

## **Transcript: “A Message from IG Horowitz: The BOP’s Reimbursement Rates for Outside Medical Care” June 2016**

Hello. I'm Michael Horowitz, Inspector General for the U.S. Department of Justice.

Today our office issued a report about how much the Federal Bureau of Prisons pays outside doctors and hospitals to treat federal inmates.

We found that the BOP consistently paid these medical providers more than Medicare would pay for the same services.

As a result, in fiscal year 2014 alone, the BOP spent at least \$100 million more for this care than it would have spent had it paid Medicare rates.

The BOP is unique among federal agencies in how its medical reimbursement rates are set. BOP pays for medical services at rates it negotiates with providers serving each institution. By contrast, every other federal agency that regularly pays for outside medical care is covered by a law that has resulted in those agencies paying no more than the Medicare rate.

As a result, hospitals treating members of the military, their dependents, Veterans, Native Americans, federal pre-trial detainees, and immigration detainees, are reimbursed at the Medicare rate. But those same hospitals can charge the BOP a premium, above the Medicare rate, when treating federal inmates.

Those premiums can be large — one prison paid more than triple the Medicare rate — and they result in the BOP spending at least \$100 million more annually than it would if it used and paid the Medicare rates.

The BOP expressed concern to us that requiring doctors and hospitals to accept Medicare rates could make them less willing to treat federal inmates. While this concern is understandable, we found that the BOP has not fully explored all of the legislative options for addressing this problem, including options that appear to be working for other federal agencies. Nor have the BOP officials we interviewed talked to state prison systems or other federal agencies that pay no more than the Medicare rate to understand how they address similar challenges.

In our report, we recommend several ways BOP could explore options for providing outside medical care while maintaining access to providers and controlling costs.

To learn more, please visit our website, [oig.justice.gov](http://oig.justice.gov), where you can read the full report.

Thank you for joining us.