

# Memorandum

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**TO:** Brian Smith, DCM Purchasing Manager  
**FROM:** Joanne Fuller  
**SUBJECT:** Request for Exemption to County RFP Requirements for Corrections Health Third Party Administrator  
**DATE:**

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## **Action Requested**

The Health Department requests an exemption from purchasing rules requiring a competitive procurement. This exemption request specifically would allow the Health Department to contract with Correctional Health Partners for one year while work is completed on a RFP. The request is being made under PCRB rule 47-0275 – Sole Source Procurements for goods and non-personal services over \$150,000.

## **Background**

From April 2011 through March 2016 the Health Department used Correctional Health Partners (CHP) for third party administration (TPA) of claims for outside/emergent health services for our inmate population. With the decline in costs due to the Affordable Care Act (inmates who were transitioned to in-patient were signed up for Oregon Health Plan if no other insurance was available) it was determined that the Health Department would take on the services that CHP was providing, and attempt to either contract directly with an insurance company PPO for discounts for in-network providers, or contract directly with the larger hospital networks. Over the past year the Health Department advertized an RFI to solicit information from insurance companies, and did not receive sufficient responses to go that route. Additionally the direct contract option has yet to be successful.

As the Health Department continued to investigate all options, including going out to bid for a new TPA contract, it was determined that inmate health care costs had increased significantly due to the lack of insurance discount rates that were provided via the CHP contract. When a comparison was completed the cost was nearly double even with County labor costs included. Additionally, the electronic claims processing software companies advised that due to our size of the program it is not cost effective to provide software and support. This led to the claims process being much more manual than initially believed and reporting and analytics that were provided by CHP could not be easily replicated.

## **Basis of Exemption**

Below are the Departments findings as outlined in PCRB 47-0275.1.

The Health Department is requesting sole source procurement for July 1, 2017 to June 30, 2018 in the amount of \$ 225,000.00. This procurement will allow for a one year contract with Correctional Health Partners in order to lower costs while a new RFP is being drafted, and additional cost savings options are determined.

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The contract will cover inmate medical claims processing, data analysis and reporting. The contract also gives the Health Department access to negotiated insurance rates for the inmate population. Additionally, the contract will include utilization management services, medical consultation, and other clinical services surrounding discharge and complex coordination of services.

By weighing the need for immediate cost savings versus taking the time to draft a well researched RFP it was determined that engaging with our prior TPA for a short period would be advantageous to the County. With health care legislation in flux at the Federal level, specifically the unknowns surrounding Medicaid expansion changes, it would be helpful to have additional time to determine volume, requirements and scope in order to receive accurate bids for the services. Although there are at least two TPAs in the country that provide corrections health specific services Corrections Health Partners is uniquely qualified to meet the short term needs for a quick transition.

Due to Correctional Health Partners past engagement with Multnomah County, and their current contract with the State of Oregon they have the following resources in place for an efficient on boarding. These include:

- An existing contract with a local PPO Network, First Choice Health, which is a known entity. The network covers most of the health care providers that are frequently used by our corrections health program. This is where quick and significant cost savings are realized.
- An existing interface with the Multnomah County Sheriff's system which would allow for time savings surrounding IT resources.
- Easy access to past data in order to provide data analysis and reporting without a lengthy conversion process.
- An existing nurse manager resource located in Oregon.

Once the short term contract is in place, and cost efficiencies are realized, both staff and other resources can be redeployed to other key activities. Work on requirements gathering for an RFP services will begin soon after with a desire to publish in the winter. This will give ample planning time, especially if a vendor conversion is required.

If you have any questions regarding this request please feel free to contact me, Dr. Michael Seale at 503-988-4847, or Wendy Lear at 503-988-7511.