



**Inmate Medical Services Report Summary
Judiciary, Safety and General Services Committee
January 24, 2019**

File 19-14: Combined Report Regarding Inmate Medical Services Judiciary, Safety and General Services Committee, 1/24/19

- Agenda:

- Overview: Teig Whaley-Smith, Director, Department of Administrative Services
- Report Summary: Joe Lamers, Director, DAS Office of Performance, Strategy & Budget
- Presentation: Dr. Brent Gibson, Chief Health Officer, National Commission on Correctional Health Care
- Legal Update Overview: Office of Corporation Counsel
- Questions and Discussion



Background

- Pursuant to the Order of the Milwaukee County Circuit Court in the case of Chistensen v. Milwaukee County et al., the County was required to enter into a contract with Armor Correctional Health Services in 2013. This contract expired December 31, 2018 before a three month extension was executed on January 1, 2019.
- In 2018, an RFP was issued for a correctional medical services provider for a new contract for health care services in the Jail and HOC beginning in 2019. The RFP includes standards promulgated by the National Commission on Correctional Health Care (NCCHC) whose mission is to improve the quality of care in jails. NCCHC also establishes standards of care required for accreditation.
- County Board file 18-898 requested a report on a plan to provide inmate medical services in house. The County has contracted with NCCHC Resources Inc (NRI) to identify the steps, timeline, and estimated total expenses for transitioning health care services to a self-operated model.
- While insourcing plans are being developed, the County must now determine whether to enter into an agreement starting April 1, 2019 with Wellpath for one, two, or five years (with renewal options).



Report Overview

Multiple reports and files regarding inmate medical services are being submitted to the County Board in January 2019. Informational reports are submitted to the Judiciary, Safety, and General Services Committee. Both informational reports and action items are submitted to the Finance and Audit Committee.

1. Insourcing Analysis (Informational)
 - Includes Operational & Cost Analysis Detail
2. Legal Update (Informational)
3. Wellpath Contract, Option 1: 5 year term (Action Item – Finance Committee)
4. Wellpath Contract, Option 2: 2 year term (Action Item – Finance Committee)
5. Wellpath Contract, Option 3: 1 year term (Action Item – Finance Committee)
6. Contract Monitor (Action Item – Finance Committee)
7. 2019 Funding Request (Action Item – Finance Committee)



1.a.) Insourcing Operational Analysis

- The County has contracted with the National Commission on Correctional Health Care (NCCHC) Resources Inc (NRI) to develop an operational analysis which will identify the steps, timeline, and assist in estimating the total expenses for transitioning health care services from a vendor to a self-operated model.
- This analysis can be considered a first step in the development of an insourcing plan and will provide the County with options and will assist the County in deciding what its model of care and organizational structure should be. The analysis will include the following steps.
 1. Develop models for Self-Operation
 2. Identify Needed Support Health Services
 3. Identify and Analyze Needed Health Services
 4. Identify and Analyze HR Needs
 5. Identify and Analyze IT Needs
 6. Facilities Needs Transition & Assessment
 7. Billing and Reimbursement Needs Assessment
 8. Risk Management Needs Assessment
- Dr. Brent Gibson, Chief Health Officer of NRI, will be presenting at both the Judiciary and Finance Committee meetings in January 2019.



1.b.) Preliminary Insourcing Cost Analysis

- A preliminary insourcing cost analysis has been drafted to estimate the cost of providing inmate medical services in house; this should be considered a first draft estimate
- Cost analysis has been prepared prior to completion of NRI's operational analysis
- High level estimate reflects \$23.2m annual cost for insourcing vs \$21.2m cost for outsourcing. Estimate is incomplete and includes areas of additional research needed:
 - Cost of claims processing system needs review (used BHD costs as a reference)
 - EMR system needs must be further evaluated
 - Need for wellness coordinators under insourcing model is tbd
 - Insourcing insurance, medical malpractice, risk management cost unknown at this time
 - Higher rates of pay may be necessary to attract quality applicants
 - Further evaluation of one-time start up costs is needed
- As we continue to plan for insourcing, cost analysis will be updated along with insourcing operational analysis



2) Legal Update Overview

- Informational report will be presented by Corporation Counsel on status of Consent Decree and status conference
- Status conference scheduled with the Courts on January 31 at 2:00 p.m. (same day as Finance Committee) to inform the Courts of:
 1. County Board direction on insourcing
 2. RFP status and Wellpath Intent to Award
 3. County approach to consent decree



Why is a contract needed until the insourcing plan is complete?

- County must determine model of care
- Organizational structure to be determined
- Health Services Assessment
- IT needs assessment (EMR system, HIPPA regulations, claims processing)
- Human Resources and Hiring Needs Assessment
- Development of policies and procedures for insourced model
- Additional items highlighted in NRI insourcing analysis plan



3-5) Contracting Options

(Action Item – Finance & Audit Committee)

- RFP was developed for a 5 year contract term, with 5 year renewal option
- As a result of County Board direction on insourcing, Wellpath was asked to provide one year and two year contract terms (with annual renewals)
- Shorter term contracts provide more time to develop insourcing plans. Shorter term contracts would have higher cost:
 - Two year contract includes \$193,802 annual cost increase (year 1)
 - One year contract includes \$790,604 annual cost increase (year 1)

Year	Option 1: 5 year contract	Option 2: 2 year contract	Option 3: 1 year contract
1	19,380,180	19,573,982	20,170,784
2	19,961,580	20,161,201	20,360,817
3	20,560,428	20,766,037	20,971,642
4	21,177,252	21,389,018	21,600,791
5	21,812,568	22,030,689	22,248,815
Total	102,892,008	103,920,927	105,352,849



6) Contract Monitor

(Action Item – Finance Committee)

- During the RFP process, the County became aware that contract monitoring, provided by an independent third party capable of both fiscal and clinical oversight, was key to success of any contracted health care service
- Contract monitor will be responsible for providing fiscal and clinical oversight of any current or future health services contract
- Will serve as advisor(s) to the County regarding medical services provided under the contract, raising any issues pertaining to quality of care, the medical service provider's ability to meet service requirements, status of contract compliance, and potential cost-saving measures.
- Evaluation Committee recommended award of the RFP to NCCHC Resources, Inc. (NRI).
- Cost of these services in year one is \$373,188



7) Funding Request

(Action Item – Finance & Audit Committee)

- Contract and services projected under-funding of \$4,526,055 in 2019 is requested to be transferred from Debt Service Reserves
- \$4.52m transfer is based on five year term. Amount would need to be amended if shorter term contract is approved: \$145,352 (two year pro-rated) or \$592,953 (one year contract pro-rated)
- Funding request also includes technical transfer of \$1,080,000 to HOC’s budget. This amount was set aside in the 2019 adopted budget for potential increases while the RFP was not yet final.



Inmate Medical Items	2019 Anticipated Expenditures	2019 Budget	Variance (Fund Transfer)
Armor 3 month extension	\$5,700,000	\$16,616,017	\$3,619,118
Prorated Wellpath Contract Amount	\$14,535,135		
NRI Insourcing study	\$99,999	\$0	\$99,999
Contract Monitor	\$373,188	\$140,000	\$233,188
Pharmaceuticals cap	\$750,000	\$750,000	\$0
Estimated Pharmaceuticals overages (25% County portion)	\$181,250	\$100,000	\$81,250
Estimated Specialty Care overages (50% County portion)	\$492,500	\$0	\$492,500
Total	\$22,132,072	\$17,606,017	\$4,526,055
Transfer from Debt Service Reserve			\$4,526,055