



FOR IMMEDIATE RELEASE

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**DOJ OIG Releases Report on the BOP's Procurements Awarded to NaphCare, Inc.
for Medical Services Provided to Residential Reentry Management Branch Inmates**

Department of Justice (DOJ) Inspector General Michael E. Horowitz announced today the release of a report examining four procurements with a total value of approximately \$121 million awarded by the Federal Bureau of Prisons (BOP) to NaphCare, Inc. (NaphCare). The procurements were for medical services provided to inmates housed in residential reentry centers (RRC) or home confinement.

In February 2022, the DOJ Office of the Inspector General (OIG) issued a [Management Advisory Memorandum](#) notifying the BOP of several urgent concerns related to BOP's awards to NaphCare, Inc. for medical services provided to Community Corrections Management inmates, which includes inmates housed in RRCs and under home confinement. Today's report details several overarching findings and areas of improvement related to the BOP's administration and oversight of the awards to NaphCare, Inc. Our findings include:

- **The BOP Can Improve its Acquisition Planning.** The BOP could not demonstrate that it adequately evaluated price reasonableness in comparison to industry standards. Ultimately, we found that the BOP's inadequate acquisition planning and market research resulted in the BOP paying for medical services that were not always cost effective for the government.
 - **The BOP Should Consider Cost Savings Opportunities.** Because the BOP's award pricing structure consists primarily of premiums on Medicare rates, as well as a percentage markup on out-of-network costs, we found that the awards provided little incentive for the contractor to reduce healthcare costs or ensure accurate invoices, as higher medical bills resulted in larger contractor payments. We also determined that award pricing for pharmaceuticals did not always provide the best value to the government and that the BOP should consider retail and telemedicine discounts as a mechanism to negotiate pricing. Overall, our review identified \$45,411 in unallowable and unsupported award expenditures and \$51,539 in interest paid to the contractor because medical bills were not paid on time.
 - **Areas of Improvement Related to Award Oversight.** The BOP's insufficient oversight resulted in contractor challenges in fully accomplishing award deliverables, untimely approval of healthcare visits and payment of medical claims, and an inadequate review of invoices. We also determined the
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BOP lacked a quality assurance plan and did not conduct performance assessments in compliance with the Federal Acquisition Regulation.

The DOJ OIG made six recommendations to improve the BOP's management of its procurements for medical services provided to inmates housed in RRCs or home confinement. The BOP agreed with all six recommendations.

Report: Today's report can be found on the OIG's website at the following link: