

# SCOTT COUNTY Inmate Medical Care Analysis



ITEM 2  
4-12-11

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## THE CHALLENGE

In 2009, Scott County, IA was looking for a more cost effective process of providing medical care for inmates in Scott County Jail. The County facility has 365 beds. County Jails are responsible per Iowa State regulations to provide necessary medical services to jail inmates in the State of Iowa (pursuant to Administrative State Code, Chapter 50, Jail Facilities, Section 201-50.15). The inmate is ultimately responsible for the cost of services and products but the reality is that less than 11% actually have health insurance coverage. Additionally federal law (Section 1905(a)(vi)(A) [42 USC 1396d]) does not permit medical assistance to an inmate in a public institution. Thus, the law effectively requires the local government to bear this cost. As with most jails 65% of the inmates have substance abuse or mental health issues, which add to the challenge of medical treatment.

There are various methods utilized by Iowa counties to provide medical services, including emergent care through local hospitals or contracted care from private firms. Scott County, in October, 1997, chose to provide medical care to inmates through the County Health Department by hiring nursing staff and contracting with a local physician to oversee the staff. The model has the nursing staff provide required physicals, triage sick calls and communicate with direct care providers to provide care at the jail setting. Pharmaceuticals are provided through a pharmacy contract to provide unit dose medications, which are distributed by nurses or trained correctional officers. The County had negotiated a 10% discount with a local hospital should the inmate require emergency room care or other hospital care. The County did not have direct service agreements with any of the local physicians or other facility providers to meet the unique needs of an inmate. The County was effectively self-funded without the benefit of any negotiated discounts. Thus while an insured individual could anticipate a 20-30% discount from their carrier or an uninsured individual could negotiate a reduction from the provider, the County was paying 90-100% of the actual service costs. This factor along with periodic catastrophic claims and rising medical costs required the County to seek alternatives.

## THE SOLUTION

Scott County, IA hired Jeffrey A. Scarpinato of Holmes Murphy & Associates as their healthcare consultant in August of 2009. While addressing employee health benefit issues, the County began discussion with Mr. Scarpinato about the frustrations it was experiencing with other medical costs, including the rising cost of inmates. Mr. Scarpinato and the County began brainstorming and researching possible alternatives. After several discussions the County's incumbent medical carrier, UnitedHealthcare of the River Valley (UHCRV) was brought into the



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strategy meetings. A unique partnership has been formed where Scott County's inmate population is segmented into its own division within the employee health plan. This structure gives the County access to the strong discounts and broader UHCRV provider network through a self-funded administrative agreement. The claims incurred by inmates are monitored, and on a monthly basis, the county is billed by UHCRV rather than the previous process that required manual billing direct from numerous medical providers. The inmate division has a distinct benefit design and enrollment process. The inmate is only enrolled in the benefit division at the time there is a need for medical services that cannot be provided for by nursing staff in the jail facility. The pilot agreement with UHCRV has the parties sharing in the cost savings realized by the County. The administrative fee to UHC is equal to thirty percent (30%) of the first \$150,000 in total savings by month, plus twenty-five percent (25%) of any total savings per month over \$150,000. The County desired an annual net savings of \$50,000 to \$100,000.

## THE SIX MONTH RESULTS

(August 2010-January 2011)

### *"What If" Analysis Utilizing Discounts Available Before Program was Implemented*

- Total Paid Claims (with previous discount) : \$237,682

### *Net Results of Inmate Medical Care Program with Discounts of UHCRV and Administrative Fee*

• Total Allowed Charges:	\$264,091
• Total Paid Claims:	\$120,160
• Total Administration Costs:	\$43,179
• Total Paid:	\$163,339

**6-Month Net Savings to Scott County, IA: \$74,342**

**Annual Savings Approximate: \$145,000**

## THE NEXT STEPS

Secure an extended contract with UHCRV for the Inmate Program.



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THE COUNTY AUDITOR'S SIGNATURE CERTIFIES  
THAT THIS RESOLUTION HAS BEEN FORMALLY  
APPROVED BY THE BOARD OF SUPERVISORS ON

\_\_\_\_\_  
DATE

\_\_\_\_\_  
SCOTT COUNTY AUDITOR

R E S O L U T I O N

SCOTT COUNTY BOARD OF SUPERVISORS

April 14, 2011

APPROVING AGREEMENT WITH UNITED HEALTH CARE SERVICES FOR  
ADMINISTRATIVE SERVICES RELATED TO INMATES MEDICAL CARE

BE IT RESOLVED BY the Scott County Board of Supervisors as follows:

Section 1. That the agreement from United Health Care to provide services related to review and processing of medical claims for inmates is hereby accepted and approved. The administrative fee to UHC is equal to thirty percent (30%) of the first \$150,000 in total savings by month, plus twenty-five percent (25%) of any total savings per month over \$150,000.

Section 2. This resolution shall take effect immediately.