

HHSC FINANCIAL STATISTICAL REPORT (FSR)

MCO name: Texas Children's Health Plan	Program: CHIP
State Fiscal Year: 2018	Service Area: Harris / Houston
Submission Date: 8/29/2019	Rptg Period End Date: 8/31/2018
Submission Type: Yr-End 334-Day	

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		61,096	64,632	66,338	67,606	67,017	66,603	65,989	64,459	63,107	59,687	59,130	59,273	764,937
2 Average Monthly Member Months														63,745
Revenues:														
3 Medical Premiums		9,305,299	9,736,852	9,942,000	10,022,593	9,920,898	9,880,896	9,789,116	9,576,093	9,424,982	8,975,470	8,893,860	8,920,177	114,388,236
4 Delivery Supplemental Payments		6,200	3,100	3,100	6,200	0	9,300	6,200	0	6,200	3,100	6,200	0	49,600
5 Pharmacy Premiums		1,981,919	2,084,571	2,134,268	2,162,641	2,143,353	2,132,297	2,113,853	2,064,014	2,023,976	1,917,830	1,900,582	1,905,873	24,565,177
6 Investment Income		21,189	19,437	20,567	26,895	28,032	27,330	22,743	26,949	25,697	29,858	38,026	35,796	322,519
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		11,314,607	11,843,960	12,099,935	12,218,329	12,092,283	12,049,823	11,931,912	11,667,056	11,480,855	10,926,258	10,838,668	10,861,846	139,325,532
10 Health Insurance Providers Fee & Related Costs		0	0	0	0	0	0	0	0	0	0	0	0	0
11 Premium Taxes		197,635	206,929	211,389	213,350	210,787	210,394	208,410	203,702	200,465	190,687	189,011	189,456	2,432,216
12 Maintenance Taxes		3,972	3,972	3,972	3,972	3,901	3,901	3,901	3,901	3,901	3,901	3,901	3,901	47,095
13 Net Revenues		11,113,000	11,633,058	11,884,574	12,001,006	11,877,595	11,835,529	11,719,601	11,459,454	11,276,489	10,731,670	10,645,756	10,668,490	136,846,222
Medical Expenses:														
14 Fee-For-Service		7,252,858	8,401,578	8,029,355	7,786,005	8,000,519	7,811,302	8,290,353	8,578,628	7,510,991	6,770,404	9,192,704	7,002,471	94,627,169
15 Capitated Services		79,464	84,001	85,796	88,163	176,529	174,771	174,153	150,623	147,808	139,671	138,364	138,717	1,578,061
16 Patient Centered Medical Home Services		488,078	529,561	561,777	621,344	573,899	571,570	506,977	520,851	529,028	566,651	585,368	592,563	6,647,667
17 Net Reinsurance Cost		(20,650)	(98,839)	11,941	12,169	12,063	11,989	11,878	11,603	11,359	10,744	10,643	10,669	(4,431)
18 IBNR Accrual - Medical		0	0	0	0	0	0	0	0	0	0	0	0	0
19 Quality Improvement		88,002	91,660	93,366	99,954	92,937	82,025	95,261	85,715	77,984	70,710	68,788	78,686	1,025,088
20 Total Medical Expenses		7,887,753	9,007,961	8,782,235	8,607,635	8,855,947	8,651,656	9,078,622	9,347,420	8,277,170	7,558,180	9,995,868	7,823,106	103,873,553
21 Prescription Expenses (excluding PBM Admin)		1,939,644	1,994,100	1,988,352	1,787,420	1,884,226	1,651,561	1,623,038	1,551,670	1,457,930	1,301,629	1,343,997	1,501,133	20,024,701
22 Total Medical and Prescription Expenses		9,827,397	11,002,061	10,770,587	10,395,055	10,740,173	10,303,217	10,701,660	10,899,090	9,735,100	8,859,809	11,339,865	9,324,239	123,898,254
23 Administrative Expenses		587,770	562,420	652,661	651,771.64	720,522.99	701,765.26	711,058.23	636,596.01	609,616.98	592,817.91	598,092.07	550,209.50	7,575,301
24 Total Expenses		10,415,167	11,564,481	11,423,248	11,046,826	11,460,696	11,004,983	11,412,718	11,535,686	10,344,717	9,452,627	11,937,957	9,874,448	131,473,554
25 Net Income Before Taxes		697,833	68,577	461,326	954,180	416,899	830,546	306,883	(76,232)	931,772	1,279,043	(1,292,201)	794,042	5,372,668
26 % Medical Exp to Net Revenues		71.0%	77.4%	73.9%	71.7%	74.6%	73.1%	77.5%	81.6%	73.4%	70.4%	93.9%	73.3%	75.9%
27 % Prescription Exp to Net Revenues		17.5%	17.1%	16.7%	14.9%	15.9%	14.0%	13.8%	13.5%	12.9%	12.1%	12.6%	14.1%	14.6%
28 % Total Medical and Prescription to Net Rev. (MLR)		88.4%	94.6%	90.6%	86.6%	90.4%	87.1%	91.3%	95.1%	86.3%	82.6%	106.5%	87.4%	90.5%
29 % Admin Exp to Net Revenues		5.3%	4.8%	5.5%	5.4%	6.1%	5.9%	6.1%	5.6%	5.4%	5.5%	5.6%	5.2%	5.5%
30 % Net Income to Net Revenues		6.3%	0.6%	3.9%	8.0%	3.5%	7.0%	2.6%	-0.7%	8.3%	11.9%	-12.1%	7.4%	3.9%
31 % Adj. Admin to Net Revenues (excludes taxes and Prescription pass-through)		6.4%	5.9%	6.7%	6.6%	7.4%	7.2%	7.4%	6.8%	6.6%	6.7%	6.8%	6.3%	6.7%
Post-income items:														
32 Performance Assessment														0

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.