



Correctional Managed Health Care

Monthly Report

April 2010

September 2009 – April 2010

Summary

Beginning with Fiscal Year 2006, the Correctional Managed Health Care Committee (CMHCC) has initiated the distribution of a monthly financial summary report. The purpose of this report is to provide updated and accurate information on the costs of the correctional health care program. This monthly report summarizes activity for the month of April, 2010. Following this narrative are the supporting financial and statistical tables.

Background

During Fiscal Year 2010, approximately \$466.4 million within the TDCJ appropriation has been allocated for funding correctional health care services. This funding included:

- \$425.0M in general revenue appropriations in strategy C.1.8 (Managed Health Care, medical services)
- \$41.4M in general revenue appropriations in strategy C.1.7. (Psychiatric Care).

Of this funding, \$465.7M (99.9%) was allocated for health care services provided by UTMB and TTUHSC. And \$669K (0.1%) was allocated for funding of the operation of the Correctional Managed Health Care Committee.

These payments are made directly to the university providers according to their contracts. Benefit reimbursement amounts and expenditures are included in the reported totals provided by the universities.

Report Highlights

Population Indicators

- Through April 2010 this fiscal year, the correctional health care program has increased in the overall offender population served. The average daily population served through April of FY 2010 was 151,176. This average was higher than the average through April FY 2009 of 150,592, an increase of 584 or 0.39%. Even though the overall population has increased, the number of offenders age 55 and over has continued to steadily increase at a greater percentage.
- Consistent with the trend for the last several years, the number of offenders in the service population aged 55 or older has continued to rise at a faster rate than the overall population. Through April of FY 2010, the average number of older offenders in the service population was 11,690. Through this same month a year ago (FY 2009), the average number of offenders age 55 and over was 10,894. This represents an increase of 796 or about 7.3% more older offenders than a year ago.
- The overall HIV+ population has remained relatively stable throughout the last three years and continued to remain so through this month, averaging 2,404 (or about 1.6% of the population served).
- Two mental health caseload measures have also remained relatively stable:
 - The average number of psychiatric inpatients within the system was 1,924 through April of FY 2009, the same number of 1,924 through April of FY 2009.
 - Through the month of April FY 2010, the average number of mental health outpatients was 21,147 representing 14.0% of the service population.

Health Care Costs

- Overall health costs through April of FY 2010 totaled \$365.7M.
 - UTMB's total revenue through the month was \$277.6M. Their expenditures totaled \$292.6M, resulting in a net loss of \$15.0M. On a per offender per day basis, UTMB earned \$9.54 in revenue and expended \$10.06 resulting in a shortfall of \$0.52 per offender per day.
 - TTUHSC's total revenue through the month was \$70.9M. Expenditures totaled \$73.1M, resulting in a net loss of \$2.2M. On a per offender per day basis, TTUHSC earned \$9.45 in revenue, but expended \$9.75 resulting in a shortfall of \$0.30 per offender per day.

- Examining the health care costs in further detail indicates that of the \$365.7M in expenses reported through April:
 - Onsite services (those medical services provided at the prison units) comprised \$172.4M representing about 47.1% of the total health care expenses:
 - Pharmacy services totaled \$35.4M representing approximately 9.7% of the total expenses:
 - Offsite services (services including hospitalization and specialty clinic care) accounted for \$116.6M or 31.9% of total expenses:
 - Mental health services totaled \$32.3M or 8.8% of the total costs:
 - Indirect support expenses accounted for \$9.0M and represented 2.5% of the total costs.

The total cost per offender per day for all health care services statewide through April of FY 2010 was \$10.00, an increase (8.6%) from \$9.21 for FY 2009. However, when benchmarked against the average cost per offender per day for the prior four fiscal years of \$8.38, the increase is higher at (18.9%). As a point of reference healthcare costs was \$7.64 per day in FY03. This would equate to a 30.9% increase since FY03 or approximately 4.9% increase per year average, well below the national average.

- For UTMB, the cost per offender per day was \$10.06, significantly higher than the average cost per day for the last four fiscal years of \$8.46.
- For TTUHSC, the cost per offender per day was \$9.75, significantly higher than the average cost per day for the last four fiscal years of \$8.09.
- Differences in cost between UTMB and TTUHSC relate to the differences in mission, population assigned and the acuity level of the offender patients served.

Reporting of Fund Balances

- A review of revenues and expenditures for FY 2010 indicates that UTMB reports a total shortfall of \$15,034,918 through the month. TTUHSC reports a total shortfall of \$2,236,994 through this month.
- A summary analysis of the ending balances, revenue and payments through April for all CMHCC fund accounts is also included in this report. That summary indicates that the net balance on all accounts held by the CMHCC on April 30, 2010 was \$102,006.50. It should be noted that this balance is projected to decrease over the remainder of the fiscal quarter.

Financial Monitoring

Detailed transaction level data from both providers is being tested on a monthly basis to verify reasonableness, accuracy, and compliance with policies and procedures.

The results of the detail transaction testing performed on TTUHSC's and UTMB's financial information for April, 2010, is currently in process. Upon completion, the results of the testing will be reported in the May financial report.

Concluding Notes

The combined *shortfall* for the university providers through April of FY 2010 is \$17,271,912. The university providers are continuing to monitor their expenditures closely, while seeking additional opportunities to reduce costs in order to minimize their operating losses.

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Table 1
Correctional Managed Health Care
FY 2010 Budget Allocations

| <u>Distribution of Funds</u> | |
|---|----------------|
| <u>Allocated to</u> | <u>FY 2010</u> |
| University Providers | |
| The University of Texas Medical Branch | |
| Medical Services | \$337,982,054 |
| Mental Health Services | \$28,084,575 |
| Subtotal UTMB | \$366,066,629 |
| | |
| Texas Tech University Health Sciences Center | |
| Medical Services | \$86,347,837 |
| Mental Health Services | \$13,286,944 |
| Subtotal TTUHSC | \$99,634,781 |
| | |
| SUBTOTAL UNIVERSITY PROVIDERS | \$465,701,410 |
| | |
| Correctional Managed Health Care Committee | \$669,053 |
| | |
| TOTAL DISTRIBUTION | \$466,370,463 |

| <u>Source of Funds</u> | |
|--------------------------------------|----------------------|
| <u>Source</u> | <u>FY 2010</u> |
| Legislative Appropriations | |
| SB 1, Article V, TDCJ Appropriations | |
| Strategy C.1.8. Managed Health Care | \$424,998,944 |
| Strategy C.1.7 Psychiatric Care | \$41,371,519 |
| | |
| TOTAL | \$466,370,463 |

*In addition to the amounts received and allocated by the CMHCC, the university providers receive partial reimbursement for employee benefit costs directly from other appropriations made for that purpose.

Table 2
 FY 2010
 Key Population Indicators
 Correctional Health Care Program

| Indicator | Sep-09 | Oct-09 | Nov-09 | Dec-09 | Jan-10 | Feb-10 | Mar-10 | Apr-10 | Population Year to Date Avg. |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|---------------------------------|
| Avg. Population Served by CMHC: | | | | | | | | | |
| UTMB State-Operated Population | 108,963 | 108,894 | 108,450 | 108,413 | 108,068 | 108,220 | 108,316 | 107,952 | 108,410 |
| UTMB Private Prison Population* | 11,852 | 11,811 | 11,796 | 11,783 | 11,731 | 11,687 | 11,746 | 11,809 | 11,777 |
| UTMB Total Service Population | 120,815 | 120,705 | 120,246 | 120,196 | 119,799 | 119,908 | 120,062 | 119,762 | 120,187 |
| TTUHSC Total Service Population | 30,958 | 30,887 | 31,042 | 31,051 | 30,945 | 30,972 | 30,984 | 31,080 | 30,990 |
| CMHC Service Population Total | 151,773 | 151,592 | 151,287 | 151,247 | 150,744 | 150,879 | 151,046 | 150,842 | 151,176 |
| Population Age 55 and Over | | | | | | | | | |
| UTMB Service Population Average | 9,564 | 9,595 | 9,608 | 9,652 | 9,654 | 9,733 | 9,728 | 9,768 | 9,663 |
| TTUHSC Service Population Average | 1,978 | 1,984 | 1,993 | 2,007 | 2,029 | 2,055 | 2,076 | 2,095 | 2,027 |
| CMHC Service Population Average | 11,542 | 11,579 | 11,601 | 11,659 | 11,683 | 11,788 | 11,804 | 11,863 | 11,690 |
| HIV+ Population | 2,445 | 2,430 | 2,414 | 2,414 | 2,419 | 2,376 | 2,365 | 2,367 | 2,404 |
| Mental Health Inpatient Census | | | | | | | | | |
| UTMB Psychiatric Inpatient Average | 1,028 | 1,023 | 1,000 | 978 | 987 | 994 | 991 | 1,001 | 1,000 |
| TTUHSC Psychiatric Inpatient Average | 915 | 899 | 915 | 923 | 911 | 929 | 941 | 953 | 923 |
| CMHC Psychiatric Inpatient Average | 1,943 | 1,922 | 1,915 | 1,901 | 1,898 | 1,923 | 1,932 | 1,954 | 1,924 |
| Mental Health Outpatient Census | | | | | | | | | |
| UTMB Psychiatric Outpatient Average | 17,715 | 17,909 | 16,361 | 17,484 | 16,098 | 15,896 | 17,501 | 17,243 | 17,026 |
| TTUHSC Psychiatric Outpatient Average | 3,981 | 4,150 | 3,639 | 4,372 | 3,788 | 4,075 | 4,532 | 4,429 | 4,121 |
| CMHC Psychiatric Outpatient Average | 21,696 | 22,059 | 20,000 | 21,856 | 19,886 | 19,971 | 22,033 | 21,672 | 21,147 |

Table 3
Summary Financial Report: Medical Costs
Fiscal Year 2010 - through April 30, 2010 (Sept 2009- Apr 2010)

Days in Year: 242

| | Medical Services Costs | | | Medical Cost Per Day Calculations | | |
|-----------------------------------|------------------------|----------------------|-----------------------|-----------------------------------|-----------------|-----------------|
| | UTMB | TTUHSC | TOTAL | UTMB | TTUHSC | TOTAL |
| Population Served | 120,187 | 30,990 | 151,176 | | | |
| Revenue | | | | | | |
| Capitation Payments | \$224,086,732 | \$57,249,801 | \$281,336,533 | \$7.70 | \$7.63 | \$7.69 |
| State Reimbursement Benefits | \$30,582,144 | \$2,984,993 | \$33,567,137 | \$1.05 | \$0.40 | \$0.92 |
| Other Misc Revenue | \$346,609 | \$1,420 | \$348,029 | \$0.01 | \$0.00 | \$0.01 |
| Total Revenue | \$255,015,485 | \$60,236,214 | \$315,251,699 | \$8.77 | \$8.03 | \$8.62 |
| Expenses | | | | | | |
| Onsite Services | | | | | | |
| Salaries | \$101,171,631 | \$8,703,030 | \$109,874,661 | \$3.48 | \$1.16 | \$3.00 |
| Benefits | \$26,591,633 | \$2,136,755 | \$28,728,388 | \$0.91 | \$0.28 | \$0.79 |
| Operating (M&O) | \$13,708,873 | \$972,211 | \$14,681,084 | \$0.47 | \$0.13 | \$0.40 |
| Professional Services | \$0 | \$2,317,594 | \$2,317,594 | \$0.00 | \$0.31 | \$0.06 |
| Contracted Units/Services | \$0 | \$15,165,741 | \$15,165,741 | \$0.00 | \$2.02 | \$0.41 |
| Travel | \$693,870 | \$84,572 | \$778,442 | \$0.02 | \$0.01 | \$0.02 |
| Electronic Medicine | \$0 | \$198,260 | \$198,260 | \$0.00 | \$0.03 | \$0.01 |
| Capitalized Equipment | \$231,518 | \$421,689 | \$653,207 | \$0.01 | \$0.06 | \$0.02 |
| Subtotal Onsite Expenses | \$142,397,525 | \$29,999,852 | \$172,397,377 | \$4.90 | \$4.00 | \$4.71 |
| Pharmacy Services | | | | | | |
| Salaries | \$3,788,925 | \$1,153,783 | \$4,942,708 | \$0.13 | \$0.15 | \$0.14 |
| Benefits | \$1,148,910 | \$44,622 | \$1,193,532 | \$0.04 | \$0.01 | \$0.03 |
| Operating (M&O) | \$782,862 | \$396,003 | \$1,178,865 | \$0.03 | \$0.05 | \$0.03 |
| Pharmaceutical Purchases | \$22,964,233 | \$5,042,988 | \$28,007,221 | \$0.79 | \$0.67 | \$0.77 |
| Professional Services | \$0 | \$0 | \$0 | \$0.00 | \$0.00 | \$0.00 |
| Travel | \$17,152 | \$14,643 | \$31,795 | \$0.00 | \$0.00 | \$0.00 |
| Subtotal Pharmacy Expenses | \$28,702,082 | \$6,652,039 | \$35,354,121 | \$0.99 | \$0.89 | \$0.97 |
| Offsite Services | | | | | | |
| University Professional Services | \$11,494,196 | \$576,811 | \$12,071,007 | \$0.40 | \$0.08 | \$0.33 |
| Freeworld Provider Services | \$21,980,539 | \$11,939,208 | \$33,919,747 | \$0.76 | \$1.59 | \$0.93 |
| UTMB or TTUHSC Hospital Cost | \$54,126,104 | \$8,915,889 | \$63,041,993 | \$1.86 | \$1.19 | \$1.72 |
| Estimated IBNR | \$6,994,147 | \$607,333 | \$7,601,480 | \$0.24 | \$0.08 | \$0.21 |
| Subtotal Offsite Expenses | \$94,594,986 | \$22,039,241 | \$116,634,227 | \$3.25 | \$2.94 | \$3.19 |
| Indirect Expenses | \$4,511,686 | \$3,559,879 | \$8,071,565 | \$0.16 | \$0.47 | \$0.22 |
| Total Expenses | \$270,206,279 | \$62,251,011 | \$332,457,290 | \$9.29 | \$8.30 | \$9.09 |
| Operating Income (Loss) | (\$15,190,794) | (\$2,014,797) | (\$17,205,591) | (\$0.52) | (\$0.27) | (\$0.47) |

Table 3 (Continued)
Summary Financial Report: Mental Health Costs
Fiscal Year 2010 through April 30, 2010 (Sept 2009- Apr 2010)

Days in Year: 242

| | Mental Health Services Costs | | | Mental Health Cost Per Day Calculations | | |
|--|------------------------------|---------------------|---------------------|---|-----------------|-----------------|
| | UTMB | TTUHSC | TOTAL | UTMB | TTUHSC | TOTAL |
| Population Served | 120,187 | 30,990 | 151,176 | | | |
| Revenue | | | | | | |
| Capitation Payments | \$18,620,457 | \$8,809,426 | \$27,429,883 | \$0.64 | \$1.17 | \$0.75 |
| State Reimbursement Benefits | \$3,912,420 | \$1,840,232 | \$5,752,652 | \$0.13 | \$0.25 | \$0.16 |
| Other Misc Revenue | \$0 | \$0 | \$0 | \$0.00 | \$0.00 | \$0.00 |
| Total Revenue | \$22,532,877 | \$10,649,658 | \$33,182,535 | \$0.77 | \$1.42 | \$0.91 |
| Expenses | | | | | | |
| Mental Health Services | | | | | | |
| Salaries | \$17,233,947 | \$7,795,348 | \$25,029,295 | \$0.59 | \$1.04 | \$0.68 |
| Benefits | \$4,227,339 | \$1,956,097 | \$6,183,436 | \$0.15 | \$0.26 | \$0.17 |
| Operating (M&O) | \$405,468 | \$123,519 | \$528,987 | \$0.01 | \$0.02 | \$0.01 |
| Professional Services | \$0 | \$448,482 | \$448,482 | \$0.00 | \$0.06 | \$0.01 |
| Contracted Units/Services | \$0 | \$0 | \$0 | \$0.00 | \$0.00 | \$0.00 |
| Travel | \$112,648 | \$19,843 | \$132,491 | \$0.00 | \$0.00 | \$0.00 |
| Electronic Medicine | \$0 | \$0 | \$0 | \$0.00 | \$0.00 | \$0.00 |
| Capital Expenditures | \$0 | \$0 | \$0 | \$0.00 | \$0.00 | \$0.00 |
| Subtotal Mental Health Expenses | \$21,979,402 | \$10,343,289 | \$32,322,691 | \$0.76 | \$1.38 | \$0.88 |
| Indirect Expenses | \$397,599 | \$528,566 | \$926,165 | \$0.01 | \$0.07 | \$0.03 |
| Total Expenses | \$22,377,001 | \$10,871,855 | \$33,248,856 | \$0.77 | \$1.45 | \$0.91 |
| Operating Income (Loss) | \$155,876 | (\$222,197) | (\$66,321) | \$0.01 | (\$0.03) | (\$0.00) |

All Health Care Summary

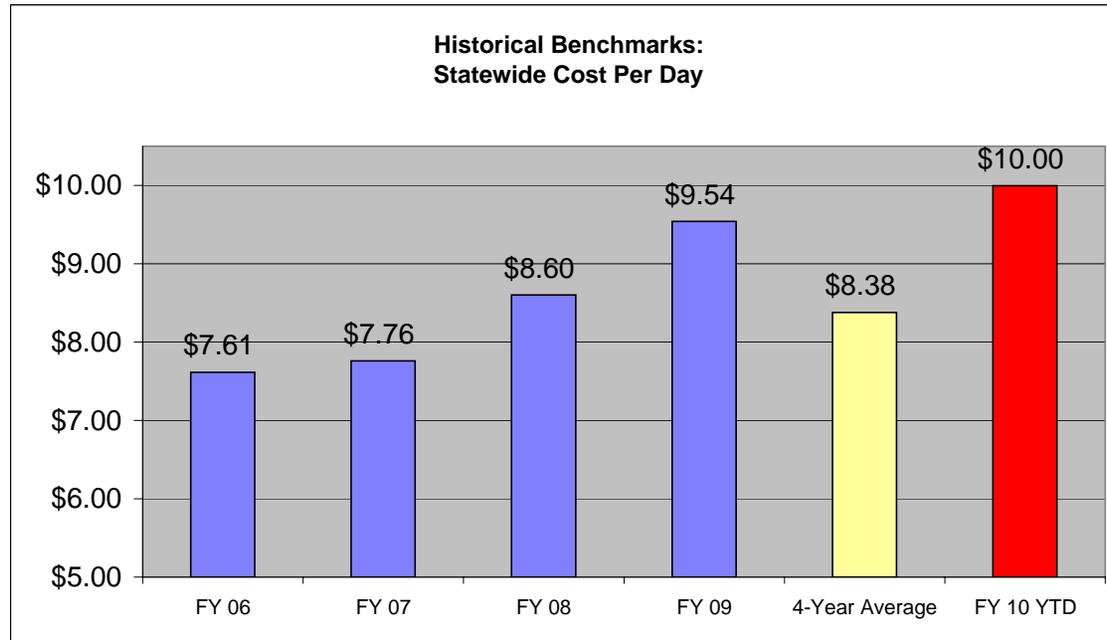
| | All Health Care Services | | | Cost Per Offender Per Day | | |
|--------------------------------|--------------------------|----------------------|-----------------------|---------------------------|-----------------|-----------------|
| | UTMB | TTUHSC | TOTAL | UTMB | TTUHSC | TOTAL |
| Medical Services | \$255,015,485 | \$60,236,214 | \$315,251,699 | \$8.77 | \$8.03 | \$8.62 |
| Mental Health Services | \$22,532,877 | \$10,649,658 | \$33,182,535 | \$0.77 | \$1.42 | \$0.91 |
| Total Revenue | \$277,548,362 | \$70,885,872 | \$348,434,234 | \$9.54 | \$9.45 | \$9.52 |
| Medical Services | \$270,206,279 | \$62,251,011 | \$332,457,290 | \$9.29 | \$8.30 | \$9.09 |
| Mental Health Services | \$22,377,001 | \$10,871,855 | \$33,248,856 | \$0.77 | \$1.45 | \$0.91 |
| Total Expenses | \$292,583,280 | \$73,122,866 | \$365,706,146 | \$10.06 | \$9.75 | \$10.00 |
| Operating Income (Loss) | (\$15,034,918) | (\$2,236,994) | (\$17,271,912) | (\$0.52) | (\$0.30) | (\$0.48) |

**Table 4
Comparison of Total Health Care Costs**

| | FY 06 | FY 07 | FY 08 | FY 09 | 4-Year Average | FY 10 YTD |
|-------------------|---------------|---------------|---------------|---------------|----------------|----------------|
| Population | | | | | | |
| UTMB | 119,835 | 120,235 | 120,648 | 119,952 | 120,167 | 120,187 |
| TTUHSC | 31,448 | 31,578 | 31,064 | 30,616 | 31,177 | 30,990 |
| Total | 151,283 | 151,813 | 151,712 | 150,568 | 151,344 | 151,176 |
| Expenses | | | | | | |
| UTMB | \$336,934,127 | \$342,859,796 | \$381,036,398 | \$423,338,812 | \$371,042,283 | \$292,583,280 |
| TTUHSC | \$83,467,550 | \$87,147,439 | \$96,482,145 | \$100,980,726 | \$92,019,465 | \$73,122,866 |
| Total | \$420,401,677 | \$430,007,235 | \$477,518,543 | \$524,319,538 | \$463,061,748 | \$365,706,146 |
| Cost/Day | | | | | | |
| UTMB | \$7.70 | \$7.81 | \$8.63 | \$9.67 | \$8.46 | \$10.06 |
| TTUHSC | \$7.27 | \$7.56 | \$8.49 | \$9.04 | \$8.09 | \$9.75 |
| Total | \$7.61 | \$7.76 | \$8.60 | \$9.54 | \$8.38 | \$10.00 |

* Expenses include all health care costs, including medical, mental health, and benefit costs.

NOTE: The calculation for FY 08 has been adjusted from some previous reports to correctly account for leap year



**Table 5
Ending Balances April 30, 2010**

| | Beginning Balance September 1, 2009 | Net Activity FY 2010 | Ending Balance April 30, 2010 |
|---------------------------------|--|-------------------------|----------------------------------|
| CMHCC Operating Funds | \$27,819.97 | \$67,175.05 | \$94,995.02 |
| CMHCC Medical Services | \$1,909.59 | \$4,154.97 | \$6,064.56 |
| CMHCC Mental Health | \$343.06 | \$603.86 | \$946.92 |
| Ending Balance All Funds | \$30,072.62 | \$71,933.88 | \$102,006.50 |

SUPPORTING DETAIL

| CMHCC Operating Account | |
|---|--------------------|
| Beginning Balance | \$27,819.97 |
| FY 2009 Funds Lapsed to State Treasury | (\$27,819.97) |
| Revenue Received | |
| 1st Qtr Payment | \$166,805.57 |
| 2nd Qtr Payment | \$164,972.85 |
| 3rd Qtr Payment | \$168,637.29 |
| Interest Earned | \$28.02 |
| Subtotal Revenue | \$500,443.73 |
| Expenses | |
| Salary & Benefits | (\$346,210.47) |
| Operating Expenses | (\$59,238.24) |
| Subtotal Expenses | (\$405,448.71) |
| Net Activity thru this Qtr | \$67,175.05 |
| Total Fund Balance CMHCC Operating | \$94,995.02 |

SUPPORTING DETAIL

| CMHCC Capitation Accounts | Medical Services | Mental Health |
|---|---------------------------|--------------------------|
| Beginning Balance | \$1,909.59 | \$343.06 |
| FY 2009 Funds Lapsed to State Treasury | (\$1,909.59) | (\$343.06) |
| Revenue Detail | | |
| 1st Qtr Payment from TDCJ | \$105,791,835.84 | \$10,314,542.59 |
| 2nd Qtr Payment from TDCJ | \$104,629,288.19 | \$10,201,195.96 |
| 3rd Qtr Payment from TDCJ | \$106,954,383.48 | \$10,427,890.23 |
| Interest Earned | \$6,064.05 | \$949.14 |
| Revenue Received | \$317,381,571.56 | \$30,944,577.92 |
| Payments to UTMB | | |
| 1st Qtr Payment to UTMB | (\$84,264,018.94) | (\$7,001,906.99) |
| 2nd Qtr Payment to UTMB | (\$83,338,040.71) | (\$6,924,962.96) |
| 3rd Qtr Payment to UTMB | (\$85,189,997.17) | (\$7,078,852.53) |
| Subtotal UTMB Payments | (\$252,792,056.82) | (\$21,005,722.48) |
| Payments to TTUHSC | | |
| 1st Qtr Payment to TTUHSC | (\$21,527,816.90) | (\$3,312,636.00) |
| 2nd Qtr Payment to TTUHSC | (\$21,291,247.28) | (\$3,276,234.05) |
| 3rd Qtr Payment to TTUHSC | (\$21,764,386.00) | (\$3,349,038.47) |
| Subtotal TTUHSC Payments | (\$64,583,450.18) | (\$9,937,908.52) |
| Total Payments Made thru this Qtr | (\$317,375,507.00) | (\$30,943,631.00) |
| Net Activity Through This Qtr | \$4,154.97 | \$603.86 |
| Total Fund Balance | \$6,064.56 | \$946.92 |