

REPORT TO THE LEGISLATURE
Pursuant to P.A. 188 of 2010
Section 813
Drug Utilization Patterns and Cost Cutting Strategies Report

Section 813: The department shall work in cooperation with the department of community health to monitor and document drug utilization by department for prisoner health care services. As part of this effort, the department shall examine drug utilization patterns and cost-cutting strategies used by corrections systems in other states. By March 1, 2011, the department shall provide a report to the legislature detailing the department’s drug utilizations and drug utilization statistics for corrections systems in other states.

Background Information

The data from ten states is presented in two sets. The first set is from other states that are also served by the current Michigan Department of Corrections (MDOC) pharmacy vendor PharmaCorr, Inc. The second set of data from six additional states is not as easily comparable. The information is from excerpts of the states’ annual reports, findings from audits, legislative reports, and other sources that were available from online sources. This data and report of cost containment strategies was provided by Health Management Associates (HMA) who is functioning as the Third Party Review contractor for MDOC – Health Care.

State Level Data

First Data Set-Four States Provided by Current Pharmacy Vendor

The information below describes the per prisoner per month (PMPM) cost for the major categories of: (1) General Medicine, (2) HIV, and (3) Psychotropic.

General Medicine

State	October 2010	November 2010	December 2010
Michigan	\$19.5945	\$21.1087	\$21.7639
Mid-Western State 1	\$15.0582	\$21.5944	\$16.1165
Mid-Western State 2	\$43.7337	\$62.6513	\$46.7653
Mid-Western State 3	\$19.0335	\$20.8446	\$22.6869
Western State 1	\$17.8157	\$15.7587	\$20.2393

Overall findings related to general medicine drugs show that Michigan is in the middle with two states with lower prisoner costs and two with higher costs.

HIV

State	October 2010	November 2010	December 2010
Michigan	\$9.7328	\$9.7620	\$10.4168
Mid-Western State 1	\$7.0694	\$7.2670	\$8.5187
Mid-Western State 2	\$20.5316	\$21.0837	\$24.7187
Mid-Western State 3	\$12.0856	\$11.6137	\$11.8321
Western State 1	\$6.5241	\$6.0051	\$7.5314

In the comparison of HIV drugs, Michigan falls in the middle. There are two states with a higher prisoner dollar spent, and two dates with lower costs.

Psychotropic

State	October 2010	November 2010	December 2010
Michigan	\$22.7094	\$22.6721	\$21.1233
Mid-Western State 1	\$3.0670	\$3.3524	\$3.5575
Mid-Western State 2	\$8.9076	\$9.7261	\$10.3227
Mid-Western State 3	\$5.6549	\$6.7114	\$6.2646
Western State 1	\$3.9241	\$4.6709	\$5.2022

Michigan has a much higher per prisoner psychotropic cost than other states. Recent addition of new psychiatric services vendor (MHM), addition of MDOC Chief Psychiatric Officer, upgraded formulary review process and recent education efforts have resulted in a recent sharp decline in expenditures. This trend is expected to continue toward more normal ranges by October 2011.

Second Data Set- Six States Provided by Third Party Reviewer

The table below includes data from six different state Correctional systems. This data is not easily comparable as it is not from common timeframes or in common formats. More specifically:

- States may provide total pharmacy expenditures but no comparable information on the inmate population, inmates receiving prescription services, prescriptions dispensed and whether “prescriptions dispensed” reflects only new scripts written or also includes refills.
- States may provide pharmacy expenditures for different time periods, for example, by state fiscal year (some start October 1 or July 1), calendar year, quarter, or month.
- States may report pharmacy spending that includes only drug costs; others may report both drug costs along with pharmacist costs combined together.

State	Prison Population	Prescriptions Dispensed	Prescription/Medication Cost
Michigan	45,652	1,389,455 (includes new scripts and refills)	\$38,538,878 Oct 1, 2009-Sept 30, 2010
Arizona	37,700	59,067 for the month of July 2009	\$11.7 million from July 1, 2008 – June 30, 2009
Colorado	22,666	262,200 for fiscal year 2005	\$8.4 million for fiscal year 2005
Connecticut	20,924	7,608 for the month of June 2010	\$14.7 million for fiscal year 2009
Florida	97,072	2 million for fiscal year 2008-2009	\$70 million budgeted for fiscal year 2008-2009
Ohio	50,731	1.4 million for 2009	Between 28 and 29 million in 2010
Vermont	2,028	1,121 inmates of 1,558 in-state inmate population receive medication from Feb 2009–Jan 10	Research not available

**Prison populations for Arizona, Colorado, Connecticut, Florida, and Ohio were from the PEW Center on the States and from 2007.*

Cost Containment Strategies

Provided Through Research by Third Party Reviewer (HMA)

During the review of the research, many different cost containment strategies for pharmacy services were found to be used by other states. Some of the common strategies are listed below.

- Co-payments for services and prescriptions. This strategy can take many different forms. One method would be to charge inmates a flat rate for each new non-mental health prescription. Second, charge each inmate who is a prescription user (non-mental health) a monthly user fee. The last method would be to charge every inmate (whether they use a prescription or not) a monthly surcharge or premium.
Michigan charges a \$5.00 co-payment for some visits, but does not charge a co-payment for prescriptions.
- Conditional medical release program for inmates who have an existing or physical condition that renders them permanently incapacitated or terminally ill. This strategy saves on pharmacy costs, but also overall health care costs.
Michigan currently has a special populations MPRI re-entry effort which includes the parole of the Medically Fragile as one of four populations all of which are either high cost or high risk of return or both. This project works to acquire benefits, entitlements, supplies and appropriate medical housing situations at earliest point, whether part of parole decision or commutation.
- Upgrade pharmacy software with bar code scanning to increase efficiency and accuracy. This also assists the provider in monitoring drug compliance and gives greater control over dispensing prescriptions and eliminating waste.
Michigan will be seeking to acquire this technology in upcoming Request for Proposal. This technology is very new to the Corrections Pharmacy industry (Summer 2010) and is still used in less than five states and for far fewer sites than the 34 facilities needed in Michigan.
- Formulary changes that make the generic or less expensive drugs the primary choice for filling prescriptions.
In Michigan, the average fill rate is 84% generic and 16 percent brand name.
- 340B drug pricing for HIV/AIDS and Sexually Transmitted Diseases. Florida has started to pilot a program that is in conjunction with the Florida Department of Health that purchases high cost drugs for inmates at a substantially reduced prices under the federal 340B Drug Pricing Program.
Michigan employed a third party to conduct a Feasibility Study related to 340B pricing for Corrections and found there was inconclusive evidence from other state government entities that the savings achieved for inmate healthcare was directly correlated to the use of a 340B pricing arrangement versus other utilization and clinical management protocols.