



May 25, 2018

Sheriff Andy Strickland  
Colleton County Sheriff's Office  
Post Office Box 433  
Walterboro, SC 29488

Re: Health Services Agreement

Dear Sheriff Strickland:

SHP appreciates the opportunity to work with you and your staff in managing the inmate medical needs at the Jail. I am writing this letter to acknowledge renewal of the Health Services Agreement for the 2018-2019 period.

As I previously advised, we will need an adjustment on our service rates this year to help keep pace with the current market in attracting and retaining strong, well-qualified staff in corrections and the growing costs of providing medical services. Staffing is just one area where we are experiencing increased costs, in terms of keeping our facilities covered and offering competitive local-area pay. Increased patient acuity has also increased our resource needs. Plus, we must account for other operating expenses which unfortunately do continue to go up each year (such as insurance, administration and travel). We are committed to keeping the contract priced reasonably while providing the highest level of quality care for the inmates.

We will also need you to plan for a change in pharmacy coverage terms going forward. Our Agreement with Colleton County is set up like many of our older contracts with SHP covering the costs of all routine prescription medications under the base fees. This has become increasingly difficult for SHP to maintain over time without having a limit on our exposure. With the costs of pharmacy items having increased considerably, combined with a general decline in health we see of inmate populations (inmates coming in sicker in poor health, many with chronic-care illnesses), we are now working with customers to make the transition to a new structure, which allows for a cost-sharing arrangement or cap on the medication costs.

Specifically, we are proposing a \$16,000.00 annual limit/cap on SHP's responsibility for routine prescription medication costs. Under the new terms, SHP will cover up to the first \$16,000.00 per annual contract period in routine prescription medication expenses, and the County will be responsible for all amounts in excess of \$16,000.00. In the event the limit were exhausted for any given contract period, SHP's new practice will be to either submit invoices for 100% reimbursement of the excess costs, or we could, at the County's election, roll the excess charges into the outside cost pool accounting totals. Please know that we will continue to work diligently with Operations and site staff to maintain cost-effectiveness in managing the pharmacy program.

A 3% annual increase has been figured on the contract based on continuation of the program under the amended pharmacy terms (as described above) and keeping the current level of staffing in place. This 3% is less than medical CPI increase and will give us a new per diem and base contract amount as follows:

Contract Period: July 1, 2018, through June 30, 2019	
Base annualized fee:	\$245,934.96 (\$20,494.58 per month)
Per diem greater than 110:	\$1.14
Annual outside cost pool limit:	\$44,000.00
Change in routine pharmacy coverage terms:	New \$16,000.00 annual max/cap on the costs of routine prescription medications

May 25, 2018  
Page two

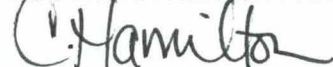
We trust you will understand our position. If you have any questions at all, please feel free to call me. Of course, we can also make arrangements to have SHP's Chris Hudson come out and meet with you all there on-site to go over the contract together, provide any additional information you need and work through questions. My direct number in our NC/SC Regional Office is 803-802-1492, and Chris is at 864-872-0659.

We look forward to continuing services for you in the new contract year. For the historical record, I will ask you to keep this letter with your contract and return a signed copy to me by on or before June 30, 2018. A scan to email or faxed copy will be fine (803-802-1495 direct fax or email [carmen.hamilton@southernhealthpartners.com](mailto:carmen.hamilton@southernhealthpartners.com)). This will be sufficient for SHP's contract file, unless you prefer to have a formal Amendment. Except as modified herein, all provisions of the contract will remain in full force and effect.

Thank you in advance. Again, don't hesitate to reach out if there is anything you need.

Sincerely,

SOUTHERN HEALTH PARTNERS INC.



Carmen Hamilton  
Contracts Manager

/cph

cc: Ms. Susan Johnson  
Ms. Kaye Syfrett

COLLETON COUNTY, SC

BY:

