



OFFICE OF THE INSPECTOR GENERAL

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DOJ OIG Releases Report on the Federal Bureau of Prisons' Pharmaceutical Drug Costs and Procurement

Department of Justice (DOJ) Inspector General Michael E. Horowitz announced today the release of a report examining the Federal Bureau of Prisons' (BOP) pharmaceutical drug procurement process, the prices it pays for drugs, and its efforts to control drug costs. Between fiscal year (FY) 2012 and FY 2018, the BOP's reported drug purchases increased by 71 percent (from \$74 million to \$126.9 million) while the BOP's inmate population decreased during the same period by approximately 7 percent.

The DOJ Office of the Inspector General's (OIG) review identified several issues related to the BOP's drug procurement process and its ability to control drug costs, including:

- **The BOP has made efforts to obtain the “Big 4” price to control drug costs, but the DOJ has not prioritized this objective.** The BOP has sought to gain access to the “Big 4” price for drugs, which is a discounted price that, by law, is currently available to only four government agencies, and not the BOP. Despite the BOP estimating that it could have saved \$13.1 million (11 percent) in FY 2017 with Big 4 pricing, the DOJ is not actively pursuing access to it on behalf of the BOP and its other components.
- **The BOP is not ensuring that its institutions are procuring pharmaceutical drugs in the most cost-efficient way.** The BOP may be paying more than necessary for drugs due to its institutions not consistently ordering drugs at the lowest available price. We also identified deficiencies in the BOP's oversight of pharmaceutical procurement.
- **The BOP does not collect complete and accurate data on its drug purchases or effectively analyze pharmaceutical data to achieve cost savings and reduce waste resulting from unused drugs.** Enhanced use of data, along with system upgrades, could also help the BOP maximize the value of certain ongoing initiatives to improve drug procurement and control costs, such as using pharmacy clinics to decrease medical spending and seeking temporary price reductions from drug manufacturers.

Today's report also includes a case study on the BOP's efforts to prevent and manage Hepatitis C. The BOP's spending for Hepatitis C drugs increased by approximately 471 percent between FY 2012 and FY 2018, and accounted for nearly 20 percent of the BOP's drug spending in FY 2018. The OIG found that the BOP does not know the prevalence of Hepatitis C in its inmate

population because it does not test all inmates. We also found that treatment of Hepatitis C was inconsistent across institutions.

The report makes nine recommendations to improve the BOP's pharmaceutical procurement process and control drug costs. The Department and the BOP agreed with all of the recommendations.

Report: Today's report is available under "Recent Reports" on the OIG's website and at the following link: <https://oig.justice.gov/reports/2020/e20027.pdf>.

Video: To accompany today's report, the OIG has released a 2-minute video featuring the Inspector General discussing the report's findings. The video and a downloadable transcript are available at the following link: <https://oig.justice.gov/multimedia/video-02-20-20.htm>.

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Related OIG Work: Today's report is a continuation of previous OIG reviews examining the BOP's medical spending, including a 2015 report on [The Impact of an Aging Inmate Population on the Federal Bureau of Prisons](#) and a 2016 report on [The Federal Bureau of Prisons' Reimbursement Rates for Outside Medical Care](#). The OIG is also currently reviewing the U.S. Marshals Service's process for and spending on drug procurement, as well as its efforts to control rising drug costs.