



PROGRAM EVALUATION DIVISION

NORTH CAROLINA GENERAL ASSEMBLY

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Modifications to Inmate Pharmacy Purchasing and Monitoring Could Save \$13.4 Million Annually

Summary

The Joint Legislative Program Evaluation Oversight Committee directed the Program Evaluation Division to examine the efficiency and economy of inmate healthcare. This report is the second in a four-part series and focuses on pharmaceutical-related expenditures for inmates, which totaled \$72.7 million in Fiscal Year 2016–17, an 88% (\$33.9 million) increase from five years ago.

North Carolina's failure to participate in a federal discount program caused the State to pay more for inmate prescription medications than necessary. The Department of Public Safety (DPS) incorrectly asserts it cannot participate in a federal 340B program, which offers certain governmental units significantly discounted medications. Corrections departments in 16 other states have established such arrangements, which could save North Carolina approximately \$13.3 million annually.

DPS cannot ensure the effectiveness of the State's expenditures on certain high-cost medications because it allows inmates to keep these medications on their person. DPS allows inmates to keep supplies of certain medications worth more than \$7,000 each on their person and therefore cannot ensure that inmates are actually self-administering these high-cost prescriptions.

DPS does not collect sufficient data to take disciplinary action when medications are lost during inmate transfer. When inmates transfer from one prison to another, their medications travel with them; in Fiscal Year 2016–17, medications worth a combined \$115,000 were lost during this process. Insufficient data collection, internal controls, and monitoring activities have restricted DPS's ability to limit losses.

Inadequate data collection and oversight of prescriptions filled at local pharmacies prevents DPS from limiting these expenditures and enforcing its short-supply policy. DPS does not collect and analyze data on medications purchased locally and cannot ensure providers are only writing 10-day-supply prescriptions to be filled at local pharmacies.

North Carolina does not charge inmates copayments for prescriptions; establishing such charges could generate up to \$1.5 million annually. Thirteen states charge inmates a copayment for prescriptions.

Based on these findings, the General Assembly should (1) direct DPS and UNC to establish a 340B discount program, (2) direct DPS to require certain high-cost medications not be kept on an inmate's person, (3) direct DPS to establish controls and collect and analyze data on medications lost during inmate transfer, and (4) direct DPS to develop statewide contracts with retail pharmacies for local medication purchases and develop an oversight mechanism for providers ordering such purchases.