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## Put the Patients' Welfare First in Hospital Privatization Dispute

*By Leonard Gilroy, AICP & Anthony Randazzo*

Opponents of privatizing the Northeast Florida State Hospital (NEFSH) in Macclenny killed an important opportunity in the legislature, claiming that privatization would have caused the state to lose jobs and the local economy to suffer. Not only was this fear misguided, but it also ignored an important reality: State psychiatric hospitals exist to provide quality care to individuals suffering from severe mental illness, not to be a government jobs program.

Area legislators and their union allies apparently felt otherwise, deciding that the preservation of government largesse was more important than care for the mentally ill. One government union lobbyist went so far as to call the privatization defeat “a victory for the community.” But what about the patients?

The reality is that privatization could have saved the state money while also ensuring higher quality care for patients at NEFSH. Opponents will falsely claim that cost-cutting reduces the quality of care. Yet, for over a decade, Florida has successfully privatized a number of state psychiatric hospitals and correctional mental health services, dramatically improving patient care and outcomes while innovating to drive costs down.

South Florida State Hospital (SFSH)—the first state psychiatric hospital privatized in Florida in the late 1990s—offers an excellent example. The aging Pembroke Pines facility had never been accredited in its 50-year history and was facing a major class action lawsuit concerning patient abuse and abysmal conditions when it was privatized. Within 10 months of receiving the contract, the private operator was able to get the existing facility accredited and the lawsuit dismissed, while at the same time financing and building a new, modern facility to replace it. No state capital dollars were involved, and the state will own the new facility when the debt is retired.

The results speak for themselves. Since privatization, the hospital has reached some significant operational milestones, such as dramatically reducing waiting lists for patient admissions, reducing the average patient stay from eight years to less than one year, and nearly eliminating the use of seclusion and restraint to manage patient behavior.

SFSH also recently rolled out the first electronic health records system in a Florida psychiatric hospital—at its own expense. The system increases the accuracy of treatment at the hospital and

has created a benchmark for every other hospital in the state to aspire to.

Significantly, the contractor paid to develop this cutting-edge system itself—recognizing the operational improvements it would facilitate—even though such improvements immediately become property of the state.

The Florida Statewide Advocacy Council—a human rights advocacy group that initially opposed the SFSH privatization—noted the turnaround, unanimously passing a resolution in 2003 supporting further privatization of Florida's psychiatric facilities. Policymakers paid attention as well and subsequently privatized several additional forensic psychiatric hospitals, as well as several prison mental health programs.

Cost savings through privatization have also been impressive. The Florida Department of Children and Families told a legislative committee in 2007 that the average cost per bed in privately operated psychiatric facilities was as much as 15 percent lower than at the state-run hospitals.

Missing in opponents' anti-privatization rhetoric is the important fact that the privately-operated hospitals actually receive *more* monitoring and oversight than those run by the state. After privatization, SFSH and all of Florida's other privately-operated state psychiatric facilities have become accredited by the Joint Commission, a national, nonprofit health care accreditation organization.

By contrast, *no state-run facility*—including NEFSH—has received this

respected seal of approval. Are taxpayers just supposed to take it on faith that the state is providing quality care in-house?

Florida just missed a tremendous opportunity to modernize service delivery at NEFSH by engaging the private sector. Privately-run psychiatric facilities have a proven track record of providing higher quality care in the Sunshine State, no matter the complexity and severity of the patients' illnesses they treat. And they are doing it at a lower cost, innovating through more efficient business practices that offer better care for less money.

While some in Tallahassee clamor to preserve government jobs, it's the individuals in Florida's mental health care facilities who deserved the legislature's full attention. Instead they sacrificed patients' well being to retain legacy jobs on the state's payroll.

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