

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: **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		31,049	31,513	32,261	32,410	31,801	31,519	31,083	30,899	31,022	31,042	31,041	31,219	376,859
2 Average Monthly Member Months														31,405
Revenues:														
3 Medical Premiums		4,943,857	5,014,055	5,121,903	5,154,998	5,078,963	5,058,059	5,589,402	5,557,963	5,573,939	5,599,001	5,593,524	5,614,413	63,900,077
4 Delivery Supplemental Payments		475,241	386,982	441,295	414,139	434,506	363,220	288,539	315,696	403,955	370,009	390,377	424,323	4,708,282
5 Pharmacy Premiums		1,545,168	1,569,897	1,602,673	1,604,873	1,575,187	1,558,771	1,534,406	1,521,693	1,523,974	1,527,151	1,525,104	1,536,420	18,625,317
6 Investment Income		12,181	10,826	11,453	14,920	15,461	15,053	13,612	16,391	15,931	19,533	25,077	23,644	194,081
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		6,976,447	6,981,760	7,177,324	7,188,930	7,104,117	6,995,103	7,425,959	7,411,743	7,517,799	7,515,694	7,534,082	7,598,800	87,427,757
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		121,875	121,991	125,403	125,545	123,840	122,151	129,716	129,419	131,283	131,183	131,408	132,565	1,526,378
13 Maintenance Taxes		1,869	1,869	1,869	1,869	1,888	1,888	1,888	1,888	1,888	1,888	1,888	1,888	22,583
14 Net Revenues		6,852,703	6,857,900	7,050,052	7,061,516	6,978,389	6,871,064	7,294,355	7,280,436	7,384,628	7,382,623	7,400,786	7,464,346	85,878,797
Medical Expenses:														
15 Fee-For-Service		4,585,357	6,887,502	5,053,522	4,565,576	5,342,196	4,696,123	4,755,901	5,084,447	5,693,553	5,677,110	4,561,035	5,908,996	62,811,317
16 Capitated Services		40,024	39,803	40,764	40,882	81,493	80,753	79,997	70,818	71,019	70,922	70,868	71,236	758,579
17 Patient Centered Medical Home Services		4,314	5,132	5,669	5,976	5,655	5,486	4,009	3,800	4,151	4,864	4,631	6,132	59,819
18 Net Reinsurance cost		9,315	(966,583)	7,097	7,130	6,996	6,934	6,838	6,798	6,825	6,829	6,829	6,868	(888,123)
19 IBNR Accrual - Medical		0	0	0	0	0	0	0	0	0	0	0	0	0
20 Quality Improvement		54,261	54,031	55,382	58,810	54,600	47,617	59,286	54,452	51,065	48,639	47,816	55,048	641,007
21 Total Medical Expenses		4,693,271	6,019,885	5,162,434	4,678,374	5,490,940	4,836,913	4,906,031	5,220,315	5,826,613	5,808,364	4,691,179	6,048,280	63,382,599
22 Prescription Expenses (excluding PBM Admin)		1,056,278	1,322,244	1,344,165	1,414,989	1,482,863	1,293,112	1,194,023	1,047,216	1,001,492	854,525	908,670	1,060,520	13,980,095
23 Total Medical and Prescription Expenses		5,749,549	7,342,129	6,506,599	6,093,363	6,973,803	6,130,025	6,100,054	6,267,531	6,828,105	6,662,889	5,599,849	7,108,800	77,362,694
24 Administrative Expenses		362,412	331,534	387,139	383,485	423,301	407,385	442,535	404,411	399,184	407,773	415,741	384,919	4,749,820
25 Total Expenses		6,111,961	7,673,663	6,893,739	6,476,847	7,397,104	6,537,410	6,542,589	6,671,942	7,227,289	7,070,662	6,015,589	7,493,719	82,112,514
26 Net Income Before Taxes		740,742	(815,763)	156,313	584,669	(418,715)	333,654	751,766	608,494	157,339	311,961	1,385,197	(29,373)	3,766,283
27 % Medical Exp to Net Revenues		68.5%	87.8%	73.2%	66.3%	78.7%	70.4%	67.3%	71.7%	78.9%	78.7%	63.4%	81.0%	73.8%
28 % Prescription Exp to Net Revenues		15.4%	19.3%	19.1%	20.0%	21.2%	18.8%	16.4%	14.4%	13.6%	11.6%	12.3%	14.2%	16.3%
29 % Total Medical and Prescription to Net Rev. (MLR)		83.9%	107.1%	92.3%	86.3%	99.9%	89.2%	83.6%	86.1%	92.5%	90.3%	75.7%	95.2%	90.1%
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 % Net Income to Net Revenues		10.8%	-11.9%	2.2%	8.3%	-6.0%	4.9%	10.3%	8.4%	2.1%	4.2%	18.7%	-0.4%	4.4%
32 % Adj. Admin to Net Revenues (excludes taxes and Prescription pass through)		6.8%	6.3%	7.1%	7.0%	7.8%	7.7%	7.7%	7.0%	6.8%	7.0%	7.1%	6.5%	7.1%
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.