

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)	
Pharmacy	\$ 1,034	\$ 38.7	\$1,938	\$72.7	88%
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%
Total	\$ 6,303	\$236.1	\$8,591	\$322.1	36%



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**

