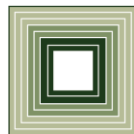


Joint Appropriations Committees on  
Justice and Public Safety

**Department of Public Safety  
Prisons-Inmate Medical**



March 1, 2017



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

# FY 2017-18 Prisons Budget

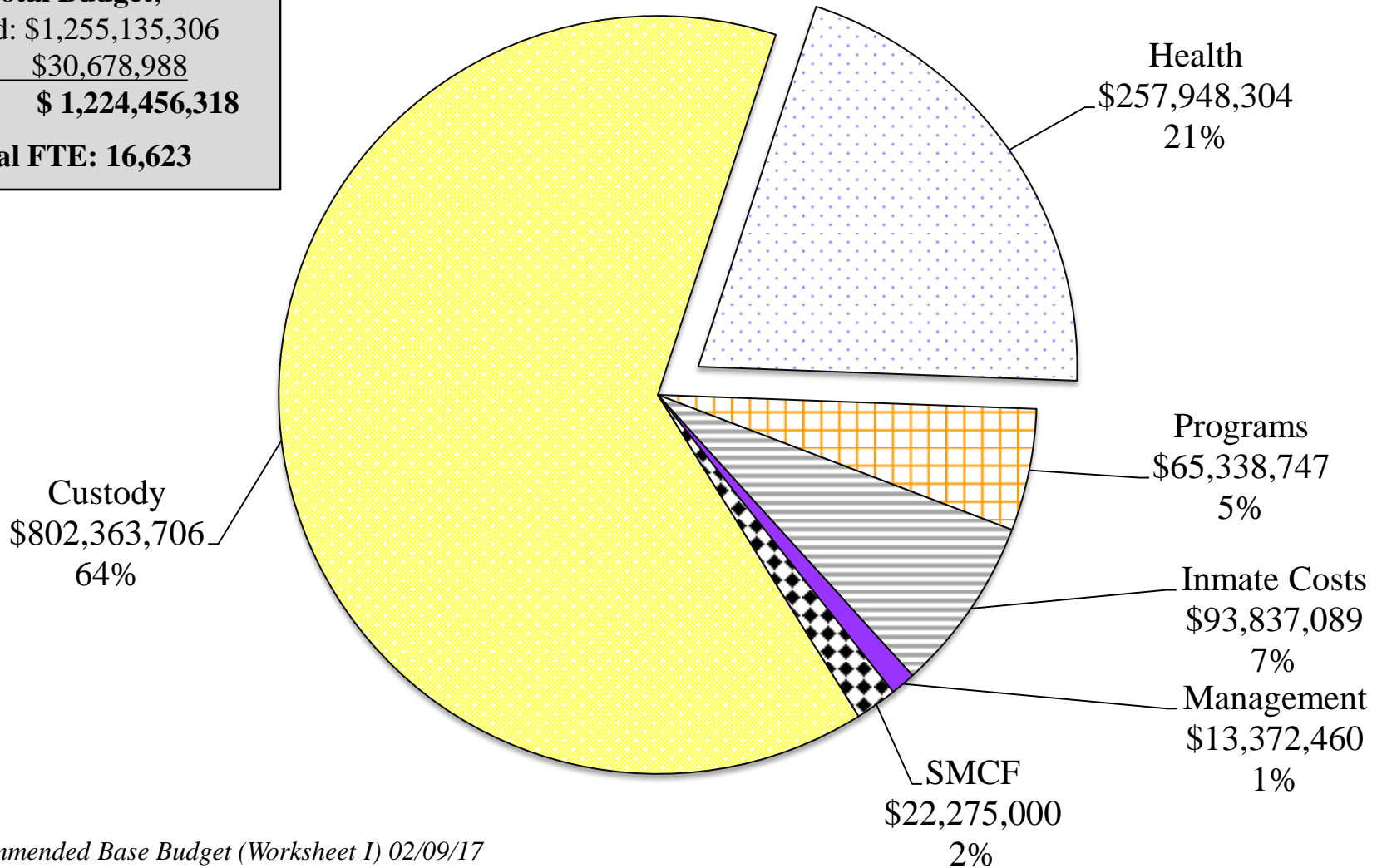
## Total Budget;

Gen. Fund: \$1,255,135,306

Receipts: \$30,678,988

**Total: \$ 1,224,456,318**

**Total FTE: 16,623**



Source: Recommended Base Budget (Worksheet I) 02/09/17

# Today's Presentation

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- I. Statutory Requirements**
- II. Budget Drivers**
- III. Cost Containment Efforts**
- IV. Prison Hospitals**



# I. Statutory Requirements

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**G.S. 148-19. Health services.** The general policies, rules and regulations of the Division of Adult Correction of the Department of Public Safety shall prescribe standards for health services to prisoners, which shall include preventive, diagnostic, and therapeutic measures on both an outpatient and a hospital basis, for all types of patients.



# Community Standard of Care

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DAC is required to provide level of health care necessary to diminish pain and suffering, not elective surgery

- Standard follows guidelines and protocols that experts would agree with as most appropriate, also called "best practice."
- 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.”

# Health Services

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- **Budget:** \$257.9 million
- **Hospital and Mental Health Beds:** 1,463
- **Employees:** 2,016.5 employees
- **Ibuprofen Dispensed:** 2,683,100
- **Procedures Performed:** 15,974
- **Prescriptions Filled:** 1,348,639
- **Liposuction:** 0

*\*Source: NCIBIS, Worksheet I, 02/09/2017 and DOP*

# FY 2017-18 Health Requirements

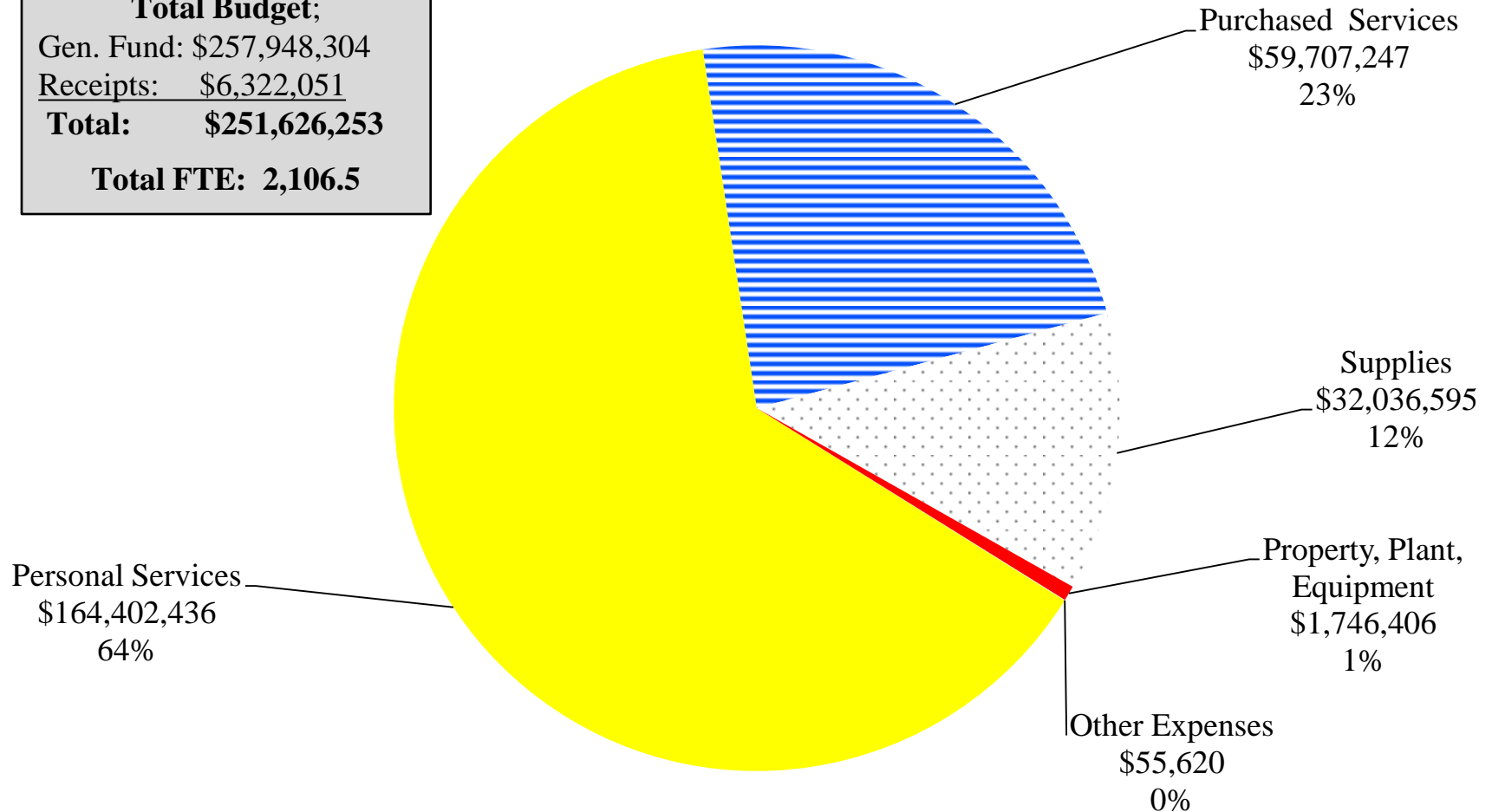
**Total Budget;**

Gen. Fund: \$257,948,304

Receipts: \$6,322,051

**Total: \$251,626,253**

**Total FTE: 2,106.5**



Source: NCIBIS, Worksheet I, 02/09/2017



## II. Budget Drivers

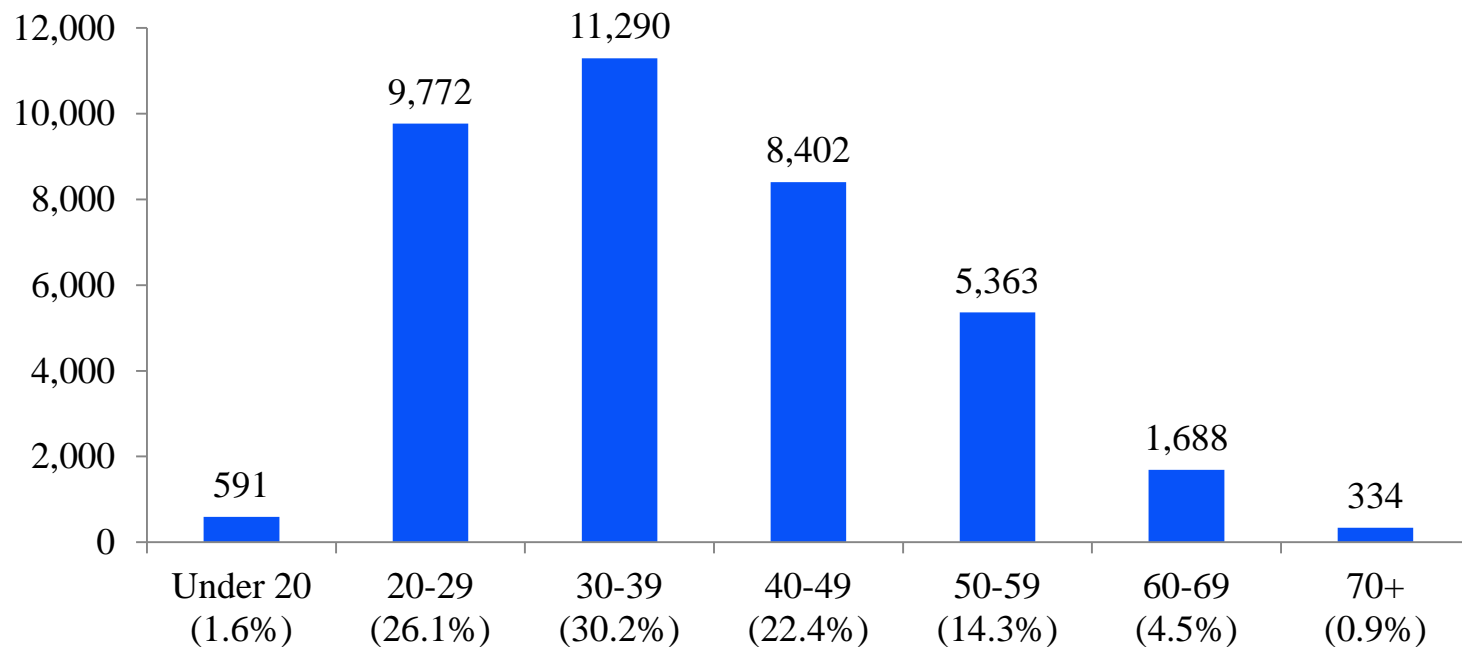




# Health Care Cost Drivers

- **Aging of the population**

- 2,022 inmates are 60 years or older (5%)
- 334 inmates are above 70



Source: DPS, Automated System Query, June 30, 2016

# Health Care Cost Drivers

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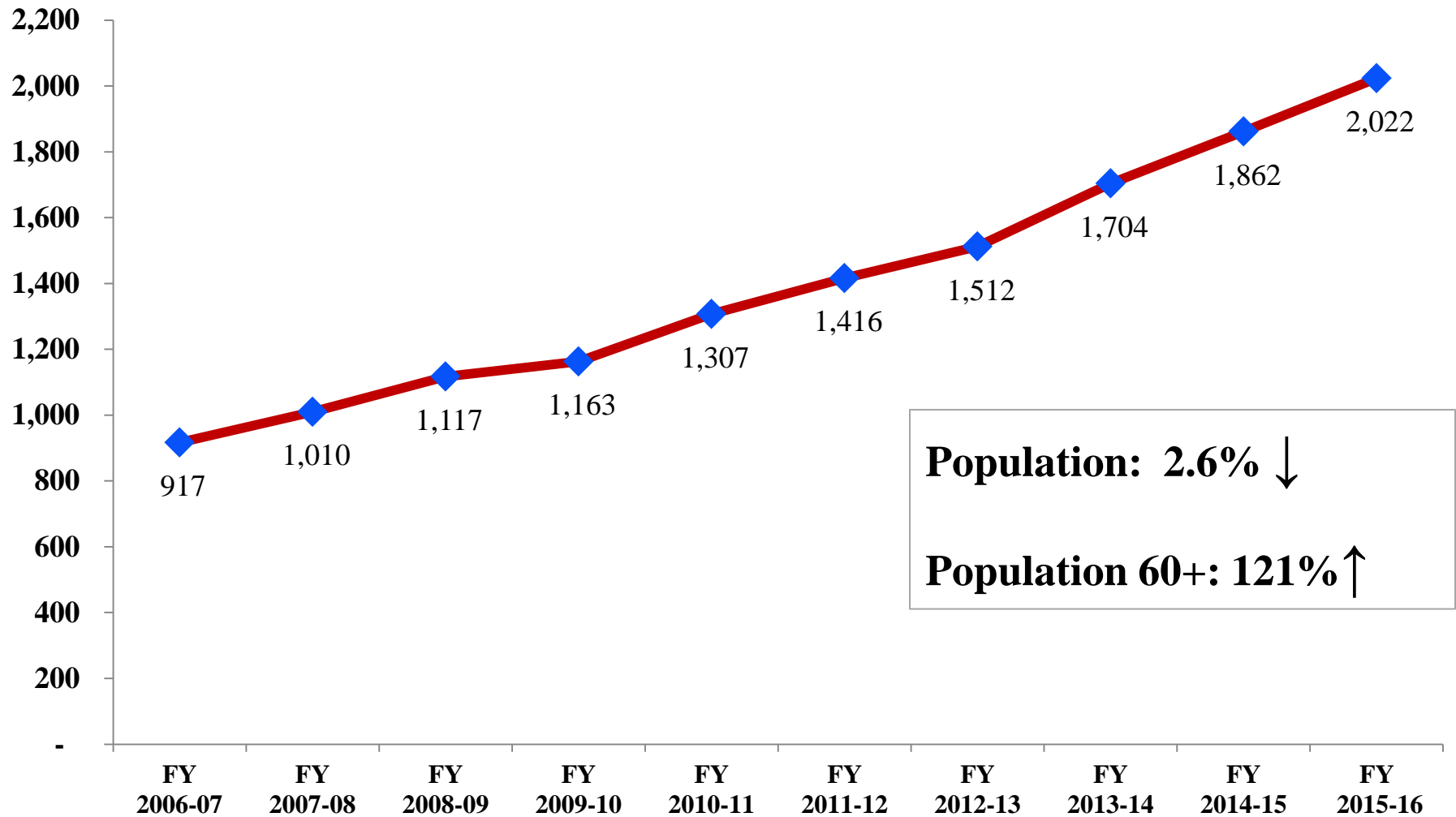
- **Chronic Disease**

- Heart disease, cancer, liver cancer and disease, Hepatitis C

- **Overall health of inmates**

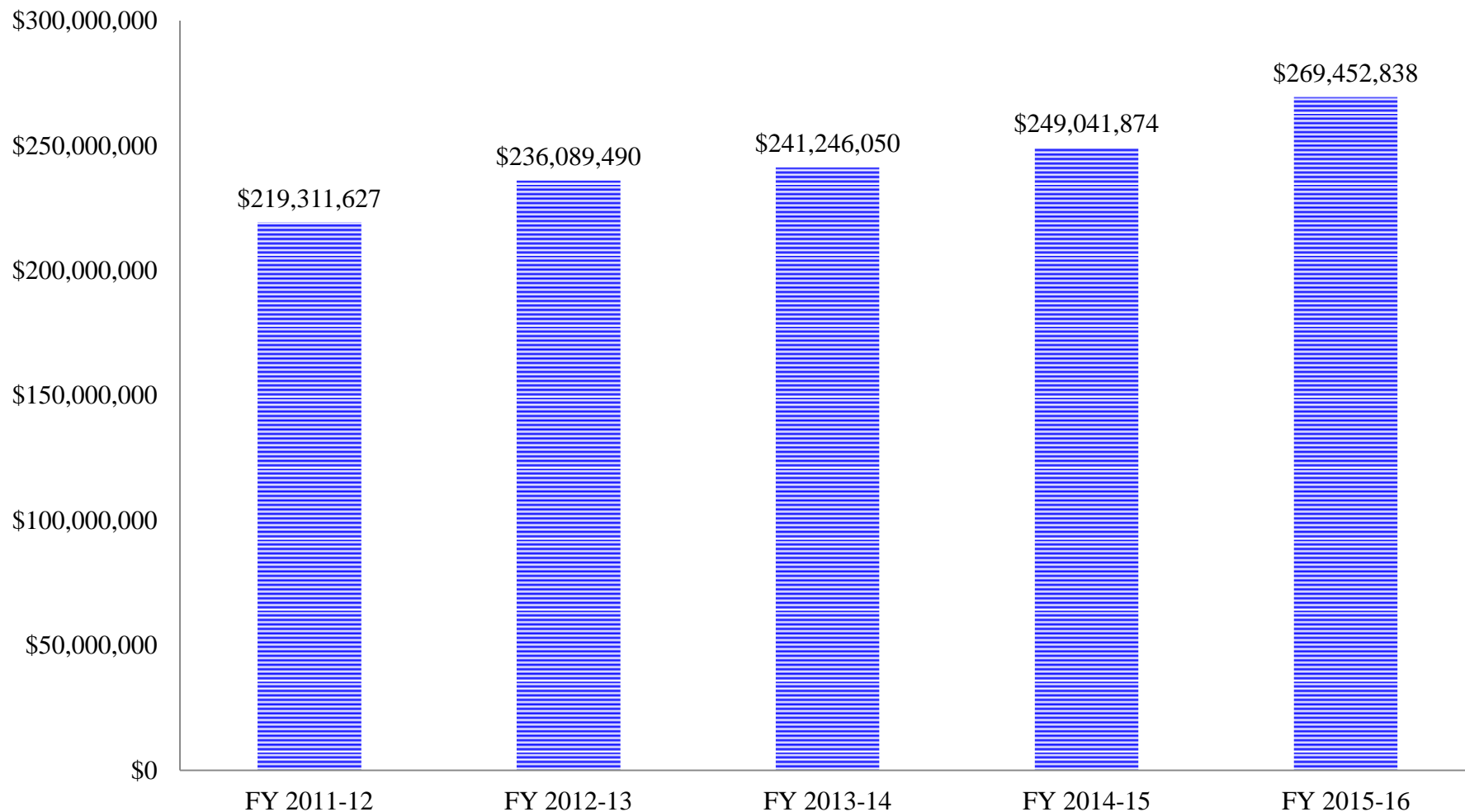
- More renal disease among younger population
- Growing number of inmates ineligible for medical release

# Inmate Population Age 60 and Above



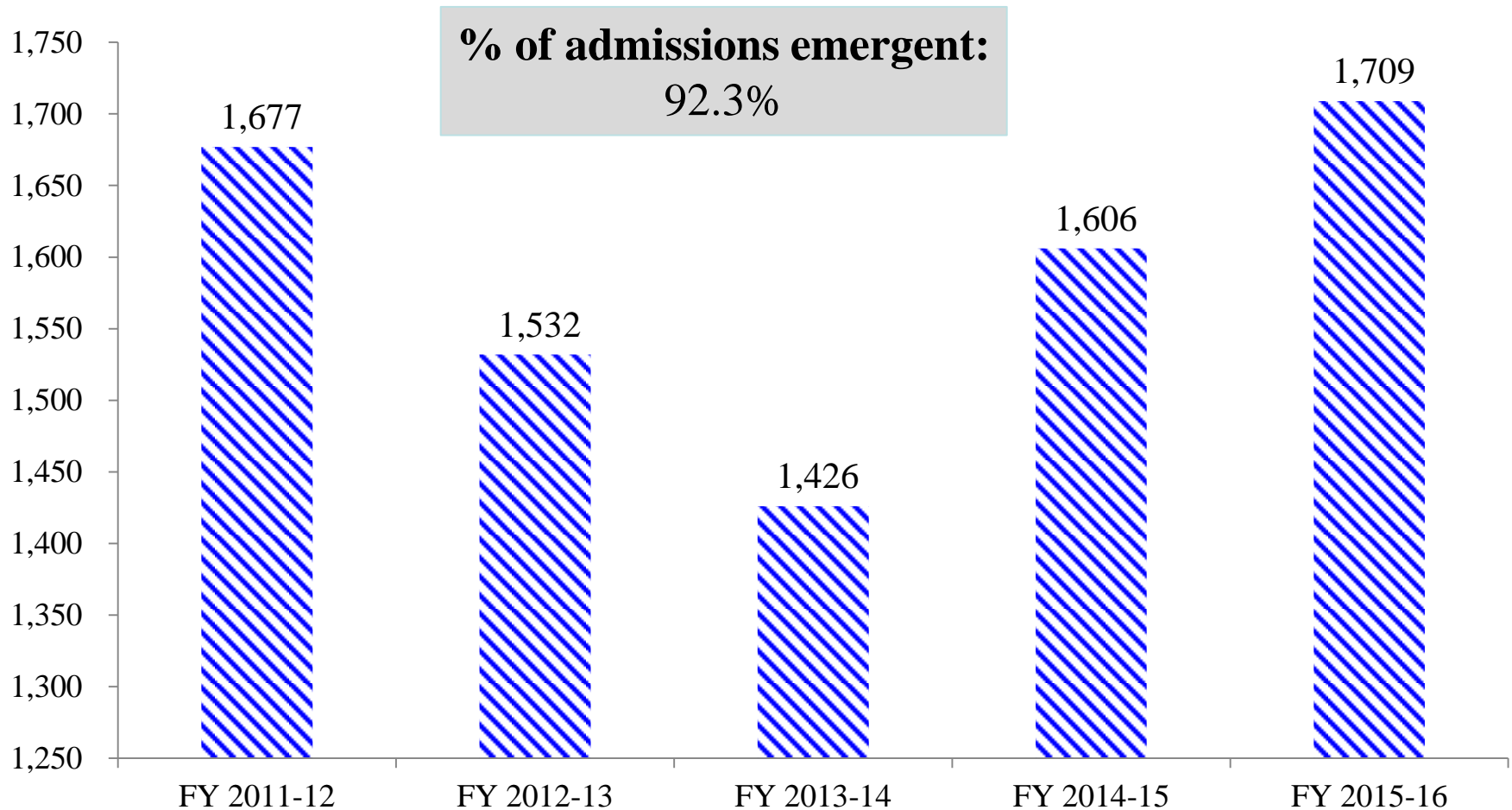
Source: DPS, June 30 ASQ reports

# Inmate Health Care Spending



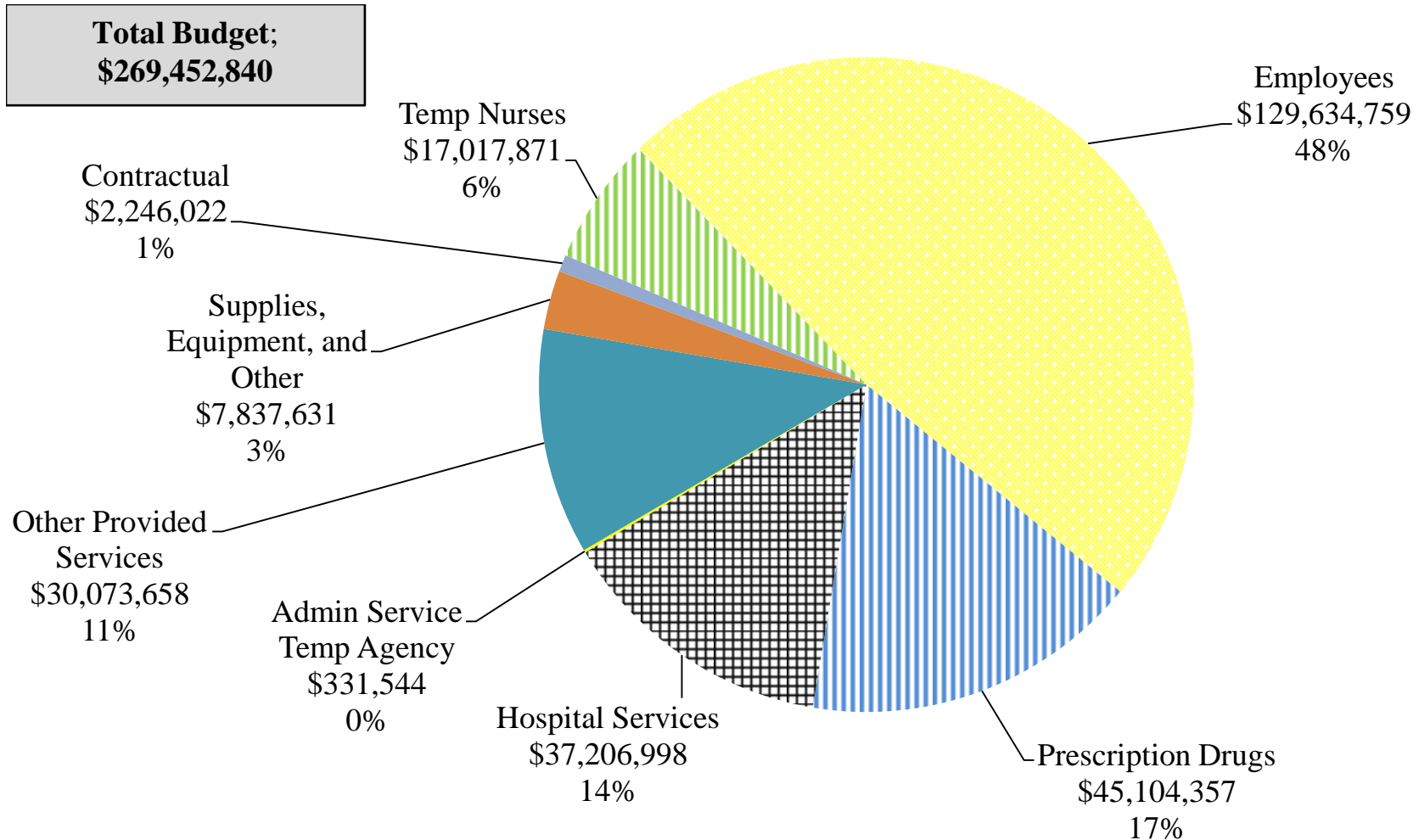
Source: DOP, annual Health Services Expense Reports

# Inmate Hospital Admissions



Source: DAC (Prisons), Quarterly Cost Containment Reports

# FY 2015-16 Actual Health Expenditures



Source: Prisons, Health Services Expense Report FY 2015-16

# Spending: FY 2011-12 to FY 2015-16

Inmate Medical	FY 2011-12	FY 2015-16	% Change
Contractual	\$6,027,150	\$2,246,022	-62.7%
Admin Service Temp Agency*	\$5,815,240	\$17,349,415	198.3%
DAC Employees	\$105,529,644	\$129,634,759	22.8%
Hospital Services	\$42,097,164	\$37,206,998	-11.6%
Other Provided Services	\$21,636,975	\$30,073,658	39%
Prescription Drugs	\$29,315,281	\$45,104,357	53.9%
Supplies	\$3,407,176	\$4,905,331	44%
Equipment	\$4,360,593	\$668,667	-84.7%
Other Expenses**	\$1,122,406	\$2,263,633	101.7%
<b>Total</b>	<b>\$219,311,629</b>	<b>\$269,452,840</b>	<b>22.9%</b>

\*Includes Temporary Nurses \*\*Includes Other Expenses & Misc Contracts

Source: Prisons, Health Services Expense Report, FY 2011-12 and FY 2015-16

# General Health

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**FTE:** 1,343

**FY 2017-18 budget:** \$167,652,072

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2<sup>nd</sup> largest number of positions after Custody

Personal Services: 64%      Purchased Services: 34%

Nurse Coverage:

- 24-hour/7 days—26 facilities
- 16-hours/5-7 days—16 facilities
- 12-hours/5 days—2 facilities
- 40-hours/5 days—11 facilities



Source: NCIBIS, Worksheet I, 02/09/2017 and DOP Health Services



# Major Health Spending Changes

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**Temporary Nurses:** \$11.5 million increase since FY 2011-12

**Hospital Services:** \$4.9 million decrease since FY 2011-12

**Other Providers:** \$8.4 million increase since FY 2011-12

**Outsourced Medical Claims Processing:** \$1.4 m

Source: DOP, Health Services Expense Reports

# Mental Health

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**FTE:** 487 [increase of 75 FTE FY 2015-17]

**FY 2017-18 budget:** \$39,691,852

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Personal Services: 98%

Population receiving mental health services: 5,660 (15.9%)

- M2: Outpatient: 945
- M3: Outpatient w/psychiatrist: 4,437
- M4: Residential Mental Health: 137
- M5: Inpatient Mental Health: 141

Source: NCIBIS, Worksheet I, 02/09/2017 and DOP Health Services

# Major Mental Health Spending Changes

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**Central Prison Mental Health bed:** 66 positions—\$3.2 m

**Therapeutic Diversion Units:** 152 positions at 8 facilities—\$5.6 m

- Central Prison—24 beds plus 16 additional beds this year
- Maury (Greene County)—32 beds plus 64 additional beds this year
- NCCIW—24 beds
- Polk (Granville)—48 beds
- Foothills (Burke)—8 beds this year
- Alexander—48 beds this year



# Dental Health

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**FTE:** 106

**FY 2017-18 budget:** \$12,053,445

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Personal Services: 88%

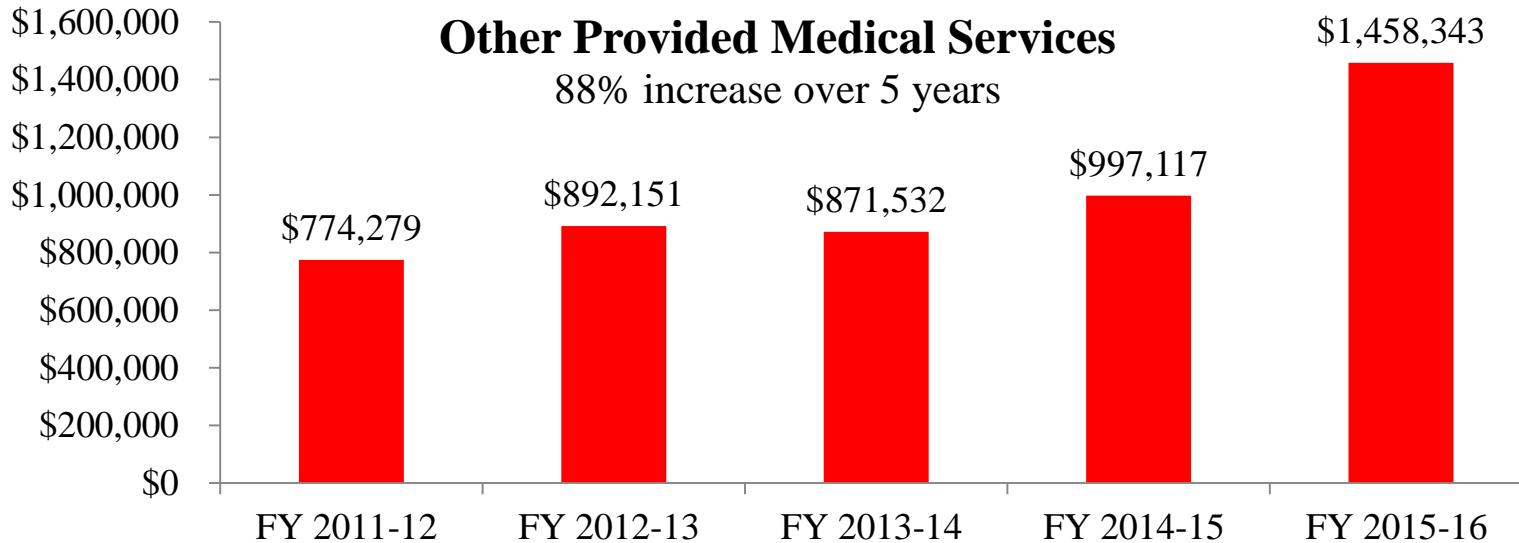
Purchased Services: 9.5%

- Dentists: 37
- Dental Hygienist: 18
- Dental Assistant: 51
- Lab Tech: 2



Source: NCIBIS, Worksheet I, 02/09/2017 and Beacon BO 149 Report (01/24/17)

# Major Dental Health Spending Changes



Since last fiscal year it increased \$684,064 (46% increase).

10 FTE dentist vacancies; temporary contract dentists have increased the cost

Recently hired 5 dentists to address the problem

# Pharmacy Services

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**FTE:** 80.5

**FY 2017-18 budget:** \$38,550,932

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Personal Services: 21.6%      Supplies: 76.9%



Minnesota Multistate Contracting Alliance for Pharmacy:

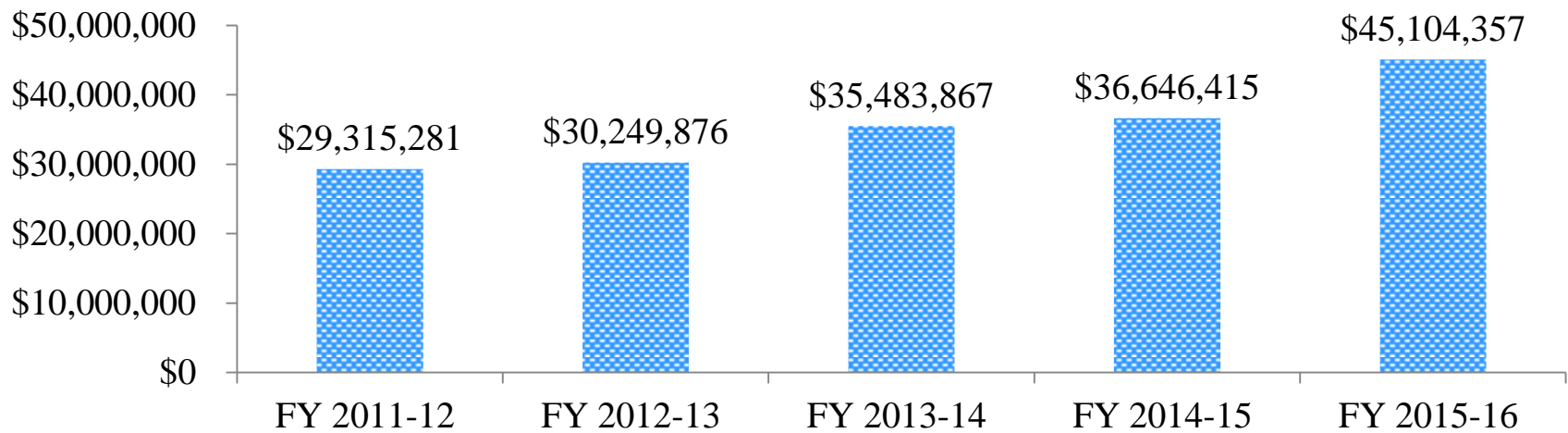
- 49-state consortium
- 97.9% of prescriptions

Prescriptions:

- 5,921 filled daily
- 59% filled by robotics

Sources: Pharmacy Services, NCIBIS, Worksheet I, 02/09/2017

# Major Pharmacy Spending Changes



HIV/AIDS and Hepatitis C Drugs

Rare Chronic Conditions (cancer, hemophilia, MS)

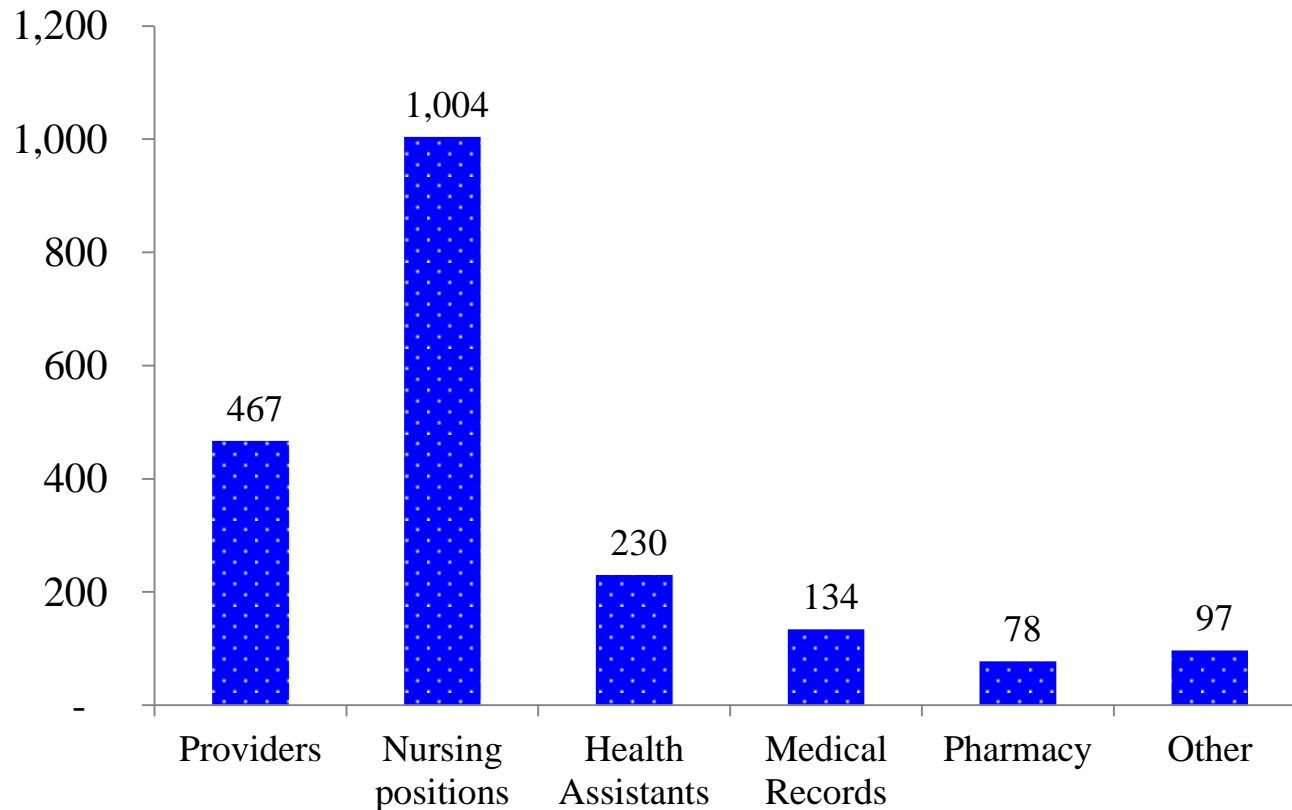
Lack of availability of some generics and drug price increases

Increase in the total number of prescriptions dispensed (73,029 more than FY 2013-14)

Source: Pharmacy Services

# FY 2015-16 Health Expenditure Categories

**DOP Employees: 48% (2,009.3 FTE)**

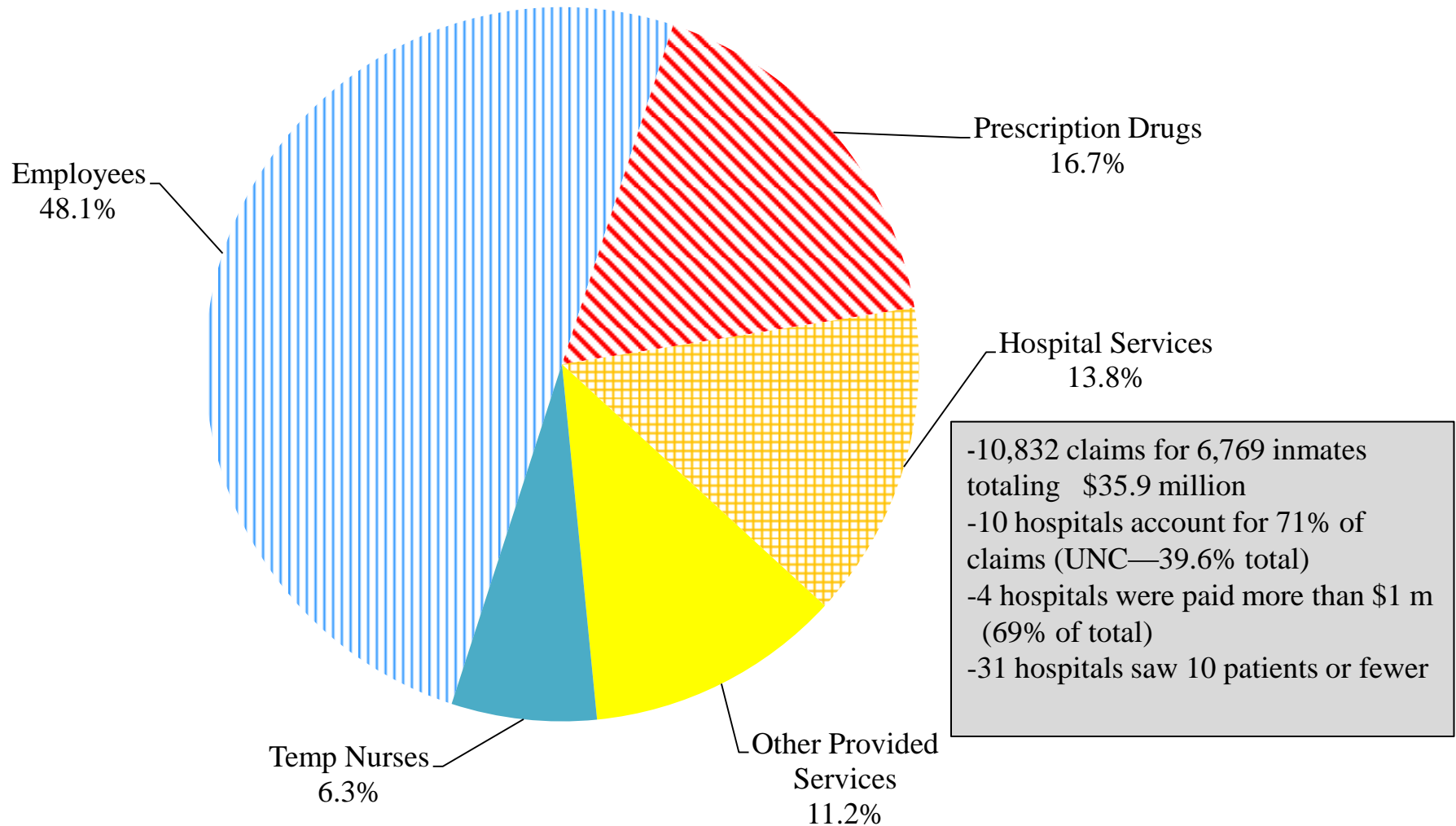


Source: January 24, 2017 BO 149 Beacon report





# FY 2015-16 Actual Expenditure Categories



Source: Prisons, Health Services Expense Report, FY 2015-16



## III. Cost Containment Efforts



# Cost Containment Efforts

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## **S.L. 2009-451, Section 19.20:**

- Obtain inmate health care services through State Health Plan provider network—**repealed in Technical Corrections**

## **S.L. 2010-31, Section 19.6**

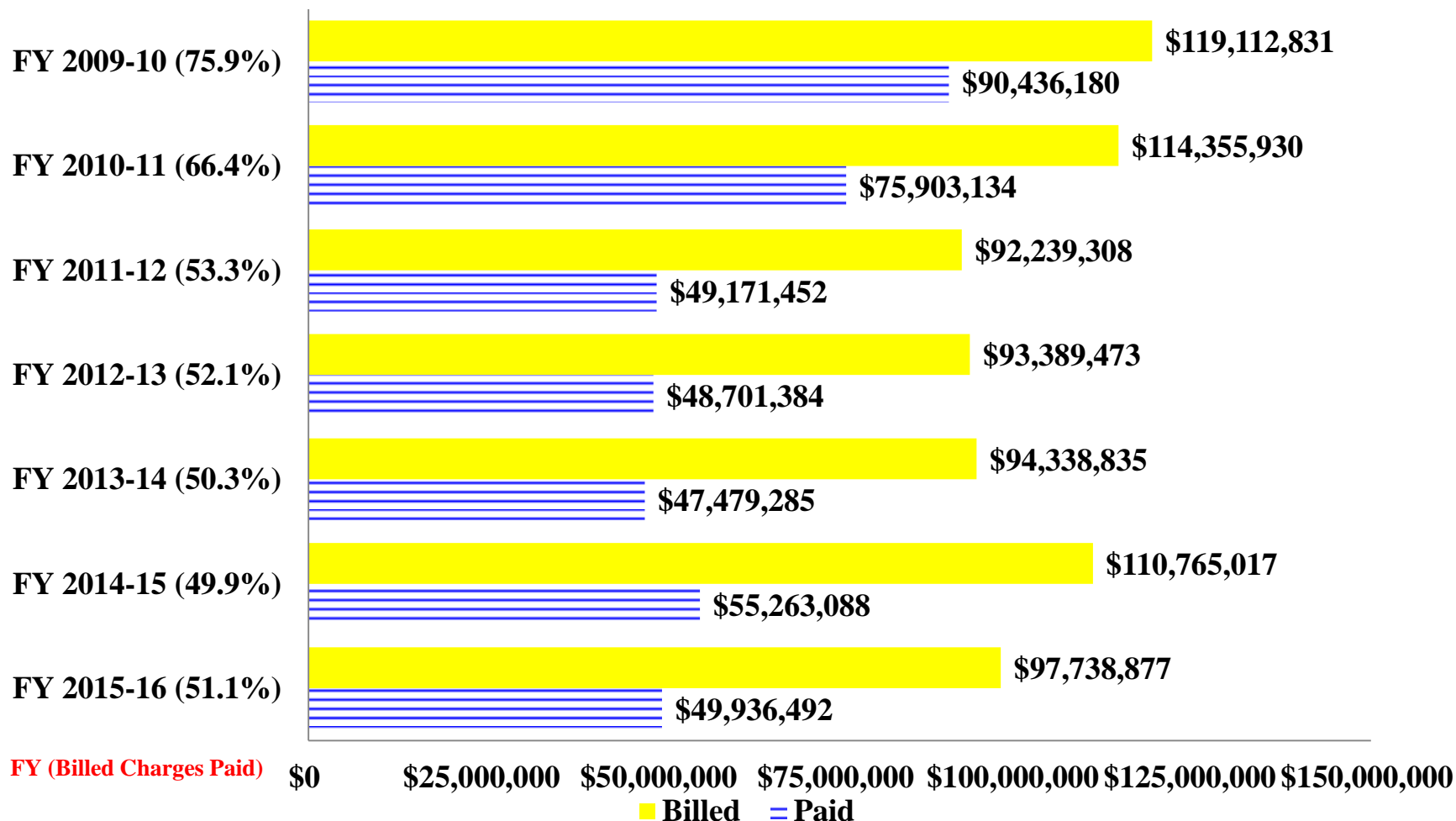
- 70% of amount charged based on the schedule of “usual and customary” charges in effect for all other patients as of July 1, 2010—**providers refused to cooperate**

## **S.L. 2011-145, Section 18.10**

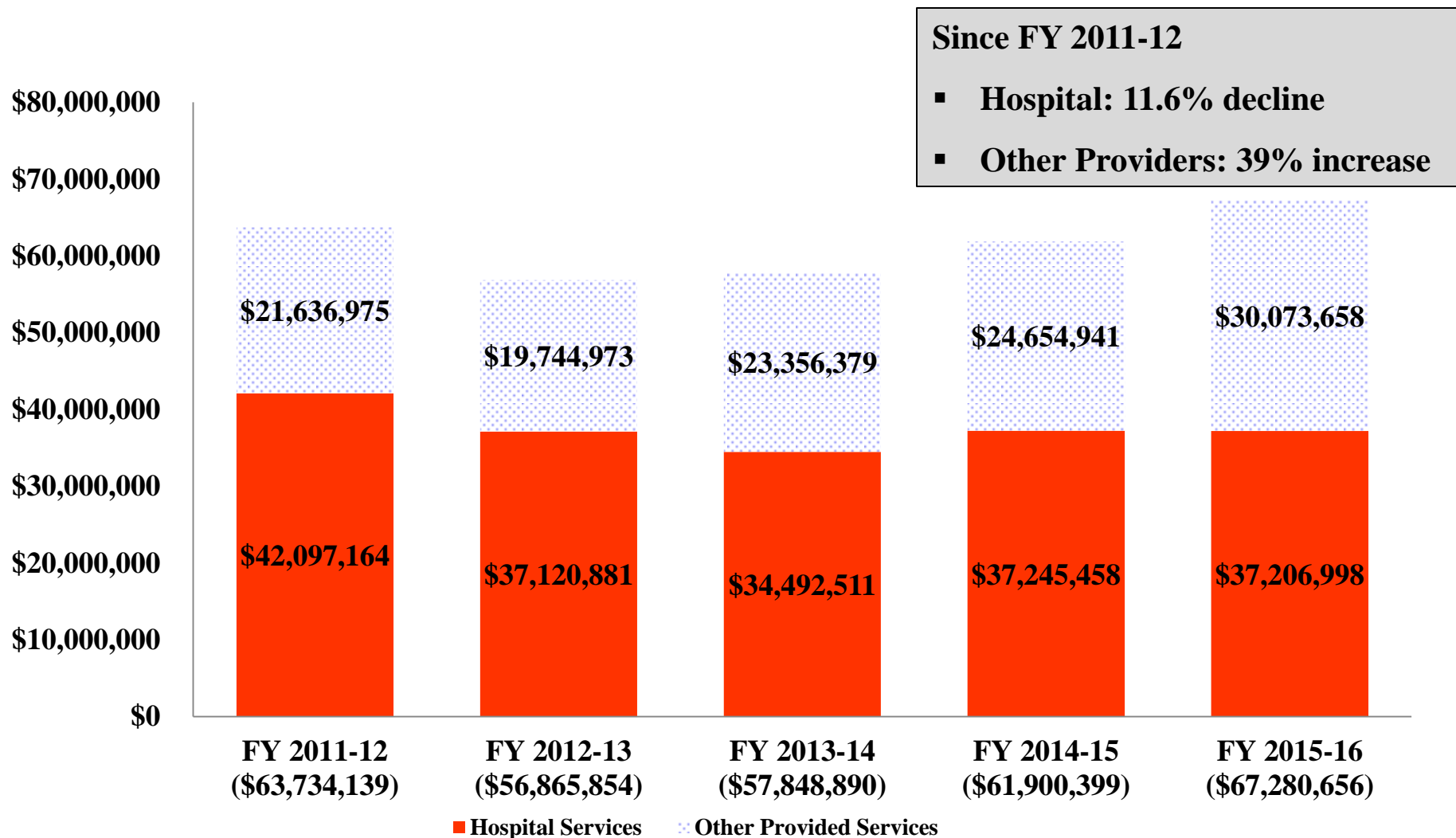
- DOC will pay 70% of billed charges or twice the Medicaid rate, unless they have a more advantageous contract
- Consult with Division of Medical Assistance to develop protocols for Medicaid-eligible inmates



# Bending the Cost Curve

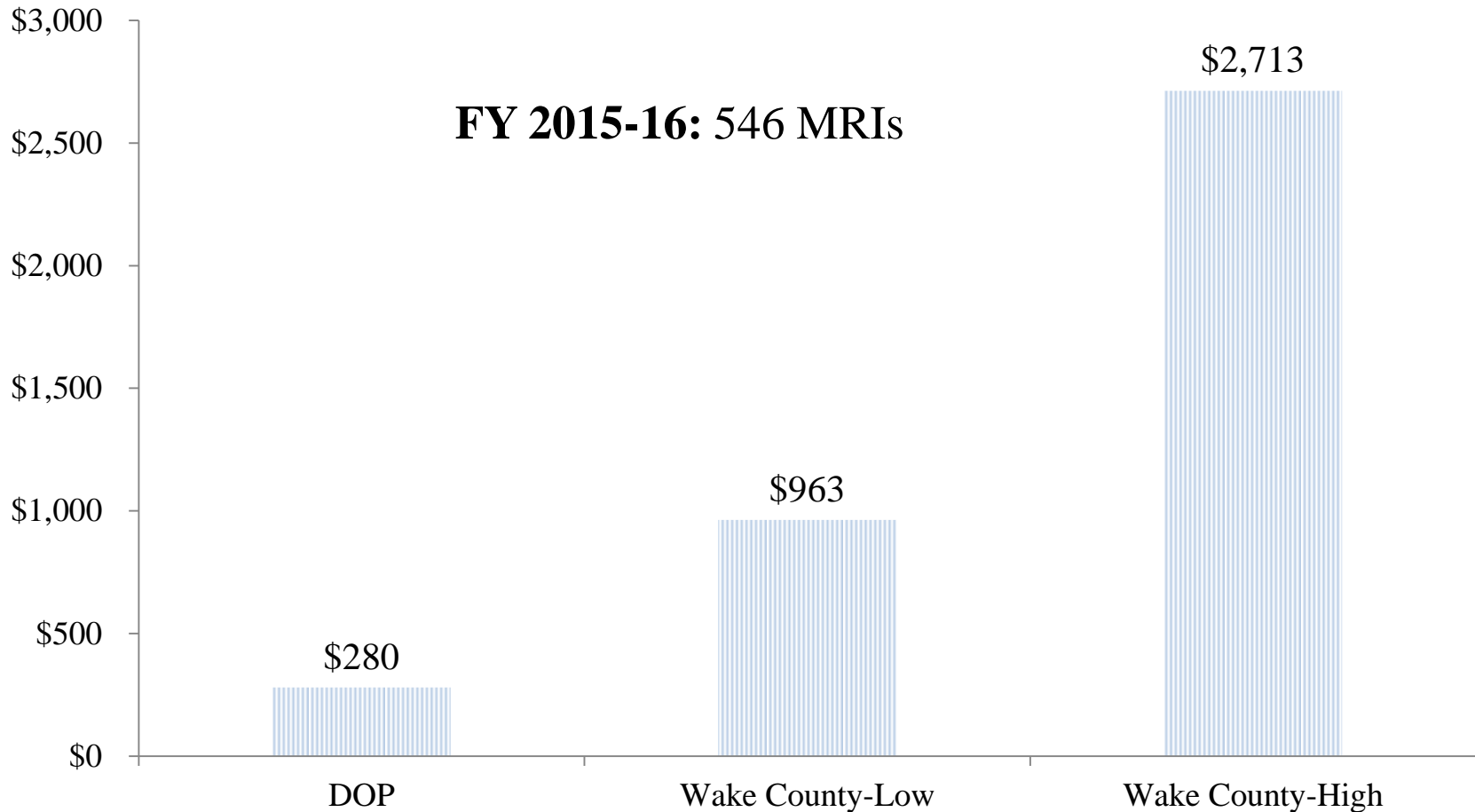


# Hospital and Other Provider Payments



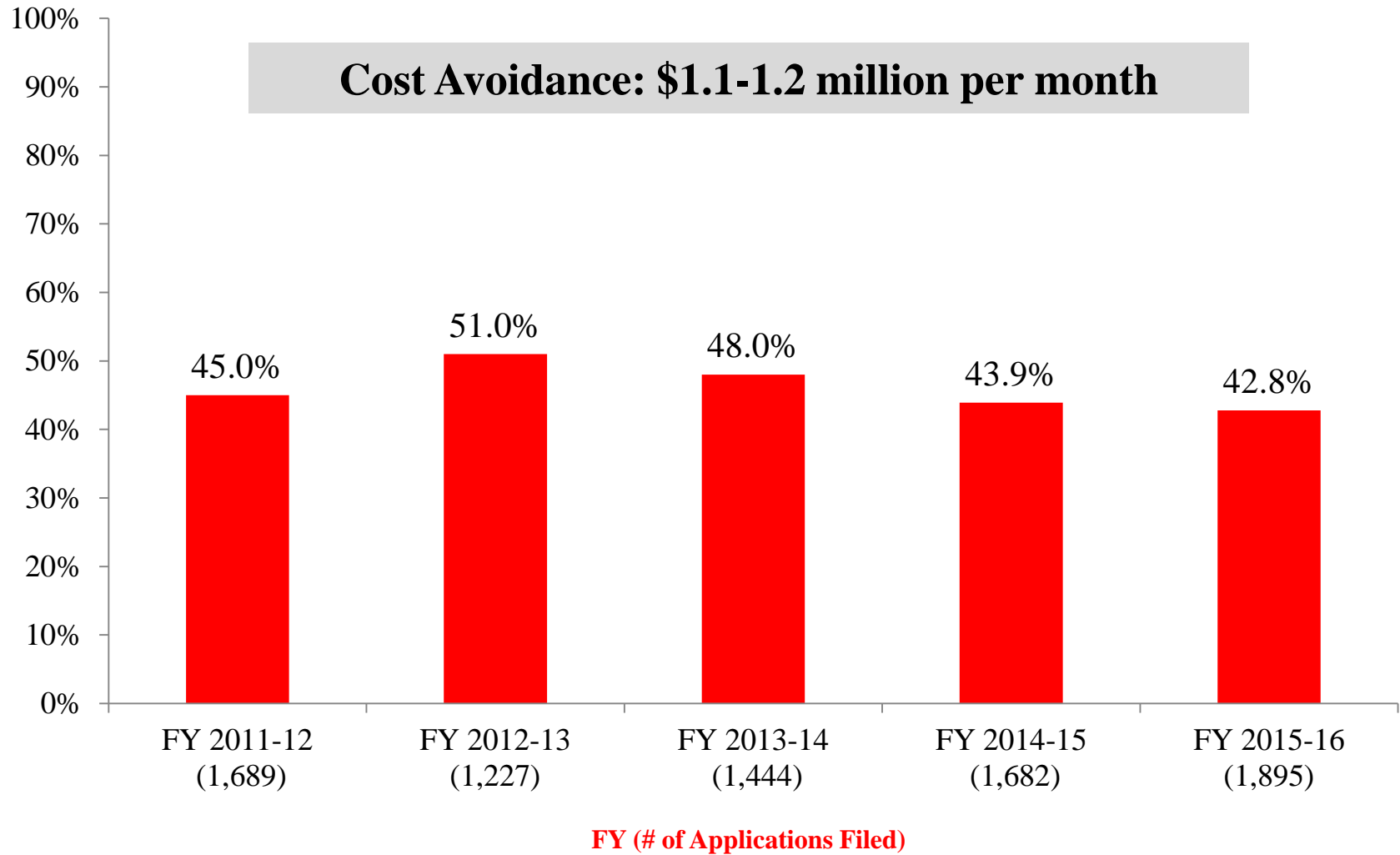
Source: DOP, Annual Health Services Expense reports

# Cost Comparison of MRIs



Source: DOP, Health Services & cost estimates are averages based on historical BCBSNC claims data for MRI abdomen

# Medicaid Eligibility



Source: DOP, Health Services



## IV. Prison Hospitals





# Prison Hospitals

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## Central Prison Hospital

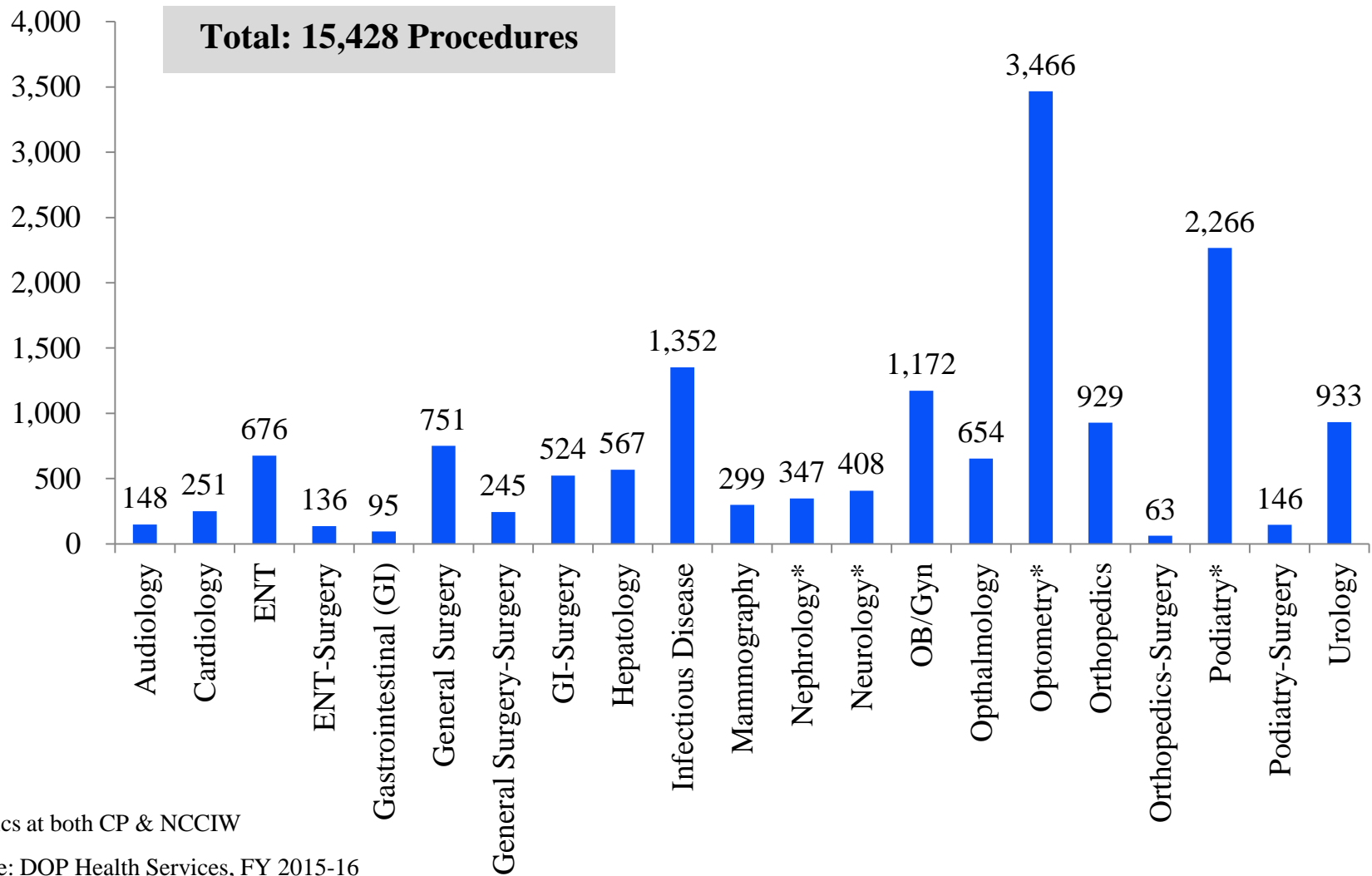
- 120 medical and 216 mental health beds
- Contract with UNC to staff 14 specialty clinics
- FY 2015-16: 12,669 procedures



## NC Correctional Institution for Women Hospital

- 80 medical and 70 mental health beds
- Contract with UNC to staff 5 specialty clinics
- FY 2015-16: 2,759 procedures

# Central Prison & NCCIW Specialty Clinics



# Major Lapsed Salary Expenditures

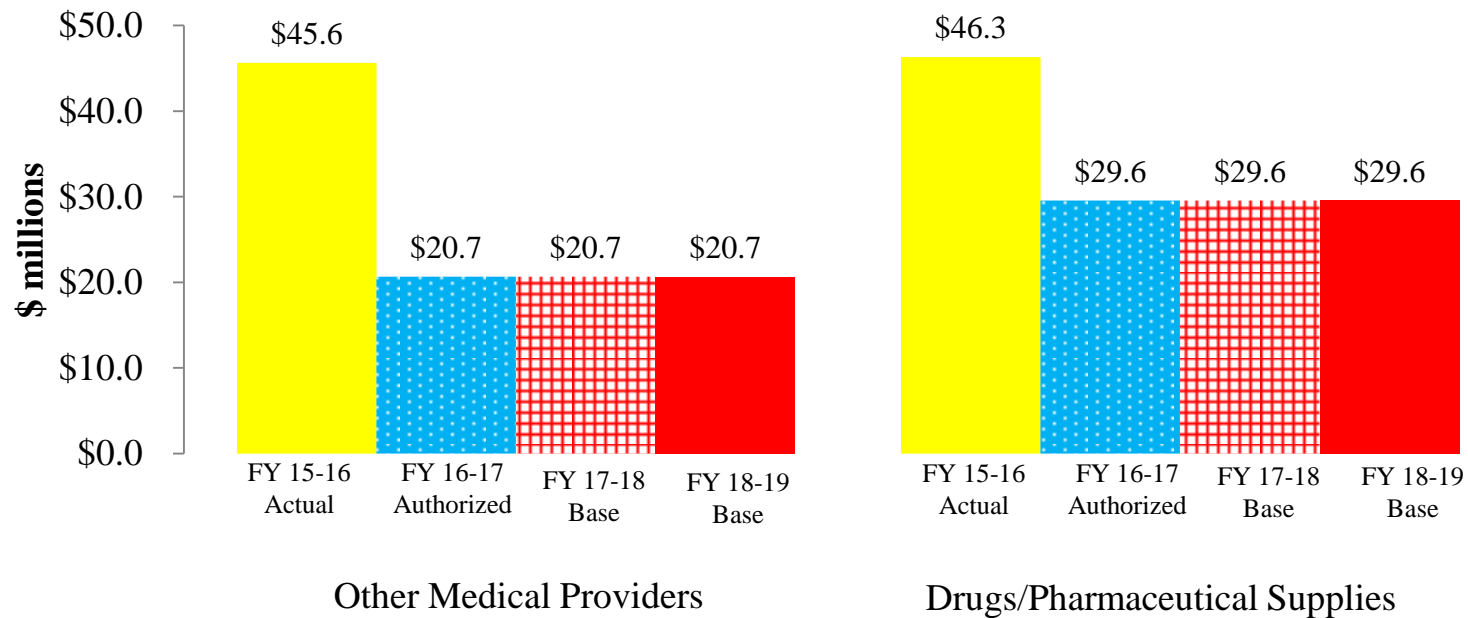
Item	FY 2014-15	FY 2015-16	Total
Temporaries - Nursing Agencies	\$17,431,567	\$17,017,872	<b>\$34,449,439</b>
Overtime	\$15,432,819	\$18,521,798	<b>\$33,954,617</b>
Prescription Drugs and Pharmacy Supplies	\$6,827,543	\$17,262,078	<b>\$24,089,621</b>
Workers Comp	\$11,137,279	\$9,451,906	<b>\$20,589,185</b>
Other Medical Providers	\$4,079,387	\$6,564,990	<b>\$10,644,377</b>
Temporaries	\$2,500,338	\$4,748,345	<b>\$7,248,683</b>
<b>Total</b>	<b>\$57,408,933</b>	<b>\$73,566,989</b>	<b>\$130,975,922</b>

Source: DAC, annual lapsed salary reports

# Issues to Consider

## Consistent Lapsed Salary Transfers to:

- **Temporary Nurses:** FY 2014-15: \$17,431,567      FY 2015-16: \$17,017,872
- **Other Medical Providers:** FY 2017-18 Base Budget is \$24.9 million below FY 2015-16 Actual
- **Drugs/Pharma. Supplies:** FY 2017-18 Base Budget is \$16.7 million below FY 2015-16 Actual



Source: Recommended Base Budget (Worksheet I) 02/09/17



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