



STATE OF NEW HAMPSHIRE
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January 22, 2024

The Honorable Ken Weyler, 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, NH 03301

REQUESTED ACTION

Pursuant to the provisions of Chapter 106, Laws of 2023, class footnote¹ for accounting unit 82360000 *Pharmacy, Class 100 Prescription Drugs*, the New Hampshire Department of Corrections (NHDOC) respectfully requests authorization of additional funding in the amount of \$4,006,000 for prescription drug expenses to cover projected shortfalls for the remainder of fiscal year 2024, effective upon Fiscal Committee and Governor and Executive Council approval through June 30, 2024. 100% General Funds.

Funding is to be budgeted within the account listed on the attached exhibits 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	FY 2024 Modified Budget	Requested Action	FY 2024 Revised Budget
010-500100	Personal Services - Permanent	\$ 224,780		\$ 224,780
011-500126	Personal Services - Unclassified	\$ 776,251		\$ 776,251
020-500200	Current Expenses	\$ 36,550		\$ 36,550
024-500225	Maint Other Than Build-Grn	\$ 41,040		\$ 41,040
030-500331	Equipment New/Replacement	\$ 233,529		\$ 233,529
039-500188	Telecommunications	\$ 3,724		\$ 3,724
060-500602	Benefits	\$ 423,804		\$ 423,804
100-500726	Prescription Drug Expenses	\$ 3,638,849	\$ 4,006,000	\$ 7,644,849
103-502664	Contracts for Operational Services	\$ 469		\$ 469
	Total	\$ 5,378,996	\$ 4,006,000	\$ 9,384,996
	REVENUES			
	Total General Funds	\$ 5,378,996	\$ 4,006,000	\$ 9,384,996

EXPLANATION

Class 100 *Prescription Drugs* has an estimated shortfall of \$4,006,000 due to several factors. Treatment of hepatitis C (HCV) has had a huge impact on pharmaceutical costs for the NHDOC. Despite our status as a 340B* entity, costs for treating this serious, and potentially deadly disease, have spiraled. The Centers for Disease Control and Prevention (CDC) cite the number of acute hepatitis C cases have doubled during 2014–2020, and the rate increased 7% from 2020 to 2021. A study published by Oxford University on behalf of the Infectious Disease Society of America found that HCV prevalence is ninefold higher in the incarcerated population. The CDC reports that 30% of the total people infected with HCV in the United States spend at least part of the year in a carceral setting.

For fiscal year 2024, the NHDOC has treated, or is currently in the process of treating 160 individuals with generic Eplclusa. The cost for this 84-day treatment is \$14,413.74, for a total of \$2,306,198 for the first six months of this fiscal year.

While the numbers of patients treated with HCV has grown, inflation and other factors have driven the cost of pharmaceutical agents to unprecedented highs.

Non-340B medication have also had a significant impact. Eleven medications make up half of our pharmacy spending for this fiscal year. One of these medications, Jakafi, is used to treat one patient at a cost to the department of \$200,155 yearly. Invega, a long-acting injectable anti-psychotic, has cost the department \$205,099 in this fiscal year to date compared to \$110,081 for the same time in the previous fiscal year.

For those drugs with a price increase, the average increase over the January 2022 to January 2023 period was 15.2 percent. This is higher than the average price change between 2021 and 2022 of 11.5 percent per the Office of the Assistant Secretary for Planning and Evaluation. More than 3000 medications saw price increases in the first half of 2022.

At the beginning of 2023 over 450 medication prices increased. The Medicare Prescription Drug Inflation Rebate Program is one of the attempts to quell the increase, but until it is fully functional,

we can likely expect to see manufacturers continue to take advantage of the time they have left unregulated.

Like other healthcare institutions, the NHDOC is subject to higher costs caused by inflation, private industry initiatives, and the number of people who become diagnosed with serious healthcare conditions. We have several strategies in place to help try to mitigate and control costs.

Our monthly Pharmacy and Therapeutics Committee regularly reviews costs of medications and how they are used. Our Chief Medical Officer and Chief Psychiatric Officer conduct audits of medical records to ensure that medications are being prescribed in accordance to diagnoses and industry standards. We continue to keep our formulary aligned to the State of New Hampshire's Medicaid formulary. Pharmacy staff is frequently reviewing our higher cost items and seeking alternative more cost-effective treatments that still meet the needs of our patient population. We are also seeking out contracts that will potentially reduce the cost of 340B and non-340B medications to the NHDOC. We will be further exploring the use of 340B for all residents with qualifying events and have applied for the 1115 Medicaid Waiver. With careful planning these will be huge cost saving items for the NHDOC in the future. Fortunately for us, some other states have forged the way and are aiding us in successfully building/implementing these programs.

Respectfully Submitted,


Paul D. Raymond, Jr.
Assistant Commissioner

for

Helen E. Hanks
Commissioner

*340B is a federal program that allows participating entities to purchase medications at significantly lower rates than through other purchasing venues.

Changes in the List Prices of Prescription Drugs, 2017-2023
Price Increases for Prescription Drugs, 2016-2022 | ASPE (hhs.gov)
Drug Prices for Many Medications Outpace Inflation (aarp.org)
Prices Increase on 450 Drugs to Start 2023 (personalimportation.org)