



San Bernardino County

Legislation Text

File #: 8046, Agenda Item #: 84

**REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS
OF SAN BERNARDINO COUNTY
AND RECORD OF ACTION**

May 23, 2023

FROM

VICTOR TORDESILLAS, Director, Department of Risk Management

SUBJECT

Renewal of Medical Malpractice Insurance Program

RECOMMENDATION(S)

1. Approve the renewal of the Medical Malpractice Insurance Program with BETA Risk Management Authority with \$25,000,000 in coverage limits for each occurrence and \$35,000,000 annual aggregate limit, inclusive of a \$1,000,000 self-insurance retention, for a premium of approximately \$2,020,089, for the one-year period of July 1, 2023, through July 1, 2024.
2. Authorize the Director of Risk Management to execute the binding order on behalf of the County. (Presenter: Victor Tordesillas, Director, 386-8621)

COUNTY AND CHIEF EXECUTIVE OFFICER GOALS & OBJECTIVES

Operate in a Fiscally Responsible and Business-Like Manner.

FINANCIAL IMPACT

Approval of this item will not result in the use of additional Discretionary General Funding (Net County Cost). The total premium of approximately \$2,020,089 will be paid from the Department of Risk Management's (DRM) medical malpractice self-insurance fund (4102) and will be recovered through Board of Supervisors (Board) approved rates charged to user County departments. Sufficient appropriation and revenue have been included in DRM's 2023-24 Recommended Budget.

BACKGROUND INFORMATION

The DRM administers the County's self-insurance program for medical malpractice and procures excess insurance policies for additional protection. On June 14, 2022 (Item No. 72), the Board approved the renewal of the medical malpractice insurance program, for a total estimated premium of \$1,853,339, for the one-year period of July 1, 2022, through July 1, 2023.

Approval of Recommendation No. 1 will provide a new coverage period of July 1, 2023, through July 1, 2024, with a total renewal premium cost of approximately \$2,020,089. This represents an increase of \$192,064, approximately 10.5%, over last year's final premium cost of \$1,828,025. The increase is primarily due to a rate increase from BETA Risk Management Authority (BETA) being applied to all members' premiums and a 3.1% increase in overall census exposures, such as the number of residents, acute care beds, childbirth deliveries, emergency department visits, and outpatient clinic visits. The County anticipates an offsetting credit as received in the past, which can be up to 6% for employee completion of carrier subsidized education modules.

The credit calculation will not be finalized in time to be reflected in the current estimate. Despite the increase in premium cost, the recommended renewal will maintain the current coverage limits of \$25,000,000 per occurrence and \$35,000,000 annual aggregate, inclusive of a \$1,000,000 self-insurance retention (SIR). The DRM recommends the renewal of the medical malpractice insurance program to protect the County's financial assets from liability arising from medical services provided by employees and contractors.

A final premium amount will not be available until closer to the actual renewal date due to the complexity of the negotiations the County's broker engages in with multiple insurance carriers on behalf of the County to develop the insurance coverage. Approval of Recommendation No. 2 will authorize the Director of Risk Management to execute the binding order on behalf of the County, ensuring a timely renewal process with no lapse in coverage to ensure continuous coverage for the County's medical malpractice insurance program.

PROCUREMENT

On November 16, 2021 (Item No. 62), the Board approved contracts with various insurance brokers, including James + Gable Insurance Brokers, Inc. for the period of December 11, 2021, through December 10, 2026.

James + Gable Insurance Brokers, Inc. successfully marketed and negotiated the renewal of the medical malpractice insurance program for the period of July 1, 2023, through July 1, 2024, with BETA. The proposed renewal policy will have the same limits and self-insurance retention as the expiring policy and will retain the same retroactive date of November 1, 2000, which ensures coverage for any claims made back to that date.

REVIEW BY OTHERS

This item has been reviewed by County Counsel (Laura Crane, Principal Assistant County Counsel, 387-5455) on April 18, 2023; Purchasing Department (Bruce Cole, Supervising Buyer, 387-2148) on April 17, 2023; Human Resources (Diane Rundles, Assistant Executive Officer, 387-5572) on April 18, 2023; Finance (Ivan Ramirez, Administrative Analyst, 387-4020) on April 20, 2023; and County Finance and Administration (Paloma Hernandez-Barker, Deputy Executive Officer, 387-5423) on May 6, 2023.