

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's Office has reviewed the report.

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 currently allocated to the Road Fund above the required maintenance of effort.

- Option 2 - Use of \$699,136 unrecognized Cannabis Revenues.
- 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 Account	\$105,484	
MCIP Reimbursement	\$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)	\$180,871	\$503,216
Total	\$699,136	\$699,136

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.

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- Attachments:
- Monterey Revised Contract Pricing Tables
 - CFMG Draft Contract
 - CFMG Scope of Services
 - Inmate Health Care Financing Summary