

CLARK COUNTY STAFF REPORT

DEPARTMENT: Jail Services

JSD-04-25FL

DATE: April 15, 2025

REQUESTED ACTION:

Request authorization for the County Manager to sign Amendment number three (3) for the Inmate Medical Services Contract with Wellpath, LLC. Additionally, request Council's pre-authorization to allocate ongoing General Fund dollars for the requested financial impacts pertaining to the increase in the contract amount.

☒ Consent

☐ Hearing

☐ County Manager

BACKGROUND

The County issued Request for Proposal (RFP) 845 Inmate Medical Care in October 2022. In February 2023, an Inmate Medical Services Contract was executed with Wellpath, LLC., for medical services in the Clark County Jail and Juvenile Detention Center.

The contract negotiated between the County and Wellpath is for a three (3) year term, spanning March 1, 2023, through February 28, 2026, with possible extensions. The base compensation for the first year (March 1, 2023 – February 29, 2024) was \$5,874,049 with each subsequent year being subject to an increase ranging from four-to-eight percent as is justified by the medical portion of the Labor and Industries Consumer Price Index (CPI). CPI increases higher than eight percent, will trigger additional negotiations.

The base compensation for the second year (March 1, 2024 – February 28, 2025) increased 4% to \$509,084.24 per month, for a total of \$6,109,010.96 annually. During the 2024 annual budget process, Jail Services requested 8% to cover the maximum the yearly contractual increase as part of budget package JSD-09-24AD.

The base compensation for the third year (March 1, 2025 – February 28, 2026) will be increasing 8% to \$549,810.95 per month, for a total of \$6,597,731.40 annually. The department did not submit a budget package as part of the 2025 annual budget process because the contractor had not yet communicated the amount of the increase, and there would have been enough budget capacity if the increase was 4% like the year prior. With the increase being 8%, the amount short for 2025 is \$172,304.99. Staff will prepare a budget package for the fall supplemental.

COUNCIL POLICY IMPLICATIONS

None

ADMINISTRATIVE POLICY IMPLICATIONS

None

COMMUNITY OUTREACH

None

BUDGET IMPLICATIONS

YES	NO	
X		Operating Budget Impacts
	X	Capital Budget Impacts
	X	Action falls within existing budget capacity.
	X	Action falls within existing budget capacity but requires a change of purpose within existing appropriation. If YES, please complete the budget impact statement. If YES, please route this Staff Report through the Budget Director and then to the County Manager.
X*		Additional budget capacity is necessary and will be requested at the next supplemental or annual budget. If YES, please complete the budget impact statement. If YES, please route this Staff Report through the Budget Director and then to the County Manager. This action will be referred to the county council with a recommendation from the county manager.

BUDGET DETAILS

Dollar Amount	\$172,304.99 additional needed for 2025 and future years*
Fund	0001 General Fund
Cost Center	CC322 Jail Services
BASUB	B5236000 Care and Custody of Prisoners
Program	PG0263 Jail Medical

Emily M. Zwetzig

Emily M. Zwetzig, Budget Director *(if applicable)*

***Budget Office Financial Advisory Note to County Manager and County Council | Council Pre-Approval and Budget Implications:** Approval of this Staff Report will serve as the Council's pre-authorization to allocate ongoing General Fund dollars for the requested financial impacts. As a result, this request will be incorporated into the 2025 Fall Budget Submission [JSD-04-25FL] and classified as Previously Approved by Council. However, it is important to emphasize that while this action signals Council support for the funding, formal budget appropriation will not occur until the adoption of the 2025 Fall Supplemental Budget in November 2025. For a strategic and fiscally responsible approach, it is recommended that all budget requests should be evaluated within the annual budget cycle to ensure that resource allocations align with the County's broader financial priorities. Additionally, given the current structural deficit in this fund, the Budget Office advises careful consideration of long-term fiscal sustainability when making funding commitments.

Distribution: Council staff will post approved agenda items within two business days to:

<https://www.clark.wa.gov/council-meetings>

Joseph Barnett, Dep. Dir.

Joe Barnett
Deputy Director of Jail Administration

DeAnn Cordes

DeAnn Cordes
Contract Administrator

David Shook

David Shook
Director of Jail Services

Marisa Ryan Smith

Marisa Ryan Smith
Finance Manager

Primary Staff Contact Name and Extension: David Shook, 564-397-5148

APPROVED: _____
CLARK COUNTY, WASHINGTON
CLARK COUNTY COUNCIL

DATE: _____

SR# _____

BUDGET IMPACT ATTACHMENT

Part I: Narrative Explanation

I. A – Explanation of what the request does that has fiscal impact and the assumptions for developing revenue and costing information

Part II: Estimated Revenues

Fund #/Title	2025 Annual Budget		2026 Annual Budget		2027 Annual Budget	
	GF	Total	GF	Total	GF	Total
Total						

II. A – Describe the type of revenue (grant, fees, etc.)

Part III: Estimated Expenditures

III. A – Expenditures summed up

The 2025 baseline budget includes \$6,343,973.00 for this contract. The increase to 8% causes a shortage of \$172,304.99. The total contract amount for 2025 is \$6,516,277.99.

The contract is up for renewal in March 2026. Once the contract amendment has been negotiated, it will come back before Council for approval.

Fund #/Title	FTE's	2025 Annual Budget		2026 Annual Budget		2027 Annual Budget	
		GF	Total	GF	Total	GF	Total
0001 General Fund: current budget		\$6,343,973	\$6,343,973	\$6,343,973	\$6,343,973	\$6,343,973	\$6,343,973
*0001 General Fund: requested additional budget (on-going)		\$172,305	\$172,305	\$172,305	\$172,305	\$172,305	\$172,305
Total		\$6,516,278	\$6,516,278	\$6,516,278	\$6,516,278	\$6,516,278	\$6,516,278

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III. B – Expenditure by object category

Fund #/Title	2025 Annual Budget		2026 Annual Budget		2027 Annual Budget	
	GF	Total	GF	Total	GF	Total
Salary/Benefits						
Contractual	\$6,516,278	\$6,516,278	\$6,516,278	\$6,516,278		
Supplies						
Inter-fund Transfers						
Debt Service						
Total	\$6,516,278	\$6,516,278	\$6,516,278	\$6,516,278		

**Amendment to Contract
Contract No # SCN00002630
Amendment No 3**

Clark County, Washington, a political subdivision of the State of Washington ("County"), and Wellpath, LLC., ("Contractor"), entered into a Contract on February 28, 2023, for Inmate Medical Services.

WHEREAS the Contractor will provide all the required services as outlined in the original scope of work;

WHEREAS the Contract requires the Base Fee to be adjusted, to reflect the changes in the U.S. Bureau of Labor Statistics Consumer Price Index for All Urban Consumers Medical Care Services for the immediately preceding calendar year. The minimum increase will be four percent (4%), not to exceed eight percent (8%);

WHEREAS the Contractor is asking for additional cost adjustments for professional liability and pharmacy budget; and

NOW, THEREFORE, THE COUNTY AND THE CONTRACTOR HEREBY AGREE AS FOLLOWS:

1. Compensation:

- A. The County shall pay the Contractor the amount of \$549,810.95 per month for the period of March 1, 2025 – February 28, 2026. For a total not to exceed \$6,597,731.40 annually, as outlined in Exhibit A.

2. Effect of Amendment:

- A. Except as specifically amended herein, all remaining terms and conditions of the original agreement, and all prior amendments, remain in full force and effect.

[Signatures appear on the following page.]

Inmate Medical Services Contract
Amendment #1 SCN00002630
Page 2

CLARK COUNTY

By: _____

Name: Kathleen Otto

Title: County Manager

Date: _____

WELLPATH, LLC

By: Cindy Watson

Name: Cindy watson

Title: Chief operating officer

Date: 04/02/25

Approved only as to form:
ANTHONY F. GOLIK
Clark County Prosecuting Attorney

Amanda Migchelbrink
Amanda Migchelbrink
Senior Deputy Prosecuting Attorney

January 24, 2025

David Shook, County Manager
Clark County Jail and Juvenile Detention Center
1300 Franklin Street, 6th Floor, Suite 650
Vancouver, Washington 98660

Re: Inmate Medical Services Contract Year Three 2025 - 2026

Greetings Mr. Shook:

Wellpath is pleased to be your provider for inmate health care services and we are excited to move into another year of partnership with Clark County.

Contract Year Three Annual Compensation Adjustment

Per Section 2 of our agreement, the third year of the initial three-year term of our contract will begin March 1, 2025.

As stated in Section 3, the Base Fee shall be adjusted consistent with the change in the Consumer Price Index ("CPI") for All Urban Consumers, Medical Care Services component, no less than 4.0% and not to exceed 8.0%. This index was most recently published at 3.4% for December 2024.

Therefore, the contractually allowed minimum of 4.0% increases the base annual amount by **\$244,360**.

Additional Cost Adjustment

We express our gratitude for the County's willingness to provide the additional funding requested for the 2024-2025 renewal year. Your support underscores the strength of our partnership and has been pivotal in ensuring our ability to meet the healthcare needs of your patient population.

As we look ahead to the contract period beginning March 1, 2025, we must again highlight that the cost to maintain the quality of services we provide at Clark County continues to outpace the standard CPI adjustment. Therefore, we have prepared an additional cost adjustment request designed to calibrate the contract cost with this present economic reality.

Professional Liability Costs

Professional liability and umbrella policy rates have risen anywhere from 25% to over 50%, depending on the district. This has particularly affected healthcare, as juries in select jurisdictions have returned ever-increasing verdicts against healthcare companies, including a \$485 million jury verdict against Acadia Healthcare in New Mexico in July of 2023. These outsized verdicts have led to significant increases in the value placed by plaintiffs on healthcare cases settled before trial, including correctional healthcare cases. As a result, the cost of risk associated with providing correctional healthcare has never been higher. While the number of lawsuits filed against us stemming from adverse events has remained low, the cost of similar cases has continued to rise yearly.

Since 2010, our industry has seen double-digit annual increases in the cost of medical litigation (including expenses and settlements paid). In response, the insurance market has progressively raised rates and increased self-insured retentions for correctional healthcare providers, effectively passing





most risk back to provider. Many insurers have left the market altogether. That is not unlike what has happened in the property and casualty insurance market, as rates have climbed by as much as 30% in states with large losses, and major companies have stopped writing new policies altogether in high-risk markets like Florida and California.

Of course, Wellpath understands that the County also faces financial pressures. For that reason, we have prepared a conservative adjustment of **\$91,501** to jointly address the double-digit cost increases the healthcare industry has experienced related to an escalation in insurance costs.

Pharmacy Budget Adjustment

Lastly, to ensure the pharmacy budget accurately reflects expenditures for this category, we have also made the necessary adjustment to the budget allocation to align with actual pharmacy expenses utilized by the County.

This budget rebalancing reflects an increase of **\$152,859** for the upcoming contract year.

Total Year Three Cost Summary

We appreciate the County’s understanding and consideration of the measures we are taking to ensure the sustainability and continued success of our partnership in the face of the ever-changing economic landscape. As always, we remain committed to delivering exceptional value and maintaining the high standards of care delivered to your patients.

The following table outlines our proposed compensation amount for professional health care services rendered at the Clark County Jail and Juvenile Detention Center for the period beginning on March 1, 2025, through February 28, 2026.

	Annual Amount	Monthly
Current Compensation through 2/28/2025	\$6,109,010.96	\$509,084.25
4.0% Minimum CPI Increase	\$244,360.44	\$20,363.37
Professional Liability Adjustment	\$91,501.00	\$7,625.08
Pharmacy Budget Adjustment	\$152,859.00	\$12,738.25
Total Compensation for 3/1/2025 – 2/28/2026	\$6,597,731.40	\$549,810.95

As per previous years, we will await the County-drafted amendment to proceed. If the County prefers that Wellpath draft instead, please sign the following page, and email a scanned copy to Andrea Knox at **akknox@wellpath.us**. Upon receipt of the signed proposal, our Legal Department will prepare a formal amendment and route to the appropriate County individuals for signature. All other terms of the current Agreement, including any changes detailed above, shall remain in full force and effect through the end of the contract period.

If there is anything we can assist you with, please do not hesitate to contact Christopher Lamb, Regional Director of Operations, at 720-741-1710. Wellpath values our partnership with Clark County and we look forward to continued success in the year ahead.



Warm regards,

A handwritten signature in blue ink, appearing to read "Kesha Poland", is written over a light blue grid background.

Kesha Poland
Regional Vice President

Cc: *Chris Lamb, Regional Director of Operations*
John Roth, Director, Partner Services
Christi Cunningham, Contract Administrator

The undersigned is authorized by Clark County to accept the above terms:

Authorized Clark County Representative

Date Signed

Print Name

Title

