

# ALASKA STATE LEGISLATURE



## House of Representatives

Jason Soza  
Chief Procurement Officer  
Department of Administration  
PO Box 110210  
Juneau, AK 99801-0210

Dear Mr. Soza,

Thank you for your participation in the April 2 oversight hearing regarding the single-source procurement of Wellpath services at the Alaska Psychiatric Institute (API). In light of new information brought forth at that hearing, we are writing to request that you halt Phase 2 of the contract with Wellpath to take over management and require any consideration of privatization services of the facility be executed through the competitive procurement process in Alaska Statutes and regulations.

We are concerned that during the single-source procurement process the Department of Health and Social Services (DHSS) failed to inform you of Wellpath's record of lawsuits and patient deaths resulting from negligence and inadequate staffing. Department leadership should have provided that information to you when they requested a no-bid contract. API is a unique program and facility in Alaska with an especially vulnerable population which is not able to effectively advocate for themselves because of the very illnesses they are in API to treat. As such, we have a special responsibility to ensure due diligence is

applied in selecting the contractor to run API. In failing to provide you information on Wellpath's troubled legal and safety history, they failed to properly inform you of the risks associated with this contract to hand-over management of API to a for-profit company based in the lower-48.

Additionally, DHSS should have also informed you that there were other vendors capable of providing the services outlined in the contract. As is described in the attached letter, Providence Health and Services previously offered to run API or help the Department implement reforms. There are other organizations also capable of providing either turn-around and operations services to the State of Alaska which should be explored. The lack of integrity raises concerns about the procurement process when DHSS excluded Alaska's largest and most experienced non-profit health care provider in favor of a for-profit company with a troubling record of performance.

The Department's failure to disclose such information is even more disturbing considering that DHSS leadership sought a single-source procurement—rather than a shorter-term emergency procurement—with the express purpose of facilitating permanent transfer of API management to Wellpath. We believe it is inappropriate and possibly illegal to structure procurement to avoid competition.

Further, it is concerning that the department suggested that continuity of management was a reasonable justification for issuing a single source contract valued at \$225 million over 5 years. If Wellpath truly is the best vendor to run API, they should be more than capable of facilitating a short-term turn-around contract for the remainder of FY19 and then be able to use that success as the rationale for securing a longer-term contract to run API. If they aren't capable of providing the turn-around they have promised, then they should be more than willing to compete for the right to run API.

Finally, Wellpath's record to date only confirms doubt about their capabilities. API has extremely low capacity and has lost even more psychiatrists. There is no significant progress toward API reaching capacity, yet the terms of the proposed Phase 2 contract would let Wellpath collect income for "available"

beds, even if beds are not filled; cumulatively leaving the state exposed to nearly a quarter-billion dollars in contract obligations over five years without any assurance of performance from Wellpath.

As you testified, you have the authority to terminate contracts when the businesses in question are unresponsive or not responsible. We urge you to halt work on Phase 2 privatization and require that any transition in management of API from the state to a private entity be offered in a competitive bidding process.

Thank you for your long service to the State of Alaska, including during this very challenging period for API.

Sincerely,



Ivy Spohnholz



Tiffany Zulkosky



Matt Claman

Co-Chairs, Health and Social Services Committee

Chair, Judiciary Committee



Zack Fields

Co-Chairs, State Affairs Committee



Jonathan Kreiss Tomkins



March 6, 2019

The Honorable Ivy Spohnholz  
State Representative  
Co-Chair, House H&SS Committee  
Alaska State Legislature  
State Capitol Room 421  
Juneau, AK 99801

The Honorable Tiffany Zulkosky  
State Representative  
Co-Chair, House H&SS Committee  
Alaska State Legislature  
State Capitol Room 416  
Juneau, AK 99801

Dear Representatives Spohnholz and Zulkosky:

Re: Ltr to Providence from Rep. Zulkosky and Rep. Spohnholz

Providence Health & Services has a long history of serving Alaska, and set the standard for modern health care in the state. Today, Providence is the state's leading health care and behavioral health provider and its largest private employer with nearly 5,000 caregivers across the state.

In 2002 Providence Alaska Medical Center opened the state's only Psychiatric Emergency Department. The department is designed to serve the community as a single-point-of-entry for urgent psychiatric services, supporting Alaska Psychiatric Institute (API) by avoiding hospitalizations and providing evaluation and treatment for those experiencing a mental health crisis.

As API has been able to admit and treat fewer Alaskans, the length of stay for patients awaiting transfer to API has significantly increased. In 2015, 294 patients waited at Providence for longer than 24 hours. In 2018 that number grew to 639 patients; one person waited 333 hours. These patients are not being treated in appropriate care settings, thereby placing both them and their clinical caregivers at greater risk. This situation is not unique, as our colleagues across the state are struggling with growing demand for behavioral health services and ongoing bed closures at API.

This is not a crisis born overnight. Gov. Walker and Commissioner Davidson deserve recognition for addressing the need for a culture shift at API. We also appreciate Gov. Dunleavy, Commissioner Crum, and Deputy Commissioner Wall for their efforts to quickly address the serious safety concerns for patients and caregivers at API and to stabilize conditions and the delivery of care at the facility. The community will also benefit from open conversations about API's long-term operations.

To answer your questions about Providence's behavioral health experience:

1. Has Providence Alaska ever offered to take over management of API?
2. If so, when were the offers made and to whom?

Conversations about the best use and operations of API have been ongoing for many years, and Providence has long been transparent about a potential partnership and/or agreement with the state. Providence was engaged in the feasibility report issued in 2017 and has served on numerous task forces and committees in an attempt to chart the best path forward. Recent meetings with administration personnel that specifically included the management of API:

- Bruce Lamoureux, previous CEO of Providence Health & Services Alaska, met with Commissioner Davidson on May 31, 2016, to inform her that Providence would have an interest in operating API. At the time, DHSS was working on the privatization feasibility study and Lamoureux shared the interest in anticipation of the report findings, and a corresponding Request for Proposal. DHSS chose not to privatize API and no RFP was issued.
- On Sept. 6, 2018, Emily Ford, our advocacy manager, and I met with Commissioner Davidson and expressed Providence's interest in partnering on the long-term operations of API.
- After a missed message from the day prior, I spoke with Deputy Commissioner Wall on Feb. 1. The deputy commissioner was calling hospital and facility CEOs about the critical concerns regarding safety at API and the threat of losing CMS certification. I offered Providence's help to the administration and to Deputy Commissioner Wall in any way possible. As part of this conversation, I connected him with Arpan Waghay, MD, chief medical officer for the Providence St. Joseph Health Well Being Trust.
- Later that day, Waghay and Deputy Commissioner Wall discussed the current crisis at API, the potential loss of CMS certification and how Providence could potentially assist the state with the long-term operations of the facility. The deputy commissioner stressed the urgent need for immediate stabilization, but indicated a willingness to partner on acute, civil commitment and post-acute care to engage Providence and others in creating a long-term strategy for API.
- On Feb. 14, 2019, I met with Commissioner Crum to discuss the state's behavioral health network, Providence's delivery of behavioral health services, and the future of API. I was not yet aware of the full contract with Wellpath, but did share with the commissioner that I understood the need to bring in a firm like Wellpath on an emergent basis to address safety and certification issues facing API. I reiterated our offer to provide the resources of Providence in partnership with the state and community partners to develop a long-term solution for API and that we wanted to be considered for any RFPs for the ongoing management of the facility when that opportunity became available. I also discussed similar facility-management and operating agreements between Providence and the communities of Seward, Kodiak, and Valdez.
- On Feb. 14, 2019, Laurie Herman, Providence Alaska consultant and lobbyist, and I met with Gov. Dunleavy and reiterated Providence's willingness to partner with the state on the operations of API.

**3. What experience does Providence health system have in administering behavioral health institutions?**

Providence is the largest and most comprehensive provider of behavioral health services in Alaska including outpatient, sub-acute, inpatient and residential treatment, primarily on a voluntary basis. We continue to work to integrate behavioral health in primary care settings, and to provide comprehensive and compassionate care to children who have experienced trauma from abuse at AlaskaCares. Our services include:

### **Outpatient**

- **Breakthrough:** Chemical dependency treatment for patients 18-years-old and older. Provides partial hospitalization and intensive outpatient education and support services for those with chemical dependencies and their families.
- **Providence Medical Group Behavioral Health:** Outpatient psychiatric care serving all ages, providing medication management, psychiatric assessment, neuropsychological/psychological testing, and group, individual, and family therapy.
- **Psychiatric Emergency Department:** Psychiatric assessments, 24-hour psychiatric observation, and referrals for all ages in an emergency or crisis. Operating a 24-hour crisis line. Seven patient beds.

### **Sub-Acute**

- **Directions- (Crisis Recovery Center):** Adolescent sub-acute voluntary psychiatric treatment, serving patients age 12 to 17. Residential short-term treatment, providing an alternative to inpatient hospitalization for emotional and behavioral issues and early intervention for adolescents through individual, group and family therapy. Average length of stay is 15 to 30 days. Eight patient beds.
- **Compass- (Crisis Recovery Center):** Adult sub-acute voluntary psychiatric treatment for patients age 18 and older. Stabilizes psychiatric symptoms and improves coping skills to effectively manage psychiatric symptoms and prevent frequent hospitalization. Average length of stay is three to seven days. Eight patient beds.

### **Inpatient**

- **Adult Mental Health Unit:** Adult voluntary inpatient program serving patients age 18 and older by providing crisis stabilization, treatment programs, therapy, discharge planners, medication management, individual and group therapy. Average length of stay is five to seven days. Twelve patient beds.
- **Discovery: Adolescent Mental Health Unit:** Acute voluntary inpatient program for adolescents age 13 to 18. Provides intensive crisis intervention, stabilization, and behavioral health treatment. Average length of stay is 10 to 14 days. Fifteen patient beds.

### **Residential**

- **Adolescent Residential Treatment:** Long-term psychiatric residential treatment serving girls age 12 to 18 who have been hospitalized and are unable to maintain safety in the outpatient setting. Provides individual and family therapy and academic services. Average length of stay is one-year. Ten patient beds.

#### **4. What successes has Providence had in operating behavioral health care options in Alaska and in other states?**

In addition to our strong behavioral health foundation in Alaska, we are part of the larger Providence St. Joseph Health system that serves seven states. We also created the Providence St. Joseph Well Being Trust to identify and advance innovative solutions in mental health.

Across our system, we are leading the way by integrating behavioral health into primary care settings, creating additional screening and assessment tools for caregivers, resources for patient and

family education and expanding treatment opportunities. We are creating a framework where the expertise in each of our regions informs best practices, sets standardization and continues to raise the bar as a leader in the delivery of behavioral health care.

Our services continually expand to meet community need, including behavioral health treatment in response to the opioid epidemic, increasing depression and anxiety in teens, and growing resources to treat and identify post-partum depression in new moms. As part of our Health 2.0 initiative we have expanded tele-psychiatry services to 21 hospitals and emergency rooms across the West Coast.

In addition to the Alaska programs above, Providence St. Joseph Health successfully operates voluntary and involuntary inpatient mental health units, including 11 psychiatric units, providing services ranging from pediatric to geriatric care. We have experience collaborating with state governments to provide behavioral health services.

Providence Health & Services Alaska currently has operating agreements with the communities of Seward, Kodiak, and Valdez to provide management and operations of Providence Seward Medical Center, Providence Kodiak Island Medical Center and Providence Valdez Medical Center, respectively.

**5. Would Providence Alaska currently be interested in managing the Alaska Psychiatric Institute?  
· If so, under what terms would you prefer?**

Yes, Providence would like to be included in the discussions about long-term operations of API and to be offered an opportunity to present a proposal. A stable, safe and healing environment at API is the primary concern for us all. Providence has a long history in Alaska and a steadfast commitment to provide care to all Alaskans. Caring for the poor and vulnerable is at the core of who we are and will never change. API has serious and immediate challenges that require attention and a need for a consistent long-term vision in order to be successful. Outlining a specific proposal in this letter, separate from any discussion about this long-term vision, is not possible. However we will continue to stand by the state, offer to partner with the state and others in solutions to support API, its caregivers, and Alaskans in crisis, in any way that we can, and extend this offer to Wellpath as well as they look toward the future.

Sincerely,



Preston M. Simmons, DSc., MHA, FACHE  
Chief Executive, Alaska  
Providence St. Joseph Health

# Correct Care Solutions profited \$546,000 by understaffing in violation of state contract

Lucas Daprile, lucas.daprile@tcpalm.com Published 4:00 a.m. ET Jan. 21, 2018 | Updated 12:45 p.m. ET Feb. 1, 2018



(Photo: PATRICK DOVE/TCPALM)

## About this series

Florida's privatized Treasure Coast Forensic Treatment Center is tasked with restoring people's mental health enough to stand trial on felonies, and housing those found not guilty by reason of insanity. [TCPalm's investigation \(/story/news/investigations/2018/01/21/treasure-coast-mental-hospital-not-enough-staff-training-equipment-funding-tcpalm-investigation-find/921183001/\)](#) found the mental institution:

- Is dangerously understaffed, with at least one patient killed and several employees maimed.
- Has [administered drugs in violation of state rules \(/story/news/investigations/2018/01/21/dangerous-detention-treasure-coast-mental-hospital-drug-violations-may-break-state-law/926704001/\)](#) and potentially state law.
- [Taxes 911 with daily calls \(/story/news/investigations/2018/01/22/dangerous-detention-treasure-coast-mental-hospitals-911-calls-tax-first-responders/920227001/\)](#), over three times more than the state's three other mental hospitals — combined.
- Doesn't work with prosecutors to punish its most violent attackers.
- Has a cheaper, more effective alternative the Florida House rejected in 2011.



Florida has fined Treasure Coast Forensic Treatment Center nearly \$700,000 over 10 years for not having the minimum number of employees required in its state contract.

But understaffing is good for the mental institution's bottom line. The center saves \$4 in payroll for every \$1 it spends on fines, TCPalm extrapolated from a 17-month period, the only available state data that details fines for specific job vacancies.

**Dangerous Detention:** [Treasure Coast mental hospital lacks staff, training, licensing, funding \(/story/news/investigations/2018/01/21/treasure-coast-mental-hospital-not-enough-staff-training-equipment-funding-tcpalm-investigation-find/921183001/\)](#)

Correct Care Solutions saved \$545,801 on payroll — enough to cover almost a decade's worth of fines — from July 2015 to December 2016 alone, TCPalm found. Filled, those positions would've cost \$727,430 in payroll, but left vacant, they cost \$181,629 in fines.

**More:** [See the center's location on a map \(https://www.google.com/maps/d/viewer?mid=1bfyMPaC0e5PDxT5LKEup7C1d5w6XhPq9&usp=sharing\)](https://www.google.com/maps/d/viewer?mid=1bfyMPaC0e5PDxT5LKEup7C1d5w6XhPq9&usp=sharing)

If that ratio represented an average, understaffing would have saved the center \$2.4 million in 10 years. That almost certainly is an understatement, as it does not account for hiring and training costs and short-term vacancies that are exempt from fines.

Fines aren't the only consequence of understaffing. Several former employees said understaffing contributes to an unnecessarily dangerous workplace that results in workers' compensation settlements, which have totaled \$1 million since 2007.



Combine the cost of fines and workers' compensation settlements, and the center still would have profited \$1.4 million.

It's unclear whether the center or its insurance company pays those settlements.



TC Palm

## About the center

**Opened:** 2007, to treat Florida's skyrocketing number of mentally ill criminal defendants

**Location:** 96 S.W. Allapattah Road, Indiantown, 5 miles west of Interstate 95, just south of Martin/St. Lucie county line, adjacent to Martin Correctional Institution state prison

**Type:** Male only, maximum security

**Capacity:** 208 beds; can max out at 256

**Staff:** State requires 282, but actual amount varies

**Operator:** The GEO Group of Boca Raton (2007-14), which spun the hospital off to Correct Care Solutions of Nashville, with much the same staff

**Overseer:** Florida Department of Children and Families

**Contract:** \$255 million for 10 years, up for renewal in March

**Annual revenue:** \$547 million, D&B Hoovers estimates

### Read more

- [Treasure Coast mental hospital drug violations may break state law \(\(/story/news/investigations/2018/01/21/dangerous-detention-treasure-coast-mental-hospital-drug-violations-may-break-state-law/926704001/\)\)](https://www.tcpalm.com/story/news/investigations/2018/01/21/dangerous-detention-treasure-coast-mental-hospital-drug-violations-may-break-state-law/926704001/)
- [Mental hospital failed to report 11 assaults, employee misconduct to DCF \(\(/story/news/investigations/2018/01/21/dangerous-detention-treasure-coast-mental-hospital-failed-report-11-assaults-employee-misconduct-dcf/930886001/\)\)](https://www.tcpalm.com/story/news/investigations/2018/01/21/dangerous-detention-treasure-coast-mental-hospital-failed-report-11-assaults-employee-misconduct-dcf/930886001/)
- [Treasure Coast mental hospital lacks staff, training, licensing, funding \(\(/story/news/investigations/2018/01/21/treasure-coast-mental-hospital-not-enough-staff-training-equipment-funding-tcpalm-investigation-find/921183001/\)\)](https://www.tcpalm.com/story/news/investigations/2018/01/21/treasure-coast-mental-hospital-not-enough-staff-training-equipment-funding-tcpalm-investigation-find/921183001/)
- [Mental hospital's 911 calls tax first responders \(\(/story/news/investigations/2018/01/22/dangerous-detention-treasure-coast-mental-hospital-911-calls-tax-first-responders/920227001/\)\)](https://www.tcpalm.com/story/news/investigations/2018/01/22/dangerous-detention-treasure-coast-mental-hospital-911-calls-tax-first-responders/920227001/)

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