



Correctional Managed Health Care

Monthly Report

September 2011

September 2011 – September 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 September, 2011. 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 September this fiscal year, the correctional health care program has slightly increased in the overall offender population served. The average daily population served through September of FY 2012 was 153,401. This average was higher than the average through September FY 2011 of 151,887, an increase of 1,514 (1.0%). Even though the overall population has increased, the number of offenders age 55 and over has continued to steadily increase at a 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 September of FY 2012, the average number of older offenders in the service population was 13,373. Through this same month a year ago (FY 2011), the average number of offenders age 55 and over was 12,287. This represents an increase of 1,086 or about 8.8% 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 2,324 (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 1,915 through September of FY 2012, a slight 36 population decrease from 1,951 through September of FY 2011.
 - Through the month of September FY 2012, the average number of mental health outpatients was 18,841 representing 12.3% of the service population.

Health Care Costs

- Overall health costs through September of FY 2012 totaled \$41.6M.
 - UTMB's total revenue through the month was \$30.9M. Their expenditures totaled \$33.6M, resulting in a net shortfall of \$2.7M. On a per offender per day basis, UTMB earned \$8.47 in revenue and expended \$9.20 resulting in a loss of \$0.73 per offender per day.
 - TTUHSC's total revenue through the month was \$8.0M. Expenditures totaled \$8.0M, resulting in a net shortfall of \$28,899. On a per offender per day basis, TTUHSC earned \$8.43 in revenue, but expended \$8.46 resulting in a loss of \$0.03 per offender per day.

- Examining the health care costs in further detail indicates that of the \$41.6M in expenses reported through September:
 - Onsite services (those medical services provided at the prison units) comprised \$18.3M representing about 44.0% of the total health care expenses:
 - Pharmacy services totaled \$4.7M representing approximately 11.3% of the total expenses:
 - Offsite services (services including hospitalization and specialty clinic care) accounted for \$14.0M or 33.7% of total expenses:
 - Mental health services totaled \$3.5M or 8.4% of the total costs:
 - Indirect support expenses accounted for \$1.1M 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 2012 was \$9.05, a decrease of 4.9% from \$9.52 for September 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 4.1%.

- For UTMB, the cost per offender per day was \$9.20, 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 \$8.46, 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 \$2,654,034 through the month of September 2011. TTUHSC reports a total shortfall of \$28,899 through the month of September 2011.
- 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, 2011 was \$163,773.42. This ending fund balance amount still included the FY 2011 ending fund balance, as of August 31, 2011, of \$34,536.01. The total amount of the FY 2011 ending fund balance will lapsed back to the State General Revenue Fund as required by law.

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 September financial information is currently in process and final results are not yet available. The reported delay resulted from end of year close out processes and Biennium Funding changes. Upon completion of September's review, the results will be reported in the 1st Quarter Financial Report.

Concluding Notes

- The combined *operating shortfall* for the university providers through September of FY 2012 is \$2,682,933. 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>Allocated to</u>	<u>FY 2012</u>
University Providers	
The University of Texas Medical Branch	
Unit and Psychiatric Care	\$187,310,012
Hospital and Clinic Care	\$110,016,885
Pharmacy Care	\$41,018,720
Subtotal UTMB	\$338,345,617
Texas Tech University Health Sciences Center	
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

<u>Source of Funds</u>	
<u>Source</u>	<u>FY 2012</u>
Legislative Appropriations	
SB 1, Article V, TDCJ Appropriations	
Strategy C.1.7. Unit and Psychiatric Care	\$242,353,898
Strategy C.1.8. Hospital and Clinic Care	\$135,308,808
Strategy C.1.9 Pharmacy Care	\$51,499,999
TOTAL	\$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	Aug-12	Population Year to Date Avg.
Avg. Population Served by CMHC:													
UTMB State-Operated Population	109,767												109,767
UTMB Private Prison Population*	11,919												11,919
UTMB Total Service Population	121,686	0	0	0	0	0	0	0	0	0			121,686
TTUHSC Total Service Population	31,715												31,715
CMHC Service Population Total	153,401	0	153,401										
Population Age 55 and Over													
UTMB Service Population Average	11,158												11,158
TTUHSC Service Population Average	2,215												2,215
CMHC Service Population Average	13,373	0	13,373										
HIV+ Population	2,324												2,324
Mental Health Inpatient Census													
UTMB Psychiatric Inpatient Average	1,001												1,001
TTUHSC Psychiatric Inpatient Average	914												914
CMHC Psychiatric Inpatient Average	1,915	0	1,915										
Mental Health Outpatient Census													
UTMB Psychiatric Outpatient Average	14,566												14,566
TTUHSC Psychiatric Outpatient Average	4,275												4,275
CMHC Psychiatric Outpatient Average	18,841	0	18,841										

Table 3
Summary Financial Report: Unit and Mental Health Costs
Fiscal Year 2012 - through September 30, 2011 (Sep 2011- Sept 2011)

Days in Year: 30

	Unit and Mental Health Services Costs			Unit & Mental Cost Per Day Calculations		
	UTMB	TTUHSC	TOTAL	UTMB	TTUHSC	TOTAL
Population Served	121,686	31,715	153,401			
Revenue						
Capitation Payments	\$15,353,280	\$4,250,866	\$19,604,146	\$4.21	\$4.47	\$4.26
State Reimbursement Benefits	\$3,194,211	\$488,023	\$3,682,234	\$0.87	\$0.51	\$0.80
Other Misc Revenue	\$3,921	\$223	\$4,144	\$0.00	\$0.00	\$0.00
Total Revenue	\$18,551,412	\$4,739,112	\$23,290,524	\$5.08	\$4.98	\$5.06
Expenses						
Unit Services						
Salaries	\$10,337,734	\$1,234,523	\$11,572,257	\$2.83	\$1.30	\$2.51
Benefits	\$3,077,526	\$305,225	\$3,382,751	\$0.84	\$0.32	\$0.74
Operating (M&O)	\$1,384,825	\$16,392	\$1,401,217	\$0.38	\$0.02	\$0.30
Professional Services	\$0	\$154,328	\$154,328	\$0.00	\$0.16	\$0.03
Contracted Units/Services	\$0	\$1,758,931	\$1,758,931	\$0.00	\$1.85	\$0.38
Travel	\$34,524	\$1,756	\$36,280	\$0.01	\$0.00	\$0.01
Electronic Medicine	\$0	\$2,440	\$2,440	\$0.00	\$0.00	\$0.00
Capitalized Equipment	\$0	\$0	\$0	\$0.00	\$0.00	\$0.00
Subtotal Onsite Expenses	\$14,834,609	\$3,473,595	\$18,308,204	\$4.06	\$3.65	\$3.98
Mental Health Services						
Salaries	\$1,880,437	\$920,566	\$2,801,003	\$0.52	\$0.97	\$0.61
Benefits	\$449,366	\$226,904	\$676,270	\$0.12	\$0.24	\$0.15
Operating (M&O)	\$47,243	(\$12,756)	\$34,487	\$0.01	(\$0.01)	\$0.01
Professional Services	\$0	\$24,834	\$24,834			
Contracted Units/Services	\$0	\$0	\$0			
Travel	\$1,578	\$417	\$1,995	\$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	\$2,378,624	\$1,159,965	\$3,538,589	\$0.65	\$1.19	\$0.76
Indirect Expenses	\$824,732	\$148,781	\$973,513	\$0.23	\$0.16	\$0.21
Total Expenses	\$18,037,965	\$4,782,341	\$22,820,306	\$4.94	\$5.00	\$4.95
Operating Income (Loss)	\$513,447	(\$43,229)	\$470,218	\$0.14	(\$0.02)	\$0.11

Table 3 (Continued)
Summary Financial Report: Hospital and Clinic Costs
Fiscal Year 2012 - through September 30, 2011 (Sep 2011- Sept 2011)

Days in Year: 30

	Hospital and Clinic Costs			Hospital & Clinic Cost Per Day Calculations		
	UTMB	TTUHSC	TOTAL	UTMB	TTUHSC	TOTAL
Population Served	121,686	31,715	153,401			
Revenue						
Capitation Payments	\$9,017,777	\$2,301,274	\$11,319,051	\$2.47	\$2.42	\$2.46
State Reimbursement Benefits	\$0	\$135,015	\$135,015	\$0.00	\$0.14	\$0.03
Other Misc Revenue	\$0	\$0	\$0	\$0.00	\$0.00	\$0.00
Total Revenue	\$9,017,777	\$2,436,289	\$11,454,066	\$2.47	\$2.56	\$2.49
Expenses						
Hospital and Clinic Services						
University Professional Services	\$1,191,858	\$66,667	\$1,258,525	\$0.33	\$0.07	\$0.27
Freeworld Provider Services	\$96,067	\$792,144	\$888,211	\$0.03	\$0.83	\$0.19
UTMB or TTUHSC Hospital Cost	\$7,701,853	\$926,400	\$8,628,253	\$2.11	\$0.97	\$1.87
Estimated IBNR	\$2,903,873	\$339,718	\$3,243,591	\$0.80	\$0.36	\$0.70
Subtotal Offsite Expenses	\$11,893,651	\$2,124,929	\$14,018,580	\$3.26	\$2.23	\$3.05
Indirect Expenses	\$0	\$80,545	\$80,545	\$0.00	\$0.08	\$0.02
Total Expenses	\$11,893,651	\$2,205,474	\$14,099,125	\$3.26	\$2.32	\$3.06
Operating Income (Loss)	(\$2,875,874)	\$230,815	(\$2,645,059)	(\$0.79)	\$0.24	(\$0.57)

Table 3 (Continued)
Summary Financial Report: Pharmacy Costs
Fiscal Year 2012 through September 30, 2011 (Sep 2011-Sept 2011)

Days in Year: 30

	Pharmacy Health Services Costs			Pharmacy Health Cost Per Day Calculations		
	UTMB	TTUHSC	TOTAL	UTMB	TTUHSC	TOTAL
Population Served	121,686	31,715	153,401			
Revenue						
Capitation Payments	\$3,362,190	\$836,726	\$4,198,916	\$0.92	\$0.88	\$0.91
State Reimbursement Benefits	\$0	\$5,024	\$5,024	\$0.00	\$0.01	\$0.00
Other Misc Revenue	\$6,204	\$0	\$6,204	\$0.00	\$0.00	\$0.00
Total Revenue	\$3,368,394	\$841,750	\$4,210,144	\$0.92	\$0.88	\$0.91
Expenses						
Pharmacy Services						
Salaries	\$488,763	\$165,867	\$654,630	\$0.13	\$0.17	\$0.14
Benefits	\$162,712	\$5,505	\$168,217	\$0.04	\$0.01	\$0.04
Operating (M&O)	\$110,342	\$25,444	\$135,786	\$0.03	\$0.03	\$0.03
Pharmaceutical Purchases	\$2,897,197	\$831,457	\$3,728,654	\$0.79	\$0.87	\$0.81
Professional Services	\$0	\$0	\$0	\$0.00	\$0.00	\$0.00
Travel	\$987	\$335	\$1,322	\$0.00	\$0.00	\$0.00
Subtotal Pharmacy Health Expenses	\$3,660,001	\$1,028,608	\$4,688,609	\$1.00	\$1.08	\$1.02
Indirect Expenses	\$0	\$29,627	\$29,627	\$0.00	\$0.03	\$0.01
Total Expenses	\$3,660,001	\$1,058,235	\$4,718,236	\$1.00	\$1.11	\$1.03
Operating Income (Loss)	(\$291,607)	(\$216,485)	(\$508,092)	(\$0.08)	(\$0.23)	(\$0.11)

All Health Care Summary

	All Health Care Services			Cost Per Offender Per Day		
	UTMB	TTUHSC	TOTAL	UTMB	TTUHSC	TOTAL
Unit & Mental Health Services	\$18,551,412	\$4,739,112	\$23,290,524	\$5.08	\$4.98	\$5.06
Hospital & Clinic Services	\$9,017,777	\$2,436,289	\$11,454,066	\$2.47	\$2.56	\$2.49
Pharmacy Health Services	\$3,368,394	\$841,750	\$4,210,144	\$0.92	\$0.88	\$0.91
Total Revenue	\$30,937,583	\$8,017,151	\$38,954,734	\$8.47	\$8.43	\$8.46
Unit & Mental Health Services	\$18,037,965	\$4,782,341	\$22,820,306	\$4.94	\$5.03	\$4.96
Hospital & Clinic Services	\$11,893,651	\$2,205,474	\$14,099,125	\$3.26	\$2.32	\$3.06
Pharmacy Health Services	\$3,660,001	\$1,058,235	\$4,718,236	\$1.00	\$1.11	\$1.03
Total Expenses	\$33,591,617	\$8,046,050	\$41,637,667	\$9.20	\$8.46	\$9.05
Operating Income (Loss)	(\$2,654,034)	(\$28,899)	(\$2,682,933)	(\$0.73)	(\$0.03)	(\$0.59)

**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	121,686
TTUHSC	31,064	30,616	31,048	31,419	31,037	31,715
Total	151,712	150,568	151,225	152,836	151,585	153,401
Expenses						
UTMB	\$381,036,398	\$423,338,812	\$435,710,000	\$432,371,801	\$418,114,253	\$33,591,617
TTUHSC	\$96,482,145	\$100,980,726	\$109,767,882	\$110,272,668	\$104,375,855	\$8,046,050
Total	\$477,518,543	\$524,319,538	\$545,477,882	\$542,644,469	\$522,490,108	\$41,637,667
Cost/Day						
UTMB	\$8.63	\$9.67	\$9.93	\$9.76	\$9.50	\$9.20
TTUHSC	\$8.49	\$9.04	\$9.69	\$9.62	\$9.21	\$8.46
Total	\$8.60	\$9.54	\$9.88	\$9.73	\$9.44	\$9.05

* 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

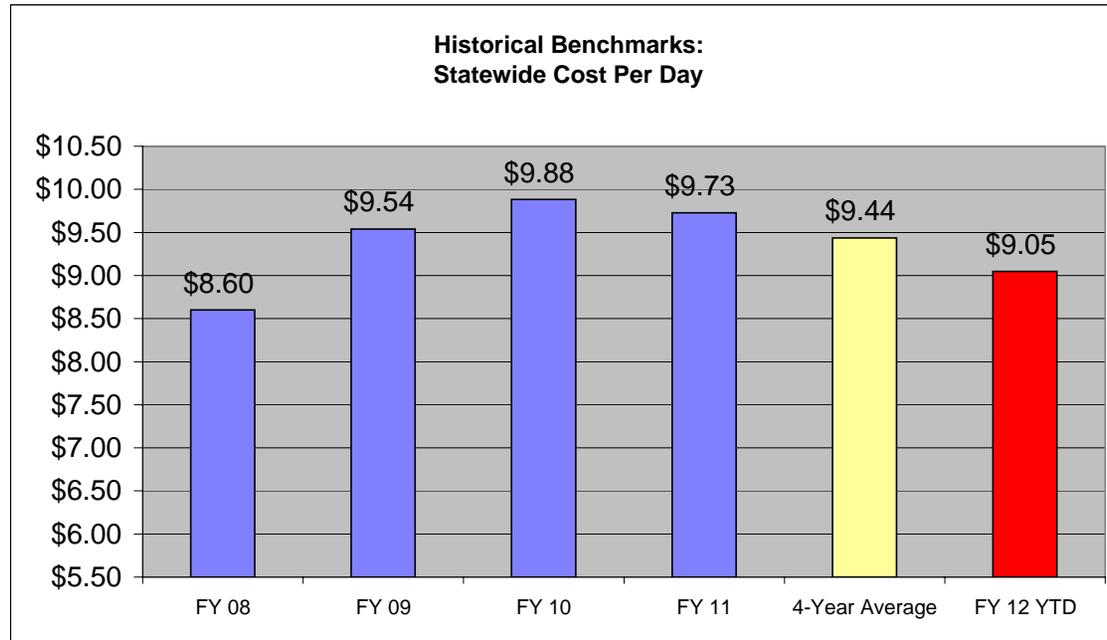


Table 5
Ending Balances September 30, 2011

	Beginning Balance September 1, 2011	Net Activity FY 2012	Ending Balance September 30, 2011
CMHCC Operating Funds	\$30,582.32	\$133,191.10	\$163,773.42
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	\$133,191.10	\$163,773.42
Funds Lapsed to State General Revenue Fund, 11/30	(\$34,536.01)		(\$34,536.01)
Funds After Lapse	\$0.00	\$133,191.10	\$129,237.41

SUPPORTING DETAIL

CMHCC Operating Account	
Beginning Balance	\$30,582.32
Revenue Received	
1st Qtr 2012 Payment	\$167,313.00
Interest Earned	\$3.84
Subtotal Revenue	\$167,316.84
Expenses	
Salary & Benefits	(\$28,969.59)
Operating Expenses	(\$5,156.15)
Subtotal Expenses	(\$34,125.74)
Net Activity thru this Qtr	\$133,191.10
Balance CMHCC Operating	\$163,773.42