

# CONTROLLER STEVE WESTLY

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## Westly Launches Audit of Corrections Department

**SACRAMENTO** – State Controller Steve Westly today launched an audit of the California Department of Corrections. Westly will determine why, despite doubling its spending on healthcare since 2000, the state’s prison healthcare system recently became the first-ever California entity to be taken over by the federal government.

“The taxpayers have nothing to show for the billions spent on prison healthcare. Instead, we’ve seen the first federal takeover of a State agency in California history,” Westly said. “My audit will get to the bottom of this management meltdown and ensure that the people of California get a full accounting of their tax dollars.”

According to the Kaiser Family Foundation, it costs \$3,850 per year to provide health insurance to the average California worker. The Department of Corrections spends \$7,000 per inmate per year on healthcare.

“It’s wrong that it takes the state twice as much money to provide health care to a prisoner as it costs to insure the average California worker,” Westly said. “Meanwhile, there are more than 6 million Californians who have no health insurance at all and the state is doing nothing about it.”

U.S. District Court Judge Thelton E. Henderson recently ordered the department’s health care system into federal receivership. The department’s failure to improve its healthcare system as ordered in a previous lawsuit prompted the judge’s action.

The order called for basic improvements to a health care system that caused up to 64 preventable deaths a year – an average of more than one a week – and countless injuries. Despite spending that rose from \$676 million in the 2000-2001 fiscal year to an estimated \$1.2 billion this year, the Corrections health care system remains mired in failure.

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Please see the letter [below](#).

Jeanne Woodford, Director  
California Department of Corrections and Rehabilitation  
1515 S Street  
Sacramento, CA 95814

Dear Ms. Woodford

As the State's chief financial officer, I am deeply concerned by the recent appointment of a federal receiver over the California Department of Corrections and Rehabilitation's health care system. This is the first time the federal government has taken over a State entity. The Department increased its healthcare spending by more than \$500 million over the last five years, to an estimated \$1.2 billion this year. Yet, the health care system has remained so poor that U.S. District Court Judge Thelton E. Henderson ordered it into receivership.

I am directing my staff to conduct an audit of your agency.

The Department will spend more than \$7,000 per inmate on health care this year, 81 percent more than the \$3,850 it costs to insure the average California worker. This is deeply troubling in light of the fact that 6.5 million Californians do not have health insurance.

Recently, I learned that the Department is holding approximately \$58 million in unpaid bills from numerous clinical providers. Some of these bills have been outstanding for as long as four years. The State may not be able to pay these bills, as the Department has already exhausted its prior year appropriations and current year appropriations may not be sufficient to meet its current obligations. This matter raises serious questions about the integrity and soundness of the Department's budgetary and accounting practices, as well as the accuracy and reliability of data produced by the Department's fiscal system.

The people of California are entitled to strict oversight of their tax dollars. The goal of my audit is to provide an accounting of the billions of dollars that your agency has spent on health care, and to identify ways we can ensure future funds are spent appropriately and efficiently.

Thank you in advance for your cooperation.

Sincerely,

STEVE WESTLY