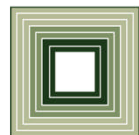


# **DEPARTMENT OF CORRECTION:**

## **Inmate Medical**

**John Poteat, Senior Fiscal Analyst  
Fiscal Research Division**

March 15, 2011

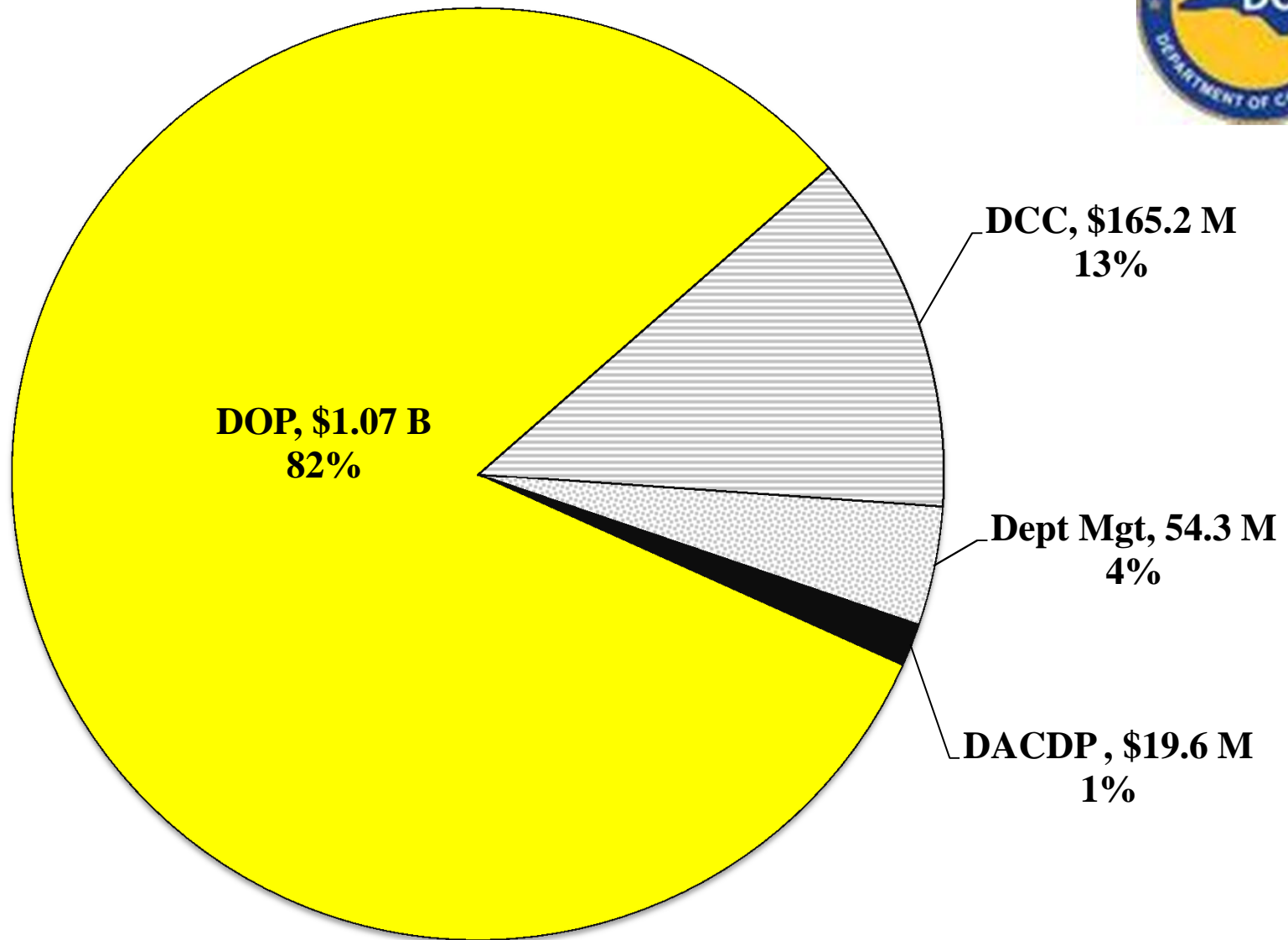


**FISCAL RESEARCH DIVISION**  
A Staff Agency of the North Carolina General Assembly

# Correction Budget Presentations

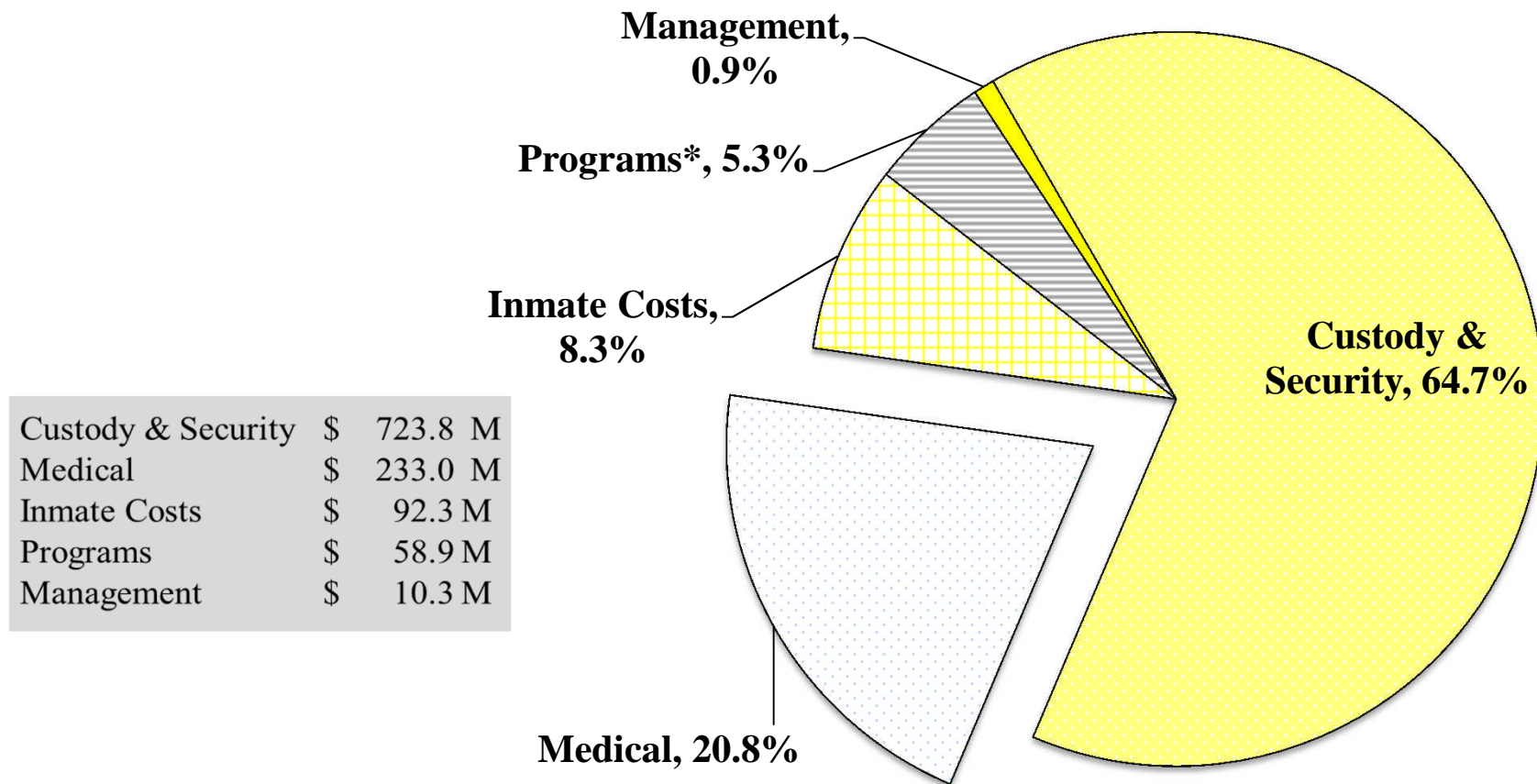
- **Today:** Inmate Medical & Community Corrections
- **Last week:** Overview of DOC, Recent Budget Actions, Governor's Recommended Budget, Department Management, Prison Projections & Custody
- **Last Week:** Division of Alcoholism and Chemical Dependency Programs, Inmate Programs and Correction Enterprises

## FY 2010-11 DOC Authorized Budget \$1.3 Billion



# Division of Prisons 2010-11 Authorized Budget

**\$1.1 Billion (75% Salaries & Benefits)**



\* Includes in-prison substance abuse treatment programs, prison education programs, and corrective programs



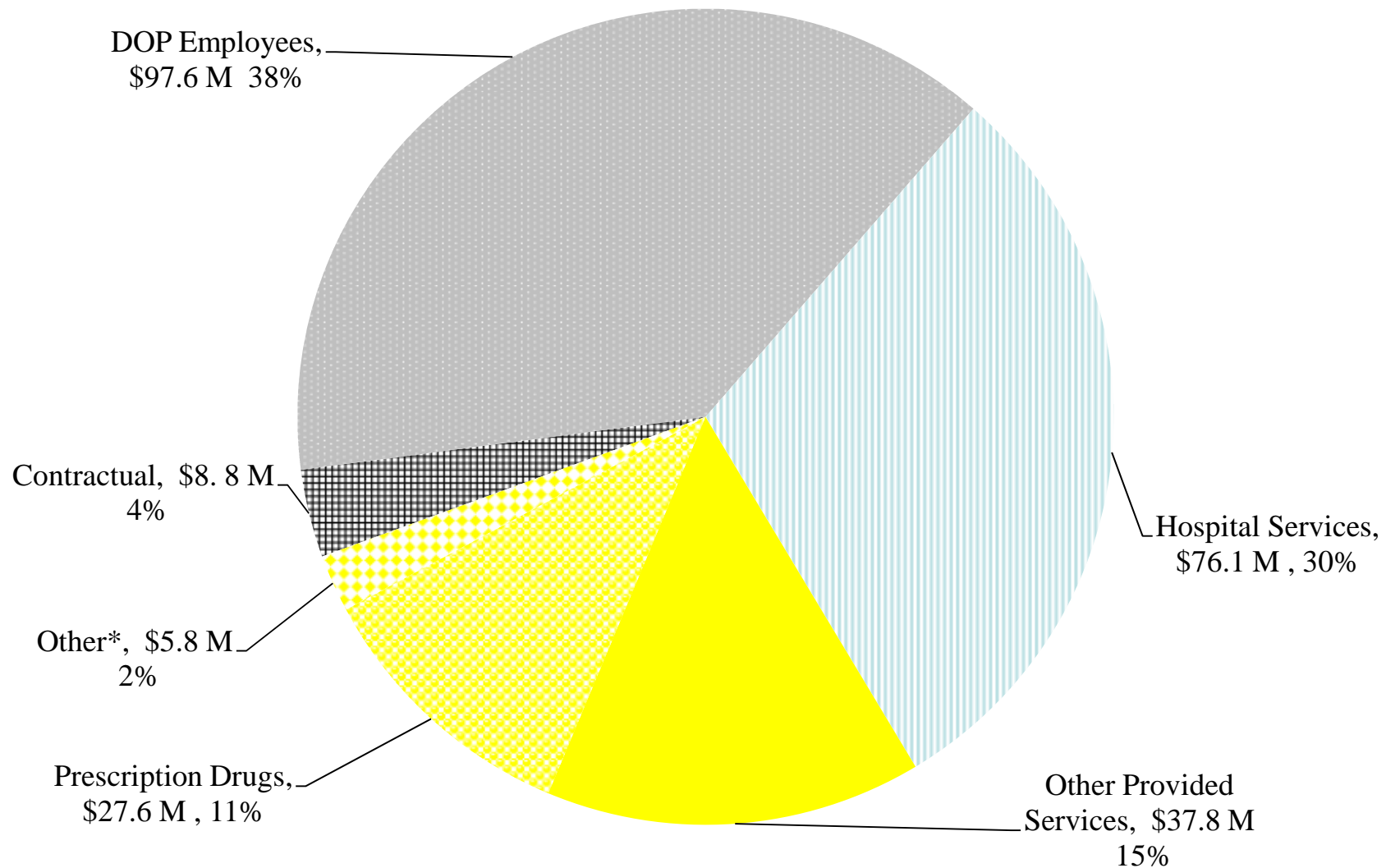
# Today's Presentation

- I. Statutory Requirements**
- II. Budget Drivers**
- III. 2009-11 Budget Actions**
- IV. Governor's Budget Recommendations**
- V. New Hospitals**
- VI. Medical Release**

# I. Statutory Requirements

- DOC is required to provide level of health care necessary to diminish pain and suffering, not elective surgery
  - NC Administrative Code charges the Director of Prisons with responsibility of providing “the services necessary to maintain basic health.”
  - Medley vs. Atkins (1992) stated “The DOC has a duty to provide adequate medical care to inmates in its custody.”
  - G.S. 148-19 directs that DOC prescribe standards for health services and that the Commission on Mental Health adopt standards for delivery of mental health and mental retardation services

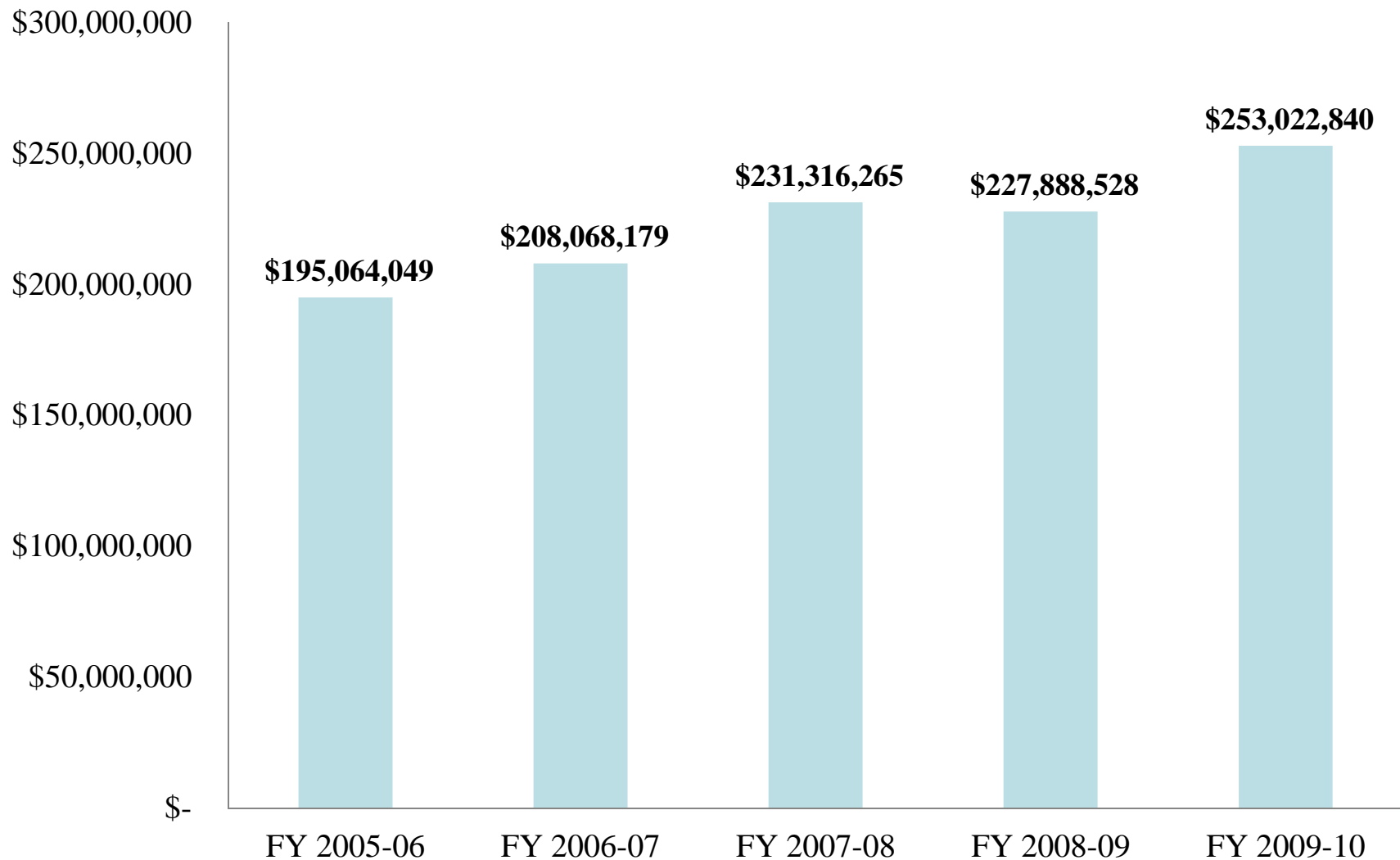
## FY 2009-10 Inmate Health Spending by Category



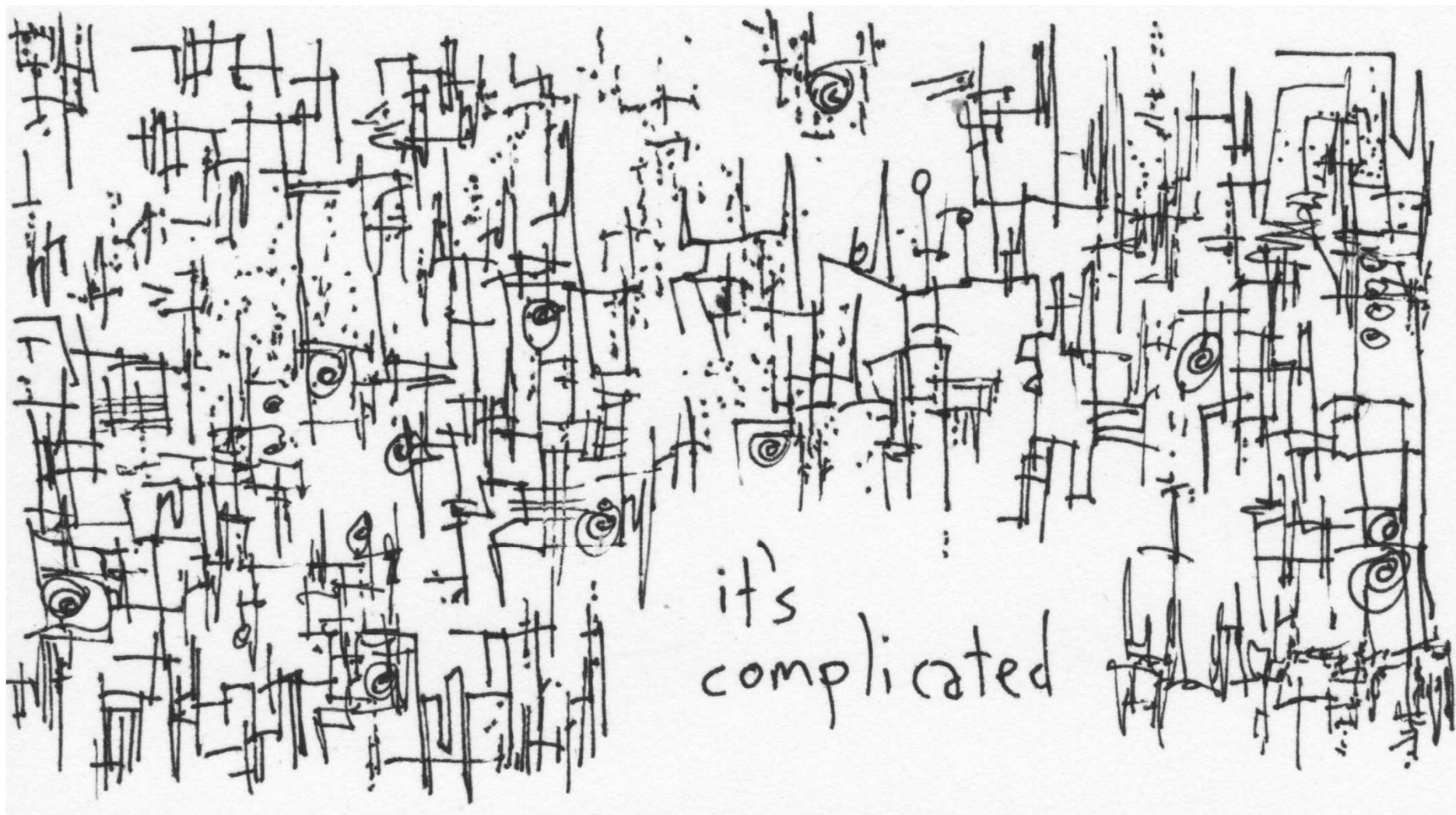
\*includes Other Supplies, Equipment, Other Expenses, & Misc Contracts

## **Inmate Medical Spending, FY 2005-06--FY 2009-10**

***30% Increase in Five Years***



# Executive Summary of Inmate Medical



## II. Budget Drivers

### Spending Changes, FY 2005-06 to FY 2009-10

General Health	FY 2005-06	FY 2009-10	% Change
Contractual	\$ 11,692,209	\$ 8,212,351	-30%
DOP Employees	\$ 75,746,529	\$ 97,566,989	29%
Hospital Services	\$ 50,495,400	\$ 76,102,620	51%
Other Provided Services	\$ 27,424,124	\$ 37,796,431	38%
Prescription Drugs	\$ 22,879,535	\$ 27,579,084	21%
Other Supplies	\$ 2,590,100	\$ 2,861,059	10%
Equipment	\$ 646,930	\$ 637,066	-2%
Other Expenses	\$ 3,466,989	\$ 2,126,000	-39%
Misc Contractual Services	\$ 122,233	\$ 141,240	16%
<b>TOTAL</b>	<b>\$ 195,064,049</b>	<b>\$ 253,022,840</b>	<b>30%</b>

# Health Expenditure Categories

---

## **DOP Employees: 38% (1,599.5 FTE)\***

- **Doctors/Dentists: 80**
- **Nursing positions: 1,006**
- **Medical Records: 117**

## **Hospital Providers: 30% (99 hospitals)**

- **9,981 inmates**
- **3 hospitals account for 39%**

## **Other Providers: 15%**

- **693 vendors**

## **Prescription Drugs: 11%**

**\* Based upon information from DOC, with categories combined.**



### III. 2009-11 Budget Actions

**Inmate Medical Reduction \$20.5 million R**

**S.L. 2010-31, Section 19.6 Inmate Medical Cost Containment**

---

- (a) Capped provider and facilities reimbursement rates at **70% of billed charges**. Usual and customary charges shall be established for each provider or facility based on the schedule of usual and customary charges used for all other patients
- (b) DOC shall make best efforts to seek admission of the number of inmates representing no more than five percent (5%).
- (c) DOC shall seek reimbursement from Medicaid for eligible inmates.

### **III. 2009-11 Budget Actions**

#### **Inmate Medical Reduction \$20.5 million R**

#### **S.L. 2010-31, Section 19.6 Inmate Medical Cost Containment**

---

(d) Study with OSBM the impact on inmate medical costs of sections (a),

(b), and (c) and report to the General Assembly March 1.

(e) Explore other cost containment methods, which may include the following:

(1) Contracting with a private third party to manage and provide all inmate medical services;

(2) Partnering with the federal government to allow for treatment of State inmates in federal correctional hospitals; and

(3) Purchasing a fixed number of beds at a hospital

# Progress: Inmate Medical Cost Containment

## (a) Capped provider and facilities reimbursement rates at 70% of billed charges.

---

- DOC began paying non-contracted providers at 70% rate for all claims on or after 07/01/10
- The mandate combined with existing contracts nets an average payment of 65%.
- Prior to the mandate, DOC paid an average of 75%
- Usual, Customary, and Reasonable (UCR): DOC purchased an industry standard UCR data set to work with. Estimated savings: \$880,000
- **The 70% mandate & UCR is expected to yield \$11 to \$12 million**
- 69 vendors:
  - 52.2% contracted                      39.1% non-contracted                      8.7% split

# Progress: Inmate Medical Cost Containment

**(b) DOC shall make best efforts to seek admission of the number of inmates representing no more than five percent (5%).\***

---

- 3,667 inmates in 69 hospitals (46%)
- Four hospitals (UNC, WakeMed, Catawba Valley, & Nash Hospitals) were above the 5% threshold. Note: Catawba has a secure ward.
- Top 10 hospitals accounted for 2,234 (63%) of the inmates
- 25 hospitals (36%) saw 10 inmates or less
- DOC two established two additional infirmary sites (total of 6).

\*data included in the October 1 and March 1, 2011 reports (07/01-10-12/31/10).

# Progress: Inmate Medical Cost Containment

## **(c) DOC shall seek reimbursement from Medicaid for eligible inmates\***

---

- DOC collaborated with the Division Medical Assistance (DMA) to develop policies and procedures
- Inmates must be in-patient for 24 hours or longer
- Under a Memorandum of Understanding , DOP began screening inmates February 1 for Medicaid eligibility. DOC will pay the State share of Medicaid (35%)
- 17 inmates have been identified and potential eligible inmates have applications submitted to the County Social Services Department
- Policy change problematic with Long-Term Acute Care and Long-Term care facilities.

\*data included in the March 1, 2011 report (07/01-10-12/31/10).

# Progress: Inmate Medical Cost Containment

## **(e) Explore other cost containment methods, which may include the following:**

---

- (1) Contracting with a private third party to manage and provide all inmate medical services;
  - Workgroup has been developing an RFP for a third party to contract to manage and provide ALL inmate medical services; January 2013 projected date
- (2) Partnering with the federal government to allow for treatment of State inmates in federal correctional hospitals; and
  - Lack of bed space at Butner Federal Prison
- (3) Purchasing a fixed number of beds at a hospital
  - Catawba Valley (Western region): 8 bed
  - Heritage (Eastern region): planning for 6 beds underway
  - Exploring additional options in other 3 regions



## **Anticipation of Cost Containment**

- **70% mandate, Medicaid reimbursement, Secure wards, and future RFPs**
- **Inmate Medical is 20% of DOC's budget**
- **Full Chair Guidance to JPS Subcommittee:**
  - **“Reduction of inmate medical costs”**
  - **“Consolidating medical/treatment costs with State Health Plan or DHHS”**

## **IV. Governor's Budget Recommendations**

**Medicaid Reimbursement                      \$3 million R**

### **Continuation Budget Increases:**

- Prison General Health                      \$28.9 million**
- Prison Mental Health                      \$10.7 million**
- Prison Dental Health                      \$202,356**
- Prison Pharmacy                      \$871,307**

### **Continuation Budget Decreases:**

- Reduce Operating Reserves at New Hospitals**  
**(\$299,859) R**  
**(\$1,164,417) NR**

## V. New Hospitals

### Central Prison Hospital (Fall 2011)

- **\$153.7 million**
- **554 positions**
- **Medical Center: 120 beds**
- **Mental Health Facility: 216 beds**



**Estimate: *30% reduction* in the number of inmates requiring external services (hospitalizations, chemotherapy, PT, CT scans)**



## **V. New Hospitals**

### **NC Correctional Institution for Women Hospital**

- **\$48.3 million**
- **227 positions**
- **Medical beds: 80 beds**
- **Mental Health: 70 beds**

# **VI. Medical Release**

## **S.L. 2008-2 (SB 1480)-Medical Release**

- **Directs DOC and the Parole Commission to provide for the medical release of:**
  - **Permanently and totally disabled**
  - **Terminally ill**
  - **Geriatric**
- **Offenders who have committed certain offenses are not eligible**
- **Once these criteria are met, DOC will forward the case to the Parole Commission for consideration**
- **Parole Commission will review the Medical information, Psychosocial Information, and Risk Assessment**

## VI. Medical Release

	12/15/08 12/31/10
Proposed	56
Considered	56
Denied	5
Other	3 -1 completed sentence -1 died -1 waiting placement
Released	48