

**HHSC FINANCIAL STATISTICAL REPORT (FSR)**

MCO name: **HealthSpring / Cigna**  
 State Fiscal Year: **2018** Program: **STAR+PLUS**  
 Submission Date: **8/30/2019** 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		22,101	22,094	22,162	22,078	21,961	21,927	21,878	21,878	21,846	21,778	21,747	21,737	263,187
2 <b>Average Monthly Member Months</b>														<b>21,932</b>
<b>Revenues:</b>														
3 Medical Premiums		25,841,524	25,858,345	25,947,397	25,910,779	25,748,043	25,673,218	26,725,175	26,768,592	26,804,445	26,708,240	26,620,021	26,689,440	315,295,219
4 Pharmacy Premiums		4,391,462	4,385,865	4,383,453	4,373,813	4,373,876	4,375,811	4,370,455	4,378,416	4,386,240	4,373,963	4,363,152	4,363,551	52,520,057
5 Investment Income		0	0	0	0	0	0	0	0	0	0	0	0	0
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		30,232,986	30,244,210	30,330,850	30,284,592	30,121,919	30,049,029	31,095,630	31,147,008	31,190,685	31,082,203	30,983,173	31,052,991	367,815,276
9 Health Insurance Providers Fee & Related Costs		0	0	0	0	0	0	0	0	0	0	0	0	0
10 Health Insurance Providers Fee (NAIP)		0	0	0	0	0	0	0	0	0	0	0	0	0
11 Premium Taxes		529,077	529,274	530,790	529,980	527,134	525,858	544,174	545,073	545,837	543,939	542,206	543,427	6,436,767
12 Maintenance Taxes		12,093	12,098	12,132	12,114	12,049	12,020	12,438	12,459	12,476	12,433	12,393	12,421	147,126
13 <b>Net Revenues</b>		<b>29,691,816</b>	<b>29,702,839</b>	<b>29,787,928</b>	<b>29,742,498</b>	<b>29,582,737</b>	<b>29,511,151</b>	<b>30,539,018</b>	<b>30,589,477</b>	<b>30,632,372</b>	<b>30,525,832</b>	<b>30,428,574</b>	<b>30,497,142</b>	<b>361,231,383</b>
<b>Medical Expenses:</b>														
14 Fee-For-Service		20,789,021	21,267,676	20,474,281	20,878,664	21,796,525	19,184,953	21,911,006	21,730,471	22,668,682	21,490,040	21,918,153	22,438,431	256,547,903
15 Capitated Services		21,400	21,183	21,360	21,386	20,678	20,582	20,846	20,749	20,905	20,628	20,874	20,901	251,492
16 Net Reinsurance cost		0	0	0	0	0	0	0	0	0	0	0	0	0
17 IBNR Accrual - Medical		0	0	0	0	0	0	0	0	0	0	0	0	0
18 Minimum Payment Amount Program (MPAP)		0	0	0	0	0	0	0	0	0	0	0	0	0
19 Quality Improvement		981,737	1,008,570	1,477,166	1,038,192	1,061,149	1,069,517	1,059,571	1,076,535	1,494,397	1,052,832	1,033,089	1,025,348	13,378,103
20 Quality Incentive Payment Program (QIPP)		1,461,112	1,463,921	1,205,536	1,460,550	1,433,024	1,125,415	1,430,015	1,417,020	1,193,151	1,413,630	1,395,550	1,255,828	16,254,752
21 Other Medical Expenses		0	0	0	0	48,861	48,755	42,483	42,665	42,218	41,975	41,667	41,602	350,226
22 Total Medical Expenses		23,253,270	23,761,350	23,178,343	23,398,792	24,360,237	21,449,222	24,463,921	24,287,440	25,419,353	24,019,105	24,409,333	24,782,110	286,782,476
23 Prescription Expenses (excluding PBM Admin)		3,956,358	3,944,710	3,870,990	3,721,388	4,289,291	3,877,000	4,321,752	4,213,032	4,302,128	4,221,687	4,367,116	4,524,377	49,609,828
24 <b>Total Medical and Prescription Expenses</b>		<b>27,209,628</b>	<b>27,706,060</b>	<b>27,049,333</b>	<b>27,120,180</b>	<b>28,649,528</b>	<b>25,326,221</b>	<b>28,785,673</b>	<b>28,500,471</b>	<b>29,721,482</b>	<b>28,240,792</b>	<b>28,776,449</b>	<b>29,306,487</b>	<b>336,392,304</b>
25 <b>Administrative Expenses</b>		<b>1,226,277</b>	<b>1,214,576</b>	<b>1,632,514</b>	<b>1,147,164</b>	<b>1,182,083</b>	<b>1,192,303</b>	<b>1,065,008</b>	<b>989,148</b>	<b>1,522,751</b>	<b>1,195,852</b>	<b>1,236,868</b>	<b>1,292,983</b>	<b>14,897,527</b>
26 <b>Total Expenses</b>		<b>28,435,906</b>	<b>28,920,636</b>	<b>28,681,847</b>	<b>28,267,343</b>	<b>29,831,611</b>	<b>26,518,524</b>	<b>29,850,681</b>	<b>29,489,620</b>	<b>31,244,232</b>	<b>29,436,644</b>	<b>30,013,317</b>	<b>30,599,470</b>	<b>351,289,831</b>
27 <b>Net Income Before Taxes</b>		<b>1,255,910</b>	<b>782,203</b>	<b>1,106,081</b>	<b>1,475,155</b>	<b>(248,874)</b>	<b>2,992,627</b>	<b>688,337</b>	<b>1,099,857</b>	<b>(611,860)</b>	<b>1,089,188</b>	<b>415,257</b>	<b>(102,328)</b>	<b>9,941,552</b>
28 % Medical Exp to Net Revenues		78.3%	80.0%	77.8%	78.7%	82.3%	72.7%	80.1%	79.4%	83.0%	78.7%	80.2%	81.3%	79.4%
29 % Prescription Exp to Net Revenues		13.3%	13.3%	13.0%	12.5%	14.5%	13.1%	14.2%	13.8%	14.0%	13.8%	14.4%	14.8%	13.7%
30 % Total Medical and Prescription to Net Rev. (MLR)		91.6%	93.3%	90.8%	91.2%	96.8%	85.8%	94.3%	93.2%	97.0%	92.5%	94.6%	96.1%	93.1%
31 % Admin Exp to Net Revenues		4.1%	4.1%	5.5%	3.9%	4.0%	4.0%	3.5%	3.2%	5.0%	3.9%	4.1%	4.2%	4.1%
32 <b>% Net Income to Net Revenues</b>		<b>4.2%</b>	<b>2.6%</b>	<b>3.7%</b>	<b>5.0%</b>	<b>-0.8%</b>	<b>10.1%</b>	<b>2.3%</b>	<b>3.6%</b>	<b>-2.0%</b>	<b>3.6%</b>	<b>1.4%</b>	<b>-0.3%</b>	<b>2.8%</b>
33 % Adj. Admin to Net Revenues (excludes taxes and Prescription pass-through)		4.8%	4.8%	6.4%	4.5%	4.7%	4.7%	4.1%	3.8%	5.8%	4.6%	4.7%	4.9%	4.8%

**Post-income items:**

34 Performance Assessment

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.