



September 18, 2023

Sheriff Cutter Clinton
Panola County Sheriff's Office
314 West Wellington
Carthage, TX 75633

Re: Health Services Agreement

Dear Sheriff Clinton:

SHP's Health Services Agreement with Panola County will soon be due to rollover for a new 12-month period, and we look forward to continuing in service as the on-site provider of inmate medical care. Please feel free, at any time, to reach out to me with any questions or needs related to the contract.

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 an additional \$458.84 per month on the base contract fee, as well as a slight increase on the per diem rate, based on continuation of the program at the current level of staffing/services for the 2024 period. The new rates are provided for you below.

Contract Period: January 1, 2024, through December 31, 2024	
Base annualized fee:	\$143,158.80 (\$11,929.90 per month)
Per diem greater than 60 inmates:	\$1.64
Annual outside cost pool limit:	\$20,000.00

September 18, 2023

Page two

Again, please don't hesitate to contact me 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 October 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: Rodger McLane, County Judge
Jennifer Stacy, County Auditor

PANOLA COUNTY, TX

BY:

Rodger McLane