



# **Correctional Managed Health Care**

## **Monthly Report**

**March 2011**

**September 2010 – March 2011**

## **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 March, 2011. 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. The 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 March 2011 this fiscal year, the correctional health care program has increase in the overall offender population served. The average daily population served through March of FY 2011 was 152,688. This average was higher than the average through March FY 2010 of 151,224, an increase of 1,464 or 0.97%. Even though the overall population has increased, the number of offenders age 55 and over has continued to steadily increase at a greater percentage.
- 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 March of FY 2011, the average number of older offenders in the service population was 12,621. Through this same month a year ago (FY 2010), the average number of offenders age 55 and over was 11,665. This represents an increase of 956 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 2,392 (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 1,945 through March of FY 2011, a slight increase from 1,919 through March of FY 2010.
  - Through the month of March FY 2011, the average number of mental health outpatients was 20,085 representing 13.2% of the service population.

### **Health Care Costs**

- Overall health costs through March of FY 2011 totaled \$316.2M.
  - UTMB's total revenue through the month was \$236.1M. Their expenditures totaled \$252.1M, resulting in a net shortfall of \$16.0M. On a per offender per day basis, UTMB earned \$9.14 in revenue and expended \$9.76 resulting in a shortfall of \$0.62 per offender per day.
  - TTUHSC's total revenue through the month was \$62.3M. Expenditures totaled \$64.1M, resulting in a net shortfall of \$1.8M. On a per offender per day basis, TTUHSC earned \$9.31 in revenue, but expended \$9.58 resulting in a shortfall of \$0.27 per offender per day.

- Examining the health care costs in further detail indicates that of the \$316.2M in expenses reported through March:
  - Onsite services (those medical services provided at the prison units) comprised \$135.9M representing about 43.0% of the total health care expenses:
  - Pharmacy services totaled \$31.2M representing approximately 9.9% of the total expenses:
  - Offsite services (services including hospitalization and specialty clinic care) accounted for \$112.6M or 35.6% of total expenses:
  - Mental health services totaled \$27.3M or 8.6% of the total costs:
  - Indirect support expenses accounted for \$9.2M and represented 2.9% of the total costs.

The total cost per offender per day for all health care services statewide through March of FY 2011 was \$9.72, a decrease (2.4%) from \$9.96 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 higher at (7.8%). As a point of reference healthcare costs was \$7.64 per day in FY03. This would equate to a 27.2% 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 \$9.76, 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 \$9.58, significantly 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 revenues and expenditures for FY 2011 indicates that UTMB reports a total loss of \$16,008,104 through the month. TTUHSC reports a total loss of \$1,793,551 through this month.
- A summary analysis of the ending balances, revenue and payments through March for all CMHCC fund accounts is also included in this report. That summary indicates that the net balance on all accounts held by the CMHCC on March 31, 2011 was \$81,522.50. It should be noted that this balance is projected to decrease over the remainder of the fiscal quarter.

### ***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.

The results of the detail transaction testing performed on TTUHSC's and UTMB's financial information for March, 2011, is currently in process. Upon completion, the results of the testing will be reported in the April financial report.

### ***Concluding Notes***

The combined *shortfall* for the university providers through March of FY 2011 is \$17,801,655. 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**

<u><b>Distribution of Funds</b></u>	
<u><b>Allocated to</b></u>	<u><b>FY 2011</b></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
TOTAL DISTRIBUTION	\$463,459,498

<u><b>Source of Funds</b></u>	
<u><b>Source</b></u>	<u><b>FY 2011</b></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>

\*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	Population Year to Date Avg.
Avg. Population Served by CMHC:								
UTMB State-Operated Population	108,649	109,139	109,350	109,629	109,558	109,649	109,648	109,375
UTMB Private Prison Population*	11,910	11,907	11,914	11,866	11,889	11,897	11,910	11,899
UTMB Total Service Population	120,559	121,046	121,264	121,495	121,447	121,546	121,557	121,273
TTUHSC Total Service Population	31,328	31,438	31,525	31,554	31,420	31,310	31,328	31,415
<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>152,688</b>
Population Age 55 and Over								
UTMB Service Population Average	10,162	10,255	10,374	10,468	10,532	10,632	10,711	10,448
TTUHSC Service Population Average	2,125	2,156	2,159	2,186	2,189	2,197	2,201	2,173
<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>12,621</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>2,392</b>
Mental Health Inpatient Census								
UTMB Psychiatric Inpatient Average	1,031	1,019	1,022	1,022	1,021	1,024	1,007	1,021
TTUHSC Psychiatric Inpatient Average	920	894	897	939	942	942	936	924
<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>1,945</b>
Mental Health Outpatient Census								
UTMB Psychiatric Outpatient Average	16,234	16,306	14,773	16,043	15,399	14,515	16,726	15,714
TTUHSC Psychiatric Outpatient Average	4,179	4,377	4,205	4,032	4,563	4,152	5,089	4,371
<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>20,085</b>

**Table 3**  
**Summary Financial Report: Medical Costs**  
**Fiscal Year 2011 - through March 31, 2011 (Sept 2010- Mar 2011)**

Days in Year: 213

	Medical Services Costs			Medical Cost Per Day Calculations		
	UTMB	TTUHSC	TOTAL	UTMB	TTUHSC	TOTAL
<b>Population Served</b>	<b>121,273</b>	<b>31,415</b>	<b>152,688</b>			
<b>Revenue</b>						
Capitation Payments	\$194,623,244	\$50,146,059	\$244,769,303	\$7.53	\$7.49	\$7.53
State Reimbursement Benefits	\$21,791,273	\$2,849,012	\$24,640,285	\$0.84	\$0.43	\$0.76
Other Misc Revenue	\$218,490	\$1,348	\$219,838	\$0.01	\$0.00	\$0.01
<b>Total Revenue</b>	<b>\$216,633,007</b>	<b>\$52,996,419</b>	<b>\$269,629,426</b>	<b>\$8.39</b>	<b>\$7.92</b>	<b>\$8.29</b>
<b>Expenses</b>						
<b>Onsite Services</b>						
Salaries	\$76,619,719	\$7,755,987	\$84,375,706	\$2.97	\$1.16	\$2.59
Benefits	\$22,522,835	\$1,963,518	\$24,486,353	\$0.87	\$0.29	\$0.75
Operating (M&O)	\$10,237,184	\$898,805	\$11,135,989	\$0.40	\$0.13	\$0.34
Professional Services	\$0	\$1,409,501	\$1,409,501	\$0.00	\$0.21	\$0.04
Contracted Units/Services	\$0	\$13,371,011	\$13,371,011	\$0.00	\$2.00	\$0.41
Travel	\$455,875	\$51,197	\$507,072	\$0.02	\$0.01	\$0.02
Electronic Medicine	\$0	\$258,256	\$258,256	\$0.00	\$0.04	\$0.01
Capitalized Equipment	\$51,293	\$320,559	\$371,852	\$0.00	\$0.05	\$0.01
<b>Subtotal Onsite Expenses</b>	<b>\$109,886,906</b>	<b>\$26,028,834</b>	<b>\$135,915,740</b>	<b>\$4.25</b>	<b>\$3.89</b>	<b>\$4.18</b>
<b>Pharmacy Services</b>						
Salaries	\$3,240,602	\$1,206,449	\$4,447,051	\$0.13	\$0.18	\$0.14
Benefits	\$1,034,827	\$39,789	\$1,074,616	\$0.04	\$0.01	\$0.03
Operating (M&O)	\$748,157	\$204,716	\$952,873	\$0.03	\$0.03	\$0.03
Pharmaceutical Purchases	\$19,753,805	\$4,973,283	\$24,727,088	\$0.76	\$0.74	\$0.76
Professional Services	\$0	\$0	\$0	\$0.00	\$0.00	\$0.00
Travel	\$10,350	\$7,864	\$18,214	\$0.00	\$0.00	\$0.00
<b>Subtotal Pharmacy Expenses</b>	<b>\$24,787,741</b>	<b>\$6,432,101</b>	<b>\$31,219,842</b>	<b>\$0.96</b>	<b>\$0.96</b>	<b>\$0.96</b>
<b>Offsite Services</b>						
University Professional Services	\$11,114,681	\$554,167	\$11,668,848	\$0.43	\$0.08	\$0.36
Freeworld Provider Services	\$16,229,555	\$10,765,624	\$26,995,179	\$0.63	\$1.61	\$0.83
UTMB or TTUHSC Hospital Cost	\$57,991,842	\$7,307,820	\$65,299,662	\$2.25	\$1.09	\$2.01
Estimated IBNR	\$7,770,314	\$877,071	\$8,647,385	\$0.30	\$0.13	\$0.27
<b>Subtotal Offsite Expenses</b>	<b>\$93,106,392</b>	<b>\$19,504,682</b>	<b>\$112,611,074</b>	<b>\$3.60</b>	<b>\$2.91</b>	<b>\$3.46</b>
<b>Indirect Expenses</b>	<b>\$5,112,937</b>	<b>\$3,086,217</b>	<b>\$8,199,154</b>	<b>\$0.20</b>	<b>\$0.46</b>	<b>\$0.25</b>
<b>Total Expenses</b>	<b>\$232,893,976</b>	<b>\$55,051,834</b>	<b>\$287,945,810</b>	<b>\$9.02</b>	<b>\$8.23</b>	<b>\$8.85</b>
<b>Operating Income (Loss)</b>	<b>(\$16,260,969)</b>	<b>(\$2,055,415)</b>	<b>(\$18,316,384)</b>	<b>(\$0.63)</b>	<b>(\$0.31)</b>	<b>(\$0.56)</b>

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

Days in Year: 213

	Mental Health Services Costs			Mental Health Cost Per Day Calculations		
	UTMB	TTUHSC	TOTAL	UTMB	TTUHSC	TOTAL
<b>Population Served</b>	<b>121,273</b>	<b>31,415</b>	<b>152,688</b>			
<b>Revenue</b>						
Capitation Payments	\$16,312,135	\$7,717,348	\$24,029,483	\$0.63	\$1.15	\$0.74
State Reimbursement Benefits	\$3,156,510	\$1,595,896	\$4,752,406	\$0.12	\$0.24	\$0.15
Other Misc Revenue	\$0	\$0	\$0	\$0.00	\$0.00	\$0.00
<b>Total Revenue</b>	<b>\$19,468,645</b>	<b>\$9,313,244</b>	<b>\$28,781,889</b>	<b>\$0.75</b>	<b>\$1.39</b>	<b>\$0.88</b>
<b>Expenses</b>						
<b>Mental Health Services</b>						
Salaries	\$14,406,821	\$6,616,220	\$21,023,041	\$0.56	\$0.99	\$0.65
Benefits	\$3,916,009	\$1,672,940	\$5,588,949	\$0.15	\$0.25	\$0.17
Operating (M&O)	\$389,852	\$100,727	\$490,579	\$0.02	\$0.02	\$0.02
Professional Services	\$0	\$190,006	\$190,006	\$0.00	\$0.03	\$0.01
Contracted Units/Services	\$0	\$0	\$0	\$0.00	\$0.00	\$0.00
Travel	\$35,435	\$8,446	\$43,881	\$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>\$18,748,117</b>	<b>\$8,588,339</b>	<b>\$27,336,456</b>	<b>\$0.73</b>	<b>\$1.28</b>	<b>\$0.84</b>
<b>Indirect Expenses</b>	<b>\$467,663</b>	<b>\$463,041</b>	<b>\$930,704</b>	<b>\$0.02</b>	<b>\$0.07</b>	<b>\$0.03</b>
<b>Total Expenses</b>	<b>\$19,215,780</b>	<b>\$9,051,380</b>	<b>\$28,267,160</b>	<b>\$0.74</b>	<b>\$1.35</b>	<b>\$0.87</b>
<b>Operating Income (Loss)</b>	<b>\$252,865</b>	<b>\$261,864</b>	<b>\$514,729</b>	<b>\$0.01</b>	<b>\$0.04</b>	<b>\$0.02</b>

**All Health Care Summary**

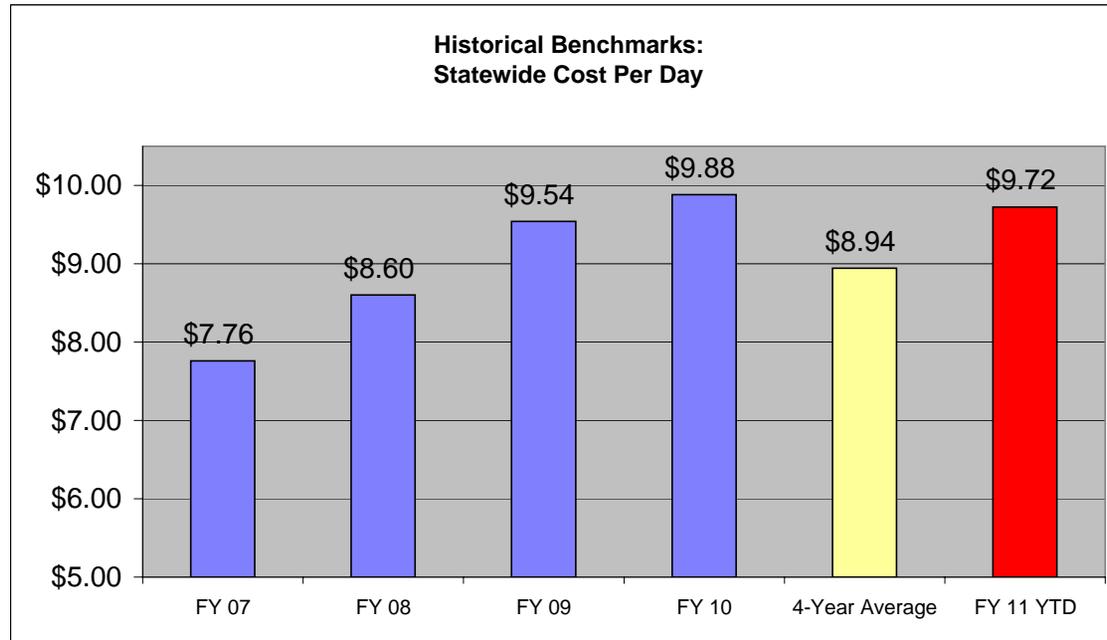
	All Health Care Services			Cost Per Offender Per Day		
	UTMB	TTUHSC	TOTAL	UTMB	TTUHSC	TOTAL
Medical Services	\$216,633,007	\$52,996,419	\$269,629,426	\$8.39	\$7.92	\$8.29
Mental Health Services	\$19,468,645	\$9,313,244	\$28,781,889	\$0.75	\$1.39	\$0.88
<b>Total Revenue</b>	<b>\$236,101,652</b>	<b>\$62,309,663</b>	<b>\$298,411,315</b>	<b>\$9.14</b>	<b>\$9.31</b>	<b>\$9.18</b>
Medical Services	\$232,893,976	\$55,051,834	\$287,945,810	\$9.02	\$8.23	\$8.85
Mental Health Services	\$19,215,780	\$9,051,380	\$28,267,160	\$0.74	\$1.35	\$0.87
<b>Total Expenses</b>	<b>\$252,109,756</b>	<b>\$64,103,214</b>	<b>\$316,212,970</b>	<b>\$9.76</b>	<b>\$9.58</b>	<b>\$9.72</b>
<b>Operating Income (Loss)</b>	<b>(\$16,008,104)</b>	<b>(\$1,793,551)</b>	<b>(\$17,801,655)</b>	<b>(\$0.62)</b>	<b>(\$0.27)</b>	<b>(\$0.54)</b>

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

	FY 07	FY 08	FY 09	FY 10	4-Year Average	FY 11 YTD
<b>Population</b>						
UTMB	120,235	120,648	119,952	120,177	120,253	121,273
TTUHSC	31,578	31,064	30,616	31,048	31,077	31,415
Total	151,813	151,712	150,568	151,225	151,329	152,688
<b>Expenses</b>						
UTMB	\$342,859,796	\$381,036,398	\$423,338,812	\$435,710,000	\$395,736,252	\$252,109,756
TTUHSC	\$87,147,439	\$96,482,145	\$100,980,726	\$109,767,882	\$98,594,548	\$64,103,214
Total	\$430,007,235	\$477,518,543	\$524,319,538	\$545,477,882	\$494,330,800	\$316,212,970
<b>Cost/Day</b>						
UTMB	\$7.81	\$8.63	\$9.67	\$9.93	\$9.02	\$9.76
TTUHSC	\$7.56	\$8.49	\$9.04	\$9.69	\$8.69	\$9.58
<b>Total</b>	<b>\$7.76</b>	<b>\$8.60</b>	<b>\$9.54</b>	<b>\$9.88</b>	<b>\$8.94</b>	<b>\$9.72</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 March 31, 2011**

	Beginning Balance September 1, 2010	Net Activity FY 2011	Ending Balance March 31, 2011
CMHCC Operating Funds	\$89,264.62	(\$9,370.53)	\$79,894.09
CMHCC Medical Services	\$9,855.40	(\$8,447.32)	\$1,408.08
CMHCC Mental Health	\$1,541.12	(\$1,320.79)	\$220.33
<b>Ending Balance All Funds</b>	<b>\$100,661.14</b>	<b>(\$19,138.64)</b>	<b>\$81,522.50</b>

**SUPPORTING DETAIL**

<b>CMHCC Operating Account</b>	
Beginning Balance	\$89,264.62
FY 2010 Funds Lapsed to State Treasury	(\$89,264.62)
<b>Revenue Received</b>	
1st Qtr Payment	\$166,823.71
2nd Qtr Payment	\$164,990.53
3rd Qtr Payment	\$168,656.87
Interest Earned	\$32.77
<b>Subtotal Revenue</b>	<b>\$500,503.88</b>
<b>Expenses</b>	
Salary & Benefits	(\$293,756.44)
Operating Expenses	(\$126,853.35)
<b>Subtotal Expenses</b>	<b>(\$420,609.79)</b>
<b>Net Activity thru this Qtr</b>	<b>(\$9,370.53)</b>
<b>Total Fund Balance CMHCC Operating</b>	<b>\$79,894.09</b>

**SUPPORTING DETAIL**

<b>CMHCC Capitation Accounts</b>	<b>Medical Services</b>	<b>Mental Health</b>
Beginning Balance	\$9,855.40	\$1,541.12
FY 2010 Funds Lapsed to State Treasury	(\$9,855.40)	(\$1,541.12)
<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
Interest Earned	\$1,407.97	\$220.55
<b>Revenue Received</b>	<b>\$315,199,617.08</b>	<b>\$30,943,849.33</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)
<b>Subtotal UTMB Payments</b>	<b>(\$250,623,333.00)</b>	<b>(\$21,005,723.00)</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)
<b>Subtotal TTUHSC Payments</b>	<b>(\$64,574,876.00)</b>	<b>(\$9,937,906.00)</b>
<b>Total Payments Made thru this Qtr</b>	<b>(\$315,198,209.00)</b>	<b>(\$30,943,629.00)</b>
<b>Net Activity Through This Qtr</b>	<b>(\$8,447.32)</b>	<b>(\$1,320.79)</b>
<b>Total Fund Balance</b>	<b>\$1,408.08</b>	<b>\$220.33</b>