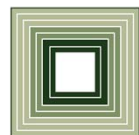


Joint Appropriations Committees on
Justice and Public Safety

Department of Public Safety
Prisons-Inmate Medical



March 12, 2019



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

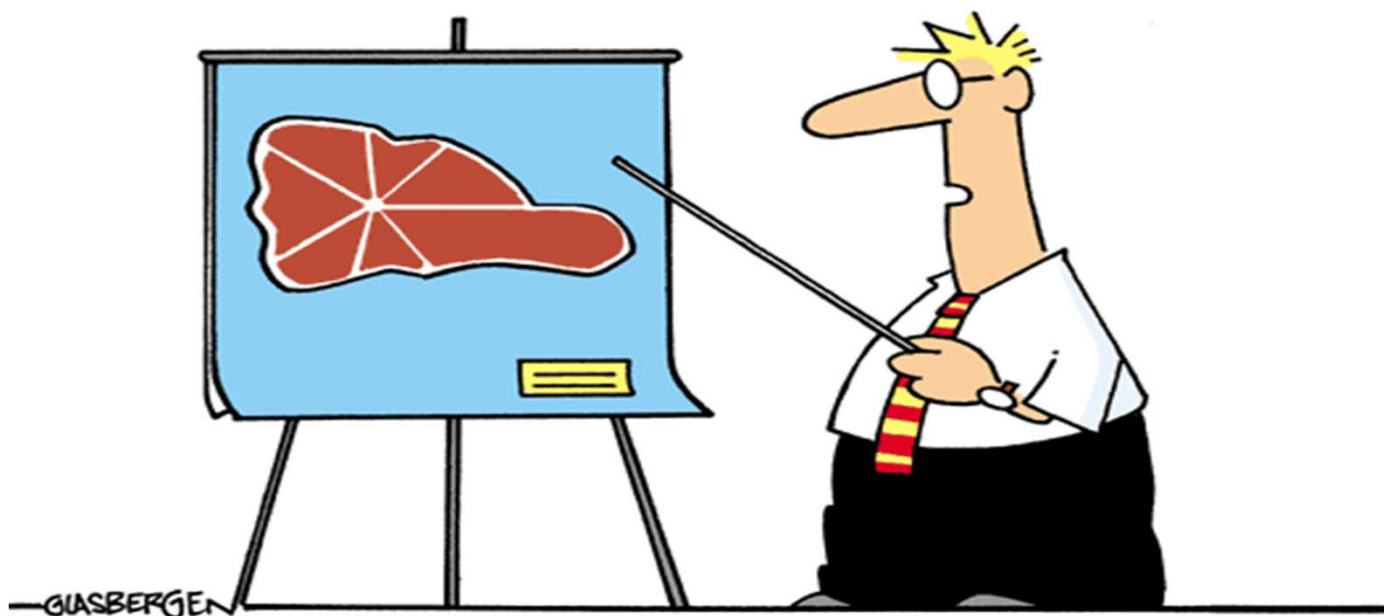
Today's Presentation

- I. Statutory Requirements**
- II. Budget Drivers**
- III. Cost Containment Efforts**
- IV. Prison Hospitals**
- V. Recent Budget Issues and Actions**



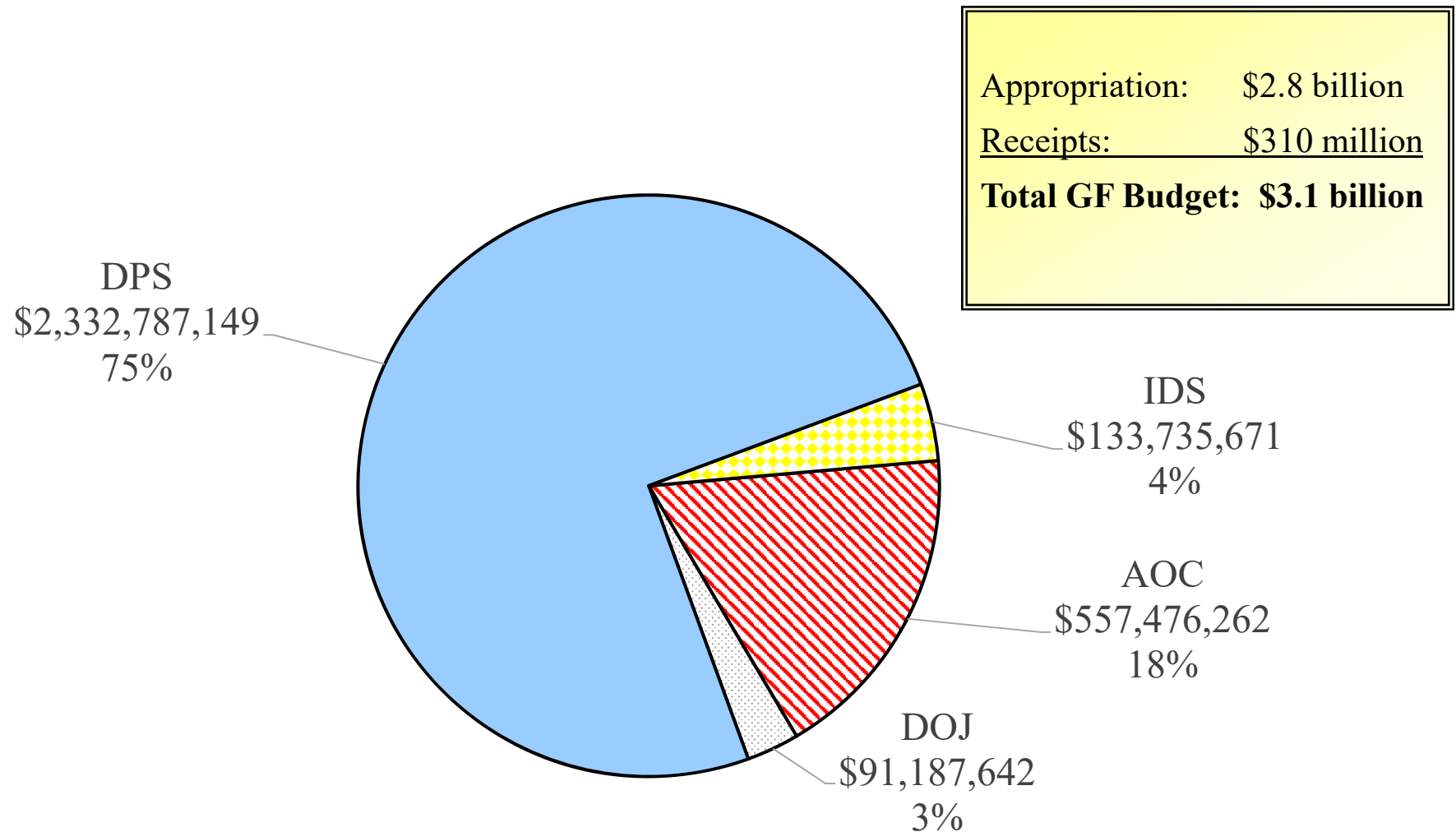
Major Feature of Today's Presentation...

Copyright 2004 by Randy Glasbergen.
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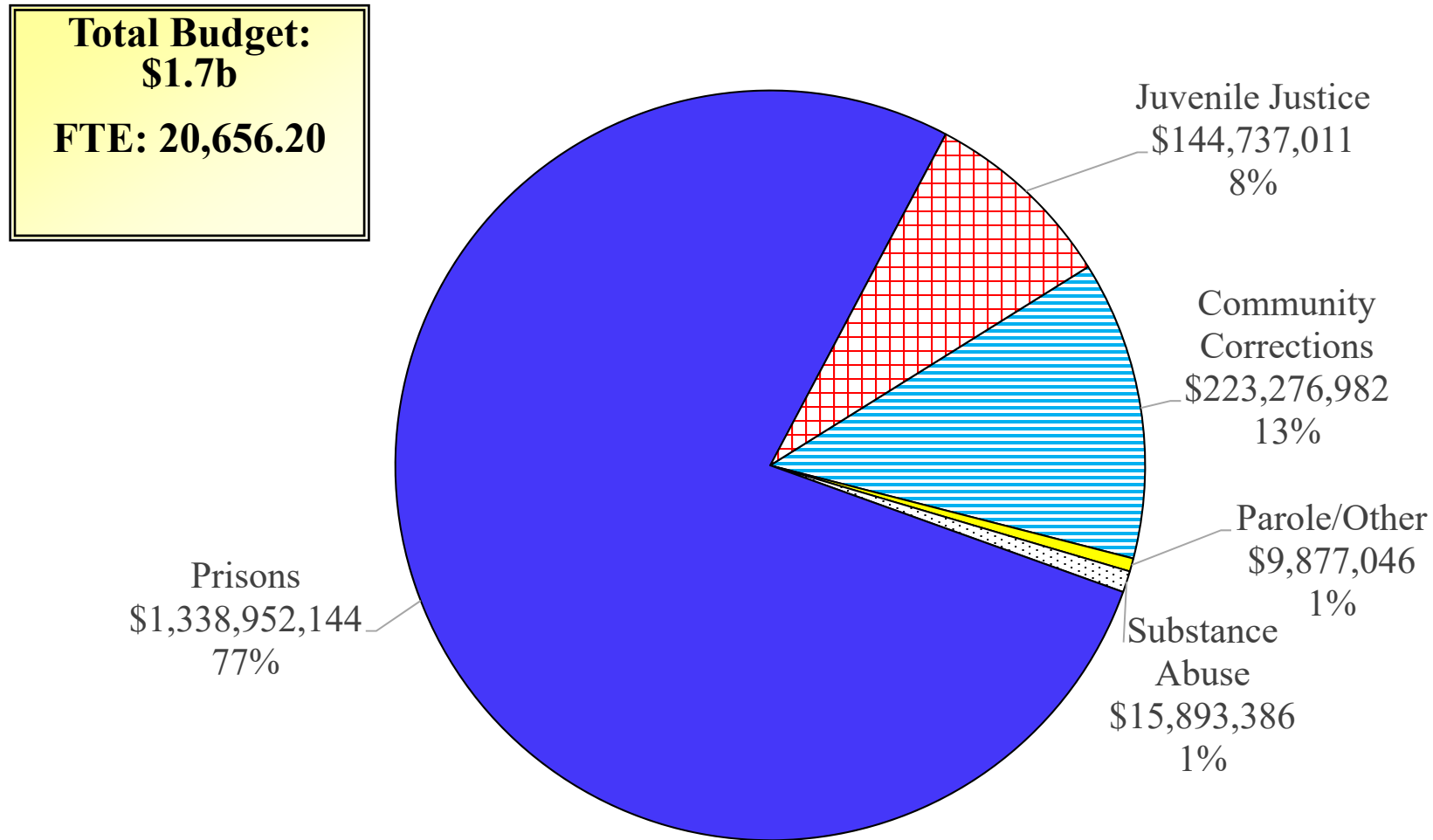
**“At the request of those who are following a low-carb diet,
my pie chart has been replaced by a steak chart.”**

JPS General Fund Base Budget by Agency FY 2019-20



Source: Recommended Base Budget (Worksheet I) 02/16/19

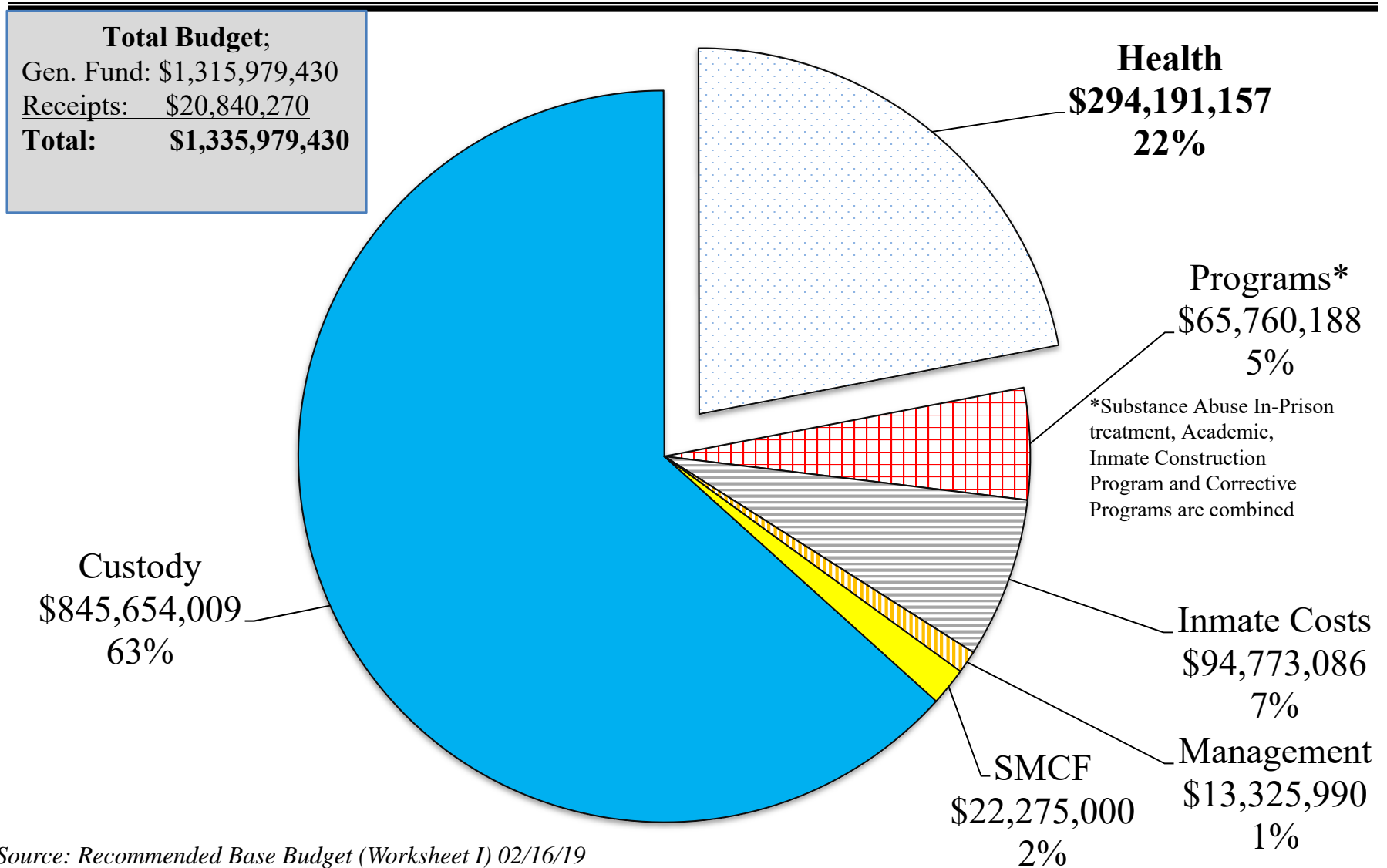
FY 2019-20 DACJJ Base Budget



Source: Recommended Base Budget (Worksheet I)



FY 2019-20 Prisons Budget



Source: Recommended Base Budget (Worksheet I) 02/16/19

Statutory Requirements

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

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.”

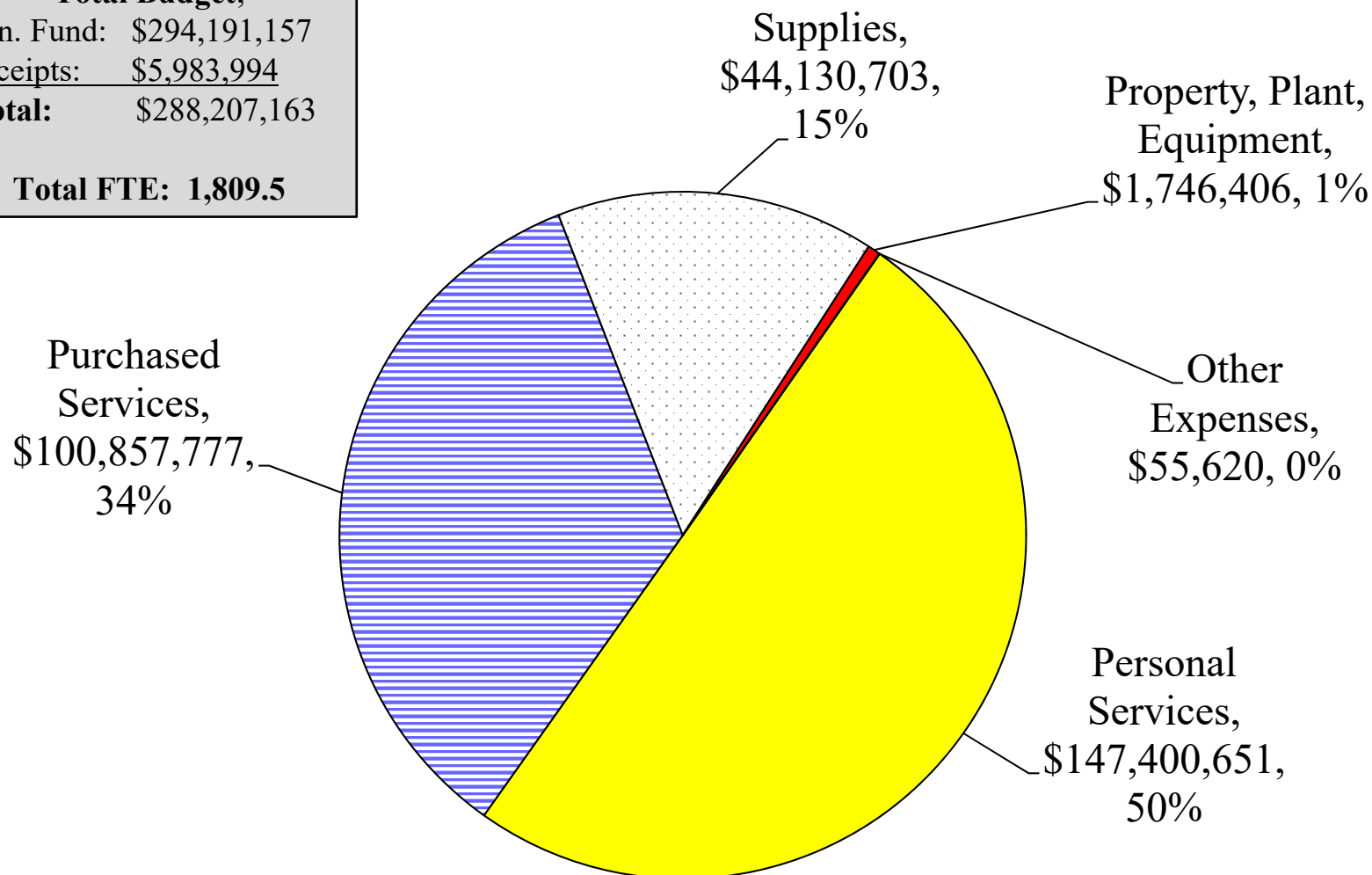
Health Services

- **Spending:** \$327.6 million
- **Hospital and Mental Health Beds:** 486
- **Employees:** 1,809.5
- **Ibuprofen Dispensed:** 2,247,493
- **Emergency Room Visits:** 8,372
- **Procedures Performed:** 18,369
- **Prescriptions Filled:** 1,483,698
- **Botox Expenditures:** 0

**Source: NCIBIS, Worksheet I, 02/16/19 and DOP*

FY 2019-20 Health Requirements

Total Budget;	
Gen. Fund:	\$294,191,157
Receipts:	\$5,983,994
Total:	\$288,207,163
Total FTE: 1,809.5	



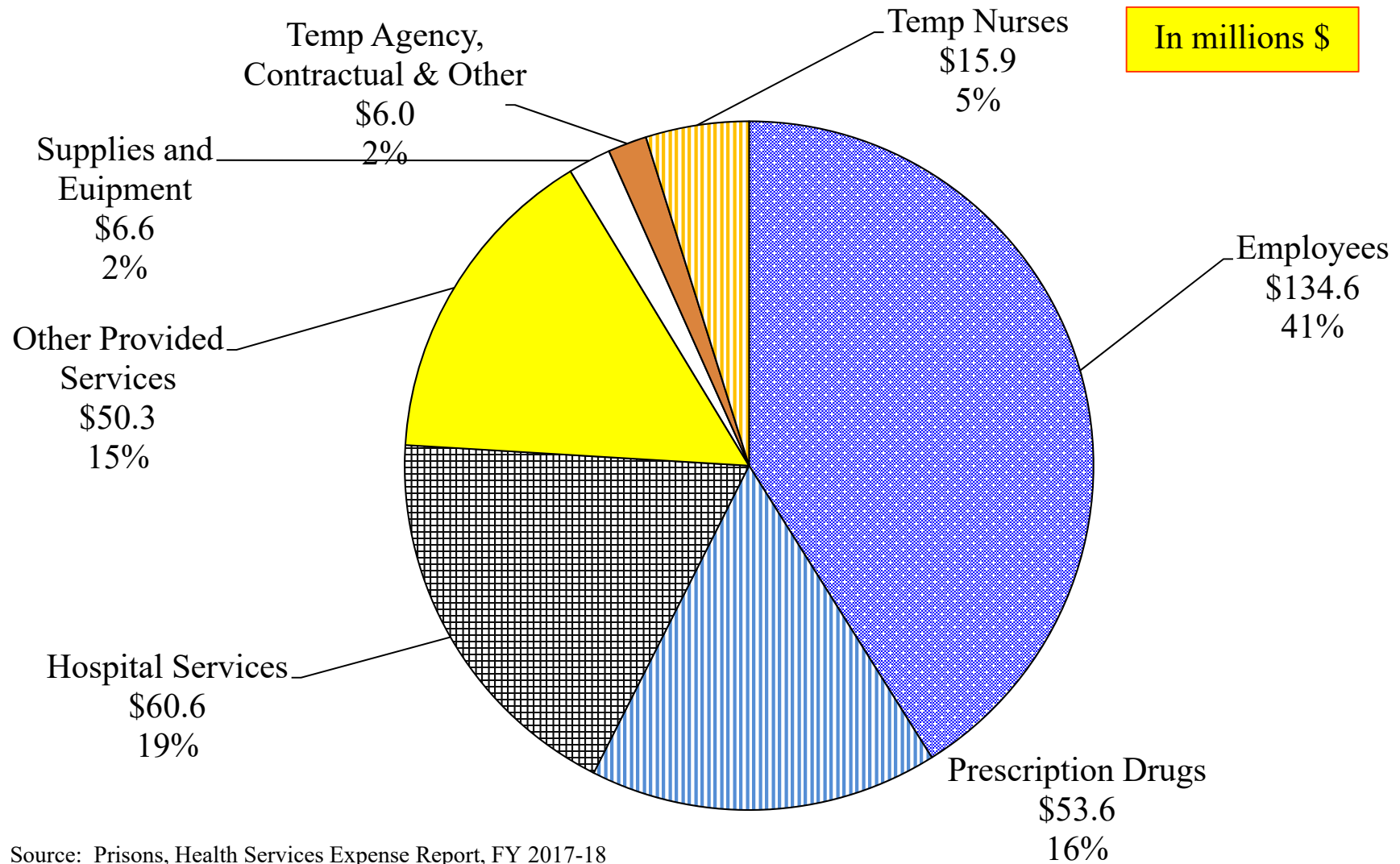
Source: NCIBIS, Worksheet I, 02/16/19



II. Budget Drivers



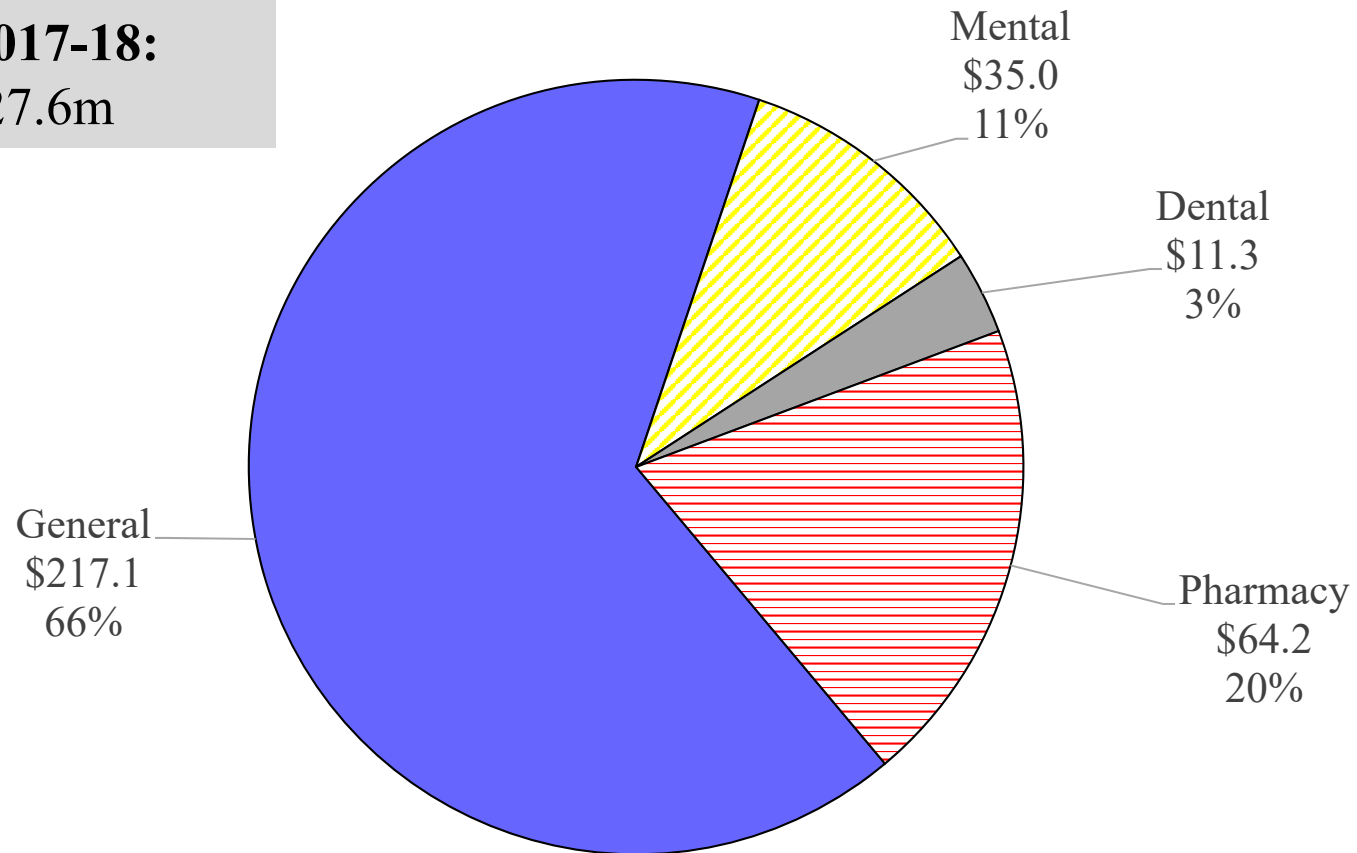
FY 2017-18 Actual Expenditure Categories



Source: Prisons, Health Services Expense Report, FY 2017-18

Health Spending by Area

FY 2017-18:
\$327.6m



Source: DOP, FY 2017-18 Health Expense report

Health Care Cost Drivers



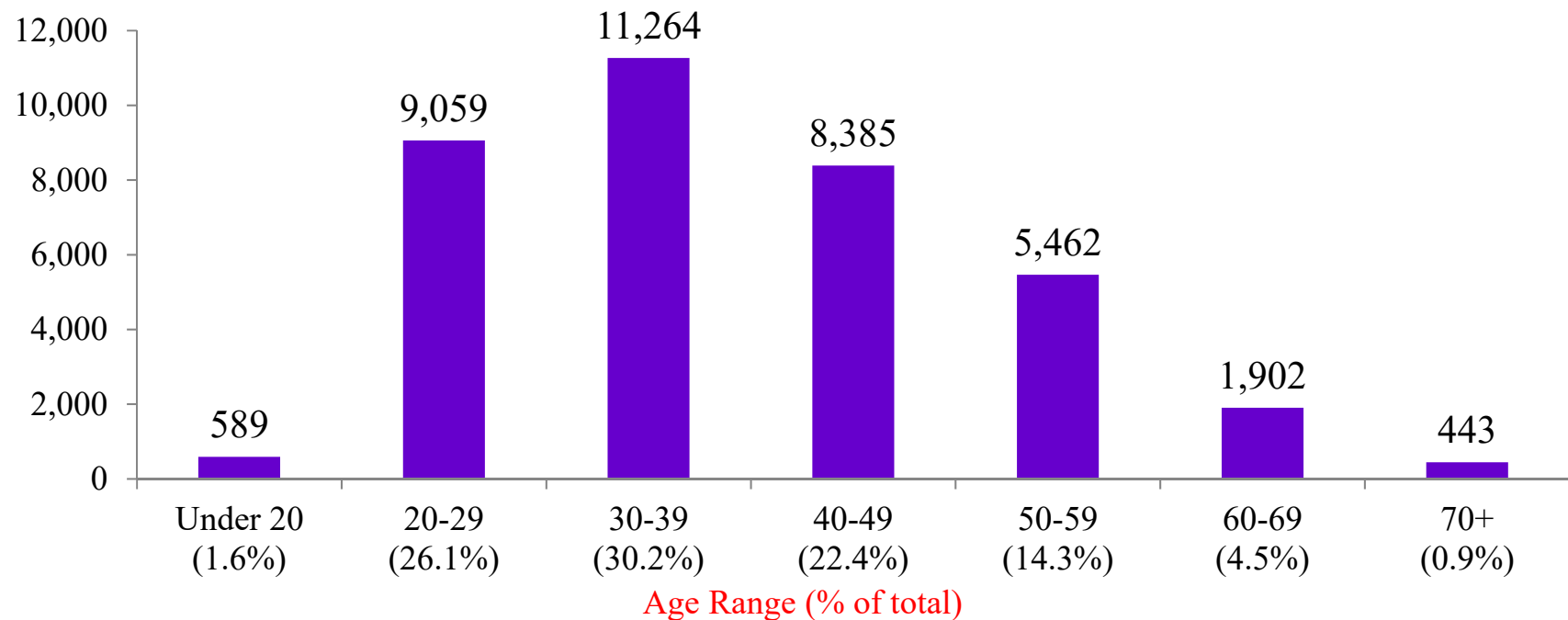
"You're sicker than I think."



Health Care Cost Drivers

- **Aging of the population**

- 2,345 inmates are 60 years or older (6%)
- 443 inmates are above 70

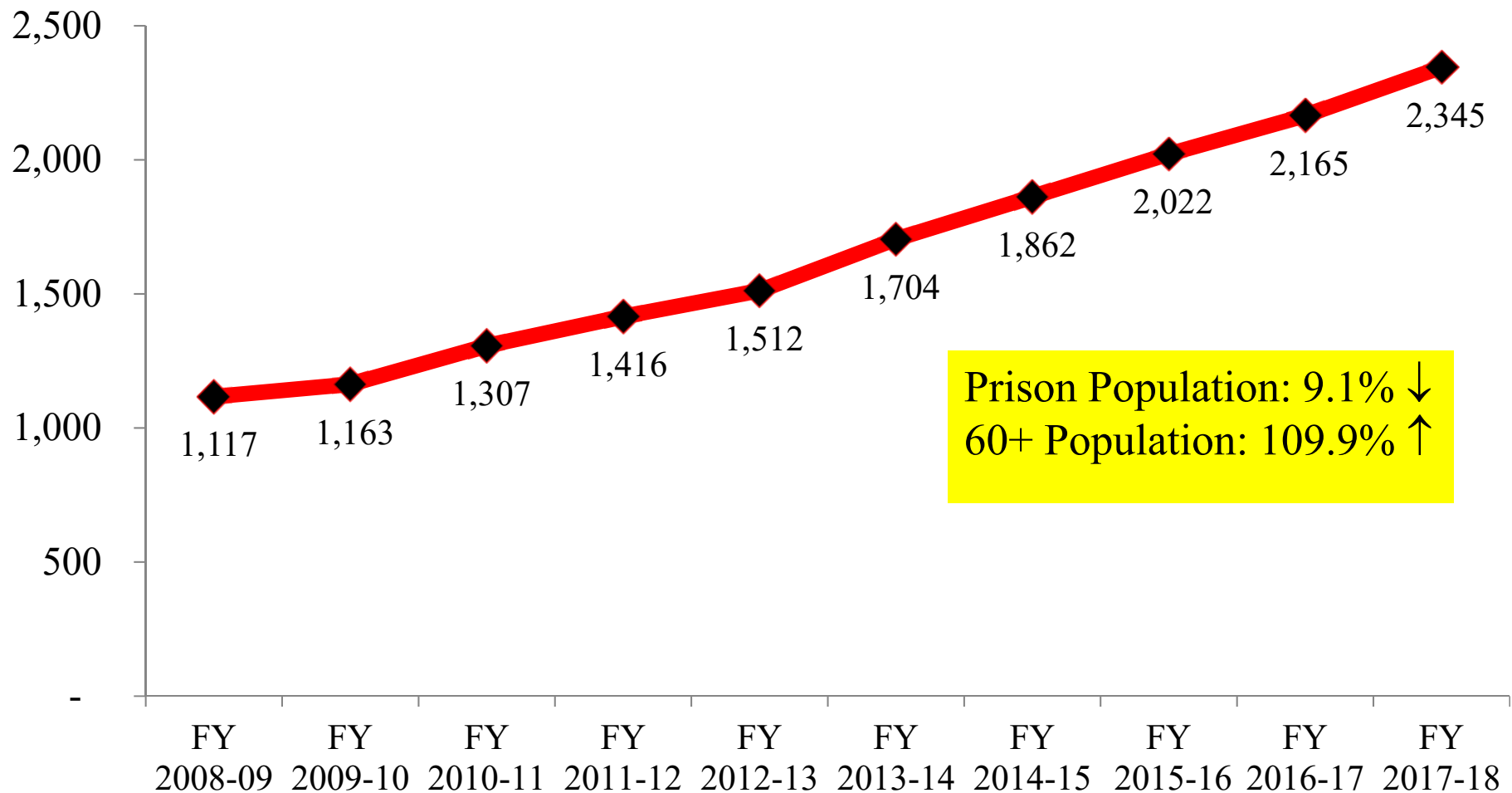


Source: DPS, ASQ data as of June 30, 2018

Health Care Cost Drivers

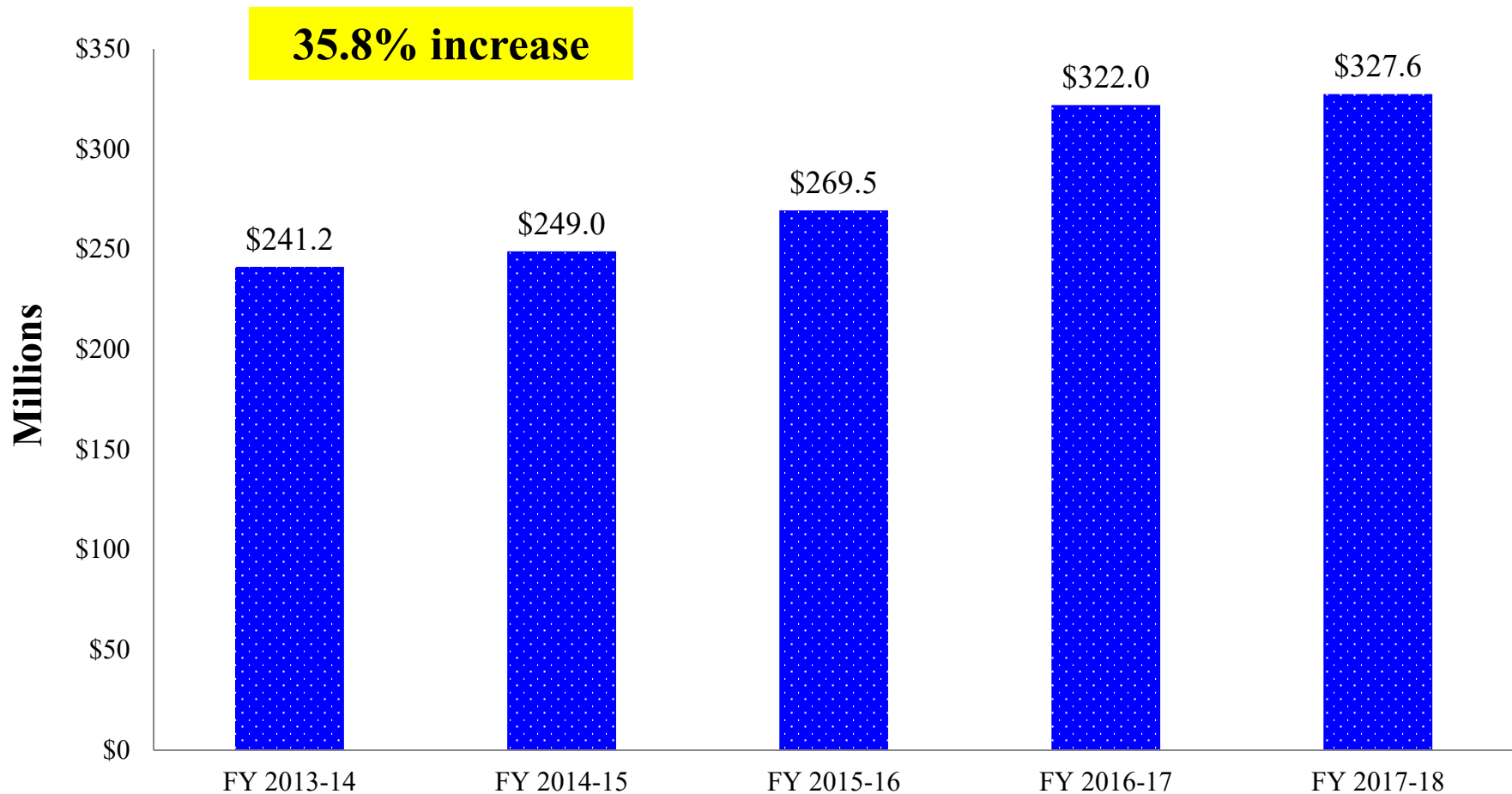
- **Overall health of inmates**
 - More renal disease among younger population
 - Growing number of inmates ineligible for medical release
- **Chronic Disease**
 - Heart disease
 - Cancer
 - Liver cancer and disease
 - Hepatitis C

Inmate Population Age 60 and Above



Source: DPS, June 30 ASQ reports

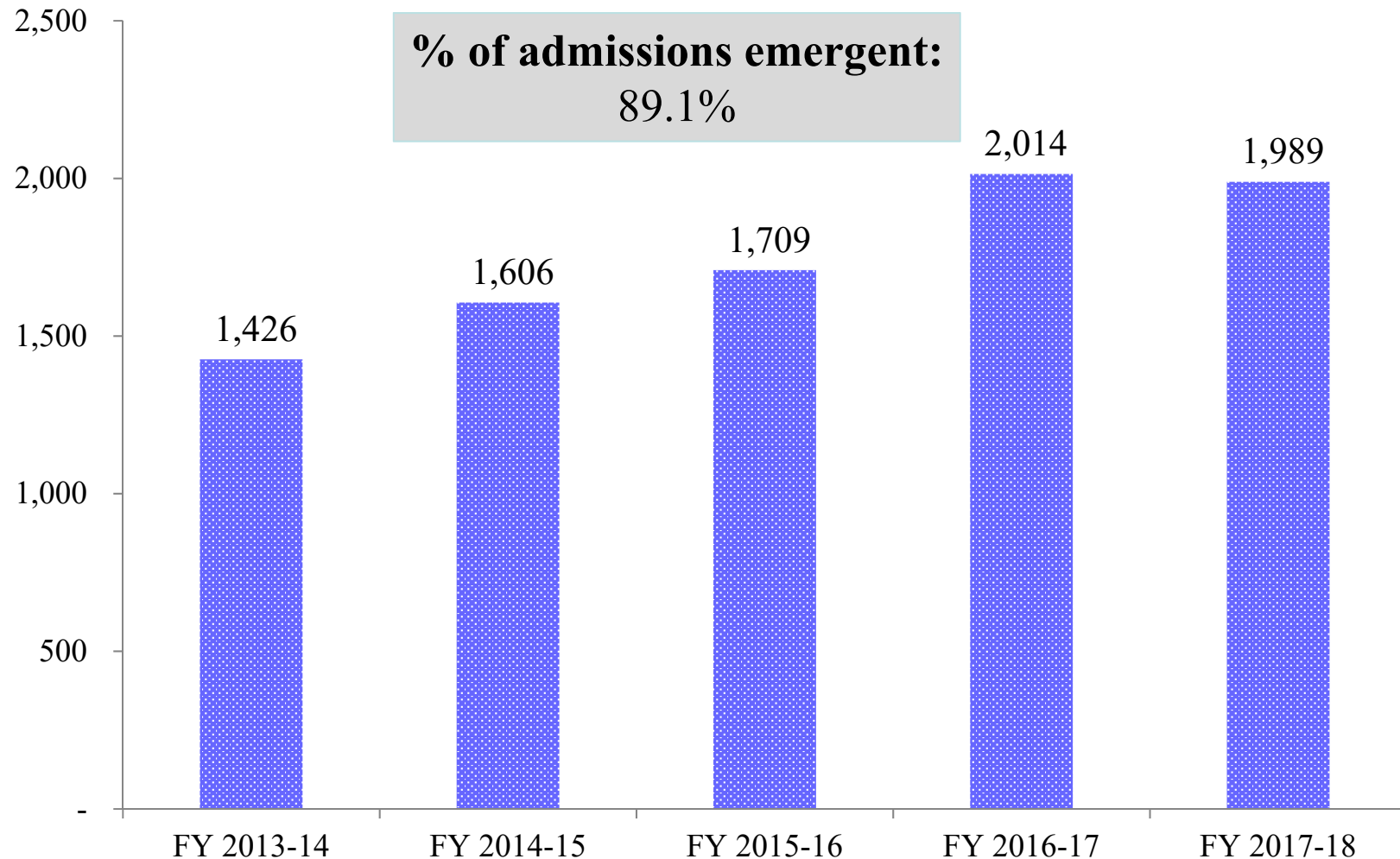
Inmate Health Care Spending



Source: DOP, annual Health Services Expense Reports



Inmate Hospital Admissions



Source: DAC (Prisons), Quarterly Cost Containment Reports

Spending: FY 2013-14 to FY 2017-18

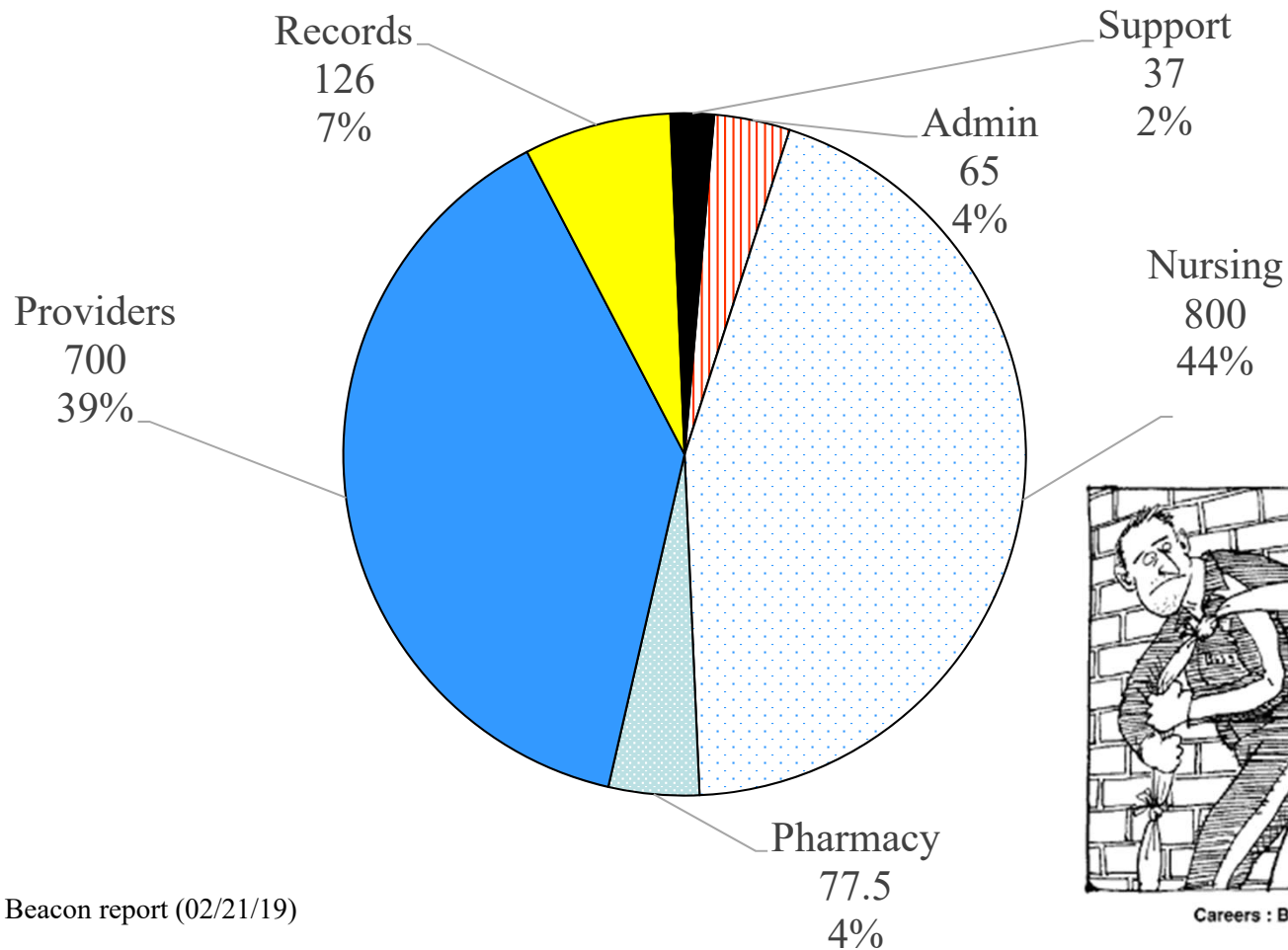
Inmate Medical	FY 2013-14	FY 2017-18	% Change
Contractual	\$4,185,295	\$160,007	-96.2%
Admin Service Temp Agency*	\$12,061,715	\$19,381,995	60.7%
DAC Employees	\$122,357,775	\$134,556,536	10.0%
Hospital Services	\$34,492,511	\$60,587,288	75.7%
Other Provided Services	\$23,356,379	\$50,300,821	115.4%
Prescription Drugs	\$35,483,867	\$53,551,334	50.9%
Supplies	\$4,580,952	\$5,999,618	31.0%
Equipment	\$2,684,867	\$581,272	-78.4%
Other Expenses**	\$2,042,691	\$2,462,193	20.5%
Total	\$241,246,052	\$327,581,064	35.8%

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

Source: Prisons, Health Services Expense Report, FY 2013-14 and FY 2017-18

Health Care Providers

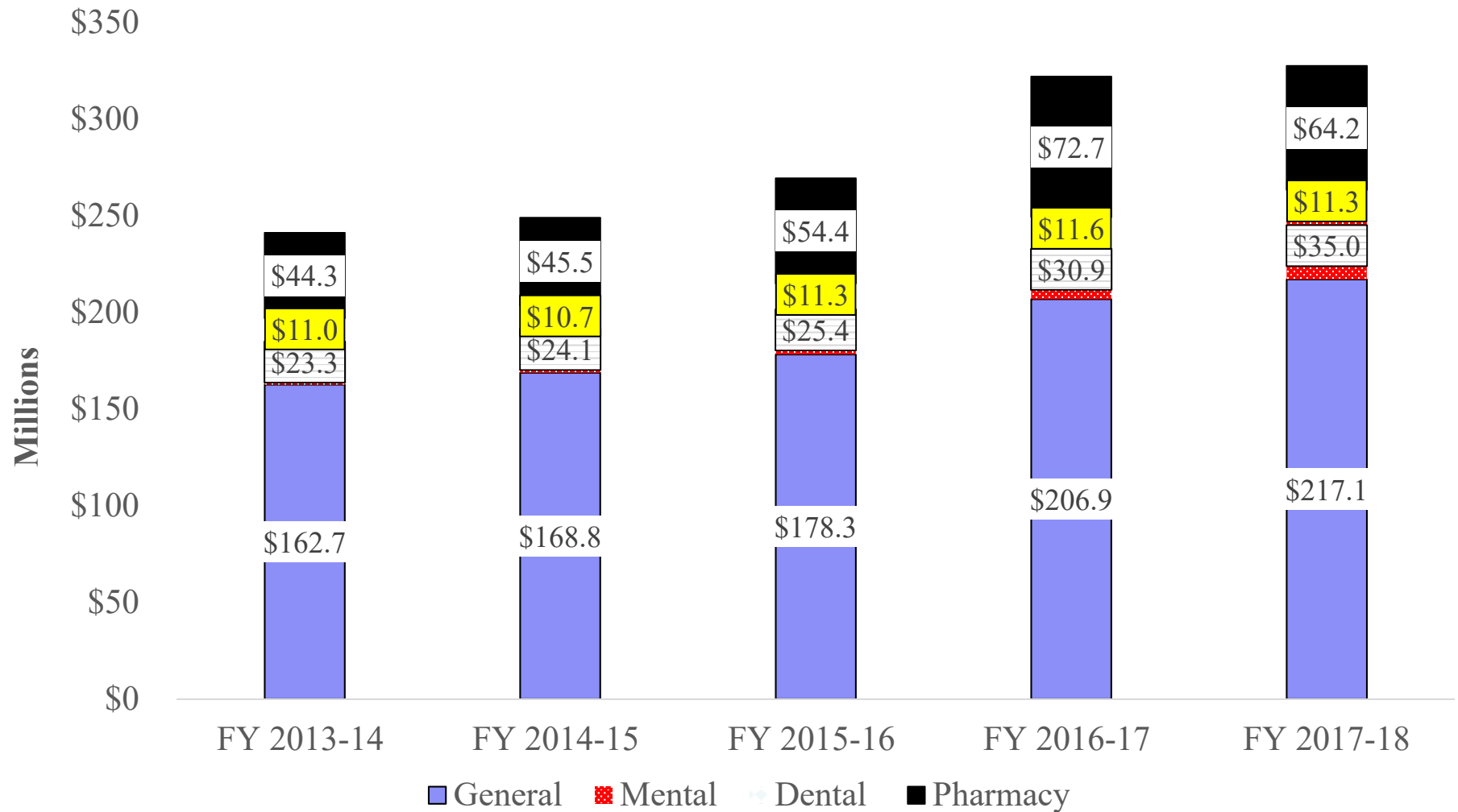
DOP Employees: 22% (1,809.50 FTE)



Careers : Become a Prison Doctor.

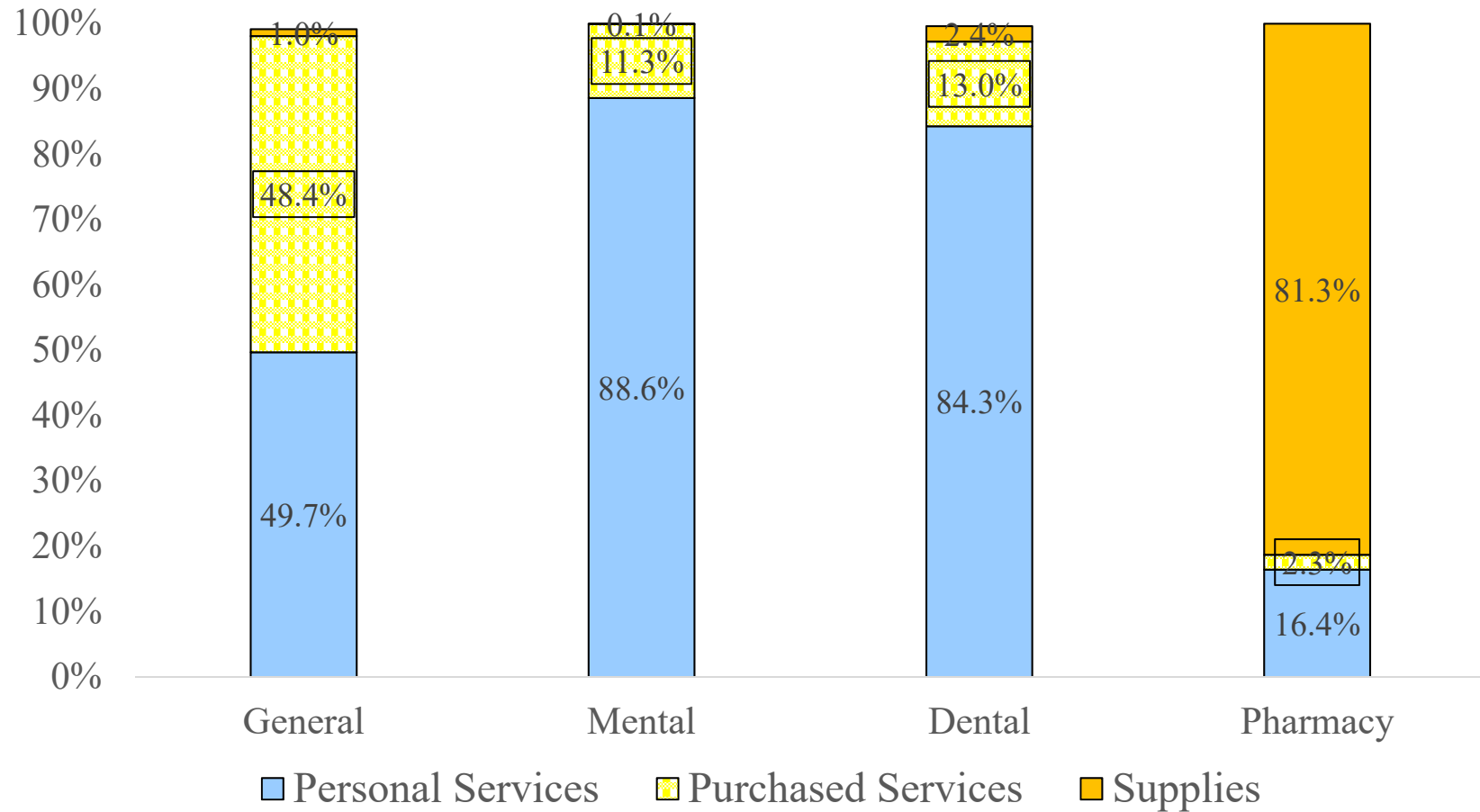
Source: BO 149 Beacon report (02/21/19)

Health Spending by Area



Source: DAC (Prisons), Health Expense Reports

Health Budget by Account



Source: Source: NCIBIS, Worksheet I, 02/16/19



General Health

FTE: 1,179

FY 2019-20 budget: \$194,308,120

2nd largest number of positions after Custody

Personal Services: 50% Purchased Services: 48%

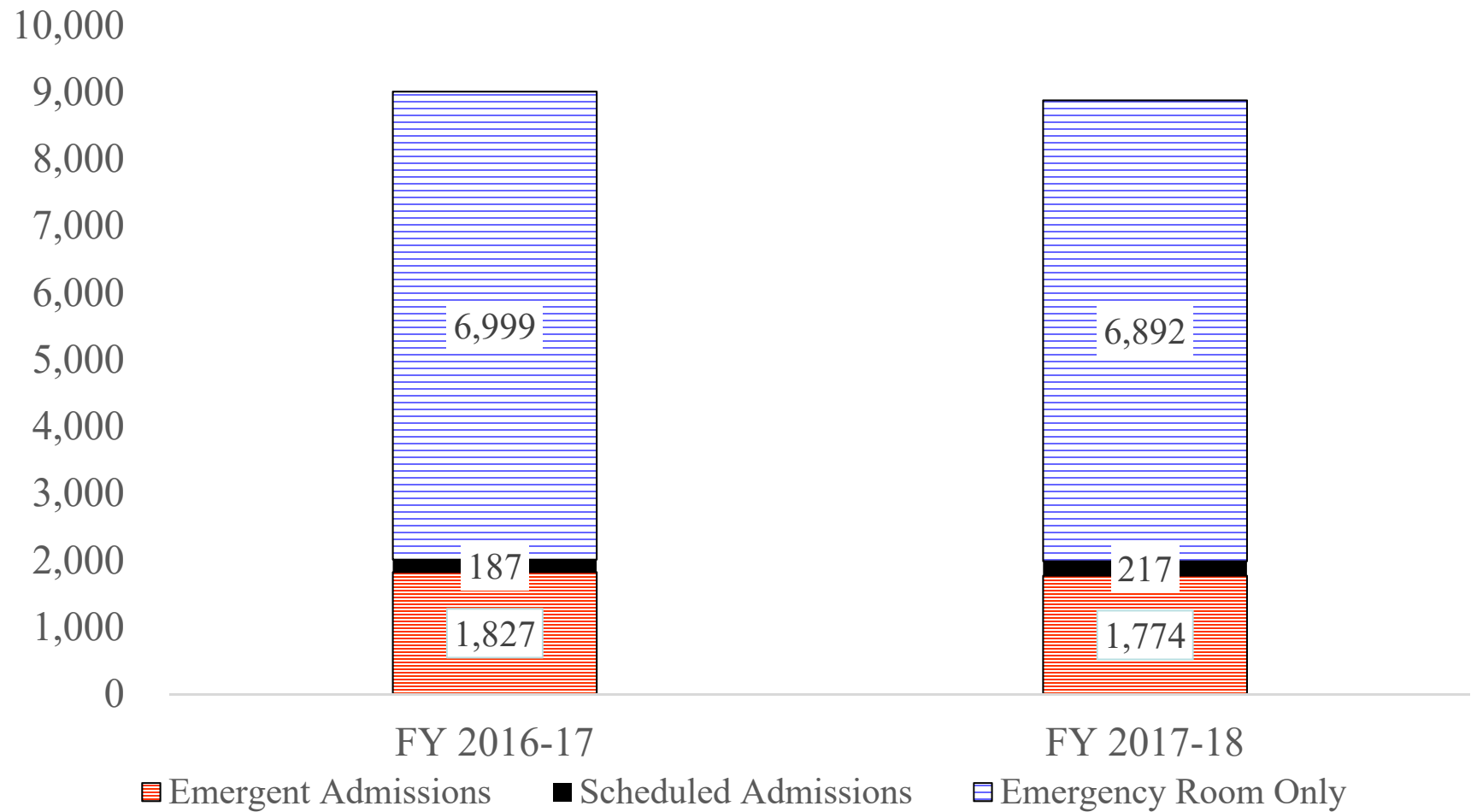
Nurse Coverage:

- 24-hour/7 days—24 facilities
- 16-hours/5-7 days—25 facilities
- 12-hours/5 days—2 facilities
- 40-hours/5 days—21 facilities



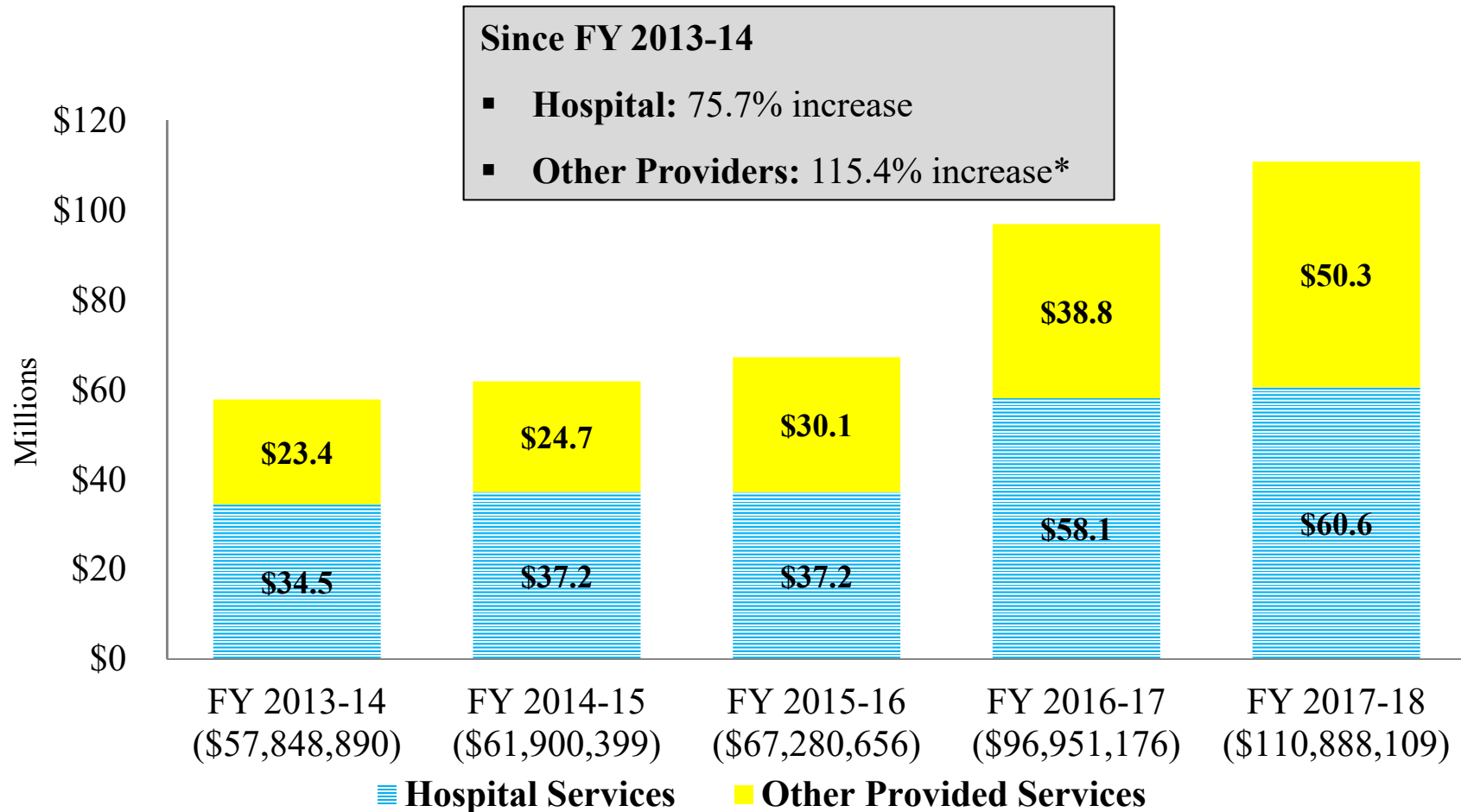
Source: NCIBIS, Worksheet I, 02/16/19 and DOP Health Services

Hospital Utilization



Source: DOP, quarterly cost containment reports

Hospital and Other Provider Payments



* Includes outsider providers at CP and NCCIW Hospitals

Source: DOP, Annual Health Services Expense reports

Major Health Spending Changes

Hospital Services: \$26.1 million increase since FY 2013-14

Other Providers: \$26.9 million increase since FY 2013-14

Outsourced Medical Claims Processing: \$1.5 m

Source: *DOP, Health Services Expense Reports*

Mental Health

FTE: 442

FY 2017-18 budget: \$35,781,471

Personal Services: 89%

Population receiving mental health services: 6,464 (18.2%)

- M2: Outpatient: 1,022
- M3: Outpatient w/psychiatrist: 5,198
- M4: Residential Mental Health: 157
- M5: Inpatient Mental Health: 87

Source: NCIBIS, Worksheet I, 02/16/19 and DOP Health Services

Major Mental Health Spending Changes

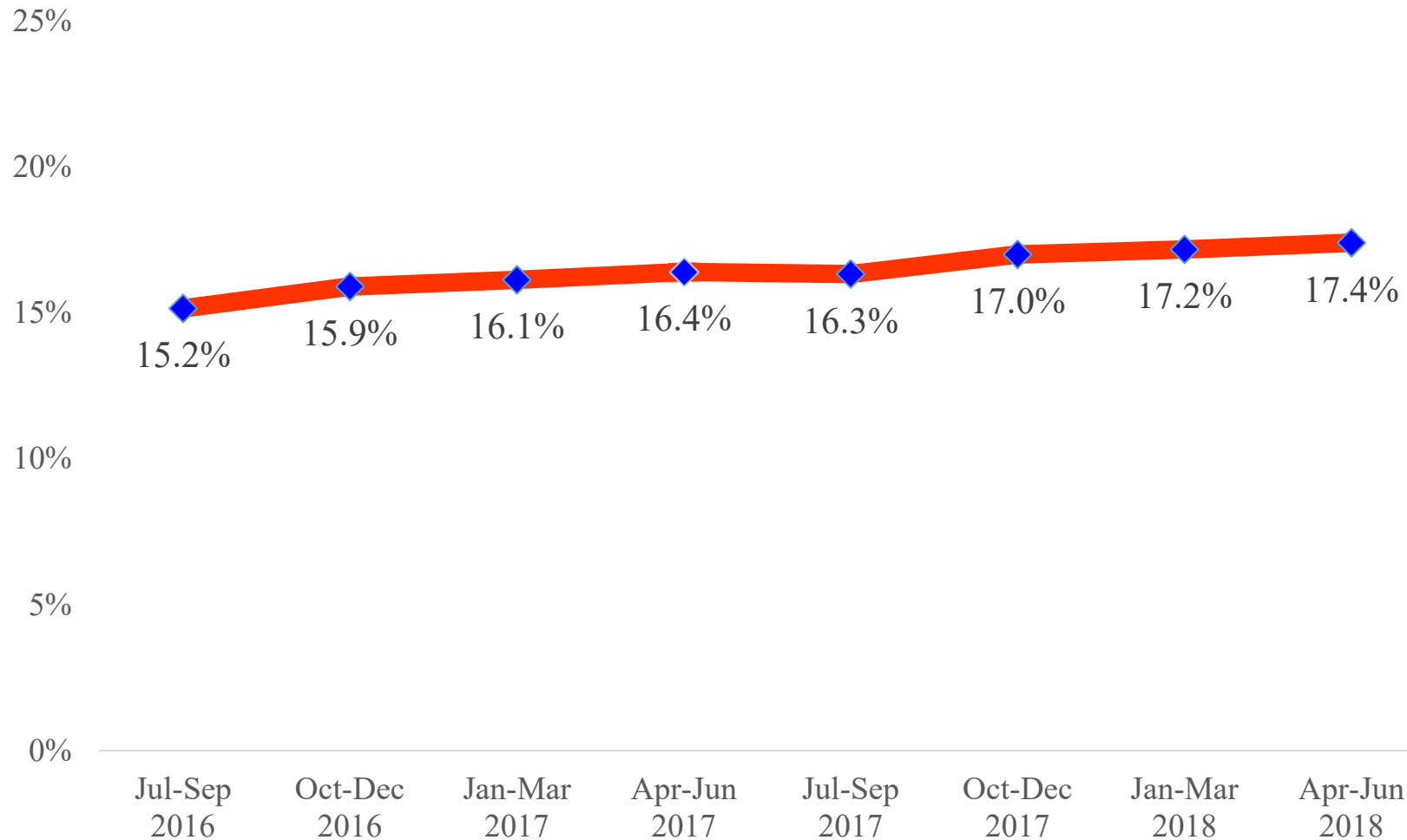
Central Prison Mental Health bed: 66 positions—\$3.2 m

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



Inmates on Mental Health Caseload



Source: DOP, Mental Health Services

Dental Health

FTE: 108

FY 2019-20 budget: \$12,706,189

Personal Services: 84%

Purchased Services 13%

- Dentists: 29
- Dental Hygienist: 19
- Dental Assistant: 50
- Lab Tech: 3
- Support: 7

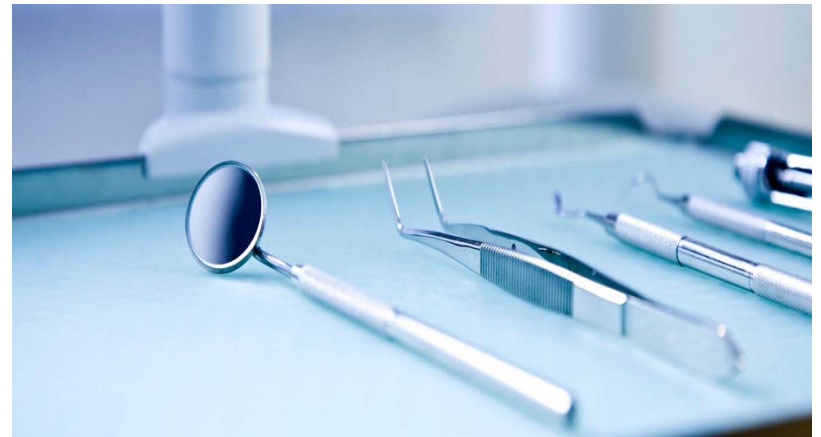


Source: NCIBIS, Worksheet I, 02/16/19 and Beacon BO 149 Report (02/21/19)



Dental Health Highlights

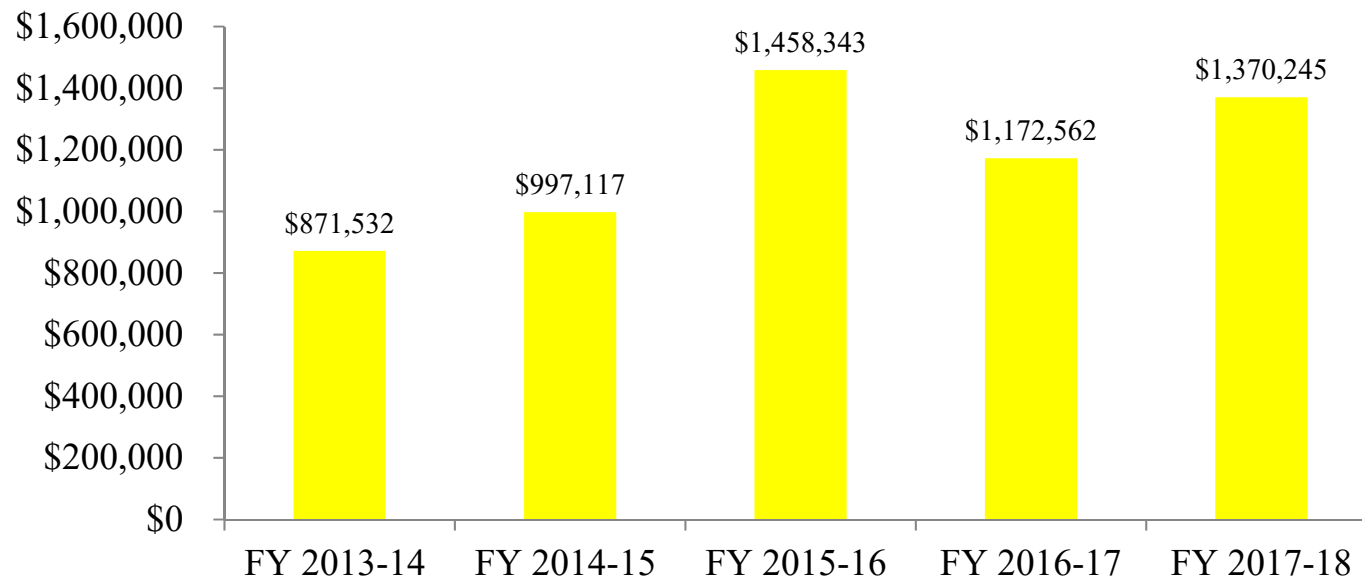
- **New Admissions Screenings:** 18,761
- **Cleanings :** 5,867
- **Filings:** 9,606
- **Dentures Delivered:** 1,198
- **Extractions:** 15,984
- **Oral Fracture Cases:** 159



Source: DPS, Dental Health Services

Major Dental Health Spending Changes

Other Medical Providers



Over last 5 fiscal years, it increased 57.2% increase

Pharmacy Services

FTE: 80.5

FY 2019-20 budget: \$51,395,377

Personal Services: 16.4% **Supplies:** 81.3%

Minnesota Multistate Contracting Alliance for Pharmacy:

- 49-state consortium
- 95.2% of prescriptions

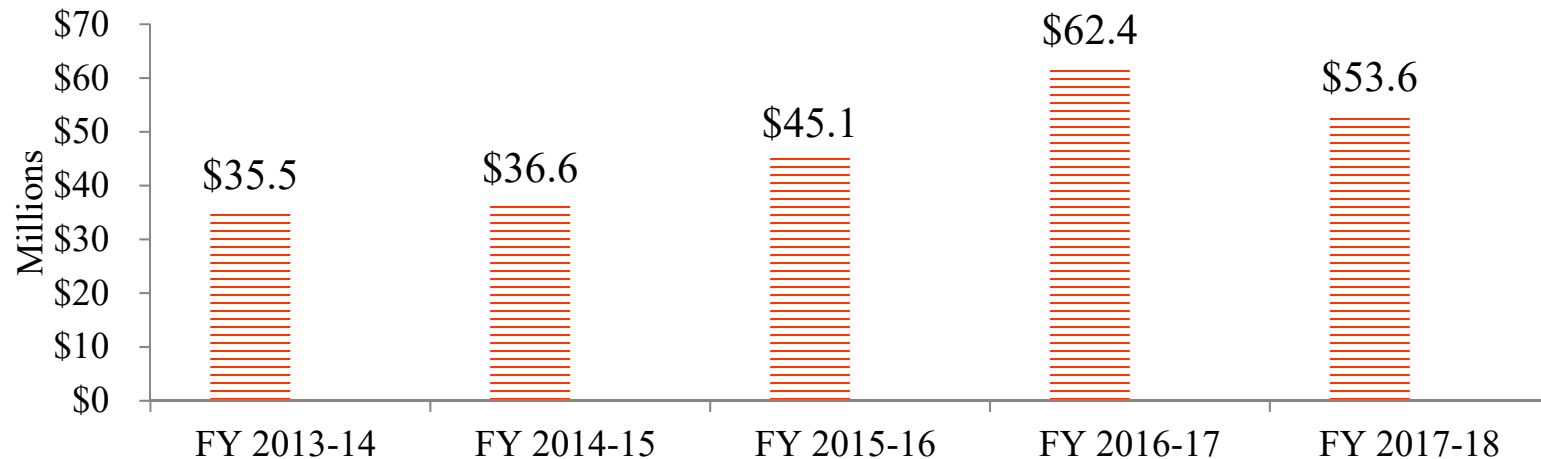
Prescriptions:

- 5,983 filled daily
- 62% filled by robotics



Sources: Pharmacy Services, *NCIBIS, Worksheet I, 02/16/19*

Major Pharmacy Spending Changes



HIV/AIDS (\$17.8m) and Hepatitis C (\$8.1m)—50.5% of total

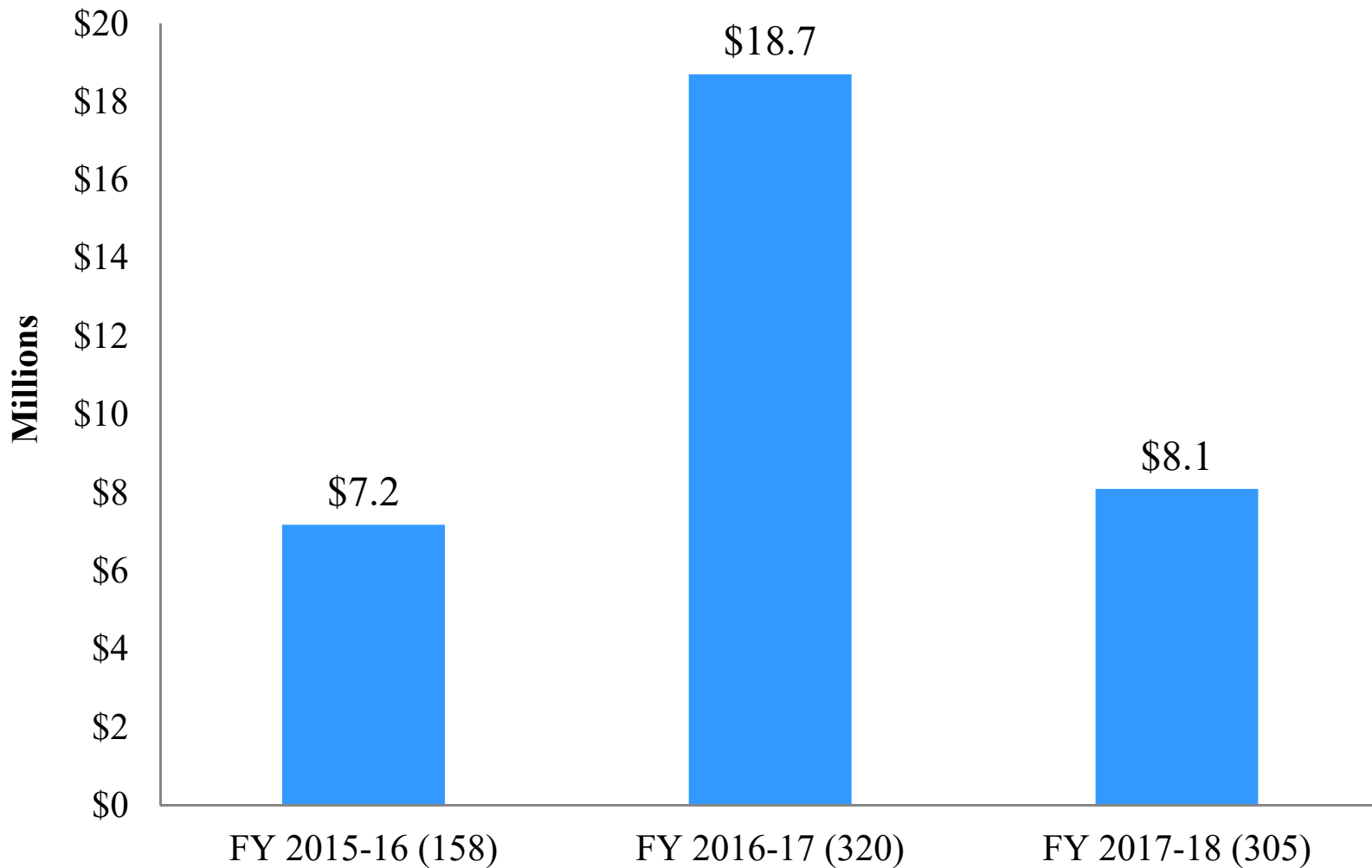
Rare Chronic Conditions (cancer, hemophilia, MS)

Lack of availability of some generics and drug price increases

16.3% increase in the prescriptions dispensed since FY 2013-14

Source: Pharmacy Services

Hepatitis C Treatment



Hepatitis C Lawsuit

- Lawsuit in federal court challenging the policy for assessing and treating inmates with Hepatitis C
- Currently, there is no mandated testing of inmates
- Testing and treatment are provided on a risk-based approach
- States have lost or settled suits: CO PA IN FL MA
- The Centers for Disease Control estimates one third of inmates have Hepatitis C, which for North Carolina represents 12,000 inmates



III. Cost Containment Efforts



Cost Containment Efforts

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

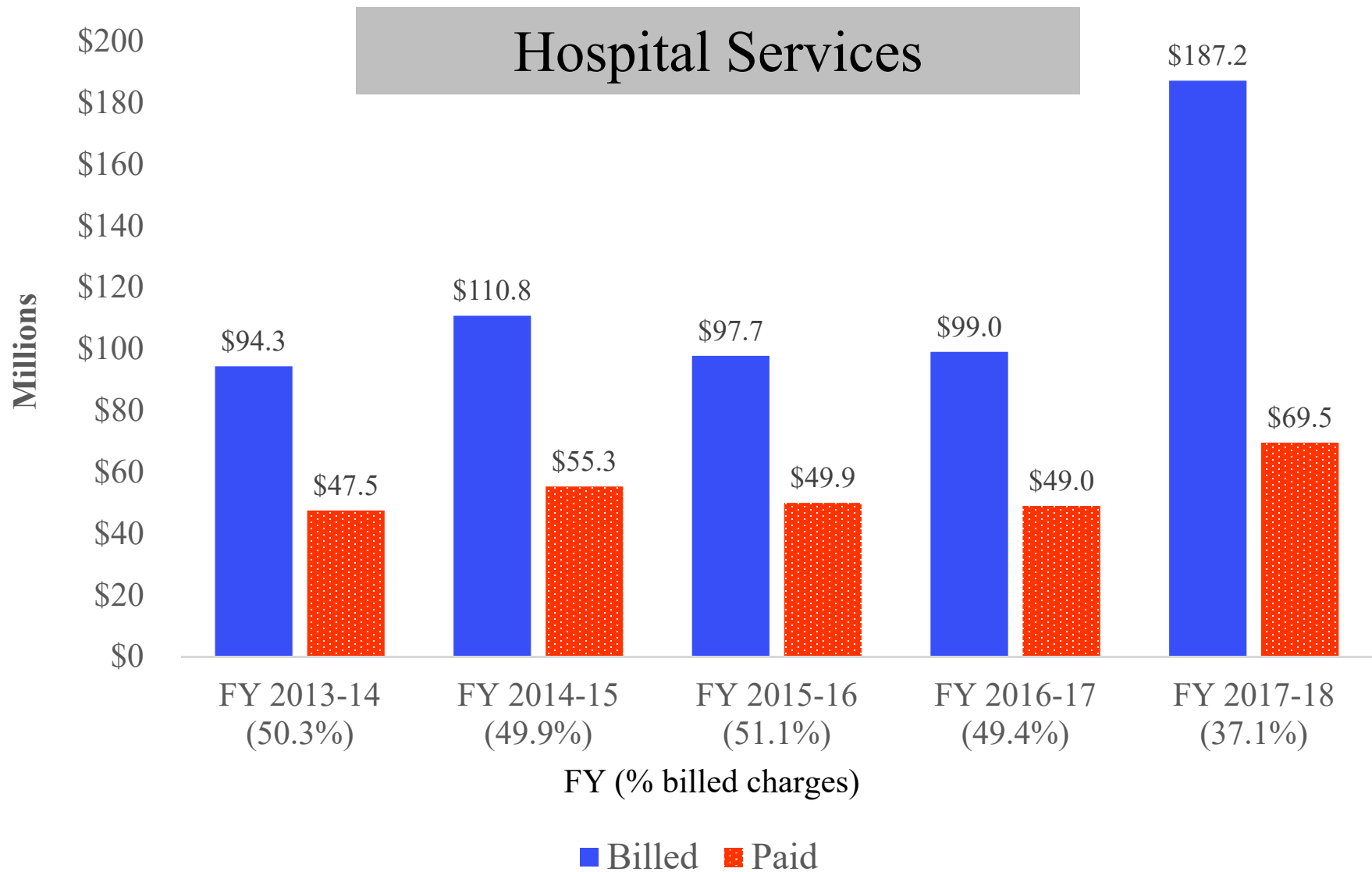
- 70% of amount charged based on the schedule of “usual and customary” charges in effect for all other patients as of July 1, 2010—**providers refused to cooperate**

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

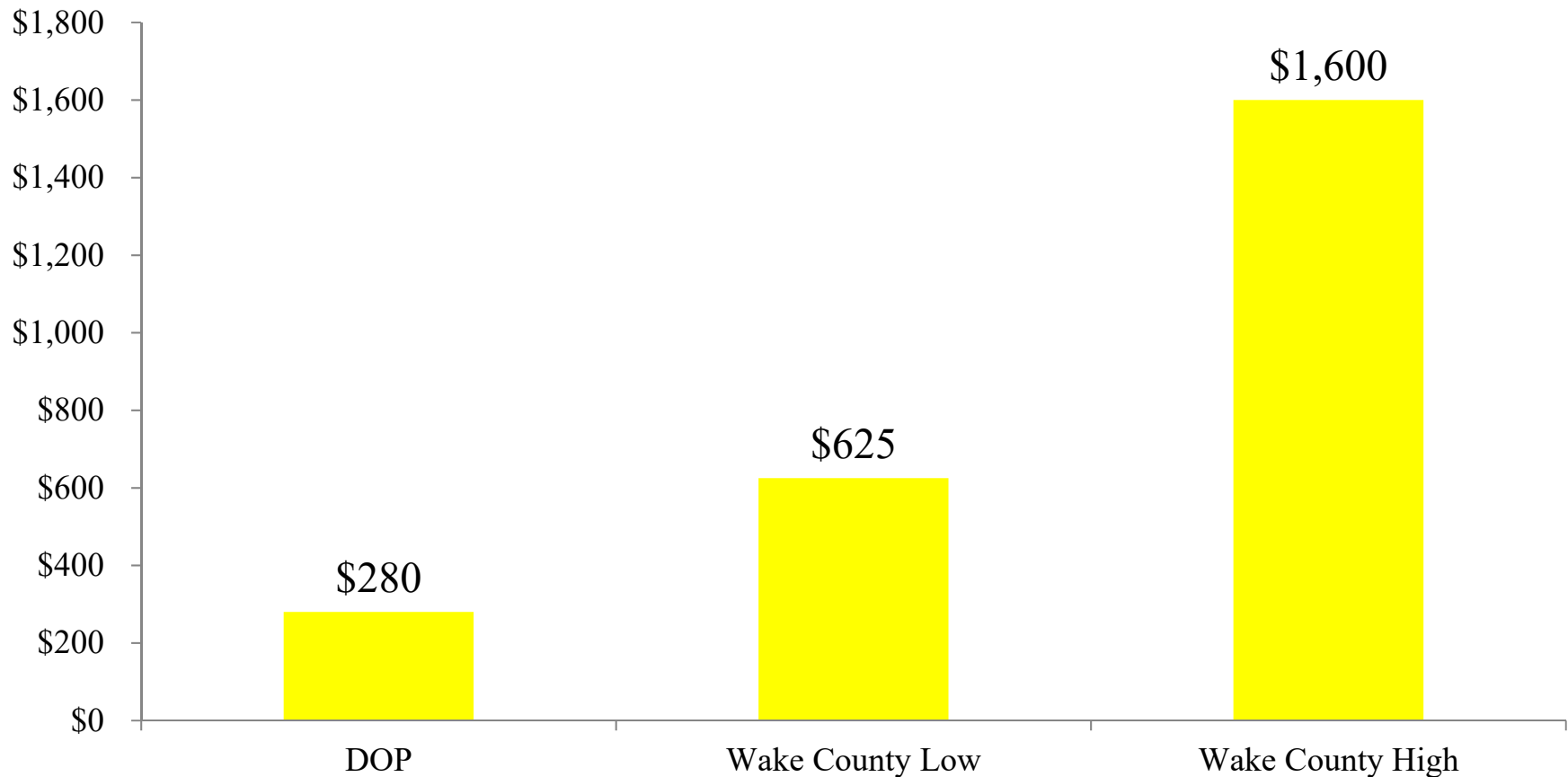


Bending the Cost Curve



Cost Comparison of MRIs

FY 2017-18: 783 MRIs

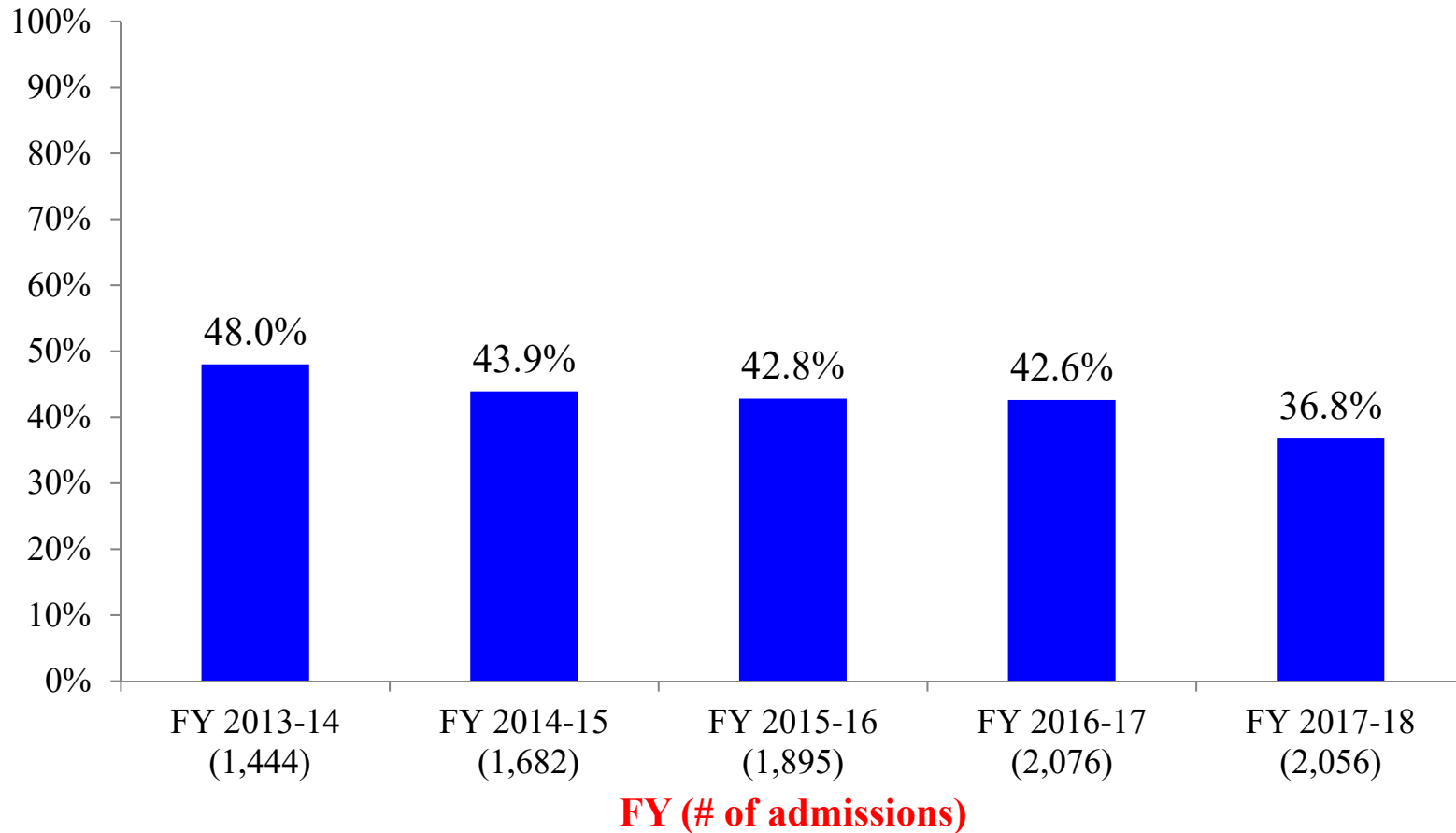


Source: DOP, Health Services & cost estimates are averages based on historical BCBSNC claims data for MRI abdomen



Medicaid Eligibility

Cost Avoidance: \$7.6 million



Source: DOP, Health Services. & quarterly cost containment reports



IV. Prison Hospitals



Prison Hospitals

Central Prison Hospital

- 120 medical and 216 mental health beds
- *Half* the medical beds are used for long-term or palliative care
- Contract with UNC to staff 18 specialty clinics
- FY 2017-18: 14,827 clinic visits and surgeries



Specialty Clinics		
Audiology	Oral Surgery	Neurology
Podiatry	Orthopedics	Hepatology
Optometry	Orthotics	Infectious Disease
Ophthalmology	Cardiology	ENT
Urology	Gastroenterology	Endodontics
General Surgery	Nephrology	Specialty Radiology

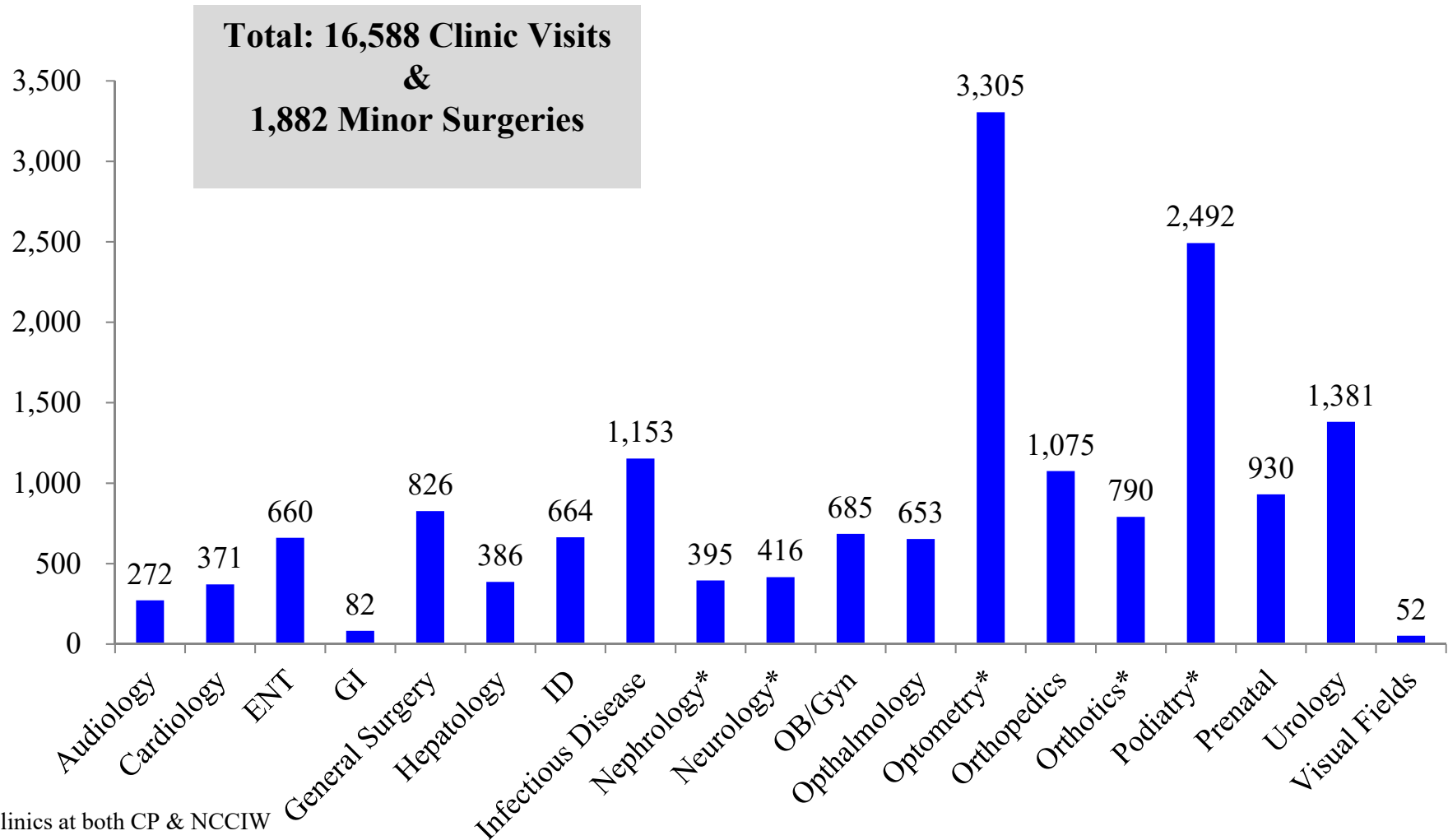
Prison Hospitals

NC Correctional Institution for Women Hospital

- 80 medical and 70 mental health beds
- Contract with UNC to staff 7 specialty clinics
- FY 2017-18 : 3,542 procedures
- Clinics:
 - Neurology
 - Prenatal
 - OB/GYN
 - Podiatry
 - Optometry
 - Nephrology
 - Orthotics



Central Prison & NCCIW Specialty Clinics



*Clinics at both CP & NCCIW

Source: DOP Health Services, FY 2017-18



V. Recent Budget Issues & Actions



Recent Budget Items

Item	FY 2016-17	FY 2017-18
Vacant Nursing Positions*		(\$14,759,413) (196) FTE
Temporary Nursing Services*		\$14,759,413
Central Prison Mental Health Beds	\$3,161,763 66 FTE	
Mental Health Behavior Treatment beds @ 8 close custody prisons	\$5,619,247 152 FTE	
Electronic Health Records	\$1,363,357	

* Took effect in FY 2018-19

Major Lapsed Salary Expenditures

Item	FY 2016-17	FY 2017-18	Total
Temporaries - Nursing Agencies	\$16,615,163	\$15,856,165	\$32,471,328
Prescription Drugs and Pharmacy Supplies	\$14,932,460	\$21,430,083	\$46,831,086
Other Medical Providers	\$14,932,460	\$21,430,083	\$36,362,543
Hospital Services	\$22,203,221	\$23,306,451	\$45,509,672
Total	\$68,683,304	\$82,022,782	\$161,174,629

Source: DAC, annual lapsed salary reports

Budget Provisions to Address Lapsed Salaries

DAC Budget Review and Realignment (Section 35.23)

Directed DAC to realign the budget as part of certification:

Personnel costs	Overtime	Temporary nurses
Inmate medical	Prescription drugs	Pharmacy supplies

- **Result:** DAC moved \$107 million into these line items via a negative reserve

FY 2018-19 DPS Certified Budget

14550-Public Safety - General Fund

REQUIREMENTS

Account Code	Account Title	2018-19 Original	2018-19 Change	2018-19 Revised
531661	TAX EMP REIMB/ALLOW-APPRO	\$25,002	\$0	\$25,002
531995	TURNOVER REALIGNMENT	\$0	(\$107,515,644)	(\$107,515,644)

Budget Provisions to Address Lapsed Salaries

Budget Accountability and Transparency Reform Initiative (Section 6.3)

- Directed DPS and State Budget to develop a budget realignment plan
 - Goal: more closely align with actual requirements
 - Permitted the elimination of vacant positions

Result: DPS eliminated 19 vacant positions and made actual requirements more closely align mainly through the use of lapsed salaries

“DPS generates significant lapsed salary because of high turnover, recruiting difficulties, and a high vacancy rate partially driven by an inability to eliminate positions that are needed to maintain minimum staffing safety standards at facilities.”

-OSBM, Report on the Budget Accountability and Transparency Reform Initiative

DPS FY 2018-19 Certified Budget

Office of State Budget And Management Certified Budget - Revised (BD307)

Biennium 2017-19

14550-Public Safety - General Fund

1331-Prison General Health

Account	Account	2018-19	2018-19	2018-19
Code	Title	Original	Change	Revised
532131	HOSPITAL SERV	\$34,893,850	\$21,430,083	\$56,323,933
532132	OTHER PROVIDED	\$35,016,471	\$23,306,451	\$58,322,922

1334-Prison Pharmacy Services

533610	DRUG SUPPLIES	\$28,555,791	\$23,415,543	\$51,971,334
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Result of Addressing Budget Provisions

Fiscal Year	2017-18 Actual	2018-19 Original	2018-19 Certified Change	2018-19 Authorized	2019-20 Increase	2019-20 Total
Hospital Services	\$60,587,288	\$34,893,850	\$21,430,083	\$55,742,578	(\$9,930,083)	\$45,812,495
Other Medical Providers	\$58,742,749	\$35,016,471	\$23,306,451	\$58,322,922	(\$13,806,451)	\$44,516,471
Drugs and Pharmacy	\$53,551,132	\$28,555,791	\$23,415,543	\$52,214,632	(\$11,521,754)	\$40,692,878



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