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Health and Human  
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|  | EFFECTIVE DATE<br><b>June 22, 2020</b> |                       |
| <b>Submission to HHSC of copies of certain<br/>Pre-existing External Reports</b> |  | <b>Version 2.1.1</b>  |

**DOCUMENT HISTORY LOG**

| STATUS <sup>1</sup> | DOCUMENT REVISION <sup>2</sup> | EFFECTIVE DATE   | DESCRIPTION <sup>3</sup>  |
|---------------------|--------------------------------|------------------|---|
| Baseline            | 2.0                            | October 1, 2018  | <p>Initial version Uniform Managed Care Manual Chapter 5.22 “Submission to HHSC of copies of certain Pre-existing External Reports.” This language and these requirements were previously, in large part, part of the Uniform Managed Care Contract (such as in Attachment B-1, Section 8.1.17.2).</p> <p>Version 2.0 applies to contracts issued as a result of HHSC RFP numbers X29-08-0001, X29-10-0020, X29-12-0002, X29-12-0003, X29-13-0042, X29-13-0071, and X29-15-0001; and to Medicare-Medicaid Plans (MMPs) in the Dual Demonstration.</p> |
| Revision            | 2.1                            | January 24, 2020 | Section IV is added to provide submission information on MCO confidential information.  |
| Revision            | 2.1.1                          | June 22, 2020    | Accessibility approved version.   |

<sup>1</sup> Status should be represented as “Baseline” for initial issuances, “Revision” for changes to the Baseline version, and “Cancellation” for withdrawn versions

<sup>2</sup> Revisions should be numbered according to the version of the issuance and sequential numbering of the revision—e.g., “1.2” refers to the first version of the document and the second revision.

<sup>3</sup> Brief description of the changes to the document made in the revision.



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### **Applicability of Chapter 5.22**

This chapter applies to the Managed Care Organizations (MCOs) participating in the STAR, STAR+PLUS (including the Medicare-Medicaid Dual Demonstration), CHIP, STAR Kids, and STAR Health Programs and to Dental Contractors providing Children’s Medicaid and CHIP Dental Services to Members. In this chapter, references to “CHIP” apply to CHIP and CHIP Dental Contractors. References to “Medicaid” apply to the STAR, STAR+PLUS, STAR Kids, and STAR Health Programs, and Medicaid Dental Contractors. The term “MCO” includes health maintenance organizations (HMOs), exclusive provider organizations (EPOs), insurers, Dental Contractors, Medicare-Medicaid Plans (MMPs), and any other entities licensed or approved by the Texas Department of Insurance. The requirements in this chapter apply to all MCO Programs, except where noted.

### **Background**

MCOs generate financial and related reports for agencies or audiences other than the Health and Human Services Commission (HHSC) that are relevant to HHSC’s monitoring of the MCO’s financial position or that of its ultimate parent. MCOs must copy certain of those reports to HHSC after submitting them to their primary audience. Requirements for the submission to HHSC of copies of such reports are described below.

These requirements do not apply to the reports that are generated specifically for HHSC and are detailed elsewhere within Chapter 5 of the Uniform Managed Care Manual, including:

- Financial Statistical Reports (FSRs) - see UMCM Chapter 5.3.1
- Claims Lag Reports (CLR) - see UMCM Chapter 5.6.2.
- MCO Disclosure Statement - see UMCM Chapter 5.3.2
- Affiliate Report - see UMCM Chapter 5.11
- Audit Reports - see UMCM Chapter 5.3.11
- Report of Legal and Other Proceedings and Related Events - see UMCM Chapter 5.8
- Third Party Recovery (TPR) Report - see UMCM Chapter 5.3.4
- Medical Loss Ratio (MLR) Report - see UMCM Chapter 5.3.13

### **I. Existing reports related to the Texas Department of Insurance or to similar entities in other states.**



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(a) TDI Financial Filings – The MCO must provide HHSC with a full and complete electronic copy, in text-searchable format, of the following information no later than 10 Days after the MCO’s submission to the Texas Department of Insurance (TDI):

1. The “*Health Annual Statement*” and the “*Annual Audited Financial Report*,” including all related schedules, attachments, exhibits, supplements, management discussions, and supplemental filings, and any other annual financial filings, including any filings that may take the place of the above-named annual financial filings and any financial filings that occur less frequently than on a quarterly basis;
2. The annual figures submitted to TDI for controlled risk-based capital; and
3. The TDI-required submission of quarterly financial statements.

Additionally, if the MCO is a foreign carrier (i.e., it is domiciled in another state), the MCO must submit copies of any filings with the National Association of Insurance Commissioners (NAIC) and the financial statements filed with the state insurance department in its state of domicile no later than 10 Days after submission to NAIC or the state of domicile.

Notwithstanding the 10 Day deadline described above, the MCO must notify HHSC as soon as it is aware, but by March 31st of each year at the latest, if it will not be filing its most recent annual statements by March 31st of that year. Similarly, the MCO must notify HHSC by June 30th each year if it will not be filing its most recent Annual Audited Financial Report by that June 30th. The MCO’s notice should include an expected submission date, and an explanation for late filing date.

(b) Registration Statement (Form B) – The MCO must submit to HHSC a full and complete electronic copy, in text-searchable format, of its state insurance department registration statement, known as Form B in Texas, filed with the insurance regulatory authority of its domiciliary jurisdiction, all amendments to Form B, and any other related or similar information filed.

Exceptions to this requirement are those MCOs that are either (i) part of a county hospital district (CHD) or other governmental entity or (ii) a stand-alone entity with no parent or other Affiliates. If the MCO is excepted from the TDI Form B filing requirement, the MCO must demonstrate that it is exempt and explain the nature of the exemption.

The Form B is filed in three forms: (i) the initial registration; (ii) the annual amendment; and (iii) the complete restatement of registration, which occurs every five years and was last due to TDI by approximately May 2015. For purposes herein, the MCO must submit:



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1. The complete registration restatement that was due to TDI by approximately May 2015;
2. Each annual registration amendment form (which is due to TDI within 120 days of the end of the MCO's parent's fiscal year), commencing with the most recent one that the MCO has filed (subsequent to May 2015);
3. Future complete five-year registration restatements (the first of which will be due to TDI by approximately May 2020); and
4. Any other registration statement amendments or restatements that may be submitted to TDI, per TDI regulations.

If the MCO was not yet subject to TDI requirements with respect to the May 2015 registration restatement, it must submit its initial registration.

If the MCO anticipates that the registration statement annual amendment form will be filed at some other date than approximately 120 days after the end of the parent's fiscal year, then the MCO must notify HHSC of the anticipated filing date.

All registration statement submissions required herein are due to HHSC by the later of: (i) 10 Days after the MCO's submission of the item to TDI or (ii) the dates identified in this section.

- (c) TDI Examination Report - The MCO must furnish HHSC with a full and complete electronic copy, in text-searchable format, of any examination report issued by TDI, including the financial, market conduct, target exam, and quality of care components, and corrective action plans and responses. The MCO must submit this information to HHSC no later than 10 Days after the MCO receives the final version of the examination report from TDI. The MCO must submit the most recent such examination report issued, even if that report was issued a number of years prior.

The MCO must provide HHSC with a copy of any similar examination report issued by a state insurance department in any other states where the MCO operates a Medicaid, CHIP, or other managed care product. These reports are also due to HHSC no later than 10 Days after the MCO receives the final version of the examination report.

Each September 1st, the MCO must notify HHSC of the anticipated date of the next issuance of a state department of insurance financial examination report, unless the last submitted financial examination report is less than 2 years old. This annual notification should include a list of any other states in which the MCO is potentially subject to such examination reports or a statement that there are no other states.



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## II. Filings with other entities and other existing financial reports.

The MCO must submit a full and complete electronic copy of each of the following reports or filings that may exist and that pertain to either the MCO or to its ultimate parent:

- (a) SEC Form 10-K - For a publicly-traded (stock-exchange-listed), for-profit corporation, submit the most-recent annual SEC Form 10-K filing. A *direct* link to the *specific* Form 10-K on the SEC's EDGAR website will suffice; an MCO shall not submit a link to a listing of various reports or to a link that is not to the SEC's site. Along with the link, the MCO must state the date that the Form 10-K was filed with the SEC, the period-ending date of the fiscal year covered, and whether or not it is an amended filing. If the Form 10-K is not available four months after the end of the entity's fiscal year, the MCO must notify HHSC in writing as to when it will be released and explain its delay.
- (b) IRS Form 990 - For tax-exempt or nonprofit entities, submit the most recent annual IRS Form 990 filing, complete with all attachments and schedules. The file submitted must be text-searchable. If both the MCO and its ultimate parent file a Form 990, then both Forms 990 must be submitted. If either the MCO or its ultimate parent is a nonprofit (and is not part of a CHD), and no Form 990 is required to be filed by that entity, explain why. If the Form 990 is not available four months after the end of the entity's fiscal year, the MCO must notify HHSC in writing as to when it will be released and explain its delay.
- (c) "Comprehensive Annual Financial Report" (CAFR) or similar government financial report - If the MCO is a nonprofit entity that is a component or subsidiary of a CHD or a government entity, then submit the annual financial statements as prepared under the relevant rules or statutes governing the annual financial reporting and disclosure for the MCO and/or its parent hospital district, including all attachments, schedules, and supplements. The file submitted must be text-searchable.

Note: Most MCOs will submit *one* of either II(a), (b), or (c) above, depending upon the type of organization of the MCO and its ultimate parent.

- (d) Annual Report - The MCO must submit this report if: (1) it exists; (2) it is different than or supplementary to the other financial statements submitted under II(a), (b), or (c) above; and (3) it is distributed to shareholders, customers, employees, owners, parents, banks or creditors, donors, the community, or any regulatory body or constituents, or it is otherwise externally distributed or posted.

Additionally, *if the MCO has nothing to submit with respect to items II(a) through II(c) above, then it must submit something under this item II(d)*. Under no circumstances should all of items II(a) through II(d) come up blank or not applicable. If there is nothing to submit under items II(a) through II(c), the MCO must submit under II(d) a separate set of audited financial statements from the MCO's auditor, including the auditor's



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cover letter, and all schedules, attachments, analysis, discussion, notes, and supplementary materials. If such audited statements do not exist, then the MCO must contact HHSC well in advance of the due date, for written permission to submit a copy of federal income tax returns or other HHSC-approved documentation.

- (e) Bond or debt rating analysis - If the MCO or its ultimate parent has been the subject of any bond rating analysis, ratings affirmation, write-up, or related report, such as a report by AM Best, Fitch Ratings, Moody's, or Standard & Poor's, the MCO must submit the most recent and complete report from each rating entity that has produced such a report. If no such report has been issued in the past seven years, the MCO must so state.

The MCO must submit all of the reports or filings under part II to HHSC no later than 10 Days after such report is filed or otherwise initially distributed. Each report should include all exhibits, attachments, notes, supplemental data, management letters, auditor letters, and any updates, revisions, clarifications, or supplemental filings. If the reporting entity has a regular required due date for any of the part II reports and receives an extension on the filing deadline, the MCO must notify HHSC of any such extension and the estimated revised filing date.

**III. Annual listing of these financial and related reports**

With respect to the reports required in this chapter, the MCO must also submit to HHSC by September 1st each year three lists:

- (a) List of prior year reports generated. This list must show which reports under parts I and II above have been generated or received by the MCO or its ultimate parent during the past twelve months. The MCO must also note the date of the fiscal year end for each of the MCO and its ultimate parent.
- (b) List of prior year reports submitted to HHSC. This list must show which reports listed under part (III)(a) above have been sent to HHSC. For each report sent, the MCO shall include the date sent and the names of HHSC staff (or the name of the upload-folder address) that copies were sent to; and
- (c) List of forthcoming year reports. This list must show which reports required under parts I and II above are anticipated over the course of the next twelve months, and the estimated date or date range for each.

IV. When submitting any report required by this chapter, the MCO should mark and label as confidential any information the MCO believes is confidential and should not be released to the public, except in accordance with the Texas Public Information Act, Tex. Gov't Code Chapter 552. The MCO's statement that information is confidential will alert HHSC of potentially-confidential information that should be sent to the Texas Office of



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Attorney General for a determination as to whether the information is actually confidential.