



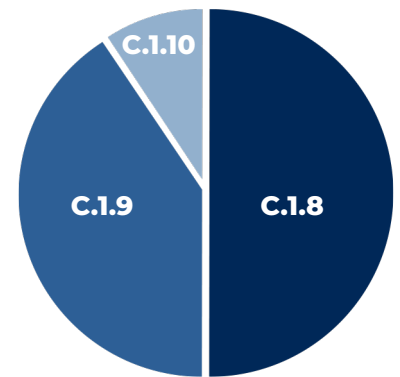
Overview of Texas Department of Criminal Justice's Correctional Managed Health Care Program

TDCJ received nearly 75,000 new offenders in Fiscal Year (FY) 2019, each of which required medical assessments and the development of a health care treatment plan. Offenders over the age of 55 years have increased at a faster rate than the overall TDCJ population. The number of offenders falling over the age of 55 has been steadily increasing since the end of Fiscal Year (FY) 2009, when the monthly average number of offenders over age 55 was 11,033. Since that time, the average number of offenders over age 55 has increased by 81% to 19,981 as of May 2020.

Funding

For the 2020-21 biennium, the TDCJ was appropriated \$1,286.4M for its CMHC strategies in the General Appropriations Act (GAA), as shown below:

2020-21 GAA Total (in Millions)	2020 \$644.7	2021 \$641.7	Biennium \$1,286.4
C.1.8 Unit and Psychiatric Care	\$320.9	\$317.9	\$638.8
C.1.9 Hospital and Clinical Care	\$251.3	\$251.3	\$502.7
C.1.10 Pharmacy	\$72.4	\$72.4	\$144.9



Comparison of Total Health Care Costs

POPULATION	FY 16	FY 17	FY 18	FY 19	4-Year Average
UTMB	116,828	116,574	118,737	117,987	117,531
TTUHSC	30,004	29,807	29,448	28,992	29,563
Total	146,832	146,381	148,185	146,979	147,094

EXPENSES	FY 16	FY 17	FY 18	FY 19	4-Year Average
UTMB	\$523,473,857	\$554,779,025	\$589,220,522	\$631,955,233	\$574,857,159
TTUHSC	\$118,262,289	\$115,982,376	\$118,282,720	\$124,707,572	\$119,308,739
Total	\$641,736,146	\$670,761,401	\$707,503,242	\$756,662,805	\$694,165,898

COST/DAY	FY 16	FY 17	FY 18	FY 19	4-Year Average
UTMB	\$12.24	\$13.04	\$13.60	\$14.67	\$13.39
TTUHSC	\$10.77	\$10.66	\$11.00	\$11.78	\$11.05
Total	\$11.94	\$12.55	\$13.08	\$14.10	\$12.92

Note: UTMB total expenses do not include the final Hospital Cost Reconciliations. Total expenses include state employee benefits appropriated directly to the university medical providers and other miscellaneous revenue.



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The fiscal year 2020 appropriated amount included an additional \$3M for the expansion of sheltered housing beds, which provide for the housing and medical needs of older offenders with physical and/or cognitive limitations. As part of the TDCJ response to the May 20, 2020 letter from state leadership requiring reductions totaling 5% of the agency's biennial budget, two units were closed and one private facility was idled, resulting in a reduction of \$3M to the 2021 appropriated amount for Strategy C.1.8, and reducing the biennial total to \$1,283.4M. The average annual growth in health care costs from FY 2016 to FY 2019 is 5.6%.

Demographics

Within the TDCJ, there are a number of different populations requiring specialized medical treatments. The chart below indicates the percentage of the offender population which are diagnosed with each given condition. This chart is not intended to be a complete listing of all diagnoses within the TDCJ population.

Each of these diagnoses require specialized treatment and medications, some of which are becoming increasingly complex and costly. Additionally, the number of older offenders and offenders with mental illness, chronic conditions and infectious diseases continues to grow.

Other population breakdowns include the population by gender, with approximately 93% of offenders being male, and by ethnicity, with slightly less than a third of the offender population each being white, black, and Hispanic. A substantially smaller number of offenders do not belong to any one of these three ethnicities.

DIAGNOSIS	PERCENT OF POPULATION
Asthma	7.34%
Coronary Artery Disease	2.05%
Diabetes	6.91%
Hepatitis C	8.91%
HIV	1.36%
Hypertension	30.06%

GENDER	PERCENT OF POPULATION
Male	92.76%
Female	7.24%

ETHNICITY	PERCENT OF POPULATION
White	33.07%
Black	33.27%
Hispanic	33.09%
Other	0.57%

Offenders Age 55+

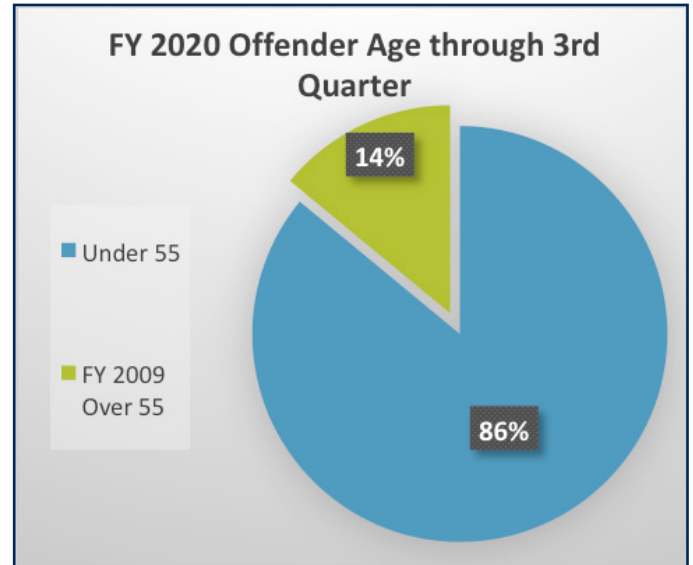
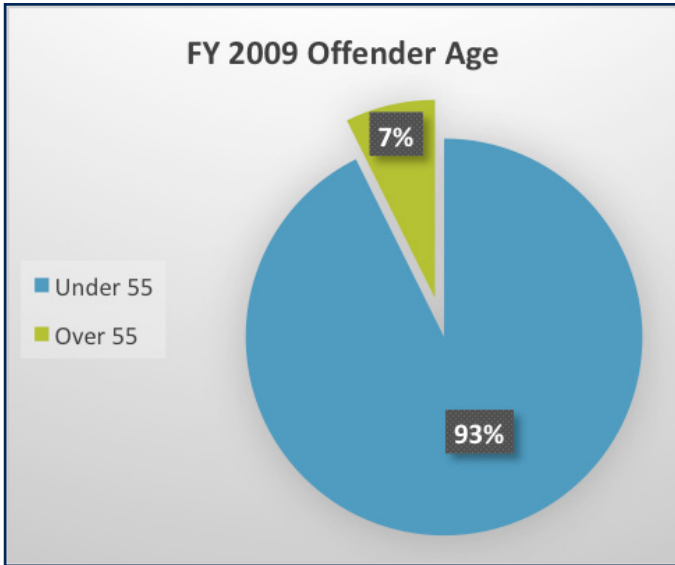
Of particular note when discussing the offender population within TDCJ is the number of offenders age 55 and over. The number of offenders falling into this age group has been steadily increasing since the end of FY 2009, when the monthly average number of offenders over age 55 was 11,033, or 7.3% of the total offender population. Since that time, the average number of offenders over age 55 has increased by 81% to 19,981, which was 14.0% of the total offender population as of May 2020. Medication, hospital service, and specialist service utilization increases with advancing age, so this set of offenders increasing as a percentage of the total population impacts offender health care costs for the agency. Medication drug use increases with advancing age and prescription volumes have increased with the aging of the prison population. Additionally, this older population accounts for about 34% of medication usage.



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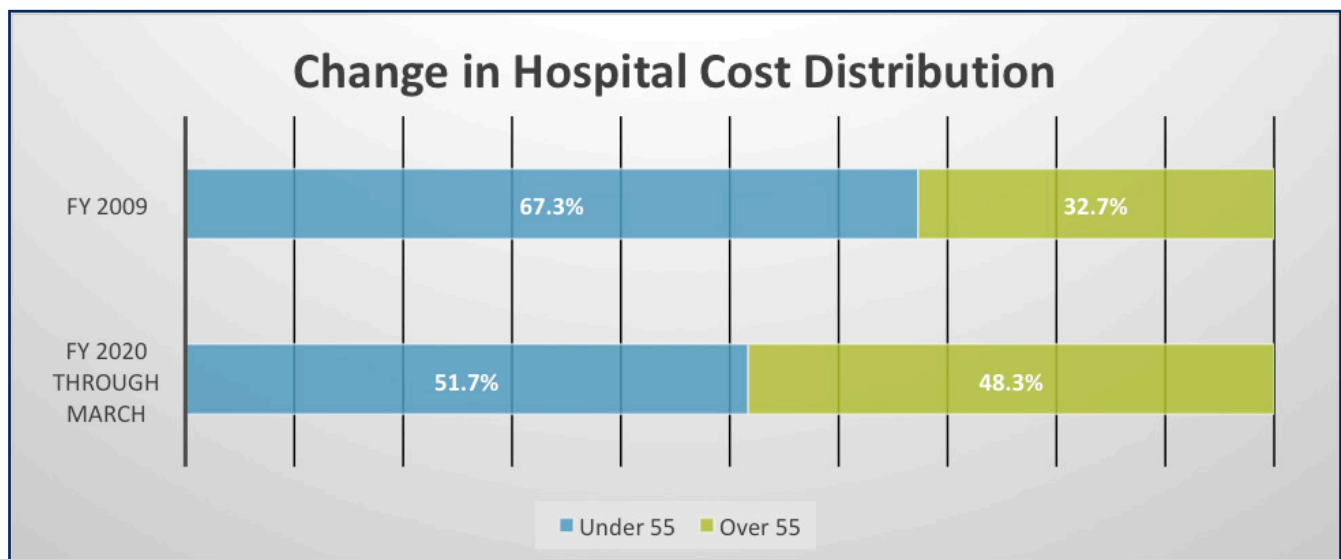
Cost Drivers

1) Size of Offender Population / Growth in Aging Offender Population



The monthly average service population has decreased approximately 5.4% from the end of FY 2009 through the end of 3rd Quarter, FY 2020. For offenders age 55 and over, the population increased by 81% as mentioned above. The increase in cost is driving offender healthcare cost trends upward as the aging population require additional services and medications. The chart below shows the increase in the percentage of hospital costs paid for offenders age 55 and over from FY 2009 to March 2020.

Offenders age 55 and over, while accounting for 14% of the population, account for more than 48% of the total hospital costs. This increase in cost is driven both by the drastic increase in the total over age 55 population, and by the annual cost per offender for hospital services increasing by 25% for those over age 55.





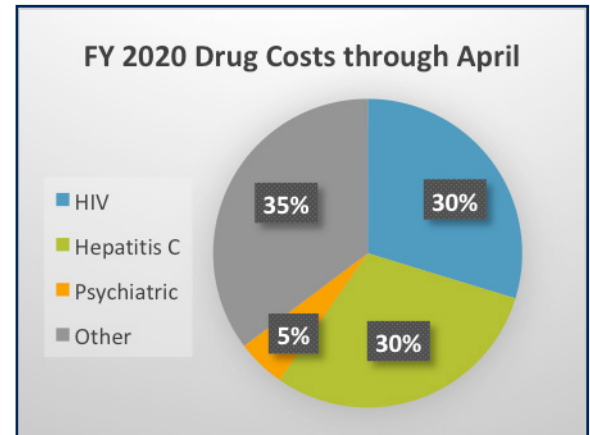
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2) HIV, Hepatitis C, and changing standards of care

HIV and Hepatitis C are two infectious diseases which are major cost drivers, due to the cost of the medications for treatment. Through April of 2020, antiretroviral medications for HIV patients accounted for about 30% of the total drug cost. It is anticipated that the cost of these medications will increase due to new therapies including combination products and changing prescribing patterns and treatment standards.

Hepatitis C medication similarly accounted for about 30% of the total drug cost. The cost of treatment for Hepatitis C is anticipated to increase due to increased diagnoses through expanded screening guidelines, growth in the treatment program, new therapeutic options, and a steady stream of new drug approvals over the next several years.

Offenders diagnosed with HIV and/or Hepatitis C within the TTUHSC sector are transferred to the UTMB sector to realize cost savings by utilizing 340B drug pricing.



3) Offender Special and Chronic Health Needs

Mental illness treatment costs are increasing as the number of mentally ill offenders starting therapy has increased, as well as the number of offenders requiring more than one type of psychotropic medication. The use of new antipsychotic medications in the treatment of schizophrenia and other disorders, and a rise in the cost of generic psychotropics have also influenced treatment costs.

The aging population has also impacted the cost of treatment for diabetes. New therapies such as long acting insulin and other new medications also continue to drive cost increases for this chronic condition.

Through April 2020, dialysis accounted for \$5.3M system wide. This amount treated an average of 258 offenders per month, at an average monthly cost of about \$2,600. Slightly less than half of these offenders are over age 55, with a monthly average of 128 treated with dialysis, as compared to an average of 130 offenders under age 55.

4) Shortage of Health Care Professionals, Service Equipment Needs

As of 3rd Quarter 2020, the UTMB sector has a vacancy rate of 9.4%, and the highest vacancy rate in a key category of employees is nurses, at 11.9%.

The TTUHSC sector has a vacancy rate of 15.6%, with the highest vacancy rate in a key category also being nurses, at 18.4%. Much of the shortage in this sector is due to geographic location, including the heavily oil-based economies in the region. Some of this shortage is mitigated by the use of telemedicine and alternate unit coverage by TTUHSC staff.

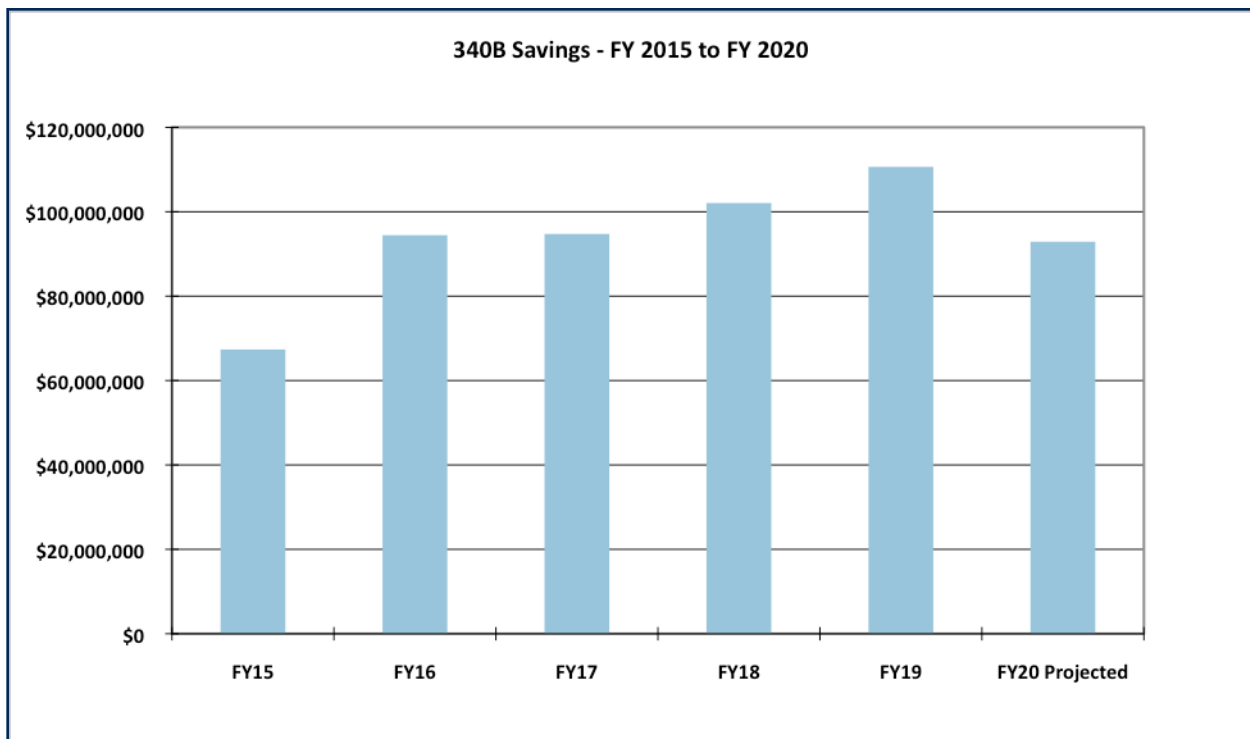


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As a result of aging equipment in both sectors combined with advances in technology, new equipment is needed regularly. Both sectors have equipment more than 20 years old, which can be detrimental when trying to interface with new software and equipment. TDCJ is requesting funding that would allow the university providers to replace some aging capital throughout the system, such as pharmacy automation equipment, x-ray machines, dental chairs, and other equipment.

Cost Containment Initiatives

The federal 340B Drug Pricing Program is a major source of savings to the CMHC. This program enables certain types of hospitals and specialty clinics to purchase drugs at discounted prices. UTMB qualifies for this program as a disproportionate share hospital, and as such may purchase pharmaceuticals at 340B rates versus Wholesale Acquisition Cost. This program was implemented in May 2002. The estimated total savings to date is \$925M, with an average annual savings over the last six years of \$94M. **Estimated cost avoidance in FY 2020 was \$92.9M.**



Both sectors negotiate with offsite hospitals for Medicare rates in accordance with Agency Rider 43 in the 2020-21 GAA. Inpatient and outpatient hospital services provided by the UTMB and TTUHSC through contract hospital providers are to be paid at a rate not-to-exceed 100% of what would be paid for similar services according to the Medicare reimbursement methodology, unless prior approval is provided by the LBB. Continued negotiations by university providers with community hospitals resulted in an **estimated cost avoidance of \$74.8M in FY 2020.**



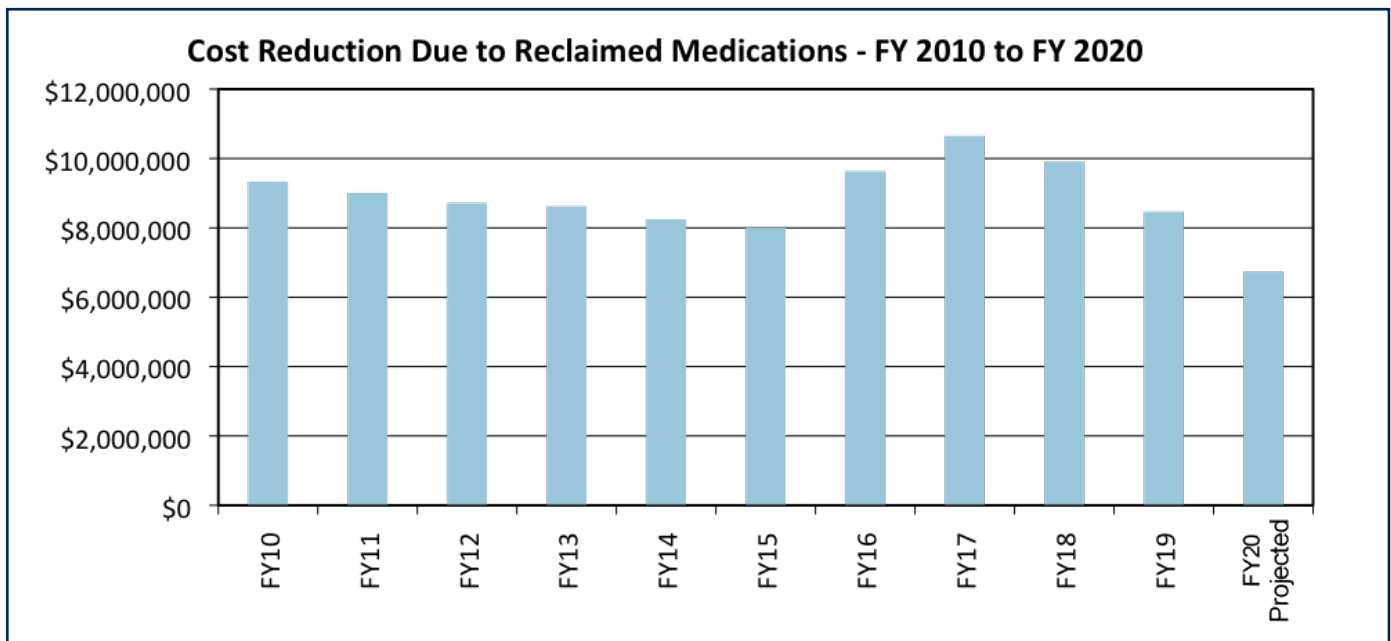
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CMHC operates dialysis centers at the Estelle, Carole Young, and Montford correctional facilities. It is one of the largest dialysis centers in the state, serving approximately 250 offender patients. The ongoing utilization of in-house dialysis services in lieu of an outside vendor has allowed for **estimated cost avoidance of \$30.1M in FY 2020**.

CMHC utilizes specifically targeted correctional facilities that have 24/7 medical services as screening units to determine whether an ER visit is necessary or if the situation could be handled onsite. The creation of medical hubs has resulted in a significant decrease in the number of offender patients transferred to community ERs. Currently, these hub facilities can treat and return approximately 70% of the patients back to their unit of assignment. This has resulted in **estimated cost avoidance of \$10.3M in FY 2020**.

CMHC utilizes telehealth technology to provide primary care, mental health, and sub-specialty care to all patients expanding access to care and reducing the requirements for medical transportation. CMHC has been providing innovative telehealth services for almost two decades, insulating itself from much of the market pressures associated with securing on-site providers and psychiatrists. Telemedicine for offenders requiring chronic care can be an effective way to handle these encounters. The rural location of many TDCJ facilities and the historic healthcare shortages in this state can be somewhat mitigated by the utilization of the university provider's telehealth program. Total telehealth encounters for the state have increased by over 29% from 128,112 in FY 2017 to 165,790 in FY 2020. This has resulted in **estimated cost avoidance of \$2.8M in FY 2020**.

CMHC provides drug reclamation services through the centralized pharmacy. By packaging medications in unit dose blister cards, pharmacy staff can reclaim unused medications for use by other offender patients. This significantly reduces wasted medications and **reduced cost by approximately \$6.7M in FY 2020**.





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Conclusion

TDCJ, UTMB, and TTUHSC make every effort to meet the unique challenge posed by providing health care to the incarcerated population of Texas effectively and efficiently. This population is more susceptible to infectious diseases, mental health disorders and other medical conditions. Additionally, the growth in the number of aging offenders compounds the program's requirements for medications and services. The funding for this program is critical for TDCJ to meet its obligation to provide adequate medical care to the offender population.