



Agenda Date: 2/7/2006
Agenda Placement: 6S

NAPA COUNTY BOARD OF SUPERVISORS Board Agenda Letter

TO: Board of Supervisors
FROM: Britt Ferguson for Nancy Watt - County Executive Officer
County Executive Office
REPORT BY: Helene Franchi, Management Analyst III, 253-4820
SUBJECT: Amendment to Contract with CFMG

RECOMMENDATION

County Executive Officer requests approval of and authorization for the Chair to sign Amendment No. 2 to Agreement No. 4315 with California Forensic Medical Group (CFMG) effective July 1, 2005 increasing the amount by \$100,266 for a new maximum of \$1,490,790 for Fiscal Year 2005-2006, establishing the Fiscal Year 2006-2007 compensation amount as \$1,571,088 plus an amount reflecting the annual increase in the Bureau of Labor Statistics Medical Care Subindex for the San Francisco/Oakland Area as of February 2006 and providing for annual increases thereafter based on the February to February increase Bureau of Labor Statistics Medical Care Subindex for the San Francisco/Oakland Area to provide medical services in the Jail and Juvenile Hall.

EXECUTIVE SUMMARY

California Forensic Medical Group (CFMG) has provided medical services in the Jail and Juvenile Hall since 2000. Due in large part to higher salary and benefits costs as well as increases in pharmaceutical costs, CFMG requested a compensation increase for FY2005-06 beyond the level provided for in the existing contract, which ties increases to the change in the Bureau of Labor Statistics (BLS) Medical Care Subindex for the San Francisco/Oakland Area. Staff and CFMG negotiated a 13% increase in the base contract amount, to be phased in over two years. Today's action will increase the total compensation for FY2005-06 by approximately 7% for a new total of \$1,490,689. Compensation FY2006-07 will be \$1,571,088 (the new base contract amount), plus the average percentage change found in the BLS Medical Care Subindex for the San Francisco/Oakland Area as of February 2006. Future cost increases will be based on the average annual percentage change in the BLS Medical Care Subindex for the San Francisco/Oakland Area as of February each year.

FISCAL IMPACT

Is there a Fiscal Impact?	Yes
Is it currently budgeted?	Yes

Where is it budgeted?	Funding was appropriated in the FY 05-06 final budget. Charges to provide services total \$1,490,690 (Jail - \$1,267,088 and JJC - \$223,602) based on a three tiered increase as follows: July 1 through Dec 31 2005 - \$120,882 per month; Jan 1 through April 30, 2006 - \$125,888 per month; and \$130,924 for May through June 30, 2006.
Is it Mandatory or Discretionary?	Discretionary
Discretionary Justification:	The County is required to provide comprehensive health care services to inmates held at the Napa County Department of Corrections adult detention facility and for wards held at the Juvenile Justice Center. CFMG has provided such service since 2000 and complies with California Medical Association Institute for Medical Quality, Title 15 of the California Code of Regulations, and all other applicable laws.
Is the general fund affected?	Yes
Future fiscal impact:	Future increases will be based on the percentage change found in the Bureau of Labor Statistics Medical Subindex for San Francisco/Oakland Area and will be included in the requested budget. The percentage change will be determined using a base amount for fiscal 2006-07 of \$1,571,088.
Consequences if not approved:	Alternatives to providing medical care for the adult inmate and juvenile population will need to be developed.
Additional Information:	None

ENVIRONMENTAL IMPACT

ENVIRONMENTAL DETERMINATION: The proposed action is not a project as defined by 14 California Code of Regulations 15378 (State CEQA Guidelines) and therefore CEQA is not applicable.

BACKGROUND AND DISCUSSION

In June, 2000, the Board of Supervisors awarded to California Forensic Medical Group (CFMG) a contract to provide comprehensive medical services to inmates in the Napa County Department of Corrections adult detention facility and to wards housed in the Juvenile Justice Center. In 2004, CFMG was providing medical services in 24 counties in addition to Napa. The original contract amount was \$885,444 per year. Increases to the contract were based on the annual percentage change found in the Bureau of Labor Statistics Medical Subindex for San Francisco/Oakland area (the Index). However, in fiscal year 2003-04, it became apparent that the Index was no longer adequate to use as a sole source for adjustments and a new contract amount was approved by the Board in June 2003 for a total amount of \$1,276,872. In fiscal year 2004-05, the parties agreed to once again base the total contract amount on the Index's percentage change which equated to a total annual amount of \$1,390,524.

However, with extraordinary increases in pharmaceutical costs and the nationwide nursing shortage the Index once again was no longer adequate to use as a sole source for adjustments in fiscal year 2005-06. Therefore, in late spring of 2005, the County and representatives of CFMG entered into discussions regarding increasing the annual contract amount. Because CFMG is able to provide quality medical care at relatively reasonable rates due to an economy of scale factor, staff felt it was important to continue to contract with that firm. Following negotiations, a recommendation was made to increase the total base compensation by 13%, but to phase the increase in over two fiscal years. Thus, for FY2005/06, costs will increase by approximately 7%, or \$100,266, for a

new total of \$1,490,689. Following is the incremental schedule for fiscal year 2005-06: July 1 through December 31, 2005 - \$120,882 per month; January 1, 2006 through April 30, 2006 - \$125,888 per month; and May through June 30, 2006 - \$130,924 for each month. Assuming an average daily population of 264 adult inmates, this will increase the per inmate medical cost in the jail to approximately \$4,800, remaining well below the Bay Area average of \$7,400. Effective July 1, 2006, the base contract amount will increase to \$1,571,088 and this amount will be increased by the change in the Index as of February, 2006. Each year thereafter, cost increases will be based on the average annual percentage change in the Index.

Due to the number of vacancies in the CEO office, staff was not able to complete the amendment in a timely manner. Appropriate funding was approved in the Fiscal Year 2005-06 final budget.

SUPPORTING DOCUMENTS

None

CEO Recommendation: Approve

Reviewed By: Helene Franchi