



State of New York
David A. Paterson
Governor



Office of Mental Health
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February 19, 2010

Frank Patone, CPA
Audit Director
Office of the State Comptroller
Division of State Government Accountability
123 William Street – 21st Floor
New York, NY 10038

Dear Mr. Patone:

The Office of Mental Health has reviewed the final audit report entitled, Office of Mental Health Controls over Prescription Drugs (2007-S-111). Our comments to the findings and recommendations contained in the report are enclosed.

The Office of Mental Health appreciates the Office of the State Comptroller's efforts to recommend improvements in the management of prescription drugs. Many thanks for your continued help and cooperation.

The response is submitted in accordance with Section 170 of the Executive Law.

Sincerely yours,

Michael F. Hogan, Ph.D.
Commissioner

Enclosure

cc: Governor – David A. Paterson
Comptroller – Thomas P. DiNapoli
Lieutenant Governor – Richard Ravitch
Senate Majority Leader – Pedro Espada, Jr.
Senate Minority Leader – Dean G. Skelos
Assembly Speaker – Sheldon Silver
Assembly Majority Leader – Ron Canestrari
Assembly Minority Leader – Brian M. Kolb
Chair, Senate Finance Committee – Carl Kruger
Ranking Minority Member, Senate Finance Committee – John A. DeFrancisco
Chair, Assembly Ways and Means Committee – Herman D. Farrell, Jr.
Ranking Minority Member, Assembly Ways and Means Committee – Jim Hayes
Chair, Senate Mental Health & Developmental Disabilities Committee – Thomas P. Morahan
Chair, Assembly Committee on Mental Health – Peter M. Rivera
Chair, Assembly Committee on Oversight, Analysis & Investigation – Amy Paulin
Director, Division of the Budget – Robert L. Megna



**OFFICE OF MENTAL HEALTH
RESPONSE TO OFFICE OF THE STATE COMPTROLLER
FINAL REPORT 2007-S-111
CONTROLS OVER PRESCRIPTION DRUGS**

OMH Comments

OSC's AUDIT

OMH officials have reviewed the findings and recommendations in the Office of the State Comptroller's final report entitled, Office of Mental Health: Controls Over Prescription Drugs. OMH is appreciative of OSC having identified areas where improvements can be made to OMH's controls over non-controlled prescription medications and has begun implementing OSC's recommendations.

OMH is also appreciative of OSC's acknowledgment that its audit of 20,152 doses of controlled drugs found that all doses were properly "supported by a physician's order and signed for by the appropriate nursing station representative." OMH is also pleased that the audit found that all drugs, both controlled and non-controlled, were properly secured "in a locked area not accessible to unauthorized persons."

OMH'S HOSPITAL PHARMACY SYSTEM

OMH dispensed over 23 million doses (over 30 million individual units) of medication across the 26 hospital pharmacy system in calendar year 2008. Current inventory control policies for this system meet or exceed all federal and New York State laws as well standards established by the Joint Commission.

OMH psychiatric hospital pharmacies rely on multiple electronic systems and a significant manual component for inventory management of pharmaceuticals. Cardinal Health is the contracted wholesale vendor for receiving pharmaceuticals, McKesson MedsManager is the contracted pharmacy systems software and Guaranteed Returns is the contracted reverse distributor. The three systems do not currently interface.

When medications leave the secure pharmacy environment they are securely transported to locked and secured areas of the hospital (locked nursing units). Unused medication is then securely transported back to the pharmacy.

Currently, medications are manually ordered by the physician and manually administered and documented by a nurse. OMH plans to implement both a computerized prescription order entry system for physician medication ordering and an electronic bar code administration program to electronically document administered doses. The initial stages of implementation have already begun. The end result will be a closed - loop medication

system which will enable an accurate accounting of medication ordering and administering.

OMH is also addressing the challenge of having an inventory system comprised of multiple electronic non - interfacing systems. OMH plans to develop a single system that brings these separate systems together. This will facilitate inventory management at both the facility and Central Office levels.

OMH Responses to OSC Recommendations

OSC Recommendation No. 1

Provide guidance to Centers on how to properly control and account for their prescription drug inventory.

OMH Response

OMH will develop and implement a specific policy regarding pharmacy inventory management at the facilities. The policy will address receiving, storing, administering and recording of inventory.

OSC Recommendation No. 2

Ensure that each Center pharmacy implements and maintains an accurate, up-to-date, perpetual inventory record for its prescription drugs. These records should be complemented by periodic physical inventory counts.

OMH Response

OMH plans to implement an electronic inventory management system that includes bar code identification of pharmaceuticals in an electronic environment. This system will provide a perpetual inventory record of prescription drugs. As an interim measure, until this process is complete, OMH has identified high cost medications and requires pharmacies to do routine counts (minimally every 6 months). Information from these counts is sent to Central Office for review against electronic purchasing and dispensing data. Outliers are examined, addressed and corrected.

OSC Recommendation No. 3

Ensure that each Center prepares its own listing of unusable drugs, differentiating between those that are discarded versus those that are given to their reverse distributors.

OMH Response

OMH Inventory Management policy will require that records be maintained for all unusable medications. OMH Central Office will work with its state - approved vendor, "Guaranteed Returns" to track all credits and/or refunds electronically. Disposed medications, that are determined to have no redeemable value, will be listed separately.

OSC Recommendation No. 4

Reconcile the amount of credits and/or refunds received from manufacturers for returned drugs, as well as the bills received from reverse distributors, to the prepared listings noted in Recommendation No. 3.

OMH Response

As noted in OMH's response to OSC Recommendation No. 3, the amount of credits and/or refunds received from manufacturers for returned drugs, as well as the bills received from reverse distributors, will be reconciled to the records maintained by OMH.

OSC Recommendation No. 5

Periodically evaluate the effectiveness of the controls in place at OMH Center pharmacies, and make revisions and improvements as appropriate.

OMH Response

OMH will evaluate controls which will include periodic physical cycle counts of medications in the facilities. A focus will be on high cost medications. Issues that arise will be corrected as needed.