



## Bill Draft 2019-LMz-2A: PED/Inmate Health Care Reimbursement.

2019-2020 General Assembly

**Committee:**  
**Introduced by:**  
**Analysis of:** 2019-LMz-2A

**Date:** October 8, 2018  
**Prepared by:** Gayle Moses  
Legislative Analyst

**OVERVIEW:** The bill outlines strategies and studies the Department of Public Safety (hereinafter "Department") should undertake to improve inmate health care reimbursement and internal processes related to inmate health care.

**BILL ANALYSIS:** **Section 1** of the bill requires the Department to develop a plan to increase the use of Central Prison Healthcare Complex (hereinafter "CPHC") to help contain medical costs for inmates. The Department is direct to: (i) develop strategies, policies, and oversight mechanisms to ensure that non-life threatening emergencies for male inmates within a 60-mile radius of Raleigh are treated at the CPHC urgent care facility; (ii) perform a cost comparison of health care services provided at CPHC and the North Carolina Correctional Institution for Women (hereinafter "NCCIW") and health care services performed by outside providers, including the cost of transporting inmates; and (iii) a comprehensive review of the current usage of health care facilities at CPHC and NCCIW and the potential to maximize usage of those facilities. The Department shall submit the plan and its progress in achieving cost savings under the plan to the Joint Legislative Oversight Committee on Justice and Public Safety by December 1, 2019.

**Section 2** of the bill requires the Department to ensure that the costs of health care services are properly accounted for by: (i) identifying all positions with lapsed salaries in fiscal year 2016-2017 that were used to fund health care services for inmates; (ii) eliminating those positions and transferring the salary funds to one of the four budget codes assigned to the Division of Health Services; (iii) reflecting all expenditures for inmate health care services in one of the four budget codes assigned to the Division of Health Services; and (iv) developing mechanisms to budget, account, and monitor inmate health care expenditures at the prison facility level. The Department shall submit a report on this information when it submits the plan required by Section 1 of the bill.

**Section 3** of the bill amends G.S. 143B-707.3 to reduce the reimbursement rate for providers and facilities outside the correctional facilities from "two times the then-current Medicaid rate for any given service" to "one hundred percent (100%) of the then-current Medicaid rate for any given service." It also amends G.S. 143B-707.3 by authorizing the Department to reimburse "those providers identified by the Department as necessary to ensure continued access to care the lesser amount of 70% of the provider's then-current prevailing charge or two hundred per cent (200%) of the then-current Medicaid rate for any given service. Further, G.S. 143B-707.3 is amended to require the Department to develop an electronic supply inventory management system and to include in its quarterly reports to the General Assembly the reimbursement rate for contracted providers.

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Director



Legislative Drafting  
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# Draft

Page 2

**Section 4** of the bill requires the Department to work with the Department of Health and Human Services to enable social workers in the Division of Health Services to qualify for and receive federal reimbursement for performing Medicaid eligibility activities for inmates. Further, all social workers shall be required to document the criteria used by the social worker in determining whether to submit or not to submit a Medicaid application on behalf of an inmate. All social workers shall be required to submit Medicaid applications electronically unless federal law or regulation requires a paper copy. The Department shall submit a report to the Joint Legislative Oversight Committee on Justice and Public Safety on the implementation of this section by October 1, 2019.

**Section 5** of the bill requires the Department to study the salaries of all in-prison health services employees to determine what adjustments may be needed to increase their salaries to market rates. The Department shall also establish a staff vacancy rate benchmark for each correctional facility and shall consider initiatives to reduce the staff vacancy rate at each correctional facility. The Department shall report its findings and recommendations to the Joint Legislative Oversight Committee on Justice and Public Safety by February 1, 2020.

**Section 6** of the bill requires the Department to establish performance measures for its telemedicine pilot program to inform a business case for potential expansion of the pilot program.

**EFFECTIVE DATE:** The bill is effective when it becomes law.

**BACKGROUND:** The Program Evaluation Division issued a report entitled "Improvements to Inmate Healthcare Reimbursement and Internal Processes Could Save \$5.6 Million Annually" on October 8, 2018 (Report No. 2018-08). The bill is based upon the Report's findings and recommendations.

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2019**

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**BILL DRAFT 2019-LMz-2A [v.1]**

**(THIS IS A DRAFT AND IS NOT READY FOR INTRODUCTION)**

**10/08/2018 09:26:03 AM**

Short Title: PED/Inmate Health Care Reimbursement.

(Public)

Sponsors:

Referred to:

1 A BILL TO BE ENTITLED  
2 AN ACT TO IMPROVE INMATE HEALTH CARE REIMBURSEMENT AND INTERNAL  
3 PROCESSES, AS RECOMMENDED BY A PROGRAM EVALUATION DIVISION  
4 REPORT.

5 The General Assembly of North Carolina enacts:

6 **SECTION 1.(a)** To contain medical costs for inmates as required by  
7 G.S. 143B-707.3(b), the Department of Public Safety (hereinafter "Department") shall develop a  
8 plan to increase the use of Central Prison Healthcare Complex (hereinafter "CPHC") which shall  
9 include all of the following:

- 10 (1) Strategies, policies, and oversight mechanisms to ensure that non-life-  
11 threatening emergencies for male inmates within a 60-mile radius of Raleigh  
12 are treated at the CPHC urgent care facility. As part of this effort, the  
13 Department shall consider the use of telemedicine.
- 14 (2) A cost comparison of health care services performed at CPHC and the North  
15 Carolina Correctional Institution for Women (hereinafter "NCCIW") and  
16 health care services performed by outside contracted providers. The cost  
17 comparison shall include the cost of transporting inmates to and from outside  
18 contracted providers.
- 19 (3) A comprehensive review of the current usage of health care facilities at CPHC  
20 and NCCIW and the potential to maximize usage of those facilities through  
21 (i) increasing the usage of CPHC's facilities for general anesthesia procedures  
22 and increasing usage of existing on-site equipment, (ii) selling equipment no  
23 longer in use or not in use due to staffing changes, (iii) increasing the provision  
24 of health care services available at CPHC to female inmates, and (iv)  
25 identifying potential CPHC expenditures that would ultimately result in  
26 demonstrated cost savings.

27 **SECTION 1.(b)** By December 1, 2019, the Department shall submit the plan  
28 required by subsection (a) of this section to the Joint Legislative Oversight Committee on Justice  
29 and Public Safety. The Department shall also submit its progress made in achieving cost savings  
30 under the plan, the amount of any actual and estimated cost savings, and any obstacles to  
31 increasing the usage of the health services facilities at CPHC and NCCIW.

32 **SECTION 2.(a)** To ensure that the costs of health care services are properly  
33 accounted for, the Department of Public Safety shall do the following:



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- (1) Identify all positions with lapsed salaries in fiscal year 2016-2017 that were used to fund health care services for inmates.
- (2) Eliminate the positions identified in subdivision (1) of this subsection and transfer the salary funds to one of the four budget codes assigned to the Division of Health Services.
- (3) Reflect all expenditures for inmate health care services in one of the four budget codes assigned to the Division of Health Services.
- (4) Develop mechanisms to budget, account, and monitor inmate health care expenditures at the prison facility level.

**SECTION 2.(b)** The Department shall include the information described in subsection (a) of this section in the plan required by Section 1(b) of this act.

**SECTION 3.(a)** G.S. 143B-707.3 reads as rewritten:

**"§ 143B-707.3. Medical costs for inmates and juvenile offenders.**

(a) The Department of Public Safety shall reimburse those providers and facilities providing approved medical services to inmates and juvenile offenders outside the correctional or juvenile facility the lesser amount of either a rate of seventy percent (70%) of the provider's then-current prevailing charge or ~~two times one hundred per cent (100%)~~ of the then-current Medicaid rate for any given service. The Department shall have the right to audit any given provider to determine the actual prevailing charge to ensure compliance with this provision.

This section does apply to vendors providing services that are not billed on a fee-for-service basis, such as temporary staffing. Nothing in this section shall preclude the Department from contracting with a provider for services at rates that provide greater documentable cost avoidance for the State than do the rates contained in this section or at rates that are less favorable to the State but that will ensure the continued access to care. The Department shall reimburse those providers identified by the Department as necessary to ensure continued access to care the lesser amount of either a rate of seventy percent (70%) of the provider's then-current prevailing charge or two hundred per cent (200%) the then-current Medicaid rate for any given service.

...

(b1) The Department of Public Safety, Health Services, shall develop an electronic supply inventory management system that, at a minimum, does all of the following:

- (1) Records the arrival and departure of each medical supply in use or for future use from the point of order, including all methods of requisition and main storage locations (e.g., warehouse, secondary storage location, prison unit or infirmary).
- (2) Records the dates on which a medical supply was physically at each transition point, including the date of use or disposal.
- (3) Identifies Department employees who have custody of or control over a medical supply at each transition point, including at the time of use or disposal.
- (4) Ensures that medical supplies are used prior to their expiration date.
- (5) Ensures an adequate supply of each medical product currently being used or slated for future use at each facility. Adequate supply level shall be based on usage of each medical product by each facility.
- (6) Biannually assesses the need for particular medical supplies and the accuracy of records through an audit of the system.

...

(c) The Department of Public Safety shall report quarterly to the Joint Legislative Oversight Committee on Justice and Public Safety and the chairs of the House of Representatives and Senate Appropriations Committees on Justice and Public Safety on:

...

(10) The reimbursement rate for contracted providers. The Department shall randomly audit high volume contracted providers to ensure adherence to billing at the contracted rate.

...."

**SECTION 3.(b)** Any extensions of contracts for medical services provided to inmates by contracted providers shall include the reimbursement rates provided in G.S. 143B-707.3, as enacted in subsection (a) of this section.

**SECTION 4.(a)** The Department of Public Safety and the Department of Health and Human Services shall work together to enable social workers in the Division of Health Services to qualify for and receive federal reimbursement for performing Medicaid eligibility activities for inmates. The Division of Health Services shall develop policies and procedures to account for the time social workers in the Division spend on Medicaid eligibility for inmates. All social workers in the Division of Health Services who perform activities related to Medicaid eligibility shall be required to receive eligibility determination training provided by the Department of Health and Human Services at least quarterly.

**SECTION 4.(b)** The Division of Health Services shall require each social worker performing Medicaid eligibility activities for inmates to document the criteria used by the social worker when deciding to submit an application for Medicaid, and when deciding not to submit an application for Medicaid, including anything the social worker believes disqualifies the inmate for Medicaid benefits. Each social worker shall also indicate in his or her data entry an inmate's Medicaid eligibility as determined by the inmate's county department of social services. All Division social workers shall report monthly to the Director of the Division of Health Services on the number of 24-hour community provider stays prescreened for potential applications, number of applications submitted, and number and percentage of applications approved, denied, and withdrawn. Beginning October 1, 2019, each social worker performing Medicaid eligibility activities for inmates shall submit Medicaid applications and any supporting documents electronically through the ePass portal in the Department of Health and Human Services or through other electronic means, unless paper copies are required by federal law or regulation.

**SECTION 4.(c)** By October 1, 2019, and quarterly thereafter until full implementation is achieved, the Department of Public Safety and the Department of Health and Human Services shall report to the Joint Legislative Oversight Committee on Justice and Public Safety on their progress in receiving federal reimbursement for performing Medicaid eligibility activities for inmates. By October 1, 2019, the Department of Public Safety shall report to the Joint Legislative Oversight Committee on Justice and Public Safety on the implementation of the documentation of criteria for the submission of Medicaid applications and the electronic submission of Medicaid applications.

**SECTION 5.(a)** The Division of Health Services and the Office of State Human Resources shall jointly study the salaries of all in-prison health services employees to determine what adjustments are necessary to increase the salaries of new hires and existing employees of the Division of Health Services to market rates.

**SECTION 5.(b)** The Department of Public Safety shall establish a vacancy rate benchmark for each correctional facility and shall create a plan to reduce the vacancy rates. The Department shall consider initiatives to reduce vacancy rates, including the following:

- (1) Increasing salaries to market rates.
- (2) Creating a student loan forgiveness program for the Division of Health Services.
- (3) Offering signing bonuses and annual cash incentives.
- (4) Increasing the use of telemedicine positions.
- (5) Creating dual appointment opportunities for doctors currently employed by the State.

- 1           (6)     Offering differential pay for health service workers employed in difficult-to-  
2                 staff facilities.  
3           (7)     Streamlining and potentially eliminating duplicative or unnecessary steps in  
4                 the hiring process.

5           **SECTION 5.(c)** The Department of Public Safety shall establish methods to measure  
6 the effectiveness of the initiatives to reduce vacancy rates and estimate the budgetary impact and  
7 anticipated savings from the Department's reduced reliance on outside contracted providers. By  
8 February 1, 2020, the Department shall submit its findings on salaries and vacancies rates,  
9 including any proposed legislation and the need for assistance required from the Office of Human  
10 Resources and the Office of Rural Health to accomplish the objectives outlined in subsections  
11 (a) and (b) of this section to the Joint Legislative Oversight Committee on Justice and Public  
12 Safety.

13           **SECTION 6.(a)** The Division of Health Services shall establish performance  
14 measures for its current telemedicine pilot program to inform a business case for potential  
15 expansion of the pilot program. As part of the business case, the Division of Health Services shall  
16 quantify savings achieved from telemedicine visits compared to in-person visits from medical  
17 staff by collecting information as to which procedures, such as intake screenings, sick calls,  
18 triage, or chronic disease management, are most conducive to being treated through telemedicine.  
19 The Division shall propose an implementation plan to expand the use of telemedicine with  
20 accompanying estimated cost savings, which at a minimum shall include prison facilities that  
21 rely extensively on community hospital facilities.

22           **SECTION 6.(b)** By April 1, 2020, and annually thereafter, the Division of Health  
23 Services shall report on its business case for telemedicine, including expenditures and savings,  
24 to the Joint Legislative Oversight Committee on Justice and Public Safety. The Division of  
25 Health Services shall not expand the pilot program until the results of the current pilot program  
26 can be demonstrated and reported to the General Assembly.

27           **SECTION 7.** This act is effective when it becomes law.



# Bill Draft 2019-LMza-1A: PED Study - DPS/Health Services/Funds for FTE.

2019-2020 General Assembly

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|-----------------------|---------------------|---------------------|
| <b>Committee:</b>     | <b>Date:</b>        | October 8, 2018     |
| <b>Introduced by:</b> | <b>Prepared by:</b> | Gayle Moses         |
| <b>Analysis of:</b>   |                     | Legislative Analyst |

**OVERVIEW:** The bill appropriates \$82,115 in recurring funds for the 2019-2021 fiscal biennium to the Department of Public Safety, Health Services, to fund a Social Research Specialist III position to analyze data on inmate health care.

**BILL ANALYSIS:** The bill appropriates \$82,115 in recurring funds for the 2019-2021 fiscal biennium to fund one full-time Social Research Specialist III, or equivalent job classification, who shall be responsible for combining and analyzing data on inmate health care, including encounters by health services staff within prisons, claims data from contracted providers, and purchasing information for pharmaceuticals and supplies, for the purpose of identifying factors that increase inmate health care costs and ways in which the Department can limit those factors. The Social Research Specialist III shall report directly to the Director of the Division of Health Services.

**EFFECTIVE DATE:** The bill is effective when it becomes law.

**BACKGROUND:** The Program Evaluation Division issued a report entitled "Improvements to Inmate Healthcare Reimbursement and Internal Processes Could Save \$5.6 Million Annually" on October 8, 2018 (Report No. 2018-08). The bill is based upon the Report's findings and recommendations.

Kory Goldsmith  
Director



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SESSION 2019**

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**BILL DRAFT 2019-LMza-1A [v.1]**

**(THIS IS A DRAFT AND IS NOT READY FOR INTRODUCTION)  
10/08/2018 08:26:49 AM**

Short Title: PED Study - DPS/Health Services/Funds for FTE.

(Public)

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Sponsors:

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Referred to:

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A BILL TO BE ENTITLED

AN ACT TO APPROPRIATE FUNDS TO THE DEPARTMENT OF PUBLIC SAFETY,  
HEALTH SERVICES, TO FUND ONE FULL-TIME SOCIAL RESEARCH SPECIALIST  
III TO ANALYZE DATA ON INMATE HEALTH CARE, AS RECOMMENDED BY A  
PROGRAM EVALUATION DIVISION REPORT.

The General Assembly of North Carolina enacts:

**SECTION 1.** There is appropriated from the General Fund to the Department of Public Safety, Health Services, the sum of eighty-two thousand one hundred fifteen dollars (\$82,115) in recurring funds for the 2019-2021 fiscal biennium to fund one full-time Social Research Specialist III, or equivalent job classification, who shall be responsible for combining and analyzing data on inmate health care, including encounters by health services staff within prisons, claims data from contracted providers, and purchasing information for pharmaceuticals and supplies, for the purpose of identifying factors that increase inmate health care costs and ways in which the Department can limit those factors. The Social Research Specialist III shall report directly to the Director of the Division of Health Services.

**SECTION 2.** This act becomes effective July 1, 2019.



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