

**HHSC FINANCIAL STATISTICAL REPORT (FSR)**

MCO name:	<b>Sendero Health Plans</b>	Program:	<b>CHIP</b>
State Fiscal Year:	<b>2018</b>	Service Area:	<b>Travis / Austin</b>
Submission Date:	<b>4/30/2019</b>	Rptg Period End Date:	<b>8/31/2018</b>
Submission Type:	<b>Yr-End 90-Day</b>		

Part 1: **Summary Income Statement**

HHSC Managed Care contract costs	Incurred Months:	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	YTD
1 Member Months		2,536	2,625	2,733	2,823	2,912	3,029	3,086	2,992	0	0	0	0	22,736
2 <b>Average Monthly Member Months</b>														<b>2,842</b>
<b>Revenues:</b>														
3 Medical Premiums		428,835	449,975	453,665	463,842	477,140	491,741	485,971	438,876	0	0	0	0	3,690,045
4 Delivery Supplemental Payments		0	0	0	0	0	0	3,100	3,100	0	0	0	0	6,200
5 Pharmacy Premiums		58,636	60,967	62,837	64,903	67,122	69,704	70,496	67,010	0	0	0	0	521,675
6 Investment Income		25	25	25	25	25	25	25	25	0	0	0	0	200
7 Health Insurance Providers Fee Reimbursement		0	0	0	0	0	0	0	0	0	0	0	0	0
8 Other Revenue		0	0	0	0	0	0	0	0	0	0	0	0	0
9 Total Gross Revenues		487,496	510,967	516,527	528,770	544,287	561,470	559,592	509,011	0	0	0	0	4,218,120
10 Health Insurance Providers Fee & Related Costs		0	0	0	0	0	0	0	0	0	0	0	0	0
11 Premium Taxes		8,531	8,941	9,039	9,253	9,525	9,825	9,792	8,907	0	0	0	0	73,814
12 Maintenance Taxes		94	98	99	102	105	108	108	98	0	0	0	0	812
13 <b>Net Revenues</b>		<b>478,871</b>	<b>501,927</b>	<b>507,389</b>	<b>519,415</b>	<b>534,658</b>	<b>551,537</b>	<b>549,692</b>	<b>500,006</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,143,495</b>
<b>Medical Expenses:</b>														
14 Fee-For-Service		297,557	312,623	643,594	354,599	408,540	400,803	363,494	378,179	1,601	836	0	0	3,161,828
15 Capitated Services		6,048	6,237	7,261	7,293	7,493	8,134	8,254	8,264	0	0	0	0	58,982
16 Patient Centered Medical Home Services		0	0	0	0	0	0	0	0	0	0	0	0	0
17 Net Reinsurance Cost		1,446	1,496	1,558	1,609	1,660	1,727	1,759	1,705	0	0	0	0	12,960
18 IBNR Accrual - Medical		0	0	0	0	0	0	0	0	0	0	0	0	0
19 Quality Improvement		8,818	6,330	3,792	7,543	5,772	9,456	69,933	8,147	0	0	0	0	119,791
20 Total Medical Expenses		313,869	326,686	656,205	371,044	423,465	420,120	443,440	396,295	1,601	836	0	0	3,353,561
21 Prescription Expenses (excluding PBM Admin)		44,756	39,105	36,408	32,381	61,665	53,082	44,130	49,961	(3,007)	0	0	0	358,482
22 <b>Total Medical and Prescription Expenses</b>		<b>358,625</b>	<b>365,791</b>	<b>692,613</b>	<b>403,425</b>	<b>485,130</b>	<b>473,202</b>	<b>487,570</b>	<b>446,256</b>	<b>(1,406)</b>	<b>836</b>	<b>0</b>	<b>0</b>	<b>3,712,043</b>
23 <b>Administrative Expenses</b>		<b>140,611</b>	<b>111,263</b>	<b>101,512</b>	<b>90,633</b>	<b>90,882</b>	<b>82,021</b>	<b>52,006</b>	<b>80,281</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>749,208</b>
24 <b>Total Expenses</b>		<b>499,236</b>	<b>477,054</b>	<b>794,124</b>	<b>494,058</b>	<b>576,013</b>	<b>555,224</b>	<b>539,576</b>	<b>526,537</b>	<b>(1,406)</b>	<b>836</b>	<b>0</b>	<b>0</b>	<b>4,461,252</b>
25 <b>Net Income Before Taxes</b>		<b>(20,365)</b>	<b>24,873</b>	<b>(286,735)</b>	<b>25,357</b>	<b>(41,355)</b>	<b>(3,687)</b>	<b>10,116</b>	<b>(26,531)</b>	<b>1,406</b>	<b>(836)</b>	<b>0</b>	<b>0</b>	<b>(317,757)</b>
26 % Medical Exp to Net Revenues		65.5%	65.1%	129.3%	71.4%	79.2%	76.2%	80.7%	79.3%	0.0%	0.0%	0.0%	0.0%	80.9%
27 % Prescription Exp to Net Revenues		9.3%	7.8%	7.2%	6.2%	11.5%	9.6%	8.0%	10.0%	0.0%	0.0%	0.0%	0.0%	8.7%
28 % Total Medical and Prescription to Net Rev. (MLR)		74.9%	72.9%	136.5%	77.7%	90.7%	85.8%	88.7%	89.3%	0.0%	0.0%	0.0%	0.0%	89.6%
29 % Admin Exp to Net Revenues		29.4%	22.2%	20.0%	17.4%	17.0%	14.9%	9.5%	16.1%	0.0%	0.0%	0.0%	0.0%	18.1%
30 <b>% Net Income to Net Revenues</b>		<b>-4.3%</b>	<b>5.0%</b>	<b>-56.5%</b>	<b>4.9%</b>	<b>-7.7%</b>	<b>-0.7%</b>	<b>1.8%</b>	<b>-5.3%</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>	<b>0.0%</b>	<b>0.0%</b>	<b>-7.7%</b>
31 % Adj. Admin to Net Revenues (excludes taxes and Prescription pass-through)		33.5%	25.2%	22.8%	19.9%	19.4%	17.0%	10.9%	18.5%	0.0%	0.0%	0.0%	0.0%	20.7%

**Post-income items:**  
32 Performance Assessment

Note: Except where stated otherwise, reporting is on an incurred basis (that is, reported in the period corresponding to dates of service, rather than to date paid). All prior quarters' data must be updated to reflect the most recent revised IBNR estimates.

## TERMS USED IN FINANCIAL STATISTICAL REPORTS (FSRs)

**Total Member Months** - Number of members enrolled in each month. YTD is the sum of the individual month's membership.

### **Revenues:**

- **Premiums** – Capitation payments paid to MCOs (Managed Care Organization) by HHSC.
- **Delivery Supplemental Payments** – A one-time per pregnancy supplemental payment made by HHSC to STAR, CHIP MCOs.
- **Pharmacy Premiums** - Pharmacy capitation payments paid to MCOs by HHSC
- **Investment Income** – All interest and dividend income resulting from investment of funds received.
- **Other Revenue** – Any and all income generated from other sources.
- **Premium Taxes** – Premium taxes incurred by MCOs for premiums applicable to the reported period.
- **Maintenance Taxes** – Maintenance taxes incurred by MCOs for premiums applicable to the reported period.

### **Medical Expenses:**

- **Fee for Service** – Non-capitated payments for services rendered to the members.
- **Capitated Services** – Includes PCPs and Hospitals capitation payments which are amounts paid to providers that do not pay claims to other providers from the capitation payments and also the capitation paid to subcontractors in which the capitation is the funding source for paying claims for healthcare services performed in each Texas service area.
- **Net Reinsurance Cost** – Total reinsurance premiums paid by the MCO net of reinsurance recoveries.
- **IBNR Accrual** – Incurred But Not Reported (IBNR) accrual medical expenses are an estimate of the expected healthcare expenses incurred, but not paid, based on claims lag schedules and completion factors, as well as any counts of services rendered but not billed, e.g., pre-authorized hospital days.

**Administrative Expenses** – includes those expenses that are directly or indirectly in support of the Texas Medicaid/CHIP operations of the MCO. Administrative expenses include Salaries, Wages and other benefits, Payroll taxes, Utilities and Maintenance, Auditing and other consulting expenses etc.

**Performance Assessment** – Amount of at-risk premium recouped by HHSC for failure to meet the performance expectation for which the MCO is at risk.

**Quality Challenge Award** – Amount awarded to the MCO for superior clinical quality, service delivery, access to care or member satisfaction.

**Liquidated Damages** - Amount assessed by HHSC as penalty for non-compliance with contract requirements.