

# Inmate Healthcare Report Series

## Report 2: Pharmacy

1. Improvements to Inmate Healthcare Reimbursement and Internal Processes Could Save \$5.6 Million Annually
2. Modifications to Inmate Pharmacy Purchasing and Monitoring Could Save \$13.4 Million Annually
3. Inadequate Data Collection and Cost Recovery Practices Limit Economy of Healthcare for Safekeepers
4. Modifying Criteria for NC's Medical Release Program Could Reduce Costs of Inmate Healthcare

**Total Savings = \$19 Million Annually**



# Background



# DPS Health Services Pharmacies

- Three pharmacies serve inmates
  - Central Pharmacy (Apex)
  - Central Prison Pharmacy (Raleigh)
  - North Carolina Correctional Institution for Women (Raleigh)
- Services include
  - Filling initial and refill prescriptions, including those for inmates soon to be released
  - Replenishing lost medications
  - Filling medications for prison starter packs

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# Pharmacy Costs Are a Primary Cost Driver for Inmate Healthcare

| Service Area    | Fiscal Year 2012-13 Expenditures |                  | Fiscal Year 2016-17 Expenditures |                  | Five-Year Percentage Increase |
|-----------------|----------------------------------|------------------|----------------------------------|------------------|-------------------------------|
|                 | Per Inmate                       | Total (Millions) | Per Inmate                       | Total (Millions) |                               |
| <b>Pharmacy</b> | <b>\$ 1,034</b>                  | <b>\$ 38.7</b>   | <b>\$1,938</b>                   | <b>\$72.7</b>    | <b>88%</b>                    |
| Mental Health   | 596                              | 22.3             | 823                              | 30.9             | 38%                           |
| General Health  | 4,410                            | 165.2            | 5,519                            | 206.9            | 25%                           |
| Dental          | 263                              | 9.8              | 311                              | 11.6             | 18%                           |
| <b>Total</b>    | <b>\$ 6,303</b>                  | <b>\$236.1</b>   | <b>\$8,591</b>                   | <b>\$322.1</b>   | <b>36%</b>                    |



# Findings and Recommendations



# Overview of Pharmacy Report

| Finding   | Recommendation   |
|---|--|
| 1. Not participating in a federal drug purchasing program has led to unnecessary expenditures | 1. Direct DPS and UNCHC to establish a 340B drug purchasing arrangement for inmate medications, which could save \$13.3 million annually |



## Finding 1:

### DPS Provided Incomplete Information to General Assembly on 340B Program Options

- DPS, in consultation with UNC Healthcare, was required to report on potential 340B participation
  - DPS's report correctly asserted its hospital cannot qualify
  - DPS's report did not consider any other options for 340B program participation
- PED found corrections departments in 16 states have 340B arrangements to purchase inmate medications
  - Many partner with state-owned hospitals, which are covered entities

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# Recommendation 1: Direct UNC Health Care to Modify its 340B Program

- UNC Health Care would be required to modify and expand its 340B to provide for DPS to purchase inmate medications
- DPS would be required to:
  - Spend \$25,000 nonrecurring for outside consultant to develop a program
  - Spend \$7,000 recurring for audit compliance

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# Overview of Pharmacy Report

| Finding   | Recommendation   |
|---|--|
| 2. Allowing inmates to keep certain high-cost medications on person prevents DPS from ensuring the effectiveness of spending on these drugs | 2. Require that medications worth more than \$1,000 be administered by staff |



# Overview of Pharmacy Report

| Finding   | Recommendation   |
|---|--|
| 3. There are limited processes in place to deter medication loss during inmate transfer | 3. Require more data collection on losses and establish internal oversight, controls, and audit mechanisms to limit losses |



# Overview of Pharmacy Report

| Finding  | Recommendation   |
|--|--|
| 4. Lack of oversight of locally purchased medications leads to higher spending and noncompliance with policy | 4. Require statewide contracts for local medication purchases and collect data on local purchases to enforce short-supply policy |



# Overview of Pharmacy Report

| Finding   | Recommendation |
|---|----------------|
| 5. Relatively few states charge prescription copayments to inmates, and research on the benefits of assessing these charges is inconclusive | None           |



# Summary

- Five findings and four recommendations related to
  - Purchasing inmate medications
  - Control and oversight of medications
- **Estimated annual savings = \$13.4 million**

