

Fiscal Estimate Narratives
DOC 7/23/2009

LRB Number 09-2810/1	Introduction Number AB-0448	Estimate Type Original
Description Costs of prescription drugs and devices for incarcerated persons		

Assumptions Used in Arriving at Fiscal Estimate

The Department of Corrections currently requires inmates residing in prisons to pay a medical copayment for inmate requested face to face visits for provision of medical or dental services. The current medical copayment charge is \$7.50 and reflects the amount set per DOC Administrative Code. Inmates who are not able to pay are provided medical service. Loans are issued for those who will have the ability to pay in the future due to participation in work-release, institution work programs, and educational programs.

The Department currently does not require juveniles to pay a medical copayment, as current law allows the Department to waive liability in circumstances of inability to pay under criteria set by administrative rule. Juveniles are not involved in work release and are instead focusing on education and treatment programming, and do not earn wages. As a result, juveniles are exempt from assessment of such charges due to a general inability to pay.

Under this bill, DOC must generally require such a prisoner to pay a deductible, coinsurance, copayment, or similar charge for prescription drugs or devices. DOC must establish by rule the medications and devices subject to the charge, and the amount to charge for each prescription drug or device.

While the Department currently does not assess a charge for prescription drugs or devices provided to inmates, the Department does assess inmates a copayment in situations where a face to face appointment with a provider occurs due to an inmate requesting refills for medications that were ordered for a short-term limited problem (e.g. colds, acute back pain) and no follow-up medications were intended. In FY08, the Department collected \$163,800 in revenue generated from medical copayments. It cannot be determined how many copayments were generated resulting from face to face contacts associated with inmate medication refill requests.

Creation of additional assessments for pharmaceuticals or devices, while on the surface may appear to have the potential to increase revenue, may also result in additional cost to the Department. This unintended consequence may result from a number of causes:

First, an increase in delinquent inmate loans may occur, which may mitigate actual increases in revenue anticipated from assessment of additional charges. Starting in FY04, reductions to offender wages occurred, resulting in inmate pay ranges between \$0.05/hour to \$0.42/hour for most institution work assignments. The number of co-pay issued loans which remained outstanding at the end of each fiscal year increased from 2,326 in FY 00 to 4,345 in FY 06. Controlling for the effects of population increases, the number of outstanding loans per 100 inmates increased during that time period from 15.6 to 20.1, a 28% increase.

Second, inmates may delay seeking medications. If the Department assessed a charge of \$1.00 for provision of medication or a device, some inmates would have to forfeit up to 20 hours of pay resulting from the charge. If inmates delay seeking medications, this may result in the Department incurring additional cost for much more severe conditions. For example, applying the assessment to antibiotics may result in additional utilization of off-site hospital care for treatment of severe infections if some inmates choose to delay treatment of minor infections. The Department's average cost of an emergency room visit is \$1,200, not including physician fees or associated inpatient hospital costs. The average cost of an inpatient hospitalization is \$12,000, not including physician fees.

Exempting certain drugs or devices from assessment may be an option to prevent inmates from delaying seeking treatment; however, there are few, if any, drugs in which an assessment could be charged and the assessment would not result in the possible risk of an inmate choosing to defer treatment.

Third, the Department may be subject to additional costs resulting from an increased administrative burden added to the medication ordering process for healthcare staff.

This bill also proposes that a sheriff must charge a county jail prisoner for prescription drugs and devices provided to the county jail prisoner in jail. The amount the sheriff must charge is the amount DOC establishes by rule for the same prescription drug or device provided to a prisoner in a prison.

County jails would be confronted with similar issues noted above, in addition to other potential outcomes. Some counties currently assess charges to inmates for provision of prescription medications. County increases or decreases in revenue resulting from this bill will vary to the extent that county jail copayment policies assess a higher or lower copayment amount than the Department would under this bill.

Due to the uncertainty of the impact of this legislation, it is not possible to determine its precise fiscal impact.

Long-Range Fiscal Implications