

**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: **Harris / Houston**  
 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		18,713	18,878	18,923	18,954	19,081	19,279	19,221	19,344	19,378	19,325	19,452	19,397	<b>229,945</b>
2 <b>Average Monthly Member Months</b>														<b>19,162</b>
<b>Revenues:</b>														
3 Medical Premiums		31,927,680	31,914,570	31,714,478	31,546,081	31,429,962	31,722,510	31,613,341	31,661,999	31,588,746	31,523,506	31,671,992	31,581,857	379,896,722
4 Pharmacy Premiums		6,354,391	6,389,211	6,383,434	6,379,040	6,399,418	6,455,604	6,433,738	6,460,202	6,462,431	6,448,278	6,482,843	6,484,385	77,112,975
5 Investment Income		71,864	62,981	64,885	63,706	87,899	86,856	72,697	88,259	85,406	104,079	134,409	125,799	1,068,841
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		38,353,935	38,366,762	38,162,797	38,008,827	37,917,279	38,264,970	38,119,776	38,210,460	38,136,583	38,075,863	38,289,244	38,172,041	458,078,538
9 Health Insurance Providers Fee & Related Costs		0	0	0	0	0	0	0	0	0	0	0	0	0
10 Premium Taxes		669,936	670,316	666,713	663,690	660,906	668,117	665,824	667,139	665,896	664,506	667,710	665,809	7,996,562
11 Maintenance Taxes		1,130	1,130	1,130	1,130	1,177	1,177	1,177	1,177	1,177	1,177	1,177	1,177	13,937
12 <b>Net Revenues</b>		<b>37,682,868</b>	<b>37,695,315</b>	<b>37,494,953</b>	<b>37,344,007</b>	<b>37,255,196</b>	<b>37,595,676</b>	<b>37,452,775</b>	<b>37,542,145</b>	<b>37,469,511</b>	<b>37,410,180</b>	<b>37,620,357</b>	<b>37,505,055</b>	<b>450,068,038</b>
<b>Medical Expenses:</b>														
13 Fee-For-Service		27,389,685	28,860,079	30,241,581	27,414,368	28,710,694	26,924,626	30,290,369	31,494,159	31,364,096	29,596,683	28,743,674	29,472,169	350,502,183
14 Capitated Services		23,750	23,925	23,988	24,012	49,359	49,856	49,693	49,536	49,538	49,482	49,788	49,690	492,617
15 Patient Centered Medical Home Services		102,325	103,173	104,455	101,364	98,591	100,260	118,255	117,641	116,128	113,366	115,417	115,857	1,306,832
16 Net Reinsurance cost		(34,915)	(322,951)	135,110	135,332	136,238	137,652	117,555	(477,851)	(305,196)	(234,368)	(339,045)	(570,433)	(1,622,872)
17 IBNR Accrual - Medical		0	0	0	0	0	0	0	0	0	0	0	0	0
18 Quality Improvement		1,773,638	1,768,057	1,707,002	1,607,421	1,815,809	1,604,245	1,651,866	1,611,678	1,483,045	1,451,306	1,479,617	1,479,617	19,526,950
19 Other Medical Expenses		(33,917)	(28,121)	(39,299)	(34,573)	(21,657)	(48,050)	(29,436)	(42,172)	(38,479)	(30,900)	(50,454)	(42,726)	(439,784)
20 Total Medical Expenses		29,220,566	30,404,162	32,172,837	29,247,924	30,789,034	28,768,589	32,198,302	32,714,579	32,797,765	30,977,308	29,970,686	30,504,174	369,765,926
21 Prescription Expenses (excluding PBM Admin)		5,888,825	6,268,312	6,419,298	6,231,759	7,102,848	6,515,198	6,555,087	6,346,128	6,677,087	6,409,549	6,723,715	7,297,599	78,435,406
22 <b>Total Medical and Prescription Expenses</b>		<b>35,109,391</b>	<b>36,672,474</b>	<b>38,592,135</b>	<b>35,479,683</b>	<b>37,891,882</b>	<b>35,283,787</b>	<b>38,753,389</b>	<b>39,060,707</b>	<b>39,474,852</b>	<b>37,386,857</b>	<b>36,694,401</b>	<b>37,801,773</b>	<b>448,201,332</b>
23 <b>Administrative Expenses</b>		<b>1,992,406</b>	<b>1,821,875</b>	<b>2,058,472</b>	<b>2,027,534</b>	<b>2,259,315</b>	<b>2,228,500</b>	<b>2,271,671</b>	<b>2,084,898</b>	<b>2,024,998</b>	<b>2,065,854</b>	<b>2,112,851</b>	<b>1,933,614</b>	<b>24,881,989</b>
24 <b>Total Expenses</b>		<b>37,101,797</b>	<b>38,494,350</b>	<b>40,650,607</b>	<b>37,507,217</b>	<b>40,151,196</b>	<b>37,512,287</b>	<b>41,025,060</b>	<b>41,145,606</b>	<b>41,499,850</b>	<b>39,452,711</b>	<b>38,807,252</b>	<b>39,735,387</b>	<b>473,083,320</b>
25 <b>Net Income Before Taxes</b>		<b>581,071</b>	<b>(799,035)</b>	<b>(3,155,654)</b>	<b>(163,210)</b>	<b>(2,896,000)</b>	<b>83,389</b>	<b>(3,572,285)</b>	<b>(3,603,461)</b>	<b>(4,030,339)</b>	<b>(2,042,531)</b>	<b>(1,186,895)</b>	<b>(2,230,332)</b>	<b>(23,015,282)</b>
26 % Medical Exp to Net Revenues		77.5%	80.7%	85.8%	78.3%	82.6%	76.5%	86.0%	87.1%	87.5%	82.8%	79.7%	81.3%	82.2%
27 % Prescription Exp to Net Revenues		15.6%	16.6%	17.1%	16.7%	19.1%	17.3%	17.5%	16.9%	17.8%	17.1%	17.9%	19.5%	17.4%
28 % Total Medical and Prescription to Net Rev. (MLR)		93.2%	97.3%	102.9%	95.0%	101.7%	93.9%	103.5%	104.0%	105.4%	99.9%	97.5%	100.8%	99.6%
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%	5.2%	5.2%	5.5%
30 <b>% Net Income to Net Revenues</b>		<b>1.5%</b>	<b>-2.1%</b>	<b>-8.4%</b>	<b>-0.4%</b>	<b>-7.8%</b>	<b>0.2%</b>	<b>-9.5%</b>	<b>-9.6%</b>	<b>-10.8%</b>	<b>-5.5%</b>	<b>-3.2%</b>	<b>-5.9%</b>	<b>-5.1%</b>
31 % Adj. Admin to Net Revenues (excludes taxes and Prescription pass-through)		6.4%	5.8%	6.6%	6.5%	7.3%	7.2%	7.3%	6.7%	6.5%	6.7%	6.8%	6.2%	6.7%

**Post-income items:**

32 Performance Assessment														<b>0</b>
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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.