

December 5, 2022

Richard Roundtree, Sheriff
Richmond County Sheriff's Office
Charles B. Webster Detention Center
1941 Phinizy Road
Augusta, GA 30906

Re: 2023 Renewal of the Agreement for Inmate Health Care Services

Greetings, Sheriff Roundtree:

I hope this letter finds you well. Wellpath is pleased to be your provider for inmate health care services, and we are excited to move into another year of delivering quality healthcare at Richmond County.

Contract Renewal

The initial term of our contract will end December 31, 2022. Per Section 9.0 of our agreement, Wellpath would like to offer an extension of one year, beginning January 1, 2023, through December 31, 2023.

Annual Compensation Adjustment

Under normal circumstances, Wellpath would request an increase in compensation consistent with the Medical Care Services Consumer Price Index for all Urban Consumers, currently 3.5% for April 2022.

In typical years, the change in CPI would reasonably reflect the increases in our costs. However, this is not a typical year. As you are aware, we are experiencing a once-in-a-generation staffing crisis in healthcare. Driven by one-time bonuses and supplemental wages, the cost of nurses and other healthcare professionals, which represent some 60% of our total costs, have increased at rates many times the CPI for Medical Care Services.

Across many markets, temporary agencies and nurse travel companies have bid hourly rates, in some cases exceeding \$100 per hour. As we noted in our September 24th letter to you requesting consideration for ARPA funding, these rates have been driven, in part, by the **\$178 billion** Provider Relief Funds provided to acute care hospitals. This enormous subsidy allowed hospitals to pay ever-increasing rates, making it hard to recruit and retain quality staff, resulting in significantly higher turnover and staffing vacancies in Richmond County and across the country. As a condition of receiving these funds, hospitals **are prohibited from passing these costs to consumers (the "C" in CPI), so none of these costs have been incorporated into the Medical Services CPI, which has been running at historically low rates over the past year, while overall CPI and inflation are at 40-year highs.**

Actions We Have Already Taken

From the beginning of the Covid-19 pandemic, Wellpath has taken extraordinary steps to keep our people, partners, and patients safe and to reduce the impact on staff retention. In 2020, we invested more than \$40 million in unreimbursed funds on PPE, testing, and supplemental wages and bonuses. In 2021, we committed to investing another \$40 million in supplemental wages, sign-on bonuses, and retention bonuses to mitigate the impact of the current healthcare staffing crisis on our patients, people, and partners. In addition to supplemental wages and bonuses, we are making sizable investments in enhanced systems and people to improve efficiency and better support our healthcare



teams. This includes identifying opportunities to use alternate staffing models and telehealth to reduce the need for hard-to-find nurses.

We have made these investments without expectation of reimbursement to “stop the bleeding,” the way medical professionals are trained to do. **This is, however, not a long-term solution. Wellpath cannot continue to deliver high-quality services while paying market wage rates that exceed what our partners pay us.** Therefore, for the 2023 renewal, we request a modification to our standard price adjustment. First, we propose to apply a standard 4.0% CPI adjustment to non-staffing costs, including off-site costs, pharmacy, insurance, and on-site medical expenses, an increase of **\$87,651** per year, or **\$7,304.25** per month.

Staff Wage Increases

Second, we request an increase of **\$315,325** to cover increases in compensation to our healthcare staff. **One hundred percent of this increase would be used to provide wage increases for our staff to mitigate the extraordinary effects of the staffing crisis described above.** These increased dollars are critical to the continued success of our program and will ensure our staff wage rates remain competitive with the local healthcare market. This adjustment will strengthen our ability to retain and support a stable, competent staff providing consistent patient care at Richmond County.

We understand this is a substantial request, therefore, we have provided a table summarizing the proposed wage increase by staff position and the annualized cost to implement the increase.

Position	FTEs	Wage Increase Amount	Annual Cost
RN	6.20	\$9.89	\$174,076
LPN	17.90	\$1.47	\$74,700
CMA/CNA	3.80	\$3.59	\$38,728
MHP	2.00	\$4.90	\$27,821
Total	29.90		\$315,325

Staffing Reimbursements

As requested, Wellpath agrees to reimburse the County at 100% of the average hourly rate for any position that has remained unfilled for more than forty-five (45) days. This reconciliation shall occur monthly.

The addition of staffing reimbursements will increase the contract price **\$50,000** annually.

Comprehensive Total for Contract Year 2022 – 2023

As shown in the following table, the total proposed increase to our contract would be **\$452,976** per year, or **\$37,748** per month, beginning on January 1, 2023, through December 31, 2023. We forecast this increase will be sufficient to address the challenges we face through the next twelve months. As labor supply and demand begin to balance over the next year, we do not expect labor costs to continue to rise at these levels. However, given the recent 8.6% increase in the overall inflation rate, we do not believe they will return to pre-pandemic levels either, which may affect the pricing of future renewals and amendments.



	Annual Amount	Monthly
Current Compensation through 12/31/2022	\$5,997,536.00	\$499,794.67
4% Adjustment to Non-Staffing Costs	\$87,651.00	\$7,304.25
Staffing Wage Increases	\$315,325.00	\$26,277.08
Staffing Reimbursements Cost	\$50,000.00	\$4,166.67
Total Proposed Increase	\$452,976.00	\$37,748.00
Total Compensation for 1/1/2023 – 12/31/2023	\$6,450,512.00	\$537,542.67

If the County accepts the terms proposed, please sign below, and email a signed copy to Rosie Wuerfel, Retention Specialist, at TWuerfel@wellpath.us. Upon receiving the signed proposal, our Legal Department will draft a formal contract amendment and route it 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.

We appreciate the relationship we have established over the years and look forward to continued success. Please do not hesitate to contact me at 615-476-4576, or Heather Miller, Regional Director of Operations, at 678-650-5451, with any questions or concerns.

Sincerely,



June Nwabara

Regional Vice President

Cc: *Heather Miller, Regional Director of Operations*
Kelly Pribble, Vice President of Partner Services
Adolfo Cisnero, Senior Director, Contract Retention

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


 Authorized Richmond County Representative

120622
 Date Signed

Richard Roundtree
 Print Name

Sheriff
 Title

