

From: [Wall, Albert E \(HSS\)](#)
To: [Soza, Jason A \(DOA\)](#)
Cc: [Kraly, Stacie L \(LAW\)](#)
Subject: FW: Additional information on state hospital privatization
Date: Monday, February 11, 2019 11:07:35 AM
Attachments: [IMAGE.jpg](#)

Good morning,

One other but late in the conversation.

Albert E. Wall
Deputy Commissioner
Health and Social Services
(907) 538-5507

From: Timothy Tunner [mailto:Timothy.Tunner@nasmhpd.org]
Sent: Friday, February 8, 2019 10:05 AM
To: Wall, Albert E (HSS) <a.wall@alaska.gov>
Cc: Brian Hepburn <Brian.Hepburn@nasmhpd.org>; Meighan Haupt <Meighan.Haupt@nasmhpd.org>
Subject: Additional information on state hospital privatization

Hi again Albert,

I talked with individuals from two more states this morning that have experiences with privatization, and I got what I think are some useful insights. I also have a call with some folks from LA scheduled for Wed 13th, and I have reached out to someone in MA, where I learned that WellPath operates the clinical services for Bridgewater State Hospital. I hope this information below is helpful, and please let me/us know if you'd like us to introduce you to any of these people so you can talk with them directly and/or any other ways we might be of assistance.

Tim

FL: Spoke with John Bryant, Director of Substance Abuse and Mental Health, Florida Dept of Children and Families

--Note Wellpath is the new name of Correct Care, which merged 11/7/18 with San-Diego based Correctional Medical Group Companies to form Wellpath.

--Wellpath operates 4 of 7 facilities, including one for sex offenders, one civil, and 2 forensic. For 3 of them Wellpath had a contract to design, build, and operate, and in each case it went well, with Wellpath knowing how to build facilities that would do a good job serving people.

--The fourth program (I believe it was the facility for sex-offenders) was *originally operated by Liberty for three years. This did not go well so they canceled the contract and switched to Wellpath, which has worked out well.*

--In general Wellpath hires very good people and pays comparably to or better than other facilities.

--Wellpath does seem to understand the orientation towards a recovery-based model of care for individuals.

--They do have stockholders and so are compelled to demonstrate revenue, but they're not unreasonable and they provide good care, so it's worth a little hassle there.

--Originally the state was very "tough" with their performance expectations of Wellpath, and he thought this set the stage for a good working relationship. For one facility they're in the third phase of a 5-year procurement process and the relationship has continued to be good.

--In general very pleased with Wellpath

KY: Talked with Dee Werline and Stephanie Craycraft

--Kentucky has a number of different facilities that are privatized, though none of them are national companies,

but rather quasi-governmental agencies such as a university and independent 501c3 regional boards.

--One intensive care facility was under a consent decree before a local board and they first transitioned operation to the national companies of Columbus and then Liberty (for one year each) before transitioning to Bluegrass. *In each case Columbus and Liberty were unable to bring them into compliance*, which Bluegrass was able to do in 2006.

--One issue they emphasized was the importance of supporting staff during the transition. In part this is because KY has strong protections for govt workers, but also because it is important for continuity of care for patients. They recommended to ensure there are transition plans, and one that worked for them was to have it in a contract that the private company was required to keep any staff that are in good standing for at least 6 months. This gave a transition period while still giving the company the ability to replace people later on if necessary.

--One other very effective thing they did when transitioning a 100 bed facility to a private company was they first had the company come in as a consultant for 6 months prior to the transition. The company got to know the facility very well, and so when the actual transition took place it was an extremely smooth process.

--In general they recommended it is very important to have good transition plans, especially as related to staffing.

--With a for-profit entity you also need to be careful in contracting not to incentivize the wrong things. I.e. allowing an administrative charge on top of staffing can create an incentive for a lot of one-on-one staffing that is not necessary or even intrusive to the patients.

--Lastly although it's probably obvious, you have to be careful with a for-profit company that may be a low-bidder, but then they pay less and attract more poorly qualified and trained staff who don't work as well with those for whom they are caring.

Timothy P. Tunner, PhD, MSW

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From: [Wall, Albert E \(HSS\)](#)
To: [Soza, Jason A \(DOA\)](#)
Cc: [Kraly, Stacie L \(LAW\)](#)
Subject: FW: State Hospital Inquiry
Date: Monday, February 11, 2019 11:06:32 AM

Good morning,

Here is one email from NASMHPD which occurred after our phone conversation with them if that is helpful when they were attempting to cross reference for us.

Albert E. Wall
Deputy Commissioner
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(907) 538-5507

From: Timothy Tunner [mailto:Timothy.Tunner@nasmhpd.org]
Sent: Tuesday, February 5, 2019 11:19 AM
To: Wall, Albert E (HSS) <a.wall@alaska.gov>
Cc: Brian Hepburn <Brian.Hepburn@nasmhpd.org>; Meighan Haupt <Meighan.Haupt@nasmhpd.org>
Subject: State Hospital Inquiry

Hi Albert,

I work at NASMHPD with Meighan, with whom you talked about getting information on other states' experiences with privatization of their state hospitals. I've been contacting states we identified as having done some privatization, and although I am still scheduling some calls I wanted to send you what I have so far. There were only 5 states identified, and one of them (AR) only privatized a step-down unit, but I thought the information they sent would be of interest to you.

AR worked with Liberty Health Care (he said he thinks out of King of Prussia, PA), and I communicated with John Althoff via email: "Arkansas never privatized the forensic unit of its State Hospital. We did enter into a contract with a private company to build and then operate a step down unit from our forensic unit. This step-down unit provided a locked residential treatment facility for forensic clients with a dual mental health and substance abuse diagnosis being discharged from the forensic unit of the State Hospital. This locked residential facility had a partnership with a local Assertive Community Treatment (ACT) provider to work on transitioning patients out of the locked residential facility into the community where they would be followed by the ACT team.. We entered into this contract because we had a large number of dual dx patients on our forensic unit whom the courts would not allow us to discharge directly into the community but would allow us to discharge into a locked residential facility. The state did not have the resources to build the residential facility, but the private company was willing to invest the capital to do this. A number of issues related to our deciding to terminate the contract. Over time we observed that the rate of clients being transitioned from the locked facility into the community (and thus opening up beds for more State Hospital discharges) was not what we had been expecting. We worked with one of our state's CMHCs to develop a locked residential treatment facility which developed the capacity to more expeditiously transfer patients into the community. Issues also arose about the private company billing Medicaid for services being provided in the facility. And finally we had a need for the facility for other purposes. Having said all this I am happy to talk with someone about our experience if they think it would be relevant to their situation, but I did want then to understand that it did not involve privatizing the forensic unit of the State Hospital."

IL privatized their children/adolescent facility around 99/00. I spoke on the phone with Diana Knaebe, who is the Director of the Division of Mental Health, and she said she would be happy to talk with you directly--which I

thought might be helpful, as I wasn't certain what questions would, for your purposes, be most helpful to probe for additional information, and our conversation moved around a lot. Please let me know if you'd like me to facilitate a call with her. She did say they use Wexford and Liberty, and although there were some hiccups at the startup, things seem to run pretty smoothly now.

Some specific issues she brought up that you may want to consider:

1. They closed several hospitals in the process, and so they had a lot of push-back from staff and unions (and are a strong union state). This may not be an issue for you if you are not closing hospitals, but it may be a concern by staff that new management would make staffing changes.
2. Contracting has been an ongoing an evolving process. She sent a few examples, which I am attaching.
3. Transportation has been an issue, and you need to make sure it is built into any contracts.
4. You might consider phasing in changes if possible, as this might help temper some pushback you could get from staff, the community, and others.

FL: We know you already talked to them, but I have reached out to see if I get some different perspectives from what you heard. I am waiting for a response of someone with whom to talk.

KY: Records indicate they have privatized two hospitals, and so may be of a great deal of interest to you. I have a call with two individuals this Friday 2-8 at 9:30 AM Eastern time, which is probably early for you, but if you want to join (you're welcome to do so), I may be able to move the call back to 1 or 2 Eastern time. Please let me know if you'd like to join and I'll see if I can move the call back?

LA: Records are that they privatized a children's facility in 2012, and I have a call set up on Wednesday 13th at 1:00 PM Central time with two individuals, which again you're welcome to join, and again please let me know if you'd like to and I can send you the information.

Unfortunately the only state hospital I was able to find that is run by WellPath is in FL. You probably already have this, but I did find on line that according to their website they operate civil and forensic state hospitals, residential treatment facilities, sex offender treatment programs, and competency restoration programs in CA, CO, FL, MA, SC, TX, WA. After a number of searching efforts though I was unable to find out what programs they operate in each state.

I will send additional information as I get it from KY, FL, and LA, and please let me know if you'd like me to help set up individual calls with John in AR, Diana in IL, or if you'd like to join the calls I have scheduled with KY and LA.

I hope this is helpful, and please let me know anything else I can do to be of assistance.

Tim

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From: [Wall, Albert E \(HSS\)](#)
To: [Soza, Jason A \(DOA\)](#)
Cc: [Kraly, Stacie L \(LAW\)](#)
Subject: RE: DHSS Emergency RAP Approval
Date: Thursday, February 7, 2019 1:15:21 PM
Attachments: [image001.png](#)

Thank you!

Albert E. Wall
Deputy Commissioner
Health and Social Services
(907) 538-5507

From: Soza, Jason A (DOA)
Sent: Thursday, February 7, 2019 1:14 PM
To: Wall, Albert E (HSS) <a.wall@alaska.gov>
Cc: Kraly, Stacie L (LAW) <stacie.kraly@alaska.gov>
Subject: Re: DHSS Emergency RAP Approval

Thank you Deputy Commissioner Wall.

This information is helpful, especially your last point. I spoke with Susan Jabal and I believe she just misunderstood the term "emergent sole source contract" and interpreted it as an emergency request rather than a single source.

She made the correction and resubmitted just now, we have it under review and should have it complete soon.

Thanks again,

Jason

From: "Wall, Albert E (HSS)" <a.wall@alaska.gov>
Date: Thursday, February 7, 2019 at 1:10 PM
To: "Soza, Jason A (DOA)" <jason.soza@alaska.gov>
Cc: "Kraly, Stacie L (LAW)" <stacie.kraly@alaska.gov>
Subject: RE: DHSS Emergency RAP Approval

Good afternoon,

I appreciate the question and hope this clarifies:

1. When Commissioner Crum was appointed, we understood that API was under duress but not the extent of the emergency or immediacy, and believed that having an outside, expert company take administrative control to bring the organization back into compliance was

necessary. To this end, we did discuss potentials with two agencies that were possible: one that was given to us by the Division of Health Care Services (HCS) as a potential fix, and one we had discussed with the National Association of State Mental Health Program Directors (NASMHPD). The contractor vetted through HCS did not have a team with specific, inpatient psychiatric hospital experience while the one from NASMHPD did;

2. After this point, the final survey (investigative) team from the Centers for Medicaid and Medicare Services (CMS) were on-site and discovered more violations of human rights and failures on behalf of API. Because of this, we immediately implemented changes in safety policy and procedure in the hospital and contacted the vendor vetted through NASMHPD for the potent for them come contract as quickly as possible for the safety of our patients;
3. Concurrent with this, we discovered that the Commissioner actually has the authority under AS 47.32.140(b)(9) to summarily take over authority of a facility either short-term, or long-term, to ensure the safety of Alaskans in that facility. Commissioner Crum chose to exercise that authority;
4. The discussion concerning 'emergency RAP' and 'single source' I did not believe was exclusive... meaning, I thought we could do a single-source contract quickly and therefore used the term emergency.

Does that make sense or did I confuse things worse?

Albert E. Wall
Deputy Commissioner
Health and Social Services
(907) 538-5507

From: Kraly, Stacie L (LAW)
Sent: Thursday, February 7, 2019 12:58 PM
To: Wall, Albert E (HSS) <a.wall@alaska.gov>
Subject: FW: DHSS Emergency RAP Approval

See below, what is the answer

Emergency b/c of the declaration? Not sure why we moved this way....

Stacie
907.465.4164

From: Soza, Jason A (DOA) <jason.soza@alaska.gov>
Sent: Thursday, February 07, 2019 12:54 PM
To: Kraly, Stacie L (LAW) <stacie.kraly@alaska.gov>
Cc: Witty, Rachel L (LAW) <rachel.witty@alaska.gov>
Subject: FW: DHSS Emergency RAP Approval

Good afternoon Stacie,

This is the request that came in regarding API.

All discussions to this point have been about a single source and that's what my guidance has been around, i.e. what type of written factual evidence would be needed.

This is an emergency RAP, which was something that Deputy Commissioner Wall had initially said wasn't a route he wanted to go.

Were there additional conversations or discussions that caused this to move away from single source? I see that there are now two vendors that were considered, was that the reasoning here? Was limited competition ruled out for some reason?

Apologies for all the questions—just a departure from the path I thought we were on.

Thanks much,

Jason

From: "Verrelli, Eric D (DOA)" <eric.verrelli@alaska.gov>

Date: Thursday, February 7, 2019 at 11:09 AM

To: "Soza, Jason A (DOA)" <jason.soza@alaska.gov>

Cc: Linda Polk <linda.polk@alaska.gov>

Subject: DHSS Emergency RAP Approval

Good morning Jason,

Please see the emergency RAP from DHSS for your approval.

All evidence is included in document.

Sincerely,



Eric Verrelli
Statewide Contracting Officer
State of Alaska

Phone: 907-465-5674 | Fax: 907-465-2189 | <http://doa.alaska.gov/ssoa/>

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