



Correctional Managed Health Care

Monthly Report

September 2010

September 2010 – September 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 September, 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 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 2011 was 151,887. This average was slightly higher than the average through September FY 2010 of 151,773, an increase of 114 (0.08%). 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 2011, the average number of older offenders in the service population was 12,287. Through this same month a year ago (FY 2010), the average number of offenders age 55 and over was 11,542. This represents an increase of 745 or about 6.5% 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 2,408 (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 1,951 through September of FY 2011, a slight 8 population increase from 1,943 through September of FY 2010.
 - Through the month of September FY 2011, the average number of mental health outpatients was 20,413 representing 13.4% of the service population.

Health Care Costs

- Overall health costs through September of FY 2011 totaled \$43.4M.
 - UTMB's total revenue through the month was \$33.7M. Their expenditures totaled \$34.1M, resulting in a net shortfall of \$361,800. On a per offender per day basis, UTMB earned \$9.32 in revenue and expended \$9.42 resulting in a loss of \$0.10 per offender per day.
 - TTUHSC's total revenue through the month was \$8.8M. Expenditures totaled \$9.3M, resulting in a net shortfall of \$529,949. On a per offender per day basis, TTUHSC earned \$9.36 in revenue, but expended \$9.93 resulting in a loss of \$0.57 per offender per day.

- Examining the health care costs in further detail indicates that of the \$43.4M in expenses reported through September:
 - Onsite services (those medical services provided at the prison units) comprised \$18.8M representing about 43.4% of the total health care expenses:
 - Pharmacy services totaled \$4.4M representing approximately 10.3% of the total expenses:
 - Offsite services (services including hospitalization and specialty clinic care) accounted for \$15.2M or 34.9% of total expenses:
 - Mental health services totaled \$3.8M or 8.8% of the total costs:
 - Indirect support expenses accounted for \$1.2M and represented 2.6% of the total costs.

The total cost per offender per day for all health care services statewide through September of FY 2011 was \$9.52, a decrease of 4.7% from \$9.99 for September 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 6.4%.

- For UTMB, the cost per offender per day was \$9.42, 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 \$9.93, 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 \$361,800 through the month of September 2010. TTUHSC reports a total shortfall of \$529,949 through the month of September 2010.
- A summary analysis of the ending balances, revenue and payments through September FY 2011 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, 2010 was \$223,934.35. This ending fund balance amount still included the FY 2010 ending fund balance, as of August 31, 2010, of \$100,661.14. The total amount of the FY 2010 ending fund balance will lapsed back to the State General Revenue Fund as required by Rider 61 in 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. 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 2010 found all tested transactions to be verified.

Concluding Notes

- The combined *operating shortfall* for the university providers through September of FY 2011 is \$891,749. 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.

Listing of Supporting Tables and Charts

Table 1: FY 2011 Allocation of Funds6
Table 2: Key Population Indicators 7
Table 3: Summary Financial Report 8-9
Table 4: Comparison of Total Health Care Costs10
Table 5: Ending Balances September FY 201111

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												108,649
UTMB Private Prison Population*	11,910												11,910
UTMB Total Service Population	120,559	0	0	0	0	0	0	0	0	0			120,559
TTUHSC Total Service Population	31,328												31,328
CMHC Service Population Total	151,887	0	151,887										
Population Age 55 and Over													
UTMB Service Population Average	10,162												10,162
TTUHSC Service Population Average	2,125												2,125
CMHC Service Population Average	12,287	0	12,287										
HIV+ Population	2,408												2,408
Mental Health Inpatient Census													
UTMB Psychiatric Inpatient Average	1,031												1,031
TTUHSC Psychiatric Inpatient Average	920												920
CMHC Psychiatric Inpatient Average	1,951	0	1,951										
Mental Health Outpatient Census													
UTMB Psychiatric Outpatient Average	16,234												16,234
TTUHSC Psychiatric Outpatient Average	4,179												4,179
CMHC Psychiatric Outpatient Average	20,413	0	20,413										

Table 3
Summary Financial Report: Medical Costs
Fiscal Year 2011 - through September 30, 2010 (Sep 2010- Sept 2010)

Days in Year: 30

	Medical Services Costs			Medical Cost Per Day Calculations		
	UTMB	TTUHSC	TOTAL	UTMB	TTUHSC	TOTAL
Population Served	120,559	31,328	151,887			
Revenue						
Capitation Payments	\$27,541,026	\$7,096,140	\$34,637,166	\$7.61	\$7.55	\$7.60
State Reimbursement Benefits	\$3,330,791	\$389,640	\$3,720,431	\$0.92	\$0.41	\$0.82
Other Misc Revenue	\$59,165	\$94	\$59,259	\$0.02	\$0.00	\$0.01
Total Revenue	\$30,930,982	\$7,485,874	\$38,416,856	\$8.55	\$7.97	\$8.43
Expenses						
Onsite Services						
Salaries	\$10,683,516	\$1,081,839	\$11,765,355	\$2.95	\$1.15	\$2.58
Benefits	\$3,033,275	\$267,851	\$3,301,126	\$0.84	\$0.29	\$0.72
Operating (M&O)	\$1,196,783	\$81,519	\$1,278,302	\$0.33	\$0.09	\$0.28
Professional Services	\$0	\$313,824	\$313,824	\$0.00	\$0.33	\$0.07
Contracted Units/Services	\$0	\$1,891,503	\$1,891,503	\$0.00	\$2.01	\$0.42
Travel	\$51,275	\$6,607	\$57,882	\$0.01	\$0.01	\$0.01
Electronic Medicine	\$0	\$88,873	\$88,873	\$0.00	\$0.09	\$0.02
Capitalized Equipment	\$19,230	\$122,823	\$142,053	\$0.01	\$0.13	\$0.03
Subtotal Onsite Expenses	\$14,984,079	\$3,854,839	\$18,838,918	\$4.14	\$4.10	\$4.13
Pharmacy Services						
Salaries	\$425,318	\$153,409	\$578,727	\$0.12	\$0.16	\$0.13
Benefits	\$145,784	\$5,819	\$151,603	\$0.04	\$0.01	\$0.03
Operating (M&O)	\$155,437	\$50,682	\$206,119	\$0.04	\$0.05	\$0.05
Pharmaceutical Purchases	\$2,825,000	\$684,882	\$3,509,882	\$0.78	\$0.73	\$0.77
Professional Services	\$0	\$0	\$0	\$0.00	\$0.00	\$0.00
Travel	\$1,896	\$956	\$2,852	\$0.00	\$0.00	\$0.00
Subtotal Pharmacy Expenses	\$3,553,435	\$895,748	\$4,449,183	\$0.98	\$0.95	\$0.98
Offsite Services						
University Professional Services	\$1,583,353	\$99,551	\$1,682,904	\$0.44	\$0.11	\$0.37
Freeworld Provider Services	\$54,426	\$1,049,546	\$1,103,972	\$0.02	\$1.12	\$0.24
UTMB or TTUHSC Hospital Cost	\$7,254,818	\$1,031,042	\$8,285,860	\$2.01	\$1.10	\$1.82
Estimated IBNR	\$3,445,574	\$652,347	\$4,097,921	\$0.95	\$0.69	\$0.90
Subtotal Offsite Expenses	\$12,338,171	\$2,832,486	\$15,170,657	\$3.41	\$3.01	\$3.33
Indirect Expenses	\$585,894	\$436,842	\$1,022,736	\$0.16	\$0.46	\$0.22
Total Expenses	\$31,461,579	\$8,019,915	\$39,481,494	\$8.70	\$8.53	\$8.66
Operating Income (Loss)	(\$530,597)	(\$534,041)	(\$1,064,638)	(\$0.15)	(\$0.57)	(\$0.23)

Table 3 (Continued)
Summary Financial Report: Mental Health Costs
Fiscal Year 2011 through September 30, 2010 (Sep 2010-Sept 2010)

Days in Year: 30

	Mental Health Services Costs			Mental Health Cost Per Day Calculations		
	UTMB	TTUHSC	TOTAL	UTMB	TTUHSC	TOTAL
Population Served	120,559	31,328	151,887			
Revenue						
Capitation Payments	\$2,308,321	\$1,092,078	\$3,400,399	\$0.64	\$1.16	\$0.75
State Reimbursement Benefits	\$470,141	\$221,930	\$692,071	\$0.13	\$0.24	\$0.15
Other Misc Revenue	\$0	\$0	\$0	\$0.00	\$0.00	\$0.00
Total Revenue	\$2,778,462	\$1,314,008	\$4,092,470	\$0.77	\$1.40	\$0.90
Expenses						
Mental Health Services						
Salaries	\$1,966,257	\$928,045	\$2,894,302	\$0.54	\$0.99	\$0.64
Benefits	\$517,989	\$232,344	\$750,333	\$0.14	\$0.25	\$0.16
Operating (M&O)	\$63,090	\$11,885	\$74,975	\$0.02	\$0.01	\$0.02
Professional Services	\$0	\$71,589	\$71,589	\$0.00	\$0.08	\$0.02
Contracted Units/Services	\$0	\$0	\$0	\$0.00	\$0.00	\$0.00
Travel	\$8,744	\$528	\$9,272	\$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	\$2,556,080	\$1,244,391	\$3,800,471	\$0.71	\$1.32	\$0.83
Indirect Expenses	\$53,585	\$65,525	\$119,110	\$0.01	\$0.07	\$0.03
Total Expenses	\$2,609,665	\$1,309,916	\$3,919,581	\$0.72	\$1.39	\$0.86
Operating Income (Loss)	\$168,797	\$4,092	\$172,889	\$0.05	\$0.00	\$0.04

All Health Care Summary

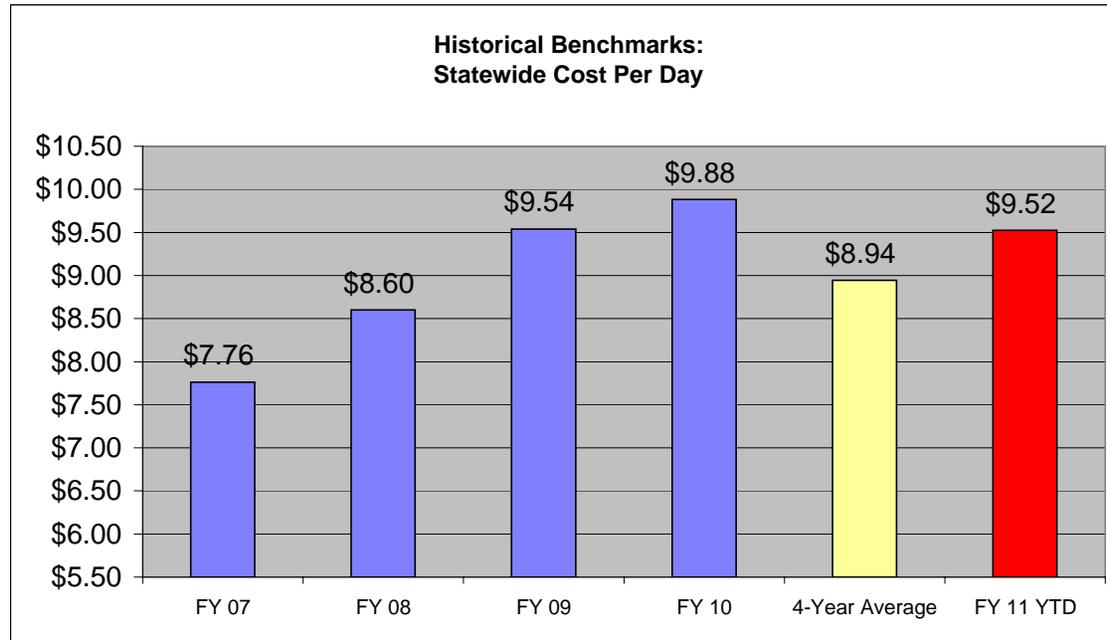
	All Health Care Services			Cost Per Offender Per Day		
	UTMB	TTUHSC	TOTAL	UTMB	TTUHSC	TOTAL
Medical Services	\$30,930,982	\$7,485,874	\$38,416,856	\$8.55	\$7.97	\$8.43
Mental Health Services	\$2,778,462	\$1,314,008	\$4,092,470	\$0.77	\$1.40	\$0.90
Total Revenue	\$33,709,444	\$8,799,882	\$42,509,326	\$9.32	\$9.36	\$9.33
Medical Services	\$31,461,579	\$8,019,915	\$39,481,494	\$8.70	\$8.53	\$8.66
Mental Health Services	\$2,609,665	\$1,309,916	\$3,919,581	\$0.72	\$1.39	\$0.86
Total Expenses	\$34,071,244	\$9,329,831	\$43,401,075	\$9.42	\$9.93	\$9.52
Operating Income (Loss)	(\$361,800)	(\$529,949)	(\$891,749)	(\$0.10)	(\$0.57)	(\$0.19)

**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	120,559
TTUHSC	31,578	31,064	30,616	31,048	31,077	31,328
Total	151,813	151,712	150,568	151,225	151,329	151,887
Expenses						
UTMB	\$342,859,796	\$381,036,398	\$423,338,812	\$435,710,000	\$395,736,252	\$34,071,244
TTUHSC	\$87,147,439	\$96,482,145	\$100,980,726	\$109,767,882	\$98,594,548	\$9,329,831
Total	\$430,007,235	\$477,518,543	\$524,319,538	\$545,477,882	\$494,330,800	\$43,401,075
Cost/Day						
UTMB	\$7.81	\$8.63	\$9.67	\$9.93	\$9.02	\$9.42
TTUHSC	\$7.56	\$8.49	\$9.04	\$9.69	\$8.69	\$9.93
Total	\$7.76	\$8.60	\$9.54	\$9.88	\$8.94	\$9.52

* 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, 2010**

	Beginning Balance September 1, 2010	Net Activity FY 2011	Ending Balance September 30, 2010
CMHCC Operating Funds	\$89,264.62	\$123,272.62	\$212,537.24
CMHCC Medical Services	\$9,855.40	(\$0.30)	\$9,855.10
CMHCC Mental Health	\$1,541.12	\$0.89	\$1,542.01
Ending Balance All Funds	\$100,661.14	\$123,273.21	\$223,934.35
Funds Lapsed to State General Revenue Fund, 10/31	(\$100,661.14)		(\$100,661.14)
Funds After Lapse	\$0.00	\$123,273.21	\$123,273.21

SUPPORTING DETAIL

CMHCC Operating Account	
Beginning Balance	\$89,264.62
Revenue Received	
1st Qtr 2011 Payment	\$166,823.71
Interest Earned	\$4.61
Subtotal Revenue	\$166,828.32
Expenses	
Salary & Benefits	(\$41,804.00)
Operating Expenses	(\$1,751.70)
Subtotal Expenses	(\$43,555.70)
Net Activity thru this Qtr	\$123,272.62
Balance CMHCC Operating	\$212,537.24

SUPPORTING DETAIL

CMHCC Capitation Accounts	Medical Services	Mental Health
Beginning Balance	\$9,855.40	\$1,541.12
Revenue Detail		
1st Qtr FY 2011 from TDCJ	\$105,066,069.70	\$10,314,542.59
Interest Earned	\$0.00	\$0.30
Revenue Received	\$105,066,069.70	\$10,314,542.89
Payments to UTMB		
1st Qtr FY 2011 Payment	(\$83,541,111.00)	(\$7,001,907.00)
Subtotal UTMB Payments	(\$83,541,111.00)	(\$7,001,907.00)
Payments to TTUHSC		
1st Qtr FY 2011 Payment	(\$21,524,959.00)	(\$3,312,635.00)
Subtotal TTUHSC Payments	(\$21,524,959.00)	(\$3,312,635.00)
Total Payments Made Through This Qtr	(\$105,066,070.00)	(\$10,314,542.00)
Net Activity Through This Qtr	(\$0.30)	\$0.89
Unencumbered Fund Balance	\$9,855.10	\$1,542.01