

SANTA BARBARA COUNTY BOARD AGENDA LETTER



Clerk of the Board of Supervisors
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Santa Barbara, CA 93101
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Agenda Number:

Prepared On: November 10, 2004
Department: Public Health & Probation
Budget Unit: 041 and 022
Agenda Date: November 23, 2004
Placement: Departmental
Estimate Time: 15 minutes
Continued Item: NO
If Yes, date from:

TO: Board of Supervisors

FROM: Sue Gionfriddo, Chief Probation Officer
Roger Heroux, Public Health Department Director

STAFF: Patti Stewart, Probation Department, (805) 882-3652
Jane Overbaugh, Public Health Department, (805) 681-5173

SUBJECT: Medical Services Agreement with Prison Health Services

Recommendation:

Approve and execute an agreement with Prison Health Services to provide medical services to youth held in Probation Department's institutions for the period from January 1, 2005 through June 30, 2006 in the amount of \$1,164,971.

Alignment with Board Strategic Plan:

The recommendations are aligned with five of the County's seven goals: Community Health and Safety, Quality of Life, Efficient Government, Organizational Effectiveness, and Individuals, Families and Children.

Executive Summary:

The Public Health Department (PHD) currently provides medical services to youth held in Probation institutions. For reasons outlined in the next section of this Board Letter, the PHD can no longer provide these services. Consequently, it is recommended that the Board of Supervisors approve an agreement with Prison Health Services, the largest provider of institutional medicine in the United States, to provide those services on behalf of the Probation Department. The Public Health Department will manage this contract with Prison Health Services.

For ease of reading, the Discussion section of this board letter provides the reasons for the recommendation and is broken down into the following eight areas:

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Discussion:

The following eight areas highlight the information that resulted in this recommendation:

1) Public Health's Inability to Continue to Provide Direct Services.

With the significant growth in PHD's clinics and the tremendous challenge of insuring access to care for its patients, the PHD has struggled for a number of years to continue to serve as the direct medical services provider in the three Probation Institutions. In the last fiscal year, the PHD provided more than 280,000 primary, specialty and ancillary visits in its network of seven clinics. With increasing numbers of uninsured patients and low reimbursement, increasing PHD emphasis needs to be placed on insuring access to primary care, specialty care and hospital services for the uninsured, Medically Indigent Adult and Medi-Cal clinic patients.

Correctional healthcare has increasingly become a specialty area that is not a core function of the PHD. In light of that, the clinic growth and the many other significant and varied mandates, it is increasingly difficult to insure the provision of quality care in three small Probation settings throughout the county, and plan for expanded services with the growth in the Santa Maria Juvenile Hall. Physician and nurse recruitment and retention is a key challenge for healthcare providers across the nation. With continual vacancies in the clinics, priority must be given to staffing the clinical operations. Discontinuing the direct provision of care in the Probation Institutions will allow the department to redirect physician and physician assistant hours back into the clinics, improving access and continuity of care for the patients. It will eliminate the current lack of compliance with the Board of Registered Nursing requirements that nurses be supervised by a registered nurse, something that has not been possible since PHD began having difficulty recruiting nurses for Clinic Manager/Health Services Administrator positions. With the trend throughout the state to contract out these services to vendors with a specialty in correctional medicine, to create an infrastructure within PHD to continue to offer these services would be unnecessarily costly and still not provide the specialty focus possible through a contract with Prison Health Services.

2) Increases Quality and Level of Service.

Prison Health Services (PHS) became the first provider of correctional health services in the United States in 1978. With a staff of 7,100, PHS provides services to 89 counties, cities and states making it the largest non-governmental provider in the United States. Of the 89 contracts, 21 include providing health care services to minors. Its one and only business, and consequently its only focus, is to provide correctional health services. They bring with them time tested policies and procedures that insure quality medical care as well as smooth interaction with correctional staff. Although PHS is the leader of correctional health services in the United States, the proposed contract will be their first in the State of California that provides for the treatment of juveniles.

In 2000, PHS acquired the correctional pharmacy assets of Bergen Brunswig Corporation's Stadlanders Corrections Division which added pharmaceutical distribution to PHS's product offering. This acquisition resulted in significant reduction of pharmaceutical costs, which is one of the largest contributors to rising health care costs in the country.

Although the cap for pharmaceuticals in this contract is \$40,500 per year, or \$60,750, it is presumed that savings realized from reduced costs will result in annual pharmaceutical expenses less than prior years under the Public Health Department.

PHS is committed and has the infrastructure to provide services the Public Health Department has been unable to provide and to also increase the current service levels in the Probation Institutions. Some examples are:

- a) PHS will manage the program with a clinically qualified manager. The Health Administrator is a Registered Nurse who has more than a decade of proven and effective management in correctional health services as the Health Administrator at the Sheriff's jail. She also served as the RN at Probation's Los Prietos Boys' Camp in 1992 when previously employed by the County. The current Health Administrator does not have a clinical background.
- b) The Sick Call Process will be more effective since physicians and mid-level practitioners will review the sick call request list and they will conduct most of the initial sick call encounters.
- c) Immunizations will improve because PHS has a more formalized program and has greater staffing capacity.
- d) PHS has the ability to provide the required medical assessment for physical restraints when needed by the Probation Institutions.
- e) Twenty-four hour on-call services will result in better continuity of care and potentially decrease Emergency Room utilization because PHS's permanent staff will provide them. Currently, County clinic physicians who have no role with Probation's institutions provide on-call services. These physicians are not versed in the facility protocols and have no medical history on the minors.
- f) PHS will assign a dedicated Medical Director for the comprehensive health care program for the facilities.

- g) PHS will run a formal, specialized training program for both medical and probation staff.
- h) PHS will maintain a Nursing Continuing Education Program for nurses and a Medical Education Program for Physicians.
- i) PHS will have a formalized credentialing process for their medical staff.
- j) PHS's Continuous Quality Improvement Program will be superior because it is premised on evidence-based medicine in institutional settings, includes community and national benchmarking, monitors special needs (diabetes, asthma, seizure disorders, etc.) and it is site specific.
- k) Medical intervention will occur earlier because PHS's medical staff will participate in the pre-booking phase.
- l) Pharmaceutical management will be more effective because PHS will conduct a quarterly pharmacy review. Currently, this is done annually.
- m) Evaluating sentinel events will be more timely and comprehensive because PHS has a formalized review program.
- n) Dental referrals may be more effective and efficient because PHS employs a dentist at the County jail, who can be consulted in the event of dental emergencies.
- o) PHS's continuing education/training program will be adolescent specific.

PHS has agreed to track and report on a comprehensive list of performance measures for the duration of the contract, subject to review quarterly. PHS has not only tracked and reported on useful performance measures throughout their existence, they use the information to more effectively manage their programs.

PHS will also comply with State Minimum Juvenile Hall Standards as outlined in Title 15 of the California Administrative Code of Regulations, and to maintain accreditation by the Institute for Medical Quality, which was first achieved and continually maintained in Santa Barbara County Probation Institutions since 1993.

It is also notable that PHS has never experienced default or forfeiture on any performance, payments or other bonding requirements with any of their contracts.

3) Transfers Legal Risk from the County to Prison Health Services.

It is to the County's benefit, especially in terms of cost, to transfer medical malpractice and litigation risk to contract providers of correctional health care. According to Risk Management Services, the County's Excess Insurance Carrier, many counties throughout the state have used this risk transfer technique successfully, and the cost benefit in relationship to reducing risk has been favorable.

It is noteworthy to point out that there have been no medical malpractice judgments against PHS for the past five years. Additionally, the rate of lawsuits filed against PHS during the same timeframe is approximately 1.9 per 1,000 inmates, a rate that compares favorably nationwide. Less than 7% of those suits resulted in any form of settlement.

4) *Prison Health Services has been the Sheriff's Health Care Provider since 1995.*

PHS has been the provider of correctional health services to the County Sheriff's Department since 1995 for approximately 1,000 inmates housed in the jail. The Sheriff has renewed the PHS contract twice. PHS's current contract ends June 30, 2005 and is in negotiation for a possible one-year extension to June 30, 2006. The Probation Department's contract with PHS will also end June 30, 2006. The Sheriff and Probation Departments will consider issuing a joint Request for Proposal (RFP) for a concurrent contract for both the adults and juveniles beginning in fiscal Year 2006-07.

5) *Statewide Trend.*

The majority of counties who have probation facilities contract with specialized organizations to provide medical services to their minors. Approximately 25% of the counties do not have juvenile halls and 30% of the Counties contract with a private vendor. The remaining 45% contract out medical services through their County Hospital, Public Health Department or have a medical unit housed within the Probation Department.

6) *Project Team and Process.*

Two years ago, the Public Health Department officially notified the Probation Department that it no longer could provide medical services to their minors. A project team consisting of Public Health Department and Probation staff was formed to survey other counties and identify alternatives to providing medical services. Once the survey was completed and alternatives were identified, the project team was expanded to include additional Public Health Department and Probation staff and add ADMHS and County Administrator staff. The goal of the expanded project team was to issue a Request for Proposal, evaluate the bid(s), and select a qualified contractor.

Extensive research into reputable and established providers of institutional medicine in the United States was conducted. A total of nine providers satisfied this requirement; all but one was located outside California. While there were many more providers, the others were either relatively new or their professional reputation was not highly regarded. Those nine providers were contacted by phone by the Project Manager to see if they were interested in submitting a bid. Most responded that the size of the clientele (185) was too small and/or the cost of living in Santa Barbara made it too challenging to do business here. Nonetheless, all wanted and received a copy of the RFP. Additionally, the RFP was posted both on the County's and the Public Health Department's web sites.

Of the nine providers that received the RFP, only Prison Health Services submitted a bid. A California-based provider, CFMG, declined to submit a bid because they determined that providing these services would cause them a financial loss. (They would however, have bid the RFP if it had included the jail.) They stated that the projected financial loss resulted from the costs of setting up an infrastructure for a small client base of 185 minors and the high cost of

living in Santa Barbara. Additionally, they were concerned about spreading their company so thin that it would adversely impact their current client services.

After the Project Team reviewed and discussed the Prison Health Services' bid, each member, independently, rated it. A total of five criteria were rated: Proven Performance; Requirements & Specifications; Understanding of the County's Needs; Cost; and Ability to Provide Services. The ratings were sufficient to award the bid. Consequently, the Project Team decided to take the next step and interview Prison Health Services.

As a result of reviewing their bid and in preparation for the interview, the Project Team requested that Prison Health Services answer 29 questions. An additional 10 questions were prepared for the interview. Several follow-up questions were posed and answered during the 3-hour interview.

7) Privatization.

In accordance with the County's Privatization Criteria adopted by the Board of Supervisors on November 12, 2002 and amended on February 25, 2003, the County notified the affected labor organizations of the decision to solicit proposals for privatizing medical services at the juvenile halls and Los Prietos Boys Camp. The labor groups affected are the SEIU 620 and UAPD. Both responded that they were not interested in establishing an Internal Competition Team (ICT) and submitting a bid to the proposal.

Privatizing medical services at Probation's facilities will not result in any layoffs. Public Health Department's five employees who currently provide the services have been offered other positions within the County's clinics or to work for Prison Health Services. Of those five, three will work in the County's clinics, one will be retiring effective June 2005, and one may elect to work for Prison Health Services.

8) Potentially Saves the County General Fund Approximately \$369,000 Annually.

The County General Fund could save approximately \$115,000 to \$369,000 annually. Prison Health Services will provide services to Probation at an annual cost of approximately \$753,941. If the Public Health Department were to continue providing services to Probation, it would cost approximately \$1,122,823.

Mandates and Service Levels:

The service level will increase as a result of contracting out medical services for youth in the Probation Department's institutions. Additionally, the quality of service will increase. Please see item #1 in this board letter for specifics.

The Probation Department is responsible for providing health care services to minors who are housed in their facilities. In accordance with California Code of Regulations, Title 15

("Minimum Standards for Juvenile Facilities"), Article 8 ("Health Services), Section 1400 ("Responsibility for Health Care Services"), "the [juvenile] facility administrator shall ensure that health care services are provided to all minors." The Public Health Department has historically provided these services to the youth housed in the Santa Barbara County Probation Institutions.

Welfare & Institutions Code § 17000 states that "Every county and every city and county shall relieve and support all incompetent, poor, indigent persons, and those incapacitated by age, disease, or accident, lawfully resident therein, when such persons are not supported and relieved by their relatives or friends, by their own means, or by state hospitals or other state or private institutions."

Fiscal and Facilities Impacts:

Prison Health Services will provide medical services for our County's juvenile Probation facilities for eighteen months from January 1, 2005 – June 30, 2006 at a cost of not to exceed \$1,164,971. The source of funding is the County's General Fund.

It is projected that the County's General Fund could save approximately \$115,000 to \$369,000 annually as a result of contracting out medical services for Probation's juveniles to Prison Health Services, a contractor that specializes in institutional medicine.

As is discussed in the executive summary and discussion, the Probation Department plans to expand the Santa Maria Juvenile Hall.

Program Management: If the Public Health Department were to continue to manage the program by providing the medical care, this expansion would require an increase in direct medical provider and backfill time (2.25 FTEs) and supplies costs, estimated to total \$116,078. In addition, because of the absence of an adequate administrative infrastructure to appropriately manage the existing program within the Public Health Department, an additional \$253,442 (2.1 FTEs) was included in a budget expansion request submitted by the Probation Department at budget submission in February 2004.

The following chart should summarize the range of cost projection comparisons of Prison Health Services or Public Health providing the program services:

	Prison Health Services		Public Health Dept		Variance	
	<u>Costs</u>	<u>FTEs</u>	<u>Costs</u>	<u>FTEs</u>	<u>Costs</u>	<u>FTEs</u>
Budgeted FY 04-05 Costs	\$ 753,941	6.125	\$ 869,381	6.125	\$ (115,440)	-
PHD Infrastructure Costs			253,442	2.100	(253,442)	(2.100)
Subtotal	\$ 753,941	6.125	\$ 1,122,823	8.225	\$ (368,882)	(2.100)

Of the budgeted FY 04-05 costs, approximately \$70,000 of the savings that are projected are predicated on the fact that Prison Health Services has more advantageous pharmaceutical procurement and purchasing arrangements (\$27,500) than the county and plans to provide successful pharmaceutical utilization management (\$42,500).

Contract Management: With the use of Prison Health Services as the contracted provider of this specialty medical care, the Public Health Department will manage the contract and will provide quality review and assurance (as is done with the Sheriff's Prison Health Services contract for Jail Medical care). It is estimated that the amount of this contract oversight that will be provided by an existing Regional Clinic Manager will not exceed 10% of an FTE or \$11,000 per year. The cost of the quality assurance function is estimated at \$1,200 per year. The addition of this cost would bring the annual cost of the program to \$766,141 and the projected savings to \$103,240.

The Public Health Department is committed to ensure that quality medical care is delivered to minors, that adherence to contract terms is measured and met, and that continued access to its primary and specialty care clinics is preserved.

In addition, the County has the option of extending the contract one additional year from July 1, 2006 to June 30, 2007 at a cost of \$782,176. This cost consists of the base amount plus the Consumer Price Index adjustment.

Special Instructions:

Please send one signed copy of the Agreement to PHD Contracts Unit, 300 N. San Antonio Road, Bldg. 8; ATTN: Margaret Granger.

Please send a copy of the minute order to:

1. Ken Palombo
Prison Health Services
105 Westpark Drive, Suite 200
Brentwood, Tennessee 37027
2. Shawn Terris
Public Health Department

CC: Mike Brown, County Administrator
Suzanne Jacobsen, Public Health Department
Ken Layman, General Services
Ken Masuda, County Administrator's Office
Lori Norton, County Administrator's Office
Jean Silva, Probation Department
Lt. Stetson, Sheriff's Department