



## CALIFORNIA PRISON HEALTH CARE SERVICES

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### For Immediate Release

# **New Contracts for Relief Prison Doctors Will Save 20% Annually**

***Pre-Receiver Rates Paid Registry \$.5 Million a Year Each for 3 Emergency Doctors***

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Contact: Luis Patino (916) 956-5879

(Sacramento, CA) Federal Receiver J. Clark Kelso is announcing the agreements and signatures on three contracts for prison health care Temporary/Relief On-site Primary Physicians that are designed to save taxpayers approx. 20% annually from previous rates that had been negotiated before the Receiver was appointed.

Two of the three new contracts are between California Prison Health Care Services (CPHCS) and their largest physician registry providers- NOAH Inc., and Registry of Physician Specialist, Inc. The third is with South Shores Medical Group Inc. which is also expected to be one of the largest providers in the coming year. They are the first of several contracts that are either in the bid process or are being negotiated with both doctors and nursing registry groups.

The contracts reduce the old pre-receiver rate ranges which ran up to \$414 per hour in 07/08 and \$312 per hour in 08/09 to a new flat hourly rate of \$201.50. Under the prior rates, in three total instances, some registry services charged an annual amount of as much as \$500,000 per emergency physician. The 20% estimated savings from the new contract was calculated by comparing the total expenditure for doctors registry so far this year against what it will be for the same number of hours under the new contract.

The Receiver first ordered staff to address the issue late last year (2008). Receiver J. Clark Kelso says, "We still had a very large utilization of registry notwithstanding our successful recruitment efforts in hiring state civil service Physicians and Nurses. We were also still having problems recruiting in certain areas and yet were able to secure registry coverage. When staff looked into this, we learned that part of the reason is that some registry rates were very high, discouraging registry providers from coming into State service and thereby forcing us to over-utilize registry."

A long bidding and negotiation process followed and the first of the new contracts was signed June 18<sup>th</sup> by the providers and by Receiver Kelso, today.

Receiver Kelso says this latest budget-cutting success is part of a larger focus on efficiency in prison health care. "In light of the overall budget situation, our own 10% budget cut, and the Governor's contract executive order, we owe it to the taxpayers to find substantial savings in all contracts. Our IT shop, for example, imposed 15% cuts on all IT personal services contracts. Doing the same thing with all of our medical services contracts is simply the right thing to do."