

September 28, 2021

County Administrator's Office  
Birgitta E. Corsello, County Administrator  
675 Texas Street, Suite 6500  
Fairfield, CA 94533

RE: COVID-19 Pandemic Supplemental Funding Request

Greetings Mrs. Corsello:

As the proud provider of health care services for the Solano County Justice Center, Stanton Correctional Facility, Claybank Detention Facility, and Solano County Juvenile Hall, Wellpath strives to exceed your expectations regarding the quality of services we provide. The United States is in the midst of a nursing crisis, with the most acute supply-demand imbalance in many generations. We are asking our Partners to help us meet the challenge so that we can together continue to provide quality care and meet our constitutionally mandated requirements.

## Background

The demand for nurses has increased dramatically over the past decade, fed by the aging of the baby boomers into Medicare and increased access to healthcare with the passage of the Affordable Care Act. At the same time, the nursing workforce has been aging along with the rest of the country (more than half of all nurses are over 50), and nursing schools are not graduating enough nurses to meet rising demand.

The COVID-19 pandemic has become the proverbial straw that broke the camel's back, increasing the demand for nurses to inoculate the population and care for the rising number of (largely unvaccinated) COVID patients. And the stress, anxiety, and exhaustion brought on by COVID have driven just enough nurses out of the field to create the current crisis.

As one would expect, this imbalance has driven up the cost of nurses (when they can be found) to levels we have never seen. Across many markets, temporary agencies and nurse travel companies have bid hourly rates, in some cases, north of \$100 per hour.

['Nursing Is in Crisis': Staff Shortages Put Patients at Risk - The New York Times](#) published August 21, 2021, cites the danger of this widespread shortage, noting a health system that "has been losing experienced nurses to recruiters who offer \$20,000 signing bonuses and \$140-an-hour wages."

Unfortunately, the pain of the shortage has not been shared equally. The CARES Act included a **\$178 billion** Provider Relief Fund to help acute care hospitals manage increased costs during the pandemic. This enormous subsidy allowed hospitals to pay ever-increasing rates, while providers in correctional settings, who have received NO CARES Act funding, are unable to compete.

Because the federal government has subsidized the increased nursing costs for hospitals, the higher costs have not materially affected the prices hospitals charge for their services. This has kept medical services CPI at historically low levels and far below the dramatic increase in Wellpath's largest cost – nursing salaries.



## What We Have Done

This is not just a compensation problem, so we are executing on long-range plans intended to create resiliency against this type of challenge in the future. A summary of that plan is included as **Attachment 1**. It is, however, critical that we address nursing compensation now, or the long-range plans will not matter. We already have increased compensation and shift differentials and added signing and retention bonuses in an effort to attract and retain nurses. That is not enough. Our contractual CPI increases simply do not allow us to meet the rapidly rising nursing compensation demands. This challenge is one that we can only solve together and with your leadership.

## Addressing the Problem

**Fortunately, there are now federal funds available to reward and maintain our experienced nursing team.** On May 10<sup>th</sup>, the U.S. Department of the Treasury (DOT) announced, as part of the American Rescue Plan Act (ARPA), the launch of the Coronavirus State and Local Fiscal Recovery Program (SLFRP), to provide \$350 billion in emergency funding for eligible state and local governments. The DOT's May 10<sup>th</sup> SLFRP FACT SHEET is included as **Attachment 2**. Approved uses of funding include "to recognize the heroic contributions of essential workers." (Section 5, Page 6.) Correctional nurses and custody staff have put their physical well-being at risk to provide care for others. Governments may use this funding to provide "premium pay directly **or through grants to private employers**" to a broad range of essential workers, including public health and safety staff.

## What We Need To Do Together

We propose implementing a monthly supplemental staffing surcharge to help us compete for the shrinking pool of nurses in this time of crisis. Because we believe that the current situation is not permanent, we propose implementing this surcharge on an interim basis, in addition to our contractual CPI. This surcharge will be fully transparent, with 100% going directly to our nursing staff. This temporary increase is similar to the model being deployed in many hospitals.

**We understand that you, like Wellpath, have fixed budgets. Fortunately, the SLFRP funding includes an allocation of \$86.9 million for Solano County.** We recommend that a small portion of that funding be used for bonus payments to the nurses and custody staff that we must have to meet the constitutionally mandated care needs of our patients.

To ensure Wellpath can retain and recruit staff, we request an additional **\$238,130** applied toward one-time supplemental salary increases. The increase is necessary to bring all our nurses' wages to or above the 50th percentile.

Based on our analysis of your local market needs, attached, we propose an Annual Nursing Surcharge of \$4.65/hour per Registered Nurse (RN). We also propose a leadership bonus of \$85,000 paid out over the next year to attract and retain excellent leaders. We will provide full documentation of the distribution of these funds to our employees.



One-Time Supplemental Wage Adjustment	FTEs	Wage Increase Amount	Twelve Month Cost Impact
RN	11.6	\$4.65	\$153,130
Leadership Bonuses			\$85,000
<b>Total</b>	<b>11.6</b>		<b>\$238,130</b>

*Explanation of Costs*

Position	FTEs	Wages	Benefits, Payroll Taxes, and Insurance
RN	11.6	\$131,061	\$22,069
Leadership Bonuses		\$85,000	--
<b>Total</b>		<b>\$216,061</b>	<b>\$22,069</b>

Wellpath will invoice the supplemental salary increases monthly as a pass-through to the client not to exceed \$238,130 over a 12-month period.

Thank you for your continued support of our joint mission to provide compassionate, high-quality healthcare to our patients. We understand that this request will warrant further discussion and we look forward to discussing this important topic with you. Please do not hesitate to contact me at (858) 283-8619 with any questions that you may have.

We are Wellpath. We are the right people, always striving *to do the right thing*. We appreciate our partnership and look forward to continued success working together.

Sincerely,



Kip Hallman  
President



## Attachment 1

### Wellpath Long-Range Plan Executive Summary

While we do not know how long the current crisis will last, we believe that the rapid spike in compensation is not sustainable and that a year from now, wages will return to numbers below this crisis-driven level, but **above the compensation levels of a year ago**, representing a **New Normal**. While we believe we will need to make some permanent increase to our nursing compensation, we are also executing a multi-pronged strategy to be well-positioned to minimize the financial impact of this New Normal on our partners. This strategy includes:

- Building our own supply through partnerships with nursing schools.
- Developing a pipeline of foreign-trained nurses with a Wellpath Way training program.
- Adding telenursing to our Wellpath Now application to support after-hours intakes.
- Developing alternative staffing models to reduce our nursing requirement.
- Working with government legislators and regulators to modify certifications required to conduct medication passes.
- Increasing our qualified and committed PRN pool through better compensation, orientation, and training.
- Working with suppliers of inmate tablets to provide access to professionals and para-professionals who can help reduce demand on providers and nurses.

