

HHSC FINANCIAL STATISTICAL REPORT (FSR)

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

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 | | 3,750 | 4,009 | 4,092 | 4,187 | 4,174 | 4,110 | 4,094 | 3,977 | 3,860 | 3,657 | 3,590 | 3,531 | 47,031 |
| 2 Average Monthly Member Months | | | | | | | | | | | | | | 3,919 |
| Revenues: | | | | | | | | | | | | | | |
| 3 Medical Premiums | | 521,579 | 552,957 | 559,718 | 560,373 | 560,800 | 553,241 | 558,582 | 548,397 | 532,158 | 506,590 | 495,608 | 484,888 | 6,434,891 |
| 4 Delivery Supplemental Payments | | 0 | 0 | 0 | 0 | 3,100 | 0 | 0 | 6,200 | 0 | 0 | 0 | 0 | 9,300 |
| 5 Pharmacy Premiums | | 169,380 | 180,288 | 183,999 | 187,706 | 188,261 | 185,335 | 185,555 | 180,692 | 175,248 | 166,218 | 163,435 | 160,372 | 2,126,489 |
| 6 Investment Income | | 1,297 | 1,206 | 1,267 | 1,651 | 1,741 | 1,680 | 1,422 | 1,688 | 1,588 | 1,844 | 2,322 | 2,134 | 19,838 |
| 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 | | 692,256 | 734,451 | 744,984 | 749,730 | 753,902 | 740,256 | 745,559 | 736,977 | 708,994 | 674,652 | 661,365 | 647,394 | 8,590,518 |
| 10 Health Insurance Providers Fee & Related Costs | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 11 Premium Taxes | | 12,092 | 12,832 | 13,015 | 13,091 | 13,142 | 12,925 | 13,022 | 12,868 | 12,380 | 11,774 | 11,533 | 11,292 | 149,966 |
| 12 Maintenance Taxes | | 247 | 247 | 247 | 247 | 233 | 233 | 233 | 233 | 233 | 233 | 233 | 233 | 2,854 |
| 13 Net Revenues | | 679,917 | 721,372 | 731,722 | 736,391 | 740,527 | 727,098 | 732,303 | 723,876 | 696,381 | 662,645 | 649,599 | 635,869 | 8,437,700 |
| Medical Expenses: | | | | | | | | | | | | | | |
| 14 Fee-For-Service | | 325,918 | 368,460 | 446,116 | 386,481 | 429,205 | 439,137 | 459,967 | 757,602 | 297,284 | 534,936 | 593,854 | 481,437 | 5,520,398 |
| 15 Capitated Services | | 4,896 | 5,246 | 5,229 | 5,538 | 11,038 | 10,873 | 10,797 | 9,289 | 9,068 | 8,581 | 8,429 | 8,304 | 97,288 |
| 16 Patient Centered Medical Home Services | | 856 | 873 | 865 | 2,729 | 3,068 | 3,670 | 3,903 | 3,851 | 3,498 | 7,300 | 6,486 | 5,235 | 42,334 |
| 17 Net Reinsurance Cost | | 375 | 401 | 737 | 754 | 751 | 740 | 737 | 716 | 695 | 658 | 646 | 636 | 7,845 |
| 18 IBNR Accrual - Medical | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 19 Quality Improvement | | 5,384 | 5,684 | 5,748 | 6,133 | 5,794 | 5,039 | 5,952 | 5,414 | 4,816 | 4,366 | 4,197 | 4,690 | 63,217 |
| 20 Total Medical Expenses | | 337,429 | 380,664 | 458,695 | 401,634 | 449,856 | 459,459 | 481,356 | 776,872 | 315,360 | 555,842 | 613,612 | 500,302 | 5,731,081 |
| 21 Prescription Expenses (excluding PBM Admin) | | 141,171 | 151,093 | 157,493 | 215,284 | 135,921 | 139,236 | 138,196 | 131,784 | 124,487 | 115,954 | 114,985 | 105,067 | 1,670,672 |
| 22 Total Medical and Prescription Expenses | | 478,600 | 531,757 | 616,188 | 616,918 | 585,777 | 598,695 | 619,552 | 908,656 | 439,847 | 671,796 | 728,597 | 605,369 | 7,401,753 |
| 23 Administrative Expenses | | 35,961 | 34,876 | 40,184 | 39,993 | 44,922 | 43,111 | 44,430 | 40,212 | 37,647 | 36,604 | 36,495 | 32,794 | 467,229 |
| 24 Total Expenses | | 514,561 | 566,633 | 656,372 | 656,912 | 630,698 | 641,807 | 663,982 | 948,868 | 477,494 | 708,400 | 765,092 | 638,163 | 7,868,982 |
| 25 Net Income Before Taxes | | 165,356 | 154,739 | 75,350 | 79,479 | 109,829 | 85,291 | 68,321 | (224,992) | 218,887 | (45,755) | (115,493) | (2,294) | 568,718 |
| 26 % Medical Exp to Net Revenues | | 49.6% | 52.8% | 62.7% | 54.5% | 60.7% | 63.2% | 65.7% | 107.3% | 45.3% | 83.9% | 94.5% | 78.7% | 67.9% |
| 27 % Prescription Exp to Net Revenues | | 20.8% | 20.9% | 21.5% | 29.2% | 18.4% | 19.1% | 18.9% | 18.2% | 17.9% | 17.5% | 17.7% | 16.5% | 19.8% |
| 28 % Total Medical and Prescription to Net Rev. (MLR) | | 70.4% | 73.7% | 84.2% | 83.8% | 79.1% | 82.3% | 84.6% | 125.5% | 63.2% | 101.4% | 112.2% | 95.2% | 87.7% |
| 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 | | 24.3% | 21.5% | 10.3% | 10.8% | 14.8% | 11.7% | 9.3% | -31.1% | 31.4% | -6.9% | -17.8% | -0.4% | 6.7% |
| 31 % Adj. Admin to Net Revenues (excludes taxes and Prescription pass-through) | | 7.0% | 6.4% | 7.3% | 7.3% | 8.1% | 8.0% | 8.1% | 7.4% | 7.2% | 7.4% | 7.5% | 6.9% | 7.4% |
| 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.