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FISCAL IMPACT REPORT

SPONSOR Maestas ORIGINAL DATE 2/9/2018
 LAST UPDATED 2/13/2018 HM 106/aHHHC

SHORT TITLE Corrections Dept. Health Care System SB _____

ANALYST Edwards

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY18	FY19	FY20	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	Minimal	Minimal	Minimal	Minimal	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Not Received From

New Mexico Corrections Department (NMCD)

SUMMARY

Synopsis of Memorial

The House Health and Human Services Committee amendment to House Memorial 106 changes the due date for the cost-benefit report from November 1, 2020 to November 1, 2019.

Synopsis of Memorial

House Memorial 106 requests the Corrections Department undertake a formal cost-benefit analysis of returning to a healthcare system directly administered by the department in partnership with other state agencies. The memorial requests the department report the results of its study to the Legislative Finance Committee, the Courts, Corrections and Justice Interim Committee, and the Legislative Health and Human Services Interim Committee by November 1, 2020.

FISCAL IMPLICATIONS

The New Mexico Corrections Department did not provide a response in time for the analysis; however, costs to perform the study are expected to be minimal.

SIGNIFICANT ISSUES

Prompted by reports of prolonged medical neglect and mismanagement, NMCD contracted with a new healthcare provider, Centurion, in May 2016. Additionally, the department entered into contracts with a new pharmaceutical provider as well as a behavioral health provider specifically for the female population. As a result of the three new contracts, the agency's FY18 healthcare costs increased about 12 percent from FY17 levels. For FY19, the NMCD budget appropriation currently includes \$42.2 million for the inmate medical care contract and \$7.4 million for the pharmaceutical contract.

The new health contract required Centurion to obtain specific federal drug discount program pricing within six months from the start of the contract for certain diseases, including hepatitis C. While Centurion did not meet this mandate, the department is working with Christus St. Vincent hospital to qualify for the reduced pricing. The department contracted separately for pharmacy services with Boswell, a shift from previous years when both inmate healthcare and pharmacy needs were covered by Corizon. NMCD covers the costs of specialty HIV and hepatitis C drugs.

NMCD reported, after some initial growing pains, the services provided by the new contractors are better than past contractors. In some facilities, Centurion has brought in more staff and provided more services, like dentistry, ophthalmology, and mammograms, than previous providers.

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