




Roy Cooper, Governor

Todd Ishee, Secretary

**MEMORANDUM**

**TO:** Joint Legislative Oversight Committee on Justice and Public Safety  
 Chairs, House Appropriations Committee on Justice and Public Safety  
 Chairs, Senate Appropriations Committee on Justice and Public Safety

**FROM:** Todd Ishee, Secretary 

**RE:** Medical Cost Containment Report for Adult Correction (FY2023/2024 SUMMARY REPORT)

**DATE:** August 30th, 2024

**N.C.G.S. 143B-1470**

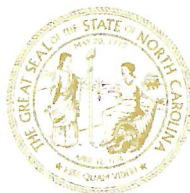
...

(c) The Department of Adult Correction shall report quarterly to the Joint Legislative Oversight Committee on Justice and Public Safety and the chairs of the House of Representatives and Senate Appropriations Committees on Justice and Public Safety on:

- (1) The percentage of the total inmates requiring hospitalization or hospital services who receive that treatment at each hospital.
- (2) through (4) Repealed by Session Laws 2016-94, s. 17C.2A, effective July 1, 2016.
- (4a) The volume of scheduled and emergent services listed by hospital and, of that volume, the number of those services that are provided by contracted and noncontracted providers.
- (4b) The volume of scheduled and emergent admissions listed by hospital and, of that volume, the percentage of those services that are provided by contracted and noncontracted providers.
- (5) The volume of inpatient medical services provided to Medicaid-eligible inmates, the cost of treatment, the estimated savings of paying the nonfederal portion of Medicaid for the services, and the length of time between the date the claim was filed and the date the claim was paid.

**MAILING ADDRESS:**  
5201 Mail Service Center  
Raleigh, NC 27699-5201

**OFFICE LOCATION:**  
214 W. Jones St  
Raleigh, NC 27603



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**FROM THE OFFICE OF:**  
Todd Ishee  
Secretary  
Telephone: 919-733-2126

<http://dac.nc.gov>



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(5a) The status of the implementation of the claims processing system and efforts to address the backlog of unpaid claims.

(6) The hospital utilization, including the amount paid to individual hospitals, the number of inmates served, the number of claims, and whether the hospital was a contracted or noncontracted facility.

(7) The total cost and volume for the previous fiscal quarter for emergency room visits originating from Central Prison and NCCIW Hospitals to UNC Hospitals, UNC Rex Healthcare, and WakeMed Hospital.

(8) The total payments for Medicaid and non-Medicaid eligible inmates to UNC Hospitals, UNC Rex Healthcare, and WakeMed Hospital, including the number of days between the date the claim was filed and the date the claim was paid.

(9) A list of hospitals under contract.

(10) The reimbursement rate for contracted providers. The Department shall randomly audit high-volume contracted providers to ensure adherence to billing at the contracted rate.

Reports submitted on August 1 shall include totals for the previous fiscal year for all the information requested.

## Overview

The Department of Adult Correction (DAC) is responsible for providing constitutionally mandated healthcare to the offender population, which includes medical, mental health and dental care. The Health Services section provides routine outpatient care in 54 facilities across the state and inpatient care at Central Prison Healthcare Complex and North Carolina Correctional Institute for Women. DAC also provides emergent and urgent care as necessary in all facilities. External providers are consulted when the clinical presentation requires services beyond the scope of the facility.

A contracted facility has signed a contract to provide medical care at a negotiated rate above the legislative rate of 70% of billed charges or twice the Medicaid rate. A non-contracted facility agrees to charge at the legislatively mandated rate.

Unless otherwise indicated, the data in this report is for the **FY2023/2024 SUMMARY REPORT**.

### **(1) The percentage of total inmates requiring hospitalization or hospital services who receive that treatment at each hospital.**

Attachment A provides the facility/provider, the amount paid and the volume and percentage of claims. It includes all external, contracted, and non-contracted services for the fiscal year.

### **(4a) The volume of scheduled and emergent services listed by hospital and, of that volume, the number of those services that are provided by contracted and noncontracted providers.**

During the **FY2023/2024**, there were **6966** episodes that required treatment at a community hospital. Of those episodes, **1709** were at contract hospitals, while **4592** were at non-contract hospitals. Attachment B provides the volume by hospital.

### **(4b) The volume of scheduled and emergent admissions listed by hospital and, of that volume, the percentage of those services that are provided by contracted and noncontracted providers.**

Attachment C shows the scheduled and emergent admissions for the fiscal year. This includes **1709** admissions from emergent services and **151** scheduled admissions. Contract hospitals provided **44.21%** of the services, and non-contract hospitals provided **55.79%** of the services.

### **(5) The volume of inpatient medical services provided to Medicaid-eligible inmates, the cost of treatment, the estimated savings of paying the nonfederal portion of Medicaid for the services, and the length of time between the date the claim was filed and the date the claim was paid.**

Cost Savings Compared to Pre-Twice Medicaid Rates in the May 2012 Performance Audit, the auditors reported that the Department had realized an estimated savings of \$10 million in the initial year of program operation. The number of eligible hospitalizations used to determine that figure equaled 550. Utilizing the Auditor's figures (\$10,000,000/550) it is estimated that an average savings of \$18,181.81 was realized per hospitalization.

During the **FY2023/2024**, **1490** cases were identified as eligible for Medicaid. Based upon the *State Auditor's May 2012 Financial Related Audit Report*, the average savings of each case would be **\$18,181.81**. Using the methods applied in the audit, the estimated savings for the **FY2023/2024** would be approximately **\$10,386,570.85**. Information regarding the length of time between the date the claim was filed and the date the claim was paid is not available to DAC. Once the application is completed, it is processed at the county level and then sent to DHHS for payment.

**(5a) The status of the implementation of the claims processing system and efforts to address the backlog of unpaid claims.**

The third-party claims management vendor began processing claims for DAC on August 1, 2016. There currently is no backlog of claims, and the vendor pays all qualified bills within 30 days of submission.

**(6) The hospital utilization, including the amount paid to individual hospitals, the number of inmates served, the number of claims, and whether the hospital was a contracted or noncontracted facility.**

Attachment A includes these data points.

**(7) The total cost and volume for emergency room visits originating from Central Prison and NCCIW Hospitals to UNC Hospitals, UNC Rex Healthcare, and WakeMed Hospital.**

Table 1 shows the cost and volume for emergency room visits UNC Hospitals, UNC Rex Healthcare, and WakeMed Hospital for the **FY2023/2024**.

*Table 1. Volume and Cost by Hospital*

	Provider Name	Volume of Claims for FY2024	Total Cost for FY2024	Total Paid for FY2024
CENTRAL PRISON	UNIV OF NC HOSPITALS	7	\$11,040.00	\$8,191.54
CENTRAL PRISON	NC HEART AND VASCULAR	95	\$209,002.00	\$10,296.30
CENTRAL PRISON	WAKEMED	189	\$333,991.73	\$105,259.93
NCCIW	UNIV OF NC HOSPITALS	7	\$9,225.00	\$6,397.19
NCCIW	NC HEART AND VASCULAR	36	\$241,553.62	\$35,203.26
NCCIW	WAKEMED	335	\$657,976.41	\$56,429.41
	<b>TOTAL VOLUME CLAIMS</b>	<b>669</b>	<b>\$1,462,788.76</b>	<b>\$186,574.37</b>

**(8) The total payments for Medicaid and non-Medicaid eligible inmates to UNC Hospitals, UNC Rex Healthcare, and WakeMed Hospital, including the number of days between the date the claim was filed and the date the claim was paid.**

Table 2 shows the total payments to Medicaid and non-Medicaid eligible inmates, the average days for payment of claims and the total claims for the **FY2023/2024 (SUMMARY REPORT)**.

Table 2. Average Days for Payment of Claims (CENTRAL PRISON AND NCCIW)

Provider Name	Paid	Average Days from Rec'd for FY 2024	Volume of Claims for FY 2024
UNIV OF NC HOSPITALS	\$26,234,167.90	4.29	8,088
NC HEART AND VASCULAR	\$2,496,536.47	20.96	1,087
WAKEMED	\$2,243,563.68	14.47	366
<b>TOTAL AMOUNT PAID</b>	<b>\$30,974,268.05</b>	<b>9.93</b>	<b>9,541</b>

**(9) A list of hospitals under contract.**

As of January 11, 2023, DAC has contracted with 26 health care systems across the state. The systems are listed below.

- Beaufort County Hospital
- Bertie Memorial Hospital
- Blue Ridge Regional Hospital
- Blue Ridge Healthcare System
- Caldwell Memorial Hospital
- Catawba Valley Medical Center
- Chatham Hospital Inc
- Cherry Hospital
- Chowan Hospital
- Duplin General Hospital
- First Health of the Carolinas
- Hoke Memorial
- Kindred Hospital
- Montgomery Memorial Hospital
- Moore Regional Hospital
- New Hanover Regional Hospital
- Outer Banks Hospital
- Pender Memorial Hospital
- Pitt County Memorial Hospital
- Rex Healthcare
- Richmond Memorial Hospital
- Roanoke – Chowan Hospital
- Scotland Memorial Hospital
- University of NC Hospitals
- Vidant North Hospital
- Vidant Edgecombe Hospital

During this **FY2023/2024**, the outpatient specialty clinics held at Central Prison Healthcare Complex (CPHC) reveal that **5472** patients were evaluated. Clinics conducted at CPHC included podiatry, orthopedics, orthotics, audiology, nephrology, ophthalmology, optometry, urology, and telemedicine. Statistics from NCCIW reveal that **24,452**

specialty encounters occurred during the same timeframe. No outpatient surgical procedures were performed during this fiscal year at CPHC. In addition, 547 MRI studies were performed in the mobile MRI unit at CPHC.

**(10) The reimbursement rate for contracted providers. The Department shall randomly audit high-volume contracted providers to ensure adherence to billing at the contracted rate.**

Table 3 includes the reimbursement rate for contracted providers as of January 11, 2023. During the fiscal year, DAC audited 340 claims of contracted providers that were over \$100,000. The audit found 85% of claims were paid according to the provider’s contracted rate. The denied claims included Medicaid-eligible offenders or billing errors.

*Table 3. Reimbursement Rates*

<b>Provider Name</b>	<b>Reimbursement Rate</b>
<b>UNC HEALTH NASH</b>	<b>2.4X Medicare</b>
<b>BEAUFORT HOSPITAL</b>	<b>70% of billed or 2X Medicare (lesser of)</b>
<b>KINDRED HOSPITAL GREENSBORO</b>	<b>53% of billed charges</b>
<b>CHS BLUE RIDGE MORGANTON</b>	<b>70% of billed or 2X Medicare (lesser of)</b>
<b>CALDWELL MEMORIAL HOSPITAL</b>	<b>2.4X Medicare</b>
<b>SCOTLAND MEMORIAL HOSPITAL</b>	<b>70% of billed or 2X Medicare (lesser of)</b>
<b>ECU HEALTH MEDICAL CENTER</b>	<b>70% of billed or 2X Medicare (lesser of)</b>
<b>CHATHAM HOSPITAL</b>	<b>2.4X Medicare</b>
<b>PENDER MEMORIAL HOSPITAL</b>	<b>70% of billed or 2X Medicare (lesser of)</b>
<b>CATAWBA VALLEY MEDICAL CENTER</b>	<b>70% of billed or 2X Medicare (lesser of)</b>
<b>ECU HEALTH NORTH HOSPITAL</b>	<b>70% of billed or 2X Medicare (lesser of)</b>
<b>UNIV OF NC HOSPITALS</b>	<b>2.4X Medicare</b>
<b>REX HOSPITALS INC</b>	<b>2.4X Medicare</b>
<b>FIRSTHEALTH</b>	<b>70% of billed or 2.5X Medicare (lesser of)</b>
<b>ECU HEALTH ROANOKE CHOWAN HOSPITAL</b>	<b>70% of billed or 2X Medicare (lesser of)</b>
<b>ECU HEALTH BERTIE HOSPITAL</b>	<b>70% of billed or 2X Medicare (lesser of)</b>
<b>ECU HEALTH EDGECOMBE HOSPITAL</b>	<b>70% of billed or 2X Medicare (lesser of)</b>
<b>ECU HEALTH CHOWAN HOSPITAL</b>	<b>70% of billed or 2X Medicare (lesser of)</b>
<b>THE OUTER BANKS HOSPITAL INC</b>	<b>70% of billed or 2X Medicare (lesser of)</b>
<b>ECU HEALTH DUPLIN HOSPITAL</b>	<b>70% of billed or 2X Medicare (lesser of)</b>
<b>NOVANT NEW HANOVER REGIONAL MED CTR</b>	<b>70% of billed or 2X Medicare (lesser of)</b>

**ATTACHMENT A**

**PAYMENT AND CLAIMS DATA BY PROVIDER TOTAL CONTRACT/NON-CONTRACT FY2023/2024 (SUMMARY REPORT)**

Quarter 1 (July 1, 2023 – September 30, 2023)	\$27,313,606.15
Quarter 2 (October 1, 2023 – December 31, 2023)	\$21,305,073.32
Quarter 3 (January 1, 2024 – March 31, 2024)	\$27,313,606.15
Quarter 4 (April 1, 2024 – June 30, 2024)	\$22,376,583.69
<b>TOTAL CLAIMS PAID</b>	<b>\$98,308,869.31</b>

**ATTACHMENT B**

**SCHEDULED AND EMERGENT SERVICES BY HOSPITAL FY2023/2024 (SUMMARY REPORT)**

CONTRACT HOSPITAL TOTAL FY 2023/2024 SUMMARY	SCHD	ER Total	Total
Quarter 1 (July 1, 2023 – September 30, 2023)	169	481	650
Quarter 2 (October 1, 2023 – December 31, 2023)	173	321	494
Quarter 3 (January 1, 2024 – March 31, 2024)	202	476	678
Quarter 4 (April 1, 2024 – June 30, 2024)	186	366	552
<b>CONTRACT HOSPITAL TOTAL</b>	<b>730</b>	<b>1644</b>	<b>2374</b>
<b>NON- CONTRACT HOSPITAL TOTAL FY 2023/2024 SUMMARY</b>			
Quarter 1 (July 1, 2023 – September 30, 2023)	235	873	1108
Quarter 2 (October 1, 2023 – December 31, 2023)	237	881	1118
Quarter 3 (January 1, 2024 – March 31, 2024)	263	875	1138
Quarter 4 (April 1, 2024 – June 30, 2024)	244	984	1228
<b>NON-CONTRACT HOSPITAL TOTAL</b>	<b>979</b>	<b>3613</b>	<b>4592</b>
<b>GRAND TOTAL:</b>	<b>ADMIT: 1709</b>	<b>ER TOTAL: 5257</b>	<b>TOTAL: 6966</b>



**ATTACHMENT C****SCHEDULED AND EMERGENT ADMISSIONS BY HOSPITAL FY2023/2024 (SUMMARY REPORT)**

<b>SCHEDULED AND EMERGENT ADMIN BY HOSPITAL (CONTRACT) FY 2023/2024 SUMMARY</b>	<b>Schedule Admissions</b>	<b>Emergent Admissions</b>
Quarter 1 (July 1, 2023 – September 30, 2023)	36	169
Quarter 2 (October 1, 2023 – December 31, 2023)	23	173
Quarter 3 (January 1, 2024 – March 31, 2024)	32	202
Quarter 4 (April 1, 2024 – June 30, 2024)	21	186
<b>CONTRACT HOSPITAL TOTAL</b>	<b>112</b>	<b>730</b>
<b>SCHEDULED AND EMERGENT ADMIN BY HOSPITAL (NON-CONTRACT) FY 2023/2024 SUMMARY</b>	<b>Schedule Admissions</b>	<b>Emergent Admissions</b>
Quarter 1 (July 1, 2023 – September 30, 2023)	7	235
Quarter 2 (October 1, 2023 – December 31, 2023)	8	237
Quarter 3 (January 1, 2024 – March 31, 2024)	15	244
Quarter 4 (April 1, 2024 – June 30, 2024)	9	263
<b>NON-CONTRACT HOSPITAL TOTAL</b>	<b>39</b>	<b>979</b>
<b>GRAND TOTAL:</b>	<b>Scheduled Admission: 151</b>	<b>Emergent Admission: 1709</b>