



HOUSE BILL 106: Inmate Health Care & 340B Program.

2019-2020 General Assembly

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| Committee: | Senate Rules and Operations of the Senate | Date: | June 27, 2019 |
| Introduced by: | Reps. Horn, Farmer-Butterfield, Lucas, R. Turner | Prepared by: | Theresa Matula Legislative Analyst |
| Analysis of: | Fifth Edition | | |

OVERVIEW: *Part I (Inmate Health Care Reimbursement and Internal Processes and Telemedicine Pilot) of the PCS for House Bill 106 would do the following as it relates to inmate health care: require the Department of Public Safety (DPS) to develop a plan to increase the use of the Central Prison Healthcare Complex and to submit the plan Joint Legislative Oversight Committee on Justice and Public Safety; require a quarterly report on the reimbursement rate for contracted providers; add a new statute pertaining to Medicaid services for inmates and require progress reports; require the issuance of two Requests for Proposals (RFP) to develop an electronic inventory system for medical supplies; require DPS to study and develop initiatives pertaining to the salaries of all in-prison health services employees; and require the establishment of a telemedicine pilot program to provide physical health services to inmates. Part II (Federal 340B Program) of the PCS would require DPS to partner with the Department of Health and Human Services to access medication pricing under the federal 340B Program, require DPS to issue a RFP for partnerships between entities covered under the federal 340B Program and four prison regions, require DPS to develop a Memorandum of Agreement with the University of North Carolina Healthcare Services for the 340B Program, require periodic reporting, and codify reporting requirements. The content of HB 106 is based on recommendations contained in reports by the Program Evaluation Division.*

BILL ANALYSIS: PART I: Inmate Health Care Reimbursement and Internal Processes and Telemedicine Pilot

Section 1 requires the Department of Public Safety to develop a plan to increase the use of the Central Prison Healthcare Complex (CPHC) and to submit this plan, including cost savings, and utilization barriers for CPHC and NCCIW, to the Joint Legislative Oversight Committee on Justice and Public Safety by December 1, 2019. Plan requirements include:

- Strategies, policies, and oversight mechanisms to ensure that non-life-threatening emergencies for male inmates within a 60-mile radius of Raleigh are treated at the CPHC urgent care facility, including the considering the use of telemedicine.
- A cost comparison of health care services performed at CPHC and the North Carolina Correctional Institution for Women (hereinafter "NCCIW") and health care services performed by outside contracted providers, including inmate transportation costs.
- A review of the usage at CPHC and NCCIW and the potential to maximize usage of those facilities through (i) increasing the usage of CPHC's facilities for general anesthesia procedures and increasing usage of existing on-site equipment, (ii) selling equipment no longer in use or not in use due to staffing changes, (iii) increasing the provision of health care services available at CPHC to female inmates, and (iv) identifying potential CPHC expenditures that would ultimately result in demonstrated cost savings.
- Methods to contain costs for palliative and long-term health care services for inmates.

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Section 2 requires a quarterly report on the reimbursement rate for contracted providers, and requires a report on alternative methods for reimbursing providers and facilities.

Highlights are as follows:

- Requires the Department of Public Safety to provide a quarterly report on the reimbursement rate for contracted providers to the Joint Legislative Oversight Committee on Justice and Public Safety and the chairs of the House of Representatives and Senate Appropriations Committees on Justice and Public Safety.
- Requires the Department of Public Safety to report to Joint Legislative Oversight Committee on Justice and Public Safety and the chairs of the House of Representatives and Senate Appropriations Committees on Justice and Public Safety on alternative methods for reimbursing providers and facilities that provide approved medical services to inmates, including Medicare rates.

Section 3 adds a new statute pertaining to Medicaid services for inmates and requires progress reports.

Section 3(a) requires the Departments of Public Safety and Health and Human Services to work together to ensure social workers in the Department of Public Safety, Health Services Section: 1) receive Medicaid eligibility determination training on at least a quarterly basis, and 2) qualify for and receive federal reimbursement for performing administrative activities related to Medicaid eligibility for inmates. Social workers in the Department of Public Safety, Health Services Section are required to report activities related to administrative activities related to Medicaid eligibility for inmates. In addition, social workers performing Medicaid eligibility activities in the Health Services Section must submit Medicaid applications and supporting documents electronically, unless prohibited. **Section 3(b)** requires the Departments of Public Safety and Health and Human Services to jointly report to the Joint Legislative Oversight Committee on Justice and Public Safety and the Joint Legislative Oversight Committee on Medicaid and NC Health Choice on progress in receiving federal reimbursement for performing administrative activities related to Medicaid eligibility for inmates. This reporting begins October 1, 2019 and continues on a quarterly basis until full implementation is achieved. **Section 3(c)** requires the Department of Public Safety to report to the Joint Legislative Oversight Committee on Justice and Public Safety on the implementation of the documentation of criteria for the submission of Medicaid applications and the electronic submission of Medicaid applications. The report is required by October 1, 2019. Section 3 becomes effective October 1, 2019

Section 4 requires the Department of Public Safety to issue two RFPs for develop an electronic inventory system for medical supplies. One RFP is for a system to be used at all prison facilities, and one RFP is for a system to be used exclusively at the Central Prison Healthcare Complex and the North Carolina Correctional Institution for Women. The Department shall report the results of the RFPs to the Joint Legislative Oversight Committee on Justice and Public Safety and the chairs of the House of Representatives and Senate Appropriations Committees on Justice and Public Safety by December 1, 2019.

Section 5 requires the Department of Public Safety to study and develop initiatives pertaining to the salaries of all in-prison health services employees. **Section 5(a)** requires the Department of Public Safety, Health Services Section, and the Office of State Human Resources, to jointly study the salaries of all in-prison health services employees to determine what adjustments are necessary to increase the salaries of new hires and existing employees of the Health Services Section to market rates. **Section 5(b)** requires the Department to establish a vacancy rate benchmark for each correctional facility to create a plan to reduce the vacancy rates including certain initiatives. **Section 5(c)** requires the Department to establish methods to measure the effectiveness of the initiatives to reduce vacancy rates required in subsection (b) and estimate the budgetary impact and anticipated savings. The Department is required submit its findings on salaries and vacancy rates, including any proposed legislation and the need for assistance required from the Office of Human Resources and the Office of Rural Health in the Department of Health and Human

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Services, to accomplish the objectives outlined in subsections (a) and (b) of this section to the Joint Legislative Oversight Committee on Justice and Public Safety by February 1, 2020.

Section 6 requires the Department of Public Safety, Health Services Section to report on the feasibility study referenced in the current contract with UNC Health Care, and establish a telemedicine pilot program to provide physical health services to inmates. **Section 6(a)** requires the Department of Public Safety, Health Services Section to report to the Joint Legislative Oversight Committee on Justice and Public Safety and the chairs of the House of Representatives and Senate Appropriations Committees on Justice and Public Safety on the feasibility study of telehealth services referenced in the February 2019 Memorandum of Agreement between the Department and UNC Health Care. **Section 6(b)** requires the establishment of a telemedicine pilot program. Two correctional facilities shall be selected for the pilot, one in the eastern part of the State and one in the western part of the State. The ability to assess, measure, and evaluate the pilot program must be an integral part of the program design and **Section 6(c)** outlines measures for each pilot site. **Section 6(d)** requires an interim report on or before January 1, 2020, and another report on or before January 1, 2021, to the Joint Legislative Oversight Committee on Justice and Public Safety and the Joint Legislative Oversight Committee on Health and Human Services.

PART II of the PCS, **Federal 340B Program**, was not initially included in HB 106.

Section 7 would require DPS to partner with the Department of Health and Human Services to be able to access medication pricing under the federal 340B Program for medications used to treat the human immune deficiency virus (HIV), the hepatitis C virus (HCV), and eligible sexually transmitted diseases (STDs). The section would also require DPS to report October 1, 2019, on the implementation of this section.

Section 8 would require DPS to prepare a plan for and issue Requests for Proposals (RFPs) seeking partnerships between North Carolina entities covered under the federal 340B Program and North Carolina's four prison regions in order for DPS to avail itself of 340B Program savings through medications and treatments prescribed at these partner entities. Additionally, it would also require DPS to report on December 1, 2019, regarding its plan for the issuing of RFPs.

Section 9 would require DPS to develop a Memorandum of Agreement (MOA) with the University of North Carolina Healthcare Services (UNC-HCS) to allow DPS to avail itself of federal 340B Program medication savings when medications are prescribed at a 340B Program-registered UNC-HCS site. It would also require DPS and UNC-HCS to develop a plan for the shifting of prescription authority from DPS to UNC-HCS when this would be most cost effective. Both DPS and UNC-HCS would be directed to report on October 1, 2019, regarding the plan and methods of implementation of shifting prescription authority.

Section 10 would codify annualized reporting requirements for DPS beginning on October 1, 2020, regarding savings realized by the State based upon the actions taken as a result of Sections 7, 8, and 9.

EFFECTIVE DATE: Except as otherwise provided, this act would become effective when it becomes law.

BACKGROUND: **Part I** of House Bill 106 includes recommendations from the Joint Legislative Program Evaluation Oversight Committee. For more information, [Improvements to Inmate Healthcare Reimbursement and Internal Processes Could Save \\$5.6 Million Annually](#).

Part II of House Bill 106 is a result of the Program Evaluation Division's, Final Report to the Joint Legislative Program Evaluation Oversight Committee (Report 2018-09) entitled, "[Modifications to Inmate Pharmacy Purchasing and Monitoring Could Save \\$13.4 Million Annually](#)."

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**Susan Sitze and Jacob Davis, staff attorneys, and Brent Lucas, PED staff, substantially contributed to this summary.*