



Correctional Managed Health Care

Monthly Report

June 2010

September 2009 – June 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 June, 2010. Following this narrative are the supporting financial and statistical tables.

Background

During Fiscal Year 2010, approximately \$466.4 million within the TDCJ appropriation has been allocated for funding correctional health care services. This funding included:

- \$425.0M 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, \$465.7M (99.9%) was allocated for health care services provided by UTMB and TTUHSC. And \$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 June 2010 of this fiscal year, the correctional health care program has slightly increased in the overall offender population served. The average daily population served through June of FY 2010 was 151,169. This average was higher than the average through June FY 2009 of 150,540, an increase of 629 or (0.41%). Even though the overall population has slightly 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 June of FY 2010, the average number of older offenders in the service population was 11,743. Through this same month a year ago (FY 2009), the average number of offenders age 55 and over was 10,961. This represents an increase of 782 or about 7.1% 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 2,399(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 1,929 through June of FY 2010, a slight increase from 1,912 through June of FY 2009.
 - Through the month of June FY 2010, the average number of mental health outpatients was 21,532 representing 14.2% of the service population.

Health Care Costs

- Overall health costs through June of FY 2010 totaled \$456.2M.
 - UTMB's total revenue through the month was \$346.8M. Their expenditures totaled \$365.1M, resulting in a net loss of \$18.3M. On a per offender per day basis, UTMB earned \$9.53 in revenue and expended \$10.03 resulting in a loss of \$0.50 per offender per day.
 - TTUHSC's total revenue through the month was \$88.7M. Expenditures totaled \$91.1M, resulting in a net loss of \$2.4M. On a per offender per day basis, TTUHSC earned \$9.44 in revenue, but expended \$9.70 resulting in a shortfall of \$0.26 per offender per day.

- Examining the health care costs in further detail indicates that of the \$456.2M in expenses reported through June 2010:
- Onsite services (those medical services provided at the prison units) comprised \$213.9M representing about 46.9% of the total health care expenses:
- Pharmacy services totaled \$44.1M representing approximately 9.7% of the total expenses:
- Offsite services (services including hospitalization and specialty clinic care) accounted for \$146.5M or 32.1% of total expenses:
- Mental health services totaled \$40.2M or 8.8% of the total costs:
- Indirect support expenses accounted for \$11.5M and represented 2.5% of the total costs.

The total cost per offender per day for all health care services statewide through June of FY 2010 was \$9.96, an increase (6.3%) from \$9.37 for June of FY 2009. However, when benchmarked against the average cost per offender per day for the prior four fiscal years of \$8.38, the increase is higher at (18.9%). As a point of reference healthcare costs was \$7.64 per day in FY03. This would equate to a 30.3% increase since FY03 or approximately 4.9% increase per year average, well below the national average.

- For UTMB, the cost per offender per day was \$10.03, higher than the average cost per day for the last four fiscal years of \$8.46.
- For TTUHSC, the cost per offender per day was \$9.70, higher than the average cost per day for the last four fiscal years of \$8.09.
- 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 2010 indicates that UTMB reports a total shortfall of \$18,263,037 through the month June 2010. TTUHSC reports a total shortfall of \$2,380,309 through the month June 2010.
- A summary analysis of the ending balances, revenue and payments through June 2010 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 June 30, 2010 was \$186,540.78.

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. All previous corrective actions requested in prior months have been completed and verified as agreed by UTMB and TTUHSC. The results of the detail transaction testing performed on TTUHSC's financial information for the month of May 2010 and June 2010 found all tested transactions to be verified and found all back up detail to be validated. The results of the detail transaction testing performed on UTMB's financial information for the month of May 2010 and June 2010 found two non-allowable business entertainment transactions and one classification error. These tested transactions will be corrected in July 2010. Also, from the list of tested transaction all back up detail was found except one and all others were found to be validated.

Concluding Notes

The combined *shortfall* for the university providers through June of FY 2010 is \$20,643,346. 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 2010 Budget Allocations

<u>Distribution of Funds</u>	
<u>Allocated to</u>	<u>FY 2010</u>
University Providers	
The University of Texas Medical Branch	
Medical Services	\$337,982,054
Mental Health Services	\$28,084,575
Subtotal UTMB	\$366,066,629
Texas Tech University Health Sciences Center	
Medical Services	\$86,347,837
Mental Health Services	\$13,286,944
Subtotal TTUHSC	\$99,634,781
SUBTOTAL UNIVERSITY PROVIDERS	\$465,701,410
Correctional Managed Health Care Committee	\$669,053
TOTAL DISTRIBUTION	\$466,370,463

<u>Source of Funds</u>	
<u>Source</u>	<u>FY 2010</u>
Legislative Appropriations	
SB 1, Article V, TDCJ Appropriations	
Strategy C.1.8. Managed Health Care	\$424,998,944
Strategy C.1.7 Psychiatric Care	\$41,371,519
TOTAL	\$466,370,463

*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 2010
 Key Population Indicators
 Correctional Health Care Program

Indicator	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Population Year to Date Avg.
Avg. Population Served by CMHC:											
UTMB State-Operated Population	108,963	108,894	108,450	108,413	108,068	108,220	108,316	107,960	107,992	108,330	108,361
UTMB Private Prison Population*	11,852	11,811	11,796	11,783	11,731	11,687	11,746	11,809	11,845	11,904	11,796
UTMB Total Service Population	120,815	120,705	120,246	120,196	119,799	119,908	120,062	119,770	119,837	120,234	120,157
TTUHSC Total Service Population	30,958	30,887	31,042	31,051	30,945	30,972	30,984	31,072	31,123	31,084	31,012
CMHC Service Population Total	151,773	151,592	151,287	151,247	150,744	150,879	151,046	150,842	150,959	151,318	151,169
Population Age 55 and Over											
UTMB Service Population Average	9,564	9,595	9,608	9,652	9,654	9,733	9,728	9,768	9,812	9,894	9,701
TTUHSC Service Population Average	1,978	1,984	1,993	2,007	2,029	2,055	2,076	2,095	2,097	2,111	2,043
CMHC Service Population Average	11,542	11,579	11,601	11,659	11,683	11,788	11,804	11,863	11,909	12,005	11,743
HIV+ Population	2,445	2,430	2,414	2,414	2,419	2,376	2,365	2,367	2,374	2,390	2,399
Mental Health Inpatient Census											
UTMB Psychiatric Inpatient Average	1,028	1,023	1,000	978	987	994	991	1,001	1,030	1,022	1,005
TTUHSC Psychiatric Inpatient Average	915	899	915	923	911	929	941	953	931	917	923
CMHC Psychiatric Inpatient Average	1,943	1,922	1,915	1,901	1,898	1,923	1,932	1,954	1,961	1,939	1,929
Mental Health Outpatient Census											
UTMB Psychiatric Outpatient Average	17,715	17,909	16,361	17,484	16,732	16,577	18,229	18,006	16,897	17,640	17,355
TTUHSC Psychiatric Outpatient Average	3,981	4,150	3,639	4,372	3,788	4,075	4,532	4,429	4,201	4,606	4,177
CMHC Psychiatric Outpatient Average	21,696	22,059	20,000	21,856	20,520	20,652	22,761	22,435	21,098	22,246	21,532

Table 3
Summary Financial Report: Medical Costs
Fiscal Year 2010 - through Jun 30, 2010 (Sept 2009- Jun 2010)

Days in Year: 303

	Medical Services Costs			Medical Cost Per Day Calculations		
	UTMB	TTUHSC	TOTAL	UTMB	TTUHSC	TOTAL
Population Served	120,157	31,012	151,169			
Revenue						
Capitation Payments	\$280,571,404	\$71,680,536	\$352,251,940	\$7.71	\$7.63	\$7.69
State Reimbursement Benefits	\$37,646,702	\$3,737,857	\$41,384,559	\$1.03	\$0.40	\$0.90
Other Misc Revenue	\$492,172	\$1,795	\$493,967	\$0.01	\$0.00	\$0.01
Total Revenue	\$318,710,278	\$75,420,188	\$394,130,466	\$8.75	\$8.03	\$8.60
Expenses						
Onsite Services						
Salaries	\$125,212,806	\$10,837,290	\$136,050,096	\$3.44	\$1.15	\$2.97
Benefits	\$32,959,520	\$2,664,431	\$35,623,951	\$0.91	\$0.28	\$0.78
Operating (M&O)	\$16,874,229	\$1,217,392	\$18,091,621	\$0.46	\$0.13	\$0.39
Professional Services	\$0	\$2,838,615	\$2,838,615	\$0.00	\$0.30	\$0.06
Contracted Units/Services	\$0	\$19,011,702	\$19,011,702	\$0.00	\$2.02	\$0.42
Travel	\$845,986	\$106,746	\$952,732	\$0.02	\$0.01	\$0.02
Electronic Medicine	\$0	\$310,779	\$310,779	\$0.00	\$0.03	\$0.01
Capitalized Equipment	\$682,893	\$429,910	\$1,112,803	\$0.02	\$0.05	\$0.02
Subtotal Onsite Expenses	\$176,575,434	\$37,416,865	\$213,992,299	\$4.85	\$3.98	\$4.67
Pharmacy Services						
Salaries	\$4,767,621	\$1,599,463	\$6,367,084	\$0.13	\$0.17	\$0.14
Benefits	\$1,437,320	\$100,326	\$1,537,646	\$0.04	\$0.01	\$0.03
Operating (M&O)	\$1,008,553	\$287,309	\$1,295,862	\$0.03	\$0.03	\$0.03
Pharmaceutical Purchases	\$28,598,576	\$6,259,901	\$34,858,477	\$0.79	\$0.67	\$0.76
Professional Services	\$0	\$0	\$0	\$0.00	\$0.00	\$0.00
Travel	\$21,629	\$17,311	\$38,940	\$0.00	\$0.00	\$0.00
Subtotal Pharmacy Expenses	\$35,833,699	\$8,264,310	\$44,098,009	\$0.98	\$0.88	\$0.96
Offsite Services						
University Professional Services	\$14,638,831	\$738,746	\$15,377,577	\$0.40	\$0.08	\$0.34
Freeworld Provider Services	\$27,103,644	\$15,211,129	\$42,314,773	\$0.74	\$1.62	\$0.92
UTMB or TTUHSC Hospital Cost	\$70,852,202	\$10,988,212	\$81,840,414	\$1.95	\$1.17	\$1.79
Estimated IBNR	\$6,381,582	\$551,735	\$6,933,317	\$0.18	\$0.06	\$0.15
Subtotal Offsite Expenses	\$118,976,259	\$27,489,822	\$146,466,081	\$3.27	\$2.93	\$3.20
Indirect Expenses	\$5,868,525	\$4,437,731	\$10,306,256	\$0.16	\$0.47	\$0.23
Total Expenses	\$337,253,917	\$77,608,728	\$414,862,645	\$9.26	\$8.26	\$9.06
Operating Income (Loss)	(\$18,543,639)	(\$2,188,540)	(\$20,732,179)	(\$0.51)	(\$0.23)	(\$0.45)

Table 3 (Continued)
Summary Financial Report: Mental Health Costs
Fiscal Year 2010 through June 30, 2010 (Sept 2009- Jun 2010)

Days in Year: 303

	Mental Health Services Costs			Mental Health Cost Per Day Calculations		
	UTMB	TTUHSC	TOTAL	UTMB	TTUHSC	TOTAL
Population Served	120,157	31,012	151,169			
Revenue						
Capitation Payments	\$23,314,045	\$11,029,984	\$34,344,029	\$0.64	\$1.17	\$0.75
State Reimbursement Benefits	\$4,819,534	\$2,297,578	\$7,117,112	\$0.13	\$0.24	\$0.16
Other Misc Revenue	\$0	\$0	\$0	\$0.00	\$0.00	\$0.00
Total Revenue	\$28,133,579	\$13,327,562	\$41,461,141	\$0.77	\$1.42	\$0.91
Expenses						
Mental Health Services						
Salaries	\$21,433,151	\$9,711,004	\$31,144,155	\$0.59	\$1.03	\$0.68
Benefits	\$5,264,200	\$2,440,422	\$7,704,622	\$0.14	\$0.26	\$0.17
Operating (M&O)	\$503,189	\$149,505	\$652,694	\$0.01	\$0.02	\$0.01
Professional Services	\$0	\$531,687	\$531,687	\$0.00	\$0.06	\$0.01
Contracted Units/Services	\$0	\$0	\$0	\$0.00	\$0.00	\$0.00
Travel	\$135,265	\$24,914	\$160,179	\$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	\$27,335,805	\$12,857,532	\$40,193,337	\$0.75	\$1.37	\$0.88
Indirect Expenses	\$517,172	\$661,799	\$1,178,971	\$0.01	\$0.07	\$0.03
Total Expenses	\$27,852,977	\$13,519,331	\$41,372,308	\$0.77	\$1.44	\$0.90
Operating Income (Loss)	\$280,602	(\$191,769)	\$88,833	\$0.01	(\$0.02)	\$0.00

All Health Care Summary

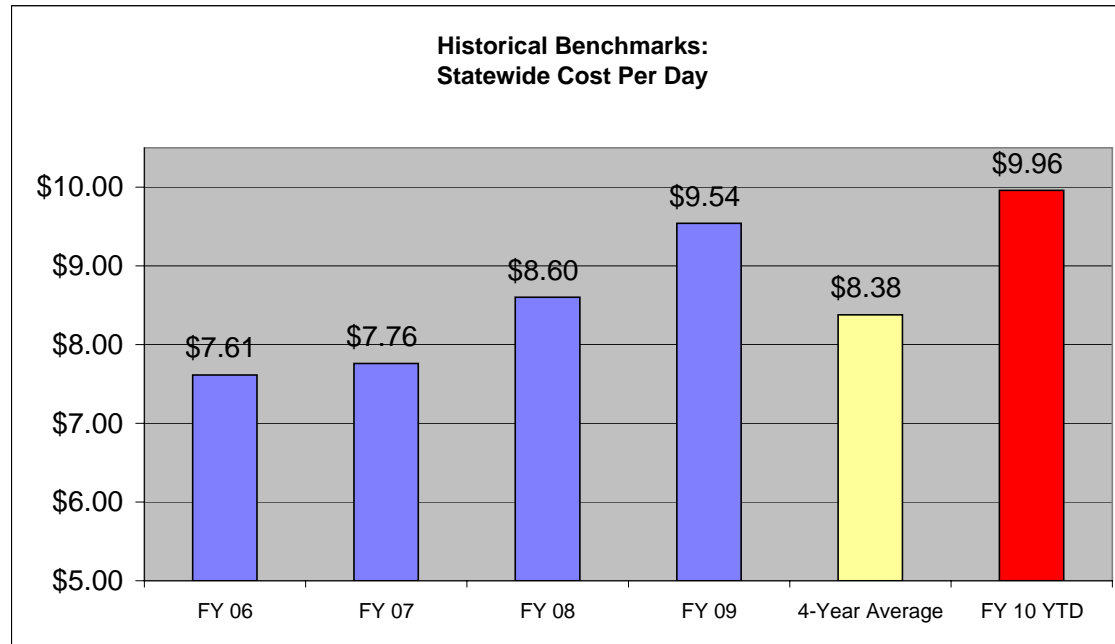
	All Health Care Services			Cost Per Offender Per Day		
	UTMB	TTUHSC	TOTAL	UTMB	TTUHSC	TOTAL
Medical Services	\$318,710,278	\$75,420,188	\$394,130,466	\$8.75	\$8.03	\$8.60
Mental Health Services	\$28,133,579	\$13,327,562	\$41,461,141	\$0.77	\$1.42	\$0.91
Total Revenue	\$346,843,857	\$88,747,750	\$435,591,607	\$9.53	\$9.44	\$9.51
Medical Services	\$337,253,917	\$77,608,728	\$414,862,645	\$9.26	\$8.26	\$9.06
Mental Health Services	\$27,852,977	\$13,519,331	\$41,372,308	\$0.77	\$1.44	\$0.90
Total Expenses	\$365,106,894	\$91,128,059	\$456,234,953	\$10.03	\$9.70	\$9.96
Operating Income (Loss)	(\$18,263,037)	(\$2,380,309)	(\$20,643,346)	(\$0.50)	(\$0.26)	(\$0.45)

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

	FY 06	FY 07	FY 08	FY 09	4-Year Average	FY 10 YTD
Population						
UTMB	119,835	120,235	120,648	119,952	120,167	120,157
TTUHSC	31,448	31,578	31,064	30,616	31,177	31,012
Total	151,283	151,813	151,712	150,568	151,344	151,169
Expenses						
UTMB	\$336,934,127	\$342,859,796	\$381,036,398	\$423,338,812	\$371,042,283	\$365,106,894
TTUHSC	\$83,467,550	\$87,147,439	\$96,482,145	\$100,980,726	\$92,019,465	\$91,128,059
Total	\$420,401,677	\$430,007,235	\$477,518,543	\$524,319,538	\$463,061,748	\$456,234,953
Cost/Day						
UTMB	\$7.70	\$7.81	\$8.63	\$9.67	\$8.46	\$10.03
TTUHSC	\$7.27	\$7.56	\$8.49	\$9.04	\$8.09	\$9.70
Total	\$7.61	\$7.76	\$8.60	\$9.54	\$8.38	\$9.96

* 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 10
Ending Balances June 30, 2010**

	Beginning Balance September 1, 2009	Net Activity FY 2010	Ending Balance June 30, 2010
CMHCC Operating Funds	\$27,819.97	\$147,324.97	\$175,144.94
CMHCC Medical Services	\$1,909.59	\$7,945.81	\$9,855.40
CMHCC Mental Health	\$343.06	\$1,197.38	\$1,540.44
Ending Balance All Funds	\$30,072.62	\$156,468.16	\$186,540.78

SUPPORTING DETAIL

CMHCC Operating Account	
Beginning Balance	\$27,819.97
FY 2009 Funds Lapsed to State Treasury	(\$27,819.97)
Revenue Received	
1st Qtr Payment	\$166,805.57
2nd Qtr Payment	\$164,972.85
3rd Qtr Payment	\$168,637.29
4th Qtr Advance Payment	\$168,637.29
Interest Earned	\$40.73
Subtotal Revenue	\$669,093.73
Expenses	
Salary & Benefits	(\$426,543.66)
Operating Expenses	(\$67,405.13)
Subtotal Expenses	(\$493,948.79)
Net Activity thru this Qtr	\$147,324.97
Total Fund Balance CMHCC Operating	\$175,144.94

SUPPORTING DETAIL

CMHCC Capitation Accounts	Medical Services	Mental Health
Beginning Balance	\$1,909.59	\$343.06
FY 2009 Funds Lapsed to State Treasury	(\$1,909.59)	(\$343.06)
Revenue Detail		
1st Qtr Payment from TDCJ	\$105,791,835.84	\$10,314,542.59
2nd Qtr Payment from TDCJ	\$104,629,288.19	\$10,201,195.96
3rd Qtr Payment from TDCJ	\$106,954,383.48	\$10,427,890.23
4th Qtr Advance Payment from TDCJ	\$106,954,383.48	\$10,427,890.23
Interest Earned	\$9,855.41	\$1,542.43
Revenue Received	\$424,339,746.40	\$41,373,061.44
Payments to UTMB		
1st Qtr Payment to UTMB	(\$84,264,018.94)	(\$7,001,906.99)
2nd Qtr Payment to UTMB	(\$83,338,040.71)	(\$6,924,962.96)
3rd Qtr Payment to UTMB	(\$85,189,997.17)	(\$7,078,852.53)
4th Qtr Payment to UTMB	(\$85,189,997.00)	(\$7,078,853.00)
Subtotal UTMB Payments	(\$337,982,053.82)	(\$28,084,575.48)
Payments to TTUHSC		
1st Qtr Payment to TTUHSC	(\$21,527,816.90)	(\$3,312,636.00)
2nd Qtr Payment to TTUHSC	(\$21,291,247.28)	(\$3,276,234.05)
3rd Qtr Payment to TTUHSC	(\$21,764,387.00)	(\$3,349,038.47)
4th Qtr Payment to TTUHSC	(\$21,764,387.00)	(\$3,349,037.00)
Subtotal TTUHSC Payments	(\$86,347,838.18)	(\$13,286,945.52)
Total Payments Made thru this Qtr	(\$424,329,892.00)	(\$41,371,521.00)
Net Activity Through This Qtr	\$7,945.81	\$1,197.38
Total Fund Balance	\$9,855.40	\$1,540.44