



County of El Dorado

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Legislation Details (With Text)

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On agenda: 6/30/2009 **Final action:** 6/30/2009
Title: Health Services Department recommending the Board approve a renewal of the California State Association of Counties (CSAC) Excess Insurance Authority (EIA) catastrophic inmate medical insurance program in the amount of \$129,991 for Fiscal Year 2009-2010.

FUNDING: County General Fund.

Sponsors:

Indexes:

Code sections:

Attachments: 1. El Dorado 7-1-09-10 Inmate Medical Proposal 6-5-09

Date	Ver.	Action By	Action	Result
6/30/2009	1	Board Of Supervisors	Approved	Pass

Health Services Department recommending the Board approve a renewal of the California State Association of Counties (CSAC) Excess Insurance Authority (EIA) catastrophic inmate medical insurance program in the amount of \$129,991 for Fiscal Year 2009-2010.

FUNDING: County General Fund.

BUDGET SUMMARY:		
Total Estimated Cost		\$129,991
Funding		
Budgeted	\$145,000	
New Funding	\$	
Savings	\$15,009	
Other	\$	
Total Funding Available	\$129,991	
Change To Net County Cost		(\$15,009) Policy Cost

Fiscal Impact/Change to Net County Cost: Health Services Department estimated the policy cost at \$145,000 in the FY 2009-10 budget; actual premium quote is \$129,991. Although this represents a savings in the policy cost of \$15,009, the County will be obligated to pay a portion of the deductible amount for each hospitalization that exceeds the hospitalization cost cap set for the correctional medical services contractor. Any necessary budget adjustments will be included in the FY 2009-10 Budget Addenda.

Background: At its meeting on February 13, 2007, the Board directed Health Services and Risk

Management to obtain insurance for the County through CSAC EIA to cover inmate hospital costs over and above those covered by the correctional medical services contractor, California Forensic Medical Group (CFMG). Per the medical services contract, CFMG's financial responsibility for inmate hospitalizations is limited to the first \$20,000 of hospital costs incurred for an inmate that has been booked into the jail.

February 22, 2007, Health Services and Risk Management procured a catastrophic insurance policy to cover the cost of inmate hospitalizations through CSAC EIA. Current policy through CSAC EIA is with Lexington Insurance and ends June 30, 2009; Lexington Insurance is no longer offering jail medical insurance, so this policy cannot be extended. To prevent a lapse in coverage, Risk Management and Health Services are recommending Board approve the proposed policy with UnitedHealth Group/Unimerica.

This proposed policy offers three options:

- Option 1: \$25,000 deductible per inmate -- policy amount \$129,991
- Option 2: \$50,000 deductible per inmate -- policy amount \$78,556
- Option 3: \$75,000 deductible per inmate -- policy amount \$53,623

Risk Management / Health Services are recommending Option 1, which is the lowest deductible at \$25,000 per inmate. This is \$5,000 higher than the FY 2008-09 policy, which includes a \$20,000 per inmate deductible. Risk Management did attempt to negotiate the proposal down to a \$20,000 per inmate deductible but this was refused by the insurance carrier.

Risk Management has communicated with the CSAC EIA broker, who states that due to economic issues in the insurance industry UnitedHealth Group/Unimerica, is the only organization offering catastrophic jail medical insurance, and this is the only proposed policy available for jail medical. Health Services and Risk Management have reviewed jail hospitalization costs to date, and plan to continue evaluating options, including (1) continuing as is with catastrophic insurance to cover hospital costs in the jail, (2) setting up a Trust to cover cost of cases under a set amount, and transitioning to insurance at a higher deductible to cover truly catastrophic cases, and (3) considering pay-as-you-go process on inmate hospitalizations (self insurance). Each of these options will require extensive review and analysis by Risk Management before making a new recommendation. If an alternative approach to the current recommendation is identified, the FY 2009-10 policy may be terminated with thirty (30) days written notice. Risk Management is recommending Board approve the current proposed policy.

Additional information to consider is the potential exposure created by the State's recent proposals to shift housing of some inmates to the counties.

Reason for Recommendation: Approval by the Board of this recommendation will mitigate the financial exposure to the County of inmate hospitalization costs while Risk Management evaluates the County's options. Risk Management and Health Services may return to the Board in the future with further information following evaluation.

Action to be taken following Board approval:

Risk Management to bind policy with Option 1, \$25,000 per inmate deductible for FY 2009-10 in the amount of \$129,991.

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Concurrences: Risk Management