

2004-2005 MARIN COUNTY CIVIL GRAND JURY

MARIN COUNTY JAIL HEALTHCARE: "PLUSH" & EXPENSIVE

Date of Report: February 18, 2005

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MARIN COUNTY JAIL HEALTHCARE: "PLUSH" & EXPENSIVE

SUMMARY

The costs incurred by Marin County to provide healthcare to inmates of the County Jail are significantly higher than costs for several other Bay Area counties. The Grand Jury contacted a number of these counties and found that the key difference is that they contract for jail healthcare services (i.e., hire an outside firm that specializes in the delivery of such services). Contracting for healthcare has allowed these other counties to avoid factors that drive up costs in Marin.

Marin's Department of Health and Human Services (HHS), meanwhile, has only recently begun to look at the cost to provide healthcare to inmates of the County Jail. HHS is beginning to investigate whether it can provide the efficiencies offered by these contracting firms that have experience with numerous jails and prisons in California and around the nation. The staff in charge of this research is also in charge of delivering healthcare to inmates of the County Jail. That same staff has said that contracting services is not being considered. This appears to be a conflict of interest.

The County has the potential of reducing the costs of providing healthcare, budgeted at \$3.4 million in FY 2004/05, as much as 50% (\$1.7 million per year), by achieving the efficiencies that are being realized by other Bay Area counties.

The Grand Jury recommends:

- That the Board of Supervisors and the Sheriff's Office designate a department of the Marin County government that does not have a vested interest in the delivery of healthcare to jail inmates or retain an independent consultant to manage a process to determine which organization will best provide delivery of healthcare to inmates of the Marin County Jail
- That this designee initiate a Request for Information (RFI) and Request for Proposal (RFP) process to explore the possibility of contracting the delivery of healthcare and that HHS be allowed as a competitor in these processes
- That the Sheriff's Office hire the organization that best responds to the RFI and RFP process to provide healthcare to inmates of the County Jail

BACKGROUND

An article in the June 1, 2004, *San Francisco Chronicle* indicated that the average annual cost to provide healthcare per inmate in Marin County in FY 2002-03 was \$11,955. Only San Francisco County had higher per inmate costs, and five of the nine Bay Area counties had medical costs per inmate that were less than half of Marin's. The data from that article was re-ordered and is presented in the following table.

Healthcare Costs for Bay Area Jail Inmates*

County	Jail Medical 2002-03 Budget	Average Daily Inmate Population	Annual Medical Cost Per Inmate
San Francisco	\$33.7 million	2,008	\$14,982
Marin	\$3.4 million	280	\$11,995
Contra Costa	\$9.1 million	1,565	\$8,926
Santa Clara	\$33.0 million	3,946	\$8,154
Sonoma	\$4.8 million	1,100	\$4,873
Solano	\$5.7 million	1,079	\$4,774
Napa	\$0.8 million	236	\$4,618
San Mateo	\$4.3 million	1,028	\$4,177
Alameda	\$15.6 million	3,929	\$4,035

* Source: June 1, 2004 San Francisco Chronicle (website)

The Grand Jury undertook an investigation to see if there are ways that Marin County's costs could be reduced.

INVESTIGATIVE PROCESS

The Grand Jury conducted interviews with:

1. Staff of the County who are involved with the delivery of healthcare to inmates of the County Jail
2. Other HHS staff
3. Staff from the County Sheriff's Office
4. Representatives from other Bay Area counties who are involved with the delivery of healthcare to inmates of their county jails
5. Firms that provide healthcare to inmates of county jails (and other prison systems)

The Grand Jury toured the Marin County Jail.

The Grand Jury reviewed newspaper articles, information from the County Budget, a Memorandum of Understanding (MOU) between the Sheriff's Office and HHS, statistics pertaining to the County Jail, a contract for jail healthcare services from another Bay Area County, an RFP for jail healthcare services, and material provided by a contractor of jail healthcare services.

DISCUSSION

The Grand Jury was positively impressed by the operation of the County Jail and the delivery of healthcare to inmates by the staff provided by HHS. However, costs incurred to provide these services are much higher than in other Bay Area counties.

Current Practice in Marin County

The County of Marin provides healthcare for inmates of the County Jail, using HHS staff, under an MOU, wherein the Sheriff's Office contracts with HHS to provide the services. The last such MOU became effective in May 2004 and runs for two years.

The staffing totals were indicated as being two nurse practitioners, twenty-five registered nurses, one dentist, one doctor, and one psychiatrist. The dentist and doctor are under contract with HHS, while the remainder of the staff is under the employ of HHS. The nursing staff is supervised by the chief of detention nursing in the HHS, while the psychiatrist is under the supervision of another county department.

A top-level representative from the HHS staff that delivers the healthcare to the inmates described the facilities made available to the inmates as "plush."

The Sheriff's Office has authority to control the quality of healthcare for inmates of the Marin County Jail and, historically, the budget for delivery of those services was with the Sheriff's office. However, the budget responsibility for delivery of the services was transferred to the HHS (under the section of the Marin County Budget labeled: Detention Medical Services). This was done under the aegis of the MOU between these two departments of the Marin County government.

This suggests that the budget situation is as follows:

- The Sheriff's Office has authority over the level and intensity of services, but it has no responsibility to control the costs of those services.
- HHS is responsible for delivering services. It has to provide the required services regardless of the cost. Cost, apparently, has not been an issue until recently.

Representatives from the County acknowledge that the cost pressures that have trickled down from the State are likely to continue and may require cost cutting. HHS staff in charge of delivering healthcare to inmates of the County Jail have indicated that a number of areas of potential cost reduction are being explored:

- Incidence of and costs for hospitalization
- Prescription drug costs
- Staffing mix

In addition, these staff have specifically said that contracting of healthcare for inmates is not being explored.

There appears to be a conflict of interest. The staff who have been charged to investigate contracting situations in other counties, and who have visited at least one neighboring county, are the same staff in charge of delivering healthcare.

Practices in Other Bay Area Counties

The practices of Bay Area counties visited by the Grand Jury, whose costs were much lower than costs in Marin County, were found to be significantly different than those of Marin County:

- All the counties contracted the delivery of healthcare to inmates. In some cases, mental health services were not contracted.
- All the counties cited reduction of risk and cost of lawsuits as their primary reason for contracting the delivery of healthcare to inmates. Cost reduction was a natural byproduct of the decision to contract services.
- The counties are able to procure medium-term contracts. Current contracts are in the 3-year range, reduced from longer terms that had been used in the past. The reason for the term reduction is that healthcare cost increases are much more volatile than had been the case in the mid-90s.
- Some counties have entered into risk-sharing arrangements wherein the counties have maintained some of the risk of high cost inmates. Other counties have been able to offload the risk to the contracting organizations.
- The counties have, in general, required the contracting organizations to provide continued accreditation of the services that are being provided.
- The contracting organizations have generally been the employer of the staff that delivers healthcare. However, in general, the sheriff's offices have retained a high level of control over the selection of staff hired by the contracting organizations.
- When a contracting organization takes over the delivery of services, it will typically attempt to hire the existing staff. However, the benefits and compensation levels are determined by the contracting organization.
- Typically, the contracting organization contracts with the sheriff's office. The sheriff's office monitors the performance of the contracting organization. From time to time, services with the contracting organization will be bid through an RFI and RFP process.
- The counties contacted have benefited from material cost savings in the millions of dollars per year. While the representatives of the counties contacted could not put a precise dollar amount on the level of savings over the many years that contracting had been in place, the percentage savings was estimated to be at least 50% in all cases.
- The counties contacted felt that contracting delivery of healthcare to inmates is an obvious course of action to be taken.
- The counties contacted noted that loss of jobs on the county payroll is the main obstacle that had to be overcome in changing to the contracting of services.

Contracting Organizations

Only a handful of organizations are in the business of providing the delivery of healthcare to inmates of jails or prisons. At least two such organizations provide these services to jails located in the Bay Area. The Grand Jury interviewed representatives from two of these organizations.

Representatives of contracting organizations serving other Bay Area counties indicated that among the reasons the cost of contracted services is so much lower than services provided by county staff are:

- There is an emphasis on preventive care.
- Staffing is adequate, not extraordinary. An appropriate level and mix of staffing is implemented.
- There is an emphasis on prevention of death. Death can be a big cost driver from both the standpoint of cost of delivery of care in an emergency situation and from the standpoint of litigation.
- Quality is emphasized in order to avoid litigation costs. Good results are obtained with respect to jury awards, arbitration, and settlements. Services are fully accredited through an accreditation organization.
- Risk management is emphasized in partnership with the county.
- Staff is held accountable with respect to policies, procedures, and quality of care.
- The cost of providing services is a component of the education of staff.
- The organization has a prescription drug formulary (a list of generic and brand-name drugs that are selected based upon their safety, effectiveness, uniqueness, and cost) and national drug contracts.
- The organization has nationwide laboratory contracts.
- The organization can provide mental health services in conjunction with the regular medical services.
- When an organization takes over delivery of healthcare, it attempts to retain the existing staff. However, the organization's compensation and benefit structure apply.

The Benefit of Contracting For Healthcare

If Marin County were able to reduce its medical cost per inmate year to 50% of its current level, then the current \$3.4 million dollar budget would be reduced to \$1.7 million. Based upon the information received from other Counties, there is every reason to believe that this level of reduction could be realized.

A cost reduction of \$1.7 million is approximately 0.5% of the County budget, which equates to approximately 1.5% of the HHS annual budget.

FINDINGS

- F1. The cost that Marin County pays to provide healthcare for inmates of the Marin County Jail is significantly higher than the costs paid by all Bay Area counties other than San Francisco.
- F2. The Bay Area counties that were contacted by the Grand Jury achieve lower costs by contracting the delivery of healthcare for inmates (i.e., hiring an outside organization that specializes in the delivery of such services).

- F3. Marin County does not contract the delivery of healthcare to inmates of the County Jail. Rather, the Sheriff's Office retains HHS staff to provide the services.
- F4. Outside organizations that specialize in the delivery of such services are able to achieve cost efficiencies through a number of techniques. The most prominent are control of hospital costs, control of prescription drug costs, and control of staffing level and mix.
- F5. Marin County's representatives acknowledged that they are belatedly beginning to explore these areas of potential cost efficiencies.
- F6. The same staff that provides healthcare to inmates of the Marin County Jail has been charged with looking into ways to lower costs. The same staff says that contracting services is not being considered.
- F7. Outside organizations that specialize in the delivery of such services are able to provide cost efficiencies without compromising quality of healthcare. The counties contacted by the Grand Jury indicated that their primary motivation in hiring such organizations was to control risk. Those counties have insisted that the contracting organizations maintain the accreditation of their facilities.
- F8. If Marin County could reduce the costs that it pays to provide healthcare for inmates to levels achieved by neighboring Bay Area counties, the potential savings is approximately one-half percent of the County budget (over \$1.7 million).

RECOMMENDATIONS

The Grand Jury recommends:

- R1. That the Board of Supervisors and the Sheriff's Office designate a department of the Marin County government that does not have a vested interest in the delivery of healthcare to jail inmates or retain an independent consultant to manage a process to determine which organization will best provide delivery of healthcare to inmates of the Marin County Jail
- R2. That this designee initiate a Request for Information (RFI) and Request for Proposal (RFP) process to explore the possibility of contracting the delivery of healthcare to inmates of the Marin County Jail. Allow HHS to be a competitor in the RFI and RFP process. Requirements to maintain current benefit and compensation levels should not be mandated in the RFI and RFP process
- R3. That the Sheriff's Office hire the organization that best responds to the RFI and RFP process to provide delivery of healthcare to inmates of the Marin County Jail

REQUEST FOR RESPONSES

Pursuant to Penal code section 933.05, the Grand Jury requests responses as follows:

- The Marin County Board of Supervisors: F1, F8, R1-R3
- The County Administrator: F1, F3, F5-F6, F8, R1-R3
- The Marin County Sheriff's Office: F1, F3, F5-F6, F8, R1-R3

- The Marin County Department of Health and Human Services: F1, F3, F5-F6, F8, R1-R3

GLOSSARY

The following definitions were obtained from an Internet search.

A Request for Information (RFI) can be used to fulfill a number of purposes. An RFI:

- is a preliminary step to a Request for Proposal (RFP) in which the County solicits information about products and services from a number of organizations that could potentially provide desired services
- is used to determine how an organization could perform certain work and the qualifications of the organization, but not the price of the work

A Request for Proposal (RFP) is a document that requests organizations that provide products and services to:

- respond to a specific request for the delivery of specified services as stipulated by the County
- indicate competency and experience to deliver the services
- propose the terms and conditions, including price, of an agreement to deliver the specified services

BIBLIOGRAPHY

- California Code of Regulations, Portions of Title 15
- "County of Marin 2004/05 Final Budget", pages 295-297 (H&HS Detention Medical Services)
- The Institute for Medical Quality website (Corrections and Detentions Survey Program)
- "Marin County Jails Facts and Figures", provided by the Sheriff's Office
- "Mayor trying to trim S.F. jail costs, Newsom plan could lead to privatizing medical services," June 1, 2004, article from the San Francisco Chronicle website, concerning the attempts by San Francisco's mayor to reduce the costs to provide medical services to inmates of the County Jail
- "Memorandum of Understanding Between Marin County Department of Health and Human Services and Marin County Sheriff's Office To Provide Health Care Services In the Marin County Jail 5/1/2004 to 5/1/2006"