County of El Dorado

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Legislation Details (With Text)

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Type:	Agenda Item	**Status:**	Approved
File created:	11/17/2020	**In control:**	Board of Supervisors
On agenda:	12/2/2020	**Final action:**	12/2/2020
Title:	Human Resources Department, Risk Management Division, recommending the Board approve Medical Malpractice insurance coverage in the revised and increased amount from $237,481 to $265,215, and continue to authorize the Human Resources Department, Risk Management Division, to sign and approve all documents required to secure continued insurance coverage and programs for Fiscal Year 2020-21 in order to avoid lapse of coverage. FUNDING: Risk Management Internal Service Fund.		
Sponsors:			
Indexes:			
Code sections:			
Attachments:	1. Attachment A - Invoice 12-2-20, 2. Attachment B - PRISM 12-2-20, 3. Attachment C - Previous Years' Increases 12-2-20		

Date	Ver.	Action By	Action	Result
12/2/2020	1	Board of Supervisors	Approved	Pass

Human Resources Department, Risk Management Division, recommending the Board approve Medical Malpractice insurance coverage in the revised and increased amount from $237,481 to $265,215, and continue to authorize the Human Resources Department, Risk Management Division, to sign and approve all documents required to secure continued insurance coverage and programs for Fiscal Year 2020-21 in order to avoid lapse of coverage.

FUNDING: Risk Management Internal Service Fund.

DISCUSSION/BACKGROUND

The County faces a complex array of risks that can result in severe or catastrophic loss. Purchasing insurance helps protect the County from catastrophic general liability claims, automobile accidents, and workers' compensation injuries. Additionally, purchasing insurance protects the County from loss due to damage or destruction of County assets, pollution, crime, cyber liability, and airport operation exposures. The County procures a variety of insurance policies and programs to mitigate and transfer exposures to catastrophic loss. By securing these risk mitigating and transfer mechanisms, the County is better positioned to protect assets and personnel for the fulfillment of its services, objectives, and Strategic Plan.

Therefore, in July 2020 (Legistar #20-0851), the Board approved insurance coverage and programs for an estimated total amount of $7,176,731 and authorized the Human Resources Department, Risk Management Division, to sign and approve all documents required to secure continued insurance coverage and programs for Fiscal Year 2020-21 in order to avoid lapse of coverage.

The information specifically presented in relation to the Medical Malpractice Program is as follows:
Provides coverage for alleged negligence arising from health care operations including clinics,

hospitals, mental health, public health, jail clinics, and coroner operations. The County has a $10,000 deductible in this program. The estimated premium for FY 2020-21 is $237,481. This reflects a $39,580 increase from the previous fiscal year.

Since the release of the premium estimates presented to the Board in July, the Medical Malpractice Committee has met to finalize the Program renewal. As such, the total cost for Medical Malpractice insurance increased to $265,215 (Premium: $231,684 and Admin Fee $33,531). Additionally, the deductible increased to $25,000.

The reason for the cost increase includes the following: The Program's current reinsurer, MedPro, significantly reduced their participation in the Program, requiring the program to seek alternative coverages or consider self-funding (which was contemplated in the last estimates). The Committee determined to bind coverage with several new carriers which provides multiyear options for the Program. While initially more expensive than the option to self-fund, the renewals approved by the committee will provide long-term savings to the Program members.

In addition, at the 5/21/20 Medical Malpractice meeting, the Committee approved adjustments to the rating methodology of the Program to increase the amount of weight applied to the member's jail exposures. This rating change will be phased-in over the course of five (5) years and will gradually shift more premium to members with more jail exposures and less to those with less jail exposures over time. This change will also correct the current lack of equity where most of the Program's losses are coming from jail operations, meanwhile the premium collected from jail exposures are comparatively smaller. The premium above accounts for the program's renewal, rating adjustments, and administrative costs.

Overall, the increase is in line with previous years' increases to the Medical Malpractice Program (Refer to Attachment C), which has ballooned enormously over the past three years based on reinsurance losses being passed down to members. With the pool planning on expanding, it is the hope that the premium increases will decrease in the future years.

ALTERNATIVES
No viable alternative recommendations are available.

PRIOR BOARD ACTION
See above.

OTHER DEPARTMENT / AGENCY INVOLVEMENT
N/A

CAO RECOMMENDATION
Approve as recommended.

FINANCIAL IMPACT
Funding for these insurance programs is included in the Risk Management Internal Service Fund budget for FY 2020-21, and costs are recouped from County departments through internal charges. Funding is included in the FY 2020-21 Recommended Budget.

CLERK OF THE BOARD FOLLOW UP ACTIONS

Provide one certified minute order of the agenda item to Robert Schroeder in the Human Resources Department, Risk Management Division; and one certified minute order of the agenda item to the Chief Administrative Office.

STRATEGIC PLAN COMPONENT

Good Governance

CONTACT

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