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FISCAL IMPACT STATEMENT

LS 6138

BILL NUMBER: SB 155

NOTE PREPARED: Dec 10, 2002

BILL AMENDED:

SUBJECT: Department of Correction Mental Health Drugs.

FIRST AUTHOR: Sen. Lawson C

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: This bill allows a Department of Correction offender to be prescribed mental health drugs that are available to a Medicaid recipient. (The introduced version of this bill was prepared by the Indiana Commission on Mental Health.)

Effective Date: July 1, 2003.

Explanation of State Expenditures: This bill would increase the types of drugs that would be available for offenders who are committed to Department of Correction (DOC) facilities. DOC reports that this bill could include new medications that are being approved for use and medications already on the current formulary, but are in different dosage regimens not on the formulary. As an example, generic Prozac is on the formulary, but timed-release Prozac is not. This bill also prohibits the use of prior authorization by the Department in the prescribing and administering of mental health drugs.

These provisions may increase costs to the state for medications to control mental or emotional disorders. However, published research suggests that there is a significant potential for any increased pharmaceutical costs to be exceeded by reduced expenditures in other parts of the mental health system (e.g., emergency mental health services and partial hospitalization). How this may relate to potential reduced expenditures in a correctional system is not currently known.

DOC reports that in October 2002, 2,502 offenders were prescribed some type of medication for a mental illness. In FY 2001, the pharmacy budget for the Prison Health Services was \$4.4 M, and the reported expenditures for the same period of time were \$5.3 M.

In testimony before the Commission on Mental Health on August 21, 2002, Anita Glasson, MD, Regional Director of Psychiatric Services for Prison Health Services, Inc., provided statistics regarding non-formulary drug requests. From January 2002 through April 2002, there were 452 requests to prescribe non-formulary drugs. Of those requests, 430 were approved and less than 5% were denied. Non-formulary drugs that were denied were sometimes approved after the requesting physician provided additional information. Drugs not included in the formulary include Valium, Xanax, and other very addictive medications.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Department of Correction.

Local Agencies Affected:

Information Sources: Kathy Lisby, Department of Correction; Testimony of Anita Glasson, MD, Regional Director of Psychiatric Services for Prison Health Services, Inc., before the Commission on Mental Health, August 21, 2002; Soumerai, Stephen B., et.al., "Effects of Limiting Medicaid Drug Reimbursement Benefits on the Use of Psychotropic Agents and Acute Mental Health Services by Patients with Schizophrenia," New England Journal of Medicine, Vol. 331, No. 10, September 1994.

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