



Correctional Managed Health Care

Monthly Report

December 2010

September 2010 – December 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 December, 2010. Following this narrative are the supporting financial and statistical tables.

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. \$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 2011 was 152,551. This average was slightly higher than the average through December FY 2010 of 151,475, an increase of 1,076 (0.7%). 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 2011, the average number of older offenders in the service population was 12,471. Through this same month a year ago (FY 2010), the average number of offenders age 55 and over was 11,595. This represents an increase of 876 or about 7.6% more older offenders than a year ago.
- The overall HIV+ population has remained relatively stable throughout the last several years and continued to remain so through this month, averaging 2,401 (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 1,936 through December of FY 2011, a slight increase from 1,922 through December of FY 2010.
 - Through the month of December FY 2011, the average number of mental health outpatients was 20,037 representing 13.1% of the service population.

Health Care Costs

- Overall health costs through December of FY 2011 totaled \$178.7M.
 - UTMB's total revenue through the month was \$136.0M. Their expenditures totaled \$142.0M, resulting in a net loss of \$6.0M. On a per offender per day basis, UTMB earned \$9.21 in revenue and expended \$9.61 resulting in a loss of \$0.40 per offender per day.
 - TTUHSC's total revenue through the month was \$35.8M. Expenditures totaled \$36.7M, resulting in a net loss of \$891K. On a per offender per day basis, TTUHSC earned \$9.33 in revenue, but expended \$9.56 resulting in a loss of \$0.23 per offender per day.

- Examining the health care costs in further detail indicates that of the \$178.7M in expenses reported through December:
 - Onsite services (those medical services provided at the prison units) comprised \$77.6M representing about 43.4% of the total health care expenses:
 - Pharmacy services totaled \$17.5M representing approximately 9.8% of the total expenses:
 - Offsite services (services including hospitalization and specialty clinic care) accounted for \$63.1M or 35.3% of total expenses:
 - Mental health services totaled \$15.6M or 8.7% of the total costs:
 - Indirect support expenses accounted for \$4.9M and represented 2.8% of the total costs.

The total cost per offender per day for all health care services statewide through December of FY 2011 was \$9.60, a decrease from \$10.08 for FY 2010. However, when benchmarked against the average cost per offender per day for the prior four fiscal years of \$8.94, the increase is (7.4%). As a point of reference healthcare costs was \$7.64 per day in FY03. This would equate to a 25.7% increase since FY03 or approximately 3.6% increase per year average, well below the national average.

- For UTMB, the cost per offender per day was \$9.61, higher than the average cost per day for the last four fiscal years of \$9.02.
- For TTUHSC, the cost per offender per day was \$9.56, higher than the average cost 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.

Reporting of Fund Balances

- A review of fund balances for FY 2011 indicates that UTMB reports a total shortfall of \$6,016,805 through the month. TTUHSC reports a total shortfall of \$891,626 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, 2010 was \$47,247.28. It should be noted that this balance is projected to decrease over the course of this quarter.
- The FY 2010 unencumbered ending fund balance, as of August 31, 2010, was \$100,661.14. The total amount of the FY 2010 fund balance was lapsed back to the State General Revenue Fund in November 2010, as required by Rider 61.

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, 2010, 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, 2010, resulted in no discrepancies and found all tested transactions to be verified.

Concluding Notes

The combined *operating shortfall* for the university providers through December of FY 2011 is \$6,908,431. 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 2011 Budget Allocations

<u>Distribution of Funds</u>	
<u>Allocated to</u>	<u>FY 2011</u>
University Providers	
The University of Texas Medical Branch	
Medical Services	\$335,082,478
Mental Health Services	\$28,084,575
Subtotal UTMB	\$363,167,053
Texas Tech University Health Sciences Center	
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
TOTAL DISTRIBUTION	\$463,459,498

<u>Source of Funds</u>	
<u>Source</u>	<u>FY 2011</u>
Legislative Appropriations	
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
TOTAL	\$463,459,498

*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 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.
Avg. Population Served by CMHC:													
UTMB State-Operated Population	108,649	109,139	109,350	109,629									109,192
UTMB Private Prison Population*	11,910	11,907	11,914	11,866									11,899
UTMB Total Service Population	120,559	121,046	121,264	121,495	0	0	0	0	0	0			121,091
TTUHSC Total Service Population	31,328	31,438	31,525	31,554									31,461
CMHC Service Population Total	151,887	152,483	152,789	153,049	0	152,552							
Population Age 55 and Over													
UTMB Service Population Average	10,162	10,255	10,374	10,468									10,315
TTUHSC Service Population Average	2,125	2,156	2,159	2,186									2,157
CMHC Service Population Average	12,287	12,411	12,533	12,654	0	12,471							
HIV+ Population	2,408	2,417	2,385	2,394									2,401
Mental Health Inpatient Census													
UTMB Psychiatric Inpatient Average	1,031	1,019	1,022	1,022									1,024
TTUHSC Psychiatric Inpatient Average	920	894	897	939									913
CMHC Psychiatric Inpatient Average	1,951	1,913	1,919	1,961	0	1,936							
Mental Health Outpatient Census													
UTMB Psychiatric Outpatient Average	16,234	16,306	14,773	16,043									15,839
TTUHSC Psychiatric Outpatient Average	4,179	4,377	4,205	4,032									4,198
CMHC Psychiatric Outpatient Average	20,413	20,683	18,978	20,075	0	20,037							

Table 3
Summary Financial Report: Medical Costs
Fiscal Year 2011 - through December 31, 2010 (Sept 2010- Dec 2010)

Days in Year: 122

	Medical Services Costs			Medical Cost Per Day Calculations		
	UTMB	TTUHSC	TOTAL	UTMB	TTUHSC	TOTAL
Population Served	121,090	31,461	152,551			
Revenue						
Capitation Payments	\$112,000,170	\$28,857,638	\$140,857,808	\$7.58	\$7.52	\$7.57
State Reimbursement Benefits	\$12,683,370	\$1,601,704	\$14,285,074	\$0.86	\$0.42	\$0.77
Other Misc Revenue	\$122,210	\$975	\$123,185	\$0.01	\$0.00	\$0.01
Total Revenue	\$124,805,750	\$30,460,317	\$155,266,067	\$8.45	\$7.94	\$8.34
Expenses						
Onsite Services						
Salaries	\$43,990,671	\$4,439,630	\$48,430,301	\$2.98	\$1.16	\$2.60
Benefits	\$12,454,714	\$1,103,268	\$13,557,982	\$0.84	\$0.29	\$0.73
Operating (M&O)	\$5,869,403	\$523,179	\$6,392,582	\$0.40	\$0.14	\$0.34
Professional Services	\$0	\$820,396	\$820,396	\$0.00	\$0.21	\$0.04
Contracted Units/Services	\$0	\$7,693,621	\$7,693,621	\$0.00	\$2.00	\$0.41
Travel	\$249,327	\$31,681	\$281,008	\$0.02	\$0.01	\$0.02
Electronic Medicine	\$0	\$191,118	\$191,118	\$0.00	\$0.05	\$0.01
Capitalized Equipment	\$62,110	\$152,823	\$214,933	\$0.00	\$0.04	\$0.01
Subtotal Onsite Expenses	\$62,626,225	\$14,955,716	\$77,581,941	\$4.24	\$3.90	\$4.17
Pharmacy Services						
Salaries	\$1,820,667	\$690,010	\$2,510,677	\$0.12	\$0.18	\$0.13
Benefits	\$565,675	\$22,322	\$587,997	\$0.04	\$0.01	\$0.03
Operating (M&O)	\$439,731	\$121,603	\$561,334	\$0.03	\$0.03	\$0.03
Pharmaceutical Purchases	\$11,060,475	\$2,815,981	\$13,876,456	\$0.75	\$0.73	\$0.75
Professional Services	\$0	\$0	\$0	\$0.00	\$0.00	\$0.00
Travel	\$4,983	\$4,225	\$9,208	\$0.00	\$0.00	\$0.00
Subtotal Pharmacy Expenses	\$13,891,531	\$3,654,141	\$17,545,672	\$0.94	\$0.95	\$0.94
Offsite Services						
University Professional Services	\$6,328,926	\$316,667	\$6,645,593	\$0.43	\$0.08	\$0.36
Freeworld Provider Services	\$6,263,692	\$5,869,136	\$12,132,828	\$0.42	\$1.53	\$0.65
UTMB or TTUHSC Hospital Cost	\$32,567,056	\$4,251,580	\$36,818,636	\$2.20	\$1.11	\$1.98
Estimated IBNR	\$6,835,668	\$688,595	\$7,524,263	\$0.46	\$0.18	\$0.40
Subtotal Offsite Expenses	\$51,995,342	\$11,125,978	\$63,121,320	\$3.52	\$2.90	\$3.39
Indirect Expenses	\$2,647,142	\$1,775,755	\$4,422,897	\$0.18	\$0.46	\$0.24
Total Expenses	\$131,160,240	\$31,511,590	\$162,671,830	\$8.88	\$8.21	\$8.74
Operating Income (Loss)	(\$6,354,490)	(\$1,051,273)	(\$7,405,763)	(\$0.43)	(\$0.27)	(\$0.40)

Table 3 (Continued)
Summary Financial Report: Mental Health Costs
Fiscal Year 2011 through December 31, 2010 (Sept 2010- Dec 2010)

Days in Year: 122

	Mental Health Services Costs			Mental Health Cost Per Day Calculations		
	UTMB	TTUHSC	TOTAL	UTMB	TTUHSC	TOTAL
Population Served	121,090	31,461	152,551			
Revenue						
Capitation Payments	\$9,387,172	\$4,441,116	\$13,828,288	\$0.64	\$1.16	\$0.74
State Reimbursement Benefits	\$1,818,726	\$906,558	\$2,725,284	\$0.12	\$0.24	\$0.15
Other Misc Revenue	\$0	\$0	\$0	\$0.00	\$0.00	\$0.00
Total Revenue	\$11,205,898	\$5,347,674	\$16,553,572	\$0.76	\$1.39	\$0.89
Expenses						
Mental Health Services						
Salaries	\$8,226,542	\$3,800,410	\$12,026,952	\$0.56	\$0.99	\$0.65
Benefits	\$2,146,606	\$949,612	\$3,096,218	\$0.15	\$0.25	\$0.17
Operating (M&O)	\$230,603	\$57,310	\$287,913	\$0.02	\$0.01	\$0.02
Professional Services	\$0	\$109,561	\$109,561	\$0.00	\$0.03	\$0.01
Contracted Units/Services	\$0	\$0	\$0	\$0.00	\$0.00	\$0.00
Travel	\$22,348	\$4,667	\$27,015	\$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	\$10,626,099	\$4,921,560	\$15,547,659	\$0.72	\$1.28	\$0.84
Indirect Expenses	\$242,114	\$266,467	\$508,581	\$0.02	\$0.07	\$0.03
Total Expenses	\$10,868,213	\$5,188,027	\$16,056,240	\$0.74	\$1.35	\$0.86
Operating Income (Loss)	\$337,685	\$159,647	\$497,332	\$0.02	\$0.04	\$0.03

All Health Care Summary

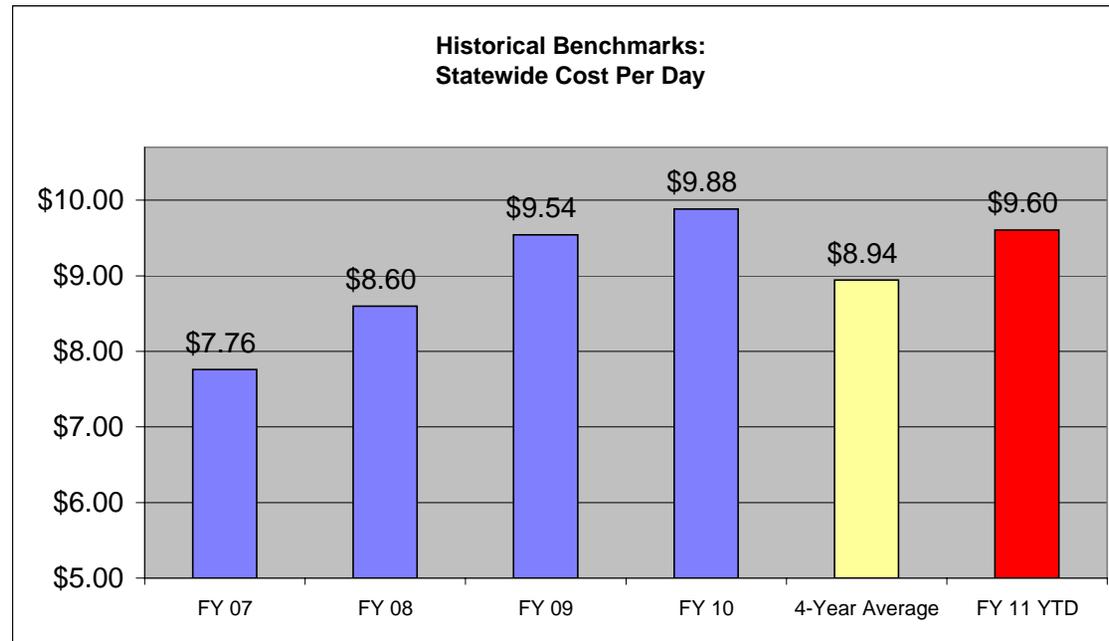
	All Health Care Services			Cost Per Offender Per Day		
	UTMB	TTUHSC	TOTAL	UTMB	TTUHSC	TOTAL
Medical Services	\$124,805,750	\$30,460,317	\$155,266,067	\$8.45	\$7.94	\$8.34
Mental Health Services	\$11,205,898	\$5,347,674	\$16,553,572	\$0.76	\$1.39	\$0.89
Total Revenue	\$136,011,648	\$35,807,991	\$171,819,639	\$9.21	\$9.33	\$9.23
Medical Services	\$131,160,240	\$31,511,590	\$162,671,830	\$8.88	\$8.21	\$8.74
Mental Health Services	\$10,868,213	\$5,188,027	\$16,056,240	\$0.74	\$1.35	\$0.86
Total Expenses	\$142,028,453	\$36,699,617	\$178,728,070	\$9.61	\$9.56	\$9.60
Operating Income (Loss)	(\$6,016,805)	(\$891,626)	(\$6,908,431)	(\$0.40)	(\$0.23)	(\$0.37)

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

	FY 07	FY 08	FY 09	FY 10	4-Year Average	FY 11 YTD
Population						
UTMB	120,235	120,648	119,952	120,177	120,253	121,090
TTUHSC	31,578	31,064	30,616	31,048	31,077	31,461
Total	151,813	151,712	150,568	151,225	151,329	152,551
Expenses						
UTMB	\$342,859,796	\$381,036,398	\$423,338,812	\$435,710,000	\$395,736,252	\$142,028,453
TTUHSC	\$87,147,439	\$96,482,145	\$100,980,726	\$109,767,882	\$98,594,548	\$36,699,617
Total	\$430,007,235	\$477,518,543	\$524,319,538	\$545,477,882	\$494,330,800	\$178,728,070
Cost/Day						
UTMB	\$7.81	\$8.63	\$9.67	\$9.93	\$9.02	\$9.61
TTUHSC	\$7.56	\$8.49	\$9.04	\$9.69	\$8.69	\$9.56
Total	\$7.76	\$8.60	\$9.54	\$9.88	\$8.94	\$9.60

* 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, 2010**

	Beginning Balance September 1, 2010	Net Activity FY 2011	Ending Balance December 31, 2010
CMHCC Operating Funds	\$89,264.62	(\$42,017.40)	\$47,247.22
CMHCC Medical Services	\$9,855.40	(\$9,856.19)	(\$0.79)
CMHCC Mental Health	\$1,541.12	(\$1,540.27)	\$0.85
Ending Balance All Funds	\$100,661.14	(\$53,413.86)	\$47,247.28

SUPPORTING DETAIL

CMHCC Operating Account	
Beginning Balance	\$89,264.62
FY 2010 Funds Lapsed to State Treasury	(\$89,264.62)
Revenue Received	
1st Qtr Payment	\$166,823.71
2nd Qtr Payment	\$164,990.53
Interest Earned	\$19.34
Subtotal Revenue	\$331,833.58
Expenses	
Salary & Benefits	(\$169,814.27)
Operating Expenses	(\$114,772.09)
Subtotal Expenses	(\$284,586.36)
Net Activity thru this Qtr	(\$42,017.40)
Total Fund Balance CMHCC Operating	\$47,247.22

SUPPORTING DETAIL

CMHCC Capitation Accounts	Medical Services	Mental Health
Beginning Balance	\$9,855.40	\$1,541.12
FY 2010 Funds Lapsed to State Treasury	(\$9,855.40)	(\$1,541.12)
Revenue Detail		
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
Interest Earned	\$0.00	\$0.30
Revenue Received	\$208,977,567.21	\$20,515,738.85
Payments to UTMB		
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)
Subtotal UTMB Payments	(\$166,164,188.00)	(\$13,926,870.00)
Payments to TTUHSC		
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)
Subtotal TTUHSC Payments	(\$42,813,380.00)	(\$6,588,868.00)
Total Payments Made thru this Qtr	(\$208,977,568.00)	(\$20,515,738.00)
Net Activity Through This Qtr	(\$9,856.19)	(\$1,540.27)
Total Fund Balance	(\$0.79)	\$0.85