

HHSC FINANCIAL STATISTICAL REPORT (FSR)

MCO name: **Aetna Better Health**
 State Fiscal Year: **2018** Program: **STAR**
 Submission Date: **9/5/2019** Service Area: **Ft. Worth / Tarrant**
 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		50,985	51,224	51,828	51,865	51,539	51,426	51,643	51,664	51,698	51,541	51,318	51,285	618,016
2 Average Monthly Member Months														51,501
Revenues:														
3 Medical Premiums		9,493,804	9,504,529	9,548,171	9,527,838	9,442,781	9,436,522	11,162,227	11,185,963	11,180,388	11,114,504	11,082,986	11,150,044	123,829,757
4 Delivery Supplemental Payments		1,181,583	1,094,328	992,530	1,137,955	1,112,506	952,538	1,039,793	1,036,157	1,130,684	1,177,947	1,170,676	1,305,195	13,331,892
5 Pharmacy Premiums		2,111,518	2,122,925	2,147,204	2,134,772	2,118,294	2,112,266	2,111,078	2,116,716	2,111,188	2,103,267	2,099,137	2,101,964	25,390,329
6 Investment Income		100,058	120,074	116,100	103,803	110,595	105,608	114,664	102,918	96,298	94,575	95,403	96,568	1,256,663
7 Health Insurance Providers Fee Reimbursement		3,587,214												3,587,214
8 Other Revenue		0	0	0	0	0	0	0	0	0	0	0	0	0
9 Total Gross Revenues		16,474,177	12,841,856	12,804,005	12,904,368	12,784,176	12,606,934	14,427,762	14,441,754	14,518,558	14,490,293	14,448,202	14,653,771	167,395,855
10 Health Insurance Providers Fee & Related Costs		3,524,438												3,524,438
11 Health Insurance Providers Fee (NAIP)		0	0	0	0	0	0	0	0	0	0	0	0	0
12 Premium Taxes		286,547	222,631	222,038	224,010	221,788	218,773	250,479	250,930	252,390	251,925	251,174	254,751	2,907,436
13 Maintenance Taxes		3,653	3,635	3,625	3,657	3,621	3,572	4,090	4,097	4,121	4,113	4,101	4,159	46,445
14 Net Revenues		12,659,539	12,615,590	12,578,341	12,676,701	12,558,767	12,384,589	14,173,193	14,186,727	14,262,048	14,234,255	14,192,927	14,394,861	160,917,538
Medical Expenses:														
15 Fee-For-Service		8,562,342	8,544,952	8,976,901	10,997,575	9,851,051	9,780,879	9,606,816	10,151,006	9,907,976	9,976,175	9,861,613	12,203,910	118,421,197
16 Capitated Services		0	0	0	0	0	0	0	0	0	0	0	0	0
17 Patient Centered Medical Home Services		0	0	0	0	0	0	0	0	0	0	0	0	0
18 Net Reinsurance cost		34,670	34,832	35,243	35,268	22,162	22,113	22,206	22,216	22,230	22,163	22,067	22,053	317,222
19 IBNR Accrual - Medical		0	0	0	0	0	0	0	0	0	0	0	0	0
20 Quality Improvement		233,686	267,883	250,095	260,200	280,058	274,582	270,872	276,394	284,525	252,444	272,584	288,531	3,211,854
21 Total Medical Expenses		8,830,698	8,847,668	9,262,240	11,293,043	10,153,271	10,077,574	9,899,894	10,449,616	10,214,732	10,250,781	10,156,263	12,514,493	121,950,273
22 Prescription Expenses (excluding PBM Admin)		1,469,057	1,817,841	1,787,135	1,869,301	2,428,961	1,896,145	1,774,016	1,723,106	1,586,440	1,474,611	1,481,747	1,531,648	20,840,006
23 Total Medical and Prescription Expenses		10,299,755	10,665,509	11,049,375	13,162,344	12,582,232	11,973,719	11,673,910	12,172,722	11,801,172	11,725,392	11,638,010	14,046,141	142,790,279
24 Administrative Expenses		839,984	859,291	939,135	891,286	931,253	804,008	911,331	898,645	983,730	912,133	824,579	1,071,431	10,866,804
25 Total Expenses		11,139,738	11,524,799	11,988,510	14,053,630	13,513,484	12,777,726	12,585,241	13,071,367	12,784,902	12,637,525	12,462,589	15,117,571	153,657,082
26 Net Income Before Taxes		1,519,801	1,090,791	589,831	(1,376,929)	(954,717)	(393,137)	1,587,952	1,115,360	1,477,146	1,596,730	1,730,338	(722,710)	7,260,456
27 % Medical Exp to Net Revenues		69.8%	70.1%	73.6%	89.1%	80.8%	81.4%	69.8%	73.7%	71.6%	72.0%	71.6%	86.9%	75.8%
28 % Prescription Exp to Net Revenues		11.6%	14.4%	14.2%	14.7%	19.3%	15.3%	12.5%	12.1%	11.1%	10.4%	10.4%	10.6%	13.0%
29 % Total Medical and Prescription to Net Rev. (MLR)		81.4%	84.5%	87.8%	103.8%	100.2%	96.7%	82.4%	85.8%	82.7%	82.4%	82.0%	97.6%	88.7%
30 % Admin Exp to Net Revenues		6.6%	6.8%	7.5%	7.0%	7.4%	6.5%	6.4%	6.3%	6.9%	6.4%	5.8%	7.4%	6.8%
31 % Net Income to Net Revenues		12.0%	8.6%	4.7%	-10.9%	-7.6%	-3.2%	11.2%	7.9%	10.4%	11.2%	12.2%	-5.0%	4.5%
32 % Adj. Admin to Net Revenues (excludes taxes and Prescription pass through)		8.0%	8.2%	9.0%	8.5%	8.9%	7.8%	7.6%	7.4%	8.1%	7.5%	6.8%	8.7%	8.0%
Post-income items:														
33 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.