



Monterey County

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Board Report

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Matter Type: General Agenda Item

- a. Receive a report from the Sheriff's Office on a new multi-year contract with California Forensic Medical Group (CFMG) to provide comprehensive inmate health care services in the Monterey County Jail;
- b. Approve and authorize the Contracts/Purchasing Officer or Contracts/Purchasing Supervisor to sign a contract with CFMG for the period of January 1, 2018 to December 31, 2021, with the opportunity to earn an extension of one (1) year according to the terms of the renewal provisions of the Agreement where the renewal does not significantly change the scope of work, and where the renewal does not increase the Agreement value more than 1% of the latest annual amount; and
- c. Adopt a resolution to authorize the Auditor-Controller to amend the Sheriff's Office Fiscal Year (FY) 2017-18 budget as listed in the Financing Section based on the Board's approval (4/5th vote required).

RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a. Receive a report from the Sheriff's Office on a new multi-year contract with California Forensic Medical Group (CFMG) to provide comprehensive inmate health care services in the Monterey County Jail;
- b. Approve and authorize the Contracts/Purchasing Officer or Contracts/Purchasing Supervisor to sign a contract with CFMG for the period of January 1, 2018 to December 31, 2021, with the opportunity to earn an extension of one (1) year according to the terms of the renewal provisions of the Agreement where the renewal does not significantly change the scope of work, and where the renewal does not increase the Agreement value more than 1% of the latest annual amount; and
- c. Adopt a resolution to authorize the Auditor-Controller to amend the Sheriff's Office Fiscal Year (FY) 2017-18 budget as listed in the Financing Section based on the Board's approval (4/5th vote required).

SUMMARY:

On November 15, 2017, the Budget Committee supported to present the contract to the full Board of Supervisors. California Forensic Medical Group (CFMG) is the current provider of inmate health services for inmates in the Monterey County Jail. The existing contract has been in place for many years. County Counsel and Sheriff's personnel have been working together with CFMG on a new contract. The new contract completely overhauls the dated contract currently in place. This new document will contain the newest version of the County contract template. It will also contain a completely new scope of the work. The scope of work now contains modern day references to all the requirements brought in to place from the *Hernandez* Implementation plans for both the County and CFMG. Additionally, the new contract will require inmate medical services be accredited by the National Commission on Correctional Health Care (NCCHC). NCCHC standards are widely

viewed as the most rigorous and NCCHC accreditation is considered the most thorough in the U.S. In many court cases, NCCHC standards have been held as the model to which correctional facilities should strive. Bringing the Monterey County Jail health care up to NCCHC accreditation will be a benefit to inmates, inmate families, and to the entire health care system in Monterey County. A high standard of jail health will help ensure a continuity of care and treatment for inmates who are often patients of local area clinics once they leave custody. The NCCHC accreditation also brings a whole new layer of quality assurance to the jail health program. Independent NCCHC auditors will thoroughly evaluate the jail health care system to grant and then to maintain NCCHC accreditation. Additionally, at approximately the 15-month mark, the County will evaluate operations under the contract to determine if the County is receiving best value, efficiency, and performance.

County jails throughout the State of California have experienced a steady increase in inmate health costs over the past six years. When AB109 became operative in October of 2011, it ushered in a whole new health expectation for county jail inmates. As county felons began serving AB109 sentences; inmates, inmate advocates, and finally the courts pushed for a state prison standard for inmate health care. This standard required more medical, mental health, and dental services for county jail inmates. It also required higher levels of health care licensure for services. Accordingly, inmate health costs in the AB109 era have skyrocketed. Additionally, the *Hernandez* jail conditions litigation had a compounding effect on the County jail health system. The implementation plan associated with this case added expansive medical, mental health, and dental requirements. Over the past three years, the County and CFMG have enhanced medical services in response to the litigation. The overall staffing plan for medical services has increased from 24.5 full time equivalent (FTE) in 2012 up to 44.7 FTE in the new contract.

This is an 82% increase in medical staffing during the AB109 / Hernandez Litigation era. Accordingly, Monterey County has experienced an 83% increase in inmate health costs since AB109 went into effect. The new contract pricing for year 1 is over \$9.1 million.

The attachment provided by CFMG details changes in staffing, medical services requirements, and the corresponding additions in personnel and costs.

County Counsel's Office, the CAO's Office, and Sheriff's Office have conducted a cost analysis considering the proposed contract rate of approximately \$10,000 per inmate per year. The cost study showed that these proposed costs are in line with other counties. Additionally, there was a comparison to "like" positions within the County to compare CFMG staffing costs against the same or similar jobs at Natividad Medical Center (NMC). The study showed CFMG's staffing costs of \$6,430,000 were slightly less when compared to the NMC personnel costs in the range of \$6,571,668 to \$6,714,588.

Although the contract rates have steadily increased over the past six years, the costs are consistent with other county jails and with medical personnel rates here in Monterey County.

OTHER AGENCY INVOLVEMENT:

The County Counsel and the Auditor-Controller have reviewed this document and approved as to legal and fiscal provisions, respectively.

FINANCING:

Considering the current adopted budget, there is an anticipated \$399,136 appropriation shortfall for the Fiscal Year (FY) 2017-18 if the contract becomes effective January 1, 2018 - see the Financing Summary attachment for the breakdowns. Additionally, the Sheriff's Office expects an additional \$300,000 to be paid directly to medical service providers as the \$15,000 payment by CFMG per inmate's medical episode term is removed from the contract and additional HIV costs. Removing CFMG's obligation to pay the first \$15,000 of inpatient care, will place the County into the primary payer position. This move will permit the County to submit for Medi-Cal reimbursement for all inmate hospital stays in excess of 24-hours. This will help minimize the potential for high dollar medical claims once the state begins paying Medi-Cal claims for inmates. Therefore, the \$300,000 estimated cost to become the primary payer raises the total inmate health costs to \$699,136 above the FY 2017-18 budgeted amount. Options to fund the \$699,136 appropriation required to have a new inmate health service contract in FY 2017-18 include:

Option 1

Use of \$699,136 from Transient Occupancy Taxes (TOT) currently allocated to the Road Fund above the required maintenance of effort. During the October 10, 2017 Quarterly Budget Update, staff recommended to free up \$1,374,452 above the maintenance of effort requirement to fund \$1,140,156 for the homeless shelter, safe parking initiative, and other social services needs mentioned in the report, with the balance to be retained by Resource Management Agency (RMA) to support two park ranger position set to expire on December 31, 2017. This could be done by reducing the operating transfers out from the General Fund, 001-1050-CAO017-8038-7614, and increasing the General Fund Contribution for the Sheriff's Inmate Medical Program by increasing an appropriation amount of \$699,136 in 001-2300-SHE004-6610.

Option 2

Use of \$699,136 from unrecognized Cannabis revenues by increasing the General Fund Contribution for the Sheriff's Inmate Medical Program and by increasing an appropriation amount of \$699,136 in 001-2300-SHE004-6610.

Option 3

Combination of unbudgeted estimated revenues of \$195,920 and estimated cost savings of \$503,216, a total of \$699,136 as follows:

Local Innovation Subaccount*	\$105,484	
MCIP Reimbursement \$90,436	\$ 90,436	\$195,920
Reduce Recruitment Costs	\$100,000	
Reduce Equipment Costs for New Hires	\$100,000	
Reduce Temporary Employee Costs	\$122,345	
Chief Deputy Vacancy (until 2/28/2018)	<u>\$180,871</u>	<u>\$503,216</u>
	<u>\$699,136</u>	<u>\$699,136</u>

The detailed steps for this option are:

- a. An operating transfer of \$105,484 from Local Innovation Subaccount to the Sheriff's Inmate Medical Program, by increasing transferring in and appropriation of \$105,484 each in 001-

- 2300-SHE004-5900/6610;
- b. Increase estimated MCIP reimbursement revenues and appropriations of \$90,436 in the Sheriff's Inmate Medical Program, by increasing estimated revenue and appropriation of \$90,436 each in 001-2300-SHE004-5050/6610;
- c. Transfer an appropriation total of \$322,345 from 001-2300-SHE001-8227-6613 to 001-2300-SHE004-6610; and
- d. Transfer an appropriation total of \$180,871 from 001-2300-SHE003-8233-6111 to 001-2300-SHE004-6610.

*: Government Code Section 30029.07 (b) authorizes to create a Local Innovation Subaccount and Government Code Section 30025 (f) (15) says, "...the moneys in the Local Innovation Subaccount shall be used to fund local needs. The board of supervisors of a county or city and county shall have the authority to spend money deposited in the Local Innovation Subaccount..." As of this writing, the balance of the account is \$86,691.08 and \$105,484, is the estimated FY 2016-17 amount and projections for the future years are unknown at this time. The Sheriff's Office recommends the County Administrative Office (CAO) to set up the account in the CAO budget unit.

The Budget Office is concerned that Option 3 is not fiscally viable. Although the Sheriff's Office may have savings in some line items, it is expecting deficits in other areas. When considering the budget in its entirety, the Sheriff's Office is projecting a potentially significant deficit. Salary and benefit costs, the largest portion of the budget, will exceed budget by over \$2 million based on the current trend. This is consistent with the prior year, in which the S.O. exceeded budget by \$3.3 million. In the current fiscal environment of constrained resources, it would not be advisable to balance the Office's budget on the assumption there will be savings if all indicators point to an overall deficit. In the likely event the Sheriff's Office requests budgetary help later in the fiscal year, it could negatively impact other programs in the County.

Moving to the primary payer position will make the County eligible for "new" Medi-Cal Payment offsets. The below table shows potential cost recovery and new revenue to Medi-Cal based upon previous year experience.

Total Billable from NMC	\$6,373,265
Payable based on CPE (.23 / per dollar)	\$1,465,851
50% recoverable under MCIP	\$ 732,925
28% eligibility rate (based on current success)	\$ 205,219

Although the current "range" of potential Medi-Cal repayment shown above is approximately \$200,000-\$700,000; it is impossible to predict an actual number. These numbers are based upon hospital usage, eligibility for Medi-Cal, and inmate willingness to enroll. If existing trends continue; there should be a minimum of \$100,000 for Medi-Cal Inmate Program (MCIP) reimbursements.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

This contract meets the Board's Health objectives by improving the health of at risk populations and

transient persons incarcerated at the Adult Detention facility.

Mark a check to the related Board of Supervisors Strategic Initiatives

- Economic Development
- Administration
- Health & Human Services
- Infrastructure
- Public Safety

Prepared by: John Mineau, Undersheriff, X3859

Approved by: Steve Bernal, Sheriff, X3856

Attachments:

- Financing Summary
- CFMG Professional Services Agreement
- CFMG Exhibit A - Description of Services
- CFMG Exhibit B - Contractors Billing Procedures
- CFMG Exhibit C - CFMG's Implementation Plan
- CFMG Exhibit D - County Implementation Plan
- CFMG Exhibit E - Settlement Agreement
- CFMG Exhibit F - County Jail Medical Staffing Plan
- CFMG Exhibit G - Business Associate Agreement
- CFMG Certificate of Liability Insurance