## Combined Admin and QI Financial Statistical Report (FSR) Instructions

### EFFECTIVE DATE
March 15, 2021

### Version 2.1

### DOCUMENT HISTORY LOG

<table>
<thead>
<tr>
<th>STATUS</th>
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| Baseline | 2.0 | December 15, 2018 | Initial version Uniform Managed Care Manual Chapter 5.3.1.84, "Combined Admin and QI Financial Statistical Report (FSR) Instructions."

Version 2.0 applies to contracts issued as a result of HHSC RFP numbers 529-08-0001, 529-10-0020, 529-12-0002, 529-12-0003, 529-13-0042, 529-13-0071, and 529-15-0001 for reporting transactions occurring on or after September 1, 2018.

| Revision | 2.1 | March 15, 2021 | Chapter 5.3.1.84 continues to apply to the Dental Services Contract. The new Dental Services Contract HHSC RFP number is HHS0002879.

As a result of audit recommendations, modified the line item titled “Salaries, wages, and benefits, excl. bonuses” under the following headings: “Admin - Part 1: Administrative Expenses” (see line 1); “Admin - Part 2: Corporate Allocations” (see line 5); and “QI - Part 1: Quality Improvement Costs by Spending Type” (see line 1).

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represented as “Baseline” for initial issuances, “Revision” for changes to the Baseline version, and “Cancellation” for withdrawn versions.

2 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.

3 Brief description of the changes to the document made in the revision.
Objective

Chapter 5.3.1.84 provides instructions necessary to complete the Combined Admin and QI Financial Statistical Report (FSR) and required Data Certification Form. All entities contracting with the State of Texas to arrange for, or to provide healthcare to Members in the STAR, STAR+PLUS, CHIP, STAR Health, STAR Kids, or the Dental Program must submit an aggregate Combined Admin & QI FSR in accordance with the Contract for Services between HHSC and MCO, and in accordance with the instructions below. Please note this Chapter does not apply to the Texas Dual Eligibles Integrated Care Demonstration (Dual Demonstration) Project or administrative expenses incurred from participation in Dual Eligibles Medicare-Medicaid Plan (MMP). Do not include any MMP costs in the Combined Admin & QI FSR.

General

All FSRs must be completed using the locked Microsoft Excel template provided by HHSC. Data integrity is critical to the automated compilation of the data. Do not alter the file name, sheet names, existing cell locations, or formatting of the data in the file and sheets. Do not add or delete any columns or rows. Any deviations from the locked template will render the Combined Admin & QI FSR unreadable by the software application and therefore unacceptable to HHSC.

All shaded data fields in the FSR represent fields where data input is required. Do not leave blanks. If there is no activity for the period, indicate by entering zero in the applicable field. In order to maintain consistency please ensure that the data input is in black. All data fields not shaded represent referenced data or calculations. All line numbers in these instructions refer to the line numbers in column A on each worksheet.

Cells can be linked within the template but there can be no outside links to the MCO accounting systems or other Contractor sources.

FSR Page Headers

Header information entered on Part 1 populates header data for all the other sheets; please make sure Part 1 is entered correctly. Enter the following information on Part 1:

**MCO Name:** Select the MCO’s name from the drop-down menu.
**State Fiscal Year:** Select the State Fiscal Year (SFY) from the drop-down menu.
**Submission Date:** Enter the month, day, and year, e.g., 6/30/2019.
Submission Type: Select the FSR, e.g., Quarterly; Year End + 90 Days; Year End + 334 Days, etc. from the drop-down menu.
Rptg Period End Date: Enter month, day, and year, e.g., 5/31/2019,

Admin - Part 1: Administrative Expenses

See Cost Principles for Expenses, Chapter 6.1 of the Uniform Managed Care Manual for allowable administrative expenses. Include only administrative expenses that are directly or indirectly in support of the Texas Medicaid service delivery area operations of the MCO. For all expenses other than depreciation, include only paid administrative expenses in the Final FSR.

The following note is included on each Part of the Combined Admin & QI FSR “Note: Unless an item is specifically stated otherwise, reporting of all amounts in the FSR is on an incurred basis (that is, reported in the period corresponding to dates the services were incurred, rather than to date paid). All prior quarters’ data must be updated to reflect the most recent actuals.”

Enter the appropriate amounts on the following lines.

Line 1 Salaries, wages, and benefits, excl. bonuses Enter amounts incurred as salary, wages, or benefits to employees and other staff. Include Temps, Part-time staff, and non-employee staff that are paid as independent contractors. Include payroll taxes and overtime. Also include reimbursement of employee relocation expenses, employee sign-on costs, employee referral costs, and professional licensing fees such as RNs and CPAs. Exclude bonuses, and the payroll taxes on bonuses.

Line 2 Bonuses Include bonuses and the payroll taxes on bonuses, and any associated gross-ups.

Line 3 Rent, Lease, or Mortgage Payment for Office Space Enter rent paid for space used by the MCO.

Line 4 Utilities (if not incl. in rent), excl. Phone/Telecom Enter payments for utility services used by the MCO.

Line 5 Phone / Telecom / Cell phones / T1 / Broadband Enter the monthly operating expense, but do not include hardware purchases.

Line 6 Equipment Lease or Rent, excl. Phone/Telecom Enter monthly operating leases or rental payments.
Line 7 Computer Hardware/Software purch. uncapitalized Enter computer hardware and software purchases (including licenses) which by their nature or amount were not eligible for depreciation. See HHSC's Cost Principles for rules regarding capitalized items.

Line 8 Furniture, Fixtures, and other Equipment Purchased, uncapitalized Enter furniture, fixture or equipment purchases that by their nature or amount were not eligible for depreciation.

Line 9 Maintenance, Repairs, Custodial, and Security Enter expenses paid for maintenance, repairs, custodial and security services.

Line 10 Supplies, Postage, Freight, Printing Enter amounts paid for supplies, postage, freight, and printing services.

Line 11 Legal & Prof. Services, incl. External Audit, Tax, Consulting Enter the cost of professional or consulting services rendered by persons or organizations that are Members of a particular profession or possess a special skill.

Line 12 Travel Expenses Enter the direct cost for transportation, lodging, subsistence, etc. incurred by employees traveling on official business specifically related to an HHSC program.

Line 13 Marketing, PR, and Outreach (excl. Salaries) Enter paid cost of marketing, public relations, and outreach.

Line 14 Taxes (excl. income taxes & premium taxes) & Licensing Enter all applicable taxes and licensing expenses; exclude Income Taxes, Premium Taxes, and Maintenance Taxes.

Line 15 Insurance Enter paid insurance premiums; exclude reinsurance premiums.

Line 16 Depreciation & Amortization Enter applicable depreciation and amortization charges for the period.

Line 17 Other Administrative Expenses Enter all other expenses not specifically identified in the above administrative expense classifications.

Line 18 Subtotal (specified in-house services) Calculated as sum of lines 1 through 17.

Line 19 Outsourced Services (Non-Capitated Arrangements) Enter all outsourced services not paid under a capitated arrangement, e.g., Third-Party Administrator (TPA).
Line 20 Outsourced Services (Capitated Arrangements) Enter the administrative component of the capitated subcontract in which the capitation is the funding source for paying claims for health care services performed. Example: BH, Vision

Line 21 PBM Admin Fees – Fees based on $PMPM Enter the expenses associated with the administration of pharmacy services provided by a Pharmacy Benefit Manager (PBM) under a capitated arrangement.

Line 22 PBM Admin Fees – Fees based on transaction volume Enter the expenses associated with the administration of pharmacy services provided by a Pharmacy Benefit Manager (PBM) under a fee-based arrangement.

Line 23 PBM Fees – Other Enter the expenses associated with the administration of pharmacy services provided by a Pharmacy Benefit Manager (PBM) under an arrangement other than a $PMPM or fee-based arrangement.

Line 24 Corporate Allocations Referenced from Admin - Part 2, Line 23.

Line 25 Total Administrative Expenses Calculated as sum of lines 18 through 24 above.

Not Included in Total Administrative Above:

Line 26 Total Administrative Value-Added Services Enter the administrative expenses paid by the MCO for healthcare services to Medicaid Members that are not covered under the HHSC Capitation nor reimbursed by HHSC. These expenses are the financial responsibility of the MCO. They are not included in Total Administrative Expenses in the FSR. The specific Value-Added Services are included in the Contract for Services between HHSC and MCO.

Line 27 Outsourced Services (Non-Capitated Arrangements) Identify each vendor included in Line 19 of this part. Include the YTD dollar amount associated with each if more than one.

Line 28 Outsourced Services (Capitated Arrangements) Identify each vendor included in Line 20 of this part. Include the YTD dollar amount associated with each if more than one.

Admin - Part 2: Corporate Allocations

Line 1 Headcount of employees billed to Contractor Enter the number of employees, to the nearest full-time or half-time employee (FTE), that perform work for Texas Medicaid Programs.
Line 2 Sq. Ft. of ofc space billed to Contractor Enter the total square footage of office space billed for Texas Medicaid Programs.

Line 3 No Entry

Line 4 Items billed to Contractor by Affiliated Party or Parent:

Line 5 Salaries, wages, & benefits, excl. bonuses Enter amounts billed to the Contractor as salary, wages, or benefits to employees and other staff. Include Temps, Part-time staff, and non-employee staff that are paid as independent contractors. Include payroll taxes and overtime. Also include reimbursement of employee relocation expenses, employee sign-on costs, employee referral costs, and professional licensing fees such as RNs and CPAs. Exclude bonuses, and the payroll taxes on bonuses.

Line 6 Bonuses Enter amounts billed to the Contractor as bonuses, payroll taxes on bonuses, and any associated gross-ups.

Line 7 Rent, lease, or mortgage pmt for office space Enter amounts billed to the Contractor as rent.

Line 8 Utilities (if not included in rent), excl phone/telecom Enter amounts billed to the Contractor as utility services.

Line 9 Phone / telecom / cell phones / T1 / broadband Enter amounts billed to the Contractor as the monthly operating expense, not including any hardware purchases.

Line 10 Equipment lease or rent Enter amounts billed to the Contractor as monthly operating leases or rental payments.

Line 11 Computer hardware/software purchased, uncapitalized Enter amounts billed to the Contractor as computer hardware and software purchases (including licenses) which by their nature or amount were not eligible for depreciation. See HHSC’s Cost Principles for rules regarding capitalized items.

Line 12 Furniture, fixtures, & other equip purchased, uncapitalized Enter amounts billed to the Contractor as furniture, fixture or equipment purchases that by their nature or amount were not eligible for depreciation.

Line 13 Maintenance, repairs, custodial, & security Enter amounts billed to the Contractor as maintenance, repairs, custodial and security services.
### Line 14 Supplies, postage, freight, printing
Enter amounts billed to the Contractor as supplies, postage, freight, and printing services.

### Line 15 Legal & prof services, incl ext audit, tax, consult
Enter amounts billed to the Contractor as professional or consulting services rendered by persons or organizations that are Members of a particular profession or possess a special skill.

### Line 16 Travel expenses
Enter amounts billed to the Contractor as transportation, lodging, meals, etc. incurred for employee travel.

### Line 17 Marketing, PR, & Outreach (excl. salaries)
Enter amounts billed to the Contractor as marketing, public relations, and outreach.

### Line 18 Taxes (excluding income taxes) & Licensing
Enter amounts billed to the Contractor as taxes and licensing expenses; exclude Income Taxes, Premium Taxes, and Maintenance Taxes.

### Line 19 Insurance
Enter amounts billed to the Contractor as insurance premiums; exclude reinsurance premiums.

### Line 20 Depreciation & amortization
Enter amounts billed to the Contractor as depreciation and amortization charges for the period.

### Line 21 Subtotal
Calculated as sum of lines 5 through 20.

### Line 22 Other Expenses
Enter all other amounts billed to the Contractor as allowable expenses, which are not specifically identified above.

### Line 23 Total Corporate Allocations
Calculated as sum of lines 21 and 22.

## Admin - Part 3: Administrative Expenses – Distribution by Program/Member Month

Lines 1 through 7 Administrative Expense by Program Enter the applicable amounts of administrative expenses for STAR, CHIP, STAR+PLUS, STAR Health, STAR Kids, Medicaid Dental, and CHIP Dental. Do not leave blanks.

### Line 8 Total Admin Expenses (must match to Admin-Part 1 Total)
Calculated as sum of lines 1 through 7. Beneath Line 8, Row 21 contains a formula which compares the amount in Line 8 to the Total from Part 1 shown in Row 22. If the two amounts are not equal then the formula
will return “Doesn't match to Admin - Part1!” in the cell on Row 21 that corresponds to the period that is not equal within rounding.

Lines 9 through 15 Member Months Enter the total Member months by Program for STAR, CHIP, STAR+PLUS, STAR Health, STAR Kids, Medicaid Dental, and CHIP Dental. Do not leave blanks.

Line 16 Total Member Months Calculated as sum of lines 9 through 15.

Lines 17 through 23 Administrative Expenses per Member per Month Each cell in this matrix is calculated by dividing the corresponding Administrative Expense from Lines 1 through 7, by the applicable Member Months from Lines 9 through 15, by Program.

Line 24 Total Admin Expense per Member per Month Calculated by dividing Line 8 Total Admin Expenses by Line 16 Total Member Months.

Admin - Part 4: Administrative Expenses – Allocation to Programs / SDAs

Line 1 Total Administrative Expenses Referenced from Part 1, Line 25, “Total Administrative Expenses.”

Lines 2 through 8 Gross Revenues by Program per FSR Each cell in this matrix is calculated by adding amounts by Program entered as “Gross Revenues per FSR” in the matrix of Lines 11 through 42 below.

Line 9 Total Gross Revenue Calculated as the sum of Lines 2 through 8.

Line 10 Admin Cost as % of Gross Revenues Calculated as Line 1, “Total Administrative Expenses,” divided by Line 9, “Total Gross Revenue.”

Lines 11 through 42 Gross Revenues per FSR Select the Program/Service Delivery Area from the drop-down menu. Enter the monthly gross revenues for each program/service area.

Line 43 Total Gross Revenues Calculated as sum of lines 11 through 42 above.

Lines 44 through 75 Allocated Administrative Expenses Each cell in this matrix is calculated by multiplying Administrative Expenses by Program from Admin - Part 3, Lines 1 through 7, by the fraction of Admin - Part 4 “Gross Revenues, per FSR by Program / Service Delivery Area” in the matrix of Lines 11 through 42 divided by Total Gross Revenue by Program in the matrix of Lines 2-8.
Line 76 Total Allocated Administrative Expenses Calculated as sum of lines 44 through 75 above.

**QI - Part 1: Quality Improvement Costs by Spending Type**

See *Cost Principles for Expenses*, Chapter 6.1 of the Uniform Managed Care Manual for allowable Quality Improvement expenses. Include only QI expenses that are directly or indirectly in support of the Texas Medicaid service delivery area operations of the MCO. For all expenses other than depreciation, include only paid QI expenses in the Final FSR.

The following note is included on each Part of the FSR “**Note: Unless an item is specifically stated otherwise, reporting of all amounts in the FSR is on an incurred basis (that is, reported in the period corresponding to dates the services were incurred, rather than to date paid). All prior quarters’ data must be updated to reflect the most recent actuals.”**

**Enter** the appropriate amounts on the following lines.

- **Line 1 Salaries, wages, and benefits, excl. bonuses** - Enter amounts incurred as salary, wages, or benefits to employees and other staff. Include Temps, Part-time staff, and non-employee staff that are paid as independent contractors. Include payroll taxes and overtime. Also include reimbursement of employee relocation expenses, employee sign-on costs, employee referral costs, and professional licensing fees such as RNs and CPAs. Exclude bonuses, and the payroll taxes on bonuses.

- **Line 2 Bonuses** - Enter bonuses and the payroll taxes on bonuses, and any associated gross-ups.

- **Line 3 Rent, Lease, or Mortgage Payment for Office Space** - Enter rent paid for space used by the MCO.

- **Line 4 Utilities (if not incl. in rent), excl. Phone/Telecom** - Enter payments for utility services used in support of QI activities.

- **Line 5 Furniture, Fixtures, and other Equipment Purchased, un-capitalized.** - Enter furniture, fixture or equipment purchases that by their nature or amount were not eligible for depreciation.

- **Line 6 Supplies, Postage, Freight, and Printing** - Enter amounts paid for supplies, postage, freight, and printing services.
Line 7 Maintenance, Repairs, Custodial, and Security - Enter expenses paid for maintenance, repairs, custodial and security services.

Line 8 Professional Services - Enter the cost of professional or consulting services rendered by persons or organizations that are Members of a particular profession or possess a special skill.

Line 9 Computer hardware/Software purchased, uncapitalized. - Enter computer hardware and software purchases (including licenses) which by their nature or amount were not eligible for depreciation. See HHSC's Cost Principles for rules regarding capitalized items.

Line 10 Phone/telecom/cell phones/T1 Broadband - Enter the monthly operating expense, but do not include hardware purchases.

Line 11 Equipment Lease or Rent, excluding Phone/Telecom - Enter cost of rentals or leases related to equipment used in support of QI activities.

Line 12 Membership Dues - Enter amounts paid for staff actively involved in QI activities.

Line 13 Outreach (excl. Salaries) - Enter paid cost of outreach activities.

Line 14 Application Fees - Enter cost of any applications to organizations or entities that are required to maintain qualifications or certifications related to the QI function.

Line 15 Inspection/Evaluation fees - Enter amounts paid for inspections of facilities or evaluations of QI processes/procedures.

Line 16 Data Collection Expenses - Enter the cost of collecting data to support internal or external reporting requirements.

Line 17 Outsourced Services - Enter cost of all outsourced/contracted QI activities which are not accounted for elsewhere on the FSR. This can include QI data gathering and analysis).

Line 18 Data Analysis Expenses - Enter non-payroll costs associated with analysis of QI data.

Line 19 Reporting Expenses (Printing, Distribution, and Publication) - Enter non-payroll cost of generating required reports.
Line 20 Quality Assurance Reviews - Amounts paid to external entities for validating MCO Quality Programs

Line 21 Travel Expenses - Enter the direct cost for transportation, lodging, subsistence, etc. incurred by employees traveling on official business specifically related to QI activities.

Line 22 Depreciation and Amortization - Enter applicable depreciation and amortization for the period for assets utilized in the support of QI activities.

Lines 23-26 Other Expenses - Enter allowable expenses not specified above. For each expense include appropriate description in Column B.

Line 27 Total Quality Improvement Expenses - Calculated as sum of Lines 1 through 26.

**QI - Part 2: Quality Improvement Expenses - Distribution by Type of Service**

**Care Coordination/Case Management**

Lines 1 through 15 Enter costs associated with any of the qualified functions listed. Lines 14 and 15 can be used to collect costs for Care Coordination/Case Management functions not otherwise listed; enter appropriate description in Column B.

**Disease Management**

Lines 16 through 19 Enter costs associated with any of the qualified functions listed for Disease Management. Lines 18 and 19 can be used to collect costs for Disease Management functions not otherwise listed; enter appropriate description in Column B.

**Health Information Technology**

Lines 20 through 24 Enter costs associated with any of the qualified functions listed for Health Information Technology. Enter appropriate description in Column B.

**Other QI Costs**

Lines 25 through 29 Other QI Costs Enter expenses not included above. Enter appropriate description in Column B.

Line 30 Total QI Expenses: Calculated as sum of lines 1 through 29. Must match Part 1, Line 27, “Total Quality Improvement Expenses.”
QI - Part 3: Quality Improvement Expenses - Distribution by Program/Member Month

Program

Lines 1 through 7 Enter QI Costs by Program. QI costs should be assigned to each Program based on the MCO’s assessment of the level of QI resources devoted to those Programs. QI costs within each Program are allocated to plan code by the percentage of revenue method.

Line 8 Total QI Expenses Calculated as sum of lines 1 through 7. Total costs must match to Part 1, Line 27

Member Months

Lines 9 through 15 Member-Months Enter Member-Months for the applicable Programs.

Line 16 Total Member-Months Calculated as sum of lines 9 through 15 above.

Quality Improvement Costs per Member per Month

Lines 17 through 23 Each cell in this matrix is the result of dividing Quality Improvement Costs by Program in the matrix of Lines 1 through 7 by corresponding Member Months by Program in the matrix of Lines 9 through 15.

QI - Part 4: Quality Improvement Expenses - Allocation to Programs / SDAs

Lines 1-7 Gross Revenue per FSR calculated as sum of lines 9 through 40 that correspond to the Program stated in column B.

Line 8 Total Gross Revenue calculated as sum of lines 1 through 7.

Line 9 through 40 Gross Revenues per FSR: Program/Service Delivery Area Referenced from Admin - Part 4, Gross Revenues per FSR by Program / Service Delivery Area, Lines 11 through 42.

Lines 41 through 72 Allocated Quality Improvement Expenses by Revenue Distribution Each cell in this matrix is calculated by multiplying Quality Improvement Costs by Program from QI - Part 3, Lines 1 through 7, by the fraction of QI - Part 4 “Gross
Revenues per FSR by Program / Service Delivery Area” in the matrix of Lines 9 through 40 divided by Total Gross Revenue by Program in the matrix of Lines 1-7.

Line 73 Total Allocated Quality Improvement Expenses Calculated as sum of lines 41 through 72 above.

**Data Certification Form**

**General Instructions:**
1. The Data Certification Form must be submitted with the FSR Reports, and it must be signed by the CEO, CFO, or equivalent.
2. Certification of certain financial data is a Federal requirement.
3. It is acceptable to include the Data Certification Form pasted into the Certification tab as a PDF.

**Instructions for Completing Specific Data Fields:**
The name of the MCO, Document name, date of submission, State Fiscal Year (SFY), quarter or other period covered, Program, and service area will populate from header information entered in Admin - Part 1.

Data Field 7 – Type or print the name and title of the person signing the Certification.
Data Field 9 – Sign the Certification.
Data Field 10 – Enter the date the form is signed without using a formula.