



BOARD OF SUPERVISORS
AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Department Name: Sheriff & Probation
Department No.: 032, 022
For Agenda Of: August 25, 2015
Placement: Departmental
Estimated Tme: 60 minutes
Continued Item: Yes
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors
FROM: Departments: Bill Brown, Sheriff & Guadalupe Rabago, Chief Probation Officer
Contact Info: Custody Commander Kelly Hamilton, 681-4326, & Deputy Chief
Probation Officer Lee Bethel, 882-3675
SUBJECT: Extension of Correctional Medicine Agreement with Corizon Health, Inc.

County Counsel Concurrence

As to form: Yes

Auditor-Controller Concurrence

As to form: Yes

Other Concurrence: Risk Management

As to form: Yes

Recommended Actions:

(a) Approve and authorize the Chair to execute one of the two attached agreements to extend the Correctional Medicine Agreement (#13-00472) with Corizon Health, Inc. for medical services to individuals in the custody of Sheriff's Office and the Probation Department, as follows:

Option #1 (Attachment "A"):

- Extend the Correctional Medicine Agreement through June 30, 2017, with no changes except (1) Section 5 (Financial Matters) is changed to reflect a total cost "not to exceed \$9,833,099" (previously "not to exceed \$10,887,496"); and (2) medical intake screening is expressly required to be performed by a nurse licensed by the California Board of Registered Nursing(as is current practice), and 90% to be completed within 12 hours, not to exceed 24 hours of initial detention; and,
- Receive a report from the Sheriff's Office and Probation Department on their plans to conduct an operational and scope-of-services review of medical services, the results of which they will report back to the Board.

(Or)

Option #2 (Attachment "B"):

- Extend the Correctional Medicine Agreement through June 30, 2016, with no changes except (1) Section 5 (Financial Matters) is changed to reflect a total cost "not to exceed \$4,858,243" (previously "not to exceed \$10,887,496" for 2 years); and (2) medical intake screening is expressly required to be performed by a nurse licensed by the California Board of Registered Nursing (as is current practice), and 90% to be completed within 12 hours, not to exceed 24 hours of initial detention; and,
- Direct staff to initiate a Request for Proposal for the medical services currently performed by Corizon.

And:

(b) Find that those activities are exempt from the California Environmental Quality Act under 14 CCR 15061(b)(3), because they do not have the potential for causing a significant effect on the environment.

Summary Text:

Corizon Health, Inc. and its predecessor (Prison Health Services) have provided medical services to the Sheriff's Office since 1995, and to the Probation Department since 2005.

On June 18, 2013, the Board approved a two-year contract with Corizon, from July 1, 2013 through June 30, 2015 (#13-00472, Attachment "C").

On April 27, 2015, Corizon presented a proposal to extend the contract for another two years, from July 1, 2015 through June 30, 2017 (Attachment "D").

On June 23, 2015, the Board executed an agreement to extend the contract for 120 days (#15-00523, Attachment "E"), and directed staff to return with additional information on August 25, 2015.

The Sheriff's Office and Probation Department recommend that the Board accept Corizon's proposal to extend the contract for two years, because doing so (1) will ensure that the County continues to provide legally-mandated medical services, and (2) will control the costs of those services.

The Sheriff's Office and Probation Department do not recommend the option of extending the contract for a shorter time and conducting an RFP, because it would be costly, would likely take more than a year to complete, and could negatively affect the County's continued relationship with Corizon.

Background

Corizon Health, Inc. has satisfactorily rendered medical and mental health services to jail inmates and medical services to detained youth 1995 and 2005 respectively. Corizon Health, Inc. provides quality staff including a Medical Doctor (16 hours a week), Psychiatrist (25 hours per week), Nurse Practitioner (16 hours per week) and Registered Nurses as required by our contract. In addition, they are also responsible for providing medical, dental, mental health, medication distribution laboratory and x-ray services to the inmates within the Santa Barbara jail facility. The Sheriff's Office and Probation are responsible for all offsite medical and dental appointments, including specialists and hospitalizations. The unanticipated hospital costs to the Sheriff's Office are also monitored by Corizon Health, Inc. as they provide a utilization review for all hospitalized inmates. This ensures that the hospital continues to meet the medical necessity for hospitalization and that their stay is not over extended. Part of the utilization review service includes very close review of the hospital bills to ensure that all services provided were necessary and that they are billed for the proper amount. These services ensure the Sheriff's Office does not pay for unnecessary hospital days or services, saving both money and staff time.

Corizon Health Inc. provides detained youth quality medical services at the Santa Maria Juvenile Hall (SMJH) and Los Prietos Boys Camp (LPBC). The services of a Pediatrician (SMJH 18 hours a week/ LPBC 6 hours a week), Registered Nurse (SMJH 42 hours week/ LPBC 40 hours a week), Licensed Vocational Nurse (SMJH 38 hours per week) provide mandated medical exams, sick call, immunizations, referrals to specialized care, and medication control. Corizon Health Inc. services have resulted in successful bi-annual inspections by the Institute of Medical Quality (IMQ) in 2013, and the Board of State and Community Corrections (BSCC) in 2014. Following the successful 2013 inspection, the quality of medical care within the Probation facilities resulted in IMQ inviting the Corizon Pediatrician to become an IMQ surveyor.

Corizon Health, Inc. commitment to working positively with the Sheriff's Office and Probation on financial matters is not just a recent trend. Several years ago when the Sheriff's Office, and the County, faced huge financial deficits, Corizon Health, Inc. opted to not impose the contractually agreed upon yearly CPI increase for their services for two years in a row. This saved the Sheriff's office approximately \$112,883, or 3.27%. The CPI used during this two year extension was based by using the most recent twelve (12) month percentage change in the Medical Care Component of the United States

Department of Labor Consumer Price Index for all Urban Consumers for the West region, or 4.0%, whichever was less. The cost analysis of this CPI during this twelve (12) month period represented a 2.62 increase.

Based on the history of the delivery of these services, and reasonable cost negotiated, the Sheriff's Office and the Probation Department desire to continue contracting with Corizon Health Inc.

Fiscal and Facilities Impacts:

There are no impacts to facilities due to this contract extension.

Fiscal Analysis:

Funding for this contract extension is included in the FY2015-16 Recommended budgets for the Sheriff's Office and the Probation Department.

For the Sheriff's Office, the proposal will cost \$3,692,237 in FY2015-16 for medical services (\$307,686.42 per month) and anticipated pharmaceutical costs of \$252,000. For FY2016-17, the proposal will cost \$3,788,974 for medical services (\$315,747.83 per month) and pharmaceutical costs of \$252,000. These costs are in line with the Recommended and Proposed Budgets.

For the Probation Department, the proposal will cost \$821,418 in FY2015-16 (\$68,451.50 per month) plus \$90,588 for pharmaceutical costs. For FY2016-17, the proposal will cost \$842,939 for medical services (\$70,244.92 per month) and \$92,943 for pharmaceuticals. These costs are in line with the Recommended and Proposed Budgets.

The total contract is, therefore, valued at \$4,856,243 in FY2015-16 and \$4,976,856 in FY2016-17, or a total cost over the two year extension of \$9,833,099.

Key Contract Risks:

Corizon Health, Inc. is wholly owned by Valitas Health Services, a closely held company. Total revenues for Corizon Health, Inc. exceeded \$1.4 billion in 2014. Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA) exceeded \$51 million in the same year. The annual cost of this contract is not a significant portion of Corizon's business, who has numerous contracts for health care services with governmental agencies.

Staffing Impacts:

None

Special Instructions:

Clerk of the Board: Please send a copy of the Minute Order to Lieutenant Lisa Bondietti, Sheriff's Office, and Douglas Martin, Sheriff's Office.

Attachments:

- Attachment A: Agreement to extend Corizon contract for two years ("Option #1")
- Attachment B: Agreement to extend Corizon contract for one year ("Option #2")
- Attachment C: 2013 Corizon contract
- Attachment D: Proposal from Corizon dated 4/27/15
- Attachment E: Agreement to extend Corizon contract through 10/31/15 (approved 6/23/15)
- Attachment F: Board Contract Summary
- Attachment G: Corizon presentation and report
- Attachment H: Jail's intake medical screening form

Authored by:

Douglas Martin, CFO, Sheriff's Office ext. 4293