



# **Correctional Managed Health Care**

## **Quarterly Report FY 2011 Fourth Quarter**

**September 2010 – August 2011**

## **Summary**

This report is submitted in accordance with Rider 41; page V-21, Senate Bill 1, 81<sup>st</sup> Legislature, and Regular Session 2009. The report summarizes activity through the fourth quarter of FY 2011. Following this summary are individual data tables and charts supporting this report.

### ***Background***

During Fiscal Year 2011, approximately \$463.5 million within the TDCJ appropriation has been allocated for funding correctional health care services. This funding included:

- \$422.1M 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, \$462.8M (99.9%) was allocated for health care services provided by UTMB and TTUHSC. An amount \$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 the fourth quarter of this fiscal year, the correctional health care program has slightly increased in the overall offender population served. The average daily population served through the fourth quarter of FY 2011 was 152,836. Through this same quarter a year ago (FY 2010), the average daily population was 151,225, an increase of 1,611 (1.06%). While overall growth has slightly increased, the number of offenders age 55 and over has continued to steadily increase at a much greater rate.
- 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 much faster rate than the overall population. Through the fourth quarter of FY 2011, the average number of older offenders in the service population was 12,814. Through this same quarter a year ago (FY 2010), the average number of offenders age 55 and over was 11,803. This represents an increase of 1,011 or about 8.6% more older offenders than a year ago.
- The overall HIV+ population has remained relatively stable throughout the last few years and continued to remain so through this quarter, averaging 2,374 (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 the fourth quarter of FY 2011, as compared to 1,937 through the same quarter a year ago (FY 2010). The inpatient caseload is limited by the number of available inpatient beds in the system.
  - Through the fourth quarter of FY 2011, the average number of mental health outpatients was 20,243 representing 13.2% of the service population.

## **Health Care Costs**

- Overall health costs through the fourth quarter of FY 2011 totaled \$542.6M. This amount is above the overall revenues earned by the university providers by \$29.1M. However, with the \$57.0 Million SAR the Biennium Surplus is \$6,280,751.
- UTMB's total revenue through the quarter was \$406.2M. Their expenditures totaled \$432.3M, resulting in a net loss of \$26.1M. On a per offender per day basis, UTMB earned \$9.17 in revenue and expended \$9.76 resulting in a loss of \$0.59 per offender per day. However, with their \$51.1 Million SAR the Biennium UTMB Surplus is \$6,262,724.
- TTUHSC's total revenue through the fourth quarter was \$107.3M. Expenditures totaled \$110.3M, resulting in a net loss of \$3.0M. On a per offender per day basis, TTUHSC earned \$9.35 in revenue, but expended \$9.62 resulting in a loss of \$0.27 per offender per day. However, with their \$5.9 Million SAR the Biennium TTUHSC Surplus is \$18,027.
- Examining the health care costs in further detail indicates that of the \$542.6M in expenses reported through the fourth quarter of the year:
  - Onsite services (those medical services provided at the prison units) comprised \$233.3M representing about 43.0% of the total health care expenses:
    - Of this amount, 79.9% was for salaries and benefits and 20.1% for operating costs.
  - Pharmacy services totaled \$52.2M representing approximately 9.6% of the total expenses:
    - Of this amount 18.5% was for related salaries and benefits, 3.4% for operating costs and 78.1% for drug purchases.
  - Offsite services (services including hospitalization and specialty clinic care) accounted for \$194.2M or 35.8% of total expenses:
    - Of this amount 68.0% was for estimated university provider hospital, physician and professional services; and 32.0% for Freeworld (non-university) hospital, specialty and emergency care.
  - Mental health services totaled \$46.7M or 8.6% of the total costs:
    - Of this amount, 97.5% was for mental health staff salaries and benefits, with the remaining 2.5% for operating costs.
  - Indirect support expenses accounted for \$16.2M and represented 3.0% of the total costs.

- The total cost per offender per day for all health care services statewide through the fourth quarter of FY 2011 was \$9.73. However, when benchmarked against the average cost per offender per day for the prior four fiscal years of \$8.94, the increase is higher at (8.8%). As a point of reference healthcare costs was \$7.64 per day in FY03. This would equate to a 27.4% increase since FY03 or approximately 3.4% increase per year average, well below the national average.
  - For UTMB, the cost per offender per day was \$9.76. This is significantly higher than the average cost per offender per day for the last four fiscal years of \$9.02.
  - For TTUHSC, the cost per offender per day was \$9.62, significantly higher than the average cost per offender per day for the last four fiscal years of \$8.69.
  - Differences in cost between UTMB and TTUHSC relate to the differences in mission, population assigned and the acuity level of the offender patients served.

### **Aging Offenders**

- As consistently noted in prior reports, the aging of the offender population has a demonstrated impact on the resources of the health care system. Offenders age 55 and older access the health care delivery system at a much higher level and frequency than younger offenders:
  - Encounter data through the fourth quarter of FY 2011 indicates that offenders aged 55 and over had a documented encounter with medical staff more than two and a half times as often as those under age 55.
  - An examination of hospital admissions by age category found that through this quarter of the fiscal year, hospital costs and outpatient clinic costs received to date for charges incurred this fiscal year for offenders over age 55 totaled approximately \$5,305 per offender. The same calculation for offenders under age 55 totaled about \$874. In terms of hospitalization and clinic costs, the older offenders were utilizing health care resources at a rate more than six times higher than the younger offenders. While comprising about 8.4% of the overall service population, offenders age 55 and over account for 35.7% of the hospitalization costs received to date.
  - A third examination of dialysis costs found that, proportionately, older offenders are represented five times more often in the dialysis population than younger offenders. Dialysis costs continue to be significant, averaging \$20,579 per patient per year. Providing medically necessary dialysis treatment for an average of 204 patients through the fourth quarter of FY2011 cost \$4.2M.

### Drug Costs

- Total drug costs through the fourth quarter of FY 2011 totaled \$39.9M.
  - Pharmaceutical costs related to HIV care continue to be the largest single component of pharmacy expenses.
    - Through this quarter, \$18.7M in costs (or \$1.6M per month) for HIV antiretroviral medication costs were experienced. This represents 46.8% of the total drug cost during this time period.
    - Expenses for psychiatric drugs are also being tracked, with approximately \$1.8M being expended for psychiatric medications through the fourth quarter, representing 4.7% of the overall drug cost.
    - Another pharmacy indicator being tracked is the cost related to Hepatitis C therapies. These costs were \$3.1M and represented about 7.8% of the total drug cost.

### ***Reporting of Fund Balances***

- In accordance with Rider 41, page V-21, Senate Bill 1, 81st Legislature, Regular Session 2009, both the University of Texas Medical Branch and Texas Tech University Health Sciences Center are required to report if they hold any monies in reserve for correctional managed health care. UTMB reports that they hold no such reserves and report a total gain of \$24,970,924 through this fiscal year. TTUHSC reports that they hold no such reserves and report a total gain of \$2,882,174 through this fiscal year. Please note Exhibit A for SAR Summary Detail and review of major expense variances from the prior year for both TTUHSC and UTMB.
- A summary analysis of the ending balances, revenue and payments through the fourth quarter for all CMHCC accounts is included in this report. That summary indicates that the ending balance on all CMHCC accounts on August 31, 2011 was \$34,536.01. In accordance with Rider 61, TDCJ Appropriations, Senate Bill 1, 81st Legislature, the CMHCC end of year balance will be returned to TDCJ for return to the State General Revenue Fund.

### ***Financial Monitoring***

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

The testing of detail transactions performed on TTUHSC's financial information for June and July 2011 found all tested transactions to be verified and found all back up detail to be validated. August 2011 detailed audit is still in process.

The testing of detail transactions performed on UTMB's financial information for June and July 2011 found all tested transactions to be verified and found all back up detail to be validated. August 2011 detailed audit is still in process.

### ***Concluding Notes***

As the result of the Supplemental Appropriation Request (SAR) payment the combined operating gain for the university providers through the fourth quarter of FY 2011 is \$27,853,098. This closes the second year of Biennium with a combined operating gain of \$6,280,751. 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 2011 Budget Allocations**

**Distribution of Funds**

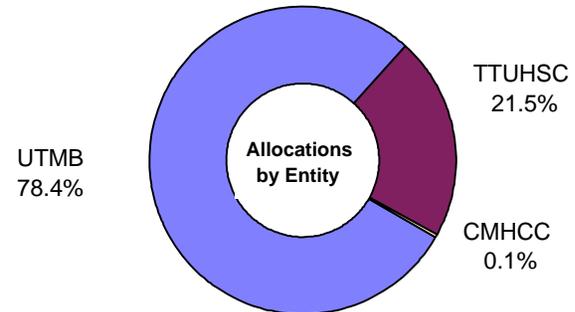
<u>Allocated to</u>	<u>FY 2011</u>
<b>University Providers</b>	
<b>The University of Texas Medical Branch</b>	
Medical Services	\$335,082,478
Mental Health Services	\$28,084,575
Subtotal UTMB	\$363,167,053
<b>Texas Tech University Health Sciences Center</b>	
Medical Services	\$86,336,373
Mental Health Services	\$13,286,944
Subtotal TTUHSC	\$99,623,317
SUBTOTAL UNIVERSITY PROVIDERS	\$462,790,370
Correctional Managed Health Care Committee	\$669,128
<b>TOTAL DISTRIBUTION</b>	<b>\$463,459,498</b>

**Source of Funds**

<u>Source</u>	<u>FY 2011</u>
<b>Legislative Appropriations</b>	
SB 1, Article V, TDCJ Appropriations	
Strategy C.1.8. Managed Health Care	\$422,087,979
Strategy C.1.7 Psychiatric Care	\$41,371,519
<b>TOTAL</b>	<b>\$463,459,498</b>

**Note:** 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.

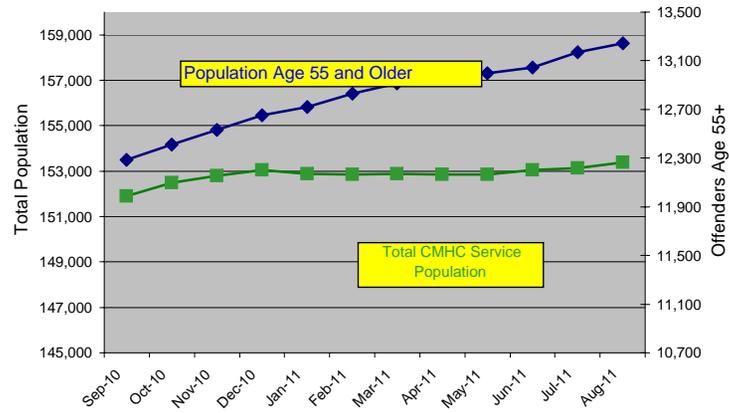
**Chart 1**



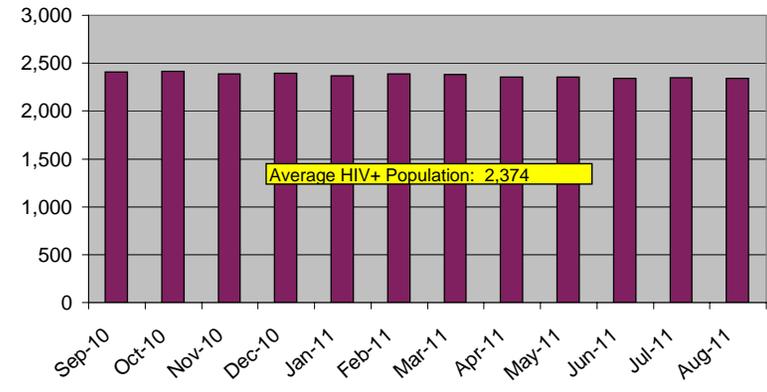
**Table 2**  
**FY 2011**  
**Key Population Indicators**  
**Correctional Health Care Program**

Indicator	Sep-10	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Population Year to Date Avg.
<b>Avg. Population Served by CMHC:</b>													
UTMB State-Operated Population	108,649	109,139	109,350	109,629	109,558	109,649	109,648	109,657	109,642	109,745	109,661	109,844	109,514
UTMB Private Prison Population*	11,910	11,907	11,914	11,866	11,889	11,897	11,910	11,903	11,908	11,912	11,908	11,915	11,903
UTMB Total Service Population	120,559	121,046	121,264	121,495	121,447	121,546	121,557	121,560	121,550	121,657	121,569	121,759	121,417
TTUHSC Total Service Population	31,328	31,438	31,525	31,554	31,420	31,310	31,328	31,278	31,293	31,385	31,551	31,616	31,419
<b>CMHC Service Population Total</b>	<b>151,887</b>	<b>152,483</b>	<b>152,789</b>	<b>153,049</b>	<b>152,867</b>	<b>152,856</b>	<b>152,885</b>	<b>152,839</b>	<b>152,843</b>	<b>153,042</b>	<b>153,120</b>	<b>153,375</b>	<b>152,836</b>
<b>Population Age 55 and Over</b>													
UTMB Service Population Average	10,162	10,255	10,374	10,468	10,532	10,632	10,711	10,771	10,807	10,849	10,958	11,025	10,629
TTUHSC Service Population Average	2,125	2,156	2,159	2,186	2,189	2,197	2,201	2,193	2,193	2,196	2,210	2,218	2,185
<b>CMHC Service Population Average</b>	<b>12,287</b>	<b>12,411</b>	<b>12,533</b>	<b>12,654</b>	<b>12,721</b>	<b>12,829</b>	<b>12,912</b>	<b>12,964</b>	<b>13,000</b>	<b>13,045</b>	<b>13,168</b>	<b>13,243</b>	<b>12,814</b>
<b>HIV+ Population</b>	<b>2,408</b>	<b>2,417</b>	<b>2,385</b>	<b>2,394</b>	<b>2,370</b>	<b>2,386</b>	<b>2,382</b>	<b>2,356</b>	<b>2,358</b>	<b>2,343</b>	<b>2,351</b>	<b>2,343</b>	<b>2,374</b>
<b>Mental Health Inpatient Census</b>													
UTMB Psychiatric Inpatient Average	1,031	1,019	1,022	1,022	1,021	1,024	1,007	997	997	1,008	1,005	1,015	1,014
TTUHSC Psychiatric Inpatient Average	920	894	897	939	942	942	936	924	935	960	949	911	929
<b>CMHC Psychiatric Inpatient Average</b>	<b>1,951</b>	<b>1,913</b>	<b>1,919</b>	<b>1,961</b>	<b>1,963</b>	<b>1,966</b>	<b>1,943</b>	<b>1,921</b>	<b>1,932</b>	<b>1,968</b>	<b>1,954</b>	<b>1,926</b>	<b>1,943</b>
<b>Mental Health Outpatient Census</b>													
UTMB Psychiatric Outpatient Average	16,234	16,306	14,773	16,043	15,399	14,515	16,726	15,526	16,220	16,545	14,873	15,773	15,744
TTUHSC Psychiatric Outpatient Average	4,179	4,377	4,205	4,032	4,563	4,152	5,089	4,684	4,504	5,030	4,413	4,757	4,499
<b>CMHC Psychiatric Outpatient Average</b>	<b>20,413</b>	<b>20,683</b>	<b>18,978</b>	<b>20,075</b>	<b>19,962</b>	<b>18,667</b>	<b>21,815</b>	<b>20,210</b>	<b>20,724</b>	<b>21,575</b>	<b>19,286</b>	<b>20,530</b>	<b>20,243</b>

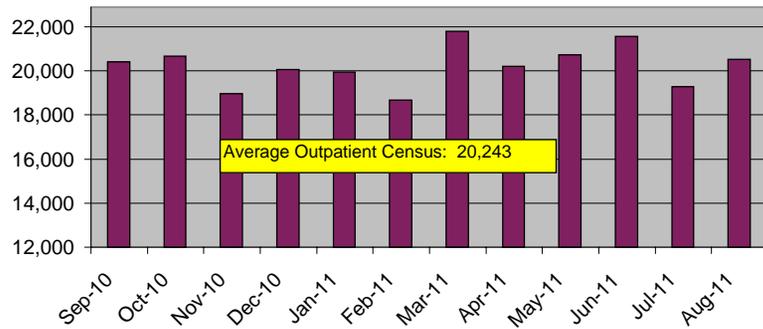
**Chart 2  
CMHC Service Population**



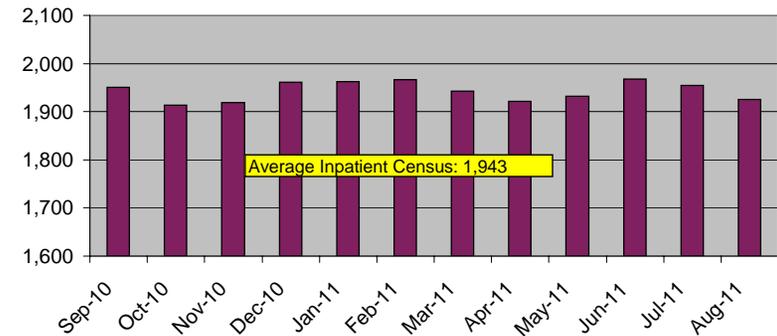
**Chart 3  
HIV+ Population**



**Chart 4  
Mental Health Outpatient Census**



**Chart 5  
Mental Health Inpatient Census**



**Table 3**  
**Summary Financial Report: Medical Costs**  
**Fiscal Year 2011 through Quarter 4 (Sep 2010 - August 2011)**

Days in Year: 365

	Medical Services Costs			Medical Cost Per Day Calculations		
	UTMB	TTUHSC	TOTAL	UTMB	TTUHSC	TOTAL
<b>Population Served</b>	<b>121,417</b>	<b>31,419</b>	<b>152,836</b>			
<b>Revenue</b>						
Capitation Payments	\$335,082,478	\$86,336,373	\$421,418,851	\$7.56	\$7.53	\$7.55
Supplemental Appropriation-HB 4*	\$51,117,395	\$5,831,634	\$56,949,029	\$1.15	\$0.51	\$1.02
State Reimbursement Benefits	\$37,402,211	\$4,914,452	\$42,316,663	\$0.84	\$0.43	\$0.76
Non-Operating Revenue	\$268,452	\$2,206	\$270,658	\$0.01	\$0.00	\$0.00
<b>Total Revenue</b>	<b>\$423,870,536</b>	<b>\$97,084,665</b>	<b>\$520,955,201</b>	<b>\$9.56</b>	<b>\$8.47</b>	<b>\$9.34</b>
<b>Expenses</b>						
<b>Onsite Services</b>						
Salaries	\$131,278,291	\$13,399,095	\$144,677,386	\$2.96	\$1.17	\$2.59
Benefits	\$38,406,215	\$3,398,655	\$41,804,870	\$0.87	\$0.30	\$0.75
Operating (M&O)	\$17,227,544	\$1,655,633	\$18,883,177	\$0.39	\$0.14	\$0.34
Professional Services	\$0	\$2,196,633	\$2,196,633	\$0.00	\$0.19	\$0.04
Contracted Units/Services	\$0	\$23,017,284	\$23,017,284	\$0.00	\$2.01	\$0.41
Travel	\$781,578	\$77,903	\$859,481	\$0.02	\$0.01	\$0.02
Electronic Medicine	\$0	\$624,227	\$624,227	\$0.00	\$0.05	\$0.01
Capitalized Equipment	\$840,836	\$438,780	\$1,279,616	\$0.02	\$0.04	\$0.02
<b>Subtotal Onsite Expenses</b>	<b>\$188,534,464</b>	<b>\$44,808,210</b>	<b>\$233,342,674</b>	<b>\$4.25</b>	<b>\$3.91</b>	<b>\$4.18</b>
<b>Pharmacy Services</b>						
Salaries	\$5,740,757	\$2,057,450	\$7,798,207	\$0.13	\$0.18	\$0.14
Benefits	\$1,806,412	\$68,897	\$1,875,309	\$0.04	\$0.01	\$0.03
Operating (M&O)	\$1,386,659	\$340,149	\$1,726,808	\$0.03	\$0.03	\$0.03
Pharmaceutical Purchases	\$32,117,588	\$8,680,620	\$40,798,208	\$0.72	\$0.76	\$0.73
Professional Services	\$0	\$0	\$0	\$0.00	\$0.00	\$0.00
Travel	\$16,438	\$18,064	\$34,502	\$0.00	\$0.00	\$0.00
<b>Subtotal Pharmacy Expenses</b>	<b>\$41,067,854</b>	<b>\$11,165,180</b>	<b>\$52,233,034</b>	<b>\$0.93</b>	<b>\$0.97</b>	<b>\$0.94</b>
<b>Offsite Services</b>						
University Professional Services	\$18,433,137	\$1,005,143	\$19,438,280	\$0.42	\$0.09	\$0.35
Freeworld Provider Services	\$35,227,808	\$19,091,770	\$54,319,578	\$0.79	\$1.66	\$0.97
UTMB or TTUHSC Hospital Cost	\$100,059,688	\$12,555,583	\$112,615,271	\$2.26	\$1.09	\$2.02
Estimated IBNR	\$7,025,684	\$775,000	\$7,800,684	\$0.16	\$0.07	\$0.14
<b>Subtotal Offsite Expenses</b>	<b>\$160,746,317</b>	<b>\$33,427,496</b>	<b>\$194,173,813</b>	<b>\$3.63</b>	<b>\$2.91</b>	<b>\$3.48</b>
<b>Indirect Expenses</b>	<b>\$9,251,368</b>	<b>\$5,312,912</b>	<b>\$14,564,280</b>	<b>\$0.21</b>	<b>\$0.46</b>	<b>\$0.26</b>
<b>Total Expenses</b>	<b>\$399,600,003</b>	<b>\$94,713,798</b>	<b>\$494,313,801</b>	<b>\$9.02</b>	<b>\$8.26</b>	<b>\$8.86</b>
<b>Operating Income (Loss)</b>	<b>\$24,270,533</b>	<b>\$2,370,867</b>	<b>\$26,641,400</b>	<b>\$0.55</b>	<b>\$0.21</b>	<b>\$0.48</b>

\*--Supplemental Appropriations for FY2010 is included of \$18,708,200 for UTMB and \$2,864,147 for TTUHSC.

**Table 3 (Continued)**  
**Summary Financial Report: Mental Health Costs**  
**Fiscal Year 2011 through Quarter 4 (Sep 2010 - August 2011)**

Days in Year: 365

	Mental Health Services Costs			Mental Health Cost Per Day Calculations		
	UTMB	TTUHSC	TOTAL	UTMB	TTUHSC	TOTAL
<b>Population Served</b>	<b>121,417</b>	<b>31,419</b>	<b>152,836</b>			
<b>Revenue</b>						
Capitation Payments	\$28,084,575	\$13,286,944	\$41,371,519	\$0.63	\$1.16	\$0.74
Supplemental Appropriation-HB 4	\$0	\$50,971	\$50,971	\$0.00	\$0.00	\$0.00
State Reimbursement Benefits	\$5,387,614	\$2,732,262	\$8,119,876	\$0.12	\$0.24	\$0.15
Other Misc Revenue	\$0	\$0	\$0	\$0.00	\$0.00	\$0.00
<b>Total Revenue</b>	<b>\$33,472,189</b>	<b>\$16,070,177</b>	<b>\$49,542,366</b>	<b>\$0.76</b>	<b>\$1.40</b>	<b>\$0.89</b>
<b>Expenses</b>						
<b>Mental Health Services</b>						
Salaries	\$24,692,072	\$11,348,387	\$36,040,459	\$0.56	\$0.99	\$0.65
Benefits	\$6,614,310	\$2,861,831	\$9,476,141	\$0.15	\$0.25	\$0.17
Operating (M&O)	\$566,376	\$215,574	\$781,950	\$0.01	\$0.02	\$0.01
Professional Services	\$0	\$321,125	\$321,125	\$0.00	\$0.03	\$0.01
Contracted Units/Services	\$0	\$0	\$0	\$0.00	\$0.00	\$0.00
Travel	\$52,829	\$14,736	\$67,565	\$0.00	\$0.00	\$0.00
Electronic Medicine	\$0	\$0	\$0	\$0.00	\$0.00	\$0.00
Capitalized Equipment	\$0	\$0	\$0	\$0.00	\$0.00	\$0.00
<b>Subtotal Mental Health Expenses</b>	<b>\$31,925,587</b>	<b>\$14,761,653</b>	<b>\$46,687,240</b>	<b>\$0.72</b>	<b>\$1.29</b>	<b>\$0.84</b>
<b>Indirect Expenses</b>	<b>\$846,211</b>	<b>\$797,217</b>	<b>\$1,643,428</b>	<b>\$0.02</b>	<b>\$0.07</b>	<b>\$0.03</b>
<b>Total Expenses</b>	<b>\$32,771,798</b>	<b>\$15,558,870</b>	<b>\$48,330,668</b>	<b>\$0.74</b>	<b>\$1.36</b>	<b>\$0.87</b>
<b>Operating Income (Loss)</b>	<b>\$700,391</b>	<b>\$511,307</b>	<b>\$1,211,698</b>	<b>\$0.02</b>	<b>\$0.04</b>	<b>\$0.02</b>

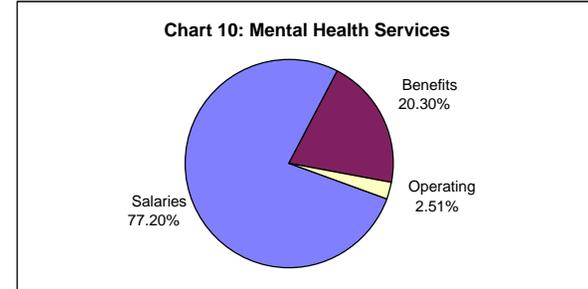
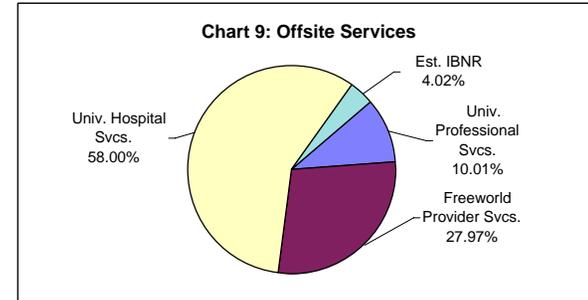
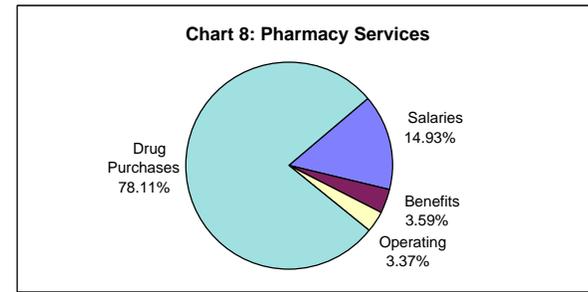
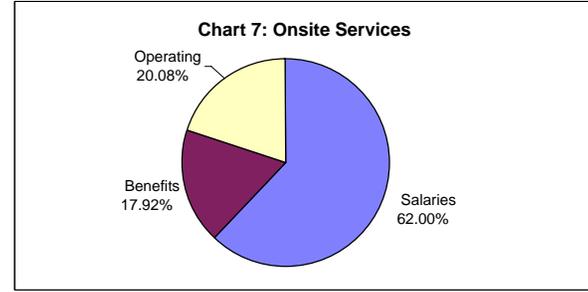
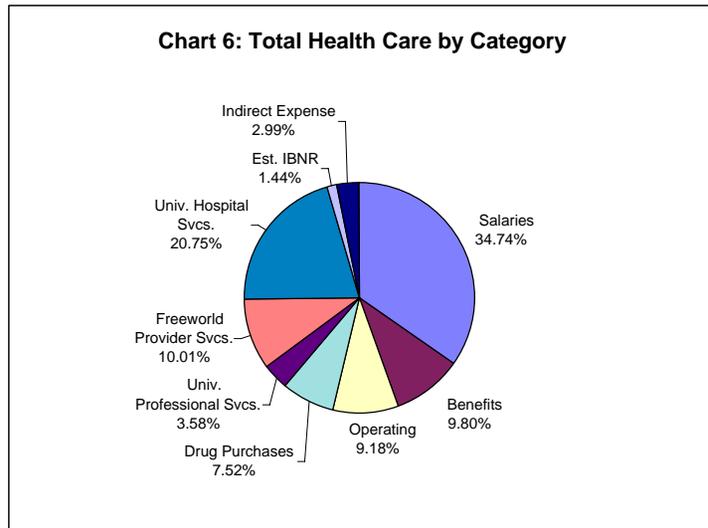
**All Health Care Summary**

	All Health Care Services			Cost Per Offender Per Day		
	UTMB	TTUHSC	TOTAL	UTMB	TTUHSC	TOTAL
Medical Services--*	\$423,870,536	\$97,084,665	\$520,955,201	\$9.56	\$8.47	\$9.34
Mental Health Services	\$33,472,189	\$16,070,177	\$49,542,366	\$0.76	\$1.40	\$0.89
<b>Total Revenue</b>	<b>\$457,342,725</b>	<b>\$113,154,842</b>	<b>\$570,497,567</b>	<b>\$10.32</b>	<b>\$9.87</b>	<b>\$10.23</b>
Medical Services	\$399,600,003	\$94,713,798	\$494,313,801	\$9.02	\$8.26	\$8.86
Mental Health Services	\$32,771,798	\$15,558,870	\$48,330,668	\$0.74	\$1.36	\$0.87
<b>Total Expenses</b>	<b>\$432,371,801</b>	<b>\$110,272,668</b>	<b>\$542,644,469</b>	<b>\$9.76</b>	<b>\$9.62</b>	<b>\$9.73</b>
<b>Operating Income (Loss)</b>	<b>\$24,970,924</b>	<b>\$2,882,174</b>	<b>\$27,853,098</b>	<b>\$0.56</b>	<b>\$0.25</b>	<b>\$0.50</b>

\*--Supplemental Appropriations for FY2010 is included of \$18,708,200 for UTMB and \$2,864,147 for TTUHSC.

**Table 4**  
**FY 2011 4th Quarter**  
**UTMB/TTUHSC EXPENSE SUMMARY**

Category	Expense	Percent of Total
<b>Onsite Services</b>	<b>\$233,342,674</b>	<b>43.00%</b>
Salaries	\$144,677,386	
Benefits	\$41,804,870	
Operating	\$46,860,418	
<b>Pharmacy Services</b>	<b>\$52,233,034</b>	<b>9.63%</b>
Salaries	\$7,798,207	
Benefits	\$1,875,309	
Operating	\$1,761,310	
Drug Purchases	\$40,798,208	
<b>Offsite Services</b>	<b>\$194,173,813</b>	<b>35.78%</b>
Univ. Professional Svcs.	\$19,438,280	
Freeworld Provider Svcs.	\$54,319,578	
Univ. Hospital Svcs.	\$112,615,271	
Est. IBNR	\$7,800,684	
<b>Mental Health Services</b>	<b>\$46,687,240</b>	<b>8.60%</b>
Salaries	\$36,040,459	
Benefits	\$9,476,141	
Operating	\$1,170,640	
<b>Indirect Expense</b>	<b>\$16,207,708</b>	<b>2.99%</b>
<b>Total Expenses</b>	<b>\$542,644,469</b>	<b>100.00%</b>



**Table 4a**  
**FY 2011 4th Quarter**  
**UTMB/TTUHSC EXPENSE SUMMARY**

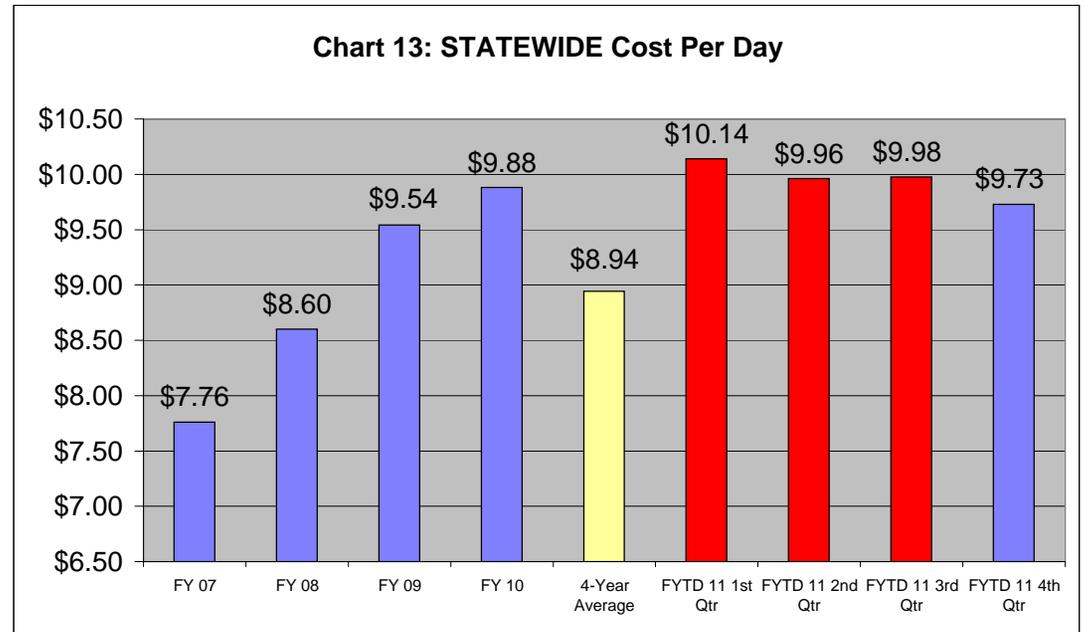
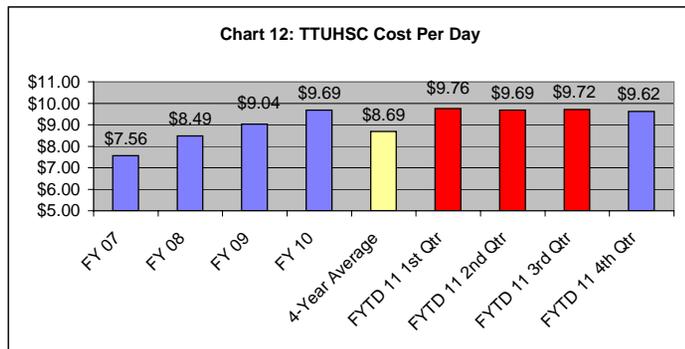
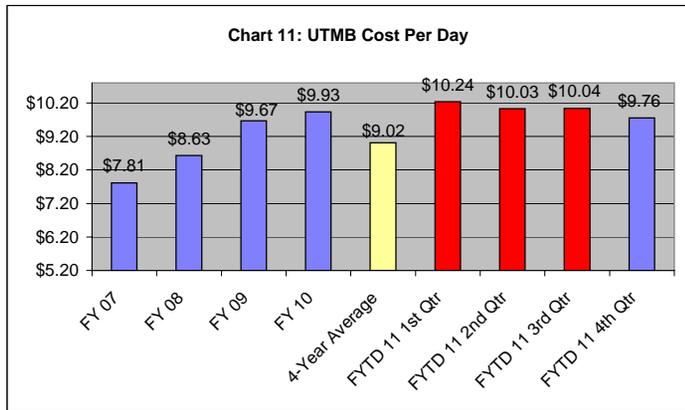
<b>Category</b>	<b>Total Expense</b>	<b>UTMB</b>	<b>TTUHSC</b>	<b>% UTMB</b>
<b>Onsite Services</b>	<b>\$233,342,674</b>	<b>\$188,534,464</b>	<b>\$44,808,210</b>	<b>80.80%</b>
Salaries	\$144,677,386	\$131,278,291	\$13,399,095	
Benefits	\$41,804,870	\$38,406,215	\$3,398,655	
Operating	\$18,883,177	\$17,227,544	\$1,655,633	
<b>Pharmacy Services</b>	<b>\$52,233,034</b>	<b>\$41,067,854</b>	<b>\$11,165,180</b>	<b>78.62%</b>
Salaries	\$7,798,207	\$5,740,757	\$2,057,450	
Benefits	\$1,875,309	\$1,806,412	\$68,897	
Operating	\$1,761,310	\$1,403,097	\$358,213	
Drug Purchases	\$40,798,208	\$32,117,588	\$8,680,620	
<b>Offsite Services</b>	<b>\$194,173,813</b>	<b>\$160,746,317</b>	<b>\$33,427,496</b>	<b>82.78%</b>
Univ. Professional Svcs.	\$19,438,280	\$18,433,137	\$1,005,143	
Freeworld Provider Svcs.	\$54,319,578	\$35,227,808	\$19,091,770	
Univ. Hospital Svcs.	\$112,615,271	\$100,059,688	\$12,555,583	
Est. IBNR	\$7,800,684	\$7,025,684	\$775,000	
<b>Mental Health Services</b>	<b>\$46,687,240</b>	<b>\$31,925,587</b>	<b>\$14,761,653</b>	<b>68.38%</b>
Salaries	\$36,040,459	\$24,692,072	\$11,348,387	
Benefits	\$9,476,141	\$6,614,310	\$2,861,831	
Operating	\$781,950	\$566,376	\$215,574	
<b>Indirect Expense</b>	<b>\$16,207,708</b>	<b>\$10,097,579</b>	<b>\$6,110,129</b>	<b>62.30%</b>
<b>Total Expenses</b>	<b>\$542,644,469</b>	<b>\$432,371,801</b>	<b>\$110,272,668</b>	<b>79.68%</b>

**Table 5  
Comparison of Total Health Care Costs**

	FY 07	FY 08	FY 09	FY 10	4-Year Average	FYTD 11 1st Qtr	FYTD 11 2nd Qtr	FYTD 11 3rd Qtr	FYTD 11 4th Qtr
<b>Population</b>									
UTMB	120,235	120,648	119,952	120,177	120,253	120,588	120,278	120,149	121,417
TTUHSC	31,578	31,064	30,616	31,048	31,077	30,963	30,976	31,004	31,419
Total	151,813	151,712	150,568	151,225	151,329	151,551	151,254	151,152	152,836
<b>Expenses</b>									
UTMB	\$342,859,796	\$381,036,398	\$423,338,812	\$435,710,000	\$395,736,252	\$112,356,950	\$219,640,888	\$329,433,558	\$432,371,801
TTUHSC	\$87,147,439	\$96,482,145	\$100,980,726	\$109,767,882	\$98,594,548	\$27,495,553	\$54,608,451	\$82,253,879	\$110,272,668
Total	\$430,007,235	\$477,518,543	\$524,319,538	\$545,477,882	\$494,330,800	\$139,852,503	\$274,249,339	\$411,687,437	\$542,644,469
<b>Cost/Day</b>									
UTMB	\$7.81	\$8.63	\$9.67	\$9.93	\$9.02	\$10.24	\$10.03	\$10.04	\$9.76
TTUHSC	\$7.56	\$8.49	\$9.04	\$9.69	\$8.69	\$9.76	\$9.69	\$9.72	\$9.62
<b>Total</b>	<b>\$7.76</b>	<b>\$8.60</b>	<b>\$9.54</b>	<b>\$9.88</b>	<b>\$8.94</b>	<b>\$10.14</b>	<b>\$9.96</b>	<b>\$9.98</b>	<b>\$9.73</b>

365

\* Expenses include all health care costs, including medical, mental health, and benefit costs.  
NOTE: The FY08 calculation has been adjusted from previous reports to correctly account for leap year



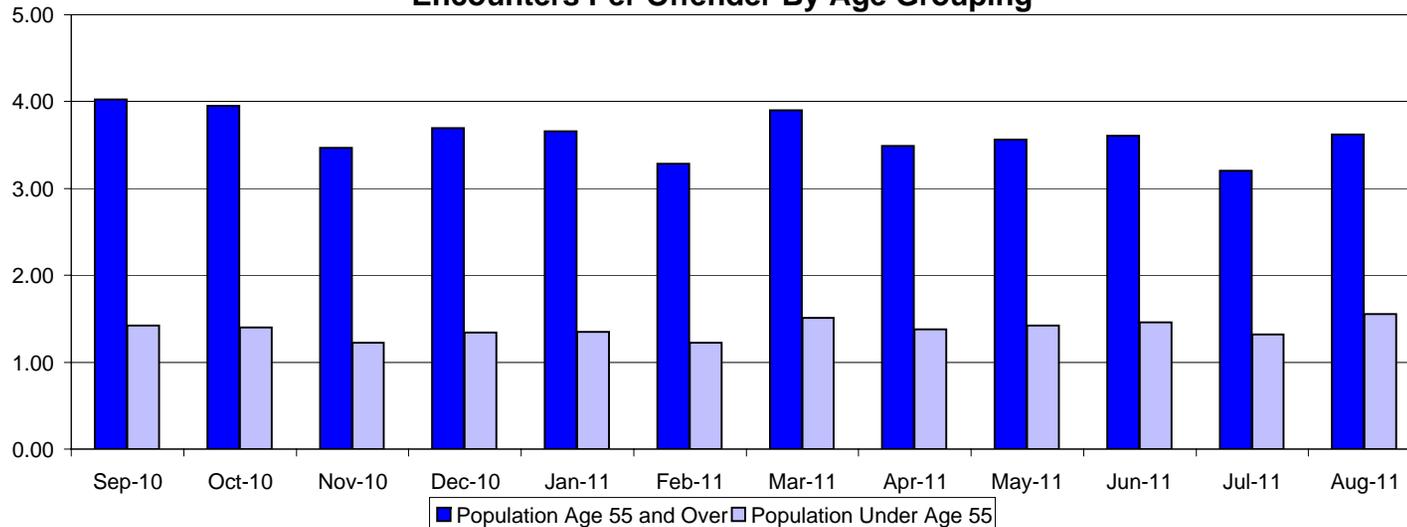
**Table 6  
Medical Encounter Statistics\* by Age Grouping**

12

Month	Encounters			Population			Encounters Per Offender		
	Age 55 and Over	Under Age 55	Total	Age 55 and Over	Under Age 55	Total	Age 55 and Over	Under Age 55	Total
Sep-10	40,936	156,901	197,837	10,162	110,397	120,559	4.03	1.42	1.64
Oct-10	40,528	155,013	195,541	10,255	110,791	121,046	3.95	1.40	1.62
Nov-10	36,012	136,125	172,137	10,374	110,890	121,264	3.47	1.23	1.42
Dec-10	38,700	149,301	188,001	10,468	111,027	121,495	3.70	1.34	1.55
Jan-11	38,526	149,352	187,878	10,532	110,915	121,447	3.66	1.35	1.55
Feb-11	34,895	135,423	170,318	10,632	110,914	121,546	3.28	1.22	1.40
Mar-11	41,775	167,680	209,455	10,711	110,846	121,557	3.90	1.51	1.72
Apr-11	37,566	152,537	190,103	10,771	110,789	121,560	3.49	1.38	1.56
May-11	38,485	157,297	195,782	10,807	110,743	121,550	3.56	1.42	1.61
Jun-11	39,149	161,544	200,693	10,849	110,808	121,657	3.61	1.46	1.65
Jul-11	35,100	146,136	181,236	10,958	110,611	121,569	3.20	1.32	1.49
Aug-11	39,900	172,265	212,165	11,025	110,734	121,759	3.62	1.56	1.74
Average	38,464	153,298	191,762	10,629	110,789	121,417	3.62	1.38	1.58

\*Detailed data available for **UTMB** Sector only (representing approx. 79% of total population). Includes all medical and dental onsite visits. Excludes mental health vi

**Chart 14  
Encounters Per Offender By Age Grouping**

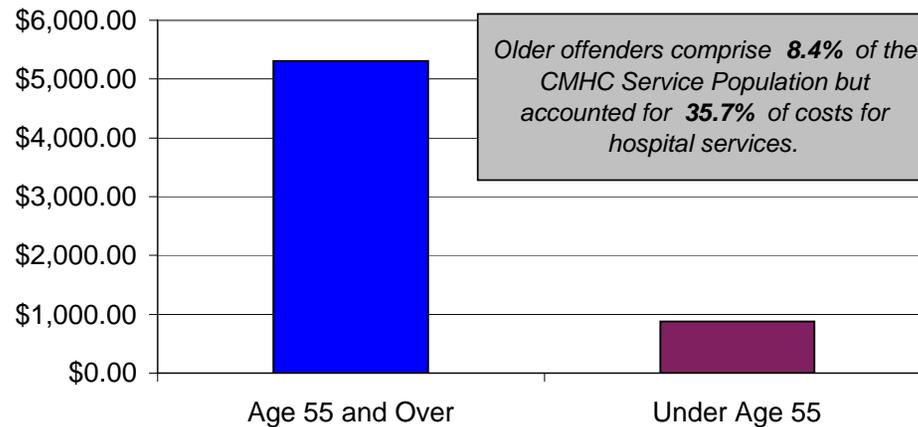


**Table 7**  
**FY 2011 4th Quarter**  
**Offsite Costs\* To Date by Age Grouping**

Age Grouping	Cost Data	Total Population	Total Cost Per Offender
Age 55 and Over	\$67,971,865	12,814	\$5,304.53
Under Age 55	\$122,317,253	140,022	\$873.56
<b>Total</b>	<b>\$190,289,118</b>	<b>152,836</b>	<b>\$1,245.05</b>

*\*Figures represent repricing of customary billed charges received to date for services to institution's actual cost, which includes any discounts and/or capitation arrangements. Repriced charges are compared against entire population to illustrate and compare relative difference in utilization of offsite services. Billings have a 60-90 day time lag.*

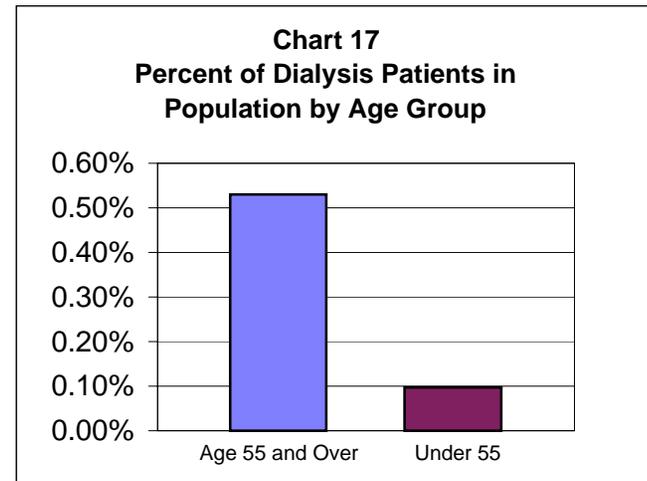
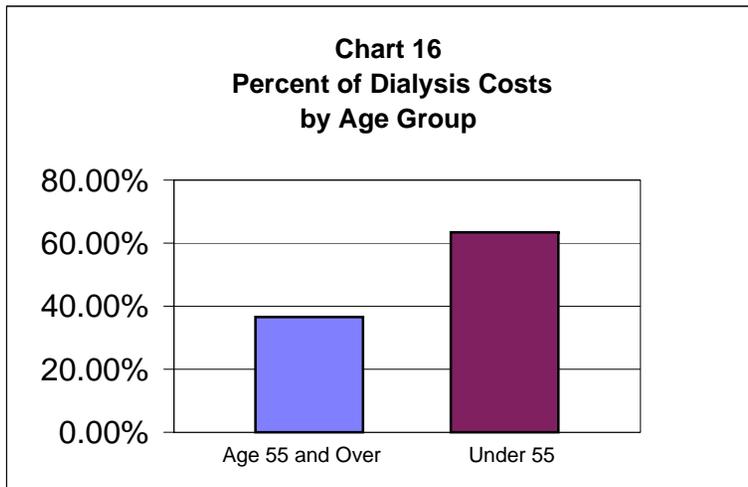
**Chart 15**  
**Hospital Costs to Date Per Offender**  
**by Age Grouping**



**Table 8**  
**Through FY 2011 4th Quarter**  
**Dialysis Costs by Age Grouping**

Age Group	Dialysis Costs	Percent of Costs	Average Population	Percent of Population	Avg Number of Dialysis Patients	Percent of Dialysis Patients in Population
Age 55 and Over	\$1,529,108	36.51%	12,814	8.38%	68	0.53%
Under Age 55	\$2,658,627	63.49%	140,022	91.62%	136	0.10%
<b>Total</b>	<b>\$4,187,735</b>	<b>100.00%</b>	<b>152,836</b>	<b>100.00%</b>	<b>204</b>	<b>0.13%</b>

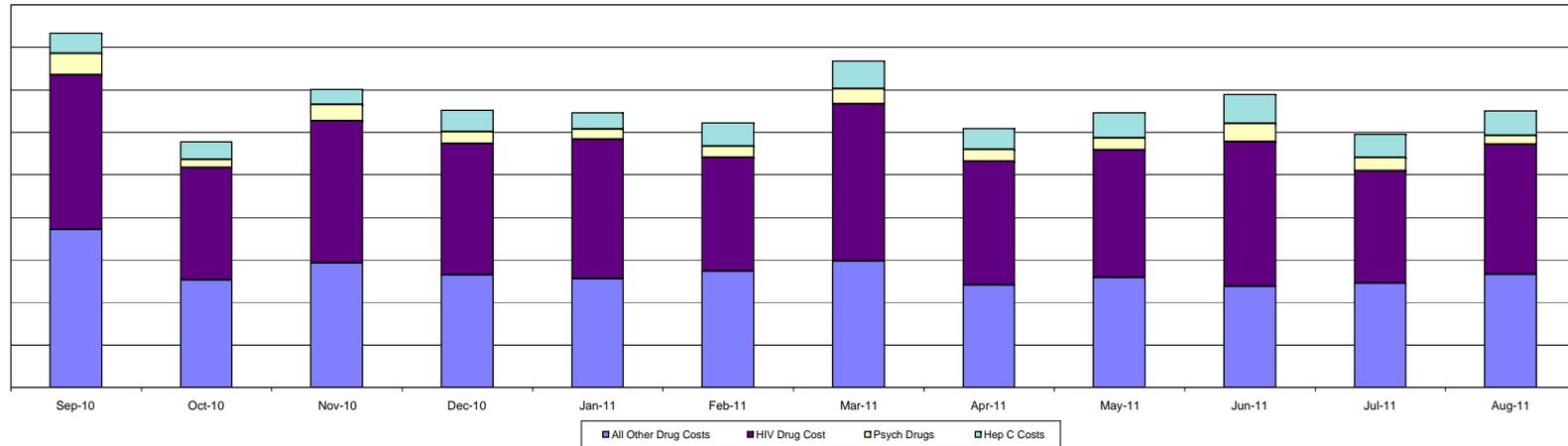
**Projected Avg Cost Per Dialysis Patient Per Year: \$20,579**



**Table 9  
Selected Drug Costs FY 2011**

Category	Sep-10	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Total Year-to-Date
<b>Total Drug Costs</b>	\$4,165,682	\$2,888,852	\$3,507,800	\$3,257,628	\$3,233,074	\$3,112,128	\$3,838,143	\$3,042,293	\$3,233,187	\$3,445,211	\$2,976,023	\$3,254,011	\$39,954,033
<b>HIV Medications</b>													
HIV Drug Cost	\$1,817,559	\$1,323,046	\$1,666,960	\$1,544,738	\$1,643,841	\$1,339,523	\$1,844,860	\$1,460,133	\$1,500,532	\$1,699,588	\$1,321,138	\$1,530,219	\$18,692,137
HIV Percent of Cost	43.63%	45.80%	47.52%	47.42%	50.84%	43.04%	48.07%	47.99%	46.41%	49.33%	44.39%	47.03%	46.78%
<b>Psychiatric Medications</b>													
Psych Drug Cost	\$253,600	\$95,248	\$192,832	\$141,357	\$115,496	\$131,973	\$176,497	\$134,119	\$140,485	\$221,514	\$153,107	\$103,750	\$1,859,978
Psych Percent of Cost	6.09%	3.30%	5.50%	4.34%	3.57%	4.24%	4.60%	4.41%	4.35%	6.43%	5.14%	3.19%	4.66%
<b>Hepatitis C Medications</b>													
Hep C Drug Cost	\$236,702	\$206,305	\$181,523	\$251,498	\$199,406	\$273,614	\$329,274	\$246,283	\$298,766	\$338,546	\$276,064	\$292,664	\$3,130,646
Hep C Percent of Cost	5.68%	7.14%	5.17%	7.72%	6.17%	8.79%	8.58%	8.10%	9.24%	9.83%	9.28%	8.99%	7.84%
<b>All Other Drug Costs</b>	\$1,857,821	\$1,264,253	\$1,466,485	\$1,320,035	\$1,274,331	\$1,367,018	\$1,487,511	\$1,201,757	\$1,293,404	\$1,185,563	\$1,225,715	\$1,327,378	\$16,271,271

**Chart 18  
Drug Costs by Selected Categories**



**Table 10  
Ending Balances 4th Qtr FY 2011**

	Beginning Balance September 1, 2010	Net Activity FY 2011	Ending Balance August 31, 2011
CMHCC Operating Funds	\$89,264.62	(\$58,682.30)	\$30,582.32
CMHCC Medical Services	\$9,855.40	(\$6,349.59)	\$3,505.81
CMHCC Mental Health	\$1,541.12	(\$1,093.24)	\$447.88
<b>Ending Balance All Funds</b>	<b>\$100,661.14</b>	<b>(\$66,125.13)</b>	<b>\$34,536.01</b>

**SUPPORTING DETAIL**

<b>CMHCC Operating Account</b>	
Beginning Balance	\$89,264.62
<b>FY 2010 Funds Lapsed to State Treasury</b>	<b>(\$89,264.62)</b>
<b>Revenue Received</b>	
1st Qtr Payment	\$166,823.71
2nd Qtr Payment	\$164,990.53
3rd Qtr Payment	\$168,656.87
4th Qtr Payment	\$168,656.87
Interest Earned	\$50.01
<b>Subtotal Revenue</b>	<b>\$669,177.99</b>
<b>Expenses</b>	
Salary & Benefits	(\$495,583.43)
Operating Expenses	(\$143,012.24)
<b>Subtotal Expenses</b>	<b>(\$638,595.67)</b>
<b>Net Activity thru Year End</b>	<b>(\$58,682.30)</b>
<b>Total Fund Balance CMHCC Operating</b>	<b>\$30,582.32</b>

**SUPPORTING DETAIL**

<b>CMHCC Capitation Accounts</b>	<b>Medical Services</b>	<b>Mental Health</b>
Beginning Balance	\$9,855.40	\$1,541.12
<b>FY 2010 Funds Lapsed to State Treasury</b>	<b>(\$9,855.40)</b>	<b>(\$1,541.12)</b>
<b>Revenue Detail</b>		
1st Qtr Payment from TDCJ	\$105,066,069.70	\$10,314,542.59
2nd Qtr Payment from TDCJ	\$103,911,497.51	\$10,201,195.96
3rd Qtr Payment from TDCJ	\$106,220,641.90	\$10,427,890.23
4th Qtr Payment from TDCJ	\$106,220,641.90	\$10,427,890.23
Supplemental Payment from TDCJ	\$56,949,029.00	\$50,971.00
Interest Earned	\$3,505.80	\$447.87
<b>Revenue Received</b>	<b>\$478,371,385.81</b>	<b>\$41,422,937.88</b>
<b>Payments to UTMB</b>		
1st Qtr Payment to UTMB	(\$83,541,111.00)	(\$7,001,907.00)
2nd Qtr Payment to UTMB	(\$82,623,077.00)	(\$6,924,963.00)
3rd Qtr Payment to UTMB	(\$84,459,145.00)	(\$7,078,853.00)
4th Qtr Payment to UTMB	(\$84,459,145.00)	(\$7,078,852.00)
Supplemental Payment to UTMB	(\$51,117,395.00)	\$0.00
<b>Subtotal UTMB Payments</b>	<b>(\$386,199,873.00)</b>	<b>(\$28,084,575.00)</b>
<b>Payments to TTUHSC</b>		
1st Qtr Payment to TTUHSC	(\$21,524,959.00)	(\$3,312,635.00)
2nd Qtr Payment to TTUHSC	(\$21,288,421.00)	(\$3,276,233.00)
3rd Qtr Payment to TTUHSC	(\$21,761,496.00)	(\$3,349,038.00)
4th Qtr Payment to TTUHSC	(\$21,761,497.00)	(\$3,349,038.00)
Supplemental Payment to TTUHSC	(\$5,831,634.00)	(\$50,971.00)
<b>Subtotal TTUHSC Payments</b>	<b>(\$92,168,007.00)</b>	<b>(\$13,337,915.00)</b>
<b>Total Payments Made thru this Qtr</b>	<b>(\$478,367,880.00)</b>	<b>(\$41,422,490.00)</b>
<b>Net Activity Through This Qtr</b>	<b>(\$6,349.59)</b>	<b>(\$1,093.24)</b>
<b>Total Fund Balance</b>	<b>\$3,505.81</b>	<b>\$447.88</b>

## Exhibit A- Fourth Quarter FY 2011

### Financial Comparisons of TTUHSC for August 2011 as compared to August 2010:

#### Key Expense Variances:

- 1). Overall Onsite Services increased 0.04% or \$19,755 from YTD prior year
- 2). Pharmacy Services increased 11.40% or \$1.14 Million increase with \$1,072,358 increase in Pharmaceuticals as compared to YTD prior year
- 3). Overall Offsite Services decreased -0.22% or \$74,378 as compared to YTD prior year.
- 4). Overall Operating Expense increased 0.46% or \$504,786 from YTD prior year
- 5). Overall Operating Loss increased -4.76% or <\$136,284> from YTD prior year

#### Total TTUHSC SAR Variance:

Total SAR Reimbursed --	\$5,882,605
Total Operating Loss FYD 2011 --	<\$3,000,431>
Total Operating Loss FY 2010 --	< <u>\$2,864,147</u> >

Total Biennium Surplus as of August 2011 YTD -- **\$18,027**

### Financial Comparisons of UTMB for August 2011 as compared to August 2010:

#### Key Expense Variances:

- 1). Indirect Expenses increased 23.14% or \$2.8 Million for Medical and 14.59% or \$97K for Mental Strategies from YTD prior year
- 2). Hospital Costs increased 15.55% or \$13.5 Million increase with relatively stable census compared to YTD prior year
- 3). University Professional Services (Specialty Clinics) increased 2.74% or \$491,761
- 4). Overall Operating Loss increased 39.97% or \$7.5 Million from YTD prior year

Note: UTMB has increased their Operating Loss from July 2011 YTD of \$25,196,374 to August 2011 YTD of \$26,185,636 by a Total of \$989,262.

#### Total UTMB SAR Variance:

Total SAR Reimbursed --	\$51,117,395
Total Operating Loss FY 2011 --	<\$26,146,471>
Total Operating Loss FY 2010 --	< <u>\$18,708,200</u> >

Total Biennium Surplus August 2011 FY -- **\$6,262,724**