



June 27, 2023

Sheriff Elmer Tanner
Navarro County Sheriff's Office
312 West Second Avenue
Corsicana, TX 75110

Re: Health Services Agreement

Dear Sheriff Tanner:

SHP has been a proud partner with Navarro County and the Sheriff's Office since 2014. With our contract anniversary approaching, I want to welcome you to reach out with any questions or needs. I would be happy to speak with you if there are any areas of the contract you would like to discuss.

Being on the front lines caring for patients and serving our customers' correctional health care needs, SHP has repeatedly confronted a range of financial and operational challenges since the outset of the pandemic, including substantial growth in expenses across labor, drugs and supplies, let alone higher economy-wide inflation. Labor costs have presented a dramatic and extended wave of challenges. Quality staffing is central to the care process and represents a significant portion of our operating budget. With nursing shortages being what they are nationally, we have continued to experience considerable issues with recruitment and retention of nurses, especially in perspective to correctional work.

As we strive to ensure coverage at our facilities, we have become increasingly reliant on utilizing current staff, Operational managers, travel nurses and agency staffing as resources for providing coverage until we can bring on permanent team members to fill open positions. We have increased recruitment efforts as well as added higher pay rate scales, sign-on bonuses, and other benefits to help attract applicants. These coverage and recruitment practices, of course, come at a much greater cost to SHP than originally budgeted for in our contracts, as the parties could not have foreseen such an unprecedented hike in healthcare labor costs.

Professional lines insurance and employee benefits costs have continued on an upward trend, as well as expenses for prescription drugs. A significant driver in increased medication costs has been the continued spike in drug prices, coupled with increased utilization, treating sicker patients in the correctional environment during and since the pandemic. Medical supply costs are another area which has hit hard over the past few years, in light of supply chain disruptions and infection control practices/procedures put in place to comply with governmental regulations and to assure the health and safety of patients, and facility/medical staff.

Despite persistent cost pressures, SHP has tried to price for annual contract adjustments modestly in recent years. Unfortunately, our direct and indirect costs have escalated to the point of being unsustainable without an adequate annual increase for the new contract year. We have incorporated a 4% adjustment on the base fee and per diem rate based on continuation of the program at the current level of staffing/services for the 2023-2024 period. The new rates are provided for you below.

Contract Period: October 1, 2023, through September 30, 2024	
Base annualized fee:	\$398,454.84 (\$33,204.57 month)
Per diem greater than 225 inmates:	\$1.62

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Again, please feel free to reach out with any questions. You can call me direct at 803-802-1492. I will ask that you keep this letter on file with your contract and return a signed copy to me for SHP's historical record at your earliest convenience, or by July 31, 2023. A scan to email will be fine (email carmen.hamilton@southernhealthpartners.com). Except as stated herein, or as may be amended or modified in writing by mutual agreement of the parties, all provisions of the contract will remain in full force and effect.

We appreciate the support and resources provided by our customers, and we will continue to look toward mutually beneficial solutions in joint partnership together so that SHP can stay strong in providing high-quality care to the patients we serve.

Sincerely,

C. Hamilton

Carmen Hamilton
Contracts Manager

/cph

cc: Capt. Charlie York

NAVARRO COUNTY, TX

BY:

