



Receiver: OIG Pharmacy Report is a “Snapshot of a Changing Situation”

‘More to do,’ but Many Cost-Saving Measures Now in Place in Prison Pharmacies
Receiver Returns Unused Medicine to Stock, Increases Generics Use, Halts Giveaways of Over-the-Counter Items

Thursday, April 15, 2010

Contact: Luis Patino (916) 956-5879

The Receiver will hold a media only conference call at (1:00pm) please call 1-888-476-6131, code: 925184

(Sacramento, CA) Federal Receiver J. Clark Kelso is responding to the OIG report entitled -Lost Opportunities for Savings within the California Prison Pharmacies, saying: “I appreciate the work of the OIG in preparing this report. While there is still more to do to rein in the high cost of inmate medicines, for the most part, the report is a snapshot of a changing situation in our pharmacies. The Receivership inherited an extreme challenge in reforming the prison pharmacy system in California that was in a severe state of disarray. However, we are already taking decisive steps to cut the cost of inmate medications with the implementation of several initiatives.”

Central Fill/ eMAR Equipment installation and staff training has begun at a Central Fill Pharmacy Facility in Sacramento which will ‘blister pack’ and bar code inmate medications in one central location and ship them to the 33 prisons statewide. The centralized and automated method of filling a majority of the prescriptions will save costs by allowing for greater bulk purchasing, speed up and simplify distribution, improve inventory control through the use of barcode tracking, increase patient safety, and make it easier to return unused medicines to stock. Individual prison pharmacies will send back all unused medications to the central location where high priority will be placed on reclaiming all usable medications and returning all other medications to the distributors for partial credit. Only immediate needs prescriptions, intravenous medications, medications that require refrigeration, and other special medications will be required to be filled at the small and crowded prison pharmacies. The Central Fill Pharmacy is scheduled to be opened in May of this year and begin dispensing to prisons at an implementation rate of 2 facilities per month as early as June of this year. Additionally, a new Electronic Medication Administration Record, or eMAR is planned for development beginning in 2012. The eMAR system will help cost-effectively improve tracking of prisoner medications as inmates are transferred or moved through the system.

Returning Unused Medications to Stock or for credit Additionally, the Receivership has achieved savings of \$6 million from July through December of 2009 and is projected to **save a total \$13 million this year alone, by instituting a return-to stock (RTS) program**. The program, similar to that used in community and hospital pharmacies, allows for the return of medication back to stock if it has not been in the patient-inmate’s hands. Less than one year ago, millions of dollars worth of prescription medications were wasted whenever a patient-inmate was transferred from reception centers to more permanent institutions or from one institution to another. Now, it is expected that this new program will save California taxpayers about \$1.3 million a month. Additionally, a contract initiated by the Receivership also allows for a portion of the drugs which have been handled by inmates and therefore cannot be returned to stock to be returned to a distributor for partial credit. **\$4.7 million in credit for returned drugs have been recorded since 2007.**

Generics/ Formulary Management California Prison Health Care Services has avoided costs of \$20.3 million in 2009 due to **targeted changes in the drug formulary** (the list of preferred medications) which has resulted in a high rate of generics use and lower contract purchase costs of drugs at bulk rates. Currently, 80% of all prescription drugs dispensed in California Prisons are generics. **The savings in the decreased use of non-formulary drugs was \$2.6 million in 2009.** Under the recent formulary policies, clinicians may not prescribe a brand-name product when a generic equivalent is available unless a non-formulary request is approved by their supervisor. Additionally, the position of Chief Pharmacist was recently established, in part to provide oversight and ensure accountability in the use of formulary drugs.

Giveaways Halted In an effort to further reduce costs, and improve patient access to medically necessary services within prison healthcare system, California Prison Health Care Services has halted the dispensing of over-the-counter (OTC) items such as protein powder, vitamins, lotions, muscle rub, vapor rub, talc, and peppermint oil which had long been made available to inmates within the correctional system. This is the most recent pharmacy policy change. Inmates were notified on February 1st that the items would be withheld in 90 days. Effective April 1, 2010, several over-the-counter (OTC) items are no longer available. Federal Receiver J. Clark Kelso says, **“Distribution of these over-the-counter items increase costs to the taxpayers by creating a heavier workload for the nurses and pharmacists who administer and deliver these non-medically necessary items. Inmates can still purchase some of these items at the prison canteen.”** For more information on these and other cost-saving programs, the **Receivership’s Response to the Pharmacy OIG Report** can be accessed at:

http://www.cphcs.ca.gov/docs/resources/OIG_ResponseToOIG_SpecialReportPharmacies20100407.pdf