

**HHSC FINANCIAL STATISTICAL REPORT (FSR)**

MCO name: **Texas Children's Health Plan**  
 State Fiscal Year: **2018** Program: **STAR KIDS**  
 Submission Date: **8/29/2019** Service Area: **MRSA Northeast**  
 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		4,233	4,241	4,253	4,216	4,215	4,223	4,170	4,164	4,152	4,103	4,140	4,096	50,206
2 <b>Average Monthly Member Months</b>														4,184
<b>Revenues:</b>														
3 Medical Premiums		5,163,754	5,167,213	5,183,704	5,088,358	5,090,201	5,082,360	5,004,726	5,004,712	4,927,401	4,874,427	4,934,770	4,937,004	60,458,630
4 Pharmacy Premiums		1,461,714	1,463,390	1,468,186	1,445,762	1,447,119	1,445,476	1,429,817	1,425,344	1,412,307	1,397,368	1,406,647	1,398,907	17,202,037
5 Investment Income		12,437	10,902	11,329	14,422	15,190	14,851	12,295	14,887	14,230	17,191	22,339	20,950	181,021
6 Health Insurance Providers Fee Reimbursement		0	0	0	0	0	0	0	0	0	0	0	0	0
7 Other Revenue		0	0	0	0	0	0	0	0	0	0	0	0	0
8 Total Gross Revenues		6,637,905	6,641,505	6,663,219	6,548,542	6,552,510	6,542,687	6,446,838	6,444,943	6,353,938	6,288,986	6,363,756	6,356,861	77,841,688
9 Health Insurance Providers Fee & Related Costs		0	0	0	0	0	0	0	0	0	0	0	0	0
10 Premium Taxes		115,946	116,036	116,408	114,347	114,215	114,237	112,605	112,526	110,945	109,756	110,975	110,878	1,358,873
11 Maintenance Taxes		258	258	258	258	248	248	248	248	248	248	248	248	3,020
12 <b>Net Revenues</b>		6,521,701	6,525,211	6,546,553	6,433,937	6,438,047	6,428,201	6,333,985	6,332,169	6,242,745	6,178,981	6,252,533	6,245,734	76,479,796
<b>Medical Expenses:</b>														
13 Fee-For-Service		4,475,704	4,701,533	4,000,260	4,374,008	3,765,868	4,139,551	3,781,425	3,967,477	4,098,458	3,806,918	5,401,806	3,998,448	50,511,456
14 Capitated Services		5,372	5,381	5,392	5,340	10,917	10,914	10,781	10,663	10,632	10,497	10,596	10,499	106,984
15 Patient Centered Medical Home Services		0	0	0	584	292	0	971	0	0	0	0	0	1,846
16 Net Reinsurance cost		29,208	29,263	30,366	30,102	30,095	30,152	29,774	29,731	29,645	29,295	(425,416)	3,591	(124,194)
17 IBNR Accrual - Medical		0	0	0	0	0	0	0	0	0	0	0	0	0
18 Quality Improvement		306,963	306,061	298,042	276,943	313,791	274,299	279,364	265,362	268,521	244,955	241,210	246,403	3,321,914
19 Other Medical Expenses		(2,403)	(5,382)	(4,467)	(2,858)	(7,933)	(6,673)	(8,509)	(7,338)	(6,289)	(4,819)	(6,212)	(10,305)	(73,188)
20 Total Medical Expenses		4,814,844	5,036,856	4,329,593	4,684,119	4,113,030	4,448,243	4,093,806	4,265,895	4,400,967	4,086,846	5,221,984	4,248,636	53,744,818
21 Prescription Expenses (excluding PBM Admin)		1,086,144	1,122,954	1,118,046	1,034,574	1,217,516	1,074,562	1,255,091	1,073,134	1,013,191	1,004,587	957,291	1,065,808	13,022,897
22 <b>Total Medical and Prescription Expenses</b>		5,900,988	6,159,810	5,447,639	5,718,692	5,330,545	5,522,805	5,348,897	5,339,029	5,414,158	5,091,433	6,179,275	5,314,444	66,767,715
23 <b>Administrative Expenses</b>		344,825	315,377	359,409	349,324	390,434	381,037	384,186	351,659	337,385	341,217	351,160	322,008	4,228,022
24 <b>Total Expenses</b>		6,245,813	6,475,187	5,807,048	6,068,016	5,720,979	5,903,842	5,733,083	5,690,688	5,751,543	5,432,650	6,530,436	5,636,452	70,995,737
25 <b>Net Income Before Taxes</b>		275,888	50,024	739,505	365,921	717,068	524,359	600,902	641,481	491,202	746,331	(277,903)	609,282	5,484,059
26 % Medical Exp to Net Revenues		73.8%	77.2%	66.1%	72.8%	63.9%	69.2%	64.6%	67.4%	70.5%	66.1%	83.5%	68.0%	70.3%
27 % Prescription Exp to Net Revenues		16.7%	17.2%	17.1%	16.1%	18.9%	16.7%	19.8%	16.9%	16.2%	16.3%	15.3%	17.1%	17.0%
28 % Total Medical and Prescription to Net Rev. (MLR)		90.5%	94.4%	83.2%	88.9%	82.8%	85.9%	84.4%	84.3%	86.7%	82.4%	98.8%	85.1%	87.3%
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 <b>% Net Income to Net Revenues</b>		4.2%	0.8%	11.3%	5.7%	11.1%	8.2%	9.5%	10.1%	7.9%	12.1%	-4.4%	9.8%	7.2%
31 % Adj. Admin to Net Revenues (excludes taxes and Prescription pass-through)		6.8%	6.2%	7.1%	7.0%	7.8%	7.6%	7.8%	7.2%	7.0%	7.1%	7.2%	6.6%	7.1%

**Post-income items:**

32 Performance Assessment														0
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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.