



Correctional Managed Health Care

Monthly Report

July 2012

September 2011 – July 2012

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 July 2012. Following this narrative are the supporting financial and statistical tables.

Background

During Fiscal Year 2012, approximately \$429.2 million within the TDCJ appropriation has been allocated for funding correctional health care services. This funding included:

- \$135.3M in general revenue appropriations in strategy C.1.8 (Hospital and Clinic Care)
- \$242.4M in general revenue appropriations in strategy C.1.7 (Unit and Psychiatric Care).
- \$51.5M in general revenue appropriations in strategy C.1.9 (Pharmacy Care).

Of this funding, \$428.5M (99.9%) was allocated for health care services provided by UTMB and TTUHSC. And \$673K (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 July this fiscal year, the correctional health care program has slightly decreased in the overall offender population served. The average daily population served through July of FY 2012 was 152,246. This average was lower than the average through July FY 2011 of 152,787, a decrease of 541 or (0.35%). Even though the overall population has decreased slightly, 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 faster rate than the overall population. Through July of FY 2012, the average number of older offenders in the service population was 13,658. Through this same month a year ago (FY 2011), the average number of offenders age 55 and over was 12,775. This represents an increase of 883 or about 6.9% more older offenders than a year ago.
- Hospital Inpatient Census is a new statistical indicator established to reflect the health care dollars spent in the C.1.8 Strategy “Hospital and Clinic Costs”. The hospital inpatient average daily census (ADC) served through July of FY 2012 was 207 for both the Texas Tech and UTMB Sectors.
- Outpatient Clinic and ER Visits is another new statistical indicator established to reflect the health care dollars spent in the C.1.8 Strategy “Hospital and Clinic Costs”. The medical outpatient clinic and ER visits served through July of FY 2012 was 3,481 for both the Texas Tech and UTMB Sectors.
- The overall HIV+ population has remained relatively stable throughout the last several years and continued to remain so through this month, averaging 2,294 (or about 1.5% of the population served).
- Two mental health caseload measures have also remained relatively stable:
 - The average number of psychiatric inpatients within the system was 1,801 through July of FY 2012, a 143 population decrease from 1,944 through July of FY 2011.
 - Through the month of July FY 2012, the average number of mental health outpatients was 18,522 representing 12.2% of the service population.

Health Care Costs

- Overall health costs through July of FY 2012 totaled \$451.1M.
 - UTMB's total revenue through the month was \$346.5M. Their expenditures totaled \$362.1M, resulting in a net shortfall of \$15.6M. On a per offender per day basis, UTMB earned \$8.57 in revenue and expended \$8.95 resulting in a loss of \$0.38 per offender per day.
 - TTUHSC's total revenue through the month was \$89.7M. Expenditures totaled \$88.9M, resulting in a net gain of \$804K. On a per offender per day basis, TTUHSC earned \$8.50 in revenue, but expended \$8.42 resulting in a gain of \$0.08 per offender per day.
- Examining the health care costs in further detail indicates that of the \$451.1M in expenses reported through July 2012:
 - Onsite services (those medical services provided at the prison units) comprised \$206.1M representing about 45.7% of the total health care expenses:
 - Pharmacy services totaled \$49.0M representing approximately 10.9% of the total expenses:
 - Offsite services (services including hospitalization and specialty clinic care) accounted for \$145.8M or 32.3% of total expenses:
 - Mental health services totaled \$37.5M or 8.3% of the total costs:
 - Indirect support expenses accounted for \$12.7M and represented 2.8% of the total costs.

The total cost per offender per day for all health care services statewide through July of FY 2012 was \$8.84, a decrease of 9.2% from \$9.73 for July FY 2011. However, when benchmarked against the average cost per offender per day for the prior four fiscal years of \$9.44, the decrease is lower at 6.4%.

- For UTMB, the cost per offender per day was \$8.95, lower than the average cost per day for the last four fiscal years of \$9.50.
- For TTUHSC, the cost per offender per day was \$8.42, lower than the average cost per day for the last four fiscal years of \$9.21.
- 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 2012 indicates that UTMB reports a total shortfall of \$15,634,801 through the month of July 2012. TTUHSC reports a total gain of \$803,914 through the month of July 2012.
- A summary analysis of the ending balances, revenue and payments through July FY 2012 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 July 31, 2012 was \$140,777.71. This excess amount is primarily due to the unfilled position of Assistant Executive Director when Mr. David McNutt retired.

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 and TTUHSC's financial reports, review and testing of the July 2012 financial information is currently in process and final results are not yet available. Upon completion of July's review, the results will be reported in the 4th Quarter Financial Report for FY 2012.

Concluding Notes

- The combined *operating shortfall* for the university providers through July of FY 2012 is \$14,830,887. 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.

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Table 1
Correctional Managed Health Care
FY 2012 Budget Allocations

<u>Distribution of Funds</u>		<u>Source of Funds</u>	
<u>Allocated to</u>	<u>FY 2012</u>	<u>Source</u>	<u>FY 2012</u>
University Providers		Legislative Appropriations	
The University of Texas Medical Branch		SB 1, Article V, TDCJ Appropriations	
Unit and Psychiatric Care	\$187,310,012	Strategy C.1.7. Unit and Psychiatric Care	\$242,353,898
Hospital and Clinic Care	\$110,016,885	Strategy C.1.8. Hospital and Clinic Care	\$135,308,808
Pharmacy Care	\$41,018,720	Strategy C.1.9 Pharmacy Care	\$51,499,999
Subtotal UTMB	\$338,345,617		
 Texas Tech University Health Sciences Center		TOTAL	\$429,162,705
Unit and Psychiatric Care	\$54,370,961		
Hospital and Clinic Care	\$25,291,923		
Pharmacy Care	\$10,481,279		
Subtotal TTUHSC	\$90,144,163		
 SUBTOTAL UNIVERSITY PROVIDERS			
	\$428,489,780		
 Correctional Managed Health Care Committee			
	\$672,925		
 TOTAL DISTRIBUTION			
	\$429,162,705		

*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 2012
 Key Population Indicators
 Correctional Health Care Program

Indicator	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Population Year to Date Avg.
Avg. Population Served by CMHC:												
UTMB State-Operated Population	109,767	109,780	109,834	109,611	109,222	108,806	108,715	108,421	108,035	107,692	107,227	108,828
UTMB Private Prison Population*	11,919	11,912	11,907	11,912	11,899	11,903	11,908	11,912	11,908	11,905	11,909	11,909
UTMB Total Service Population	121,686	121,692	121,740	121,523	121,121	120,709	120,623	120,334	119,943	119,597	119,136	120,737
TTUHSC Total Service Population	31,715	31,678	31,538	31,464	31,343	31,337	31,538	31,635	31,521	31,456	31,380	31,510
CMHC Service Population Total	153,401	153,370	153,278	152,987	152,464	152,046	152,161	151,969	151,464	151,053	150,516	152,246
Population Age 55 and Over												
UTMB Service Population Average	11,158	11,215	11,256	11,289	11,368	11,411	11,508	11,488	11,502	11,478	11,460	11,376
TTUHSC Service Population Average	2,215	2,231	2,247	2,260	2,256	2,295	2,311	2,308	2,309	2,322	2,350	2,282
CMHC Service Population Average	13,373	13,446	13,503	13,549	13,624	13,706	13,819	13,796	13,811	13,800	13,810	13,658
Medical Health Inpatient Daily Census												
UTMB Hospital Galveston Inpatient ADC	74	63	62	65	66	68	62	65	66	64	68	66
UTMB FreeWorld Hospital Inpatient ADC	17	13	15	20	20	21	23	28	26	23	28	21
TTUHSC RMF Inpatient ADC	112	111	111	111	116	114	114	112	109	110	106	111
TTUHSC FreeWorld Hospital Inpatient ADC	7	11	10	9	7	6	8	10	8	10	10	9
CMHC Medical Inpatient Daily Census	211	197	198	205	209	209	206	214	209	207	212	207
Medical Health Outpatient Visits												
UTMB Specialty Clinic & ER Visits	2,657	2,288	2,089	1,946	2,540	2,721	2,970	2,821	3,211	2,225	3,019	2,590
TTUHSC FreeWorld Outpatient & ER Visits	876	905	876	886	891	844	1,020	643	1,105	929	825	891
CMHC Medical Outpatient Visits	3,533	3,193	2,965	2,832	3,431	3,565	3,990	3,464	4,316	3,154	3,844	3,481
HIV+ Population	2,324	2,352	2,318	2,320	2,297	2,302	2,288	2,251	2,245	2,273	2,265	2,294
Mental Health Inpatient Census												
UTMB Psychiatric Inpatient Average	1,001	999	1,009	1,009	1,017	1,012	1,020	1,021	1,023	1008	1017	1,012
TTUHSC Psychiatric Inpatient Average	914	891	779	764	756	750	749	755	756	772	785	788
CMHC Psychiatric Inpatient Average	1,915	1,890	1,788	1,773	1,773	1,762	1,769	1,776	1,779	1,780	1,802	1,801
Mental Health Outpatient Census												
UTMB Psychiatric Outpatient Average	14,566	14,131	13,582	13,697	14,263	14,822	15,039	14,813	15,449	14,536	15,420	14,574
TTUHSC Psychiatric Outpatient Average	4,275	3,946	4,111	3,631	3,681	4,113	4,415	3,981	3,892	3,836	3,546	3,948
CMHC Psychiatric Outpatient Average	18,841	18,077	17,693	17,328	17,944	18,935	19,454	18,794	19,341	18,372	18,966	18,522

Table 3
Summary Financial Report: Unit and Mental Health Costs - C.1.7
Fiscal Year 2012 - through July 31, 2012 (Sep 2011- Jul 2012)

Days in Year: 335

	Unit and Mental Health Services Costs			Unit & Mental Cost Per Day Calculations		
	UTMB	TTUHSC	TOTAL	UTMB	TTUHSC	TOTAL
Population Served	120,737	31,510	152,246			
Revenue						
Capitation Payments	\$171,444,960	\$49,765,769	\$221,210,729	\$4.24	\$4.71	\$4.34
State Reimbursement Benefits	\$36,638,670	\$5,795,018	\$42,433,688	\$0.91	\$0.55	\$0.83
Other Misc Revenue	\$50,564	\$2,261	\$52,825	\$0.00	\$0.00	\$0.00
Total Revenue	\$208,134,194	\$55,563,048	\$263,697,242	\$5.15	\$5.26	\$5.17
Expenses						
Unit Services						
Salaries	\$115,283,230	\$16,089,525	\$131,372,755	\$2.85	\$1.52	\$2.58
Benefits	\$35,033,251	\$4,001,713	\$39,034,964	\$0.87	\$0.38	\$0.77
Operating (M&O)	\$15,581,704	\$1,193,703	\$16,775,407	\$0.39	\$0.11	\$0.33
Professional Services	\$0	\$2,113,114	\$2,113,114	\$0.00	\$0.20	\$0.04
Contracted Units/Services	\$0	\$15,261,493	\$15,261,493	\$0.00	\$1.45	\$0.30
Travel	\$728,176	\$39,433	\$767,609	\$0.02	\$0.00	\$0.02
Electronic Medicine	\$0	\$379,003	\$379,003	\$0.00	\$0.04	\$0.01
Capitalized Equipment	\$368,765	\$0	\$368,765	\$0.01	\$0.00	\$0.01
Subtotal Onsite Expenses	\$166,995,126	\$39,077,984	\$206,073,110	\$4.13	\$3.70	\$4.04
Mental Health Services						
Salaries	\$20,225,401	\$9,310,169	\$29,535,570	\$0.50	\$0.88	\$0.58
Benefits	\$4,960,617	\$2,273,075	\$7,233,692	\$0.12	\$0.22	\$0.14
Operating (M&O)	\$364,373	\$73,233	\$437,606	\$0.01	\$0.01	\$0.01
Professional Services	\$0	\$281,863	\$281,863			
Contracted Units/Services	\$0	\$0	\$0			
Travel	\$40,620	\$7,014	\$47,634	\$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	\$25,591,011	\$11,945,354	\$37,536,365	\$0.63	\$1.10	\$0.73
Indirect Expenses	\$9,792,785	\$1,661,380	\$11,454,165	\$0.24	\$0.16	\$0.22
Total Expenses	\$202,378,922	\$52,684,718	\$255,063,640	\$5.00	\$4.96	\$5.00
Operating Income (Loss)	\$5,755,272	\$2,878,330	\$8,633,602	\$0.14	\$0.30	\$0.17

Table 3 (Continued)
Summary Financial Report: Hospital and Clinic Costs - C.1.8
Fiscal Year 2012 - through July 31, 2012 (Sep 2011- Jul 2012)

Days in Year: 335

	Hospital and Clinic Costs			Hospital & Clinic Cost Per Day Calculations		
	UTMB	TTUHSC	TOTAL	UTMB	TTUHSC	TOTAL
Population Served	120,737	31,510	152,246			
Revenue						
Capitation Payments	\$100,698,514	\$23,149,711	\$123,848,225	\$2.49	\$2.19	\$2.43
State Reimbursement Benefits	\$0	\$1,359,264	\$1,359,264	\$0.00	\$0.13	\$0.03
Other Misc Revenue	\$0	\$0	\$0	\$0.00	\$0.00	\$0.00
Total Revenue	\$100,698,514	\$24,508,975	\$125,207,489	\$2.49	\$2.32	\$2.45
Expenses						
Hospital and Clinic Services						
University Professional Services	\$14,557,362	\$1,191,176	\$15,748,538	\$0.36	\$0.11	\$0.31
Freeworld Provider Services	\$21,934,093	\$13,997,076	\$35,931,169	\$0.54	\$1.33	\$0.70
UTMB or TTUHSC Hospital Cost	\$77,861,265	\$9,690,951	\$87,552,216	\$1.93	\$0.92	\$1.72
Estimated IBNR	\$6,644,819	(\$79,237)	\$6,565,582	\$0.16	(\$0.01)	\$0.13
Subtotal Offsite Expenses	\$120,997,539	\$24,799,966	\$145,797,505	\$2.99	\$2.35	\$2.86
Indirect Expenses	\$0	\$899,414	\$899,414	\$0.00	\$0.09	\$0.02
Total Expenses	\$120,997,539	\$25,699,380	\$146,696,919	\$2.99	\$2.43	\$2.88
Operating Income (Loss)	(\$20,299,025)	(\$1,190,405)	(\$21,489,430)	(\$0.50)	(\$0.11)	(\$0.42)

Table 3 (Continued)
Summary Financial Report: Pharmacy Costs - C.1.9
Fiscal Year 2012 through July 31, 2012 (Sep 2011- Jul 2012)

Days in Year: 335

	Pharmacy Health Services Costs			Pharmacy Health Cost Per Day Calculations		
	UTMB	TTUHSC	TOTAL	UTMB	TTUHSC	TOTAL
Population Served	120,737	31,510	152,246			
Revenue						
Capitation Payments	\$37,544,457	\$9,593,521	\$47,137,978	\$0.93	\$0.91	\$0.92
State Reimbursement Benefits	\$0	\$52,037	\$52,037	\$0.00	\$0.00	\$0.00
Other Misc Revenue	\$157,152	\$0	\$157,152	\$0.00	\$0.00	\$0.00
Total Revenue	\$37,701,609	\$9,645,558	\$47,347,167	\$0.93	\$0.91	\$0.93
Expenses						
Pharmacy Services						
Salaries	\$5,440,283	\$1,692,199	\$7,132,482	\$0.13	\$0.16	\$0.14
Benefits	\$1,706,108	\$58,103	\$1,764,211	\$0.04	\$0.01	\$0.03
Operating (M&O)	\$1,117,232	\$271,430	\$1,388,662	\$0.03	\$0.03	\$0.03
Pharmaceutical Purchases	\$30,510,969	\$8,176,538	\$38,687,507	\$0.75	\$0.77	\$0.76
Professional Services	\$0	\$0	\$0	\$0.00	\$0.00	\$0.00
Travel	\$18,065	\$6,841	\$24,906	\$0.00	\$0.00	\$0.00
Subtotal Pharmacy Health Expenses	\$38,792,657	\$10,205,111	\$48,997,768	\$0.96	\$0.97	\$0.96
Indirect Expenses	\$0	\$324,458	\$324,458	\$0.00	\$0.03	\$0.01
Total Expenses	\$38,792,657	\$10,529,569	\$49,322,226	\$0.96	\$1.00	\$0.97
Operating Income (Loss)	(\$1,091,048)	(\$884,011)	(\$1,975,059)	(\$0.03)	(\$0.08)	(\$0.04)

All Health Care Summary

	All Health Care Services			Cost Per Offender Per Day		
	UTMB	TTUHSC	TOTAL	UTMB	TTUHSC	TOTAL
Unit & Mental Health Services	\$208,134,194	\$55,563,048	\$263,697,242	\$5.15	\$5.26	\$5.17
Hospital & Clinic Services	\$100,698,514	\$24,508,975	\$125,207,489	\$2.49	\$2.32	\$2.45
Pharmacy Health Services	\$37,701,609	\$9,645,558	\$47,347,167	\$0.93	\$0.91	\$0.93
Total Revenue	\$346,534,317	\$89,717,581	\$436,251,898	\$8.57	\$8.50	\$8.55
Unit & Mental Health Services	\$202,378,922	\$52,684,718	\$255,063,640	\$5.00	\$4.99	\$5.00
Hospital & Clinic Services	\$120,997,539	\$25,699,380	\$146,696,919	\$2.99	\$2.43	\$2.88
Pharmacy Health Services	\$38,792,657	\$10,529,569	\$49,322,226	\$0.96	\$1.00	\$0.97
Total Expenses	\$362,169,118	\$88,913,667	\$451,082,785	\$8.95	\$8.42	\$8.84
Operating Income (Loss)	(\$15,634,801)	\$803,914	(\$14,830,887)	(\$0.38)	\$0.08	(\$0.29)

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

	FY 08	FY 09	FY 10	FY 11	4-Year Average	FY 12 YTD
Population						
UTMB	120,648	119,952	120,177	121,417	120,548	120,737
TTUHSC	31,064	30,616	31,048	31,419	31,037	31,510
Total	151,712	150,568	151,225	152,836	151,585	152,246
Expenses						
UTMB	\$381,036,398	\$423,338,812	\$435,710,000	\$432,371,801	\$418,114,253	\$362,169,118
TTUHSC	\$96,482,145	\$100,980,726	\$109,767,882	\$110,272,668	\$104,375,855	\$88,913,667
Total	\$477,518,543	\$524,319,538	\$545,477,882	\$542,644,469	\$522,490,108	\$451,082,785
Cost/Day						
UTMB	\$8.63	\$9.67	\$9.93	\$9.76	\$9.50	\$8.95
TTUHSC	\$8.49	\$9.04	\$9.69	\$9.62	\$9.21	\$8.42
Total	\$8.60	\$9.54	\$9.88	\$9.73	\$9.44	\$8.84

* 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

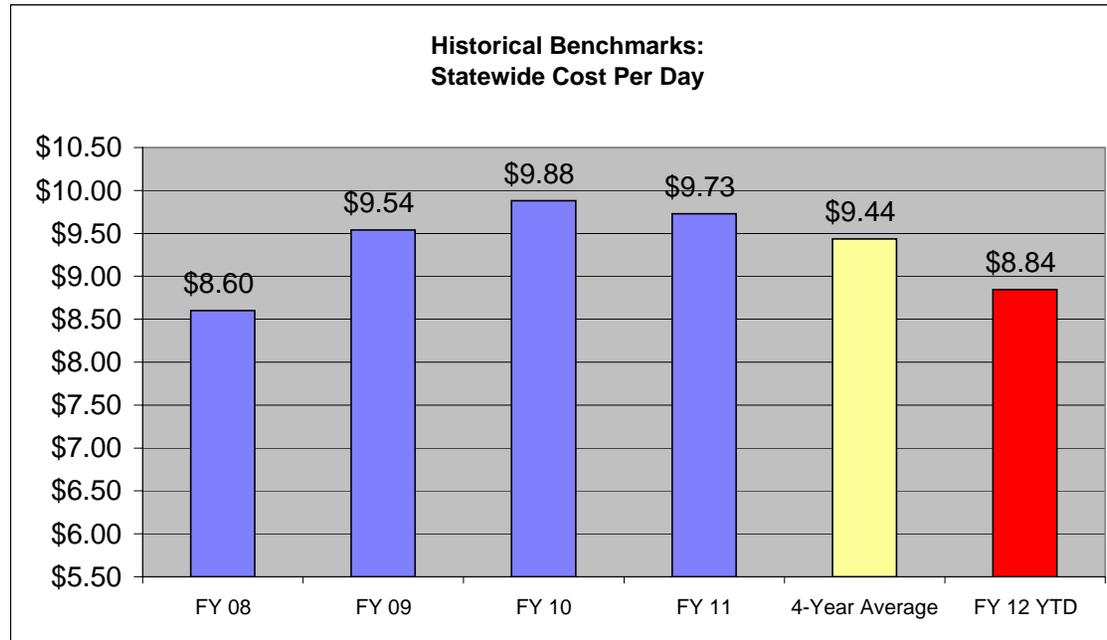


Table 5
Ending Balances July 31, 2012

	Beginning Balance September 1, 2011	Net Activity FY 2012	Ending Balance July 31, 2012
CMHCC Operating Funds	\$30,582.32	\$110,195.39	\$140,777.71
CMHCC Unit & Mental Health Services	\$3,505.81		Balances Maintained by TDCJ
CMHCC Hospital & Clinic Services	\$447.88		Balances Maintained by TDCJ
CMHCC Pharmacy Health	\$0.00		Balances Maintained by TDCJ
Ending Balance All Funds	\$34,536.01	\$110,195.39	\$140,777.71

SUPPORTING DETAIL

CMHCC Operating Account	
Beginning Balance	\$30,582.32
Revenue Received	
1st Qtr 2012 Payment	\$167,312.00
2nd Qtr 2012 Payment	\$169,150.00
3rd Qtr 2012 Payment	\$167,312.00
Interest Earned	\$43.73
Subtotal Revenue	\$503,817.73
Expenses	
Salary & Benefits	(\$327,380.28)
Operating Expenses	(\$66,242.06)
Subtotal Expenses	(\$393,622.34)
Net Activity thru this Qtr	\$110,195.39
Balance CMHCC Operating	\$140,777.71