Correctional Managed Health Care

Prepared for the Senate Finance Committee

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What is Correctional Managed Health Care (CMHC)?

CMHC is a system of health-related actions taken to provide for the physical and mental well-being of the Texas Department of Criminal Justice's (TDCJ) incarcerated offender population. Major actions include:

- CMHC Statute Created by the 73rd Legislature, 1993
- Statute Establishes a CMHC Committee
- Statute Requires Development of a CMHC Plan for TDCJ Incarcerated Offenders
- Statute Requires Integration of Texas' Public Medical Schools into the CMHC Network
- Statute Allows for Contracts with Medical Care Providers other than Texas' Public Medical Schools

CMHC Committee

- Texas Government Code, Section 501, Subchapter E
- Consists of 6 members (5 voting, 1 non-voting):
  - TDCJ full-time employee (appointed by TDCJ Ex. Director)
  - UTMB full-time physician (appointed by UTMB President)
  - TTUHSC full-time physician (appointed by TTUHSC President)
  - Two public members not affiliated with TDCJ or with any contracted health care provider (appointed by Governor)
  - Texas' State Medicaid Director (serves ex officio, non-voting)
- Various Statutory Duties Involving Monitoring, Addressing Complaints, Public Information
- Develops a CMHC Plan for TDCJ's Incarcerated Offenders

CMHC Plan For TDCJ's Incarcerated Offenders

- Offender Health Services Plan (last updated October 2011)
- The plan describes the level, type, and variety of health care services provided to TDCJ's incarcerated offenders.
- Health care defined as health-related actions taken, both preventive and medically necessary, to provide for the physical and mental well-being of offenders.
- Classifications of Levels of Care:
  - Level I Medically Mandatory (Care that is essential to life and health and without which rapid deterioration is expected.)
  - Level II Medically Necessary (Care not immediately life threatening, but patient poses significant risk of serious deterioration or risk of significant health reduction with the possibility of needed repair later without treatment.)

Integration of Texas' Public Medical Schools into the CMHC Network

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- Historically, two primary health care providers: University of Texas Medical Branch (UTMB) and Texas Tech University Health Sciences Center (TTUHSC)
- UTMB provides medical, dental, nursing, pharmacy, and mental health services to over 121,000 offenders; and Hospital Galveston (secure prison hospital beds).
- TTUHSC provides medical, dental, nursing, pharmacy, and mental health services to over 31,000 offenders.
- Both UTMB and TTUHSC subcontract out some hospital, emergency room, and physician services as needed.

Offender Health Care Providers Other Than Texas' Public Medical Schools

- SB1, 82nd Legislature, First Called Session, 2011, transferred contracting authority for offender health services from the CMHC Committee to TDCJ.
- During 2012, TDCJ began broadening the offender health care network.
- TDCJ contracted with Huntsville Memorial Hospital for nine-bed pilot program for remainder of 2012-13 biennium for various inpatient and outpatient hospital services.

TDCJ's CMHC Historical Expenditures and FY2012-13 Appropriations (in millions)

Fiscal Year	Psychiatric	Unit and Psychiatric **	Health Care	Hospital **	Pharmacy **	FY Total	Biennial Total	Biennial % Change
2013*	n/a	$ 244.9	n/a	$ 137.9	$ 54.1	$ 436.9	$ 871.8	-12.0%
2012*	n/a	$ 244.3	n/a	$ 137.2	$ 53.4	$ 434.9		
2011	n/a	$ 276.2	n/a	$ 188.6	$ 55.7	$ 520.5	$ 990.6	11.2%
2010	n/a	$ 247.9	n/a	$ 172.3	$ 49.9	$ 470.1		
2009	n/a	$ 265.9	n/a	$ 159.9	$ 51.6	$ 477.4	$ 890.8	16.7%
2008	$ 43.1	n/a	$ 370.3	n/a	n/a	$ 413.4		
2007	$ 43.1	n/a	$ 345.6	n/a	n/a	$ 388.7	$ 763.1	7.1%
2006	$ 43.1	n/a	$ 331.3	n/a	n/a	$ 374.4		
2005	$ 43.1	n/a	$ 331.1	n/a	n/a	$ 374.2	$ 712.8	n/a
2004	$ 43.1	n/a	$ 295.5	n/a	n/a	$ 338.6		

Sources: Legislative Budget Estimates (LBE) documents and Texas Department of Criminal Justice's (TDCJ) Operating Budgets.
Notes:

* FY2012-13 are appropriation figures for correctional managed health care (CMHC), not actual expenditures, and excludes appropriations made elsewhere in the General Appropriations Act related to state employee insurance and other benefits costs and TDCJ-HSD.

** TDCJ budget structure change was made during 82nd Legislature which impacts presentation of expenditures starting with FY2009. Expenditure figures for FY2004-11 exclude costs related to state employee insurance and other benefits costs and TDCJ-HSD.

CMHC[1] Costs at Texas Department of Criminal Justice in FY 2012

Population Served [2]	TDCJ Incarcerated Offenders
Average Population Served [2]	152,500 Offenders Per Day
FY2012 Projected TDCJ Expenditures for Offender Health Care (All Funds) [3]	$477,168,507
FY2012 Average Daily Cost Per TDCJ Offender Served (All Funds) [3]	$8.58
FY2012 Projected TDCJ Expenditures for Offender Health Care (State Cost Only) [4]	$474,168,507
FY2012 Average Daily Cost Per TDCJ Offender Served (State Cost Only) [4]	$8.52

Notes:

(1) The correctional managed health care (CMHC) services provided in FY2012 are limited to the following criteria:
- Level I Medically Mandatory (Care that is essential to life and health and without which rapid deterioration is expected.); and
- Level II Medically Necessary (Care not immediately life threatening, but patient poses significant risk of serious deterioration or risk of significant health reduction with the possibility of needed repair later without treatment.)

(2) All TDCJ incarcerated offenders are covered by CMHC services with the exception of the Bridgeport Pre-Parole Transfer Facility, Mineral Wells Pre-Parole Transfer Facility, and East Texas Correctional Facility.

(3) The FY2012 projected All Funds expenditures:
- includes $45 million General Revenue in spend forward authority from FY2013 to FY2012 for CMHC pursuant to TDCJ Rider 55;
- excludes appropriations made elsewhere in the General Appropriations Act related to state employee insurance and other benefits costs and TDCJ-HSD;
- includes $3 million in projected inmate health care services fees collected from TDCJ incarcerated offenders in FY2012.

(4) The FY2012 projected expenditures for state costs only:
- includes $45 million General Revenue in spend forward authority from FY2013 to FY2012 for CMHC pursuant to TDCJ Rider 55;
- excludes appropriations made elsewhere in the General Appropriations Act related to state employee insurance and other benefits costs and TDCJ-HSD;
- excludes any projected inmate health care services fees collected from TDCJ incarcerated offenders in FY2012.

Group Benefits Program[1] Costs at Employees Retirement System in FY 2012

Covered Participants[2]	State and Certain Higher Education Employees, Retirees, and Dependents
FY2012 Total Participants[3]	512,228
FY2012 GBP Total Projected Expenditures[4]	$2,418,598,074
FY2012 Average Daily Cost Per Participant	$12.95
FY2012 Projected State Contributions to GBP[5]	$1,478,453,710
FY2012 Average Daily Cost Per Participant (State Share)[6]	$7.91

Notes:

1. The Group Benefits Program (GBP) provides the following to participants: group health insurance, life insurance, dental insurance, voluntary accidental death and dismemberment insurance, long term care insurance, and short- and long-term disability income protection insurance.
2. Employees and retirees of institutions of higher education other than The University of Texas (UT) and Texas A&M University (TAMU) Systems, including community colleges, are part of the GBP. The UT and TAMU Systems administer separate group health insurance programs for their employees and retirees.
3. FY2012 participants include 302,738 members and 209,490 dependents.
4. Total projected expenditures reflect insurance claim payments, and do not include ERS's administration expenses or member out-of-pocket costs.
5. FY2012 projected state contributions do not include the following:
   - an estimated $88.7 million resulting from contributions, as required in Article IX, Section 18.09, General Appropriations Act, 82nd Legislature, Regular Session, 2011, from all general state agencies and certain institutions of higher education equal to 1.0 percent of the total basic wages and salaries for each benefits eligible employee participating in the GBP.;
   - an estimated $380.0 million from other funding sources, including Medicare Part D federal subsidies; reimbursements from the Early Retirees Reinsurance Program; investment income; contributions from other participating entities; and contributions from higher education institutions' local funds; and
   - an estimated $584 million in member premium contributions to the GBP; and estimated $547.3 million in member out-of-pocket costs, such as co-pays.
6. State Share reflects state contributions to the ERS GBP.

Medicaid(1) Costs at Health and Human Services Commission in FY 2012

Population Served(1)	TANF-eligible and Medically-needy Adults
Average Recipient Months per Month	116,316
FY2012 Projected All Funds Expenditures for Health Insurance(2)	$617,693,792
FY2012 Projected All Funds Average Daily Cost Per Recipient(3)	$14.51
FY2012 State Expenditures for Health Insurance(2)	$256,837,079
FY2012 State Share of Average Daily Cost Per Recipient(3)	$6.03

Notes:

(1) Mandatory Medicaid services for adults: Inpatient hospital services (limit 30-day period); Outpatient hospital services; Lab and X-ray services; Physician services; Medical and surgical services provided by a dentist; Family planning services and supplies; FQHCs; Rural health clinic services, Nurse midwife services, Certified pediatric and family nurse practitioner services; Home health care services. Optional services covered for adults: Prescription drugs; Medical care serviced by other licensed practitioners; Rehabilitation and other therapies; Clinic services; Hearing instruments and related audiology; Renal dialysis.

(2) FY 2012 data from HHSC Data/LBB forecast department. Only includes data through February 2012, does not incorporate the expansion of managed care. Costs only include estimated client services expenditures.

(3) HHSC Average Monthly AF Cost Per Recipient Month is $346.54 PMPM (based on cost data through February 2012 that blends FFS, PCCM and HMO costs). It also assumes $96 for average AF monthly prescription drug cost (based on estimated capitation prescription drug payments beginning in March 2012). Cost data is only through February 2012 and does not account for expansion of managed care that occurred in March 2012. There is not yet sufficient data to reflect average PMPM costs (average premiums) for Temporary Assistance for Needy Families (TANF) Adults under managed care expansion.

Health Care Delivery Models

States commonly provide health care in prisons through one of three delivery models:

- Corrections agency employs medical staff and internally administers program.
- University Medical Schools contract with corrections agency for provision of health care.
- Private Vendors contract with corrections agency for provision of health care.
- Combination of multiple models.

Inmate Health Care 2009 Cost Comparisons Across States

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State	Average Daily Inmate Population in 2009	2009 Average Annual Health Care Expenditure Per Inmate	Average Health Care Cost Per Day Per Inmate	Health Care Costs as a Percent of Corrections Total Annual Budget
Alabama	26,000	$ 3,550	$ 9.73	30.0%
California*	171,085	$ 13,348	$ 36.57	23.3%
Florida*	99,554	$ 4,022	$ 11.02	16.2%
Georgia	48,484	$ 3,440	$ 9.42	22.0%
Louisiana	39,042	$ 3,602	$ 9.87	9.6%
Michigan	48,435	$ 6,656	$ 18.24	15.0%
Missouri	32,276	$ 4,250	$ 11.64	19.8%
New York	59,238	$ 5,852	$ 16.03	15.1%
North Carolina	39,911	$ 5,785	$ 15.85	22.0%
Ohio	50,935	$ 5,340	$ 14.63	15.0%
Oklahoma	25,262	$ 2,577	$ 7.06	11.4%
Pennsylvania	49,954	$ 4,501	$ 12.33	14.2%
Texas	155,432	$ 3,158	$ 8.65	15.4%
Virginia	31,917	$ 4,827	$ 13.22	14.9%

Sources: Corrections Compendium, Winter 2010, Survey of States on Inmate Health Care for 2009 (excludes California and Florida due to no survey responses from those states for 2009 inmate health care costs)
*Corrections Compendium, Spring 2010, Survey of States on Correctional Budgets for 2008

Current Medicaid Eligibility Standards

- Current Medicaid law allows states some flexibility in setting eligibility standards.
- Generally, current Texas Medicaid eligibility standards exclude most of the inmate population for reasons other than incarceration.
- However, existing Texas Medicaid standards cover certain inmates, including pregnant women and blind and disabled people.

Increased Federal Funding for Expanding Medicaid Eligibility Standards under the Affordable Care Act (ACA)

- Under the ACA, states may expand Medicaid eligibility standards to include people up to 133 percent of the federal poverty level and receive increased federal funding as a result. In calendar years 2014-2016, the federal share for this expanded Medicaid population is 100 percent and gradually decreases in subsequent years.

- It is likely that most TDCJ inmates would qualify for Medicaid if the state chose to expand Medicaid eligibility standards. Inmates newly eligible for Medicaid would qualify for 100 percent reimbursement in 2014-2016.

- However, ACA did not change federal restrictions regarding Medicaid reimbursement during periods of incarceration.

Restrictions on Medicaid Reimbursement for Inmates

- Social Security Act prohibits Medicaid payments for "*care or services for any individual who is an inmate of a public institution (except as a patient in a medical institution)*".

- Federal regulations define *public institution* as an establishment "*that is the responsibility of a governmental unit or over which a governmental unit exercises administrative control*." Definition excludes medical institutions.

Limited Exception to Restriction on Inmate Medicaid Reimbursement

- Federal regulations provide a limited exception in which Medicaid reimbursement is allowable for inmates. Reimbursement is available *"during that part of the month in which the individual is not an inmate of a public institution…"* .

- Centers for Medicare and Medicaid Services (CMS) interprets exceptions in federal law and regulation relating to inmate Medicaid reimbursement as requiring inpatient stay in medical institution. Inpatient stays defined in federal regulation as stay of at least 24 hours.

Implementation Issues

- Federal requirements regarding inmate reimbursement availability only during periods when inmate is not incarcerated may be easier to align with fee-for-service reimbursement model than managed care model.

- Although the Health and Human Services Commission has replaced the fee-for-service Medicaid reimbursement model with capitated managed care rates, they continue to use fee-for-service reimbursement in certain isolated contexts, such as emergency births by undocumented mothers.