

REPORT TO THE LEGISLATURE
Pursuant to Public Act 59 of 2013
Section 816
Pharmaceutical Expenditures

Sec. 816. By April 1, the department shall provide the members of the senate and house appropriations subcommittees on corrections, the senate and house fiscal agencies, the state budget director, and the legislative corrections ombudsman with a report on pharmaceutical expenditures and prescribing practices. In particular, the report shall provide the following information:

(a) A detailed accounting of expenditures on antipsychotic medications.

Year-to-Date expenditures for antipsychotic medications for October, 2013 to February, 2014 are \$1,669,541.67. The monthly breakdown of expenditures is:

October, 2013 - \$318,250.94
November, 2013 - \$308,502.51
December, 2013 - \$350,297.30
January, 2014 - \$374,732.53
February, 2014 - \$317,758.39

(b) Any changes that have been made to the prescription drug formularies.

The Michigan Department of Corrections, Bureau of Health Care Services maintains a Clinical Formulary reference book which was first approved on September 20, 2006 and most recently updated on March 26, 2014. The Clinical Formulary has been updated nine times during the 2012-2013 Fiscal year. These occurred on May 29, 2013; June 26, 2013; August 28, 2013; September 25, 2013; October 23, 2013; November 20, 2013; January 29, 2014; February 14, 2014; March 26, 2014. Updated memoranda are forwarded to: Assistant Health Administrators, Assistant Dental Directors, Assistant Mental Health Directors, Directors of Nursing; Health Unit Managers; Medical Practitioners; Mental Health Management; Pharmacy Technicians; Pharmacists; Corizon; Maxor.

(c) A progress report on the department's efforts to address various findings outlined in audit report 471-0325-09L issued in March 2011 by the Michigan office of the auditor general.

The audit report cited 14 recommendations for improvement, and much progress has been made over the past several months. Below you will find a brief description of the recommendations and a status of whether it has been implemented or if there are activities that are still being actively addressed.

1. Implement measures to contain prescribing of high-cost, atypical antipsychotic medications.

Progress Update: Complete

2. Establish procedures and contract language to ensure that it can minimize pharmaceutical waste and maximize the cost savings benefit of returning unused medications to the contractor.

Progress Update: The pharmacy contract contains language that strengthens the reconciliation process. The Operating Procedure has been updated based on an audit by the Third Party Reviewer in 2011 that outlines the return process. The Third Party Reviewer will conduct sites audits in the summer of 2014 to ensure the facilities are compliant with the updated processes and procedures.

3. Implement sufficient controls over the medication refill process.

Progress Update: Additional technology is needed, and its availability in the Corrections area is very limited and currently in a beta testing phase. The Bureau of Health Care Services (BHCS) is exploring technological solutions that might be available through its existing Electronic Health Record (EHR). Any technological enhancements such as an Electronic Medication Administration Module (eMAR) cannot be completed until the EHR is upgraded.

4. Document the regional medical officer's approval for nonformulary drugs prescribed by health care professionals.

Progress Update: Complete

5. Establish controls to prevent the pharmacy contractor from dispensing duplicate medication orders for inmates housed at Duane Waters Health Center (DWH).

Progress Update: Complete

6. Require that prisoners have available funds to purchase their Over-the-Counter (OTC) medications from the prisoner store.

Progress Update: Complete. Please note that BHCS must provide medically necessary medications to prisoners including OTC regardless of available funds. BHCS has implemented cost saving measures with regard to OTCs.

7. Establish a process to verify that it receives all applicable rebates associated with pharmaceuticals purchased by DOC.

Progress Update: Complete

8. Ensure that its correctional facilities implement an effective process to verify the accuracy of pharmaceutical billings.

Progress Update: Complete.

9. Establish an effective process to verify that the contractor provides pharmaceuticals to DOC correctional facilities at the same price as the contractor's actual acquisition cost.

Progress Update: Complete

10. Establish sufficient controls related to receiving, maintaining, and distributing prisoner medications.

Progress Update: Complete

11. Ensure that sufficient controls are established at its facilities for the return and disposal of unused or expired medications.

Progress Update: Complete

12. Maintain proper control and accountability over State-owned inventories of stock pharmaceuticals.

Progress Update: Complete

13. Ensure that proper internal controls are established and followed by health care staff for controlled substance medication inventories within its correctional facilities.

Progress Update: Complete

14. Ensure that facilities comply with DOC operating procedures regarding inventory controls over medication boxes

Progress Update: Complete