

STATE OF NEW HAMPSHIRE
 DEPARTMENT OF CORRECTIONS
 DIVISION OF MEDICAL AND FORENSIC
 SERVICES

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Helen E. Hanks
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APPROVED BY FISCAL COMMITTEE

MAR 13 2020

February 18, 2020

The Honorable, Mary Jane Wallner, Chairman
 Fiscal Committee of the General Court
 State House
 Concord, New Hampshire 03301

His Excellency, Governor Christopher T. Sununu
 And the Honorable Executive Council
 State House
 Concord, New Hampshire 03301

REQUESTED ACTION

Pursuant to the provisions of Chapter 345, Laws of 2019, class footnote¹ for accounting unit 8236, Class 100 *Prescription Drug Expenses*, the New Hampshire Department of Corrections (NHDOC) requests authorization of additional funding in the amount of \$1,696,000 for prescription drug expenses to cover projected shortfalls for the remainder of Fiscal Year 2020, effective upon Fiscal Committee and Governor and Executive Council approval through June 30, 2020. 100% General Funds.

Funding is to be budgeted in the account listed on the attached detailed exhibit as follows:

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¹ In the event that expenditures are greater than amounts appropriated, the Commissioner may request, with prior approval of the Fiscal Committee, that the Governor and Council authorize additional funding. Upon Fiscal Committee and Governor and Council approval, the Governor is authorized to draw a warrant from any money in the Treasury not otherwise appropriated.

02-46-46-465010-82360000 Pharmacy				
Class	Description	Current Modified Budget	Requested Action	Current Revised Budget
010-500100	Personal Services - Permanent	\$ 695,371		\$ 695,371
018-500106	Overtime	\$ 4,169		\$ 4,169
019-500105	Holiday Pay	\$ 7,265		\$ 7,265
020-500200	Current Expenses	\$ 27,433		\$ 27,433
022-500255	Rents - Leases Other than State	\$ 177,640		\$ 177,640
039-500188	Telecommunications	\$ 2,248		\$ 2,248
060-500602	Benefits	\$ 304,354		\$ 304,354
070-500704	In-State Travel Reimbursement	\$ 255		\$ 255
100-500726	Prescription Drug Expenses	\$ 3,462,724	\$ 1,696,000	\$ 5,158,724
103-502664	Contracts for Operational Services	\$ 406		\$ 406
	Total	\$ 4,681,865	\$ 1,696,000	\$ 6,377,865
	REVENUES			
	Total General Funds	\$ 4,681,865	\$ 1,696,000	\$ 6,377,865

EXPLANATION

Based on the expenditures from July 1, 2019 through January 31, 2020, the Department is projecting a deficit of \$1,696,000 in our pharmaceutical budget line. Our analysis indicates costs to treat Hepatitis C (HCV) and treatment of those with Human Immunodeficiency Virus (HIV) continue to be the primary driver in our top pharmaceutical expenditures. With the advent of new medications over the last several years, the cost to treat and timing of treatment of those with HCV have adjusted. These are clear as evidenced by changes in practice standards in Medicaid and National Correctional Healthcare practices. It has created an increased number of patients identified as requiring treatment and costs have increased significantly.

An additional factor to consider is that the NHDOC bases its standards of care on a comprehensive review of national healthcare practices in correctional settings and Medicaid treatment standards. These newer drugs are being used consistently in both of these settings and, in fact, are part of the NH Medicaid formulary. The two specific drugs contributing to increased costs are Epclusa (\$22,882 for the required three-month treatment) and Zepatier (\$13,014 for the required three-month treatment). Epclusa is a preferred antiviral for NH Medicaid and Zepatier is non-preferred meaning that prior approval is required to prescribe this medication. NHDOC has a review system in place for both of these drugs before they are prescribed.

The Department provided HCV treatment to 28 patients in FY19 and in FY20 to date we have treated 83 patients. We do not anticipate a decrease in the number of patients requiring treatment for HCV. We have 22 patients currently receiving pharmaceutical treatments for HIV. The Department has expended \$3,152,443 through January 31, 2020 on pharmaceuticals and anticipates additional expenditures in the amount of \$2,006,281 for the remainder of the fiscal year.

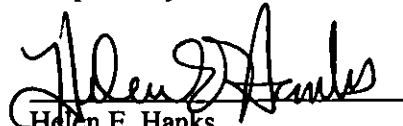
Top 10 highest costs conditions treated with pharmaceuticals for FY2020 have been:

Top 10 Conditions Treated by Highest Pharmaceutical Costs	
1	Hepatitis C
2	HIV
3	Diabetes
4	Biologic (e.g. Crohn's, Rheumatoid Arthritis, Psoriasis)
5	Respiratory Disease
6	Antipsychotic Disorders
7	Gastrointestinal Disease
8	Cardiovascular Disease
9	Antidepressant Disorders
10	Hematology

The Division of Medical and Forensic Services takes several approaches to try to reduce and manage expenditures within our pharmaceutical budget. Through our monthly Pharmaceutical and Therapeutics Committee, we monitor the cost of medications and look for lower cost alternatives. In this committee, we also track and trend pharmaceuticals coming onto the market and their effect on our treatment practices so we can forecast impacts on our budget. In addition, our Chief Pharmacist reviews manufacturer lists regularly in order to ensure that we obtain the best prices for pharmaceuticals. Additionally, our Chief Pharmacist tries to anticipate manufacturer shortages on generics and purchases those in advance. We are also part of the Minnesota Multi-State Contract Alliance for Pharmacy (a purchasing consortium of states and municipalities) to increase our ability to obtain discounts on pharmaceuticals by joining with other States to increase our ability to negotiate on pricing. We continue to work with pharmaceutical companies to provide reduced or no cost solutions for unique high cost medication through their indigent care programs.

The Department will continue to seek opportunities to reduce costs through ongoing review of drug costs and seeking community partnerships, including indigent care programs, as available. For example, we are currently exploring involvement in the 340b program through a partnership with the NH Department of Health and Human Services, Division of Public Health Services. The 340b is a federal government drug discount program mandating drug manufacturers to provide certain health care providers drugs at a deeply discounted price. If eligible and approved, we could use this pricing starting July 1, 2020 as the registration period is April 01 through April 15.

Respectfully Submitted,


Helen E. Hanks
Commissioner