



STATE OF NEW HAMPSHIRE
 DEPARTMENT OF CORRECTIONS
 DIVISION OF ADMINISTRATION
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William L. Wrenn
 Commissioner

Doreen Wittenberg
 Director

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January 4, 2016

The Honorable Neal M. Kurk, Chairman
 Fiscal Committee of the General Court
 State House
 Concord, New Hampshire 03301

Her Excellency, Governor Margaret Wood Hassan
 And the Honorable Executive Council
 State House
 Concord, New Hampshire 03301

REQUESTED ACTION

Pursuant to the provisions of Chapter 275, Laws of 2015, budget footnote* on accounting unit 8234 class 101 the NH Department of Corrections requests authorization of a 100% General Fund appropriation for an additional \$1,045,837 for medical and dental expenses to cover projected shortfalls for the remainder of State Fiscal Year 2016, effective upon Fiscal Committee and Governor and Executive Council approval.

Funding is to be budgeted in accounts listed on the detailed exhibits as follows:

Medical and Forensic Services, Medical-Dental: 02-46-46-465010-8234				
Class	Description	Current Modified Budget	Change	Current Revised Budget
010	Personal Services-Perm. Classified	\$3,338,706	\$0	\$3,338,706
012	Personal Services-Unclassified	\$105,029	\$0	\$105,029
018	Overtime	\$113,488	\$0	\$113,488
019	Holiday Pay	\$62,818	\$0	\$62,818
020	Current Expense	\$178,427	\$0	\$178,427
022	Rents-Leases Other Than State	\$1,721	\$0	\$1,721
024	Maint. Other Than Build. Grounds	\$1,500	\$0	\$1,500
030	Equipment New/Replacement	\$50,000	\$0	\$50,000
039	Telecommunications	\$12,553	\$0	\$12,553
050	Personal Service-Temp/Appointed	\$80,000	\$0	\$80,000
060	Benefits	\$1,836,454	\$0	\$1,836,454
070	In-State Travel Reimbursement	\$5,153	\$0	\$5,153
101	Medical Payments to Providers	\$3,645,399	\$1,045,837	\$4,691,236
103	Contracts for Operational Services	\$7,310	\$0	\$7,310
Total		\$9,438,558	\$1,045,837	\$10,484,395

EXPLANATION

Based on the expenditures for medical and dental services through December 2015, the Department is projecting a total deficit of \$1,045,837 for medical and dental services for the remainder of SFY16. It is important to note that the amount of \$3,368,952 that was appropriated for class 101 health care services this fiscal year is less than last fiscal year's actual expenditures of \$3,991,151. The budget also did not include the health care industry predicted increase of six percent (6%) for health care costs based on the industry standard the Boston-Brockton Consumer Price Index (CPI).

The Department of Corrections, has expended \$1,935,878 on Medical Payments to Providers through December 2015. We do not anticipate the spending rate to decrease as our inmate population is not adjusting significantly downward nor is their need for healthcare services.

The Department's contracts were not fully funded due to the anticipated budget shortfall. In addition to our medical and dental contracts, unencumbered healthcare costs average \$100,000 dollars per month. These services range from specialty oral surgical services to orthopedics. (See attachment.)

The Department is also anticipating significant cost increases in three areas: dialysis, the nursing services contract and on-site intravenous services. Dialysis services needed for one patient will cost \$24,490 in the next six months. Utilization of the Department's temporary nursing contract has been higher than planned due to the nurse vacancy rate. Nursing coverage is critical to provide appropriate care within our facilities in order to meet Departmental requirements under the Laaman Decree, which requires the Department to provide adequate medical, dental and mental health care. We will need an additional \$76,000 to continue to pay the contracted vendor for nursing services through the fiscal year. Finally, budgeted amounts to pay the vendor that provides on-site intravenous services for antibiotic administration, pain management and hydration have been depleted because of one individual who required specialized antibiotic treatment due to a severe infection at a wound site caused by intravenous, opioid drug use. As a result, in the first six months of this fiscal year, we expended almost twice what we would ordinarily have spent on those services and will require an additional \$15,197 to cover further on-site intravenous expenses.

Summary of Departmental Fiscal Request	
	Through SFY16
Unencumbered Expenses	(\$600,000)
Encumbered Expenses	(\$330,151)
Unanticipated Expenses	(\$115,686)
Total Deficit	(\$1,045,837)

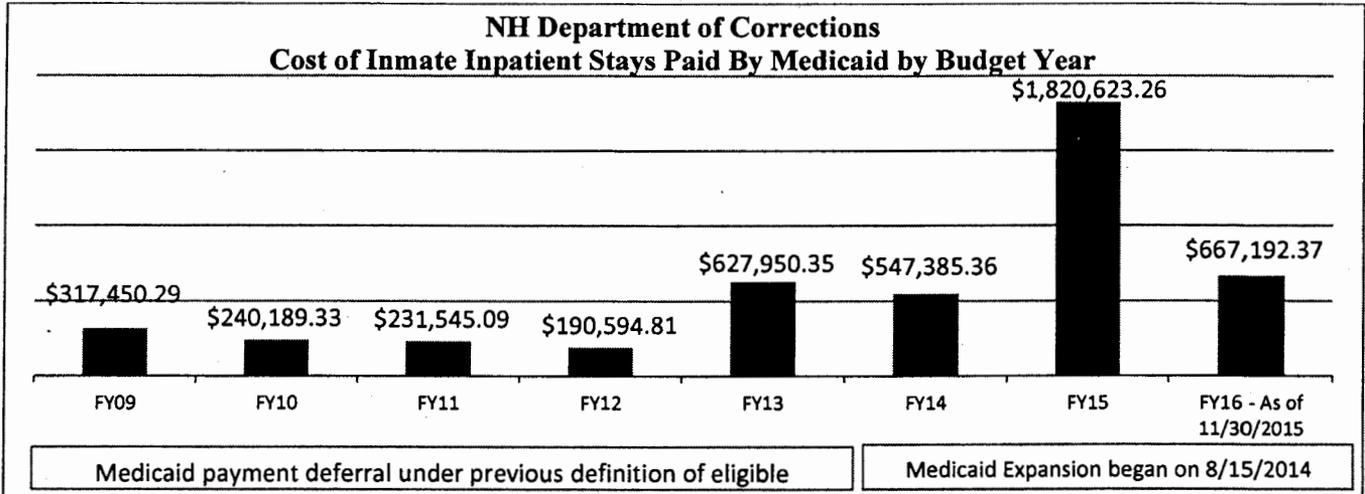
The Department has a constitutional obligation under the 8th Amendment to provide adequate health care services to people who are incarcerated. This request for additional funding is primarily driven by the fact that the appropriation level of \$3,368,952 for SFY16 is 16% lower than actual SFY15 expenditures of \$3,991,151 for medical and dental services.

This fiscal year, the Department has sought to manage these expenses through ongoing review of expenditures via financial analysis and monitoring of service utilization. Given that health care costs continue to increase and that our inmate population remains relatively stable, costs are best managed by having a system in place to respond quickly, thoroughly and effectively to reduce the need for high cost, out-of-system services. This is one reason why funding the nurse staffing contract is critical.

We continue to work to obtain reimbursement from other states for inmates that have been transferred to us via interstate compact and incur medical costs. All invoices for medical care are screened and reviewed for coding accuracy to ensure compliance with RSA 623:C-2, which requires the Department to pay based on a percentage of the Medicare allowable rate based on service type or set an independent contracted rate in order to provide the necessary healthcare service. We actively review cases for the opportunity to medically parole people who meet the criteria as outlined in RSA 651-A:10-a.

Pursuant to Medicaid rules, inmates who meet the eligibility definition and who leave the prison to be admitted to a hospital for overnight medical services are eligible for the services to be paid with Medicaid funds rather than General funds through

the Department's budget. The Department has utilized this rule for years and has submitted claims for payment of costs associated with those medical procedures to Medicaid. With recent changes in Medicaid eligibility rules, the number of eligible inmates for coverage under Medicaid has been significantly expanded. The graph below reveals the large savings this change has made to the Department's budget. We are continuing our work with DHHS to maximize our efforts in using the new the NH Health Protection Program (Medicaid expansion). However, even with this opportunity, the Department is experiencing budget short falls in the medical budget for services other than inpatient stays.



The factors indicated in this request require us to seek this additional appropriation for \$1,045,837 to cover medical and dental expenses for the remainder of SFY16. The Department will continue to seek opportunities to reduce costs through ongoing review of utilization, review of invoices to ensure that appropriate billing is occurring, and opportunities to contract for lower prices.

Respectfully Submitted,

William L. Wrenn
Commissioner

* Chapter 275, Laws of 2015 budget footnote states, "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."

Attachment to Request for Action
 Additional Appropriation for 8234, Class 101 December 2015
 Division of Administration
 NH Department of Corrections: Medical Dental 8234 Encumbrances FY16

VENDOR NAME	FY2015 Actual	FY2016 Authorized	FY2016 YTD Expended	FY2016 Projection thru 6-30-216	Anticipated FY16 Shortfall
AVH	263,561.25	599,000.00	(105,295.35)	(150,000.00)	(105,295.35)
CONCORD HOSPITAL	761,567.69	1,300,000.00	(367,990.30)	(455,000.00)	(32,990.30)
CORR EYECARE NETWORK	42,624.25	58,274.80	(15,704.95)	(22,400.00)	(18,104.95)
DOCTORS OFFICE	10,510.00	11,250.00	(1,090.00)	(8,910.00)	-
HUDSON SEATING & MOBILITY	4,516.00	10,000.00		(5,000.00)	-
HILL-ROM	1,960.00	7,200.00	(4,760.00)		2,440.00
ERIC JOYCE DENTAL	34,488.00	46,506.00	(14,664.00)	(20,300.00)	(14,964.00)
KCI	0.00	2,500.00		(2,000.00)	-
KEENE MEDICAL	4,983.57	5,000.00		(1,000.00)	-
LAB CORP	165,798.52	186,073.56	(69,783.12)	(105,000.00)	(74,783.12)
MHM SOLUTIONS INC	1,620,110.79	1,777,946.00	(740,810.85)	(1,037,135.19)	
MOBILEX - North region	19,236.00	19,409.00	(8,399.00)	(10,500.00)	510.00
MOBILEX - South region	78,765.00	106,673.00	(30,288.00)	(45,500.00)	(15,197.00)
OFFICE OF PUBLIC GUARDIAN	58,599.52	93,330.00	(25,245.00)	(35,000.00)	5,755.00
TRI-COUNTY CAP	9,894.00	32,940.00	(3,672.00)	(5,096.00)	232.00
WORLDWIDE TRAVEL STAFFING	0.00	66,396.00	(59,367.75)	(84,782.00)	(77,753.75)
	3,076,614.59	4,322,498.36	(1,447,070.32)	(1,987,623.19)	(330,151.47)