



Board Agenda Item 45

DATE: June 22, 2021
TO: Board of Supervisors
SUBMITTED BY: Hollis Magill, Director of Human Resources
SUBJECT: Medical Malpractice MOU with PRISM

RECOMMENDED ACTION(S):

Approve and authorize the Chairman to execute a Memorandum of Understanding - Medical Malpractice Program with PRISM (Public Risk Innovation, Solutions, and Management), effective July 1, 2021, which will allow for the purchase of Supplemental Medical Malpractice insurance for the County of Fresno.

There is no increase in Net County Cost associated with the recommended action. Insurance coverage for the medical providers at the County of Fresno is currently provided through self-insurance by the County. Adoption by your Board of the PRISM MOU will provide Medical Malpractice coverage by a program that combines self-insurance and excess insurance.

Each occurrence under this program is self-insured for the first \$1 million with the excess insurance provided through PRISM. For calculation of loss distribution, losses are capped at \$1 million per claim. Claims will be administered by the Human Resources Department, Risk Management Division. This item is countywide.

ALTERNATIVE ACTION(S):

Your Board could choose not to approve the Department of Human Resources' recommendation and remain fully self-insured for this exposure. This is not recommended.

FISCAL IMPACT:

There is no increase in Net County Cost associated with the recommended action. The 2021-22 annual premium for Pooled and Excess Insurance coverage through PRISM's Medical Malpractice Insurance program based upon the recommended \$1 million Self-Insured Retention (SIR) per medical event is \$275,836. The payment of premiums is charged to the Department of Human Resources, Risk Management Internal Services Fund, Org 8925. The Fund is supported by annual budgetary contributions based upon actuarial projections for the self-insured layer and excess coverage provided by PRISM.

DISCUSSION:

The County of Fresno is a long-time PRISM Program Member and participates in most of the pooled and excess programs. The County has historically self-insured its medical practice liability, with reserve practices allowing for \$1 million per occurrence. Based upon a recent analysis and recommendations of a recent risk management review, the Department of Human Resources, Risk Management Division, explored the possibility of joining PRISM's Medical Malpractice Program with SIR options of either \$500,000 or \$1

million.

The County provides service offerings to thousands of County residents each year that include crisis intervention and counseling, mental health programs, ambulatory services, drug and alcohol treatment, rehabilitation/therapy, clinical counseling and outpatient clinics and psychiatric services, all of which are part of the Public Health and Behavioral Health departments. It contracts with third-party medical providers for many of these services, but the responsibility for the programs remains the County's. The largest medical liability exposures are the County Jail and Juvenile Detention Center medical care. Public Health currently contracts out for Medical and Behavioral Health services for the Adult Jail facilities and the Juvenile Justice Center. Medical services for inmates include medical and health screenings by licensed medical personnel at the time of booking, nursing sick call, clinician sick call, pharmacy, dental, and laboratory services. Sub-acute care is done on-site.

In the last ten years of loss experience, the County had a total of 53 claims with an average cost of \$16,000. Most claims are incident-only claims without payment or defense costs. The largest claim occurred in 2012-13 involving an inmate with serious injuries due to an attempted suicide, with total expenses and indemnity just under \$1 million.

The County received two options for coverage from PRISM's broker, Alliant. Both provide excess coverage of \$20,500,000.

2021-22 Proposal for Medical Malpractice Program 1:

Option 1: \$500,000 per occurrence with an annual premium of \$347,372

Option 2: \$1,000,000 per occurrence with an annual premium of \$275,836

The Human Resources Director and the Risk Manager recommend Option 2 to your Board. Not only is it the lower premium, it also represents the current SIR and corresponds with the County's risk tolerance level.

The effect of obtaining supplemental coverage to the self-insured retention provides the County with a responsible strategy for obtaining financial assurance that its assets are properly protected in the event of a catastrophic loss involving alleged medical malpractice for County clinicians and peripheral coverage that may be created through its contracted medical services. Professional Liability coverage required by contract helps to buffer the exposure to the County, but it is not full-proof. With rising jury verdicts and settlements, the potential for catastrophic loss is a reality and the County can reduce its vulnerability by purchasing excess coverage and reducing the self-funded liability for a fully self-insured program.

REFERENCE MATERIAL:

BAI #41, May 26, 2020

ATTACHMENTS INCLUDED AND/OR ON FILE:

On file with Clerk - PRISM Memorandum of Understanding-Medical Malpractice Program

CAO ANALYST:

Yussel Zalapa