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Medical battle behind bars: Big prison healthcare firm Corizon struggles to win contracts

By David Royse | April 11, 2015



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Medical battle behind bars: Big prison healthcare firm Corizon struggles to win contracts

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When Martin Harrison was brought to an Alameda County jail near Oakland, Calif., in 2010 on an outstanding DUI warrant, he received a health screening from a licensed vocational nurse who worked for Corizon, a private company that provided healthcare for the county correctional system. Harrison, 50, was in severe alcohol withdrawal and hallucinating, and his family says the nurse should have recognized he was in crisis.

“Any RN would have understood the gravity of the situation,” said the family's lawyer, Michael Haddad.

But Harrison wasn't referred for treatment. A short time later, still hallucinating, he got into a fight with jail guards and was beaten. Two days later, he died.

Corizon, the licensed vocational nurse's employer, is the nation's largest for-profit provider of correctional health services. In February, Corizon and Alameda County together paid an \$8.3 million settlement to Harrison's family. It was the largest civil-rights wrongful-death settlement in California history.

That was only the latest high-profile setback for Brentwood, Tenn.-based Corizon, which has lost five contracts with state prison systems over the past three years and is fighting to hold on to others. In New York City, some officials want to end Corizon's contract in city jails because of **quality-of-care** concerns.

MH TAKEAWAYS Moody's issued a negative outlook on Corizon in August, citing recent contract losses.

The firm also is under pressure in Florida, where the head of the state prison system said she plans to rebid its healthcare contracts, including one with Corizon. In Washington, D.C., members of the District Council, citing litigation and complaints about Corizon services elsewhere, oppose the mayor's push to approve a Corizon contract to serve the city's inmates.

There have been numerous allegations of quality problems with Corizon's care raised in lawsuits and news reports around the country, including charges of long waits for care and prisoners dying after not being properly diagnosed with cancer and other diseases. Corizon staff reportedly gave a 19-year-old Florida inmate Tylenol for severe pain for months before outside doctors found bone cancer that later killed him. In New York City, an inmate allegedly was told to throw his severed finger away because it couldn't be reattached, though it later was.

Last August, **Moody's Investors Service** downgraded Corizon's parent company Valitas. In issuing its negative outlook, Moody's cited, in part, “operating headwinds due to recent contract losses.” Moody's said, “We expect the company to continue to face near-term earnings pressure following recent contract losses and certain underperforming state department of corrections contracts.” It noted, however, that Corizon remains the correctional healthcare sector leader, and said that with new contracts, it expected earnings improvements over the next couple years.

Dr. Woodrow Myers, who replaced Rich Hallworth as Corizon's CEO in a management shake-up in October 2013, downplayed the lawsuits and complaints about his company's services. "Every one of my patients has a lawyer," Myers said. And most suits are dismissed, he added. "There's a huge number of lawsuits, but they're not specific to Corizon. They are specific to this industry."

States spend \$8 billion a year on prison healthcare, according to the Pew Charitable Trusts. Local governments spend additional millions for care in jails. According to a 2014 report by the Reason Foundation, only 14 states operate their own prison healthcare, while 36 contract for at least part of it and 24 have contracted out all prison healthcare services. There are no data on how many local jails use private medical vendors.

Privately held Corizon became the largest correctional healthcare provider in 2011 when Valitas Health Services, parent of the former Correctional Medical Services, acquired America Service Group, creating a company serving more than 400 facilities.

Valitas is majority-owned by Chicago-based private-equity management firm Beecken Petty O'Keefe and Co.

Corizon had \$1.4 billion in revenue for the fiscal year ended June 2014 and now cares for 345,000 inmates in 27 states. Competitors include Nashville-based Correct Care, which cares for about 250,000 people in 37 states, and Pittsburgh-based Wexford Health, which cares for 112,000 inmates in 13 states. Other providers include St. Louis-based Centurion Managed Care, a joint venture between **Centene Corp.** and MHM Services, and several other smaller for-profit and not-for-profit providers.

Many of Corizon's contracts are holdovers from its predecessor companies. Since the merger, it has won new contracts, including taking over Arizona's state prison contract from Wexford and winning part of Florida's business after a long court fight there over whether prison healthcare could be privatized.



States spend \$8 billion a year on prison healthcare, the Pew Charitable Trusts says. But since 2012, Corizon has lost statewide contracts covering 84,000 inmates in Maine, Maryland, Minnesota and Pennsylvania.

In Maine, a state audit said: "Some prisoners did not receive standard medical services, such as physicals, dental services or sick call response within the timeframe required." In Maryland, Corizon appears to have been underbid by Wexford in 2012. In Corizon's home state of Tennessee, it provides behavioral healthcare to prisoners. But in January, it lost the medical-care contract to Centurion, even though Corizon had a lower bid.

The contracts Corizon lost in the five states will be worth more than \$1.2 billion over the next five years.

Corizon also has notched some wins. In February, Alabama renewed its contract, even though the state has been sued by the Southern Poverty Law Center over what the civil-rights group says is inadequate prison healthcare. Corizon isn't named as a defendant. But the company is joining with mental healthcare contractor MHM Correctional Services in paying for the state's defense under the terms of its contract.

Last year, Corizon won a three-year \$1.1 billion contract to provide care at Missouri's state prisons, and it got an extension of its contract for Indiana's prisons, while adding some large new local jail contracts.

But those gains have been overshadowed by its difficulties in keeping old contracts and winning new ones. New York City's deputy health commissioner recently said the city

was “examining potential new strategies” after complaints about quality of care at Rikers Island led city commissioners to question the contract with Corizon.

Julie Jones, Florida's secretary of corrections, acknowledged to state lawmakers this year that Corizon and Wexford, which split care responsibilities in the state's prisons, have done an inadequate job.

Florida Republican state Sen. Greg Evers, chairman of the state Senate Criminal Justice Committee, recently told the Tampa Bay Times he was concerned that deaths in Florida prisons had gone up 10% since healthcare was privatized two years ago. Florida Democratic state Sen. Jeff Clemens called media reports about the companies' recent care record “disturbing to my sense of humanity.”

Corizon is responsible for the care of 74,000 Florida inmates, while Wexford has a contract covering 15,000 in the state. Jones recently said she will move to rebid the contracts, worth \$229 million a year for Corizon and \$48 million through the end of 2017 for Wexford.

Corizon also faces a battle to serve jail inmates in the District of Columbia, where it won a bidding process but still needs approval from the District Council. The contract would pay Corizon \$66 million over three years to take over from Unity Health Care, a not-for-profit that also runs health clinics for low-income patients in the District.

The bad press about lawsuits around the country and quality-of-care questions may derail Corizon's D.C. contract effort. “There's a pretty strong bloc of us here who don't want to see it happen,” said council member David Grosso, citing questions about Corizon's care in New York City. “Why should the District of Columbia repeat the mistakes that other places have made?”

Corizon changed leadership in October 2013, with Myers, who previously had served on the board at Valitas and worked as chief medical officer at managed-care company WellPoint, taking over from Hallworth. Stuart Campbell stepped down as president and was replaced last year by Scott Bowers, who previously worked at UnitedHealthcare. While the company declined to comment on the reasons for the leadership changes, they came shortly after an earlier 2013 downgrading of Valitas by Moody's and after the loss of the Maine, Maryland, Pennsylvania and Tennessee state correctional contracts.

Corizon officials and some outside observers say many problems the company faces are inherent in caring for inmates, many of whom have substance abuse, mental health and other chronic health problems. Prisoners also can be hostile to authority, said Dr. Sylvia McQueen, Corizon's vice president of clinical services. And Corizon's doctors and nurses have to accommodate themselves to institutional security priorities.

“Some (inmates) just don't want to be bothered” with interacting with healthcare providers, said McQueen, whose first exposure to the correctional system came when her father was jailed while she was growing up in Washington, D.C.

Myers said that's why it makes sense for correctional agencies to bring in Corizon, which through its predecessor companies has decades of experience and can use its size to save money and improve care. It can, for example, use data it collects about treatments that work in one location to create best practices in others.

While some local officials have cited the number of lawsuits filed against the company—there have been more than 1,300 in five years—as a reason for concern, Corizon officials say litigation isn't a good indicator of quality of care behind bars.

CORIZON HEALTH AT A GLANCEHeadquarters: Brentwood, Tenn.

CEO: Dr. Woodrow Myers

Revenue: \$1.4 billion

Average daily population cared for: 341,000

Contracts: 27 states

Total staff: 12,216

- 1,552 doctors and midlevel providers
- 5,708 nurses
- 4,956 personnel in operations, clinical support and administration

Source: Corizon Health

Some outside experts agree that no matter who is treating inmates, there will likely be allegations of poor care. That's at least partly because correctional healthcare services are underfunded, said Dr. Marc Stern, an assistant professor of health services at the University of Washington, who previously headed healthcare services for Washington state's prison system. "There are so many stories about Corizon because it has so many contracts, so many covered lives," he said. "If we focus on Corizon as being the enemy, we will not fix the problem." Stern, who worked in the early 2000s for one of Corizon's predecessor companies, said that for the public and for elected officials, prisoners' well-being is a low priority. "Nobody has enough money and nobody has enough interest in caring for people behind bars, regardless of who is operating the

system,” he said. On the other hand, Stern wrote a scathing report in 2012 on problems with Corizon's care in the Idaho state prison system after he was appointed by a judge to investigate conditions there. He wrote that some mistakes likely resulted in deaths, and that one inmate wasn't told for several months that he had cancer. Corizon and the state of Idaho disputed Stern's findings, and in 2013 the state renewed the company's \$41 million-a-year contract for five years. Corizon's McQueen acknowledged that the company's healthcare workers sometimes make mistakes. “We're human, things do happen,” she said. “We take an intellectually honest look at what happened so it never happens again.” In California, Corizon is now required to do things differently. Under the company's settlement with Martin Harrison's family, Corizon has to use registered nurses rather than licensed vocational nurses to screen inmates in county jails where it has contracts. “It was very important to the family that something be changed,” said Haddad, the family's lawyer. “Beyond a doubt this settlement is going to save a lot of lives.” Meanwhile, Myers said Corizon will continue to try to convince governments that it can do the best job. “There are certain things government doesn't do as well as the private sector and that includes providing complex health services.” —*David Royse is a freelance writer based in Chicago*

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