

**HHSC FINANCIAL STATISTICAL REPORT (FSR)**

MCO name: **Texas Children's Health Plan**  
 State Fiscal Year: **2018** Program: **STAR**  
 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		325,758	330,801	338,786	340,594	333,836	329,161	323,892	321,574	320,756	318,583	317,579	318,142	<b>3,919,462</b>
2 <b>Average Monthly Member Months</b>														<b>326,622</b>
<b>Revenues:</b>														
3 Medical Premiums		51,305,785	51,830,547	52,854,541	52,966,866	51,979,877	51,450,764	55,487,668	55,123,342	55,151,966	54,848,788	54,666,391	54,697,161	642,363,696
4 Delivery Supplemental Payments		2,625,323	2,625,323	2,579,574	2,611,246	2,635,881	2,217,096	2,505,670	2,199,500	2,386,018	2,410,652	2,561,978	2,600,689	29,958,950
5 Pharmacy Premiums		11,232,059	11,452,197	11,710,021	11,756,133	11,547,756	11,397,738	11,198,210	11,115,170	11,078,780	10,996,644	10,964,073	10,982,009	135,430,790
6 Investment Income		117,397	104,052	109,961	142,853	147,611	142,981	127,417	153,353	148,656	180,480	231,198	217,167	1,823,127
7 Health Insurance Providers Fee Reimbursement		0	0	0	0	0	0	0	0	0	0	0	0	0
8 Other Revenue		0	0	0	0	0	0	0	0	0	0	0	0	0
9 Total Gross Revenues		65,280,564	66,012,119	67,254,097	67,477,098	66,311,125	65,208,579	69,318,965	68,591,365	68,765,420	68,436,564	68,423,640	68,497,026	809,576,563
10 Health Insurance Providers Fee & Related Costs		0	0	0	0	0	0	0	0	0	0	0	0	0
11 Health Insurance Providers Fee (NAIP)		0	0	0	0	0	0	0	0	0	0	0	0	0
12 Premium Taxes		1,140,355	1,153,391	1,175,022	1,178,349	1,155,903	1,138,648	1,210,852	1,197,665	1,200,793	1,194,481	1,193,368	1,194,898	14,133,727
13 Maintenance Taxes		19,811	19,811	19,811	19,811	19,454	19,454	19,454	19,454	19,454	19,454	19,454	19,454	234,876
14 <b>Net Revenues</b>		<b>64,120,397</b>	<b>64,838,916</b>	<b>66,059,263</b>	<b>66,278,937</b>	<b>65,135,768</b>	<b>64,050,477</b>	<b>68,088,659</b>	<b>67,374,246</b>	<b>67,545,173</b>	<b>67,222,629</b>	<b>67,210,818</b>	<b>67,282,675</b>	<b>795,207,960</b>
<b>Medical Expenses:</b>														
15 Fee-For-Service		43,911,185	49,261,939	51,881,094	50,851,716	52,326,704	45,437,760	49,064,365	51,815,716	50,168,588	44,672,292	48,328,484	50,101,726	587,821,569
16 Capitated Services		420,832	418,484	428,367	430,795	857,019	841,392	836,055	737,234	734,825	728,385	725,930	727,217	7,886,534
17 Patient Centered Medical Home Services		1,755,916	1,782,050	1,789,886	1,856,552	1,803,953	1,760,516	1,825,875	1,793,519	1,803,040	1,805,388	1,813,041	1,814,416	21,604,152
18 Net Reinsurance cost		(9,500)	63,477	74,533	74,931	(203,671)	72,415	71,256	70,746	70,566	70,088	69,867	69,991	494,701
19 IBNR Accrual - Medical		0	0	0	0	0	0	0	0	0	0	0	0	0
20 Quality Improvement		507,734	510,863	518,948	552,008	509,643	443,883	553,420	503,923	467,093	442,894	434,255	496,215	5,940,879
21 Total Medical Expenses		46,586,166	52,036,813	54,692,828	53,766,002	55,293,649	48,555,966	52,350,971	54,921,139	53,244,112	47,719,047	51,371,577	53,209,565	<b>623,747,835</b>
22 Prescription Expenses (excluding PBM Admin)		10,247,397	11,241,998	11,579,496	12,950,069	13,094,915	11,764,350	10,799,699	10,203,180	9,671,236	8,547,374	8,470,124	9,937,734	<b>128,507,573</b>
23 <b>Total Medical and Prescription Expenses</b>		<b>56,833,563</b>	<b>63,278,811</b>	<b>66,272,324</b>	<b>66,716,071</b>	<b>68,388,564</b>	<b>60,320,316</b>	<b>63,150,670</b>	<b>65,124,319</b>	<b>62,915,348</b>	<b>56,266,421</b>	<b>59,841,701</b>	<b>63,147,299</b>	<b>752,255,408</b>
24 <b>Administrative Expenses</b>		<b>3,391,188</b>	<b>3,134,637</b>	<b>3,627,635</b>	<b>3,599,482</b>	<b>3,951,172</b>	<b>3,797,659</b>	<b>4,130,924</b>	<b>3,742,588</b>	<b>3,651,345</b>	<b>3,713,112</b>	<b>3,775,707</b>	<b>3,469,734</b>	<b>43,985,183</b>
25 <b>Total Expenses</b>		<b>60,224,751</b>	<b>66,413,448</b>	<b>69,899,958</b>	<b>70,315,554</b>	<b>72,339,736</b>	<b>64,117,975</b>	<b>67,281,594</b>	<b>68,866,907</b>	<b>66,566,694</b>	<b>59,979,533</b>	<b>63,617,408</b>	<b>66,617,033</b>	<b>796,240,591</b>
26 <b>Net Income Before Taxes</b>		<b>3,895,646</b>	<b>(1,574,532)</b>	<b>(3,840,695)</b>	<b>(4,036,617)</b>	<b>(7,203,968)</b>	<b>(67,498)</b>	<b>807,065</b>	<b>(1,492,661)</b>	<b>978,479</b>	<b>7,243,096</b>	<b>3,593,410</b>	<b>665,642</b>	<b>(1,032,631)</b>
27 % Medical Exp to Net Revenues		72.7%	80.3%	82.8%	81.1%	84.9%	75.8%	76.9%	81.5%	78.8%	71.0%	76.4%	79.1%	78.4%
28 % Prescription Exp to Net Revenues		16.0%	17.3%	17.5%	19.5%	20.1%	18.4%	15.9%	15.1%	14.3%	12.7%	12.6%	14.8%	16.2%
29 % Total Medical and Prescription to Net Rev. (MLR)		88.6%	97.6%	100.3%	100.7%	105.0%	94.2%	92.7%	96.7%	93.1%	83.7%	89.0%	93.9%	94.6%
30 % 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%
31 <b>% Net Income to Net Revenues</b>		<b>6.1%</b>	<b>-2.4%</b>	<b>-5.8%</b>	<b>-6.1%</b>	<b>-11.1%</b>	<b>-0.1%</b>	<b>1.2%</b>	<b>-2.2%</b>	<b>1.4%</b>	<b>10.8%</b>	<b>5.3%</b>	<b>1.0%</b>	<b>-0.1%</b>
32 % Adj. Admin to Net Revenues (excludes taxes and Prescription pass through)		6.4%	5.9%	6.7%	6.6%	7.4%	7.2%	7.3%	6.7%	6.5%	6.6%	6.7%	6.2%	6.7%
<b>Post-income items:</b>														
33 Performance Assessment														<b>0</b>

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.