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**COMMONWEALTH OF PENNSYLVANIA**  
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Room 308, Main Capitol Building  
Harrisburg, PA 17120

**CONTACT:** Susan McNaughton  
(717) 975-4862

**CORRECTIONS DEPARTMENT TO EXTEND  
MEDICAL CONTRACT, SAVE \$55 MILLION**  
*Extension Allows Continuity of Medical Care, Upgraded Medical Records System*

**HARRISBURG** – To save taxpayers \$55 million and safeguard the continuity of medical care for Pennsylvania’s 46,000 inmates, the Department of Corrections and its medical contractor, Prison Health Services Inc., have agreed to a five-year extension of its existing contract.

“Continuity of inmate care is a matter of importance to the department,” said Corrections Secretary Jeffrey A. Beard. “By doing this, we are making sure that inmates continue to receive excellent health care services. The extension also allows the department to lock in low rates, saving more than \$5 million now.”

The current \$73-million-per-year contract with Prison Health Services started in 2003 and was due to expire in August.

In exchange for the five-year extension, Prison Health Services is placing a 4 percent cap on the annual rate of increase each year for the first two years of the extension and a 3.85 percent cap for the remaining three years.

The \$500,000-per-year cost reduction previously negotiated with Prison Health Services will continue through the additional five years of the contract.

The caps and the price reductions for the additional five years are expected to save the commonwealth approximately \$46 million. Another \$9 million would be saved by Prison Health

Services continuing to provide for a direct pass-through of professional liability costs outside of the base fee during the entire five-year extension.

Prison Health Services also agrees to share half of any off-site cost savings with the department. The company now realizes 100 percent cost savings of any off-site medical services provided to inmates below the contract's catastrophic threshold.

Finally, Prison Health Services would fund the \$1.1 million cost of implementing its proprietary, corrections-based, Catalyst<sup>SM</sup> electronic health record and automated Chronic Care Tracking System. This will eliminate the need for the department to consider separate outsourcing for a similar system. The system is expected to save the commonwealth between \$3 million and \$8 million.

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