

# Overview of Department of Corrections Inmate Healthcare Budget

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January 21, 2026

# State-Responsible Inmates Drive DOC Spending

- Services for state-responsible inmates, which includes security, medical, and educational services, account for 77.0 percent of DOC's total spending in FY 2025.

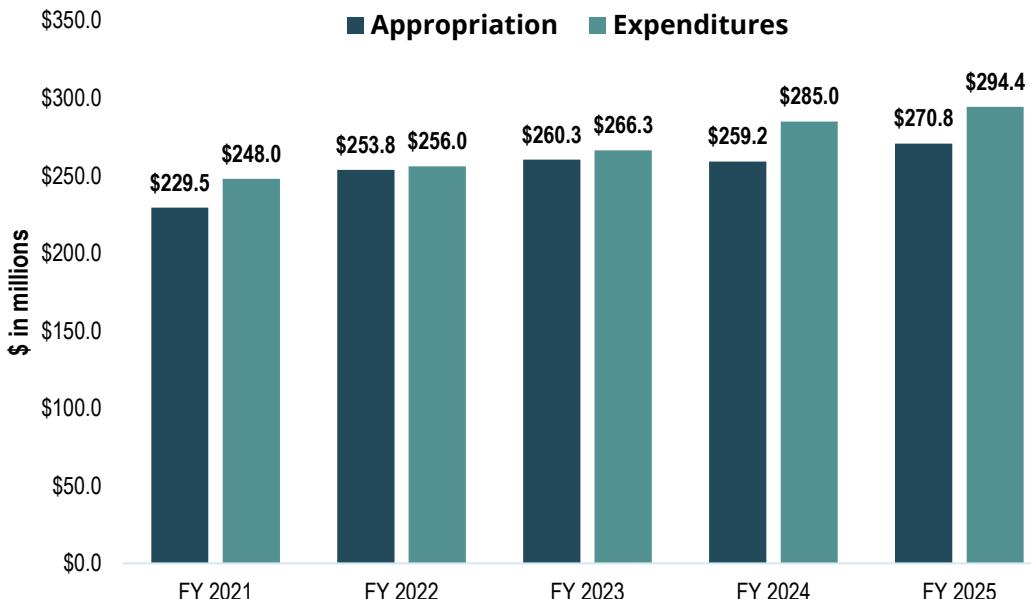
Spending Category (NGF & GF \$ in millions)	FY 2025 \$	FY 2025 %
Security staff and other facility operational costs	\$908.3	56.5%
<b>Prison medical services</b>	<b>294.4</b>	<b>18.3%</b>
Administration and support	213.5	13.3%
Community supervision	131.9	8.2%
Inmate education	34.6	2.2%
State Residential Community Correctional Facilities	23.5	1.5%
<b>Total</b>	<b>\$1,606.2</b>	<b>100.0%</b>

- Recent reports and agency requests highlight emerging needs in all three inmate programs: facility operations, education, and medical services.
- Questions remain about the current allocation of DOC resources given recent inmate population trends.
- DOC should continue to examine its allocation of staffing, medical, and educational resources included in its base budget as new requests are being considered.

Source: DPB, Expendwise data, accessed November 6, 2025.

# Unspent Security Staffing Funding has Likely Supported Inmate Medical Cost Overruns

Inmate medical expenditures exceeded their budgeted amount by \$25.8 million in FY 2024 and \$23.7 million in FY 2025.



- DOC is required to provide medical services to inmates.
- The inmate medical program budget enacted by the General Assembly is based on DOC's projections.
- When DOC's medical budget is insufficient, DOC transfers funding from other sources to support its medical program.
  - In FY 2025, the primary source of funding to cover the shortfall came from DOC's facility operations program, likely from vacancy savings.
  - In FY 2025, DOC issued a partial hiring freeze to ensure sufficient funding was available for medical expenses.

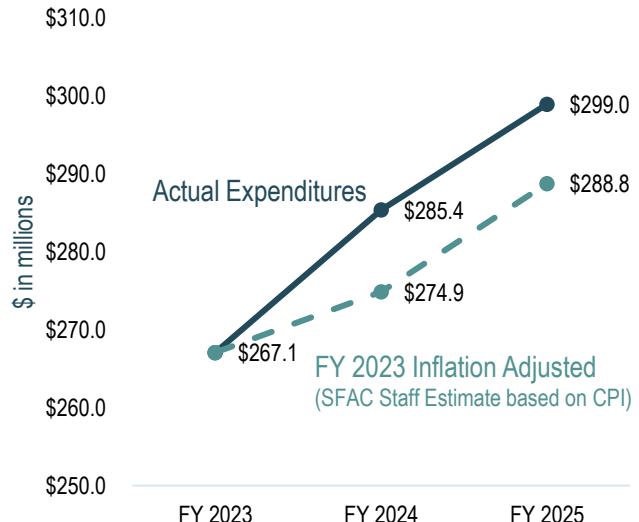
Sources: DPB, expendwise, appropriations, and budget executions databases, accessed November 14, 2025; Chapter 725, 2025 Acts of Assembly.

Note: SFAC staff working to reconcile differences between expendwise data and DOC spending data. However, the trends displayed here are similar in both datasets.

# Recent Medical Cost Growth Likely Exceeded Inflation

- DOC bases its projection on prior year inflation as measured by the consumer price index (CPI) for certain healthcare services.
- However, SFAC staff analysis found that actual expenditures likely exceeded CPI inflation for healthcare services in FY 2024 and FY 2025.
- Given recent cost overruns, DOC should consider:
  - Are consumer inflation factors the best measure for healthcare inflation in a correctional setting? DOC could work with the Department of Medical Assistance Services (DMAS) to explore alternative forecasting approaches.
  - Would using future-looking inflation measures better account for growth in medical staffing and pharmaceutical costs?
  - DOC should review their management of medical personnel (including contracts) to increase their ability to control costs while maintaining adequate service levels. They should explore alternatives including the ability to hire a sufficient level of state employees to reduce reliance on contractors.

In FY 2024 and FY 2025, DOC medical expenditures exceeded SFAC staff inflation adjusted estimate.\*



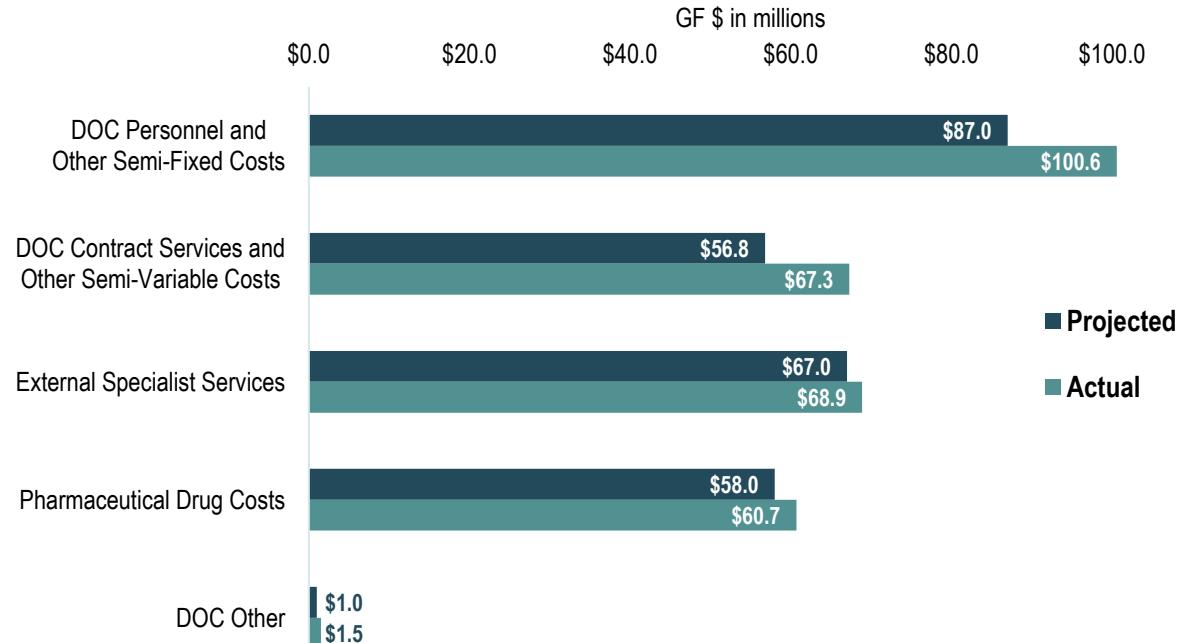
\*Notes:

- This analysis does not include funding amounts for statewide salary increases.
- Actual expenditures are not directly comparable to the FY 2023 inflation adjusted estimate due to changes in the inmate population that are not captured in the spending data.

Source: SFAC staff analysis of DOC working papers for "Provide Funding to Support Increases in Inmate Medical Costs" decision package, October 10, 2025.

# Biggest Driver of FY 2025 Overrun was Medical Personnel Costs

**FY 2025 actual expenditures were 10.8 percent higher than projected, primarily driven by DOC personnel and DOC contract services.**



- DOC increased compensation for some state medical employees to improve recruitment, contributing to an 18.1 percent increase above its FY 2025 projection.
- DOC also experienced a 20.0 percent cost overrun for contract medical personnel, including temporary and short-term contract providers.
- DOC assumed management of healthcare at all facilities in FY 2024, in part because it reported it could manage services as efficiently as the previous vendor.
  - Recent cost overruns suggest additional oversight of DOC management of healthcare personnel may be needed.

Source: SFAC staff analysis of working papers for "Provide Funding to Support Increases in Inmate Medical Costs" decision package, October 10, 2025.