



Correctional Managed Health Care

Monthly Report

September 2009

September 2009 – September 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 September, 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. \$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 September 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 September of FY 2010 was 151,773. This average was slightly higher than the average through September FY 2009 of 151,563, an increase of 210 (0.14%). 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 September of FY 2010, the average number of older offenders in the service population was 11,542. Through this same month a year ago (FY 2009), the average number of offenders age 55 and over was 10,665. This represents an increase of 877 or about 8.2% 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 2,445 (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 1,943 through September of FY 2010, a 540 decrease from 2,483 through September of FY 2009.
 - Through the month of September FY 2010, the average number of mental health outpatients was 19,120 representing 12.6% of the service population.

Health Care Costs

- Overall health costs through September of FY 2010 totaled \$45.5M.
 - UTMB's total revenue through the month was \$34.2M. Their expenditures totaled \$36.3M, resulting in a net loss of \$2.1M. On a per offender per day basis, UTMB earned \$9.43 in revenue and expended \$10.03 resulting in a loss of \$0.60 per offender per day.
 - TTUHSC's total revenue through the month was \$8.8M. Expenditures totaled \$9.1M, resulting in a net loss of \$360K. On a per offender per day basis, TTUHSC earned \$9.44 in revenue, but expended \$9.83 resulting in a loss of \$0.39 per offender per day.

- Examining the health care costs in further detail indicates that of the \$45.5M in expenses reported through September:
 - Onsite services (those medical services provided at the prison units) comprised \$21.4M representing about 47.7% of the total health care expenses:
 - Pharmacy services totaled \$4.4M representing approximately 9.6% of the total expenses:
 - Offsite services (services including hospitalization and specialty clinic care) accounted for \$14.8M or 32.6% of total expenses:
 - Mental health services totaled \$4.0M or 8.7% of the total costs:
 - Indirect support expenses accounted for \$0.9M and represented 1.4% of the total costs.

The total cost per offender per day for all health care services statewide through September of FY 2010 was \$9.99, an increase (17.1%) from \$8.53 for September 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 (19.2%).

- For UTMB, the cost per offender per day was \$10.03, 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 \$9.83, 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 \$2,142,370 through the month. TTUHSC reports a total shortfall of \$359,847 through this month.
- A summary analysis of the ending balances, revenue and payments through September FY 2010 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 September 30, 2009 was \$115,503.24. This ending fund balance amount still included the FY 2009 ending fund balance, as of August 31, 2009, of \$30,072.62. The total amount of the FY 2009 ending fund balance was lapsed back to the State General Revenue Fund 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 a delay in receiving UTMB's financial reports, review and testing of the September financial information is currently in process and final results are not yet available. UTMB reported that this delay resulted from end of year close out processes. Upon completion of September's review, the results will be reported in the 1st Quarter Financial Report. The results of the detail transaction testing performed on TTUHSC's financial information for the month of September 2009 found all tested transactions to be verified.

Concluding Notes

- The combined *operating shortfall* for the university providers through September of FY 2010 is \$2,502,217. The university providers are continuing to monitor their expenditures closely, while seeking additional opportunities to reduce costs in order to minimize any future operating losses. At this point in time, there is insufficient data to project end of year losses or gains.

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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												108,963
UTMB Private Prison Population*	11,852												11,852
UTMB Total Service Population	120,815	0	0	0	0	0	0	0	0	0	0	0	120,815
TTUHSC Total Service Population	30,958												30,958
CMHC Service Population Total	151,773	0	151,773										
Population Age 55 and Over													
UTMB Service Population Average	9,564												9,564
TTUHSC Service Population Average	1,978												1,978
CMHC Service Population Average	11,542	0	11,542										
HIV+ Population	2,445												2,445
Mental Health Inpatient Census													
UTMB Psychiatric Inpatient Average	1,028												1,028
TTUHSC Psychiatric Inpatient Average	915												915
CMHC Psychiatric Inpatient Average	1,943	0	1,943										
Mental Health Outpatient Census													
UTMB Psychiatric Outpatient Average	15,139												15,139
TTUHSC Psychiatric Outpatient Average	3,981												3,981
CMHC Psychiatric Outpatient Average	19,120	0	19,120										

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

Days in Year: 30

	Medical Services Costs			Medical Cost Per Day Calculations		
	UTMB	TTUHSC	TOTAL	UTMB	TTUHSC	TOTAL
Population Served	120,815	30,958	151,773			
Revenue						
Capitation Payments	\$27,779,347	\$7,097,083	\$34,876,430	\$7.66	\$7.64	\$7.66
State Reimbursement Benefits	\$3,572,328	\$356,000	\$3,928,328	\$0.99	\$0.38	\$0.86
Other Misc Revenue	\$31,002	\$194	\$31,196	\$0.01	\$0.00	\$0.01
Total Revenue	\$31,382,677	\$7,453,277	\$38,835,954	\$8.66	\$8.03	\$8.53
Expenses						
Onsite Services						
Salaries	\$12,640,505	\$1,101,789	\$13,742,294	\$3.49	\$1.19	\$3.02
Benefits	\$3,262,192	\$274,602	\$3,536,794	\$0.90	\$0.30	\$0.78
Operating (M&O)	\$1,537,997	\$128,799	\$1,666,796	\$0.42	\$0.14	\$0.37
Professional Services	\$0	\$232,926	\$232,926	\$0.00	\$0.25	\$0.05
Contracted Units/Services	\$0	\$1,876,109	\$1,876,109	\$0.00	\$2.02	\$0.41
Travel	\$83,486	\$7,265	\$90,751	\$0.02	\$0.01	\$0.02
Electronic Medicine	\$0	\$87,885	\$87,885	\$0.00	\$0.09	\$0.02
Capitalized Equipment	\$56,127	\$139,711	\$195,838	\$0.02	\$0.15	\$0.04
Subtotal Onsite Expenses	\$17,580,307	\$3,849,086	\$21,429,393	\$4.85	\$4.14	\$4.71
Pharmacy Services						
Salaries	\$441,253	\$137,897	\$579,150	\$0.12	\$0.15	\$0.13
Benefits	\$142,758	\$5,586	\$148,344	\$0.04	\$0.01	\$0.03
Operating (M&O)	\$103,232	\$59,580	\$162,812	\$0.03	\$0.06	\$0.04
Pharmaceutical Purchases	\$2,796,722	\$659,166	\$3,455,888	\$0.77	\$0.71	\$0.76
Professional Services	\$0	\$0	\$0	\$0.00	\$0.00	\$0.00
Travel	\$1,261	\$2,709	\$3,970	\$0.00	\$0.00	\$0.00
Subtotal Pharmacy Expenses	\$3,485,226	\$864,938	\$4,350,164	\$0.96	\$0.93	\$0.96
Offsite Services						
University Professional Services	\$1,465,445	\$74,865	\$1,540,310	\$0.40	\$0.08	\$0.34
Freeworld Provider Services	\$330,498	\$1,510,073	\$1,840,571	\$0.09	\$1.63	\$0.40
UTMB or TTUHSC Hospital Cost	\$6,743,234	\$1,169,141	\$7,912,375	\$1.86	\$1.26	\$1.74
Estimated IBNR	\$3,669,502	(\$124,757)	\$3,544,745	\$1.01	(\$0.13)	\$0.78
Subtotal Offsite Expenses	\$12,208,679	\$2,629,322	\$14,838,001	\$3.37	\$2.83	\$3.26
Indirect Expenses	\$351,084	\$433,463	\$784,547	\$0.10	\$0.47	\$0.17
Total Expenses	\$33,625,296	\$7,776,809	\$41,402,105	\$9.28	\$8.37	\$9.09
Operating Income (Loss)	(\$2,242,619)	(\$323,532)	(\$2,566,151)	(\$0.62)	(\$0.35)	(\$0.56)

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

Days in Year: 30

	Mental Health Services Costs			Mental Health Cost Per Day Calculations		
	UTMB	TTUHSC	TOTAL	UTMB	TTUHSC	TOTAL
Population Served	120,815	30,958	151,773			
Revenue						
Capitation Payments	\$2,308,321	\$1,092,078	\$3,400,399	\$0.64	\$1.18	\$0.75
State Reimbursement Benefits	\$504,583	\$226,000	\$730,583	\$0.14	\$0.24	\$0.16
Other Misc Revenue	\$0	\$0	\$0	\$0.00	\$0.00	\$0.00
Total Revenue	\$2,812,904	\$1,318,078	\$4,130,982	\$0.78	\$1.42	\$0.91
Expenses						
Mental Health Services						
Salaries	\$2,133,173	\$959,579	\$3,092,752	\$0.59	\$1.03	\$0.68
Benefits	\$503,468	\$248,996	\$752,464	\$0.14	\$0.27	\$0.17
Operating (M&O)	\$31,808	\$8,822	\$40,630	\$0.01	\$0.01	\$0.01
Professional Services	\$0	\$68,554	\$68,554	\$0.00	\$0.07	\$0.02
Contracted Units/Services	\$0	\$0	\$0	\$0.00	\$0.00	\$0.00
Travel	\$13,263	\$2,917	\$16,180	\$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	\$2,681,712	\$1,288,868	\$3,970,580	\$0.74	\$1.39	\$0.87
Indirect Expenses	\$30,943	\$65,525	\$96,468	\$0.01	\$0.07	\$0.02
Total Expenses	\$2,712,655	\$1,354,393	\$4,067,048	\$0.75	\$1.46	\$0.89
Operating Income (Loss)	\$100,249	(\$36,315)	\$63,934	\$0.03	(\$0.04)	\$0.01

All Health Care Summary

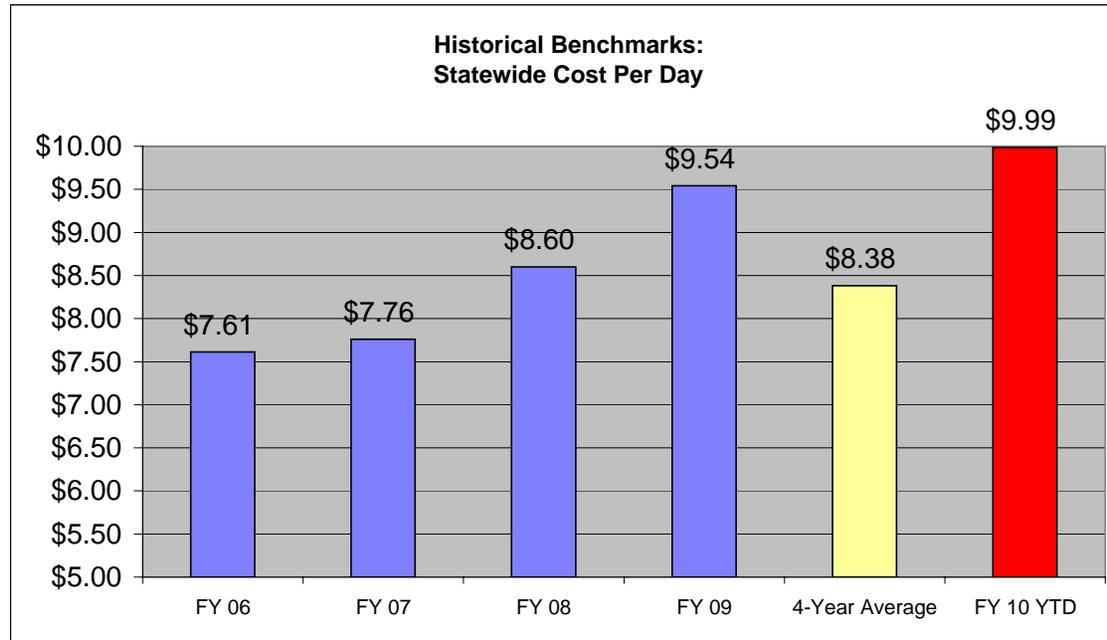
	All Health Care Services			Cost Per Offender Per Day		
	UTMB	TTUHSC	TOTAL	UTMB	TTUHSC	TOTAL
Medical Services	\$31,382,677	\$7,453,277	\$38,835,954	\$8.66	\$8.03	\$8.53
Mental Health Services	\$2,812,904	\$1,318,078	\$4,130,982	\$0.78	\$1.42	\$0.91
Total Revenue	\$34,195,581	\$8,771,355	\$42,966,936	\$9.43	\$9.44	\$9.44
Medical Services	\$33,625,296	\$7,776,809	\$41,402,105	\$9.28	\$8.37	\$9.09
Mental Health Services	\$2,712,655	\$1,354,393	\$4,067,048	\$0.75	\$1.46	\$0.89
Total Expenses	\$36,337,951	\$9,131,202	\$45,469,153	\$10.03	\$9.83	\$9.99
Operating Income (Loss)	(\$2,142,370)	(\$359,847)	(\$2,502,217)	(\$0.60)	(\$0.39)	(\$0.55)

**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	120,815
TTUHSC	31,448	31,578	31,064	30,616	31,177	30,958
Total	151,283	151,813	151,712	150,568	151,344	151,773
Expenses						
UTMB	\$336,934,127	\$342,859,796	\$381,036,398	\$423,338,812	\$371,042,283	\$36,337,951
TTUHSC	\$83,467,550	\$87,147,439	\$96,482,145	\$100,980,726	\$92,019,465	\$9,131,202
Total	\$420,401,677	\$430,007,235	\$477,518,543	\$524,319,538	\$463,061,748	\$45,469,153
Cost/Day						
UTMB	\$7.70	\$7.81	\$8.63	\$9.67	\$8.46	\$10.03
TTUHSC	\$7.27	\$7.56	\$8.49	\$9.04	\$8.09	\$9.83
Total	\$7.61	\$7.76	\$8.60	\$9.54	\$8.38	\$9.99

* 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 September 30, 2009**

	Beginning Balance September 1, 2009	Net Activity FY 2010	Ending Balance September 30, 2009
CMHCC Operating Funds	\$27,819.97	\$115,503.74	\$143,323.71
CMHCC Medical Services	\$1,909.59	(\$0.16)	\$1,909.43
CMHCC Mental Health	\$343.06	(\$0.34)	\$342.72
Ending Balance All Funds	\$30,072.62	\$115,503.24	\$145,575.86
Funds Lapsed to State General Revenue Fund, 10/31	(\$30,072.62)		(\$30,072.62)
Funds After Lapse	\$0.00	\$115,503.24	\$115,503.24

SUPPORTING DETAIL

CMHCC Operating Account	
Beginning Balance	\$27,819.97
Revenue Received	
1st Qtr 2010 Payment	\$166,805.57
Interest Earned	\$4.80
Subtotal Revenue	\$166,810.37
Expenses	
Salary & Benefits	(\$45,020.94)
Operating Expenses	(\$6,285.69)
Subtotal Expenses	(\$51,306.63)
Net Activity thru this Qtr	\$115,503.74
Balance CMHCC Operating	\$143,323.71

SUPPORTING DETAIL

CMHCC Capitation Accounts	Medical Services	Mental Health
Beginning Balance	\$1,909.59	\$343.06
Revenue Detail		
1st Qtr FY 2010 from TDCJ	\$105,791,835.84	\$10,314,542.59
Interest Earned	\$0.00	\$0.07
Revenue Received	\$105,791,835.84	\$10,314,542.66
Payments to UTMB		
1st Qtr FY 2010 Payment	(\$84,264,019.00)	(\$7,001,907.00)
Subtotal UTMB Payments	(\$84,264,019.00)	(\$7,001,907.00)
Payments to TTUHSC		
1st Qtr FY 2010 Payment	(\$21,527,817.00)	(\$3,312,636.00)
Subtotal TTUHSC Payments	(\$21,527,817.00)	(\$3,312,636.00)
Total Payments Made Through This Qtr	(\$105,791,836.00)	(\$10,314,543.00)
Net Activity Through This Qtr	(\$0.16)	(\$0.34)
Unencumbered Fund Balance	\$1,909.43	\$342.72