

Recommendations for a 340B Correctional Partnership in North Carolina

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SUMMARY

The NC Legislative Services Commission (the “Commission”) engaged the Powers Law Firm to develop a proposal for a correctional partnership through which drugs purchased under the federal 340B drug pricing program (“340B program”) can be used for the North Carolina prison population. In preparing this report, we spoke with various stakeholders, including the NC Department of Public Safety (“DPS”), NC Department of Health and Human Services (“DHHS”), and University of North Carolina Health System (“UNC”). Our review of the information provided by these stakeholders, combined with our understanding and analysis of 340B program requirements, has led us to offer three recommendations, which would allow DPS to partner with 340B program participants in order to maintain or improve care and significantly reduce drug costs for the North Carolina inmate population.

- **Recommendation 1. The General Assembly Should Direct DPS to Partner With NC DHHS to Enroll In the 340B Program as an STD Sub-Grantee and Use the Program to Purchase Medications, Including HIV and HCV Drugs, for the STD Inmate Population.** We recommend that the General Assembly direct DPS to apply for a sub-grant from DHHS so that DPS may enroll in the 340B program and access 340B pricing for medications used to treat the human immune deficiency virus (“HIV”) and the hepatitis C virus (“HCV”). This partnership with DHHS would allow DPS to access 340B pricing on HIV and HCV, which are among the most expensive medications provided to inmates, leading to an estimated \$8.25 to \$8.5 million in annual savings. Access to 340B savings on HCV medications will likely be even more financially impactful in light of recent class action litigation.
- **Recommendation 2. The General Assembly Should Direct DPS to Issue an RFP for a Partnership With One or More 340B Hospitals to Serve Non-HIV/HCV Inmates.** With respect to the non-HIV/HCV inmate populations, we recommend that the General Assembly direct DPS to issue a request for proposals (“RFP”) for one or more 340B hospitals to partner with DPS in order to provide both hospital specialty care and 340B pharmacy services to the target population. The correctional partnership could be based on a telemedicine model, a visiting professional model, or some other partnership model that is currently being used in other states. The RFP process would incentivize bidding hospitals to pass much of their 340B discounts to the State in order to win the bid, which should generate significant savings.
- **Recommendation 3. The General Assembly Should Direct that DPS Partner With UNC to Receive 340B Savings on Non-HIV/HCV Retail Medications Prescribed As a Result of Treatment Provided at 340B-Registered UNC Locations.** For retail prescriptions currently written by a DPS provider following a consult with UNC, we recommend that the General Assembly direct that the prescribing authority be shifted from the DPS provider to a UNC provider in a manner that improves or maintains quality and continuity of care. Shifting the prescribing authority for these medications would generate additional 340B savings as a result of treatment that is currently being provided at 340B-registered UNC sites. Although a savings estimate is not available, the savings could be significant for high cost medications.