

**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: **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		2,659	2,678	2,685	2,676	2,678	2,676	2,654	2,635	2,619	2,593	2,589	2,592	31,734
2 <b>Average Monthly Member Months</b>														<b>2,645</b>
<b>Revenues:</b>														
3 Medical Premiums		3,008,531	3,013,395	3,032,878	3,035,362	2,999,502	2,976,097	2,952,566	2,929,244	2,892,985	2,898,051	2,916,327	2,931,313	35,586,251
4 Pharmacy Premiums		932,900	937,027	938,422	936,348	933,226	928,173	919,864	913,680	906,399	900,779	903,418	904,032	11,054,268
5 Investment Income		7,399	6,495	6,764	8,766	9,138	8,882	7,399	8,897	8,528	10,412	13,456	12,682	108,818
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		3,948,830	3,956,917	3,978,064	3,980,476	3,941,866	3,913,152	3,879,829	3,851,821	3,807,912	3,809,242	3,833,201	3,848,027	46,749,337
9 Health Insurance Providers Fee & Related Costs		0	0	0	0	0	0	0	0	0	0	0	0	0
10 Premium Taxes		68,975	69,132	69,498	69,505	68,710	68,325	67,768	67,251	66,489	66,480	66,846	67,119	816,096
11 Maintenance Taxes		166	166	166	166	158	158	158	158	158	158	158	158	1,930
12 <b>Net Revenues</b>		<b>3,879,689</b>	<b>3,887,619</b>	<b>3,908,401</b>	<b>3,910,805</b>	<b>3,872,998</b>	<b>3,844,669</b>	<b>3,811,903</b>	<b>3,784,411</b>	<b>3,741,264</b>	<b>3,742,804</b>	<b>3,766,197</b>	<b>3,780,750</b>	<b>45,931,311</b>
<b>Medical Expenses:</b>														
13 Fee-For-Service		3,259,847	2,781,957	2,427,446	2,621,953	2,762,146	2,941,315	3,183,338	2,883,451	2,746,927	2,624,628	2,992,838	3,363,390	34,589,236
14 Capitated Services		3,388	3,396	3,407	3,407	6,943	6,928	6,885	6,756	6,710	6,655	6,623	6,656	67,754
15 Patient Centered Medical Home Services		0	0	0	0	0	0	0	0	0	0	0	0	0
16 Net Reinsurance cost		18,347	18,478	19,171	19,107	19,121	19,107	18,950	18,814	18,700	18,514	18,485	18,507	225,301
17 IBNR Accrual - Medical		0	0	0	0	0	0	0	0	0	0	0	0	0
18 Quality Improvement		182,610	182,347	177,936	168,337	188,771	164,058	168,127	158,593	160,925	148,369	145,293	149,156	1,994,522
19 Other Medical Expenses		(4,235)	(6,910)	(4,707)	(2,974)	(4,554)	(7,563)	(5,187)	(3,953)	(7,979)	(3,739)	(4,085)	(4,828)	(60,714)
20 Total Medical Expenses		3,459,957	2,979,268	2,623,253	2,809,830	2,972,427	3,123,845	3,372,113	3,063,661	2,925,283	2,794,427	3,159,154	3,532,881	36,816,099
21 Prescription Expenses (excluding PBM Admin)		732,663	671,159	752,020	790,546	731,774	783,407	817,668	708,519	729,000	777,258	751,857	784,947	9,030,817
22 <b>Total Medical and Prescription Expenses</b>		<b>4,192,620</b>	<b>3,650,427</b>	<b>3,375,273</b>	<b>3,600,376</b>	<b>3,704,201</b>	<b>3,907,252</b>	<b>4,189,781</b>	<b>3,772,180</b>	<b>3,654,283</b>	<b>3,571,685</b>	<b>3,911,011</b>	<b>4,317,828</b>	<b>45,846,916</b>
23 <b>Administrative Expenses</b>		<b>205,133</b>	<b>187,897</b>	<b>214,574</b>	<b>212,334</b>	<b>234,877</b>	<b>227,897</b>	<b>231,211</b>	<b>210,169</b>	<b>202,195</b>	<b>206,675</b>	<b>211,521</b>	<b>194,923</b>	<b>2,539,405</b>
24 <b>Total Expenses</b>		<b>4,397,753</b>	<b>3,838,324</b>	<b>3,589,847</b>	<b>3,812,710</b>	<b>3,939,079</b>	<b>4,135,148</b>	<b>4,420,991</b>	<b>3,982,349</b>	<b>3,856,478</b>	<b>3,778,360</b>	<b>4,122,532</b>	<b>4,512,751</b>	<b>48,386,322</b>
25 <b>Net Income Before Taxes</b>		<b>(518,064)</b>	<b>49,295</b>	<b>318,554</b>	<b>98,095</b>	<b>(66,081)</b>	<b>(290,479)</b>	<b>(609,088)</b>	<b>(197,938)</b>	<b>(115,214)</b>	<b>(35,756)</b>	<b>(356,335)</b>	<b>(732,001)</b>	<b>(2,455,011)</b>
26 % Medical Exp to Net Revenues		89.2%	76.6%	67.1%	71.8%	76.7%	81.3%	88.5%	81.0%	78.2%	74.7%	83.9%	93.4%	80.2%
27 % Prescription Exp to Net Revenues		18.9%	17.3%	19.2%	20.2%	18.9%	20.4%	21.5%	18.7%	19.5%	20.8%	20.0%	20.8%	19.7%
28 % Total Medical and Prescription to Net Rev. (MLR)		108.1%	93.9%	86.4%	92.1%	95.6%	101.6%	109.9%	99.7%	95.4%	103.8%	114.2%	110.2%	99.8%
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>		<b>-13.4%</b>	<b>1.3%</b>	<b>8.2%</b>	<b>2.5%</b>	<b>-1.7%</b>	<b>-7.6%</b>	<b>-16.0%</b>	<b>-5.2%</b>	<b>-3.1%</b>	<b>-1.0%</b>	<b>-9.5%</b>	<b>-19.4%</b>	<b>-5.3%</b>
31 % Adj. Admin to Net Revenues (excludes taxes and Prescription pass-through)		7.0%	6.4%	7.2%	7.1%	8.0%	7.8%	8.0%	7.3%	7.1%	7.3%	7.4%	6.8%	7.3%
<b>Post-income items:</b>														
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.