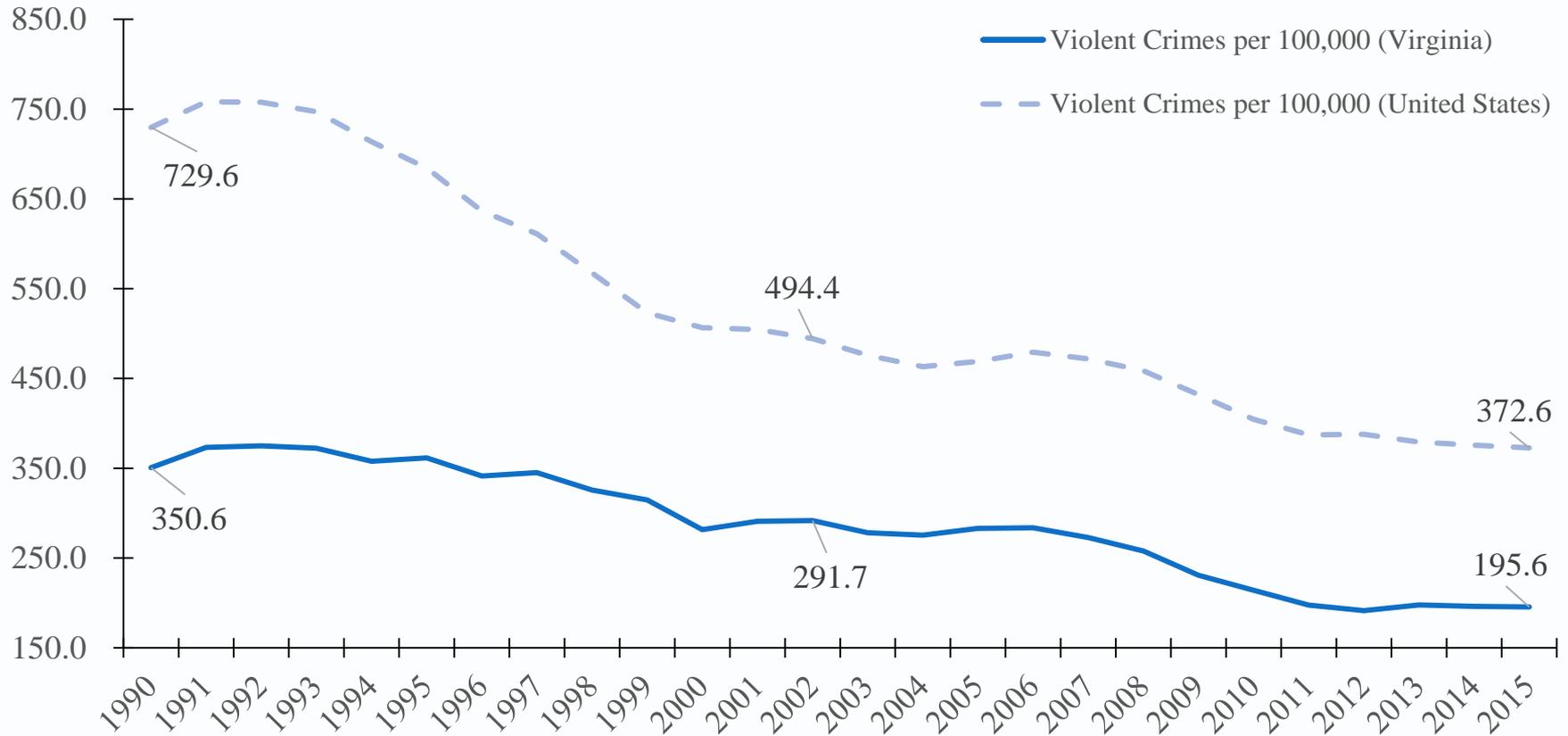
# ADULT CORRECTIONAL POPULATION FORECAST

---

# 2017 Adult Correctional Forecast

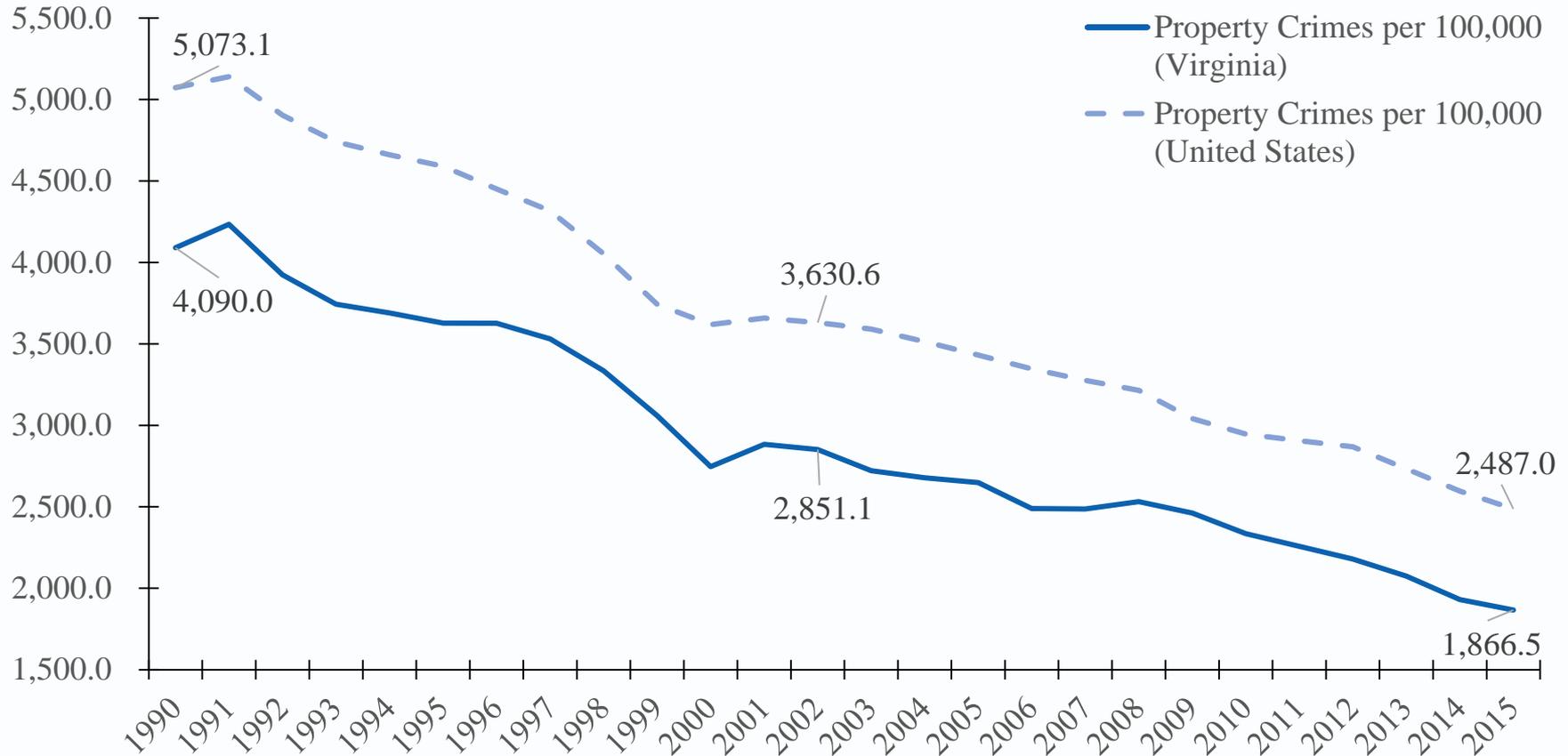
- Secretary of Public Safety and Homeland Security oversees the annual offender forecasting process
  - The forecast is developed annually using statistical models that incorporate data on several key factors, including arrests, types of offenses, and new court commitments
  - Development of the final population forecast includes input from policy makers, administrators, and experts from the executive, legislative, and judicial branches
- The 2017 forecast expects the total state responsible population will increase from 37,909 in FY 2017 to 39,728 in FY 2023
  - Driven by increases in arrest rates and the number of violent and drug offenders awaiting trial, offset by shorter average length of sentences
- The 2017 forecast estimates the local responsible population will increase from 18,837 in FY 2017 to 20,522 in FY 2023
  - Driven primarily by increase in number of arrests, particularly for violent and drug felonies
  - Anecdotal evidence that some judges are more likely to incarcerate opioid addicts in effort to prevent overdoses

# Long-Term Trends in Violent Crime



- Violent crime includes murder, rape, robbery, and aggravated assault
- According to FBI data, between 1990 and 2015 violent crime rates dropped 44% in Virginia and 49% nationally
- In 2015, Virginia had third-lowest violent crime rate in the country
- Based on State Police data, arrests for violent crime in Virginia increased 7% from 2015 to 2016, but too early to determine whether a single-year bump or the beginning of a trend

# Long-Term Trends in Property Crime

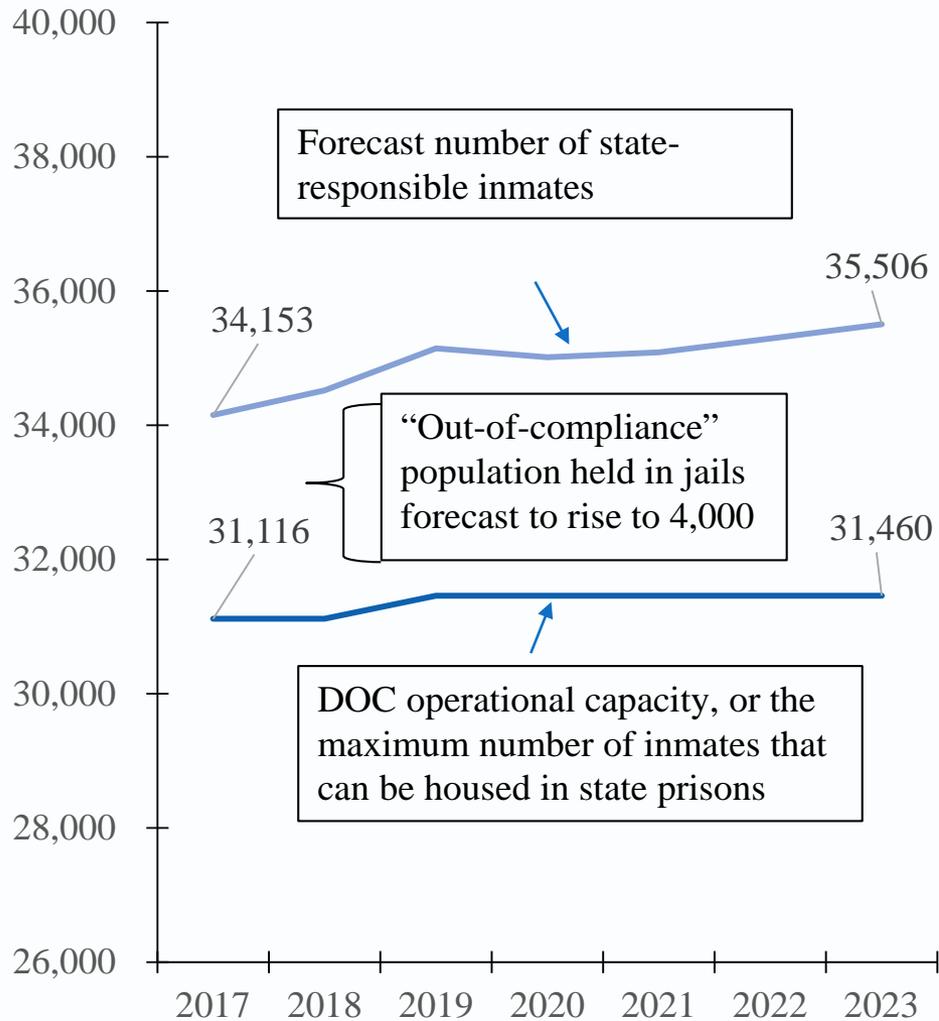


- Property crime includes burglary, larceny, and motor vehicle theft
- According to FBI data, property crime fell 54% in Virginia and 51% nationally between 1990 and 2015
- In 2015, Virginia had 9<sup>th</sup> lowest property crime rate in the country
- Based upon State Police data, number of arrests for property crime declined 13% from 2015 to 2016

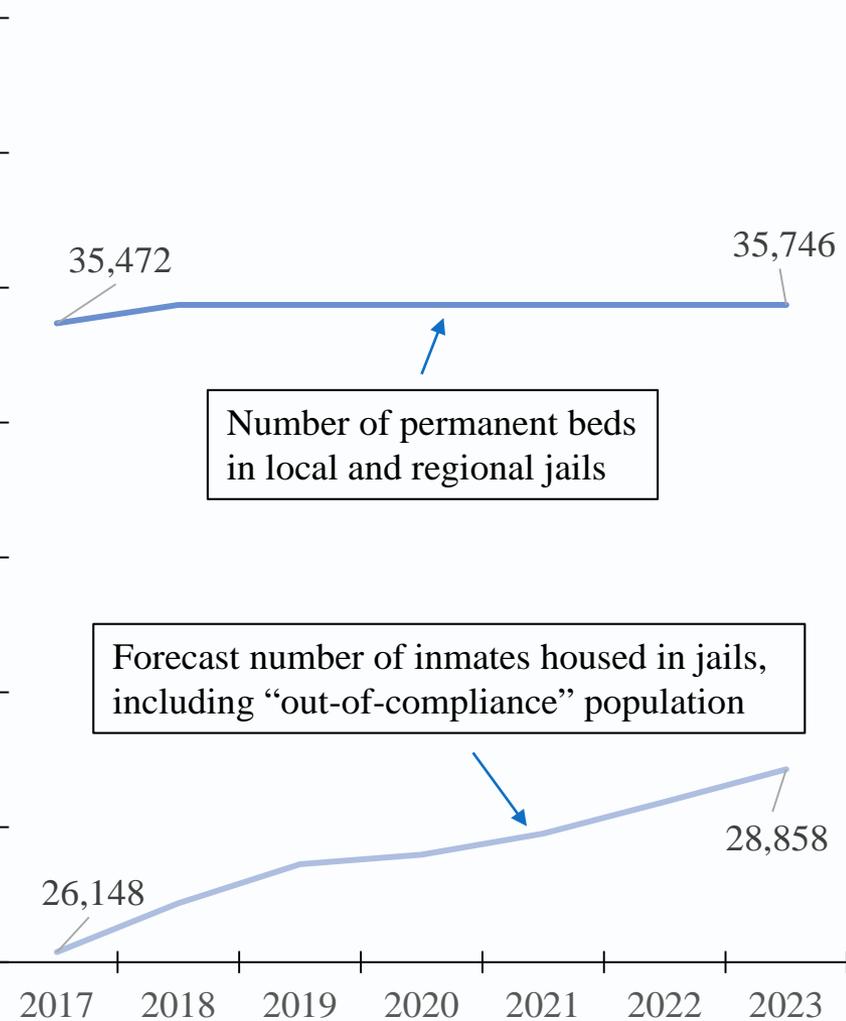
# Drug and Other Offense Arrest Trends

- Virginia drug arrest rate increased by 10% between 2015 and 2016, and are higher than a decade ago
  - Increase seen in opioids, cocaine, meth, and marijuana
  - Large increases in Department of Forensic Science testing for heroin, fentanyl, and meth have caused the Department's testing backlog to grow
- Arrests for simple assault, DUI, and drunkenness have declined substantially over the past decade
  - Typically short-term incarceration, so decline has had the effect of reducing average jail population

## State Responsible Inmate Population and Capacity



## Jail Population Forecast and Bed Capacity



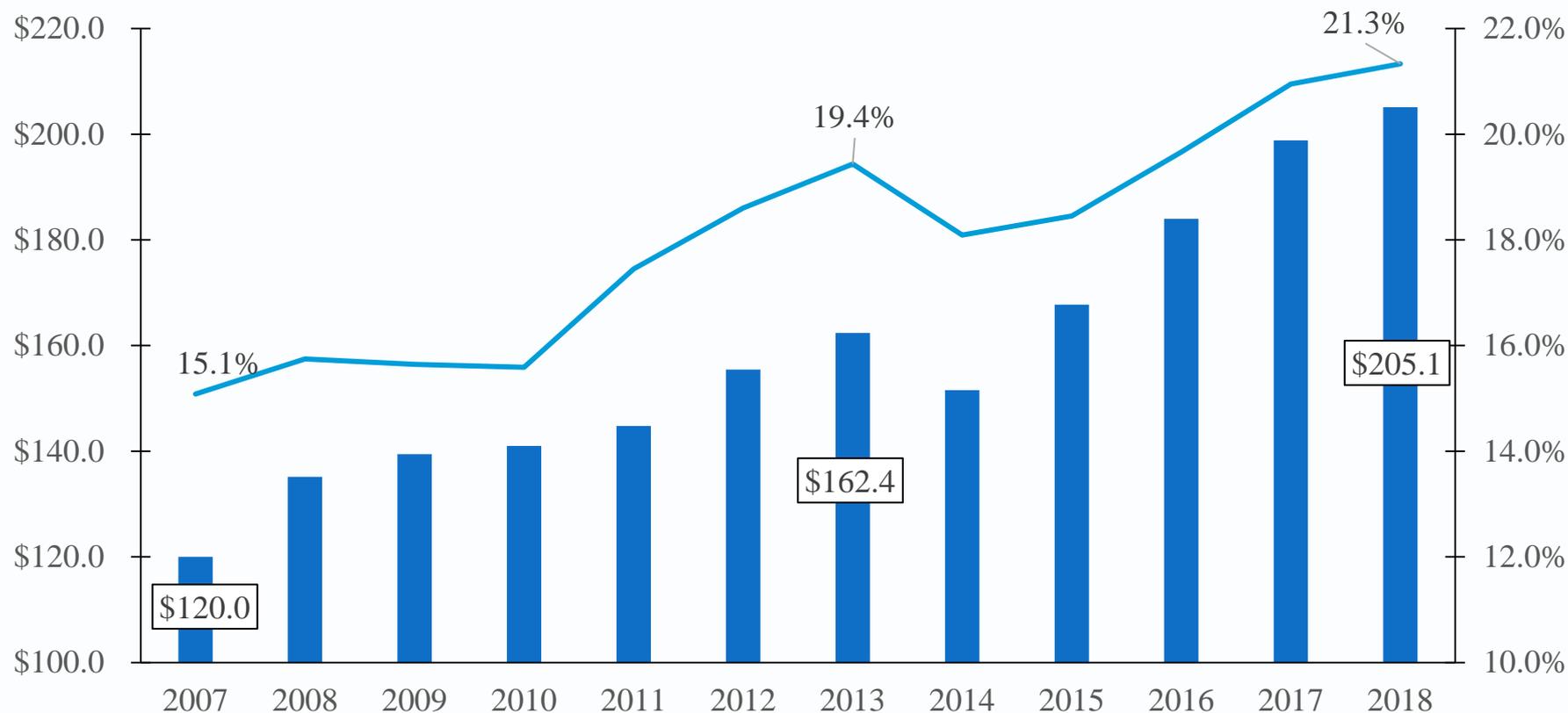
# Adult Correctional Population and Capacity

- The total number of state-responsible inmates is forecast to increase from 34,153 in 2017 to 35,506 in 2023 (4% increase)
  - State-responsible population will continue to exceed DOC's operational capacity
  - As a result of shortfall in DOC beds, the “out-of-compliance” population – the state-responsible population still in jails more than 90 days after final sentencing – is forecast to increase from 3,037 in FY 2017 to 4,046 in FY 2023
    - The “out-of-compliance” backlog is lower than its peak of more than 5,000 in 2015 due to a decline in the state responsible population and DOC lowering its operating vacancy rate
- The population housed in jails – including “out-of-compliance” inmates – is forecast to increase by 2,710 inmates between 2017 and 2023
  - Local responsible jail population is forecast to increase by 1,685 over the period, with the balance of increase coming from “out-of-compliance” population
  - Despite increase, the statewide number of permanent jail beds is expected to substantially exceed the number of inmates housed in jails
    - Given excess capacity in jails, ways to better utilize existing capacity should be considered before approving expansions of jail capacity

# STATE INMATE HEALTHCARE COSTS

---

## DOC's Inmate Healthcare Budget has Increased 71% Since 2007

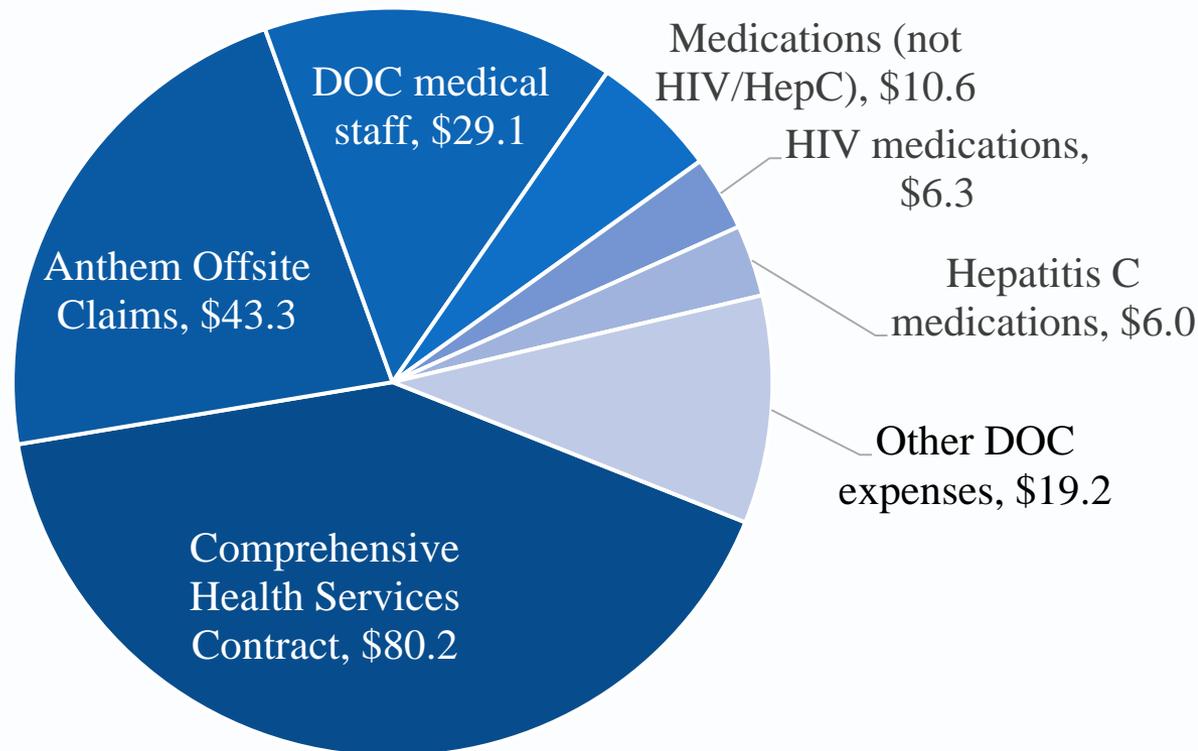


- DOC's budget for inmate healthcare grew from \$120.0 million in FY 2007 to \$205.1 million in FY 2018
  - Now 21.3% of budget to operate DOC correctional facilities
- While inmate health costs have grown substantially, Virginia inmate healthcare spending and rate of growth have been in the middle-of-the-pack nationally

# DOC's Healthcare Delivery Structure

- Healthcare is provided in correctional facilities using a combination of DOC employees and privately contracted services
  - DOC manages health services in 29 facilities, serving more than 14,000 inmates
  - Armor (14 facilities) and Mediko (2 facilities) provide comprehensive services at remaining facilities, serving nearly 16,000 inmates
- Diamond Pharmacy Services provides services to all facilities
  - Separate contracts with DOC, Armor, and Mediko
- Offsite outpatient and inpatient services are provided at non-DOC hospitals, including VCU and UVA
  - More than three-quarters of off-site care delivered at VCU Medical Center, which operates a secure unit for the use of DOC
- Anthem performs several services within system:
  - Administers healthcare claims for all offsite services
  - Provides inpatient utilization review as part of claims verification
  - DOC inmates participate in Anthem Healthkeepers
- Provider-level contracts are used for some specialty services
- DOC responsible for providing all transportation and security

## 2017 DOC Healthcare Expenditures by Category (\$ in millions)



- Spending for Comprehensive Health Services Contracts (Armor and Mediko) totaled \$80.2 million in FY 2017
  - Paid using facility-specific per-member, per-month capitated rates
- Anthem processed claims for offsite care totaled \$43.3 million, which does not include offsite outpatient care for which Armor and Mediko are responsible
- Spending for DOC managed sites was primarily for personnel (\$29.1 million) and medication (\$22.9 million)
  - HIV and Hepatitis C medicines cost more than all other medications combined (\$12.3 million)

## Factors Identified as Increasing DOC Healthcare Costs

- Correctional systems are experiencing the same medical and drug cost inflation pressures seen by rest of economy
- DOC's inmate population is aging, which is increasing healthcare costs
  - In FY 2015, 20.2% of inmate population 50 or older, compared to 11.1% in FY 2006
  - While they are 20% of population, inmates 50 or older represent 31% of population receiving offsite care and 53% of offsite medical costs
- Inmates tend to be in worse health for their age relative to the general population
  - Lower lifetime access to healthcare services and higher rate of chronic diseases such as Hepatitis C, heart disease, HIV
- Inmates with serious mental illness are more costly, and grew from 15% of DOC's population in 2007 to 27% of its population in 2017
  - System-wide annual cost to incarcerate in FY 2016 was \$29,416, while cost at Marion Correctional Treatment Center was \$64,352 per inmate
- Anecdotal evidence that jails are prioritizing transfer of state-responsible inmates with mental health and medical issues

# DOC Health Cost Containment Efforts

- Telemedicine is used in all correctional facilities, and primarily reduces transportation and security costs
- Participation in Anthem Healthkeepers allows DOC to use statewide provider network at steep discounts
- Contracts with Armor and Mediko locked in capitated rates for first three years of the contract (FY 2016 to FY 2018)
  - Rates will be negotiated annually beginning November 2018
- Expanded participation in federal 340b program has resulted in substantial savings each year
  - Eligible classes of drugs: HIV, Hepatitis C, Hemophilia, and Biologics
  - Estimated annual cost avoidance of \$7 million
- Medicaid reimbursement for inpatient hospitalization of eligible inmates has saved state nearly \$7.0 million since 2015
- Participation in Minnesota Multistate Contracting Alliance for Pharmacy will reduce cost of filling each prescription

# Opportunities to Further Contain Costs

- An electronic health record system would allow for effective and efficient management of inmate healthcare
  - Chapter 780 (2016) provided \$1.4 million GF and \$3.8 million NGF from out-of-state inmate revenues for electronic health records to implement a system in all women's correctional centers
  - Delays in contract approval have meant system not yet implemented
- DOC could realize efficiencies by adapting disease management best practices for a secure environment
  - Recent VCU study found that for Anthem claims, 523 inmates had more than \$25,000 in medical costs in previous 12 months, representing 70% of Anthem claim costs
  - High cost individuals often receiving treatment related to chronic issues like Hepatitis C, diabetes, cardiovascular disease
  - More than 75% of high cost inmates and expenditures were for inmates over 50

# Healthcare Risks and Concerns

- Rising health costs will continue to put pressure on DOC budget
  - DOC's initial request for inmate health costs is an additional \$16.8 million in FY 2018 and \$45 million in 2018-20 biennium
  - Initial request for next biennium does not include likely rate increases for comprehensive health services contracts in November 2018
- Risk of further legal activity related to inmate healthcare
  - Compliance with consent decree covering Fluvanna Women's Correctional Center has increased DOC healthcare costs by more than \$3 million per year
  - Hepatitis C class action suits create risk of substantial financial exposure for the Commonwealth
- DOC physical plant was not designed for an aging population with increasing medical needs
  - DOC has 204 infirmary beds at 6 institutions, and 74 beds for geriatric and assisted living at one institution
  - As of September 2017, 66 of DOC's infirmary beds were occupied by offenders who would qualify for geriatric or assisted living beds
  - When DOC has infirmary backlog, offsite hospitals beds may be used at a cost of \$1,000 to \$1,300 per day for inmates that have been discharged, substantially more than the \$330 per day cost of DOC infirmaries

# JLARC Study of DOC Medical Costs

- At its September meeting, the Commission directed JLARC staff to study DOC's inmate healthcare costs
- The study language directs JLARC to:
  - Compare cost of providing healthcare to inmates to cost of providing care to similar populations in Virginia and other states
  - Identify factors contributing to healthcare cost increases at DOC-managed and contractor-run facilities
  - Assess whether DOC provides care in a cost effective manner
  - Assess whether DOC sufficiently maintain and adequately uses inmate medical records to make strategic health care decisions
- JLARC will report its findings and recommendations to the Commission by December 15, 2018

# UPDATE ON JAIL MENTAL HEALTH PILOTS

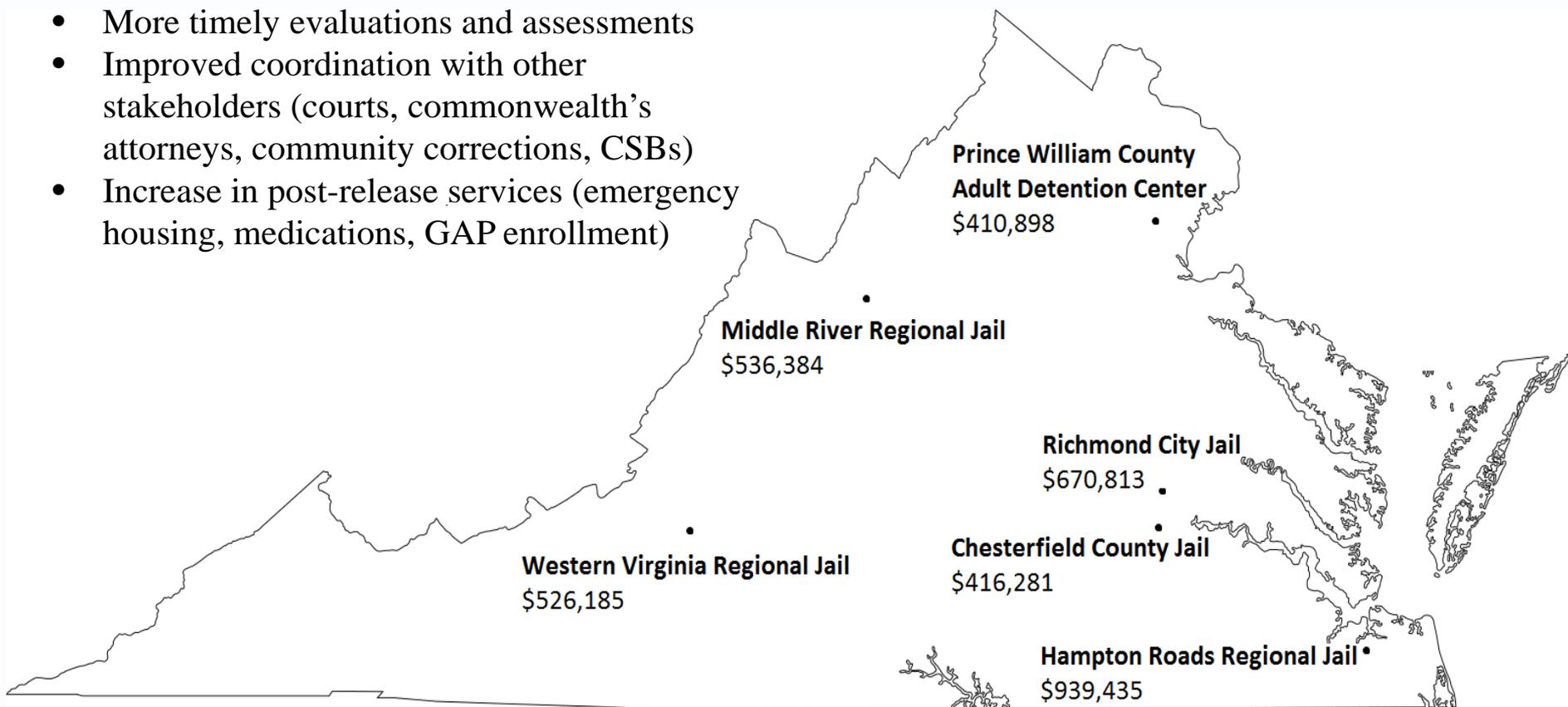
---

# DCJS Mental Health Pilot Grant Program

- 2016 General Assembly provided \$3.5 million in 2016-18 Biennium for jail mental health pilot grants
- Grantees required to increase level of service to inmates, or provide pre-incarceration in order to ultimately reduce the number of individuals with mental illness in jails
- Programs selected by DCJS in consultation with DBHDS and the Compensation Board
  - Six pilot sites selected (3 local jails and 3 regional jails)
  - 18-month pilot programs began January 1, 2017

# Pilot Sites Selected by DCJS

- Common pilot program features:
  - Additional jail-based clinicians, case managers, and psychiatrists
  - More timely evaluations and assessments
  - Improved coordination with other stakeholders (courts, commonwealth's attorneys, community corrections, CSBs)
  - Increase in post-release services (emergency housing, medications, GAP enrollment)



## Next Steps

- Performance of grantees will be monitored over 18 months in four categories:
  - Jail safety – Number of incidents due to mental health crises, and number of injuries to staff and inmates due to mental health crises
  - Mental health screening and assessment – Timely screenings and assessments completed in line with best practices
  - Treatment provided to inmates – Development of treatment plans, and compliance with treatment plans
  - Post-release services – Follow-up care with clinician upon release, availability of medication at time of release, GAP enrollment
- Grantees are required to submit quarterly program and financial reports
- Final report assessing results of pilots is due to the General Assembly in October 2018

# UPDATE ON JUVENILE JUSTICE REFORMS

---

# 2016 General Assembly Authorized Reform of Juvenile Justice System

- Appropriations Act language authorizes the Department of Juvenile Justice to:
  - Reinvest savings from facility closures and population reductions to build out its treatment, education, and alternative placement options
  - Plan two new juvenile correctional centers: one in Chesapeake to be co-located with local juvenile detention center, and a second at an undetermined location
- Appropriation Act also established task force to study options and make recommendations for DJJ services and juvenile correctional centers

# Context for Juvenile Justice Reform

- Substantial decline in justice-involved juvenile population
  - Number of juvenile intake cases declined from 64,417 in FY 2008 to 39,164 in FY 2017 (39%)
  - Local detention center population down from 1,010 in FY 2008 to 644 in FY 2017 (36%), leaving many vacant beds in local detention centers
  - DJJ direct care admissions declined from 766 in FY 2008 to 332 in FY 2017 (57%)
- Juvenile justice outcomes were poor. Three years after release, juveniles had re-arrest rates of 79%, reconviction rates of 70%, and re-incarceration rates of 47%
- Decreased population and budget pressures led to reduction or elimination of treatment and alternative placement options
  - These reductions proved problematic given the high rates of special education and mental health needs among juvenile corrections population
- Planned closure of all state juvenile facilities but Bon Air limited geographic options for placement, and reduced DJJ capacity from 1,258 beds to 279 beds
  - Beaumont JCC closed June 1, 2017, leaving only 279 beds at Bon Air JCC

# DJJ Direct Care Population

Location	Number	Cost per Juvenile	Notes
Bon Air Juvenile Correctional Center	221	\$248,000 (\$679/day)	<ul style="list-style-type: none"> <li>•Houses highest risk or need juveniles</li> <li>•Annual cost was \$149,000 in FY 2014</li> <li>•DJJ has increased average spending for education (\$33,000), medical (\$20,000), and treatment (\$14,000)</li> <li>•Cost per juvenile escalated as security, operating, and maintenance costs spread over smaller population (\$31,000)</li> </ul>
Community Placement Program (CPP)	77	\$97,000 (\$266/day)	<ul style="list-style-type: none"> <li>•Houses lower risk or need juveniles</li> <li>•DJJ has contracts for 87 CPP beds at 9 local juvenile detention centers</li> <li>•Lower average spending for education, medical, treatment, and operating</li> </ul>
Intake and Classification	27	\$56,575 (\$155/day)	<ul style="list-style-type: none"> <li>•Since closure of reception and diagnostic center, most intake and classification occurring at local juvenile detention centers</li> </ul>
Other	8	Varies	<ul style="list-style-type: none"> <li>•Includes those held in detention re-entry and “continuum” placements</li> </ul>
<b>Total</b>	<b>333</b>		

# Proposed New Juvenile Correctional Centers

- A new facility in Chesapeake was approved in the 2016 capital bill
  - The project was approved as co-located state (64 beds) and local (48 beds) facilities with shared infrastructure
  - As approved, project was to include some level cost sharing, with the state paying for its portion of facility and the city providing land, site preparation, and some funding
  - Local opposition arose to original and alternative sites, and city council has delayed vote until its November 21<sup>st</sup> meeting
- Due to delays, DJJ has engaged in preliminary discussions to build a state-only juvenile correctional center on state-owned land instead of a shared facility
  - Losing the city as a partner in the new facility would result in increased costs to the state, as the value of local contribution toward the project was estimated to be \$9 million
  - An alternative approach will result in a change in project scope that requires approval by the General Assembly
  - Operating a state-only instead of a shared facility may increase state operating costs, as efficiencies of sharing some operating and maintenance costs with locality would be lost
- Task force recommended construction of second new juvenile correctional center on current Bon Air property
  - Recommended other DJJ land be declared surplus and sold
  - The 2016 capital bill approved the second DJJ facility for planning only
- Given increased average operating costs of a smaller juvenile correctional center population and issues with Chesapeake facility, further discussion about the necessity of two new facilities is warranted