



# **Correctional Managed Health Care**

## **Monthly Report**

**January 2010**

**September 2009 – January 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 January, 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**

- Year-to-Date through January 2010 of 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 January of FY 2010 was 151,329. This average was slightly higher than the average through January FY 2009 of 150,746, an increase of 583 or (0.4%). Even though the overall population was slightly higher, 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. YTD through January 2010, the average number of older offenders in the service population was 11,613. Through this same month a year ago (FY 2009), the average number of offenders age 55 and over was 10,789. This represents an increase of 824 or about 7.6% 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 2,424 (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 1,916 through YTD January 2010, a slight decrease from 1,938 through YTD January 2009.
  - Through the month of January FY 2010, the average number of mental health outpatients was 19,906 representing 13.2% of the service population.

### **Health Care Costs**

- Overall health costs through YTD January 2010 totaled \$233.1M.
- UTMB's total revenue YTD through the month was \$174.9M. Their expenditures totaled \$186.7M, resulting in a net shortfall of \$11.8M. On a per offender per day basis, UTMB earned \$9.50 in revenue and expended \$10.14 resulting in a loss of \$0.64 per offender per day.
- TTUHSC's total revenue YTD through the month was \$44.8M. Expenditures totaled \$46.4M, resulting in a net shortfall of \$1.6M. On a per offender per day basis, TTUHSC earned \$9.45 in revenue, but expended \$9.78 resulting in a loss of \$0.33 per offender per day.

- Examining the health care costs in further detail indicates that of the \$233.1M in expenses reported through January:
  - Onsite services (those medical services provided at the prison units) comprised \$109.5M representing about 47.0% of the total health care expenses:
  - Pharmacy services totaled \$23.8M representing approximately 10.2% of the total expenses:
  - Offsite services (services including hospitalization and specialty clinic care) accounted for \$74.2M or 31.8% of total expenses:
  - Mental health services totaled \$20.4M or 8.8% of the total costs:
  - Indirect support expenses accounted for \$5.2M and represented 2.2% of the total costs.

The total cost per offender per day for all health care services statewide YTD through January 2010 was \$10.07, an increase (15.2%) from \$8.74 for YTD January 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 (20.2%). As a point of reference healthcare costs was \$7.64 per day in FY03. This would equate to a 31.8% increase since FY03 or approximately 5.0% increase per year average, well below the national average.

- For UTMB, the cost per offender per day was \$10.14, 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 \$9.78, 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 \$11,846,367 YTD through the month. TTUHSC reports a total shortfall of \$1,586,470 YTD through this month.
- A summary analysis of the ending balances, revenue and payments through January 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 January 31, 2010 was \$60,005.42. It should be noted that this balance is projected to decrease over the course of the Fiscal Year.

### ***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 and TTUHSC's financial reports, review and testing of the January financial information is currently in process and final results are not yet available. Upon completion of the review for January, the results will be reported in the February Financial Report.

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

## **Concluding Notes**

The combined *net shortfall* for the university providers YTD through January of FY 2010 is \$13,432,837. The university providers are continuing to monitor their expenditures closely, while seeking additional opportunities to reduce costs wherever possible.

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Table 1  
**Correctional Managed Health Care**  
**FY 2010 Budget Allocations**

<u><b>Distribution of Funds</b></u>	
<u>Allocated to</u>	<u>FY 2010</u>
<b>University Providers</b>	
<b>The University of Texas Medical Branch</b>	
Medical Services	\$337,982,054
Mental Health Services	\$28,084,575
Subtotal UTMB	\$366,066,629
<b>Texas Tech University Health Sciences Center</b>	
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><b>Source of Funds</b></u>	
<u>Source</u>	<u>FY 2010</u>
<b>Legislative Appropriations</b>	
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-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Population Year to Date Avg.
Avg. Population Served by CMHC:													
UTMB State-Operated Population	108,963	108,894	108,450	108,413	108,068								108,558
UTMB Private Prison Population*	11,852	11,811	11,796	11,783	11,731								11,795
UTMB Total Service Population	120,815	120,705	120,246	120,196	119,799	0	0	0	0	0			120,352
TTUHSC Total Service Population	30,958	30,887	31,042	31,051	30,945								30,977
<b>CMHC Service Population Total</b>	<b>151,773</b>	<b>151,592</b>	<b>151,287</b>	<b>151,247</b>	<b>150,744</b>	<b>0</b>	<b>151,329</b>						
Population Age 55 and Over													
UTMB Service Population Average	9,564	9,595	9,608	9,652	9,654								9,615
TTUHSC Service Population Average	1,978	1,984	1,993	2,007	2,029								1,998
<b>CMHC Service Population Average</b>	<b>11,542</b>	<b>11,579</b>	<b>11,601</b>	<b>11,659</b>	<b>11,683</b>	<b>0</b>	<b>11,613</b>						
<b>HIV+ Population</b>	<b>2,445</b>	<b>2,430</b>	<b>2,414</b>	<b>2,414</b>	<b>2,419</b>								<b>2,424</b>
Mental Health Inpatient Census													
UTMB Psychiatric Inpatient Average	1,028	1,023	1,000	978	987								1,003
TTUHSC Psychiatric Inpatient Average	915	899	915	923	911								913
<b>CMHC Psychiatric Inpatient Average</b>	<b>1,943</b>	<b>1,922</b>	<b>1,915</b>	<b>1,901</b>	<b>1,898</b>	<b>0</b>	<b>1,916</b>						
Mental Health Outpatient Census													
UTMB Psychiatric Outpatient Average	15,139	16,897	15,426	16,425	15,711								15,920
TTUHSC Psychiatric Outpatient Average	3,981	4,150	3,639	4,372	3,788								3,986
<b>CMHC Psychiatric Outpatient Average</b>	<b>19,120</b>	<b>21,047</b>	<b>19,065</b>	<b>20,797</b>	<b>19,499</b>	<b>0</b>	<b>19,906</b>						

**Table 3**  
**Summary Financial Report: Medical Costs**  
**Fiscal Year 2010 - through January 31, 2010 (Sept 2009- Jan 2010)**

Days in Year: 153

	Medical Services Costs			Medical Cost Per Day Calculations		
	UTMB	TTUHSC	TOTAL	UTMB	TTUHSC	TOTAL
<b>Population Served</b>	<b>120,352</b>	<b>30,977</b>	<b>151,329</b>			
<b>Revenue</b>						
Capitation Payments	\$141,674,669	\$36,195,121	\$177,869,790	\$7.69	\$7.64	\$7.68
State Reimbursement Benefits	\$18,598,717	\$1,860,350	\$20,459,067	\$1.01	\$0.39	\$0.88
Other Misc Revenue	\$297,616	\$781	\$298,397	\$0.02	\$0.00	\$0.01
<b>Total Revenue</b>	<b>\$160,571,002</b>	<b>\$38,056,252</b>	<b>\$198,627,254</b>	<b>\$8.72</b>	<b>\$8.03</b>	<b>\$8.58</b>
<b>Expenses</b>						
<b>Onsite Services</b>						
Salaries	\$64,864,886	\$5,554,271	\$70,419,157	\$3.52	\$1.17	\$3.04
Benefits	\$16,693,142	\$1,347,544	\$18,040,686	\$0.91	\$0.28	\$0.78
Operating (M&O)	\$8,630,998	\$581,020	\$9,212,018	\$0.47	\$0.12	\$0.40
Professional Services	\$0	\$1,393,058	\$1,393,058	\$0.00	\$0.29	\$0.06
Contracted Units/Services	\$0	\$9,567,753	\$9,567,753	\$0.00	\$2.02	\$0.41
Travel	\$456,618	\$58,089	\$514,707	\$0.02	\$0.01	\$0.02
Electronic Medicine	\$0	\$173,277	\$173,277	\$0.00	\$0.04	\$0.01
Capitalized Equipment	\$98,873	\$90,630	\$189,503	\$0.01	\$0.02	\$0.01
<b>Subtotal Onsite Expenses</b>	<b>\$90,744,517</b>	<b>\$18,765,642</b>	<b>\$109,510,159</b>	<b>\$4.93</b>	<b>\$3.96</b>	<b>\$4.73</b>
<b>Pharmacy Services</b>						
Salaries	\$2,394,689	\$754,338	\$3,149,027	\$0.13	\$0.16	\$0.14
Benefits	\$718,453	\$27,772	\$746,225	\$0.04	\$0.01	\$0.03
Operating (M&O)	\$540,674	\$258,993	\$799,667	\$0.03	\$0.05	\$0.03
Pharmaceutical Purchases	\$15,421,155	\$3,621,543	\$19,042,698	\$0.84	\$0.76	\$0.82
Professional Services	\$0	\$0	\$0	\$0.00	\$0.00	\$0.00
Travel	\$12,354	\$8,396	\$20,750	\$0.00	\$0.00	\$0.00
<b>Subtotal Pharmacy Expenses</b>	<b>\$19,087,325</b>	<b>\$4,671,042</b>	<b>\$23,758,367</b>	<b>\$1.04</b>	<b>\$0.99</b>	<b>\$1.03</b>
<b>Offsite Services</b>						
University Professional Services	\$7,425,378	\$385,005	\$7,810,383	\$0.40	\$0.08	\$0.34
Freeworld Provider Services	\$14,037,795	\$7,164,039	\$21,201,834	\$0.76	\$1.51	\$0.92
UTMB** or TTUHSC Hospital Cost	\$33,774,355	\$5,737,444	\$39,511,799	\$1.83	\$1.21	\$1.71
Estimated IBNR	\$5,010,843	\$497,265	\$5,508,108	\$0.27	\$0.10	\$0.24
<b>Subtotal Offsite Expenses</b>	<b>\$60,248,371</b>	<b>\$13,783,753</b>	<b>\$74,032,124</b>	<b>\$3.27</b>	<b>\$2.91</b>	<b>\$3.20</b>
<b>Indirect Expenses</b>	<b>\$2,591,505</b>	<b>\$2,237,665</b>	<b>\$4,829,170</b>	<b>\$0.14</b>	<b>\$0.47</b>	<b>\$0.21</b>
<b>Total Expenses</b>	<b>\$172,671,718</b>	<b>\$39,458,102</b>	<b>\$212,129,820</b>	<b>\$9.38</b>	<b>\$8.33</b>	<b>\$9.16</b>
<b>Operating Income (Loss)</b>	<b>(\$12,100,716)</b>	<b>(\$1,401,850)</b>	<b>(\$13,502,566)</b>	<b>(\$0.66)</b>	<b>(\$0.30)</b>	<b>(\$0.58)</b>

\*\* UTMB Hospital Services Costs are estimated

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

Days in Year: 153

	Mental Health Services Costs			Mental Health Cost Per Day Calculations		
	UTMB	TTUHSC	TOTAL	UTMB	TTUHSC	TOTAL
<b>Population Served</b>	<b>120,352</b>	<b>30,977</b>	<b>151,329</b>			
<b>Revenue</b>						
Capitation Payments	\$11,772,437	\$5,569,596	\$17,342,033	\$0.64	\$1.18	\$0.75
State Reimbursement Benefits	\$2,559,694	\$1,145,984	\$3,705,678	\$0.14	\$0.24	\$0.16
Other Misc Revenue	\$0	\$0	\$0	\$0.00	\$0.00	\$0.00
<b>Total Revenue</b>	<b>\$14,332,131</b>	<b>\$6,715,580</b>	<b>\$21,047,711</b>	<b>\$0.78</b>	<b>\$1.42</b>	<b>\$0.91</b>
<b>Expenses</b>						
<b>Mental Health Services</b>						
Salaries	\$10,868,567	\$4,926,680	\$15,795,247	\$0.59	\$1.04	\$0.68
Benefits	\$2,639,053	\$1,217,038	\$3,856,091	\$0.14	\$0.26	\$0.17
Operating (M&O)	\$257,089	\$83,231	\$340,320	\$0.01	\$0.02	\$0.01
Professional Services	\$0	\$324,209	\$324,209	\$0.00	\$0.07	\$0.01
Contracted Units/Services	\$0	\$0	\$0	\$0.00	\$0.00	\$0.00
Travel	\$84,690	\$14,866	\$99,556	\$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
<b>Subtotal Mental Health Expenses</b>	<b>\$13,849,399</b>	<b>\$6,566,024</b>	<b>\$20,415,423</b>	<b>\$0.75</b>	<b>\$1.39</b>	<b>\$0.88</b>
<b>Indirect Expenses</b>	<b>\$228,383</b>	<b>\$334,176</b>	<b>\$562,559</b>	<b>\$0.01</b>	<b>\$0.07</b>	<b>\$0.02</b>
<b>Total Expenses</b>	<b>\$14,077,782</b>	<b>\$6,900,200</b>	<b>\$20,977,982</b>	<b>\$0.76</b>	<b>\$1.46</b>	<b>\$0.91</b>
<b>Operating Income (Loss)</b>	<b>\$254,349</b>	<b>(\$184,620)</b>	<b>\$69,729</b>	<b>\$0.01</b>	<b>(\$0.04)</b>	<b>\$0.00</b>

**All Health Care Summary**

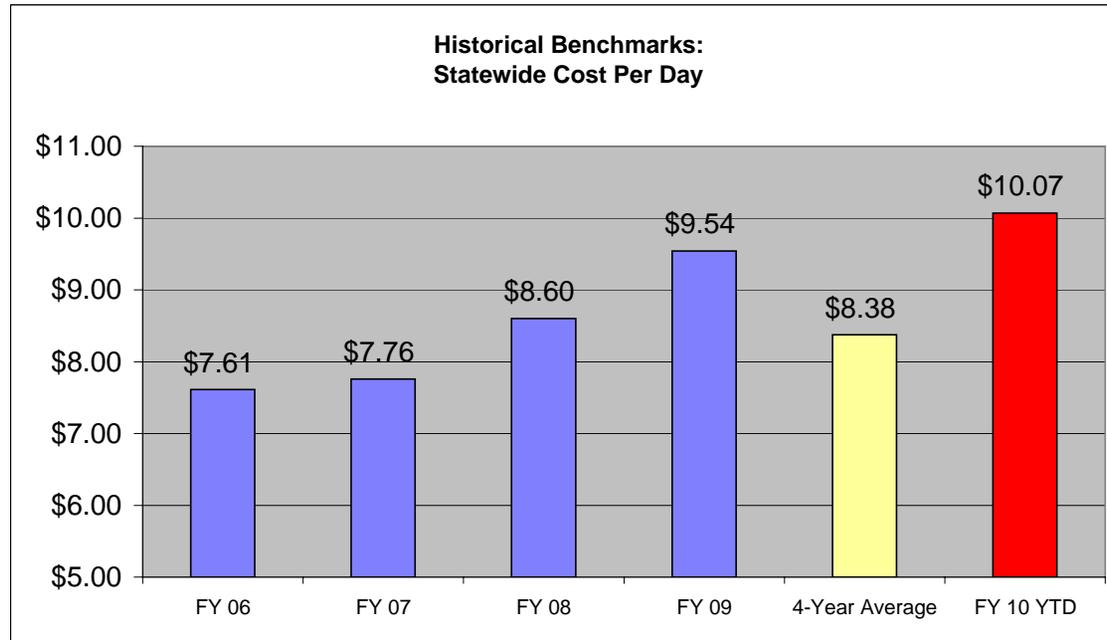
	All Health Care Services			Cost Per Offender Per Day		
	UTMB	TTUHSC	TOTAL	UTMB	TTUHSC	TOTAL
Medical Services	\$160,571,002	\$38,056,252	\$198,627,254	\$8.72	\$8.03	\$8.58
Mental Health Services	\$14,332,131	\$6,715,580	\$21,047,711	\$0.78	\$1.42	\$0.91
<b>Total Revenue</b>	<b>\$174,903,133</b>	<b>\$44,771,832</b>	<b>\$219,674,965</b>	<b>\$9.50</b>	<b>\$9.45</b>	<b>\$9.49</b>
Medical Services	\$172,671,718	\$39,458,102	\$212,129,820	\$9.38	\$8.33	\$9.16
Mental Health Services	\$14,077,782	\$6,900,200	\$20,977,982	\$0.76	\$1.46	\$0.91
<b>Total Expenses</b>	<b>\$186,749,500</b>	<b>\$46,358,302</b>	<b>\$233,107,802</b>	<b>\$10.14</b>	<b>\$9.78</b>	<b>\$10.07</b>
<b>Operating Income (Loss)</b>	<b>(\$11,846,367)</b>	<b>(\$1,586,470)</b>	<b>(\$13,432,837)</b>	<b>(\$0.64)</b>	<b>(\$0.33)</b>	<b>(\$0.58)</b>

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

	FY 06	FY 07	FY 08	FY 09	4-Year Average	FY 10 YTD
<b>Population</b>						
UTMB	119,835	120,235	120,648	119,952	120,167	120,352
TTUHSC	31,448	31,578	31,064	30,616	31,177	30,977
Total	151,283	151,813	151,712	150,568	151,344	151,329
<b>Expenses</b>						
UTMB	\$336,934,127	\$342,859,796	\$381,036,398	\$423,338,812	\$371,042,283	\$186,749,500
TTUHSC	\$83,467,550	\$87,147,439	\$96,482,145	\$100,980,726	\$92,019,465	\$46,358,302
Total	\$420,401,677	\$430,007,235	\$477,518,543	\$524,319,538	\$463,061,748	\$233,107,802
<b>Cost/Day</b>						
UTMB	\$7.70	\$7.81	\$8.63	\$9.67	\$8.46	\$10.14
TTUHSC	\$7.27	\$7.56	\$8.49	\$9.04	\$8.09	\$9.78
<b>Total</b>	<b>\$7.61</b>	<b>\$7.76</b>	<b>\$8.60</b>	<b>\$9.54</b>	<b>\$8.38</b>	<b>\$10.07</b>

\* 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 January 31, 2010**

	Beginning Balance September 1, 2009	Net Activity FY 2010	Ending Balance January 31, 2010
CMHCC Operating Funds	\$27,819.97	\$28,404.14	\$56,224.11
CMHCC Medical Services	\$1,909.59	\$1,361.22	\$3,270.81
CMHCC Mental Health	\$343.06	\$167.44	\$510.50
<b>Ending Balance All Funds</b>	<b>\$30,072.62</b>	<b>\$29,932.80</b>	<b>\$60,005.42</b>

**SUPPORTING DETAIL**

<b>CMHCC Operating Account</b>	
Beginning Balance	\$27,819.97
<b>FY 2009 Funds Lapsed to State Treasury</b>	<b>(\$27,819.97)</b>
<b>Revenue Received</b>	
1st Qtr Payment	\$166,805.57
2nd Qtr Payment	\$164,972.85
Interest Earned	\$15.80
Subtotal Revenue	\$331,794.22
<b>Expenses</b>	
Salary & Benefits	(\$226,648.09)
Operating Expenses	(\$48,922.02)
Subtotal Expenses	<b>(\$275,570.11)</b>
<b>Net Activity thru this Qtr</b>	<b>\$28,404.14</b>
<b>Total Fund Balance CMHCC Operating</b>	<b>\$56,224.11</b>

**SUPPORTING DETAIL**

<b>CMHCC Capitation Accounts</b>	<b>Medical Services</b>	<b>Mental Health</b>
Beginning Balance	\$1,909.59	\$343.06
<b>FY 2009 Funds Lapsed to State Treasury</b>	<b>(\$1,909.59)</b>	<b>(\$343.06)</b>
<b>Revenue Detail</b>		
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	\$511.95
Revenue Received	<b>\$210,424,394.81</b>	<b>\$20,516,250.50</b>
<b>Payments to UTMB</b>		
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	<b>(\$167,602,059.65)</b>	<b>(\$13,926,869.95)</b>
<b>Payments to TTUHSC</b>		
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	<b>(\$42,819,064.35)</b>	<b>(\$6,588,870.05)</b>
<b>Total Payments Made thru this Qtr</b>	<b>(\$210,421,124.00)</b>	<b>(\$20,515,740.00)</b>
<b>Net Activity Through This Qtr</b>	<b>\$1,361.22</b>	<b>\$167.44</b>
<b>Total Fund Balance</b>	<b>\$3,270.81</b>	<b>\$510.50</b>