



# **Correctional Managed Health Care**

## **Monthly Report**

**October 2010**

**September 2010 – October 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 October, 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 October 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 October of FY 2011 was 152,185. This average was higher than the average through October FY 2010 of 151,683, an increase of 502 (0.3%). Even though the overall population has slightly increased, the number of offenders age 55 and over has continued to steadily increase at a significant 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 faster rate than the overall population. Through October of FY 2011, the average number of older offenders in the service population was 12,349. Through this same month a year ago (FY 2010), the average number of offenders age 55 and over was 11,561. This represents an increase of 788 or about 6.8% more older offenders than a year ago.
- The overall HIV+ population has remained relatively stable throughout the last four years and continued to remain so through this month, averaging 2,413 (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 1,932 through October of FY 2011, a slight decrease from 1,933 through October of FY 2010.
  - Through the month of October FY 2011, the average number of mental health outpatients was 20,548 representing 13.5% of the service population.

### **Health Care Costs**

- Overall health costs through October of FY 2011 totaled \$88.8M.
- UTMB's total revenue through the month was \$68.3M. Their expenditures totaled \$70.5M, resulting in a net loss of \$2.2M. On a per offender per day basis, UTMB earned \$9.27 in revenue and expended \$9.57 resulting in a loss of \$0.30 per offender per day.
- TTUHSC's total revenue through the month was \$17.9M. Expenditures totaled \$18.2M, resulting in a net loss of \$376K. On a per offender per day basis, TTUHSC earned \$9.34 in revenue, but expended \$9.53 resulting in a loss of \$0.19 per offender per day.

- Examining the health care costs in further detail indicates that of the \$88.8M in expenses reported through October:
  - Onsite services (those medical services provided at the prison units) comprised \$38.3M representing about 43.1% of the total health care expenses:
  - Pharmacy services totaled \$8.8M representing approximately 9.9% of the total expenses:
  - Offsite services (services including hospitalization and specialty clinic care) accounted for \$31.7M or 35.7% of total expenses:
  - Mental health services totaled \$7.5M or 8.5% of the total costs:
  - Indirect support expenses accounted for \$2.5M and represented 2.8% of the total costs.

The total cost per offender per day for all health care services statewide through October of FY 2011 was \$9.56, a decrease (5.5%) from \$10.12 for October 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 (6.9%). As a point of reference healthcare costs was \$7.64 per day in FY03. This would equate to a 25.1% increase since FY03 or approximately 4.4% increase per year average, well below the national average.

- For UTMB, the cost per offender per day was \$9.57, 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 \$9.53, 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 2010 indicates that UTMB reports a total shortfall of \$2,196,154 through the month. TTUHSC reports a total shortfall of \$376,667 through this month.
- A summary analysis of the ending balances, revenue and payments through October 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 October 31, 2010 was \$67,934.25. The total amount of \$100,661.14 for the FY 2010 ending fund balance was lapsed back to the State General Revenue Fund as required by Rider 61 during the month of October 2010.

### ***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 detailed transaction testing performed on UTMB's financial information found one transaction that did not tie by \$15.13 for September and for October financial information is currently in process and final results are not yet available. Upon completion of October's review, the results will be reported in the 1<sup>st</sup> Quarter Financial Package. The results of the detail transaction testing performed on TTUHSC's financial information for the month of September and October 2010 found all tested transactions to be verified with the appropriate backup.

### ***Concluding Notes***

- The combined *operating shortfall* for the university providers through October of FY 2011 is \$2,572,821. 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 2011 Budget Allocations**

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

<u><b>Source of Funds</b></u>	
<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
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											108,894
UTMB Private Prison Population*	11,910	11,907											11,908
UTMB Total Service Population	120,559	121,046	0	0	0	0	0	0	0	0	0	0	120,802
TTUHSC Total Service Population	31,328	31,438											31,383
<b>CMHC Service Population Total</b>	<b>151,887</b>	<b>152,483</b>	<b>0</b>	<b>152,185</b>									
Population Age 55 and Over													
UTMB Service Population Average	10,162	10,255											10,209
TTUHSC Service Population Average	2,125	2,156											2,141
<b>CMHC Service Population Average</b>	<b>12,287</b>	<b>12,411</b>	<b>0</b>	<b>12,349</b>									
<b>HIV+ Population</b>	<b>2,408</b>	<b>2,417</b>											<b>2,413</b>
Mental Health Inpatient Census													
UTMB Psychiatric Inpatient Average	1,031	1,019											1,025
TTUHSC Psychiatric Inpatient Average	920	894											907
<b>CMHC Psychiatric Inpatient Average</b>	<b>1,951</b>	<b>1,913</b>	<b>0</b>	<b>1,932</b>									
Mental Health Outpatient Census													
UTMB Psychiatric Outpatient Average	16,234	16,306											16,270
TTUHSC Psychiatric Outpatient Average	4,179	4,377											4,278
<b>CMHC Psychiatric Outpatient Average</b>	<b>20,413</b>	<b>20,683</b>	<b>0</b>	<b>20,548</b>									

**Table 3**  
**Summary Financial Report: Medical Costs**  
**Fiscal Year 2011 through October 31, 2010 (Sep 2010 - Oct 2010)**

Days in Year: 61

	Medical Services Costs			Medical Cost Per Day Calculations		
	UTMB	TTUHSC	TOTAL	UTMB	TTUHSC	TOTAL
<b>Population Served</b>	<b>120,802</b>	<b>31,383</b>	<b>152,185</b>			
<b>Revenue</b>						
Capitation Payments	\$56,000,085	\$14,428,820	\$70,428,905	\$7.60	\$7.54	\$7.59
State Reimbursement Benefits	\$6,610,496	\$778,561	\$7,389,057	\$0.90	\$0.41	\$0.80
Other Misc Revenue	\$79,185	\$588	\$79,773	\$0.01	\$0.00	\$0.01
<b>Total Revenue</b>	<b>\$62,689,766</b>	<b>\$15,207,969</b>	<b>\$77,897,735</b>	<b>\$8.51</b>	<b>\$7.94</b>	<b>\$8.39</b>
<b>Expenses</b>						
<b>Onsite Services</b>						
Salaries	\$21,900,915	\$2,156,103	\$24,057,018	\$2.97	\$1.13	\$2.59
Benefits	\$6,137,758	\$533,168	\$6,670,926	\$0.83	\$0.28	\$0.72
Operating (M&O)	\$2,508,606	\$237,860	\$2,746,466	\$0.34	\$0.12	\$0.30
Professional Services	\$0	\$500,283	\$500,283	\$0.00	\$0.26	\$0.05
Contracted Units/Services	\$0	\$3,845,900	\$3,845,900	\$0.00	\$2.01	\$0.41
Travel	\$128,600	\$15,177	\$143,777	\$0.02	\$0.01	\$0.02
Electronic Medicine	\$0	\$144,261	\$144,261	\$0.00	\$0.08	\$0.02
Capitalized Equipment	\$19,230	\$122,823	\$142,053	\$0.00	\$0.06	\$0.02
<b>Subtotal Onsite Expenses</b>	<b>\$30,695,109</b>	<b>\$7,555,575</b>	<b>\$38,250,684</b>	<b>\$4.17</b>	<b>\$3.95</b>	<b>\$4.12</b>
<b>Pharmacy Services</b>						
Salaries	\$886,337	\$319,591	\$1,205,928	\$0.12	\$0.17	\$0.13
Benefits	\$286,880	\$11,515	\$298,395	\$0.04	\$0.01	\$0.03
Operating (M&O)	\$238,718	\$83,500	\$322,218	\$0.03	\$0.04	\$0.03
Pharmaceutical Purchases	\$5,650,743	\$1,340,127	\$6,990,870	\$0.77	\$0.70	\$0.75
Professional Services	\$0	\$0	\$0	\$0.00	\$0.00	\$0.00
Travel	\$2,106	\$1,054	\$3,160	\$0.00	\$0.00	\$0.00
<b>Subtotal Pharmacy Expenses</b>	<b>\$7,064,784</b>	<b>\$1,755,787</b>	<b>\$8,820,571</b>	<b>\$0.96</b>	<b>\$0.92</b>	<b>\$0.95</b>
<b>Offsite Services</b>						
University Professional Services	\$3,186,104	\$160,000	\$3,346,104	\$0.43	\$0.08	\$0.36
Freeworld Provider Services	\$1,402,597	\$2,181,559	\$3,584,156	\$0.19	\$1.14	\$0.39
UTMB or TTUHSC Hospital Cost	\$16,041,762	\$2,177,940	\$18,219,702	\$2.18	\$1.14	\$1.96
Estimated IBNR	\$5,547,403	\$996,645	\$6,544,048	\$0.75	\$0.52	\$0.70
<b>Subtotal Offsite Expenses</b>	<b>\$26,177,866</b>	<b>\$5,516,144</b>	<b>\$31,694,010</b>	<b>\$3.55</b>	<b>\$2.88</b>	<b>\$3.41</b>
<b>Indirect Expenses</b>	<b>\$1,316,092</b>	<b>\$887,956</b>	<b>\$2,204,048</b>	<b>\$0.18</b>	<b>\$0.46</b>	<b>\$0.24</b>
<b>Total Expenses</b>	<b>\$65,253,851</b>	<b>\$15,715,462</b>	<b>\$80,969,313</b>	<b>\$8.86</b>	<b>\$8.21</b>	<b>\$8.72</b>
<b>Operating Income (Loss)</b>	<b>(\$2,564,085)</b>	<b>(\$507,493)</b>	<b>(\$3,071,578)</b>	<b>(\$0.35)</b>	<b>(\$0.27)</b>	<b>(\$0.33)</b>

**Table 3 (Continued)**  
**Summary Financial Report: Mental Health Costs**  
**Fiscal Year 2011 through October 31, 2010 (Sep 2010 - Oct 2010)**

Days in Year: 61

	Mental Health Services Costs			Mental Health Cost Per Day Calculations		
	UTMB	TTUHSC	TOTAL	UTMB	TTUHSC	TOTAL
<b>Population Served</b>	<b>120,802</b>	<b>31,383</b>	<b>152,185</b>			
<b>Revenue</b>						
Capitation Payments	\$4,693,586	\$2,220,558	\$6,914,144	\$0.64	\$1.16	\$0.74
State Reimbursement Benefits	\$940,581	\$446,455	\$1,387,036	\$0.13	\$0.23	\$0.15
Other Misc Revenue	\$0	\$0	\$0	\$0.00	\$0.00	\$0.00
<b>Total Revenue</b>	<b>\$5,634,167</b>	<b>\$2,667,013</b>	<b>\$8,301,180</b>	<b>\$0.76</b>	<b>\$1.39</b>	<b>\$0.89</b>
<b>Expenses</b>						
<b>Mental Health Services</b>						
Salaries	\$3,992,448	\$1,853,506	\$5,845,954	\$0.54	\$0.97	\$0.63
Benefits	\$1,043,712	\$465,732	\$1,509,444	\$0.14	\$0.24	\$0.16
Operating (M&O)	\$96,400	\$26,757	\$123,157	\$0.01	\$0.01	\$0.01
Professional Services	\$0	\$55,368	\$55,368	\$0.00	\$0.03	\$0.01
Contracted Units/Services	\$0	\$0	\$0	\$0.00	\$0.00	\$0.00
Travel	\$13,308	\$1,591	\$14,899	\$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>\$5,145,868</b>	<b>\$2,402,954</b>	<b>\$7,548,822</b>	<b>\$0.70</b>	<b>\$1.26</b>	<b>\$0.81</b>
<b>Indirect Expenses</b>	<b>\$120,368</b>	<b>\$133,233</b>	<b>\$253,601</b>	<b>\$0.02</b>	<b>\$0.07</b>	<b>\$0.03</b>
<b>Total Expenses</b>	<b>\$5,266,236</b>	<b>\$2,536,187</b>	<b>\$7,802,423</b>	<b>\$0.71</b>	<b>\$1.32</b>	<b>\$0.84</b>
<b>Operating Income (Loss)</b>	<b>\$367,931</b>	<b>\$130,826</b>	<b>\$498,757</b>	<b>\$0.05</b>	<b>\$0.07</b>	<b>\$0.05</b>

**All Health Care Summary**

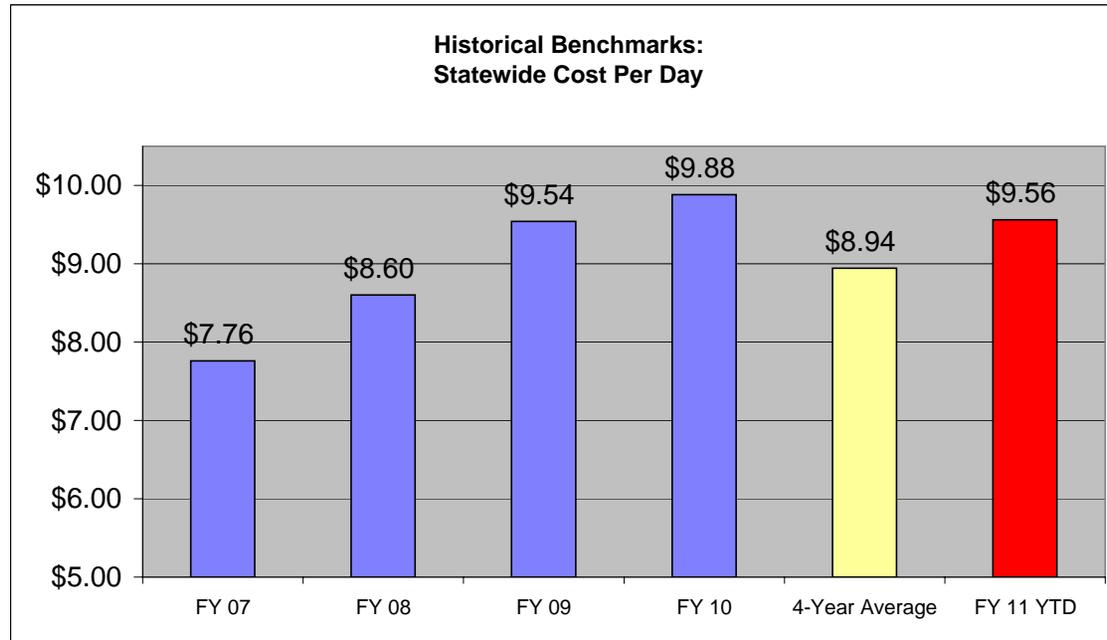
	All Health Care Services			Cost Per Offender Per Day		
	UTMB	TTUHSC	TOTAL	UTMB	TTUHSC	TOTAL
Medical Services	\$62,689,766	\$15,207,969	\$77,897,735	\$8.51	\$7.94	\$8.39
Mental Health Services	\$5,634,167	\$2,667,013	\$8,301,180	\$0.76	\$1.39	\$0.89
<b>Total Revenue</b>	<b>\$68,323,933</b>	<b>\$17,874,982</b>	<b>\$86,198,915</b>	<b>\$9.27</b>	<b>\$9.34</b>	<b>\$9.29</b>
Medical Services	\$65,253,851	\$15,715,462	\$80,969,313	\$8.86	\$8.21	\$8.72
Mental Health Services	\$5,266,236	\$2,536,187	\$7,802,423	\$0.71	\$1.32	\$0.84
<b>Total Expenses</b>	<b>\$70,520,087</b>	<b>\$18,251,649</b>	<b>\$88,771,736</b>	<b>\$9.57</b>	<b>\$9.53</b>	<b>\$9.56</b>
<b>Operating Income (Loss)</b>	<b>(\$2,196,154)</b>	<b>(\$376,667)</b>	<b>(\$2,572,821)</b>	<b>(\$0.30)</b>	<b>(\$0.19)</b>	<b>(\$0.27)</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	120,802
TTUHSC	31,578	31,064	30,616	31,048	31,077	31,383
Total	151,813	151,712	150,568	151,225	151,329	152,185
<b>Expenses</b>						
UTMB	\$342,859,796	\$381,036,398	\$423,338,812	\$435,710,000	\$395,736,252	\$70,520,087
TTUHSC	\$87,147,439	\$96,482,145	\$100,980,726	\$109,767,882	\$98,594,548	\$18,251,649
Total	\$430,007,235	\$477,518,543	\$524,319,538	\$545,477,882	\$494,330,800	\$88,771,736
<b>Cost/Day</b>						
UTMB	\$7.81	\$8.63	\$9.67	\$9.93	\$9.02	\$9.57
TTUHSC	\$7.56	\$8.49	\$9.04	\$9.69	\$8.69	\$9.53
<b>Total</b>	<b>\$7.76</b>	<b>\$8.60</b>	<b>\$9.54</b>	<b>\$9.88</b>	<b>\$8.94</b>	<b>\$9.56</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 October 31, 2010**

	Beginning Balance September 1, 2010	Net Activity FY 2011	Ending Balance September 30, 2010
CMHCC Operating Funds	\$89,264.62	(\$21,330.96)	\$67,933.66
CMHCC Medical Services	\$9,855.40	(\$9,855.70)	(\$0.30)
CMHCC Mental Health	\$1,541.12	(\$1,540.23)	\$0.89
<b>Ending Balance All Funds</b>	<b>\$100,661.14</b>	<b>(\$32,726.89)</b>	<b>\$67,934.25</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 FY 2011 Payment	\$166,823.71
Interest Earned	\$9.18
Subtotal Revenue	\$166,832.89
<b>Expenses</b>	
Salary & Benefits	(\$84,360.75)
Operating Expenses	(\$103,803.10)
Subtotal Expenses	<b>(\$188,163.85)</b>
<b>Net Activity thru this Qtr</b>	<b>(\$21,330.96)</b>
<b>Balance CMHCC Operating</b>	<b>\$67,933.66</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 FY 2011 from TDCJ	\$105,066,069.70	\$10,314,542.59
Interest Earned	\$0.00	\$0.30
<b>Revenue Received</b>	<b>\$105,066,069.70</b>	<b>\$10,314,542.89</b>
<b>Payments to UTMB</b>		
1st Qtr FY 2011 Payment	(\$83,541,111.00)	(\$7,001,907.00)
Subtotal UTMB Payments	<b>(\$83,541,111.00)</b>	<b>(\$7,001,907.00)</b>
<b>Payments to TTUHSC</b>		
1st Qtr FY 2011 Payment	(\$21,524,959.00)	(\$3,312,635.00)
Subtotal TTUHSC Payments	<b>(\$21,524,959.00)</b>	<b>(\$3,312,635.00)</b>
<b>Total Payments Made Through This Qtr</b>	<b>(\$105,066,070.00)</b>	<b>(\$10,314,542.00)</b>
<b>Net Activity Through This Qtr</b>	<b>(\$9,855.70)</b>	<b>(\$1,540.23)</b>
<b>Unencumbered Fund Balance</b>	<b>(\$0.30)</b>	<b>\$0.89</b>