

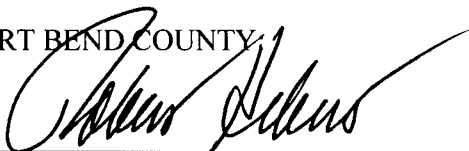
- C. Increase in Inmate Population. The parties agree that the annual base price is calculated based on a monthly average daily population (“MADP”) of up to 850. The base compensation due to CHC shall be increased at the per diem rate of 98¢ per inmate in excess of 850. In the event the MADP (reconciled quarterly) is less than 800 inmates, CHC shall issue a credit to County for the number of inmates under 800 at the per diem rate of 98¢ per inmate.
- D. In the event the population decreases to less than 750 inmates for a period of three (3) consecutive months, CHC shall propose a decrease in staffing until the population increases to 850, only if such decrease can occur without a reduction in the level of service to the remaining population. CHC, by written amendment, shall decrease staffing to an appropriate level for the population and shall adjust the compensation under this Agreement accordingly.
- E. County agrees to pay CHC within thirty (30) days of receipt of such invoice from CHC. In the event this Agreement shall commence or terminate on a date other than the first or last day of any calendar month, compensation to CHC shall be prorated accordingly for the modified month. Amounts identified as annual “Caps” in Exhibit A and Section B above shall be prorated accordingly for the modified term. Additionally, any amount held by CHC for payment of a “Cap” as identified in Exhibit A and Section B above shall be refunded to County at the end of each twelve (12) month contract term, or such refund shall be prorated accordingly for the modified term.
- F. No additional funding shall be available for services provided under the Agreement or First Amendment without prior written consent of County.
- G. Except as modified herein, the Agreement and First Amendment remain in full force and effect and have not been modified or amended.
- H. If there is a conflict between this Second Amendment, the Agreement and any previous amendments, the provisions of this Second Amendment shall prevail.

REMAINDER OF PAGE INTENTIONALLY LEFT BLANK

EXECUTION

IN TESTIMONY AND WITNESS OF WHICH this Second Amendment has been executed in duplicate originals as follows:

FORT BEND COUNTY



Robert E. Hebert, County Judge

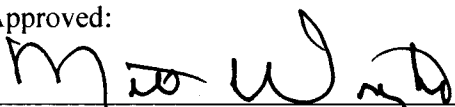
Date July 10, 2012

Attest:

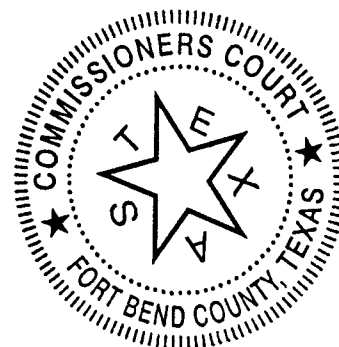


Dianne Wilson, County Clerk

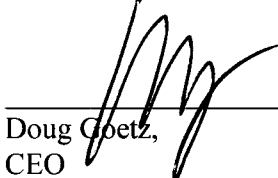
Approved:



Milton Wright, Fort Bend County Sheriff



CORRECTIONAL HEALTHCARE COMPANIES, INC.:

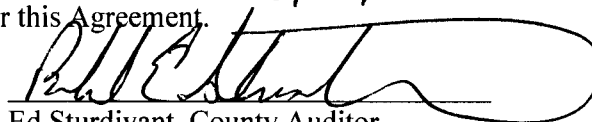


Doug Goetz,
CEO

Date 5/14/12

AUDITOR'S CERTIFICATE

I hereby certify that funds are available in the amount of \$ 3,211,587.60 per month to pay the obligation of Fort Bend County under this Agreement.


Ed Sturdivant, County Auditor

Attachments:

- Exhibit A: CHC's proposal dated April 10, 2012
- Exhibit B: Inmate Health Services Agreement between Fort Bend County and CHM dated March 1, 2012
- Exhibit C: First Amendment to Inmate Health Services Agreement dated July 26, 2011

Exhibit A



6200 S. Syracuse Way #440, Greenwood Village, CO 80111

www.correctioncare.com

866.246.5245

April 10, 2012

Major James Leach
Fort Bend County Sheriff's Office
1410 Ransom Road
Richmond, Texas 77469

RE: REVISED Price Quote for Continued Inmate Healthcare Services in 2012-2013

Dear Major Leach:

Enclosed please find our revised price quote for continued inmate medical services provided to Fort Bend County for the term October 1, 2012 to September 30, 2013. Based on our contract executed on March 1, 2010, our attached price quote includes the current Consumer Price Index (CPI) increase for US Medical Care Services of 3.39% applied to the Oct 2012 contract price less the 3 capitations, and also incorporates changes to the contract as detailed in the attached quote.

This price quote is valid until June 30, 2012. Once approved by Fort Bend County, please forward a signed copy of the attached price quote to Cristina Capoot, Director of Client Satisfaction at cristina.capoot@correctioncare.com. Once you do so, we will return a contract amendment in a timely manner in order to move towards completing the renewal prior to October 1, 2012. If you have any questions, please do not hesitate to contact Victor Hutchinson, your Contract Manager for Fort Bend County directly at 214-274-4907 or Todd Murphy, your Texas Director of Business Development for Fort Bend County directly at 214-563-8224. We greatly appreciate the relationship we have established with the entire Fort Bend County Sheriff's Office over the last 2 years and look forward to another successful year working together.

Warm regards,

A handwritten signature in black ink, appearing to read "Jim Anderson", is written over a horizontal line.

Jim Anderson, Vice President Marketing and Sales Support

Cc: David Jordan, Vice President – Division II
Victor Hutchinson, Texas Contract Manager
Todd Murphy, Texas Director of Business Development

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Price Quote for Inmate Medical Services at the Fort Bend County Jail
Effective - October 1, 2012 to September 30, 2013

Correctional Healthcare Companies, Inc. (CHC) will continue providing professional comprehensive inmate healthcare services at the Fort Bend County Detention Center in accordance with the contract executed on March 1, 2010. Please refer to the contract and subsequent amendments for complete scope of staffing and services provided. In addition, the following changes will be incorporated into the 2012 renewal contract as discussed amongst the parties (please see attached proposed staffing plan) also a detailed financial summary follows this page for your reference:

- Reduce LVN coverage by 1 FTE from 560 hours per week to 520 hours per week
- Decrease Average Daily Population (ADP) from 1,050 to 850
- Lower Dialysis REVERSE cap from \$130,000 to \$100,000 per year
- Lower Off-Site Medical Services cap from \$375,000 to \$300,000 per year
- Increase HIV, HEP and Biological cap from \$100,000 to \$110,000 per year
- Amend section 7.03 of Agreement to add a per diem of \$98 per inmate per day PAYABLE TO THE COUNTY for monthly ADP under 800 - please see further description under Financial Summary following this quote
- Amend section 2.03 of Agreement to read: "In the event the population decreases to less than 750 inmates for a period of three (3) consecutive months, CHC shall propose a decrease in staffing until the population increases to 850, only if such a decrease can occur without a reduction in the level of service to the remaining population. CHC, by written amendment, shall decrease staffing to an appropriate level for the population and shall adjust the compensation under this Agreement accordingly."

CHC submits the following Cost Proposal to Fort Bend County for the renewal period, incorporating all services that will be provided to the County:

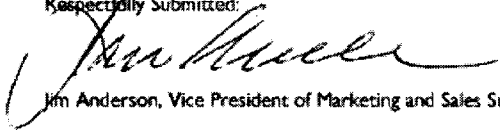
- \$ 280,164.90 per month (Current Cost)
- ~~\$(19,914.34) per month~~ of Changes (reduction) to Staffing/Services
- \$260,250.56 per month
- * 3.39% CPI increase – applied to adjusted monthly rate, less the 3 capitations totaling \$510,000
- **\$267,632.30 per month (Renewal Cost)**
- = **\$3,211,587.60 annually**

Remainder of this page left blank intentionally

For professional health care services rendered to the Fort Bend County Detention Center, CHC will charge \$267,632.30 per month from October 1, 2012 through September 30, 2013. All terms of the current Agreement, including any changes detailed above, shall remain in full force and effect through June 30, 2013.

The terms of this price quote shall expire June 30, 2012, if not accepted prior to that date by Fort Bend County.

Respectfully Submitted:



Jim Anderson, Vice President of Marketing and Sales Support

The undersigned is authorized by Fort Bend County to accept the above terms. Once we receive a signed copy of this quote, CHC's legal department will draft a contract amendment for the County.

Authorized Fort Bend County Representative

Date Signed

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Financial Summary

Current Contract Price through September 30, 2012:	\$3,361,978.80
Adjustments made to current contract for renewal period (Oct 1, 2012 to Sept 30, 2013):	
Reduce ADP from 1,050 to 850 -	\$(71,540.00) annual
Reduce LVN from 560 to 520 hours per week (1 FTE)-	\$(72,432.00) annual
Reduce offsite cap from \$375,000 to \$300,000 Per year -	\$(75,000.04) annual
Reduce dialysis "cap" from \$130,000 to \$100,000 Per year -	\$(30,000.00) annual
Increase HIV, Hep C and Biological cap From \$100,000 to \$110,000 per year	\$ 10,000.00 annual
Total Adjustment Annually -	\$(238,972.00)
Total Adjustment Monthly -	\$(19,914.34)
Total annual price after adjustments -	\$3,123,006.80
Plus CPI of 3.39% less the \$510,000 total capitations	\$88,580.88 annual
Total annual price after adjustments and CPI -	\$3,211,587.60

Per Diem – CHC will provide Fort Bend County with an adjustment for the monthly average daily population (MADP). The reconciliation will be done quarterly. For each month in the quarter reconciled, if the MADP is greater than 850 inmates, the compensation payable to CHC by the County shall be increased by the number of inmates over 850 at the per diem rate of \$0.98. If the MADP is less than 800 inmates, then CHC will issue a credit to the County for the number of inmates under 800 at the per diem rate of \$0.98.

Example – MADP for month of Nov, 2013 is 742. Credit to the County would be for \$1,705.20
 $(\$8 \text{ inmates} \times 0.98 \text{ (per diem)} \times 30 \text{ days in November} = 1,705.20)$

Reporting – CHC will provide Fort Bend County with monthly reports for all capped expenditures. Such reports will include detailed reporting for the dialysis reverse cap, the offsite medical services cap and the cap for HIV, Hep C and Biologicals. These reports will be submitted to the County after CHC has closed its monthly financial reporting which is generally within 30 days following the end of each month.

EMTs vs. LVNs – CHC has attempted to employ EMTs in the past at the Fort Bend County Detention Center and it was mutually determined due to the difficulty in recruiting EMTs as well as their limited scope of practice, an LVN was the best fit for the needs of providing the comprehensive inmate medical services program. It was also

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determined by CHC's human resource department that the rate of pay between an EMT and LVN was not a significant cost savings for Fort Bend County's consideration. Our ability to utilize LVNs throughout the facility would be very limited by an EMT and their scope of practice, as previously mentioned.

Utilization Management – CHC will continue to monitor offsite medical transports for Fort Bend County. Our diligence will include internal review to determine if an offsite medical services was unnecessary and ways to reduce offsite medical services whenever feasible.

CPI – The Consumer Price Index (CPI) is charged annually to provide for annual compensation increases for our various medical professionals ensuring stability in our quality of care and coverage and to avoid medical staff turnover as well as increases in services, costs of inflation in medication (over the counter meds), supplies and equipment and overages. CHC has agreed to absorb any increase in costs associated with managing the three separate capitations. We have backed out \$510,000 from the basis of the 3.39% CPI increase for the renewal period.

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Fort Bend County Sheriff's Office Staffing Plan Oct 1, 2012 to Sept 30, 2013											
Position	Shift	Scheduled Hours							Total Hours	FTE	Total FTEs
		SUN	MON	TUE	WED	THU	FRI	SAT			
H.S.A.	Day		8.00	8.00	8.00	8.00	8.00		40.00	1.00	1.00
	Evening										
	Night										
Medical Director	Day				5.00				5.00	0.13	0.13
	Evening										
	Night										
D.O.N./ floor nurse	Day		8.00	8.00	8.00	8.00	8.00		40.00	1.00	1.00
	Evening										
	Night										
Midlevel Provider (NP)	Day		8.00	8.00	8.00	8.00	8.00		40.00	1.00	1.00
	Evening										
	Night										
RN	Day										1.00
	Evening		8.00	8.00	8.00	8.00	8.00		40.00	1.00	
	Night										
OBY/GYN	Day			0.70					0.70	0.02	0.02
	Evening										
	Night										
LVNs	Day	32.00	24.00	24.00	24.00	24.00	24.00	32.00	184.00	4.60	13.00
	Evening	24.00	24.00	24.00	24.00	24.00	24.00	24.00	168.00	4.20	
	Night	24.00	24.00	24.00	24.00	24.00	24.00	24.00	168.00	4.20	

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Fort Bend County Sheriff's Office											
Staffing Plan Oct 1, 2012 to Sept 30, 2013											
Position	Shift	Scheduled Hours							Total Hours	FTEs	Total FTEs
		SUN	MON	TUE	WED	THU	FRI	SAT			
CMA	Day		8.00	8.00	8.00	8.00	8.00		40.00	1.00	1.00
	Evening										
	Night										
Medical Records	Day		8.00	8.00	8.00	8.00	8.00		40.00	1.00	1.00
	Evening										
	Night										
Dentist	Day					5.00			5.00	0.13	0.13
	Evening										
	Night										
Dental Assistant	Day					8.00			8.00	0.15	0.15
	Evening										
	Night										
MHP	Day	8.00	16.00	8.00	8.00	16.00	16.00	8.00	80.00	2.00	2.00
	Evening										
	Night										
Psy.- M.D.	Day		8.00		8.00				16.00	0.40	0.40
	Evening										
	Night										
Totals		88.00	144.00	128.70	141.00	147.00	136.00	88.00	872.70	21.82	21.82

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