

# County Involvement

Provider agencies are facing limited liability insurance coverage options and high premium prices. PCCYFS is working with legislators, insurers, the state and other partners to support provider operations and longevity; counties also play an important role in helping providers avoid this looming crisis.

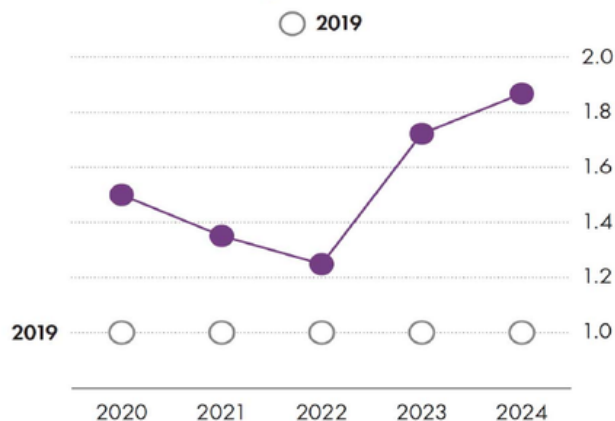
## Provider Insurance and Impact to Counties

- Many providers have already closed their child-serving programs, whether in foster care or residential services.
- Unmanageable increases in insurance will inevitably lead to additional provider closures. This could mean that Pennsylvania could return to a model in which counties are left to manage foster care.
- Additionally, since 2019, Pennsylvania has established an exception to governmental immunity for sexual abuse claims, for which there is also no damages cap.
- Pennsylvania is already particularly struggling with complex cases and insurance/risk plays a part in this work for many providers.

## Best Practices: How Counties Can Help

- **FUNDING:**
  - Most providers are communicating these needs with their counties through the needs-based plan and budget. As the cost of insurance increases, providers will require additional funding that may seem significantly higher than their previously requested rates.
  - Often, these renewal timelines do not align with the needs-based plan and budget and providers will need to amend their rate packet and/or renegotiate their contract to support the new cost of operating their business.
- **REVIEW CONTRACTS:**
  - Contract language has an impact on providers' insurability. Counties can review and eliminate language in their contracts that attempts to shift all liability and costs onto the provider agency for the negligence or intentional conduct of the county via indemnification or unilateral waivers of subrogation.
  - **County limits:**
    - Providers will often have to ask for a waiver for county contract requirements that are no longer attainable in the market. Whenever these requests come in, working with the provider to understand the need and adjust contract requirements based on what is available can make a difference.
    - While each situation is different, generally providers are only able to access coverage that is about \$1,000,000/\$3,000,000 on general liability, \$1,000,000/\$3,000,000 on professional and \$1,000,000 on abuse. Any excess layers on top of this presents a challenge. These are ideal minimum standards for counties to require of providers based on what is available, while still allowing providers to access more coverage based on their individual needs.
- **CONSIDER HOW COUNTY POLICY INTERACTS WITH PROVIDER RISK: County policies that increase risk for providers** can contribute to these issues, since insurers are often asking about areas in which providers are taking on responsibility without correlating decision-making authority. Requiring providers to absorb inappropriate or avoidable risk by keeping children in homes when providers have requested a move, or failing to inform providers of all relevant information related to a child can impact a provider risk level. Counties can re-evaluate their policies, to mitigate risky practice for providers, while reinforcing trust across partners.

Average Cost Per Claim  
Relative to 2019  
Liability Lines of Business



Source: Nonprofit Insurance Alliance