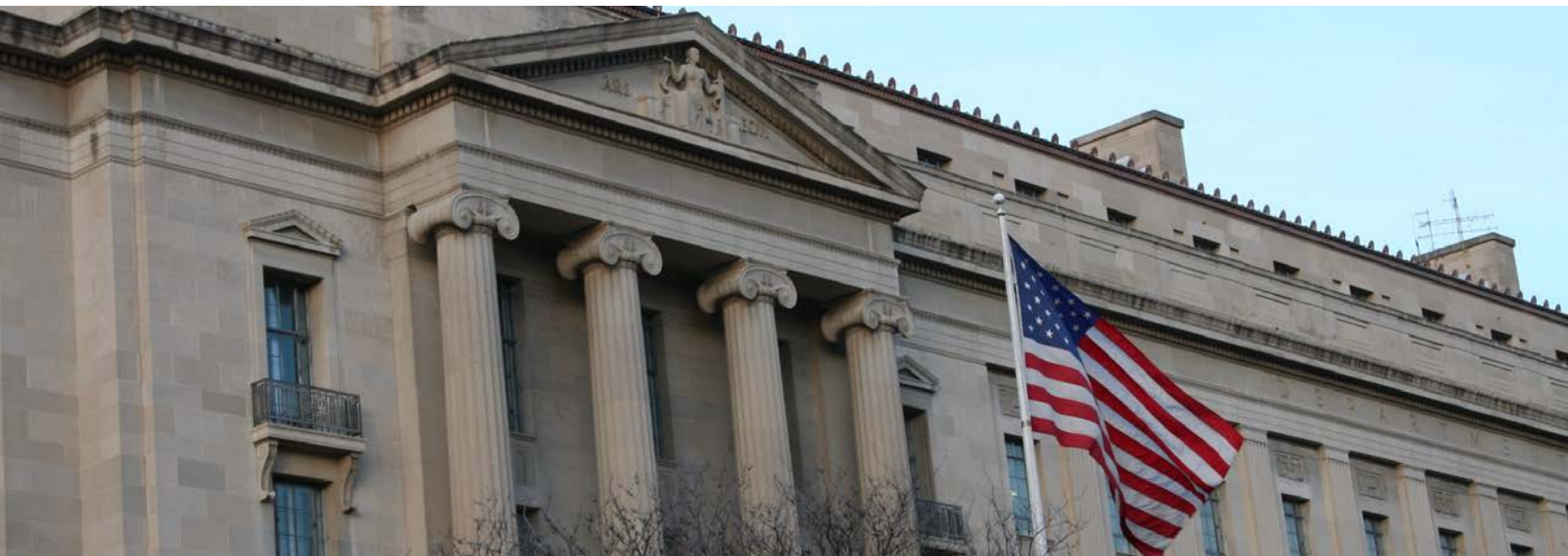




**Office of the Inspector General**  
U.S. Department of Justice

**OVERSIGHT ★ INTEGRITY ★ GUIDANCE**



**Audit of the Federal Bureau of  
Prisons' Contract Awarded to  
Correct Care Solutions, LLC for the  
Federal Correctional Complex in  
Coleman, Florida**



# Executive Summary

*Audit of the Federal Bureau of Prisons' Contract Awarded to Correct Care Solutions, LLC for the Federal Correctional Complex in Coleman, Florida*

## Objective

In December 2015, the Federal Bureau of Prisons (BOP) awarded a contract valued at about \$65 million to Correct Care Solutions, LLC (CCS) for comprehensive medical services at the Federal Correctional Complex located in Coleman, Florida (FCC Coleman). The Department of Justice (DOJ) Office of the Inspector General (OIG) conducted an audit of this contract to assess the BOP's award and administration of the contract, and CCS's performance and compliance with the contract and related requirements.

## Results in Brief

We found that the BOP did not always properly approve contract prices, did not provide adequate oversight of contractor performance and billings, and did not comply with the reporting requirements of the Contractor Performance Assessment Reporting System. We also identified weaknesses in the BOP's contract with CCS related to the definition of contract requirements and the establishment of the contract pricing methodology. Finally, we identified instances where CCS performance did not comply with the contract terms. As a result of these weaknesses, the BOP paid CCS \$827,013 for out-of-network services and services not covered by Medicare pricing without proper approval of the prices billed, made improper payments to CCS totaling \$95,358, and paid Prompt Payment Act penalties totaling about \$97,089 to CCS between January 2016 and February 2019. Additionally, we identified potential areas of improvement related to pricing the cancellation of scheduled visits, pricing of onsite services, and potential cost savings through the use of a secure hospital unit and telemedicine.

## Recommendations

Our report contains 13 recommendations to assist the BOP in establishing controls to prevent and detect CCS's noncompliance with the terms and conditions of the contract. The BOP agreed with all our recommendations.

## Audit Results

Our audit focused on contract number DJBP03020000070, which is an indefinite delivery requirements contract between the BOP and CCS for about \$65 million. The contract period of performance is January 2016 to December 2020, if all option years are exercised.

**Approval of Prices for Services Provided** - The FCC Coleman contracting officer's representative inadvertently approved prices billed for out-of-network services and services not covered by Medicare pricing without the proper authority. As a result, the BOP paid CCS \$822,888 for out-of-network services and services not covered by Medicare pricing and \$4,125 for unauthorized cancellation fees without proper approval of the prices.

**Invoice Errors** - CCS did not always submit properly priced invoices for onsite optometrist and general physician services as required by the contract. As a result, the BOP made improper payments to CCS totaling \$95,358.

CCS did not consistently submit timely and accurate invoices for offsite service claims. In addition, FCC Coleman did not return CCS's improper invoices within 7 days as required by the Prompt Payment Act. Instead, BOP billing clerks reviewed the improper invoices and expended additional time to research the correct rates for services performed in the past before correcting and approving partial invoices for payment. The additional time required to process the improper invoices resulted in missed deadlines under the Prompt Payment Act and triggered penalties on payments not made within 30 days. As a result of this practice, the BOP paid \$97,089 in penalty interest to CCS.

**Contractor Performance** - CCS did not establish a quality control plan prior to beginning performance as required by the contract. As a result, CCS invoices were not always properly priced and submitted within required timeframes. In addition, the BOP had not established a government contract quality assurance surveillance plan to monitor the services provided by CCS as required. Consequently, the BOP was not able



# Executive Summary

*Audit of the Federal Bureau of Prisons' Contract Awarded to Correct Care Solutions, LLC for the Federal Correctional Complex in Coleman, Florida*

to ensure that services provided by CCS met the contract requirements.

***BOP's Contract Award*** - FCC Coleman may not have adequately defined its requirements in the contract solicitation and could have more fully considered proposed enhancements offered by potential contract awardees. As a consequence, the BOP missed an opportunity that could have resulted in significant cost savings.

The contract provided for pricing for some services based on sessions of 2- and 4-hour duration. However, the contract allowed billing for the full 2- and 4-hour sessions regardless of the time actually worked. As a result, CCS sometimes billed and was paid for a 2-hour session when the provider did not work the full time identified as a session. Consequently, the BOP paid CCS an additional \$7,665 for services not provided that could have been avoided if the contract included a requirement to prorate the price of partial sessions.

# AUDIT OF THE FEDERAL BUREAU OF PRISONS' CONTRACT AWARDED TO CORRECT CARE SOLUTIONS, LLC FOR THE FEDERAL CORRECTIONAL COMPLEX IN COLEMAN, FLORIDA

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# **AUDIT OF THE FEDERAL BUREAU OF PRISONS' CONTRACT AWARDED TO CORRECT CARE SOLUTIONS, LLC FOR THE FEDERAL CORRECTIONAL COMPLEX IN COLEMAN, FLORIDA**

## **INTRODUCTION**

The Department of Justice Office of the Inspector General has completed an audit of the Federal Bureau of Prisons' (BOP) contract number DJBP030200000070, awarded on December 10, 2015, to Correct Care Solutions, LLC (CCS). The purpose of the contract is to provide comprehensive medical services at the Federal Correctional Complex located in Coleman, Florida (FCC Coleman). The contract is an indefinite-delivery requirements contract for 1 base year and 4 available option years, extending through December 2020.<sup>1</sup> The original estimated total value of the contract was \$65,314,394. On April 25, 2018, contract modification 10 resulted in a revised estimated value of \$84 million. As of February 2019, the BOP had exercised the third option year and BOP payments to CCS under the contract totaled approximately \$35 million or 42 percent of the contract value.

### **Background**

#### *The Federal Bureau of Prisons and FCC Coleman*

The BOP was established in 1930 to provide more progressive and humane care for federal inmates, professionalize the prison service, and ensure consistent and centralized administration. As of February 2019, the BOP was responsible for the custody and care of 180,413 federal inmates. The BOP seeks to protect society by confining offenders in the controlled environments of prisons and community-based facilities that are safe, humane, cost-efficient, and appropriately secure. It also seeks to obtain cost-effective health care consistent with community standards by providing essential medical, dental, and mental health services for federal inmates.

When the BOP's internal resources cannot fully meet inmates' health care needs, the BOP awards contracts to supplement its in-house medical services. Comprehensive medical services contracts are intended to provide necessary professional and facility services for both inpatients and outpatients. Contracts exceeding the Simplified Acquisition Threshold are awarded by the BOP's Field Acquisition Office in Grand Prairie, Texas.<sup>2</sup> After contract award, the Field Acquisition Office staff provide contract administration assistance and oversight for institution staff.

The FCC Coleman Complex is comprised of five institutions: two high security facilities, one medium security facility, one low security facility, and one minimum security facility. The FCC Coleman Complex Warden is responsible for

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<sup>1</sup> A requirements contract provides for filling all actual purchase requirements of designated government activities for supplies or services during a specified contract period.

<sup>2</sup> As of July 2019, the Simplified Acquisition Threshold is \$250,000.

supervision of all aspects of functions within the complex. Each facility is supervised by a Warden who is assisted by Associate Wardens. The facility Wardens and Associate Wardens oversee multiple departments such as programs, operations, medical, mental health, clinical programs, custody, transportation, industries and education. As of February 2019, FCC Coleman housed 6,258 male and 501 female inmates. FCC Coleman is a Care Level III facility on a 4-level scale where Care Level I represents the healthiest inmates and Care Level IV represents inmates with serious health issues.

### *Correct Care Solutions, LLC*

CCS was founded in 2003 as a privately-owned limited-liability company with its home office in Nashville, Tennessee. According to CCS officials, in October 2018 CCS and Correctional Medical Group Companies were acquired by an investment fund and were rebranded as Wellpath. Those officials also said that, when the company notified the BOP of the transaction, it stated that it would continue to operate as CCS for all established BOP contracts. In December 2018, CCS changed its name to Wellpath, LLC. Throughout this report we refer to CCS as the company contracted with the BOP for comprehensive medical care. As the CCS contracts with BOP expire, Wellpath will eventually dissolve the CCS brand. Wellpath provides services to local jails and other detention centers, state and federal prisons, and state psychiatric hospitals. As of February 2019, Wellpath employed approximately 14,000 employees at 550 facilities in 37 American states and in Australia, and it managed care for more than 270,000 patients. Wellpath provides comprehensive healthcare services including medical, mental health, behavioral health, dental, pharmacy, electronic medical records, off-site care management, specialty services, and claims adjudication.

### *OIG Audit Approach*

The objective of the audit was to assess the BOP's award and administration of the contract, and CCS compliance with the terms, conditions, laws, and regulations applicable to this contract in the areas of: (1) contractor performance; (2) billings and payments; and (3) contract management, oversight, and monitoring. The scope of this audit, unless otherwise indicated, is the period of contract performance from January 1, 2016, through December 31, 2017.

To determine whether the BOP adhered to federal regulations during the contract award and administration processes, we reviewed the Federal Acquisition Regulation (FAR) to identify compliance requirements that were relevant to the audit objectives. We reviewed pre-award documents and contract files to determine whether the BOP's award process met those requirements. We reviewed the BOP's procurement files and monitoring reports to determine whether the BOP's process for contract oversight met the requirements of the FAR. We also conducted interviews with key contract personnel from the BOP to obtain clarity regarding the BOP's contract award and administration processes.

To assess whether CCS complied with the terms and conditions of the contract, we evaluated CCS's provision of medical care and tested CCS's billing

records and invoices submitted to the BOP. We also evaluated the BOP's review of billings and the BOP's records of medical care provided by subcontracted providers.



## AUDIT RESULTS

We found that the BOP did not always properly approve contract prices, did not provide adequate oversight of contractor performance and billings, and did not report contractor past performance information in the Contractor Performance Assessment Reporting System (CPARS) as required by the Federal Acquisition Regulation.<sup>3</sup> We identified weaknesses in the BOP's contract with CCS related to the definition of contract requirements and the establishment of the contract pricing methodology. Finally, we identified instances where CCS performance did not comply with the contract terms. As a result of these weaknesses, the BOP paid CCS \$827,013 for out-of-network services and services not covered by Medicare pricing without proper approval of the prices billed. The BOP also made improper payments to CCS totaling \$95,358, and paid Prompt Payment Act penalty interest totaling about \$97,089 to CCS between January 2016 and February 2019. CCS issued a credit for the improper payments but as of July 19, 2019, the BOP had not applied the credit to its CCS bills. Additionally, we identified potential areas of improvement related to pricing the cancellation of scheduled visits, pricing of onsite services, and potential cost savings through the use of a secure hospital unit and telehealth.

### **BOP Should Ensure Prices Payments are Properly Approved Before Authorizing Payment**

The FCC Coleman contracting officer's representative (COR) inadvertently approved prices billed for out-of-network services and services not covered by Medicare pricing without the proper authority.<sup>4</sup> As a result, the BOP paid CCS \$822,888 for out-of-network services and services not covered by Medicare pricing, and \$4,125 for unauthorized cancellation fees without proper approval of the prices. We discuss additional concerns with the fees paid for cancellation of scheduled provider visits later in this report.

The contract requires that pricing be determined based on benchmarks using Medicare reimbursement methodologies. The pricing schedule provided in the contract is based on premiums applied to the rates for Medicare-covered services. The contract includes CCS's guarantee that the hospitals and physician services delivered through its provider network will be covered by the pricing schedule. For necessary services provided by the CCS network but not covered by Medicare rates, the contract provides that a separate rate will be negotiated as a single-case agreement.<sup>5</sup> The contract does not address a methodology for determining the

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<sup>3</sup> FAR 42.1501 and 1502 establish responsibilities for recording and maintaining contractor performance information and require that agencies prepare evaluations of contractor performance at least annually for each contract that exceeds the simplified acquisition threshold. The policy provides that past performance information shall be entered into CPARS.

<sup>4</sup> Out-of-network services are services provided by hospitals and physicians outside the CCS provider network. The contracting officer representative is an individual designated and authorized in writing by the contracting officer to assist in the technical monitoring and administration of a contract.

<sup>5</sup> A single-case agreement is used to establish the price for out-of-network services and services not covered by Medicare pricing provided under the contract.

pricing for out-of-network services. However, a Field Acquisition Office official told us that institution contracting staff are trained to negotiate with contractors a separate rate for services performed outside the contractor's provider network. These negotiations should form the basis for a single-case agreement. However, during our audit period the FCC Coleman contracting officer assigned to the CCS contract did not enter into such negotiations and instead allowed the creation of single-case agreements approved by the COR based solely on CCS-proposed price for each out-of-network service and service not covered by Medicare pricing.

During our audit period, the COR approved 43 single-case agreements of which 22 were for services delivered by out-of-network providers or for services not covered by the pricing schedule in the contract. The remaining 21 single-case agreements were for cancellation fees, which were not provided for in the contract.<sup>6</sup> We reviewed each of the 43 single-case agreements, under which the BOP paid \$827,013, and found that the price for each was improperly approved by the COR. The documentation provided by CCS for services was not sufficiently detailed for us to assess the reasonableness of the prices absent any negotiation. Consequently, we could not determine what part of the \$827,013 would have been found to be reasonable had the FCC Coleman contracting officer assigned to the CCS contract properly negotiated for prices.

The COR's improper approval of the single-case agreement prices apparently occurred as a result of a misunderstanding of FAR requirements. FAR Subpart 15.402 requires the contracting officer to establish a fair and reasonable price for services purchased. One of the two contracting officers assigned to the CCS contract at FCC Coleman did not know that the FAR mandates that a contracting officer must review and approve pricing. Consequently, the contracting officer instructed CCS to submit single-case agreements to establish prices for out-of-network services to the COR. The COR was responsible for reviewing CCS billings and confirming whether the services were provided and funds were available to make payment. The COR told us that after confirming receipt of services not covered by the contract, he signed the single-case agreements but did not review the proposed prices and apparently did not understand that his signature would be treated as an approval of the price. The FCC Coleman contracting officers told us that they did not approve the prices for any of the single-case agreements. In effect, the COR approved the single-case agreements although, in accordance with the FAR, he lacked the authority to make changes that affect price.<sup>7</sup> The Field Acquisition Office official and one of the FCC Coleman contracting officers agreed that in signing the single-case agreements, the COR inadvertently made changes that affect price without the authority to do.

The FAR and Field Acquisition Office guidance for establishing single-case agreements reflect that the contracting officer needs to negotiate a reasonable

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<sup>6</sup> Later in this report we discuss our concern regarding the lack of contract provisions for payments pertaining to cancelled services.

<sup>7</sup> FAR 1.602-2(d)(5) states that a COR has no authority to make any changes that affect price.

price. Accordingly, a contracting officer should have reviewed and approved all of the single-case agreements to determine if the prices were fair and reasonable. However, once the COR had signed the proposal, it was returned to CCS. CCS then generated an invoice that was submitted to the FCC Coleman Business Office along with the signed proposal. The COR signed the invoice for payment. The Associate Warden for the Business Office at FCC Coleman told us that the business office staff thought the COR's signature confirmed that services were provided and that the prices were valid. Based on that understanding, the business office paid the invoices.

The BOP's Field Acquisition Office acknowledged that the COR's approval of the single-case agreements was not in compliance with the FAR because the COR did not have the authority to make a change that affects the price. The officials agreed that procedures are needed at FCC Coleman to address how pricing for out-of-network services and services not covered by Medicare pricing will be established to ensure compliance with the FAR. FCC Coleman contracting officers told us that henceforth for new single-case agreements the FCC Coleman contracting staff will determine price reasonableness by coordinating with the billing clerks to identify relevant Medicare rates and conducting market research. A contracting officer at FCC Coleman would then seek, when necessary, to negotiate lower prices with CCS. One of the contracting officers also told us that the COR and a contracting officer with the appropriate authority would both review and sign the proposal, confirming the provision of services and approving the price, and then forward the approved proposal to CCS for agreement.

Consequently, we recommend that the BOP establish procedures to specifically address how pricing should be established for out-of-network services and services required during the performance of the contract but not covered by Medicare pricing.

### **BOP Should Ensure that CCS Submits Timely and Accurate Invoices**

#### *CCS Used Improper Billing Rates*

CCS did not always submit properly priced invoices for onsite optometrist and general physician services as required by the contract terms and conditions. As a result, the BOP made improper payments to CCS totaling \$95,358.

We found that CCS submitted some invoices based on incorrect rates for both the optometrist and general physician services. The contract included a pricing schedule and methodology that CCS is required to use to prepare invoices for services rendered. CCS submitted 261 invoices for onsite services during January 2016 through January 2018. We initially selected a judgmental sample of 66 of the 261 invoices for onsite services to determine if the invoices were properly priced. Our sample included: 26 invoices for onsite optometrist services; 27 invoices for onsite general physician services; and 13 invoices for onsite Mammography, Magnetic Resonance Imaging, and Sexual Assault Nurse Examiner services. For 12 of the 26 optometrist invoices (46 percent) and 5 of the 27 general physician invoices (19 percent), CCS incorrectly billed the BOP. Based on the error rate in

our initial sample, we expanded the sample to include all invoices submitted for onsite optometrist and general physician services. Our final sample of 180 invoices included: 94 invoices for onsite optometrist services; 73 invoices for onsite general physician services; and 13 invoices for onsite Mammography, Magnetic Resonance Imaging, and Sexual Assault Nurse Examiner services.

We determined that 54 of the 94 optometrist invoices (57 percent) and 16 of the 73 general physician invoices (22 percent) were inaccurately billed using incorrect rates. The contract provided a pricing schedule based on premiums ranging from 73 to 80 percent over the respective Medicare rates. Specific pricing was established for optometrists at a rate of \$280 per 2-hour session. Contract modification 1 established the price per session for general physician onsite services at \$150 per hour for the base year and for option year 1 (January 2016 through December 2017), and at \$175 per hour for the remainder of the contract period, beginning in January 2018.

We found that between January 2016 and December 2016, CCS billed the BOP for optometrist services at \$280 per hour rather than \$280 per 2-hour session as prescribed in the contract, which resulted in overpayments for optometrist services totaling \$80,133. We also found that CCS began billing the BOP \$175 per hour for general physician onsite services in December 2016, which resulted in the BOP making \$15,225 in overpayments to CCS for general physician onsite services.

The invoice review process at FCC Coleman did not detect the improper invoices. At FCC Coleman, the billing clerks responsible for processing medical claims invoices are employees of another contractor that provides medical billing services. The billing clerks relied on FCC Coleman's Health Service Administrator for guidance and direction until May 2018 when the responsibility was transferred to the Business Administrator because the billing clerks were relocated to the FCC Coleman Business Office. The Health Service Administrator told us that when reviewing invoices he primarily confirmed that services were provided and he addressed any discrepancies identified by the billing clerks during their review of the invoices.

The Health Service Administrator told us that in January 2018 the billing clerks noticed that the session length on CCS invoices for optometrist services changed from \$280 per 1 hour of service to \$280 for 2 hours of service. According to one billing clerk, a contracting officer at FCC Coleman provided the billing clerks with a summary of the contract pricing schedule, including the per-session rate for optometrist services, but did not inform the billing clerks that the pricing was for a 2-hour session. The billing clerk notified the Health Service Administrator when the session length in the CCS invoices for optometrist services changed from 1-hour sessions to 2-hour sessions and asked for clarification. The Health Service Administrator told us that he contacted a contracting officer at FCC Coleman for clarification and the contracting officer confirmed that the per-session rate for optometrist services is based on 2-hour sessions. Neither the Health Service Administrator nor contracting officer at FCC Coleman took action to address the prior payments that had been erroneously invoiced as 1-hour sessions. Consequently, the billing clerks were not instructed to identify previously accepted

improper CCS invoices, which had resulted in overpayments to CCS totaling \$80,133.

For the onsite general physician services, the Health Service Administrator and a billing clerk told us that they were not provided a copy of the contract modification that established the general physician rates. To understand the effect of contract modifications, the billing clerks relied on updates from routine teleconferences between BOP and CCS personnel. According to the Health Service Administrator and the billing clerk, during a teleconference billing clerks were informed that the general physician rate would increase from \$150 per hour to \$175 per hour starting on January 1, 2017. Based on the billing clerks' belief that January 2017 was the effective date of the change, the clerks identified the overbilling for services provided in December 2016, but did not identify any overbilling for services beginning in January 2017. According to the billing clerk, CCS later informed the BOP and the billing clerks that the effective date for the rate change was incorrect and that the effective date for the new rate was actually January 1, 2018. Although CCS recognized its error and began invoicing correctly for services delivered in May 2017, it did not correct the overcharges for services provided between January 2017 and April 1, 2017 and subsequently paid by the BOP. The Health Service Administrator told us that he discussed the concern regarding the general physician rate with the BOP contracting officer, but neither he nor the contracting officer took any action to address the overpayments totaling \$15,225.

We discussed these billing errors with the FCC Coleman Complex Warden and the Associate Warden for the Business Office. The Complex Warden and the Associate Warden for the Business Office told us that until our audit they did not know CCS incorrectly applied the billing rates for optometrist services and onsite general physician services. We discussed the billing rates with CCS officials who acknowledged to us that they incorrectly billed the BOP for the optometrist onsite services and general physician onsite services. The CCS officials told us they noticed the billing errors in 2017 and corrected the errors for future billings. However, during our review CCS officials were initially unable to locate any record of issuing a credit for prior billings. Consequently, CCS officials calculated the amount that should be repaid and issued credit invoices against the contract for that amount in November 2018. When applied to the improper payments, these credit invoices have the effect of reimbursing the appropriated funds from which the original payments were made. But as of July 19, 2019, the BOP had not applied those credit invoices toward an open invoice.

We recommend that the BOP review all of the optometrist and general physician onsite service invoices paid after July 2018, to identify any additional overpayments and request a reimbursement for any additional overpayments identified. We also recommend that the BOP revise its billing review process to ensure billing clerks are provided complete and current pricing schedules that clearly define the duration of a session for pricing purposes and notes the effective dates of changes to the pricing schedule.

### *CCS Submitted Offsite Service Claims After 90 Days*

CCS does not always submit timely invoices for offsite services. Offsite service invoices contain up to 50 "claims" for individual services performed at various times. The contract requires that CCS's invoices for medical claims be submitted to the BOP within 90 calendar days of an inmate's discharge, outpatient encounter, or other provision of service. Because a single invoice may contain both timely and untimely claims, we analyzed the timeliness of submission from the perspective of the claims contained within the invoices.

FCC Coleman's Business Office personnel told us that CCS had submitted claims as late as 18 months after services had been provided. We determined that from January 2016 through January 2018, CCS submitted invoices for 24,683 separate claims for offsite services to the BOP. Of these, 7,286 claims (30 percent) valued at approximately \$7,800,000, were invoiced more than 90 days after the date of service. Of the 7,286 claims submitted after 90 days, 1,937 (8 percent of total claims) were submitted more than 180 days after the service date and 252 (1 percent of total claims) were submitted more than 365 days after the service date. CCS officials stated to us that the company recognizes the importance of the submission of timely invoices and strives to submit invoices within 90 calendar days after an inmate's discharge, outpatient encounter, or other service under the contract, which is consistent with the contract. CCS officials also stated that in instances where the company has been unable to submit invoices within this timeframe, such delays are typically the result of a provider's failure to timely submit accurate claims consistent with the timeline described in the contract, or the services provided need approval before billing the BOP as those services are the result of a single-case agreement.

Contract performance began in January 2016, and the first invoices submitted for processing in April 2016 were found to have incorrect or missing information. The billing clerks process each invoice according to instructions from the FCC Coleman Business Office and Health Services staff. Invoices are reviewed based on Centers for Medicare and Medicaid Services (CMS) guidelines. The CMS publishes a fee schedule of Medicare rates for each year. The CCS contract provides for pricing to be based on a premium applied to the CMS fee schedule. Excessively late invoicing increases the risk the premium will be applied to the wrong CMS fee schedule, resulting in incorrect or inflated rates. In addition, the billing clerk expends additional time processing late invoices because they have to locate the prior period CMS rates applicable to the services identified in the invoices. A billing clerk told us that the billing review had identified instances where CCS invoices were based on rates established for a period other than the period when services were provided. Although these instances were identified and corrected as a result of the billings review process, the risk remains that other overcharges were submitted and not identified. In addition to the risk of overcharges, the additional time required for expanded rate reviews for late invoices contributed to late payments made by the BOP resulting in penalty payments under the Prompt Payments Act, which is discussed later in this report.

According to the CCS contract, failure to submit timely invoices should result in the identification of performance deficiencies in the contractor's performance evaluation. In March 2019, the former Associate Warden for the Business Office at FCC Coleman confirmed that the BOP does not yet have a plan for tracking the 90-day invoice submission requirement.

We recommend that the BOP consider the timeliness of invoice submissions by CCS in its evaluation of CCS's contract performance and report deficiencies appropriately in the Contractor Performance Assessment Reporting System. We discuss additional concerns about the BOP's compliance with the Contractor Performance Assessment Reporting System later in this report.

#### *BOP Should Define Proper Invoices and Promptly Return Improper Invoices*

When CCS submitted improper invoices, FCC Coleman did not return those invoices to CCS within 7 days as required by the Prompt Payment Act. The FCC Coleman contracting officer instructed the billing clerks to correct any errors found in the invoices and recalculate the appropriate invoice amount rather than return the improper invoices to CCS for correction. The corrected invoice amount is the amount the BOP eventually paid to CCS. A billing clerk told us the correction process takes additional time because of the required documentation and explanation needed to support each correction. Consequently, the review resulted in missed deadlines under the Prompt Payment Act and triggered the accrual of penalties for payments not completed within 30 days as required by the Prompt Payment Act. Improper invoices should be rejected within the 7-day timeframe, as specified in the Prompt Payment Act, which would have placed the responsibility for correcting the improper invoices on CCS. The CCS contract states that a medical claim containing inaccurate, incomplete, or misleading information shall be held by the contractor and not submitted until it is accurate and complete. However, FCC Coleman contracting officer's decision to instruct billing clerks to correct invoice errors relieved CCS of the responsibility for correcting the invoices. As a result of FCC Coleman's practices, the Business Administrator determined that the BOP made penalty interest payments totaling approximately \$97,089 to CCS between January 2016 and February 2019.

We discussed the improper invoice concerns with the Complex Warden and Business Office officials at FCC Coleman. A contracting officer at FCC Coleman told us that CCS officials complained about invoices being rejected because, in their opinion, FCC Coleman never provided CCS clear guidance on the requirements for a proper invoice. The Associate Warden for the Business Office at FCC Coleman told us that FCC Coleman, the Field Acquisition Office, and CCS have had discussions about the invoice requirements. However, the contracting officer at FCC Coleman told us that the CCS contract was not modified to reflect any changes that were discussed.

Consequently, we recommend that the BOP clearly define and communicate to CCS what constitutes a proper invoice and establish a process wherein only proper invoices are accepted and processed. We also recommend that FCC

Coleman establish the practice of returning improper invoices to the contractor within 7 days as required in accordance with the Prompt Payment Act.

## **BOP Needs to Improve its Monitoring of CCS's Performance**

### *BOP Should Review CCS's Quality Control Plan*

CCS did not establish, as required by the terms of the contract, a quality control plan (QCP) prior to beginning performance. FAR Part 46 requires the contractor to be responsible for the quality of its performance under the contract. Consequently, the contract with CCS requires CCS to submit a QCP for FCC Coleman's approval. FCC Coleman contracting officers did not ensure CCS submitted a QCP for approval before beginning work under the contract.

On December 28, 2017, 24 months after CCS began performance under the contract, the FCC Coleman contracting officer requested the required QCP. On January 3, 2018, CCS submitted its QCP for BOP review and approval. As of March 7, 2019, the QCP had not been approved by the BOP contracting officer. The FCC Coleman contracting officer told us guidance was being sought from the Field Acquisition Office on how to properly approve the proposed QCP. We reviewed the proposed QCP and determined it does not contain specific criteria to properly measure performance. For example, the proposed QCP lists a general requirement to ensure that medical invoices are received within the required time frame, but it does not identify specific contract requirements for proper invoices or the 90-day requirement for timeliness. Another example pertains to review of medical referrals to ensure the referrals are scheduled within 14 days as required by the contract. The proposed QCP makes no mention of the 14-day time frame. In addition, the proposed QCP states that at least 20 medical invoices will be reviewed to determine if each invoice properly documents the complete patient name, register number, and invoice number. However, the proposed QCP does not require review of all of the invoice elements required by the contract. Absent these elements, we believe the proposed QCP does not ensure compliance with significant contract requirements.

Although the proposed QCP requires reevaluations in 120-day intervals, as of February 11, 2019, CCS had not yet submitted the first periodic QCP report. CCS officials told us they were unable to complete these QCP reports because they had been unable to secure interviews with FCC Coleman's Health Service Administrator or Clinical Director, as required in the proposed QCP. FCC Coleman's Health Service Administrator confirmed on December 6, 2018, that the interview has not yet been held. On December 14, 2018, an FCC Coleman contracting officer confirmed FCC Coleman's Health Service Administrator and Clinical Director were instructed not to conduct interviews with CCS regarding performance because only contracting officers are allowed to discuss contractor performance with the contractor. The lack of an approved QCP and the continued lack of quality control evaluations, increase the risk that the deficiencies previously described will continue to go unnoticed.



We recommend that the BOP review the proposed QCP for adequacy as required by the CCS contract and ensure CCS timely submits the QCP reports as required.

*BOP Should Establish a Government Quality Assurance Surveillance Plan for use in Verification of Services Provided*

As of March 2019, the BOP had not established a quality assurance surveillance plan to monitor the services provided by CCS as required by the FAR. According to FAR Part 46, quality assurance surveillance plans should be prepared in conjunction with the preparation of the statement of work and should specify the work requiring surveillance and the method of surveillance. FCC Coleman contracting officers told us that they believed the *Performance-Based Outcome Measure Indicators* document that they used to measure the contractor's performance met the requirements of a quality assurance surveillance plan. We determined that the *Performance-Based Outcome Measure Indicators* document does not meet the requirements for a quality assurance surveillance plan because the document does not specify the method of surveillance. We discussed this document with an official at the BOP's Field Acquisition Office who confirmed that the *Performance-Based Outcome Measure Indicators* document was not a quality assurance surveillance plan. As a result, BOP was unable to ensure that services provided by CCS met the contract requirements.

Consequently, we recommend that the BOP establish a government contract quality assurance surveillance plan to use as a basis for monitoring performance and to determine if the services CCS provided meet the contract requirements.

*BOP Should Implement a Formal Process for Documenting Onsite Clinic Requests*

The contract does not establish a process for scheduling onsite clinics. The contract provides that, upon the BOP's request, CCS will provide onsite specialty clinics for: Dermatologists; Ear, Nose, and Throat (ENT) Specialists; General Surgeons; Neurologists; Orthopedic Surgeons; Psychiatrists; Urologists; Optometrists; and Oral Surgeons. FCC Coleman's Health Service Administrator told us that onsite clinics save the BOP money by reducing the number and cost of trips required to transport inmates outside the prison for these specialty services. The Health Service Administrator told us that, in practice, onsite clinics are requested by the BOP via verbal communications between FCC Coleman and CCS staff during bi-weekly meetings.

The FCC Coleman Health Services Administrator told us that during the period January 2016 through October 2018, FCC Coleman had requested onsite clinics for Orthopedic Surgeons, Neurologists, Urologists, General Surgeons, ENT Specialists, Oral Surgeons, and Optometrists. However, CCS had not provided two requested clinics, one for Neurologists and one for ENT Specialists. CCS officials told us these clinics were not provided because they were not aware of the BOP requests. We discussed the apparent breakdown in communication concerning the two missing clinics with BOP officials who told us the clinics were requested verbally during meetings between BOP and CCS. However, the requests were not reflected

in the meeting minutes we reviewed, and it appears that the BOP did not follow-up with CCS regarding the need for the clinics. Although few clinics were not held by CCS as requested, the failure to schedule clinics could result in significant additional cost to the BOP if inmates had to be transported for services.

We recommend BOP implement a formal process for documenting requests for required onsite clinics to ensure the contractor is informed of the changing needs of the FCC Coleman Complex.

*BOP Should Ensure Timely and Accurate Data is Entered in the Contractor Performance Assessment Reporting System*

The BOP did not enter into the Contractor Performance Assessment Reporting System (CPARS) timely and accurate contractor performance information as required by the FAR.<sup>8</sup> BOP staff entered data for calendar year 2016 on April 27, 2018, and entered data for calendar year 2017 on April 30, 2018. According to FCC Coleman officials, the contractor performance data was entered late because contracting officials relied on the COR who was unable to access the CPARS system and did not enter the performance information. When FCC Coleman staff eventually entered the data, it did not reflect CCS's late submission of invoices and failure to prepare a QCP, as previously discussed in this report, because they had not completed required monitoring and consequently were not aware of these problems.

CPARS is the government-wide electronic contractor evaluation system used to record contractor past performance information and is used in procurement source selection evaluations. This information is critical to ensuring that the federal government only does business with companies that provide quality products and services. The FAR and BOP policy require that the BOP collect and submit contractor performance information for contracts that exceed the Simplified Acquisition Threshold into CPARS at least annually. This information is made available online so BOP and other source selection officials can use it to make informed business decisions when awarding federal contracts.<sup>9</sup> As a result of BOP's untimely and inaccurate entry of CCS's performance information, other source selection officials across the government lack critical information regarding CCS's past performance on government contracts.

We recommend that the BOP clearly define responsibility for entering contractor performance information into CPARS and ensure information is entered in a timely and accurate manner.

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<sup>8</sup> FAR Subpart 42.1502(a), *General*, states that past performance evaluations shall be prepared at least annually and at the time the work under the contract or order is completed.

<sup>9</sup> FAR Subpart 42.15, *Contractor Performance Information*, 42.1502, *Policy*, 42.1502(a) and (b).

## **BOP Should Consider Modifying the Comprehensive Medical Contract at FCC Coleman to Better Define Requirements and Pricing**

### *BOP May Have Missed Cost Savings Due to Inadequate Pre-Award Planning*

FCC Coleman may not have adequately defined its requirements in the contract solicitation and could have more fully considered proposed enhancements offered by potential contract awardees. The BOP solicited proposals for the contract to provide comprehensive medical services at FCC Coleman in accordance with the FAR and the Bureau of Prisons Acquisition Policy. However, we identified concerns regarding the BOP's pre-award planning.

We are uncertain that the acquisition plan included all of the specified needs identified by FCC Coleman management. In 2012, prior to the pre-award planning for the contract with CCS, the Warden who supervised contracting at FCC Coleman had identified the need for a secure hospital unit to be included in the comprehensive medical contract. In correspondence sent to other FCC Coleman officials, the Warden stated that a secure hospital unit could provide cost savings and improve security. However, at the time of the pre-award planning, the Health Services Administrator at FCC Coleman did not include the secure hospital unit in the development of the Request for Contract Action provided to the Field Acquisition Office preparing the contract solicitation.

The Field Acquisition Office created a solicitation without specifying a need for a secure hospital unit or telehealth, although the solicitation encouraged offerors to propose enhancements to the basic contract requirements that could result in cost savings. The solicitation specified that offers exhibiting ways to assist the BOP in mitigating security concerns would be considered beneficial to the government and evaluated for merit. We reviewed the award decision documents and noted that two offerors proposed an enhancement for a secure unit at the local hospital. One offeror also proposed the use of telehealth technologies as a cost-saving measure. Telehealth involves the remote delivery of health care using telecommunications technologies. The BOP began implementing the use of telehealth for psychiatry and radiology services in FY 2000.

A BOP technical evaluation panel comprised of the FCC Coleman Health Services Administrator, Clinical Director, and Associate Warden assessed the proposals and enhancements submitted. The Health Service Administrator served as the chairperson for the panel. The panel reviewed the offers and made final recommendations to the Field Acquisition Office for the contract award decision. In the final recommendation, the technical evaluation panel stated that telehealth would be viewed as a valuable enhancement if the BOP had the desire and capability to implement it but, because it was unlikely to be used, it had little overall value. The Health Service Administrator stated in the final recommendation that a secure hospital unit offered little value to FCC Coleman because few FCC Coleman inmates required extended stay at the local hospital named in the offer. These statements made by the technical evaluation panel and the Health Service Administrator were considered in the decision for contract award, which did not accept enhancements for a secure hospital unit or telehealth. Despite this, the FCC

Coleman managerial officials we interviewed told us that they believe use of a secure hospital unit and telehealth would reduce costs and staffing requirements while also improving security.

We reviewed FCC Coleman's security staffing for hospitalizations. According to FCC Coleman's Associate Warden for Health Services, from January 2014 through July 2018 an average of 10 inmates were hospitalized each day requiring an average of 62 BOP staff members to transport and provide security for the inmates. The Associate Warden estimated that the BOP staff members would be, on average, Law Enforcement General Schedule grade 8, step 5. Using the FY 2018 Law Enforcement General Schedule base rate of \$54,975 for grade 8, step 5 for FCC Coleman's location, we calculated the FY 2018 estimated cost of staffing for hospitalized inmates was approximately \$4.8 million. This amount does not consider overtime, night differential, holiday, or Sunday pay differential.

The Associate Warden also told us that staffing a secure hospital unit would require approximately 16 BOP staff members daily, which is 46 fewer than currently required. The 16 BOP staff members would cost approximately \$1.2 million annually. The introduction of a secure hospital unit would result in a potential annual cost savings of about \$3.5 million for security staffing. These savings would be offset by other potential cost increases such as additional hospital fees or expenses associated with constructing and maintaining a secure hospital unit. While we were unable to assess these additional costs, BOP leadership at FCC Coleman expressed their belief that the complex would benefit from both a secure hospital unit and a telehealth program.

According to the BOP, because of its escort policy, inmate security levels, and various other correctional concerns, it is impossible to use a simple formula to verify the amount of savings possible, and whether those savings would offset the additional cost of establishing a secure unit. Consequently, we recommend that the BOP further assess opportunities to utilize a secure hospital unit and telehealth in future contracts at FCC Coleman.

#### *BOP's Pricing Schedule Should Include Provisions to Prorate Payment for Service Sessions*

The BOP paid for full sessions even when the necessary services did not require and the provider did not work the full time identified as a session. For subcontracted oral surgeons, the contract established a price for services to be performed during 4-hour sessions. Similarly, for subcontracted optometrists, the contract established a price for services to be performed during 2-hour sessions. However, the contract did not establish that the prices for these services would be prorated when the full 4- or 2-hour session was not required. Consequently, the contract allows, and CCS has practiced, billing for full sessions or partial sessions worked at the agreed upon rate for a session. BOP Field Acquisition Office officials told us that the contract solicitation and award documents should have included proration language but that provision was omitted as the result of an oversight.

Because the CCS contract with BOP does not require proration of the price for partial sessions, the BOP paid CCS \$7,665 more than necessary for the services provided. During January 2016 through January 2018, CCS submitted and the BOP paid 94 invoices for optometrist services. Of these invoices, 54 were inaccurately billed using incorrect rates as previously discussed in the *Billing Rates* section of this report and 40 were billed based on the number of sessions worked, in accordance with the contract terms. Of the 40 invoices billed based on the number of sessions worked, 28 invoices were billed and the BOP paid for optometrist services based on full sessions worked. However, the optometrist did not work the full sessions billed. According to a CCS employee, when billing the BOP for optometrist services provided, CCS identified the hours worked and rounded up to the next full session as allowed by the contract. We used the supporting documentation provided by the BOP to determine the hours worked during each site visit and to identify the number of full sessions and partial sessions worked. We then determined the number of sessions that could be billed under the terms of the contract as supported by the records of the optometrist's visits. We considered the unworked hours included in the sessions that could be billed under the terms of the contract and compared that to the number of hours represented by the sessions billed. We subsequently discussed our analysis with a CCS employee regarding the practice of paying the subcontracted optometrist for full sessions when only partial sessions were worked. The CCS employee told us that CCS pays the optometrist based on the hours actually worked and not per session.

As of October 2018, CCS had not provided oral surgeon services under the contract because an oral surgeon had not been credentialed to provide the services. However, absent any contract modification to provide for proration of session costs, additional unnecessary costs may result when an oral surgeon is credentialed and begins work under the provision for pricing established based on 4-hour sessions.

During the audit, we discussed with FCC Coleman officials our concerns regarding proration of optometrist and oral surgeon sessions. In response, FCC Coleman officials began considering a contract modification with CCS to prorate session prices to the nearest quarter hour. As of March 2019, the modification had not been implemented.

Therefore, we recommend that BOP complete the modification to the CCS contract to prorate reimbursement for session-based services.

#### *BOP Should Clearly Identify Payment Terms for Scheduled Visit Cancellations*

The CCS contract does not provide for cancellation fees to be paid to CCS when the BOP cancels scheduled provider visits to FCC Coleman. The contract states that the BOP will provide CCS a 48-hour written or verbal notice prior to canceling a visit unless circumstances beyond the control of the BOP require the cancellation without notice. Such circumstances may involve an inmate unexpectedly refusing a procedure when notified of it on the day of the appointment. Although the contract does not address cancellation fees, we found 21 instances from January 2016 through February 2018 for which the BOP paid a

total of \$4,125 in cancellation fees to CCS and its providers. For these instances, CCS sought payment of cancellation fees based on claims made by its providers.

The contract provides that CCS is reimbursed for services according to a Medicare benchmark rate plus a premium. A CCS employee told us that there is no provision in the contract regarding cancellation fees and no Medicare code for cancellation fees. However, absent a specific prohibition on cancellation payments, CCS submitted claims to the BOP for reimbursements to providers who submitted charges to CCS for the cancellations. Not all of CCS's providers submit claims for cancellations. When CCS's providers submit claims, CCS submits to the BOP a proposal for a single-case agreement to recover the cost.<sup>10</sup>

We discussed with FCC Coleman officials the 21 instances of cancellation fees paid to CCS. The Associate Warden for the Business Office told us in a meeting on December 3, 2018, that FCC Coleman had stopped paying cancellation fees to CCS.

To ensure CCS and the BOP have a clear understanding of cancellation fees, we recommend that the BOP modify the contract to state the terms under which compensation would or would not be made for cancellations.

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<sup>10</sup> The authorization for this reimbursement is through the use of a single-case agreement, which is a separate contract action resulting from a proposed price submitted by CCS to obtain payment for services not specifically covered by the contract.

## CONCLUSION AND RECOMMENDATIONS

We identified areas of improvement related to the BOP's award and administration of the contract. Specifically, the BOP needs to improve the processes for invoice reconciliation and monitoring of the contractor's performance. Also, the BOP needs to clearly develop and define contract terms particularly for pricing methodology and enhancements. We found that CCS generally complied with the terms and conditions of the contract applicable to contract management, oversight, and monitoring. However, we found that CCS did not comply with the terms and conditions of the contract applicable to quality assurance and submission of timely and accurate billings.

We recommend that the BOP:

1. Establish procedures to specifically address how pricing should be established for out-of-network services and services required during the performance of the contract but not covered by Medicare pricing.
2. Review all of the optometrist and general physician onsite service invoices paid after July 2018, to identify any additional overpayments and request a reimbursement for any additional overpayments identified.
3. Revise its billing review process to ensure billing clerks are provided complete and current pricing schedules that clearly define the duration of a session for pricing purposes and notes the effective dates of changes to the pricing schedule.
4. Consider the timeliness of invoice submissions by CCS in its evaluation of CCS's contract performance and report deficiencies appropriately in the Contractor Performance Assessment Reporting System.
5. Clearly define and communicate to CCS what constitutes a proper invoice and establish a process wherein only proper invoices are accepted and processed.
6. Establish at FCC Coleman the practice of returning improper invoices to the contractor within 7 days as required in accordance with the Prompt Payment Act.
7. Review the proposed QCP for adequacy as required by the CCS contract and ensure CCS timely submits the QCP reports as required.
8. Establish a government contract quality assurance surveillance plan to use as the basis for monitoring performance and to determine if the services CCS provided meet the contract requirements.
9. Implement a formal process for documenting requests for required onsite clinics to ensure the contractor is informed of the changing needs of the FCC Coleman Complex.

10. Clearly define responsibility for entering contractor performance information into CPARS and ensure information is entered in a timely and accurate manner.
11. Further assess opportunities to utilize a secure hospital unit and telehealth at FCC Coleman.
12. Complete the modification to the CCS contract to prorate reimbursement for session-based services.
13. Modify the contract to state the terms under which compensation would or would not be made for cancellations.



## STATEMENT ON INTERNAL CONTROLS

As required by the *Government Auditing Standards*, we tested, as appropriate, internal controls significant within the context of our audit objectives. A deficiency in an internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to timely prevent or detect: (1) impairments to the effectiveness and efficiency of operations, (2) misstatements in financial or performance information, or (3) violations of laws and regulations. Our evaluation of the Federal Bureau of Prisons' (BOP) internal controls in the administration of contract number DJBP030200000070 awarded to Correct Care Solutions, LLC (CCS) for comprehensive medical services at FCC Coleman was *not* made for the purpose of providing assurance on the BOP and CCS internal control structures as a whole. BOP and CCS management are responsible for the establishment and maintenance of their respective internal controls.

As noted in the Audit Results section of this report, we identified deficiencies in the BOP's internal controls that are significant within the context of the audit objectives and based upon the audit work performed that we believe adversely affect the BOP's ability to detect whether contractor invoices were properly priced. Specifically, the BOP must ensure that proper review and verification of contractor invoices and be accomplished by providing the billing clerks with complete and current pricing schedules that clearly define the pricing methodology and the effective dates of changes to the pricing schedule.

Because we are not expressing an opinion on the BOP's or CCS's internal control structure as a whole, this statement is intended solely for the information and use of the BOP and CCS. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

## **STATEMENT ON COMPLIANCE WITH LAWS AND REGULATIONS**

As required by the *Government Auditing Standards* we tested, as appropriate given our audit scope and objectives, selected transactions, records, procedures, and practices, to obtain reasonable assurance that the BOP and CCS management complied with federal laws and regulations for which noncompliance, in our judgment, could have a material effect on the results of our audit. The BOP's and CCS's management are responsible for ensuring compliance with applicable federal laws and regulations. In planning our audit, we identified the following laws and regulations that concerned the operations of the auditee and that were significant within the context of the audit objectives:

- FAR Subsection 1.602-2, *Responsibilities*;
- FAR Subpart 15.402, *Pricing Policy*;
- FAR Subpart 32.9, *Prompt Payment*;
- FAR Subpart 37.603, *Performance Standards*;
- FAR Subpart 42.15, *Contractor Performance Information*; and
- FAR Subpart 46.4, *Government Contract Quality Assurance*.

Our audit included examining, on a test basis, BOP's and CCS's compliance with the aforementioned laws and regulations that could have a material effect on BOP's and CCS's operations through interviews of BOP And CCS personnel and inspection of billing records and monitoring reports. As noted in the Audit Results section of this report, we found that the BOP did not comply with the FAR 32.9, 46.4, and 1.602-2 as required by the records and contract actions we reviewed.

### OBJECTIVES, SCOPE, AND METHODOLOGY

#### Objective

The audit objective was to assess the Federal Bureau of Prisons' (BOP) award and administration of the contract, and Correct Care Solutions, LLC (CCS) compliance with the terms, conditions, laws, and regulations applicable to contract DJBP030200000070 in the areas of: (1) contractor performance, (2) billings and payments, and (3) contract management, oversight, and monitoring.

#### Scope and Methodology

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

This was an audit of the BOP contract DJBP030200000070 with CCS. The scope of this audit, unless otherwise indicated, is contract performance from January 2016 through January 2018, and included activities of both the BOP and CCS.

To determine whether during the contract award and administration processes, the BOP adhered with Federal Acquisition Regulation (FAR) requirements that we tested, we reviewed the FAR, pre-award documents, contract files, and BOP's procurement files and monitoring reports. We also held interviews with key personnel from the BOP to understand the BOP's contract award and administration processes.

To assess whether CCS complied with the terms and conditions of the contract, we evaluated CCS provision of medical care and tested CCS' billing records and invoices submitted to the BOP. We also evaluated the BOP's review of billings and the BOP's records of medical care provided by subcontracted providers.

#### *Analysis of Invoices for Onsite Services*

CCS had submitted a total of 261 invoices for onsite services to the BOP for medical services provided during the months of January 2016 through January 2018. We judgmentally selected a non-statistical sample of 75 invoices for onsite service claims. We found that 9 of the 75 invoices for onsite service claims were not paid as of July 2018, reducing our sample size to 66 invoices. We reviewed the pricing for each paid invoice to confirm they were based on the agreed rates. We found that the optometry and general physician onsite service invoices were frequently not based on the agreed rates. Therefore, we expanded the non-statistical sample to include all of the optometry and general physician onsite

service invoices which increased our sample of invoices from 66 to 180 invoices. The non-statistical sample design did not allow projection of the test results to the universe from which the samples were selected. We reviewed the additional invoice pricing to confirm they were based on the agreed rates.

During our audit, we obtained information from the Financial Management Information System and the Electronic Record Management Application. We did not test the reliability of those systems as a whole, and did not rely on any processing of the data performed by these systems. Any findings identified involving information from those systems were verified with documentation from other sources.

#### *Analysis of Invoices submitted after 90 days*

CCS had submitted a total of 24,683 claims to the BOP for medical services provided during the months January 2016 through January 2018. We calculated the number of days between the date the service was rendered and the invoice date to determine that 7,286, approximately 30 percent, were submitted past the 90 day requirement. We also determined that 1,937, approximately 8 percent, were submitted after 180 days, and 252, approximately 1 percent, were submitted after 365 days.

#### *Analysis of Contract Requirements and Proposals Evaluations*

To determine the potential cost savings from a secure unit at the local hospital, we relied on the estimates of FCC Coleman officials regarding the average number of inmates hospitalized each day and the average number of staff members needed to provide security for those inmates from January 2014 to July 2018. Using this information, we established an average baseline salary for security staff for a year and calculated the annual cost for the security staff required for the hospitalized inmates. We also relied on estimates from FCC Coleman officials regarding the number of staff members needed to staff a secure unit. Using the same methodology as above, we determined the annual cost for security coverage for a secure unit at a local hospital for a year. We then compared the estimated cost of security for hospitalized inmates and the estimated cost for security of a secure hospital unit and determined the potential cost savings of \$3,849,780.

#### *Analysis of Pricing Schedule*

We reviewed 94 of 131 invoices for onsite service claims that CCS submitted to FCC Coleman for optometry services provided during the months of January 2016 through January 2018. We selected all of the invoices for that period that had been paid as of July 2018. We verified invoice amounts and service hours delivered by CCS' subcontracted providers, and the contract pricing schedule rate for each claim. We compared the invoice amounts to the support and determined the amount of overpayments. We also determined whether CCS reimbursed the BOP for any of the overpayments.

### *Analysis of Scheduled Visit Cancellations*

We evaluated cancellation payments made by FCC Coleman to CCS from January 2016 to February 2018. We found a total of 21 instances of canceled appointments for which FCC Coleman paid CCS a total of \$4,125.00.

**THE FEDERAL BUREAU OF PRISONS'  
RESPONSE TO THE DRAFT AUDIT REPORT**



U.S. Department of Justice

Federal Bureau of Prisons

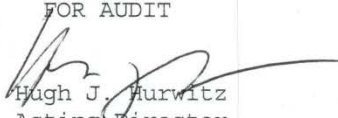
Office of the Director

Washington, D.C. 20534

August 21, 2019

MEMORANDUM FOR JASON R. MALMSTROM  
ASSISTANT INSPECTOR GENERAL  
FOR AUDIT

FROM:

  
Hugh J. Hurwitz  
Acting Director

SUBJECT: Response to the Office of Inspector General's (OIG) Draft Audit Report: Audit of The Federal Bureau of Prisons' Contract Awarded to Correct Care Solutions, LLC, for the Federal Correctional Complex in Coleman, Florida

The Bureau of Prisons (BOP) appreciates the opportunity to provide a response to the Office of the Inspector General's above-referenced report. Therefore, please find the BOP's responses to the recommendations below:

**OIG recommends the BOP:**

**Recommendation 1:** Establish procedures to specifically address how pricing should be established for out-of-network services and services required during the performance of the contract but not covered by Medicare pricing.

**Initial Response:** The BOP agrees with this recommendation. The BOP will establish procedures to specifically address how pricing should be established for out-of-network services and services required during the performance of the contract but not covered by Medicare pricing.

**Recommendation 2:** Review all of the optometrist and general physician onsite service invoices paid after July 2018, to identify any additional overpayments and request a reimbursement for any additional overpayments identified.

**Initial Response:** The BOP agrees with this recommendation. The BOP will review all of the optometrist and general physician onsite service invoices paid after July 2018, to identify any additional overpayments and request a reimbursement for any additional overpayments identified.

**Recommendation 3:** Revise its billing review process to ensure billing clerks are provided complete and current pricing schedules that clearly define the duration of a session for pricing purposes and notes the effective dates of changes to the pricing schedule.

**Initial Response:** The BOP agrees with this recommendation. The BOP will revise its billing review process to ensure billing clerks are provided complete and current pricing schedules that clearly define the duration of a session for pricing purposes and notes the effective dates of changes to the pricing schedule.

**Recommendation 4:** Consider the timeliness of invoice submissions by CCS in its evaluation of CCS' contract performance and report deficiencies appropriately in the Contractor Performance Assessment Reporting System.

**Initial Response:** The BOP agrees with this recommendation. The BOP will consider the timeliness of invoice submissions by CCS in its evaluation of CCS' contract performance and report deficiencies appropriately in the Contractor Performance Assessment Reporting System.

**Recommendation 5:** Clearly define and communicate to CCS what constitutes a proper invoice and establish a process wherein only proper invoices are accepted and processed.

**Initial Response:** The BOP agrees with this recommendation. The BOP will clearly define and communicate to CCS what constitutes a proper invoice and establish a process wherein only proper invoices are accepted and processed.



**Recommendation 6:** Establish at FCC Coleman the practice of returning improper invoices to the contractor within 7 days as required in accordance with the Prompt Payment Act.

**Initial Response:** The BOP agrees with this recommendation. The BOP will establish at FCC Coleman the practice of returning improper invoices to the contractor within 7 days as required in accordance with the Prompt Payment Act.

**Recommendation 7:** Review the proposed QCP for adequacy as required by the CCS contract and ensure CCS timely submits the QCP reports as required.

**Initial Response:** The BOP agrees with this recommendation. The BOP will review the proposed QCP for adequacy as required by the CCS contract and ensure CCS timely submits the QCP reports as required.

**Recommendation 8:** Establish a government contract quality assurance surveillance plan to use as the basis for monitoring performance and to determine if the services CCS provided meet the contract requirements.

**Initial Response:** The BOP agrees with this recommendation. The BOP will establish a government contract quality assurance surveillance plan to use as the basis for monitoring performance and to determine if the services CCS provided meet the contract requirements.

**Recommendation 9:** Implement a formal process for documenting requests for required onsite clinics to ensure the contractor is informed of the changing needs of the FCC Coleman Complex.

**Initial Response:** The BOP agrees with this recommendation. The BOP will implement a formal process for documenting requests for required onsite clinics to ensure the contractor is informed of the changing needs of the FCC Coleman Complex.

**Recommendation 10:** Clearly define responsibility for entering contractor performance information into CPARS and ensure information is entered in a timely and accurate manner.

**Initial Response:** The BOP agrees with this recommendation. The BOP will clearly define responsibility for entering contractor



performance information into CPARS and ensure information is entered in a timely and accurate manner.

**Recommendation 11:** Further assess opportunities to utilize a secure hospital unit and telehealth at FCC Coleman.

**Initial Response:** The BOP agrees with this recommendation. The BOP will further assess opportunities to utilize a secure hospital unit and telehealth at FCC Coleman.

**Recommendation 12:** Complete the modification to the CCS contract to prorate reimbursement for session based services.

**Initial Response:** The BOP agrees with this recommendation. The BOP will complete the modification to the CCS contract to prorate reimbursement for session based services.

**Recommendation 13:** Modify the contract to state the terms under which compensation would or would not be made for cancellations.

**Initial Response:** The BOP agrees with this recommendation. The BOP will modify the contract to state the terms under which compensation would or would not be made for cancellations.

If you have any questions regarding this response, please contact David Shinn, Assistant Director, Program Review Division, at (202) 307-3198.

**OFFICE OF THE INSPECTOR GENERAL  
ANALYSIS AND SUMMARY OF ACTIONS  
NECESSARY TO CLOSE THE REPORT**

The OIG provided a draft of this audit report to the Federal Bureau of Prisons (BOP) and Correct Care Solutions (CCS). The BOP's response is incorporated in Appendix 2 of this final report. CCS elected not to provide a written response. However, we discussed our findings with CCS officials and, based on their technical comments, we made adjustments as appropriate in the report. In response to our audit report, the BOP agreed with our recommendations, and the status of the audit report is resolved. The following provides the OIG analysis of the BOP response and summary of actions necessary to close the report.

**Recommendations for the BOP:**

- 1. Establish procedures to specifically address how pricing should be established for out-of-network services and services required during the performance of the contract but not covered by Medicare pricing.**

Resolved. The BOP agreed with our recommendation. The BOP stated in its response that it will establish procedures to specifically address how pricing should be established for out-of-network services and services required during the performance of the contract but not covered by Medicare pricing.

This recommendation can be closed when we receive documentation of the procedures established.

- 2. Review all of the optometrist and general physician onsite service invoices paid after July 2018, to identify any additional overpayments and request a reimbursement for any additional overpayments identified.**

Resolved. The BOP agreed with our recommendation. The BOP stated in its response that it will review all of the optometrist and general physician onsite service invoices paid after July 2018, to identify any additional overpayments and request a reimbursement for any additional overpayments identified.

This recommendation can be closed when we receive documentation showing the results of the review of optometrist and general physician invoices and the resolution of any additional overpayments identified.

- 3. Revise its billing review process to ensure billing clerks are provided complete and current pricing schedules that clearly define the duration of a session for pricing purposes and notes the effective dates of changes to the pricing schedule.**

Resolved. The BOP agreed with our recommendation. The BOP stated in its response that it will revise its billing review process to ensure billing clerks are provided complete and current pricing schedules that clearly define the duration of a session for pricing purposes and notes the effective dates of changes to the pricing schedule.

This recommendation can be closed when we receive documentation of the revised billing review process.

- 4. Consider the timeliness of invoice submissions by CCS in its evaluation of CCS's contract performance and report deficiencies appropriately in the Contractor Performance Assessment Reporting System (CPARS).**

Resolved. The BOP agreed with our recommendation. The BOP stated in its response that it will consider the timeliness of invoice submissions by CCS in its evaluation of CCS's contract performance and report deficiencies appropriately in CPARS.

This recommendation can be closed when we receive documentation of CPARS reporting demonstrating the consideration of timeliness of invoice submission.

- 5. Clearly define and communicate to CCS what constitutes a proper invoice and establish a process wherein only proper invoices are accepted and processed.**

Resolved. The BOP agreed with our recommendation. The BOP stated in its response that it will clearly define and communicate to CCS what constitutes a proper invoice and establish a process wherein only proper invoices are accepted and processed.

This recommendation can be closed when we receive documentation of the clear definition of a proper invoice and the established process for accepting and processing invoices.

- 6. Establish at Federal Correctional Complex (FCC) Coleman the practice of returning improper invoices to the contractor within 7 days as required in accordance with the Prompt Payment Act.**

Resolved. The BOP agreed with our recommendation. The BOP stated in its response that it will establish at FCC Coleman the practice of returning improper invoices to the contractor within 7 days as required in accordance with the Prompt Payment Act.

This recommendation can be closed when we receive documentation of the established practice for returning improper invoices in accordance with the guidelines established in the Prompt Payment Act.

7. **Review the proposed Quality Control Program (QCP) for adequacy as required by the CCS contract and ensure CCS timely submits the QCP reports as required.**

Resolved. The BOP agreed with our recommendation. The BOP stated in its response that it will review the proposed QCP for adequacy as required by the CCS contract and ensure CCS timely submits the QCP reports as required.

This recommendation can be closed when we receive documentation of the BOP's review of the proposed QCP.

8. **Establish a government contract quality assurance surveillance plan to use as the basis for monitoring performance and to determine if the services CCS provided meet the contract requirements.**

Resolved. The BOP agreed with our recommendation. The BOP stated in its response that it will establish a government contract quality assurance surveillance plan to use as the basis for monitoring performance and to determine if the services CCS provided meet the contract requirements.

This recommendation can be closed when we receive documentation of the government contract quality assurance surveillance plan.

9. **Implement a formal process for documenting requests for required onsite clinics to ensure the contractor is informed of the changing needs of the FCC Coleman Complex.**

Resolved. The BOP agreed with our recommendation. The BOP stated in its response that it will implement a formal process for documenting requests for required onsite clinics to ensure the contractor is informed of the changing needs of the FCC Coleman Complex.

This recommendation can be closed when we receive documentation of the implemented process for documenting requests for required onsite clinics.

10. **Clearly define responsibility for entering contractor performance information into CPARS and ensure information is entered in a timely and accurate manner.**

Resolved. The BOP agreed with our recommendation. The BOP stated in its response that it will clearly define responsibility for entering contractor performance information into CPARS and ensure information is entered in a timely and accurate manner.

This recommendation can be closed when we receive documentation of a procedure that clearly defines the responsibility for entering contractor performance information into CPARS and that establishes a monitoring requirement to ensure the information is entered in a timely and accurate manner.

**11. Further assess opportunities to utilize a secure hospital unit and telehealth at FCC Coleman.**

Resolved. The BOP agreed with our recommendation. The BOP stated in its response that it will further assess opportunities to utilize a secure hospital unit and telehealth at FCC Coleman.

This recommendation can be closed when we receive documentation of the steps taken to further assess opportunities for the use of a secure hospital unit and telehealth at FCC Coleman.

**12. Complete the modification to the CCS contract to prorate reimbursement for session-based services.**

Resolved. The BOP agreed with our recommendation. The BOP stated in its response that it will complete the modification to the CCS contract to prorate reimbursement for session-based services.

This recommendation can be closed when we receive documentation of the finalized modification to the CCS contract to prorate reimbursement for session-based services.

**13. Modify the contract to state the terms under which compensation would or would not be made for cancellations.**

Resolved. The BOP agreed with our recommendation. The BOP stated in its response that it will modify the contract to state the terms under which compensation would or would not be made for cancellations.

This recommendation can be closed when we receive documentation of the finalized modification identifying the terms under which compensation would or would not be made for cancellations.



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950 Pennsylvania Avenue, NW  
Washington, DC 20530 0001

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