



Correctional Managed Health Care

Monthly Report

December 2009

September 2009 – December 2009

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 December, 2009. 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 December this fiscal year, the correctional health care program remained essentially stable in the overall offender population served by the program. The average daily population served through December of FY 2010 was 151,475. This average was slightly higher than the average through December FY 2009 of 150,830, an increase of 645 (0.4%). Even though the overall population was relatively stable, the number of offenders age 55 and over has continued to steadily increase.
- 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 December of FY 2010, the average number of older offenders in the service population was 11,595. Through this same month a year ago (FY 2009), the average number of offenders age 55 and over was 10,754. This represents an increase of 841 or about 7.8% 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 2,426 (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 1,922 through December of FY 2010, a slight decrease from 1,941 through December of FY 2009.
 - Through the month of December FY 2010, the average number of mental health outpatients was 20,007 representing 13.2% of the service population.

Health Care Costs

- Overall health costs through December of FY 2010 totaled \$186.2M.
 - UTMB's total revenue through the month was \$139.5M. Their expenditures totaled \$149.4M, resulting in a net loss of \$9.9M. On a per offender per day basis, UTMB earned \$9.49 in revenue and expended \$10.16 resulting in a loss of \$0.67 per offender per day.
 - TTUHSC's total revenue through the month was \$35.7M. Expenditures totaled \$36.8M, resulting in a net loss of \$1.1M. On a per offender per day basis, TTUHSC earned \$9.44 in revenue, but expended \$9.74 resulting in a loss of \$0.30 per offender per day.

- Examining the health care costs in further detail indicates that of the \$186.2M in expenses reported through December:
 - Onsite services (those medical services provided at the prison units) comprised \$87.3M representing about 46.9% of the total health care expenses:
 - Pharmacy services totaled \$18.9M representing approximately 10.1% of the total expenses:
 - Offsite services (services including hospitalization and specialty clinic care) accounted for \$59.7M or 32.1% of total expenses:
 - Mental health services totaled \$16.2M or 8.7% of the total costs:
 - Indirect support expenses accounted for \$4.1M and represented 2.2% of the total costs.

The total cost per offender per day for all health care services statewide through December of FY 2010 was \$10.08, an increase from \$8.58 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 (19.8%). As a point of reference healthcare costs was \$7.64 per day in FY03. This would equate to a 31.9% increase since FY03 or approximately 5.1% increase per year average, well below the national average.

- For UTMB, the cost per offender per day was \$10.16, 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 \$9.74, 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 fund balances for FY 2010 indicates that UTMB reports a total shortfall of \$9,914,239 through the month. TTUHSC reports a total shortfall of \$1,130,917 through this month.
- A summary analysis of the ending balances, revenue and payments through December for all CMHCC accounts is also included in this report. That summary indicates that the net balance on all accounts held by the CMHCC on December 31, 2009 was \$110,122.84. It should be noted that this balance is projected to decrease over the course of the fiscal year.
- The FY 2009 unencumbered ending fund balance, as of August 31, 2009, was \$30,072.62. The total amount of the FY 2009 fund balance was lapsed back to the State General Revenue Fund in November 2009, as required by Rider 67.

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. Due to the delay in receiving UTMB's financial reports, review and testing of the December financial information is currently in process and final results are not yet available. Upon completion of the review for December, the results will be reported in the January Financial Report.

The testing of detail transactions performed on TTUHSC's financial information for September through November, 2009, resulted in no discrepancies and found all tested transactions to be verified.

The testing of detail transactions performed on UTMB's financial information for September through November, 2009, resulted in two classification errors and found all tested transactions except one to be verified.

Concluding Notes

The combined *operating shortfall* for the university providers through December of FY 2010 is \$11,045,156. The university providers are continuing to monitor their expenditures closely, while seeking additional opportunities to reduce costs in order to minimize any 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	May-10	Jun-10	Jul-10	Aug-10	Population Year to Date Avg.
Avg. Population Served by CMHC:													
UTMB State-Operated Population	108,963	108,894	108,450	108,413									108,680
UTMB Private Prison Population*	11,852	11,811	11,796	11,783									11,811
UTMB Total Service Population	120,815	120,705	120,246	120,196	0	0	0	0	0	0			120,490
TTUHSC Total Service Population	30,958	30,887	31,042	31,051									30,985
CMHC Service Population Total	151,773	151,592	151,287	151,247	0	151,475							
Population Age 55 and Over													
UTMB Service Population Average	9,564	9,595	9,608	9,652									9,605
TTUHSC Service Population Average	1,978	1,984	1,993	2,007									1,991
CMHC Service Population Average	11,542	11,579	11,601	11,659	0	11,595							
HIV+ Population	2,445	2,430	2,414	2,414									2,426
Mental Health Inpatient Census													
UTMB Psychiatric Inpatient Average	1,028	1,023	1,000	978									1,007
TTUHSC Psychiatric Inpatient Average	915	899	915	923									913
CMHC Psychiatric Inpatient Average	1,943	1,922	1,915	1,901	0	1,920							
Mental Health Outpatient Census													
UTMB Psychiatric Outpatient Average	15,139	16,897	15,426	16,425									15,972
TTUHSC Psychiatric Outpatient Average	3,981	4,150	3,639	4,372									4,036
CMHC Psychiatric Outpatient Average	19,120	21,047	19,065	20,797	0	20,007							

Table 3
Summary Financial Report: Medical Costs
Fiscal Year 2010 - through December 31, 2009 (Sept 2009- Dec 2009)

Days in Year: 122

	Medical Services Costs			Medical Cost Per Day Calculations		
	UTMB	TTUHSC	TOTAL	UTMB	TTUHSC	TOTAL
Population Served	120,490	30,985	151,475			
Revenue						
Capitation Payments	\$112,969,344	\$28,861,470	\$141,830,814	\$7.69	\$7.64	\$7.67
State Reimbursement Benefits	\$14,952,260	\$1,471,572	\$16,423,832	\$1.02	\$0.39	\$0.89
Other Misc Revenue	\$143,235	\$592	\$143,827	\$0.01	\$0.00	\$0.01
Total Revenue	\$128,064,839	\$30,333,634	\$158,398,473	\$8.71	\$8.02	\$8.57
Expenses						
Onsite Services						
Salaries	\$51,611,696	\$4,435,463	\$56,047,159	\$3.51	\$1.17	\$3.03
Benefits	\$13,182,239	\$1,067,261	\$14,249,500	\$0.90	\$0.28	\$0.77
Operating (M&O)	\$6,986,178	\$462,832	\$7,449,010	\$0.48	\$0.12	\$0.40
Professional Services	\$0	\$1,140,594	\$1,140,594	\$0.00	\$0.30	\$0.06
Contracted Units/Services	\$0	\$7,629,152	\$7,629,152	\$0.00	\$2.02	\$0.41
Travel	\$361,871	\$44,479	\$406,350	\$0.02	\$0.01	\$0.02
Electronic Medicine	\$0	\$160,632	\$160,632	\$0.00	\$0.04	\$0.01
Capitalized Equipment	\$93,382	\$90,629	\$184,011	\$0.01	\$0.02	\$0.01
Subtotal Onsite Expenses	\$72,235,366	\$15,031,042	\$87,266,408	\$4.91	\$3.98	\$4.72
Pharmacy Services						
Salaries	\$1,891,917	\$609,663	\$2,501,580	\$0.13	\$0.16	\$0.14
Benefits	\$560,772	\$22,221	\$582,993	\$0.04	\$0.01	\$0.03
Operating (M&O)	\$451,608	\$209,268	\$660,876	\$0.03	\$0.06	\$0.04
Pharmaceutical Purchases	\$12,244,852	\$2,853,290	\$15,098,142	\$0.83	\$0.75	\$0.82
Professional Services	\$0	\$0	\$0	\$0.00	\$0.00	\$0.00
Travel	\$7,538	\$7,545	\$15,083	\$0.00	\$0.00	\$0.00
Subtotal Pharmacy Expenses	\$15,156,687	\$3,701,987	\$18,858,674	\$1.03	\$0.98	\$1.02
Offsite Services						
University Professional Services	\$5,818,852	\$308,892	\$6,127,744	\$0.40	\$0.08	\$0.33
Freeworld Provider Services	\$10,142,039	\$5,876,093	\$16,018,132	\$0.69	\$1.55	\$0.87
UTMB or TTUHSC Hospital Cost	\$27,416,437	\$4,550,805	\$31,967,242	\$1.87	\$1.20	\$1.73
Estimated IBNR	\$5,506,598	\$68,334	\$5,574,932	\$0.37	\$0.02	\$0.30
Subtotal Offsite Expenses	\$48,883,926	\$10,804,124	\$59,688,050	\$3.33	\$2.86	\$3.23
Indirect Expenses	\$1,953,521	\$1,784,236	\$3,737,757	\$0.13	\$0.47	\$0.20
Total Expenses	\$138,229,500	\$31,321,389	\$169,550,889	\$9.40	\$8.29	\$9.17
Operating Income (Loss)	(\$10,164,661)	(\$987,755)	(\$11,152,416)	(\$0.69)	(\$0.26)	(\$0.60)

Table 3 (Continued)
Summary Financial Report: Mental Health Costs
Fiscal Year 2010 through December 31, 2009 (Sept 2009- Dec 2009)

Days in Year: 122

	Mental Health Services Costs			Mental Health Cost Per Day Calculations		
	UTMB	TTUHSC	TOTAL	UTMB	TTUHSC	TOTAL
Population Served	120,490	30,985	151,475			
Revenue						
Capitation Payments	\$9,387,172	\$4,441,116	\$13,828,288	\$0.64	\$1.17	\$0.75
State Reimbursement Benefits	\$2,055,111	\$906,171	\$2,961,282	\$0.14	\$0.24	\$0.16
Other Misc Revenue	\$0	\$0	\$0	\$0.00	\$0.00	\$0.00
Total Revenue	\$11,442,283	\$5,347,287	\$16,789,570	\$0.78	\$1.41	\$0.91
Expenses						
Mental Health Services						
Salaries	\$8,667,712	\$3,931,267	\$12,598,979	\$0.59	\$1.04	\$0.68
Benefits	\$2,076,706	\$965,003	\$3,041,709	\$0.14	\$0.26	\$0.16
Operating (M&O)	\$207,780	\$66,002	\$273,782	\$0.01	\$0.02	\$0.01
Professional Services	\$0	\$248,609	\$248,609	\$0.00	\$0.07	\$0.01
Contracted Units/Services	\$0	\$0	\$0	\$0.00	\$0.00	\$0.00
Travel	\$67,501	\$13,101	\$80,602	\$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	\$11,019,699	\$5,223,982	\$16,243,681	\$0.75	\$1.38	\$0.88
Indirect Expenses	\$172,162	\$266,467	\$438,629	\$0.01	\$0.07	\$0.02
Total Expenses	\$11,191,861	\$5,490,449	\$16,682,310	\$0.76	\$1.45	\$0.90
Operating Income (Loss)	\$250,422	(\$143,162)	\$107,260	\$0.02	(\$0.04)	\$0.01

All Health Care Summary

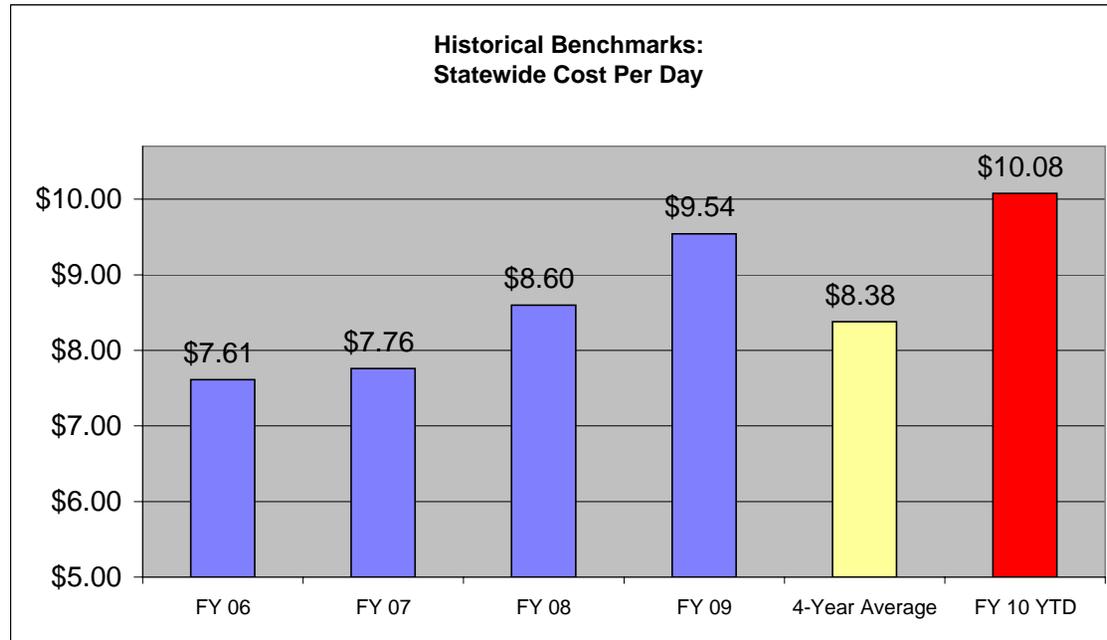
	All Health Care Services			Cost Per Offender Per Day		
	UTMB	TTUHSC	TOTAL	UTMB	TTUHSC	TOTAL
Medical Services	\$128,064,839	\$30,333,634	\$158,398,473	\$8.71	\$8.02	\$8.57
Mental Health Services	\$11,442,283	\$5,347,287	\$16,789,570	\$0.78	\$1.41	\$0.91
Total Revenue	\$139,507,122	\$35,680,921	\$175,188,043	\$9.49	\$9.44	\$9.48
Medical Services	\$138,229,500	\$31,321,389	\$169,550,889	\$9.40	\$8.29	\$9.17
Mental Health Services	\$11,191,861	\$5,490,449	\$16,682,310	\$0.76	\$1.45	\$0.90
Total Expenses	\$149,421,361	\$36,811,838	\$186,233,199	\$10.16	\$9.74	\$10.08
Operating Income (Loss)	(\$9,914,239)	(\$1,130,917)	(\$11,045,156)	(\$0.67)	(\$0.30)	(\$0.60)

**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	120,490
TTUHSC	31,448	31,578	31,064	30,616	31,177	30,985
Total	151,283	151,813	151,712	150,568	151,344	151,475
Expenses						
UTMB	\$336,934,127	\$342,859,796	\$381,036,398	\$423,338,812	\$371,042,283	\$149,421,361
TTUHSC	\$83,467,550	\$87,147,439	\$96,482,145	\$100,980,726	\$92,019,465	\$36,811,838
Total	\$420,401,677	\$430,007,235	\$477,518,543	\$524,319,538	\$463,061,748	\$186,233,199
Cost/Day						
UTMB	\$7.70	\$7.81	\$8.63	\$9.67	\$8.46	\$10.16
TTUHSC	\$7.27	\$7.56	\$8.49	\$9.04	\$8.09	\$9.74
Total	\$7.61	\$7.76	\$8.60	\$9.54	\$8.38	\$10.08

* 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 December 31, 2009**

	Beginning Balance September 1, 2009	Net Activity FY 2010	Ending Balance December 31, 2009
CMHCC Operating Funds	\$27,819.97	\$78,521.63	\$106,341.60
CMHCC Medical Services	\$1,909.59	\$1,361.22	\$3,270.81
CMHCC Mental Health	\$343.06	\$167.37	\$510.43
Ending Balance All Funds	\$30,072.62	\$80,050.22	\$110,122.84

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
Interest Earned	\$15.80
Subtotal Revenue	\$331,794.22
Expenses	
Salary & Benefits	(\$180,307.93)
Operating Expenses	(\$45,144.69)
Subtotal Expenses	(\$225,452.62)
Net Activity thru this Qtr	\$78,521.63
Total Fund Balance CMHCC Operating	\$106,341.60

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
Interest Earned	\$3,270.78	\$511.88
Revenue Received	\$210,424,394.81	\$20,516,250.43
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)
Subtotal UTMB Payments	(\$167,602,059.65)	(\$13,926,869.95)
Payments to TTUHSC		
1st Qtr Payment to TTUHSC	(\$21,527,816.90)	(\$3,312,636.00)
2nd Qtr Payment to TTUHSC	(\$21,291,247.45)	(\$3,276,234.05)
Subtotal TTUHSC Payments	(\$42,819,064.35)	(\$6,588,870.05)
Total Payments Made thru this Qtr	(\$210,421,124.00)	(\$20,515,740.00)
Net Activity Through This Qtr	\$1,361.22	\$167.37
Total Fund Balance	\$3,270.81	\$510.43