



TEXAS
Health and Human
Services

Managed Care: Financial Oversight

Financial Reporting and Audit Coordination

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Financial Reporting and Audit Coordination

Medicaid & CHIP Services Department

Financial Oversight (1 of 5)

Financial Reporting Roles

- Design MCO financial statements templates
- Develop accounting principles that are specific to Texas Medicaid & CHIP Program
- Develop contract language dealing with financial oversight
- Reconcile and validate MCO self-reported financial data



Financial Oversight (2 of 5)

Financial Reporting Roles

- Manage audits of MCOs through external contracted auditors
- Administer the experience rebate process
- Provide subject matter expertise in support of:
 - RFPs
 - CMS reporting
 - Quality programs
 - Audits and reviews by external entities



Financial Oversight (3 of 5)

Experience Rebate

- What is the Experience Rebate?
 - HHSC contracts with MCOs require they share any profits in excess of 3 percent of revenue earned through the managed care program
- How is Experience Rebate determined?
 - Calculation is based on the MCO's consolidated financial performance as reported in their FSRs
 - Integrity of self-reported data is critical



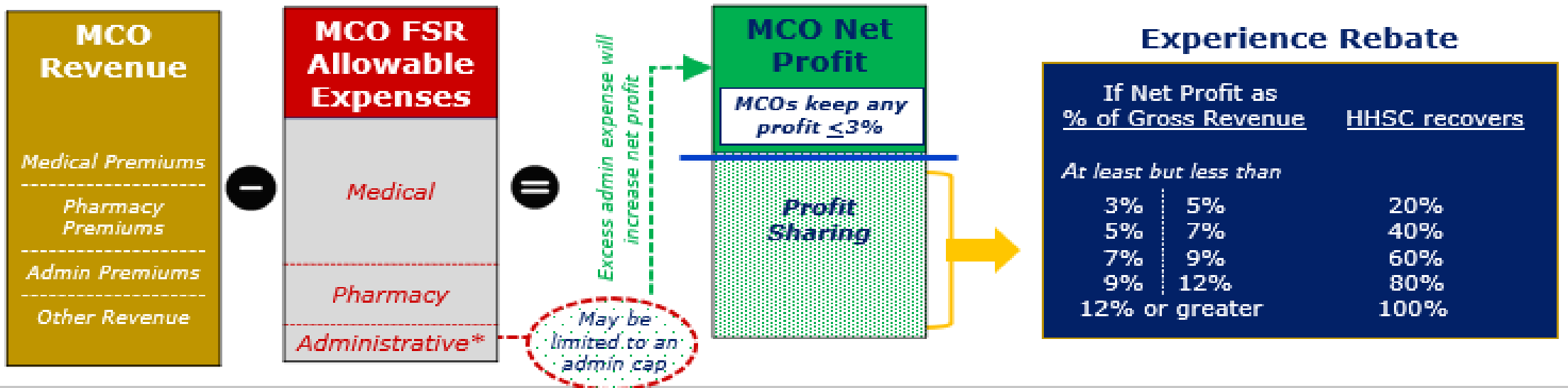
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Financial Oversight (4 of 5)

Experience Rebate

- One of the major safeguards to ensure FISCAL responsibility
 - Caps on administrative expenses, conversions to income, and experience rebates on excessive profit



Financial Oversight (5 of 5)

SFY 2021 Financial Statistical Report Information

In Thousands	Aetna	Amerigroup	BCBS	CFHP	Cook	Driscoll	Superior	TCHP	UHC
Total Gross Revenues	\$713,638	\$5,998,987	\$377,336	\$699,388	\$755,995	\$1,009,268	\$7,854,674	\$2,453,453	\$4,610,332
Total Expenses	\$562,737	\$5,097,259	\$327,180	\$568,009	\$635,465	\$823,969	\$6,544,797	\$2,023,429	\$4,013,816
Net Income Before Taxes	\$131,708	\$731,689	\$38,314	\$119,015	\$107,186	\$167,553	\$1,096,216	\$386,700	\$470,159
Profit Percent (Net Income to Gross Revenues)	18.5%	12.2%	10.2%	17.0%	14.2%	16.6%	14.0%	15.8%	10.2%
Estimated Experience Rebate	\$80,641	\$299,949	\$12,678	\$68,540	\$52,920	\$94,871	\$534,118	\$210,997	\$154,907
Profit Percentage after Experience Rebate	7.2%	7.2%	6.8%	7.2%	7.2%	7.2%	7.2%	7.2%	6.8%



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