

**STATE OF TEXAS  
CHILDREN'S HEALTH INSURANCE  
PROGRAM  
CHIP RATE SETTING  
STATE FISCAL YEAR 2009**

Prepared for:  
Texas Health and Human Services Commission

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## I. Introduction

Rudd and Wisdom, Inc. has been retained by the Texas Health and Human Services Commission (HHSC) to develop the state fiscal year 2009 (FY2009, September 1, 2008 through August 31, 2009) premium rates for health plans participating in the Texas Children's Health Insurance Program (CHIP). This report presents the rating methodology and assumptions used in developing the premium rates.

Rudd and Wisdom has provided actuarial services to the Texas Medicaid program for over 20 years. We have participated in the state's Medicaid managed care rating process since its inception in 1993 and in developing premium rates for CHIP plans since that program's inception in 2000. This year, as in previous years, we have worked closely with HHSC in developing the FY2009 CHIP premium rates.

Rudd and Wisdom has relied on the following data sources as provided by HHSC, the participating health plans and the agency's External Quality Review Organization (EQRO):

- Monthly enrollment by age group for each health plan. This includes historical enrollment since September 2004 and a projection of future enrollment through August 2009. These projections were prepared by HHSC System Forecasting staff.
- Claim lag reports by age group for each health plan for the period September 2004 through March 2008. These reports were provided by the health plans and include monthly paid claims by month of service.
- Financial Statistical Reports (FSR) for each participating health plan for FY2006, FY2007 and the first six months of FY2008. The FSR contains detailed information regarding monthly enrollment, revenue, incurred claims and administrative expenses, as reported by the health plan.
- Reports from the EQRO summarizing their analysis of the health plan's encounter data.
- Current (FY2008) premium rates for each health plan.
- Information regarding recent changes in covered services and provider reimbursement under the State Medicaid and CHIP programs.
- Information from the health plans regarding current and projected payment rates for certain capitated services, such as mental health and vision.
- FY2007 acuity risk adjustment analysis prepared by the EQRO for each participating health plan.
- Information from the health plans regarding current and projected reinsurance premium rates.
- Information from HHSC regarding FY2007 CHIP claims cost by health plan by type of service from the encounter database.
- Information from HHSC regarding FY2008 and proposed FY2009 Medicaid provider reimbursement rates.

Although the above data was reviewed for reasonableness, Rudd and Wisdom did not audit the data.

## II. Overview of the Rate Setting Methodology

The actuarial model used to derive the FY2009 CHIP premium rates relies primarily on health plan financial experience. The historical claims experience data for each health plan was analyzed and estimates for the base period (FY2007) were developed. These estimates were then projected forward to FY2009 using assumed trend rates. Other plan expenditures such as capitated amounts, reinsurance costs and administrative expenses were added to the claims component in order to project the total FY2009 cost under the health plan. These projected total cost rates were determined separately for each health plan. The results of this analysis were then combined for all health plans in a service area in order to develop a set of community rates for each service area.

The health plans under review are located in the following service areas:

- Austin Area
- Corpus Christi Area
- Dallas Area
- El Paso Area
- Exclusive Provider Organization Area
- Fort Worth Area
- Houston Area
- Laredo Area
- Lubbock Area
- San Antonio Area

The Exclusive Provider Organization (EPO) plan serves 170 mostly rural Texas counties. The FY2009 premium rates for the EPO were developed using the same methodology as that used for all other CHIP health plans.

Premium rates were determined for the following age groups:

- Under Age One Year
- Ages 1 – 5
- Ages 6 - 14
- Ages 15 - 18

The services used in the analysis include the following:

- Inpatient Hospital
- Outpatient Hospital
- Physician Services
- Other Professional Services
- Lab, X-ray and Radiology Services
- Medical Supplies
- Behavioral Health Services
- EPSDT Medical Services
- Family Planning and Genetics Services
- Hearing Services
- Home Health Services

- Emergency Room Services
- Ambulance Services
- Vision Services

Services specifically excluded from the analysis include:

- Prescription Drugs
- Dental and Orthodontia Services

After accumulating all of the information to be used in the rate setting process, a comparison of the various sources of claims data was performed to check for consistency. We compared (i) the claim lag reports provided by the health plans, (ii) the claim amounts included in the FSRs and (iii) the claim amounts in the encounter data files as provided by the EQRO. There was satisfactory consistency between the three claims data sources for each of the health plans.

We projected the FY2009 cost for each individual health plan by estimating their base period (FY2007) average claims cost and then applying trend and other adjustment factors. (These adjustment factors are described in more detail in Section III.) We added capitation expenses for services capitated by the health plan (such as vision and behavioral health), a net cost of reinsurance, a reasonable provision for administrative expenses and a risk margin. Attachment 2 presents a description and an example of the experience analysis for a sample health plan. This type of analysis was conducted on the experience of each participating CHIP health plan.

The analysis of base period claims experience for each health plan attempted to identify and adjust for any distortions in the data. Significant variations in experience, including the impact from unusually large individual claims, were investigated and adjustments were made if deemed appropriate.

HHSC utilized the combination of two rating methodologies in setting the FY2009 CHIP premium rates – individual plan experience rating and community rating. The individual plan experience rating method is described above and documented in Attachment 2. The community rates are developed by a weighted average of the projected FY2009 cost for each health plan in the service area (from the individual plan experience rating method). The weights used in this formula are the projected FY2009 number of members enrolled in each health plan by age group. Attachment 3 presents the summary community rating exhibit for each service area along with a description of the analysis.

The base community rate in each service area was adjusted to reflect the health status, or acuity, of the population enrolled in each health plan. The purpose of acuity risk adjustment is to recognize the anticipated cost differential between multiple health plans in a service area by analyzing the health status of their respective memberships. Additional information regarding risk adjustment is included in Section III below under Risk Adjustment and in Attachment 6.

The FY2009 CHIP health plan premium rates were then defined as the following: the minimum of (a) 110% of the rate developed using the individual experience of the plan and

(b) the maximum of (i) community rate with risk adjustment and (ii) community rate without risk adjustment. Any resulting rate decrease was limited to 10%.

In addition to the premium, HHSC pays the CHIP health plans a \$3,100 delivery supplemental payment (DSP) per maternity delivery. Additional information regarding DSP is included in Attachment 7.

### III. Adjustment Factors

This section contains a description of the adjustment factors used in the FY2009 CHIP rate setting process.

#### ***Trend Factors***

The rating methodology uses assumed trend factors to adjust the base period claims cost to the projection period. The cost trend factors used in this analysis are a combination of utilization and inflation components. The projected trend rate assumptions were developed by the actuary based on an analysis of recent experience under the CHIP program. The analysis included a review of HMO and EPO claims experience data through March, 2008. This analysis was used to select an annual trend rate assumption of 3.2% for FY2008 and 5.0% for FY2009 for each health plan.

#### ***Provider Reimbursement Adjustment***

As a component of the Frew lawsuit settlement, the Texas Medicaid program implemented significant changes in provider reimbursement effective September 1, 2007. Professional provider reimbursement increased an average of 26% for children. Although the Frew settlement agreement does not directly impact CHIP, it would likely create significant difficulty for a health plan in maintaining their physician network if they did not increase their CHIP reimbursement rates to be consistent with Medicaid. Therefore, in deriving the FY2009 premium rates, we have assumed that physician reimbursement under CHIP increased at the same rate as that under Medicaid.

In developing the Frew adjustment factors, we used health plan encounter data from FY2007. To this claims experience we applied the proposed FY2009 Medicaid provider reimbursement schedule. The additional cost due to the increased reimbursement rates was then divided by total FY2007 claims (from the encounter data) to yield the overall claims adjustment factor.

It is anticipated that provisions of the Frew settlement will result in increased utilization of certain services under CHIP. We have assumed that there will be a 16.5% increase in the utilization of well-child (EPSDT-type) services and a 5% increase in the utilization of medical (type of service 1) services. The utilization adjustment factors were derived in a similar manner as that described above for the reimbursement increase. Exhibit A of Attachment 4 presents a summary of the derivation of the adjustment factors related to the Frew lawsuit settlement.

In addition to those resulting from the Frew settlement, there were several other significant revisions to the Texas Medicaid fee schedule. Reimbursement increases were provided for the following services: ambulance services, State-owned teaching hospitals, physician administered drugs, and therapy services (physical, occupational and speech) provided through home health agencies.

The rating adjustments for these provider reimbursement changes were calculated in a manner similar to those for the Frew settlement, described above. The reimbursement change was applied to actual FY2007 health plan encounter data and the resulting impact

determined. Exhibit B of Attachment 4 presents a summary of the derivation of these adjustment factors.

The 2.5% reduction in reimbursement rates to professional, outpatient facility and certain other providers implemented in FY2004 was restored. Exhibits C and D of Attachment 4 present the estimated cost impact from these revisions. The FY2007 FSRs provided by the health plans along with the health plan encounter data were used in this analysis.

The FY2009 rates were also adjusted for changes in the reimbursement for obstetrical sonograms, ambulatory surgical centers and three DRG hospitals changing to TEFRA based reimbursement. Supporting documentation for these rate adjustments is provided in Attachment 4, Exhibits E, F and G, respectively.

### ***Investment Income Adjustment***

An investment income credit was included in the rating process to account for the income expected to be generated between the time the health plan receives the premium from HHSC and the time they pay claims. We have assumed that the value of this timing (or cash flow) difference is 0.24% of premium. Attachment 5 presents our analysis and estimate of the value of this revision.

### ***Risk Adjustment***

Several risk adjustment techniques are employed in the rate setting methodology. Premium rates are established separately by area and age group in order to recognize the inherent geographical and demographical variation in the cost of delivering care. In an attempt to treat the health plans more equitably regarding maternity expenses, the methodology includes a separate payment for maternity services. The rating methodology also includes a health status adjustment.

The base community rate in each service area was adjusted to reflect the health status, or acuity, of the population enrolled in each health plan. The purpose of risk adjustment is to recognize the anticipated cost differential between multiple health plans in a service area by analyzing the health status of their respective members. The risk analysis was performed by the University of Florida's Institute for Child Health Policy (ICHP). The methodology used to incorporate the acuity risk adjustment is the Chronic Illness and Disability Payment System (CDPS). Additional information regarding risk adjustment is included in Attachment 6.

Although the results of the risk adjustment analysis were reviewed for reasonableness, Rudd and Wisdom did not audit the risk adjustment data or the results of ICHP's analysis.



#### IV. Administrative Fees and Risk Margin

The rating methodology includes an explicit provision for health plan administrative expenses. The amount allocated for administrative expenses is the greater of (a) \$10.1025 pmpm (pmpm) plus 7.5% of gross premium and (b) \$16.1025 pmpm plus 1.75% of gross premium. These amounts were intended to provide for all administrative-related services performed by the health plan.

The premium rates also include a risk margin equal to 2.0% of gross premium.

## V. CHIP Perinatal

Since January 1, 2007, a new group of clients have been covered under the CHIP program – CHIP Perinatal. The purpose of this program is to extend CHIP services to unborn children of certain non-Medicaid eligible women. Newborns under this program receive the same benefits as current CHIP participants. There is no cost sharing applied to these participants. Also, for those newborns under 185% of the Federal Poverty Level (FPL), the initial inpatient facility cost will not be the financial responsibility of the health plan. Those costs will be carved-out and paid for by the Medicaid Fee-for-Service plan. All costs (including those for the initial inpatient facility stay) for newborns between 185% and 200% FPL are the responsibility of the health plan.

The CHIP benefits provided to expectant mothers are more limited in scope. They include the professional component of delivery services (for those clients under 185% FPL) and limited prenatal and post-natal services only. There will be no cost sharing applied to these participants.

We have developed premium rates for four categories of clients: (1) newborns under 185% of the Federal Poverty Level (FPL); (2) newborns between 185% and 200% FPL; (3) expectant mothers under 185% FPL; and (4) expectant mothers between 185% and 200% FPL.

Our basis for CHIP Perinatal newborn rates was STAR newborn rates. We began with FY2009 STAR newborn rates by service area. For those CHIP service areas that are not a STAR area (Laredo and the EPO service area) we used the overall average STAR newborn rate. To the STAR rates we made adjustments for: (1) removal of delayed enrollment; (2) benefit differences between STAR and CHIP; (3) removal of the DRG rebasing adjustment, (4) an additional 1% risk margin (3% versus the STAR program's 2%) and (5) the impact of carve-out of the initial inpatient facility cost for newborns under 185% FPL.

The basis for premium rates for expectant mothers was FY2004 and FY2005 fee-for-service (FFS) plan claims experience for selected services for TP 40 clients – pregnant women who are below 185% FPL and eligible only because they are pregnant (provided by HHSC Strategic Decision Support staff). This claims experience was trended forward to FY2009 assuming a 5% annual trend. The expectant mother rate for clients under 185% FPL also includes \$315.33 pmpm (equals \$1,100 plus an additional amount to adjust for the loss of upper payment limit divided by four months expected enrollment) for the professional component of delivery services. Provisions for administrative expenses and risk margin were added to the projected claims, and an investment income credit was taken to produce the FY2009 premium rates for expectant mothers. The administrative expense provision was set equal to the average administrative fee included in the STAR rates. The risk margin is 3% which is 1% higher than that used for the regular CHIP program. The use of a higher risk margin was deemed appropriate given that CHIP Perinatal is a new program with little direct experience data to draw from. The expectant mother premium rates are the same for all areas.

Attachment 8 includes documentation regarding the rate calculation for CHIP Perinatal.

## VI. CHIP Dental

The actuarial model used to derive the FY2009 CHIP Dental premium rates relied on recent dental plan financial experience. Historical claims experience data for the dental plan was analyzed and estimates for the base period (FY2007, September, 2006 through August, 2007) were developed. The claims experience was trended forward to FY2009 using an assumed annual trend rate of 5%. Provisions for administrative expenses and risk margin were added to the projected claims and an investment income credit was taken to produce the FY2009 premium rates.

The Texas Medicaid program implemented significant changes in dental provider reimbursement effective September 1, 2007 in response to the Frew lawsuit settlement. Medicaid dental provider reimbursement increased an average of over 90%. Although the Frew agreement did not directly impact CHIP, it would have created significant difficulty for a dental vendor in maintaining their network if they did not increase their CHIP reimbursement rates to be consistent with Medicaid. Therefore, in deriving the FY2009 premium rates, we have assumed that dental provider reimbursement under CHIP increased to the same level as that under Medicaid.

Our analysis of the Frew agreement impact is based on actual dental plan claims experience for FY2006 and the proposed FY2009 Medicaid dental fee schedule. We estimate that the revised fee schedule will increase claims cost by 41.1%. This adjustment factor is lower than the Medicaid increase discussed above (over 90%) because the dental vendor reimbursed many services at rates in excess of Medicaid rates.

It is anticipated that provisions of the Frew agreement will result in increased utilization of dental services. We estimate that the increased utilization will increase CHIP dental claims cost by 10.0%.

Attachment 9 includes documentation regarding the rate calculation for CHIP Dental.

## VII. Summary

The chart below presents results of the FY2009 CHIP rating analysis.

Health Plan	Regular CHIP				DSP
	Under Age 1	Ages 1-5	Ages 6-14	Ages 15-18	
FY2009 Premium Rates pmpm					
Seton – Austin	\$107.89	\$ 94.70	\$78.17	\$110.74	\$3,100.00
Superior - Austin	85.36	107.53	72.61	98.21	3,100.00
Amerigroup – Corpus	140.71	183.71	77.25	100.90	3,100.00
Driscoll – Corpus	111.16	119.94	92.33	120.73	3,100.00
Superior – Corpus	125.81	102.44	75.46	94.22	3,100.00
Amerigroup – Dallas	91.17	92.52	71.68	90.31	3,100.00
Parkland – Dallas	122.61	94.54	85.51	94.09	3,100.00
Unicare – Dallas	109.87	98.23	72.41	91.26	3,100.00
El Paso First – El Paso	126.25	73.85	70.01	82.16	3,100.00
Superior – El Paso	83.94	82.60	64.48	76.34	3,100.00
Aetna – Fort Worth	103.15	103.58	72.20	111.16	3,100.00
Amerigroup – Fort Worth	89.70	103.28	72.86	104.99	3,100.00
Cook – Fort Worth	122.97	96.35	76.57	113.94	3,100.00
Amerigroup – Houston	200.61	80.19	61.50	87.79	3,100.00
CHC – Houston	270.16	105.59	71.87	109.01	3,100.00
Molina – Houston	297.66	113.35	69.63	121.66	3,100.00
TCHP – Houston	318.86	113.71	93.14	139.24	3,100.00
UHC – Houston	339.22	99.62	85.06	125.30	3,100.00
Mercy – Laredo	113.31	114.06	75.61	103.24	3,100.00
Firstcare – Lubbock	79.19	79.61	65.04	85.98	3,100.00
Superior – Lubbock	87.45	84.55	62.56	87.06	3,100.00
Aetna – San Antonio	156.66	116.04	67.08	86.38	3,100.00
CFHP – San Antonio	126.09	112.33	78.39	95.49	3,100.00
Superior – San Antonio	117.46	114.44	77.43	90.66	3,100.00
Superior – EPO	144.50	104.15	75.55	93.17	3,100.00

Service Area	CHIP Perinatal				DSP
	Newborns Under 185% FPL	Newborns 185-200% FPL	Perinate Under 185% FPL	Perinate 185-200% FPL	
	FY2009 Premium Rates pmpm				
Austin	\$391.88	\$736.45	\$548.95	\$184.79	\$3,100.00
Corpus Christi	516.92	971.43	548.95	184.79	3,100.00
Dallas	375.16	705.02	548.95	184.79	3,100.00
El Paso	313.90	589.91	548.95	184.79	3,100.00
Fort Worth	384.09	721.80	548.95	184.79	3,100.00
Houston	444.15	834.67	548.95	184.79	3,100.00
Laredo	406.88	764.63	548.95	184.79	3,100.00
Lubbock	265.31	498.59	548.95	184.79	3,100.00
San Antonio	428.97	806.15	548.95	184.79	3,100.00
EPO Area	406.88	764.63	548.95	184.79	3,100.00

Tier	CHIP Dental			
	Under Age 1	Ages 1-5	Ages 6-14	Ages 15-18
FY2009 Premium Rates pmpm				
Tier I	\$1.39	\$10.65	\$18.08	\$14.42
Tier II	1.39	10.75	18.27	14.57
Tier III	1.40	10.96	18.68	14.88

Attachment 1 presents additional information regarding the FY2009 rates including a comparison to current (FY2008) rates.

## VIII. Attachments

***Attachment 1***

Summary of FY2009 CHIP Rating Analysis

The attached exhibit presents summary information regarding the FY2009 CHIP health plan rates. Included on the exhibit are current (FY2008) premium and delivery supplemental payment rates (DSP), projected FY2009 enrollment, FY2009 premium and DSP rates and a comparison of FY2008 and FY2009 rates.

Health Plan	Age Bracket					Total
	<1	1-5	6-14	15-18	Total	
Projected FY2009 Member Months						
Seton - Austin	480	26,388	94,596	31,032	152,496	
Superior - Austin	552	16,968	41,172	9,720	68,412	
Driscoll - Corpus	108	15,408	66,036	25,320	106,872	
Amerigroup - Corpus	36	1,248	5,424	1,848	8,556	
Superior - Corpus	36	2,172	7,404	2,676	12,288	
Amerigroup - Dallas	912	59,568	200,148	57,312	317,940	
Parkland - Dallas	1,488	54,516	171,912	46,044	273,960	
Unicare - Dallas	276	13,584	48,024	14,868	76,752	
Cook - Fort Worth	720	52,512	179,988	53,028	286,248	
Aetna - Fort Worth	204	8,856	28,812	9,924	47,796	
Amerigroup - Fort Worth	936	24,888	54,852	13,332	94,008	
El Paso First - El Paso	288	15,276	83,616	34,956	134,136	
Superior - El Paso	144	10,080	46,680	16,632	73,536	
Amerigroup - Houston	516	34,032	122,976	40,656	198,180	
TCHP - Houston	2,052	130,656	422,604	126,804	682,116	
UHC - Houston	528	25,944	129,132	52,932	208,536	
CHC - Houston	1,584	38,112	100,584	28,380	168,660	
Molina - Houston	108	3,744	20,832	6,408	31,092	
Mercy - Laredo	156	12,360	51,408	17,568	81,492	
Firstcare - Lubbock	120	7,560	28,032	10,176	45,888	
Superior - Lubbock	84	11,100	38,784	12,900	62,868	
CFHP - San Antonio	468	30,696	128,592	45,912	205,668	
Superior - San Antonio	312	20,976	83,316	27,300	131,904	
Aetna - San Antonio	120	7,248	29,148	10,752	47,268	
EPO Plan	2,604	168,792	663,408	234,360	1,069,164	
Total - All Plans	14,832	792,684	2,847,480	930,840	4,585,836	

FY2009 CHIP Rating Summary

Health Plan	Age Bracket					Total	Age Bracket					Total
	<1	1-5	6-14	15-18	15-18		6-14	1-5	15-18	15-18		
Projected FY2009 Premium Based on FY2008 Rates												
FY2008 (Current) Premium Rates pmpm												
Seton - Austin	129.53	99.35	86.64	117.02	95.16	62,174	2,621,648	8,195,797	3,631,365	14,510,984		
Superior - Austin	129.53	99.35	86.64	117.02	94.45	71,501	1,685,771	3,567,142	1,137,434	6,461,848		
Driscoll - Corpus	62.31	97.40	84.79	116.44	94.08	6,729	1,500,739	5,599,192	2,948,261	10,054,922		
Amerigroup - Corpus	62.31	97.40	84.79	116.44	93.37	2,243	121,555	459,901	215,181	798,880		
Superior - Corpus	62.31	97.40	84.79	116.44	93.85	2,243	211,553	627,785	311,593	1,153,175		
Amerigroup - Dallas	166.38	90.24	83.41	79.50	84.22	151,739	5,375,416	16,694,345	4,556,304	26,777,804		
Parkland - Dallas	212.14	97.68	90.52	80.99	91.00	315,664	5,325,123	15,561,474	3,729,104	24,931,365		
Unicare - Dallas	190.04	93.83	86.87	80.19	87.18	52,451	1,274,587	4,171,845	1,192,265	6,691,148		
Cook - Fort Worth	127.32	97.27	89.49	112.26	95.23	91,670	5,107,842	16,107,126	5,952,923	27,259,562		
Aetna - Fort Worth	127.32	97.27	89.49	112.26	95.82	25,973	861,423	2,578,386	1,114,068	4,579,851		
Amerigroup - Fort Worth	127.32	97.27	89.49	112.26	95.16	119,172	2,420,856	4,908,705	1,496,650	8,945,383		
El Paso First - El Paso	73.78	68.70	64.35	70.66	66.51	21,249	1,049,461	5,380,690	2,469,991	8,921,390		
Superior - El Paso	67.70	67.69	58.59	64.24	61.13	9,749	682,315	2,734,981	1,068,440	4,495,485		
Amerigroup - Houston	98.86	79.95	62.04	80.98	69.10	51,012	2,720,858	7,629,431	3,292,323	13,693,624		
TCHP - Houston	143.96	108.68	88.87	118.80	98.39	295,406	14,199,694	37,556,817	15,064,315	67,116,233		
UHC - Houston	146.30	107.19	90.44	120.08	100.19	77,246	2,780,937	11,678,698	6,356,075	20,892,956		
CHC - Houston	142.01	107.26	87.50	116.35	97.33	224,944	4,087,893	8,801,100	3,302,013	16,415,950		
Molina - Houston	142.01	107.26	87.50	116.35	96.01	15,337	401,581	1,822,800	745,571	2,985,289		
Mercy - Laredo	110.96	91.31	72.42	90.77	79.31	17,310	1,128,592	3,722,967	1,594,647	6,463,516		
Firstcare - Lubbock	80.56	73.91	59.85	90.62	69.04	9,667	558,760	1,677,715	922,149	3,168,291		
Superior - Lubbock	80.56	78.16	62.30	89.83	70.77	6,767	867,576	2,416,243	1,158,807	4,449,393		
CFHP - San Antonio	114.11	110.73	78.77	101.14	88.61	53,403	3,398,968	10,129,192	4,643,540	18,225,103		
Superior - San Antonio	89.60	93.96	60.55	78.04	69.55	27,955	1,970,905	5,044,784	2,130,492	9,174,136		
Aetna - San Antonio	112.69	112.67	77.48	99.63	88.00	13,523	816,632	2,258,387	1,071,222	4,159,764		
EPO Plan	85.52	89.16	71.87	99.85	80.77	222,694	15,049,495	47,679,133	23,400,846	86,352,168		
Total - All Plans	131.33	96.15	79.72	100.45	86.94	1,947,822	76,220,181	227,004,638	93,505,579	398,678,220		



FY2009 CHIP Rating Summary

Health Plan	Age Bracket				Total	Age Bracket				Total
	<1	1-5	6-14	15-18		<1	1-5	6-14	15-18	
FY2009 Premium Rates pmpm (Individual Experience Rating)										
Seton - Austin	120.53	98.60	85.58	120.71	95.09	57,854	2,601,954	8,095,056	3,745,859	14,500,723
Superior - Austin	67.32	91.87	48.78	56.58	60.72	37,162	1,558,921	2,008,193	549,928	4,154,203
Driscoll - Corpus	130.51	123.78	91.19	118.67	102.44	14,095	1,907,233	6,021,872	3,004,758	10,947,958
Amerigroup - Corpus	57.76	107.90	87.54	93.14	91.59	2,079	134,660	474,796	172,130	783,666
Superior - Corpus	108.05	84.95	57.37	93.22	70.20	3,890	184,510	424,744	249,456	862,599
Amerigroup - Dallas	96.77	80.10	65.03	86.51	71.82	88,252	4,771,378	13,015,716	4,958,030	22,833,376
Parkland - Dallas	121.52	108.17	93.65	103.89	98.41	180,824	5,897,094	16,099,312	4,783,337	26,960,568
Unicare - Dallas	85.89	93.93	68.18	71.38	73.42	23,706	1,275,988	3,274,245	1,061,296	5,635,234
Cook - Fort Worth	106.24	108.09	80.00	120.25	92.68	76,493	5,676,043	14,399,691	6,376,616	26,528,843
Aetna - Fort Worth	51.13	52.08	46.15	52.62	48.61	10,430	461,230	1,329,747	522,170	2,323,577
Amerigroup - Fort Worth	89.41	64.19	48.05	75.38	56.61	83,690	1,597,628	2,635,422	1,004,954	5,321,694
El Paso First - El Paso	129.33	79.30	71.51	86.94	76.54	37,248	1,211,452	5,979,734	3,039,004	10,267,437
Superior - El Paso	76.26	72.99	60.68	64.88	63.35	10,981	735,710	2,832,626	1,079,122	4,658,439
Amerigroup - Houston	97.75	72.61	55.74	81.62	64.06	50,437	2,471,196	6,855,135	3,318,231	12,694,999
TCHP - Houston	184.37	124.39	103.61	156.16	117.60	378,318	16,252,915	43,785,913	19,801,372	80,218,518
UHC - Houston	136.42	114.52	80.97	120.87	95.41	72,030	2,971,129	10,455,406	6,397,859	19,896,425
CHC - Houston	556.71	78.71	52.66	70.55	66.29	881,824	2,999,805	5,296,973	2,002,195	11,180,797
Molina - Houston	30.45	59.61	43.70	59.40	48.81	3,288	223,189	910,449	380,605	1,517,532
Mercy - Laredo	113.31	114.06	75.61	103.24	87.47	17,677	1,409,752	3,887,065	1,813,761	7,128,255
Firstcare - Lubbock	20.89	79.70	74.44	103.55	81.62	2,507	602,549	2,086,669	1,053,705	3,745,430
Superior - Lubbock	170.09	85.16	56.14	73.64	65.00	14,288	945,248	2,177,186	949,989	4,086,711
CFHP - San Antonio	142.61	122.26	84.95	106.16	95.38	66,740	3,753,024	10,923,673	4,874,022	19,617,459
Superior - San Antonio	110.39	111.11	71.83	82.19	80.31	34,441	2,330,577	5,984,233	2,243,737	10,592,988
Aetna - San Antonio	84.60	64.27	42.88	47.82	47.39	10,152	465,797	1,249,987	514,177	2,240,113
EPO Plan	144.50	104.15	75.55	93.17	84.10	376,278	17,579,352	50,122,114	21,835,447	89,913,192
Total - All Plans	170.89	100.95	77.38	102.84	86.92	2,534,681	80,018,335	220,325,958	95,731,762	398,610,735

Health Plan	Age Bracket					Total	FY2009 Average Rates (weighted using total program members)
	<1	1-5	6-14	15-18	Total		
Seton - Austin	-6.9%	-0.8%	-1.2%	3.2%	-0.1%	95.07	
Superior - Austin	-48.0%	-7.5%	-43.7%	-51.7%	-35.7%	57.87	
Driscoll - Corpus	109.4%	27.1%	7.5%	1.9%	8.9%	102.53	
Amerigroup - Corpus	-7.3%	10.8%	3.2%	-20.0%	-1.9%	92.10	
Superior - Corpus	73.4%	-12.8%	-32.3%	-19.9%	-25.2%	69.58	
Amerigroup - Dallas	-41.8%	-11.2%	-22.0%	8.8%	-14.7%	72.10	
Parkland - Dallas	-42.7%	10.7%	3.5%	28.3%	8.1%	98.33	
Unicare - Dallas	-54.8%	0.1%	-21.5%	-11.0%	-15.8%	73.34	
Cook - Fort Worth	-16.6%	11.1%	-10.6%	7.1%	-2.7%	93.11	
Aetna - Fort Worth	-59.8%	-46.5%	-48.4%	-53.1%	-49.3%	48.51	
Amerigroup - Fort Worth	-29.8%	-34.0%	-46.3%	-32.9%	-40.5%	56.52	
El Paso First - El Paso	75.3%	15.4%	11.1%	23.0%	15.1%	76.18	
Superior - El Paso	12.6%	7.8%	3.6%	1.0%	3.6%	63.71	
Amerigroup - Houston	-1.1%	-9.2%	-10.1%	0.8%	-7.3%	64.05	
TCHP - Houston	28.1%	14.5%	16.6%	31.4%	19.5%	118.13	
UHC - Houston	-6.8%	6.8%	-10.5%	0.7%	-4.8%	95.05	
CHC - Houston	292.0%	-26.6%	-39.8%	-39.4%	-31.9%	62.43	
Molina - Houston	-78.6%	-44.4%	-50.1%	-49.0%	-49.2%	49.60	
Mercy - Laredo	2.1%	24.9%	4.4%	13.7%	10.3%	87.99	
Firstcare - Lubbock	-74.1%	7.8%	24.4%	14.3%	18.2%	81.08	
Superior - Lubbock	111.1%	9.0%	-9.9%	-18.0%	-8.2%	65.07	
CFHP - San Antonio	25.0%	10.4%	7.8%	5.0%	7.6%	95.89	
Superior - San Antonio	23.2%	18.2%	18.6%	5.3%	15.5%	80.84	
Aetna - San Antonio	-24.9%	-43.0%	-44.7%	-52.0%	-46.1%	47.72	
EPO Plan	69.0%	16.8%	5.1%	-6.7%	4.1%	84.29	
Total - All Plans	30.1%	5.0%	-2.9%	2.4%	0.0%	86.92	

Health Plan	Age Bracket				Total	Age Bracket				Total	
	<1	1-5	6-14	15-18		<1	1-5	6-14	15-18		
FY2009 Premium Rates pmpm (Community Rating without Risk Adjustment)											
Seton - Austin	91.57	95.79	74.43	105.56	84.51	FY2009 Premium	43,956	2,527,659	7,040,409	3,275,885	12,887,909
Superior - Austin	91.57	95.79	74.43	105.56	84.29		50,549	1,625,334	3,064,270	1,026,089	5,766,243
Driscoll - Corpus	111.16	118.21	87.77	114.83	98.59		12,006	1,821,404	5,795,844	2,907,389	10,536,643
Amerigroup - Corpus	111.16	118.21	87.77	114.83	98.15		4,002	147,528	476,053	212,198	839,781
Superior - Corpus	111.16	118.21	87.77	114.83	99.11		4,002	256,756	649,834	307,274	1,217,865
Amerigroup - Dallas	109.65	93.58	77.10	91.34	82.85		100,003	5,574,612	15,431,000	5,234,785	26,340,400
Parkland - Dallas	109.65	93.58	77.10	91.34	82.95		163,163	5,101,826	13,254,062	4,205,584	22,724,636
Unicare - Dallas	109.65	93.58	77.10	91.34	82.89		30,264	1,271,245	3,702,552	1,358,019	6,362,080
Cook - Fort Worth	91.09	89.54	69.69	103.66	79.68		65,584	4,702,175	12,543,707	5,497,070	22,808,536
Aetna - Fort Worth	91.09	89.54	69.69	103.66	80.52		18,582	793,008	2,007,963	1,028,757	3,848,311
Amerigroup - Fort Worth	91.09	89.54	69.69	103.66	79.98		85,259	2,228,590	3,822,741	1,382,042	7,518,632
El Paso First - El Paso	111.66	76.76	67.63	79.85	71.95		32,158	1,172,548	5,655,023	2,791,403	9,651,132
Superior - El Paso	111.66	76.76	67.63	79.85	71.73		16,079	773,716	3,157,009	1,328,144	5,274,948
Amerigroup - Houston	288.70	106.75	84.12	124.59	96.84		148,969	3,633,060	10,344,589	5,065,451	19,192,069
TCHP - Houston	288.70	106.75	84.12	124.59	96.59		592,412	13,948,082	35,548,924	15,798,885	65,888,303
UHC - Houston	288.70	106.75	84.12	124.59	97.73		152,433	2,769,632	10,862,424	6,594,954	20,379,443
CHC - Houston	288.70	106.75	84.12	124.59	97.97		457,300	4,068,618	8,461,001	3,535,948	16,522,867
Molina - Houston	288.70	106.75	84.12	124.59	95.90		31,180	399,688	1,752,362	798,392	2,981,621
Mercy - Laredo	113.31	114.06	75.61	103.24	87.47		17,677	1,409,752	3,887,065	1,813,761	7,128,255
Firstcare - Lubbock	82.50	82.93	63.81	86.85	72.12		9,900	626,956	1,788,814	883,797	3,309,467
Superior - Lubbock	82.50	82.93	63.81	86.85	71.94		6,930	920,530	2,474,935	1,120,379	4,522,774
CFHP - San Antonio	123.66	111.14	75.33	90.89	84.26		57,874	3,411,559	9,686,241	4,173,032	17,328,706
Superior - San Antonio	123.66	111.14	75.33	90.89	84.36		38,583	2,331,277	6,275,809	2,481,351	11,127,019
Aetna - San Antonio	123.66	111.14	75.33	90.89	84.48		14,839	805,544	2,195,584	977,270	3,993,238
EPO Plan	144.50	104.15	75.55	93.17	84.10		376,278	17,579,352	50,122,114	21,835,447	89,913,192
Total - All Plans	170.58	100.80	77.26	102.74	86.80		2,529,982	79,900,454	220,000,329	95,633,306	398,064,071

Health Plan	Age Bracket					Total	FY2009 Average Rates (weighted using total program members)
	<1	1-5	6-14	15-18	Total		
FY2009 Premium Rate Change Relative to Current Rates							
Seton - Austin	-29.3%	-3.6%	-14.1%	-9.8%	-11.2%	84.49	
Superior - Austin	-29.3%	-3.6%	-14.1%	-9.8%	-10.8%	84.49	
Driscoll - Corpus	78.4%	21.4%	3.5%	-1.4%	4.8%	98.60	
Amerigroup - Corpus	78.4%	21.4%	3.5%	-1.4%	5.1%	98.60	
Superior - Corpus	78.4%	21.4%	3.5%	-1.4%	5.6%	98.60	
Amerigroup - Dallas	-34.1%	3.7%	-7.6%	14.9%	-1.6%	82.94	
Parkland - Dallas	-48.3%	-4.2%	-14.8%	12.8%	-8.9%	82.94	
Unicare - Dallas	-42.3%	-0.3%	-11.2%	13.9%	-4.9%	82.94	
Cook - Fort Worth	-28.5%	-7.9%	-22.1%	-7.7%	-16.3%	80.09	
Aetna - Fort Worth	-28.5%	-7.9%	-22.1%	-7.7%	-16.0%	80.09	
Amerigroup - Fort Worth	-28.5%	-7.9%	-22.1%	-7.7%	-15.9%	80.09	
El Paso First - El Paso	51.3%	11.7%	5.1%	13.0%	8.2%	71.83	
Superior - El Paso	64.9%	13.4%	15.4%	24.3%	17.3%	71.83	
Amerigroup - Houston	192.0%	33.5%	35.6%	53.9%	40.2%	96.91	
TCHP - Houston	100.5%	-1.8%	-5.3%	4.9%	-1.8%	96.91	
UHC - Houston	97.3%	-0.4%	-7.0%	3.8%	-2.5%	96.91	
CHC - Houston	103.3%	-0.5%	-3.9%	7.1%	0.7%	96.91	
Molina - Houston	103.3%	-0.5%	-3.9%	7.1%	-0.1%	96.91	
Mercy - Laredo	2.1%	24.9%	4.4%	13.7%	10.3%	87.99	
Firstcare - Lubbock	2.4%	12.2%	6.6%	-4.2%	4.5%	71.85	
Superior - Lubbock	2.4%	6.1%	2.4%	-3.3%	1.6%	71.85	
CFHP - San Antonio	8.4%	0.4%	-4.4%	-10.1%	-4.9%	84.83	
Superior - San Antonio	38.0%	18.3%	24.4%	16.5%	21.3%	84.83	
Aetna - San Antonio	9.7%	-1.4%	-2.8%	-8.8%	-4.0%	84.83	
EPO Plan	69.0%	16.8%	5.1%	-6.7%	4.1%	84.29	
Total - All Plans	29.9%	4.8%	-3.1%	2.3%	-0.2%	86.80	

FY2009 CHIP Rating Summary

Health Plan	Age Bracket				Total	Age Bracket				Total
	<1	1-5	6-14	15-18		<1	1-5	6-14	15-18	
FY2009 Premium Rates pmpm (Community Rating with Risk Adjustment)										
Seton - Austin	107.89	94.70	78.17	110.74	87.75	51,788	2,498,853	7,394,387	3,436,539	13,381,566
Superior - Austin	77.39	97.49	65.83	89.04	77.07	42,717	1,654,141	2,710,293	865,436	5,272,586
Driscoll - Corpus	111.16	119.94	92.33	120.73	103.06	12,006	1,847,971	6,097,091	3,056,790	11,013,857
Amerigroup - Corpus	111.16	145.13	61.03	79.71	77.54	4,002	181,119	331,004	147,300	663,425
Superior - Corpus	111.16	90.51	66.67	83.25	74.63	4,002	196,599	493,637	222,770	917,007
Amerigroup - Dallas	93.98	95.38	73.89	93.09	81.44	85,714	5,681,632	14,789,321	5,335,376	25,892,043
Parkland - Dallas	122.61	94.54	85.51	94.09	88.95	182,446	5,154,100	14,700,447	4,332,278	24,369,272
Unicare - Dallas	91.56	81.86	60.34	76.05	67.31	25,271	1,111,951	2,897,845	1,130,734	5,165,801
Cook - Fort Worth	122.97	96.35	76.57	113.94	87.24	88,536	5,059,582	13,782,076	6,041,817	24,972,011
Aetna - Fort Worth	70.96	71.25	49.67	76.47	59.32	14,475	630,964	1,430,997	758,842	2,835,278
Amerigroup - Fort Worth	70.96	81.70	57.63	83.05	67.74	66,415	2,033,227	3,161,337	1,107,210	6,368,189
El Paso First - El Paso	126.25	73.85	70.01	82.16	73.74	36,359	1,128,113	5,854,257	2,871,916	9,890,645
Superior - El Paso	82.49	81.17	63.36	75.01	68.48	11,878	818,151	2,957,776	1,247,630	5,035,435
Amerigroup - Houston	250.13	99.99	76.68	109.47	87.86	129,066	3,402,854	9,429,405	4,450,504	17,411,829
TCHP - Houston	318.86	113.71	93.14	139.24	106.33	654,309	14,856,489	39,361,567	17,655,798	72,528,163
UHC - Houston	312.56	91.79	78.37	115.45	90.05	165,032	2,381,495	10,120,244	6,111,202	18,777,973
CHC - Houston	257.62	100.69	68.53	103.95	83.53	408,071	3,837,439	6,893,179	2,950,078	14,088,766
Molina - Houston	239.03	91.03	55.92	97.70	69.39	25,815	340,805	1,164,904	626,049	2,157,573
Mercy - Laredo	113.31	114.06	75.61	103.24	87.47	17,677	1,409,752	3,887,065	1,813,761	7,128,255
Firstcare - Lubbock	77.97	78.38	64.03	84.65	71.00	9,356	592,538	1,794,949	861,416	3,258,260
Superior - Lubbock	88.98	86.03	63.66	88.59	72.76	7,475	954,947	2,468,800	1,142,759	4,573,981
CFHP - San Antonio	126.09	112.33	78.39	95.49	87.38	59,009	3,448,172	10,079,768	4,384,040	17,970,989
Superior - San Antonio	117.46	114.44	77.43	90.66	86.15	36,648	2,400,567	6,451,441	2,474,986	11,363,642
Aetna - San Antonio	130.32	96.53	55.80	71.86	65.89	15,639	699,642	1,626,424	772,627	3,114,332
EPO Plan	144.50	104.15	75.55	93.17	84.10	376,278	17,579,352	50,122,114	21,835,447	89,913,192
Total - All Plans	170.58	100.80	77.26	102.74	86.80	2,529,982	79,900,454	220,000,329	95,633,306	398,064,071

Health Plan	FY2009 Premium Rate Change Relative to Current Rates				FY2009 Average Rates (weighted using total program members)					
	<1	1-5	6-14	15-18	Total	<1	1-5	6-14	15-18	Total
Seton - Austin	-16.7%	-4.7%	-9.8%	-5.4%	-7.8%	87.73				
Superior - Austin	-40.3%	-1.9%	-24.0%	-23.9%	-18.4%	76.05				
Driscoll - Corpus	78.4%	23.1%	8.9%	3.7%	9.5%	102.93				
Amerigroup - Corpus	78.4%	49.0%	-28.0%	-31.5%	-17.0%	79.52				
Superior - Corpus	78.4%	-7.1%	-21.4%	-28.5%	-20.5%	74.30				
Amerigroup - Dallas	-43.5%	5.7%	-11.4%	17.1%	-3.3%	81.57				
Parkland - Dallas	-42.2%	-3.2%	-5.5%	16.2%	-2.3%	88.93				
Unicare - Dallas	-51.8%	-12.8%	-30.5%	-5.2%	-22.8%	67.35				
Cook - Fort Worth	-3.4%	-0.9%	-14.4%	1.5%	-8.4%	87.73				
Aetna - Fort Worth	-44.3%	-26.8%	-44.5%	-31.9%	-38.1%	58.91				
Amerigroup - Fort Worth	-44.3%	-16.0%	-35.6%	-26.0%	-28.8%	66.99				
El Paso First - El Paso	71.1%	7.5%	8.8%	16.3%	10.9%	73.32				
Superior - El Paso	21.8%	19.9%	8.1%	16.8%	12.0%	68.87				
Amerigroup - Houston	153.0%	25.1%	23.6%	35.2%	27.2%	87.92				
TCHP - Houston	121.5%	4.6%	4.8%	17.2%	8.1%	106.78				
UHC - Houston	113.6%	-14.4%	-13.3%	-3.9%	-10.1%	88.98				
CHC - Houston	81.4%	-6.1%	-21.7%	-10.7%	-14.2%	81.89				
Molina - Houston	68.3%	-15.1%	-36.1%	-16.0%	-27.7%	71.06				
Mercy - Laredo	2.1%	24.9%	4.4%	13.7%	10.3%	87.99				
Firstcare - Lubbock	-3.2%	6.0%	7.0%	-6.6%	2.8%	70.74				
Superior - Lubbock	10.5%	10.1%	2.2%	-1.4%	2.8%	72.67				
CFHP - San Antonio	10.5%	1.4%	-0.5%	-5.6%	-1.4%	87.88				
Superior - San Antonio	31.1%	21.8%	27.9%	16.2%	23.9%	86.64				
Aetna - San Antonio	15.6%	-14.3%	-28.0%	-27.9%	-25.1%	66.34				
EPO Plan	69.0%	16.8%	5.1%	-6.7%	4.1%	84.29				
Total - All Plans	29.9%	4.8%	-3.1%	2.3%	-0.2%	86.80				

FY2009 CHIP Rating Summary

Health Plan	Age Bracket				Total	FY2009 Premium	Age Bracket				Total
	<1	1-5	6-14	15-18			<1	1-5	6-14	15-18	
FY2009 Premium Rates pmpm (Minimum of CR w/o RA and 110% of Indiv. Exper. Rating)											
Seton - Austin	91.57	95.79	74.43	105.56	84.51	43,956	2,527,659	7,040,409	3,275,885	12,887,909	
Superior - Austin	72.57	75.91	58.98	83.66	66.80	40,059	1,288,043	2,428,368	813,154	4,569,624	
Driscoll - Corpus	111.16	118.21	87.77	114.83	98.59	12,006	1,821,404	5,795,844	2,907,389	10,536,643	
Amerigroup - Corpus	111.16	118.21	87.77	114.83	98.15	4,002	147,528	476,053	212,198	839,781	
Superior - Corpus	86.61	92.10	68.38	89.46	77.22	3,118	200,043	506,296	239,402	948,859	
Amerigroup - Dallas	104.56	89.24	73.52	87.10	79.00	95,358	5,315,634	14,714,127	4,991,595	25,116,714	
Parkland - Dallas	109.65	93.58	77.10	91.34	82.95	163,163	5,101,826	13,254,062	4,205,584	22,724,636	
Unicare - Dallas	106.84	91.18	75.12	88.99	80.76	29,487	1,238,611	3,607,503	1,323,157	6,198,758	
Cook - Fort Worth	91.09	89.54	69.69	103.66	79.68	65,584	4,702,175	12,543,707	5,497,070	22,808,536	
Aetna - Fort Worth	60.50	59.47	46.29	68.85	53.48	12,342	526,693	1,333,630	683,270	2,555,935	
Amerigroup - Fort Worth	70.92	69.72	54.26	80.71	62.27	66,381	1,735,138	2,976,313	1,076,032	5,853,863	
El Paso First - El Paso	111.66	76.76	67.63	79.85	71.95	32,158	1,172,548	5,655,023	2,791,403	9,651,132	
Superior - El Paso	108.47	74.57	65.70	77.57	69.68	15,620	751,617	3,066,838	1,290,209	5,124,283	
Amerigroup - Houston	210.06	77.68	61.21	90.66	70.46	108,393	2,643,481	7,526,911	3,685,714	13,964,499	
TCHP - Houston	288.70	106.75	84.12	124.59	96.59	592,412	13,948,082	35,548,924	15,798,885	65,888,303	
UHC - Houston	288.70	106.75	84.12	124.59	97.73	152,433	2,769,632	10,862,424	6,594,954	20,379,443	
CHC - Houston	214.89	79.46	62.61	92.74	72.92	340,394	3,028,495	6,297,988	2,632,000	12,298,877	
Molina - Houston	161.63	59.77	47.09	69.75	53.69	17,456	223,769	981,074	446,986	1,669,285	
Mercy - Laredo	113.31	114.06	75.61	103.24	87.47	17,677	1,409,752	3,887,065	1,813,761	7,128,255	
Firstcare - Lubbock	82.50	82.93	63.81	86.85	72.12	9,900	626,956	1,788,814	883,797	3,309,467	
Superior - Lubbock	82.00	82.43	63.43	86.33	71.51	6,888	914,955	2,459,946	1,113,593	4,495,382	
CFHP - San Antonio	123.66	111.14	75.33	90.89	84.26	57,874	3,411,559	9,686,241	4,173,032	17,328,706	
Superior - San Antonio	123.66	111.14	75.33	90.89	84.36	38,583	2,331,277	6,275,809	2,481,351	11,127,019	
Aetna - San Antonio	76.31	68.58	46.48	56.09	52.13	9,157	497,080	1,354,838	603,048	2,464,124	
EPO Plan	144.50	104.15	75.55	93.17	84.10	376,278	17,579,352	50,122,114	21,835,447	89,913,192	
Total - All Plans	155.79	95.77	73.82	98.16	82.82	2,310,676	75,913,310	210,190,321	91,368,916	379,783,224	

Health Plan	Age Bracket					Total	FY2009 Average Rates (weighted using total program members)
	<1	1-5	6-14	15-18	Total		
Seton - Austin	-29.3%	-3.6%	-14.1%	-9.8%	-11.2%	84.49	
Superior - Austin	-44.0%	-23.6%	-31.9%	-28.5%	-29.3%	66.96	
Driscoll - Corpus	78.4%	21.4%	3.5%	-1.4%	4.8%	98.60	
Amerigroup - Corpus	78.4%	21.4%	3.5%	-1.4%	5.1%	98.60	
Superior - Corpus	39.0%	-5.4%	-19.4%	-23.2%	-17.7%	76.82	
Amerigroup - Dallas	-37.2%	-1.1%	-11.9%	9.6%	-6.2%	79.09	
Parkland - Dallas	-48.3%	-4.2%	-14.8%	12.8%	-8.9%	82.94	
Unicare - Dallas	-43.8%	-2.8%	-13.5%	11.0%	-7.4%	80.81	
Cook - Fort Worth	-28.5%	-7.9%	-22.1%	-7.7%	-16.3%	80.09	
Aetna - Fort Worth	-52.5%	-38.9%	-48.3%	-38.7%	-44.2%	53.19	
Amerigroup - Fort Worth	-44.3%	-28.3%	-39.4%	-28.1%	-34.6%	62.36	
El Paso First - El Paso	51.3%	11.7%	5.1%	13.0%	8.2%	71.83	
Superior - El Paso	60.2%	10.2%	12.1%	20.8%	14.0%	69.78	
Amerigroup - Houston	112.5%	-2.8%	-1.3%	11.9%	2.0%	70.51	
TCHP - Houston	100.5%	-1.8%	-5.3%	4.9%	-1.8%	96.91	
UHC - Houston	97.3%	-0.4%	-7.0%	3.8%	-2.5%	96.91	
CHC - Houston	51.3%	-25.9%	-28.4%	-20.3%	-25.1%	72.13	
Molina - Houston	13.8%	-44.3%	-46.2%	-40.0%	-44.1%	54.26	
Mercy - Laredo	2.1%	24.9%	4.4%	13.7%	10.3%	87.99	
Firstcare - Lubbock	2.4%	12.2%	6.6%	-4.2%	4.5%	71.85	
Superior - Lubbock	1.8%	5.5%	1.8%	-3.9%	1.0%	71.42	
CFHP - San Antonio	8.4%	0.4%	-4.4%	-10.1%	-4.9%	84.83	
Superior - San Antonio	38.0%	18.3%	24.4%	16.5%	21.3%	84.83	
Aetna - San Antonio	-32.3%	-39.1%	-40.0%	-43.7%	-40.8%	52.35	
EPO Plan	69.0%	16.8%	5.1%	-6.7%	4.1%	84.29	
Total - All Plans	18.6%	-0.4%	-7.4%	-2.3%	-4.7%	82.82	



FY2009 CHIP Rating Summary

Health Plan	Age Bracket				Total	FY2009 Premium	Age Bracket				Total
	<1	1-5	6-14	15-18			<1	1-5	6-14	15-18	
FY2009 Premium Rates pmpm (Minimum of CRw/RA and 110% of Indiv. Exper. Rating)											
Seton - Austin	107.89	94.70	78.17	110.74	87.75	51,788	2,498,853	7,394,387	3,436,539	13,381,566	
Superior - Austin	67.07	84.49	57.05	77.17	66.80	37,022	1,433,604	2,348,946	750,052	4,569,624	
Driscoll - Corpus	111.16	119.94	92.33	120.73	103.06	12,006	1,847,971	6,097,091	3,056,790	11,013,857	
Amerigroup - Corpus	111.16	145.13	61.03	79.71	77.54	4,002	181,119	331,004	147,300	663,425	
Superior - Corpus	111.16	90.51	66.67	83.25	74.63	4,002	196,599	493,637	222,770	917,007	
Amerigroup - Dallas	91.17	92.52	71.68	90.31	79.00	83,147	5,511,498	14,346,459	5,175,610	25,116,714	
Parkland - Dallas	122.61	94.54	85.51	94.09	88.95	182,446	5,154,100	14,700,447	4,332,278	24,369,272	
Unicare - Dallas	91.56	81.86	60.34	76.05	67.31	25,271	1,111,951	2,897,845	1,130,734	5,165,801	
Cook - Fort Worth	122.97	96.35	76.57	113.94	87.24	88,536	5,059,582	13,782,076	6,041,817	24,972,011	
Aetna - Fort Worth	63.96	64.23	44.77	68.93	53.48	13,049	568,799	1,290,009	684,078	2,555,935	
Amerigroup - Fort Worth	65.23	75.10	52.98	76.34	62.27	61,051	1,869,014	2,906,012	1,017,786	5,853,863	
El Paso First - El Paso	126.25	73.85	70.01	82.16	73.74	36,359	1,128,113	5,854,257	2,871,916	9,890,645	
Superior - El Paso	82.49	81.17	63.36	75.01	68.48	11,878	818,151	2,957,776	1,247,630	5,035,435	
Amerigroup - Houston	200.61	80.19	61.50	87.79	70.46	103,513	2,729,130	7,562,498	3,569,358	13,964,499	
TCHP - Houston	318.86	113.71	93.14	139.24	106.33	654,309	14,856,489	39,361,567	17,655,798	72,528,163	
UHC - Houston	312.56	91.79	78.37	115.45	90.05	165,032	2,381,495	10,120,244	6,111,202	18,777,973	
CHC - Houston	224.89	87.90	59.83	90.74	72.92	356,228	3,349,916	6,017,444	2,575,289	12,298,877	
Molina - Houston	184.93	70.43	43.26	75.59	53.69	19,973	263,676	901,271	484,365	1,669,285	
Mercy - Laredo	113.31	114.06	75.61	103.24	87.47	17,677	1,409,752	3,887,065	1,813,761	7,128,255	
Firstcare - Lubbock	77.97	78.38	64.03	84.65	71.00	9,356	592,538	1,794,949	861,416	3,258,260	
Superior - Lubbock	87.45	84.55	62.56	87.06	71.51	7,346	938,538	2,426,376	1,123,122	4,495,382	
CFHP - San Antonio	126.09	112.33	78.39	95.49	87.38	59,009	3,448,172	10,079,768	4,384,040	17,970,989	
Superior - San Antonio	117.46	114.44	77.43	90.66	86.15	36,648	2,400,567	6,451,441	2,474,986	11,363,642	
Aetna - San Antonio	103.12	76.38	44.15	56.86	52.13	12,374	553,571	1,286,861	611,318	2,464,124	
EPO Plan	144.50	104.15	75.55	93.17	84.10	376,278	17,579,352	50,122,114	21,835,447	89,913,192	
Total - All Plans	163.72	98.25	75.65	100.57	84.90	2,428,297	77,882,549	215,411,544	93,615,405	389,337,795	

Health Plan	Age Bracket					Total	FY2009 Average Rates (weighted using total program members)
	<1	1-5	6-14	15-18	Total		
FY2009 Premium Rate Change Relative to Current Rates							
Seton - Austin	-16.7%	-4.7%	-9.8%	-5.4%	-7.8%	87.73	
Superior - Austin	-48.2%	-15.0%	-34.2%	-34.1%	-29.3%	65.91	
Driscoll - Corpus	78.4%	23.1%	8.9%	3.7%	9.5%	102.93	
Amerigroup - Corpus	78.4%	49.0%	-28.0%	-31.5%	-17.0%	79.52	
Superior - Corpus	78.4%	-7.1%	-21.4%	-28.5%	-20.5%	74.30	
Amerigroup - Dallas	-45.2%	2.5%	-14.1%	13.6%	-6.2%	79.13	
Parkland - Dallas	-42.2%	-3.2%	-5.5%	16.2%	-2.3%	88.93	
Unicare - Dallas	-51.8%	-12.8%	-30.5%	-5.2%	-22.8%	67.35	
Cook - Fort Worth	-3.4%	-0.9%	-14.4%	1.5%	-8.4%	87.73	
Aetna - Fort Worth	-49.8%	-34.0%	-50.0%	-38.6%	-44.2%	53.10	
Amerigroup - Fort Worth	-48.8%	-22.8%	-40.8%	-32.0%	-34.6%	61.58	
El Paso First - El Paso	71.1%	7.5%	8.8%	16.3%	10.9%	73.32	
Superior - El Paso	21.8%	19.9%	8.1%	16.8%	12.0%	68.87	
Amerigroup - Houston	102.9%	0.3%	-0.9%	8.4%	2.0%	70.52	
TCHP - Houston	121.5%	4.6%	4.8%	17.2%	8.1%	106.78	
UHC - Houston	113.6%	-14.4%	-13.3%	-3.9%	-10.1%	88.98	
CHC - Houston	58.4%	-18.1%	-31.6%	-22.0%	-25.1%	71.49	
Molina - Houston	30.2%	-34.3%	-50.6%	-35.0%	-44.1%	54.98	
Mercy - Laredo	2.1%	24.9%	4.4%	13.7%	10.3%	87.99	
Firstcare - Lubbock	-3.2%	6.0%	7.0%	-6.6%	2.8%	70.74	
Superior - Lubbock	8.6%	8.2%	0.4%	-3.1%	1.0%	71.42	
CFHP - San Antonio	10.5%	1.4%	-0.5%	-5.6%	-1.4%	87.88	
Superior - San Antonio	31.1%	21.8%	27.9%	16.2%	23.9%	86.64	
Aetna - San Antonio	-8.5%	-32.2%	-43.0%	-42.9%	-40.8%	52.49	
EPO Plan	69.0%	16.8%	5.1%	-6.7%	4.1%	84.29	
Total - All Plans	24.7%	2.2%	-5.1%	0.1%	-2.3%	84.90	

FY2009 CHIP Rating Summary

Health Plan	Age Bracket					Total	Age Bracket					Total
	<1	1-5	6-14	15-18	>18		<1	1-5	6-14	15-18	>18	
Minimum of 110% of Individual Experience Rate and Maximum of CR w/o RA and CR w/ RA.												
Maximum decrease 10%.												
Seton - Austin	107.89	94.70	78.17	110.74	87.75	87.75	51,788	2,498,853	7,394,387	3,436,539	13,381,566	
Superior - Austin	85.36	107.53	72.61	98.21	85.01	85.01	47,117	1,824,517	2,989,453	954,576	5,815,663	
Driscoll - Corpus	111.16	119.94	92.33	120.73	103.06	103.06	12,006	1,847,971	6,097,091	3,056,790	11,013,857	
Amerigroup - Corpus	140.71	183.71	77.25	100.90	98.15	98.15	5,066	229,265	418,994	186,457	839,781	
Superior - Corpus	125.81	102.44	75.46	94.22	84.46	84.46	4,529	222,508	558,692	252,128	1,037,857	
Amerigroup - Dallas	91.17	92.52	71.68	90.31	79.00	79.00	83,147	5,511,498	14,346,459	5,175,610	25,116,714	
Parkland - Dallas	122.61	94.54	85.51	94.09	88.95	88.95	182,446	5,154,100	14,700,447	4,332,278	24,369,272	
Unicare - Dallas	109.87	98.23	72.41	91.26	80.76	80.76	30,324	1,334,297	3,477,300	1,356,837	6,198,758	
Cook - Fort Worth	122.97	96.35	76.57	113.94	87.24	87.24	88,536	5,059,582	13,782,076	6,041,817	24,972,011	
Aetna - Fort Worth	103.15	103.58	72.20	111.16	86.24	86.24	21,043	917,281	2,080,353	1,103,188	4,121,865	
Amerigroup - Fort Worth	89.70	103.28	72.86	104.99	85.64	85.64	83,963	2,570,464	3,996,652	1,399,766	8,050,845	
El Paso First - El Paso	126.25	73.85	70.01	82.16	73.74	73.74	36,359	1,128,113	5,854,257	2,871,916	9,890,645	
Superior - El Paso	83.94	82.60	64.48	76.34	69.68	69.68	12,088	832,587	3,009,965	1,269,644	5,124,283	
Amerigroup - Houston	200.61	80.19	61.50	87.79	70.46	70.46	103,513	2,729,130	7,562,498	3,569,358	13,964,499	
TCHP - Houston	318.86	113.71	93.14	139.24	106.33	106.33	654,309	14,856,489	39,361,567	17,655,798	72,528,163	
UHC - Houston	339.22	99.62	85.06	125.30	97.73	97.73	179,107	2,584,599	10,983,344	6,632,393	20,379,443	
CHC - Houston	270.16	105.59	71.87	109.01	87.60	87.60	427,928	4,024,176	7,228,616	3,093,634	14,774,355	
Molina - Houston	297.66	113.35	69.63	121.66	86.41	86.41	32,147	424,394	1,450,620	779,599	2,686,760	
Mercy - Laredo	113.31	114.06	75.61	103.24	87.47	87.47	17,677	1,409,752	3,887,065	1,813,761	7,128,255	
Firstcare - Lubbock	79.19	79.61	65.04	85.98	72.12	72.12	9,503	601,851	1,823,159	874,954	3,309,467	
Superior - Lubbock	87.45	84.55	62.56	87.06	71.51	71.51	7,346	938,538	2,426,376	1,123,122	4,495,382	
CFHP - San Antonio	126.09	112.33	78.39	95.49	87.38	87.38	59,009	3,448,172	10,079,768	4,384,040	17,970,989	
Superior - San Antonio	117.46	114.44	77.43	90.66	86.15	86.15	36,648	2,400,567	6,451,441	2,474,986	11,363,642	
Aetna - San Antonio	156.66	116.04	67.08	86.38	79.20	79.20	18,800	841,051	1,955,150	928,787	3,743,787	
EPO Plan	144.50	104.15	75.55	93.17	84.10	84.10	376,278	17,579,352	50,122,114	21,835,447	89,913,192	
Total - All Plans	173.99	102.15	77.98	103.78	87.70	87.70	2,580,676	80,969,106	222,037,843	96,603,427	402,191,052	

Health Plan	Age Bracket					Total
	<1	1-5	6-14	15-18	Total	
FY2009 Premium Rate Change Relative to Current Rates						
Seton - Austin	-16.7%	-4.7%	-9.8%	-5.4%	-7.8%	
Superior - Austin	-34.1%	8.2%	-16.2%	-16.1%	-10.0%	
Driscoll - Corpus	78.4%	23.1%	8.9%	3.7%	9.5%	
Amerigroup - Corpus	125.8%	88.6%	-8.9%	-13.3%	5.1%	
Superior - Corpus	101.9%	5.2%	-11.0%	-19.1%	-10.0%	
Amerigroup - Dallas	-45.2%	2.5%	-14.1%	13.6%	-6.2%	
Parkland - Dallas	-42.2%	-3.2%	-5.5%	16.2%	-2.3%	
Unicare - Dallas	-42.2%	4.7%	-16.6%	13.8%	-7.4%	
Cook - Fort Worth	-3.4%	-0.9%	-14.4%	1.5%	-8.4%	
Aetna - Fort Worth	-19.0%	6.5%	-19.3%	-1.0%	-10.0%	
Amerigroup - Fort Worth	-29.5%	6.2%	-18.6%	-6.5%	-10.0%	
El Paso First - El Paso	71.1%	7.5%	8.8%	16.3%	10.9%	
Superior - El Paso	24.0%	22.0%	10.1%	18.8%	14.0%	
Amerigroup - Houston	102.9%	0.3%	-0.9%	8.4%	2.0%	
TCHP - Houston	121.5%	4.6%	4.8%	17.2%	8.1%	
UHC - Houston	131.9%	-7.1%	-6.0%	4.3%	-2.5%	
CHC - Houston	90.2%	-1.6%	-17.9%	-6.3%	-10.0%	
Molina - Houston	109.6%	5.7%	-20.4%	4.6%	-10.0%	
Mercy - Laredo	2.1%	24.9%	4.4%	13.7%	10.3%	
Firstcare - Lubbock	-1.7%	7.7%	8.7%	-5.1%	4.5%	
Superior - Lubbock	8.6%	8.2%	0.4%	-3.1%	1.0%	
CFHP - San Antonio	10.5%	1.4%	-0.5%	-5.6%	-1.4%	
Superior - San Antonio	31.1%	21.8%	27.9%	16.2%	23.9%	
Aetna - San Antonio	39.0%	3.0%	-13.4%	-13.3%	-10.0%	
EPO Plan	69.0%	16.8%	5.1%	-6.7%	4.1%	
Total - All Plans	32.5%	6.2%	-2.2%	3.3%	0.9%	

## *Attachment 2*

### Individual Health Plan Experience Analysis

The following exhibits present a summary of the experience analysis performed for each participating health plan. These exhibits use hypothetical experience data from a sample health plan. The actual analysis is based on experience data provided by each plan. This data was checked for reasonableness by comparing to other data sources provided by HHSC, the EQRO and the health plan. Below is a brief description of each of the exhibits contained in this attachment.

Exhibit A. This exhibit shows monthly enrollment and earned premium by age group for the period September 2004 through March 2008. This information was provided by HHSC.

Exhibit B. This exhibit shows a sample of a claim lag report. This report includes claim amounts by payment month and month of service. We analyzed claims experience for each plan by age group for the period September 2004 through March 2008.

Exhibit C. This exhibit shows the calculation of estimated monthly incurred claims. The exhibit includes the following information: (i) monthly enrollment, (ii) claim amounts incurred in that month and paid through March, 2008, (iii) estimated proportion of that month's incurred claims paid through March, 2008 (completion factor), (iv) estimated incurred claims, (v) estimated incurred claims pmpm and (vi) the ratio of this month's incurred claims pmpm to the same statistic from one year ago (trend factor). The assumed completion factors and estimated incurred claims were derived based on the actual historical claims payment pattern of the health plan.

Exhibit D. This exhibit is a summary of the sample health plan's projected FY2009 cost based on the plan's actual experience. The top of the exhibit shows summary base period (FY2007) enrollment, premium and claims experience. Trend assumptions for FY2008 and FY2009 are used to project the average base period claims cost to FY2009. Following that are several adjustments for benefit and provider reimbursement changes.

In addition to incurred claims, provision is also made for services that are capitated by the health plan, such as vision and behavioral health services. The cost of reinsurance is also considered. In developing the cost of reinsurance, an assumption is made regarding how much the plan is expected to receive in reinsurance recoveries (reimbursements from the reinsurance company for large claims). We have assumed that the net cost of reinsurance (reinsurance premium less reinsurance recoveries) is the minimum of (a) the actual reinsurance premium rate and (b) \$1.00 pmpm.

The rating methodology includes an explicit provision for administrative expenses. The amount allocated for administrative expenses is the greater of (a) \$10.1025 pmpm plus 7.5% of gross premium and (b) \$16.1025 pmpm plus 1.75% of gross premium. A risk margin is also included at 2.0% of gross premium.

At the bottom of Exhibit D is a summary of the projected FY2009 cost based on the above assumptions

Month	Number of Members				Total Members	Premium	Premium pmpm	Adjusted Premium	Adj Prem pmpm
	<1	1-5	6-14	15-18					
Sep-04	124	5,188	15,901	5,132	26,345	1,912,339	72.59	2,111,234	80.14
Oct-04	114	4,896	15,278	4,918	25,206	1,827,852	72.52	2,019,166	80.11
Nov-04	104	4,410	14,441	4,721	23,676	1,719,029	72.61	1,896,042	80.08
Dec-04	98	4,151	13,842	4,541	22,632	1,643,508	72.62	1,812,129	80.07
Jan-05	84	3,945	13,248	4,363	21,640	1,569,212	72.51	1,732,324	80.05
Feb-05	80	3,778	12,940	4,286	21,084	1,529,380	72.54	1,687,582	80.04
Mar-05	85	3,602	12,610	4,236	20,533	1,493,965	72.76	1,643,939	80.06
Apr-05	72	3,458	12,326	4,107	19,963	1,448,064	72.54	1,597,192	80.01
May-05	68	3,360	12,063	4,013	19,504	1,413,847	72.49	1,560,178	79.99
Jun-05	57	3,315	11,940	3,987	19,299	1,396,455	72.36	1,543,451	79.98
Jul-05	54	3,298	11,968	4,010	19,330	1,398,322	72.34	1,545,808	79.97
Aug-05	48	3,276	11,957	4,033	19,314	1,396,413	72.30	1,544,452	79.97
Sep-05	52	3,228	11,979	4,045	19,304	1,497,835	77.59	1,543,572	79.96
Oct-05	44	3,134	11,888	3,989	19,055	1,473,875	77.35	1,522,731	79.91
Nov-05	45	3,062	11,636	3,994	18,737	1,453,300	77.56	1,498,267	79.96
Dec-05	46	3,004	11,658	3,966	18,674	1,446,630	77.47	1,492,574	79.93
Jan-06	43	2,927	11,618	3,986	18,574	1,438,250	77.43	1,484,446	79.92
Feb-06	42	2,904	11,562	3,948	18,456	1,428,000	77.37	1,474,747	79.91
Mar-06	45	2,878	11,497	3,941	18,361	1,422,305	77.46	1,467,389	79.92
Apr-06	45	2,910	11,557	3,950	18,463	1,430,030	77.46	1,475,489	79.92
May-06	45	2,927	11,645	3,985	18,603	1,440,864	77.45	1,486,714	79.92
Jun-06	46	2,950	11,747	4,021	18,764	1,453,372	77.46	1,499,565	79.92
Jul-06	46	2,982	11,862	4,058	18,949	1,467,683	77.45	1,514,376	79.92
Aug-06	47	3,013	11,992	4,103	19,155	1,483,648	77.45	1,530,863	79.92
Sep-06	46	3,002	11,971	4,090	19,109	1,449,030	75.83	1,527,060	79.91
Oct-06	45	2,991	11,950	4,077	19,063	1,444,963	75.80	1,523,258	79.90
Nov-06	44	2,980	11,929	4,064	19,017	1,440,896	75.77	1,519,455	79.90
Dec-06	43	2,969	11,908	4,051	18,971	1,436,829	75.74	1,515,652	79.89
Jan-07	42	2,958	11,887	4,038	18,925	1,432,762	75.71	1,511,850	79.88
Feb-07	41	2,947	11,866	4,025	18,879	1,428,695	75.67	1,508,047	79.88
Mar-07	40	2,936	11,845	4,012	18,833	1,424,628	75.64	1,504,244	79.87
Apr-07	44	2,964	11,847	4,040	18,895	1,431,973	75.79	1,509,750	79.90
May-07	44	2,994	11,965	4,080	19,083	1,446,064	75.78	1,524,754	79.90
Jun-07	43	3,024	12,085	4,121	19,273	1,459,960	75.75	1,539,877	79.90
Jul-07	43	3,039	12,145	4,142	19,369	1,467,176	75.75	1,547,544	79.90
Aug-07	47	3,059	12,226	4,170	19,502	1,478,560	75.82	1,558,324	79.91
Sep-07	47	3,065	12,252	4,179	19,543	1,561,595	79.91	1,561,595	79.91
Oct-07	47	3,068	12,264	4,183	19,562	1,563,110	79.91	1,563,110	79.91
Nov-07	47	3,075	12,292	4,193	19,607	1,566,706	79.91	1,566,706	79.91
Dec-07	45	3,078	12,304	4,197	19,624	1,567,980	79.90	1,567,980	79.90
Jan-08	48	3,081	12,316	4,201	19,646	1,569,858	79.91	1,569,858	79.91
Feb-08	46	3,084	12,328	4,205	19,663	1,571,132	79.90	1,571,132	79.90
Mar-08	46	3,087	12,340	4,209	19,682	1,572,647	79.90	1,572,647	79.90
FY2005	988	46,677	158,514	52,347	258,526	18,748,386	72.52	20,693,498	80.04
FY2006	547	35,920	140,641	47,987	225,095	17,435,792	77.46	17,990,734	79.93
FY2007	520	35,865	143,623	48,913	228,922	17,341,535	75.75	18,289,816	79.90

Sample Health Plan  
CHIP Incurred Claims Summary Lag Report

Month Incurred	Sep-04	Oct-04	Nov-04	Dec-04	Jan-05	Feb-05	Mar-05	Apr-05	May-05	Jun-05	Jul-05	Aug-05	Sep-05	Oct-05	Nov-05	Dec-05
<b>6-14</b>																
Sep-04	98,844	301,670	120,017	19,287	3,265	6,474	1,850	2,341	1,704	316	1,347	807	306	0	160	-37
Oct-04		86,099	328,120	197,976	18,651	12,689	-1,201	-254	838	990	146	7,384	0	0	1,735	1,738
Nov-04			17,351	367,907	68,405	39,292	5,651	3,370	7,579	1,947	657	-57	0	-43	32	35
Dec-04				79,890	251,389	123,262	19,456	6,304	2,806	2,392	107	-157	-1,160	66	-30	-2,656
Jan-05					17,198	383,437	95,120	15,460	4,917	5,241	94	3	849	301	371	-22
Feb-05						58,788	330,673	63,094	25,904	8,509	2,334	-1,095	466	0	0	-137
Mar-05							37,050	375,045	87,951	25,614	3,633	1,463	902	-2,288	956	186
Apr-05								49,356	358,033	79,963	16,664	7,310	348	3,833	720	470
May-05									50,126	340,480	109,840	31,914	7,497	6,509	1,813	278
Jun-05										43,481	290,289	255,510	13,292	7,486	1,683	511
Jul-05											20,983	305,586	130,515	70,186	4,511	5,739
Aug-05												32,812	371,147	109,441	16,108	13,920
Sep-05													50,488	529,966	240,552	34,979
Oct-05														6,091	398,876	270,221
Nov-05															14,019	464,602
Dec-05																45,693



Sample Health Plan  
Estimated Claims Experience

Month	Ages 6-14					Ages 15-18					Trend Factor
	Members	Inc & Pd Claims	Compl Factor	Est. Inc. Claims	Est. Inc. pmpm	Members	Inc & Pd Claims	Compl Factor	Est. Inc. Claims	Est. Inc. pmpm	
Sep-05	11,979	883,569	1.000	883,569	73.76	4,045	121,542	1.000	121,542	30.05	0.780
Oct-05	11,888	726,038	1.000	726,038	61.07	3,989	136,479	1.000	136,479	34.21	0.767
Nov-05	11,636	689,010	1.000	689,010	59.21	3,994	131,288	1.000	131,288	32.87	1.068
Dec-05	11,658	631,106	1.000	631,106	54.14	3,966	112,702	1.000	112,702	28.42	0.744
Jan-06	11,618	673,253	1.000	673,253	57.95	3,986	156,610	1.000	156,610	39.29	1.123
Feb-06	11,562	920,872	1.000	920,872	79.65	3,948	174,974	1.000	174,974	44.32	1.170
Mar-06	11,497	905,576	1.000	905,576	78.77	3,941	123,638	1.000	123,638	31.37	0.685
Apr-06	11,557	721,089	1.000	721,089	62.40	3,950	133,668	1.000	133,668	33.84	0.883
May-06	11,645	807,072	1.000	807,072	69.30	3,985	107,791	1.000	107,791	27.05	0.874
Jun-06	11,747	688,476	1.000	688,476	58.61	4,021	157,910	1.000	157,910	39.27	1.430
Jul-06	11,862	608,947	1.000	608,947	51.33	4,058	160,277	1.000	160,277	39.50	0.963
Aug-06	11,992	569,289	1.000	569,289	47.47	4,103	172,673	1.000	172,673	42.08	1.145
Sep-06	11,971	663,520	1.000	663,520	55.43	4,090	138,374	1.000	138,374	33.83	1.126
Oct-06	11,950	598,689	1.000	598,689	50.10	4,077	150,967	1.000	150,967	37.02	1.082
Nov-06	11,929	660,770	1.000	660,770	55.39	4,064	149,593	1.000	149,593	36.81	1.120
Dec-06	11,908	573,589	1.000	573,589	48.17	4,051	143,090	1.000	143,090	35.32	1.243
Jan-07	11,887	635,459	1.000	635,459	53.46	4,038	184,225	1.000	184,225	45.62	1.161
Feb-07	11,866	521,411	1.000	521,411	43.94	4,025	166,286	1.000	166,286	41.31	0.932
Mar-07	11,845	753,968	1.000	753,968	63.65	4,012	168,218	1.000	168,218	41.92	1.336
Apr-07	11,847	789,166	1.000	789,166	66.61	4,040	181,051	1.000	181,051	44.81	1.324
May-07	11,965	530,681	1.000	530,681	44.35	4,080	182,148	1.000	182,148	44.64	1.651
Jun-07	12,085	493,401	1.000	493,401	40.83	4,121	227,718	1.000	227,718	55.26	1.407
Jul-07	12,145	604,644	1.000	604,644	49.79	4,142	154,049	1.000	154,049	37.19	0.942
Aug-07	12,226	734,618	1.000	734,618	60.09	4,170	282,268	0.998	282,833	67.83	1.612
Sep-07	12,252	602,238	1.000	602,238	49.15	4,179	186,424	0.996	187,173	44.79	1.324
Oct-07	12,264	575,840	0.999	576,416	47.00	4,183	167,963	0.992	169,318	40.48	1.093
Nov-07	12,292	579,805	0.998	580,967	47.26	4,193	160,190	0.988	162,135	38.67	1.051
Dec-07	12,304	540,534	0.992	544,893	44.29	4,197	140,761	0.980	143,634	34.22	0.969
Jan-08	12,316	628,763	0.956	657,702	53.40	4,201	120,835	0.930	129,930	30.93	0.678
Feb-08	12,328	450,785	0.758	594,703	48.24	4,205	117,532	0.650	180,819	43.00	1.041
Mar-08	12,340	38,809	0.075	517,448	41.93	4,209	19,397	0.085	228,204	54.22	1.293
FY2005	158,514			6,528,516	41.19	52,347			1,948,470	37.22	
FY2006	140,641			8,824,296	62.74	47,987			1,689,551	35.21	0.946
FY2007	143,623			7,559,915	52.64	48,913			2,128,554	43.52	1.236
9/06-1/07	59,645			3,132,027	52.51	20,322			766,249	37.70	
9/07-1/08	61,428			2,962,216	48.22	20,953			792,190	37.81	1.003

Sample Health Plan  
 Experienced Based Renewal Rating  
 Projection Period: 9/1/2008 - 8/31/2009

	<1		1-5		6-14		15-18		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 9/1/2006 - 8/31/2007										
Member Months	520		35,865		143,623		48,913		228,922	
Premium Revenue	221,417	425.65	3,075,099	85.74	8,653,311	60.25	5,391,708	110.23	17,341,535	75.75
Adjusted Premium	62,813	120.75	3,057,884	85.26	10,768,883	74.98	4,400,236	89.96	18,289,816	79.90
Estimated Incurred Claims	48,251	92.76	2,254,965	62.87	7,559,915	52.64	2,128,554	43.52	11,991,684	52.38
Projected FY2009 Member Months	335		27,561		119,625		44,598		192,119	
Projected FY2009 Premium Current Rates	40,451	120.75	2,349,851	85.26	8,969,483	74.98	4,012,036	89.96	15,371,821	80.01
Annual Trend Assumptions										
FY2008	3.2 %		3.2 %		3.2 %		3.2 %		3.2 %	
FY2009	5.0 %		5.0 %		5.0 %		5.0 %		5.0 %	
Provider Fee Increase	13.1 %		13.1 %		13.1 %		13.1 %		13.1 %	
Reimbursement Changes	1.0039		1.0039		1.0039		1.0039		1.0039	
Third Party Reimbursement Adjust.	1.000		1.000		1.000		1.000		1.000	
Projected Incurred Claims	38,235	114.13	2,132,177	77.36	7,747,788	64.77	2,388,018	53.55	12,306,218	64.06
Capitation Expenses										
Vision		2.00		2.00		2.00		2.00		2.00
Behavioral Health		0.79		0.79		0.79		0.79		0.79
Other		0.00		0.00		0.00		0.00		0.00
Total	935	2.79	76,895	2.79	333,754	2.79	124,428	2.79	536,012	2.79

	<1		1-5		6-14		15-18		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Reinsurance Expenses										
Gross Premium		0.20		0.20		0.20		0.20		0.20
Projected Reinsurance Recoveries		0.00		0.00		0.00		0.00		0.00
Net Reinsurance Cost	67	0.20	5,512	0.20	23,925	0.20	8,920	0.20	38,424	0.20
Administrative Expenses										
Fixed Amount	3,766	11.24	309,855	11.24	1,344,884	11.24	501,393	11.24	2,159,898	11.24
Percentage of Premium	7.50 %	10.61	7.50 %	7.57	7.50 %	6.53	7.50 %	5.60	7.50 %	6.47
Risk Margin	2.00 %	2.83	2.00 %	2.02	2.00 %	1.74	2.00 %	1.49	2.00 %	1.73
Investment Income Adjustment		0.9976		0.9976		0.9976		0.9976		0.9976
Projected Total Cost	47,402	141.50	2,782,741	100.97	10,417,315	87.08	3,332,049	74.71	16,579,507	86.30
Experience Rate Increase		17.2%		18.4%		16.1%		-16.9%		7.9%

### ***Attachment 3***

#### Community Experience Analysis

The following exhibits present a summary of the experience analysis performed for each service area. HHSC utilizes an adjusted community rating methodology in setting the CHIP premium rates. The base community rates by age group vary by service area but are the same for each health plan in a service area. The community rates are developed by a weighted average of the projected FY2009 cost for each health plan in the service area. The weights used in this formula are the projected number of FY2009 members enrolled in each health plan.

Below is a brief description of each of the exhibits contained in the attachment. The exhibits present the derivation of the FY2009 CHIP HMO premium rates for the following service areas:

- Exhibit A – Austin Area
- Exhibit B – Corpus Christi Area
- Exhibit C – Dallas Area
- Exhibit D – El Paso Area
- Exhibit E – Exclusive Provider Organization (EPO) Area
- Exhibit F – Fort Worth Area
- Exhibit G – Houston Area
- Exhibit H – Laredo Area
- Exhibit I – Lubbock Area
- Exhibit J - San Antonio Area

These exhibits show projected FY2009 experience for each of the service areas. These amounts were derived by summing amounts from each individual health plan in the service area. The experience analysis for individual HMOs is described in Attachment 2. The top portion of the exhibit shows summary base period (FY2007) experience. Following that are projected FY2009 enrollment, premium and incurred claims experience.

In addition to incurred claims, provision is also made for services that are capitated by the HMOs, such as vision and behavioral health services. The cost of reinsurance is also considered. In developing the cost of reinsurance we make an assumption regarding how much the HMO is expected to receive in reinsurance recoveries (reimbursements from the reinsurance company for large claims). We have assumed that the net cost of reinsurance (reinsurance premium less reinsurance recoveries) is the minimum of (a) the actual reinsurance premium rate and (b) \$1.00 pmpm.

The amount allocated for administrative expenses is the greater of (a) \$10.1025 pmpm plus 7.5% of gross premium and (b) \$16.1025 pmpm plus 1.75% of gross premium. A risk margin is also included at 2.0% of gross premium.

At the bottom of the exhibit is a summary of the projected FY2009 cost based on these assumptions.

FY2009 CHIP Rating  
Austin Total

	<1		1-5		6-14		15-18		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 9/1/2006 - 8/31/2007										
Member Months	574		36,368		119,969		36,522		193,433	
Premium Revenue	36,248	63.15	3,296,396	90.64	9,967,025	83.08	4,540,415	124.32	17,840,083	92.23
Adjusted Premium	74,350	129.53	3,613,161	99.35	10,394,114	86.64	4,273,804	117.02	18,355,430	94.89
Adjusted FY07 Incurred Claims	22,267	38.79	1,572,062	43.23	3,338,821	27.83	1,775,721	48.62	6,708,872	34.68
Projected FY2009 Member Months	1,032		43,356		135,768		40,752		220,908	
Projected FY2009 Premium at FY2008 I	133,675	129.53	4,307,419	99.35	11,762,940	86.64	4,768,799	117.02	20,972,832	94.94
Annual Trend Assumptions										
FY2008	3.2 %		3.2 %		3.2 %		3.2 %		3.2 %	
FY2009	5.0 %		5.0 %		5.0 %		5.0 %		5.0 %	
Provider Fee Increase	19.3 %		19.3 %		19.3 %		19.3 %		19.3 %	
Other Reimbursement Changes	1.0017		1.0017		1.0017		1.0017		1.0017	
Projected Incurred Claims	51,824	50.22	2,426,088	55.96	4,891,350	36.03	2,564,935	62.94	9,934,197	44.97
Capitation Expenses										
Total	21,274	20.61	810,627	18.70	2,613,246	19.25	838,812	20.58	4,283,959	19.39
Reinsurance Expenses										
Net Reinsurance Cost	1,032	1.00	43,356	1.00	135,768	1.00	40,752	1.00	220,908	1.00
Administrative Expenses										
Fixed Amount	11,602	11.24	487,430	11.24	1,526,372	11.24	458,154	11.24	2,483,558	11.24
Percentage of Premium	7.50 %	6.87	7.50 %	7.18	7.50 %	5.58	7.50 %	7.92	7.50 %	6.33
Risk Margin	2.00 %	1.83	2.00 %	1.92	2.00 %	1.49	2.00 %	2.11	2.00 %	1.69
Investment Income Adjustment										
		0.9976		0.9976		0.9976		0.9976		0.9976
Projected Total Cost	94,505	91.57	4,152,994	95.79	10,104,679	74.43	4,301,975	105.56	18,654,152	84.44
Experience Rate Increase		-29.3 %		-3.6 %		-14.1 %		-9.8 %		-11.1 %

FY2009 CHIP Rating  
Corpus Total

Attachment 3 - Exhibit B

	<1		1-5		6-14		15-18		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 9/1/2006 - 8/31/2007										
Member Months	135		16,351		71,615		27,387		115,488	
Premium Revenue	12,069	89.40	1,533,233	93.77	5,641,830	78.78	2,672,971	97.60	9,860,103	85.38
Adjusted Premium	8,412	62.31	1,592,587	97.40	6,072,236	84.79	3,188,942	116.44	10,862,177	94.05
Adjusted FY07 Incurred Claims	8,959	66.36	1,140,308	69.74	3,383,093	47.24	1,857,237	67.81	6,389,598	55.33
Projected FY2009 Member Months	180		18,828		78,864		29,844		127,716	
Projected FY2009 Premium at FY2008 I	11,216	62.31	1,833,847	97.40	6,686,879	84.79	3,475,035	116.44	12,006,977	94.01
Annual Trend Assumptions										
FY2008	3.2 %		3.2 %		3.2 %		3.2 %		3.2 %	
FY2009	5.0 %		5.0 %		5.0 %		5.0 %		5.0 %	
Provider Fee Increase	12.8 %		12.8 %		12.8 %		12.8 %		12.8 %	
Other Reimbursement Changes	1.0007		1.0007		1.0007		1.0007		1.0007	
Projected Incurred Claims	14,614	81.19	1,606,367	85.32	4,557,758	57.79	2,475,954	82.96	8,654,693	67.77
Capitation Expenses										
Total	1,506	8.36	198,349	10.53	823,663	10.44	292,918	9.81	1,316,436	10.31
Reinsurance Expenses										
Net Reinsurance Cost	155	0.86	17,954	0.95	75,067	0.95	28,550	0.96	121,727	0.95
Administrative Expenses										
Fixed Amount	1,878	10.43	196,423	10.43	822,749	10.43	311,348	10.43	1,332,397	10.43
Percentage of Premium	7.50 %	8.34	7.50 %	8.87	7.50 %	6.58	7.50 %	8.61	7.50 %	7.40
Risk Margin	2.00 %	2.22	2.00 %	2.36	2.00 %	1.76	2.00 %	2.30	2.00 %	1.97
Investment Income Adjustment										
		0.9976		0.9976		0.9976		0.9976		0.9976
Projected Total Cost	20,009	111.16	2,225,688	118.21	6,921,731	87.77	3,426,861	114.83	12,594,290	98.61
Experience Rate Increase		78.4 %		21.4 %		3.5 %		-1.4 %		4.9 %

	<1		1-5		6-14		15-18		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 9/1/2006 - 8/31/2007										
Member Months	1,567		97,429		330,902		91,522		521,420	
Premium Revenue	250,133	159.63	11,366,600	116.67	24,634,874	74.45	8,161,211	89.17	44,412,819	85.18
Adjusted Premium	296,881	189.46	9,151,255	93.93	28,750,419	86.88	7,340,135	80.20	45,538,689	87.34
Adjusted FY07 Incurred Claims	109,961	70.17	5,696,758	58.47	15,218,971	45.99	5,207,352	56.90	26,233,042	50.31
Projected FY2009 Member Months	2,676		127,668		420,084		118,224		668,652	
Projected FY2009 Premium at FY2008 I	519,854	194.27	11,975,126	93.80	36,427,664	86.72	9,477,672	80.17	58,400,316	87.34
Annual Trend Assumptions										
FY2008	3.2 %		3.2 %		3.2 %		3.2 %		3.2 %	
FY2009	5.0 %		5.0 %		5.0 %		5.0 %		5.0 %	
Provider Fee Increase	10.0 %		10.0 %		10.0 %		10.0 %		10.0 %	
Other Reimbursement Changes	1.0001		1.0001		1.0001		1.0001		1.0001	
Projected Incurred Claims	223,894	83.67	8,900,374	69.71	23,036,086	54.84	8,020,174	67.84	40,180,528	60.09
Capitation Expenses										
Total	11,492	4.29	465,992	3.65	1,500,505	3.57	412,465	3.49	2,390,454	3.58
Reinsurance Expenses										
Net Reinsurance Cost	482	0.18	25,503	0.20	84,112	0.20	23,640	0.20	133,736	0.20
Administrative Expenses										
Fixed Amount	30,326	11.33	1,446,798	11.33	4,760,602	11.33	1,339,773	11.33	7,577,499	11.33
Percentage of Premium	7.50 %	8.22	7.50 %	7.02	7.50 %	5.78	7.50 %	6.85	7.50 %	6.22
Risk Margin	2.00 %	2.19	2.00 %	1.87	2.00 %	1.54	2.00 %	1.83	2.00 %	1.66
Investment Income Adjustment										
		0.9976		0.9976		0.9976		0.9976		0.9976
Projected Total Cost	293,431	109.65	11,947,683	93.58	32,387,613	77.10	10,798,389	91.34	55,427,116	82.89
Experience Rate Increase		-43.6 %		-0.2 %		-11.1 %		13.9 %		-5.1 %

FY2009 CHIP Rating  
El Paso Total

	<1		1-5		6-14		15-18		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 9/1/2006 - 8/31/2007										
Member Months	220		18,967		101,649		39,483		160,319	
Premium Revenue	14,852	67.51	1,376,852	72.59	6,275,952	61.74	2,928,236	74.16	10,595,891	66.09
Adjusted Premium	15,867	72.12	1,295,960	68.33	6,354,938	62.52	2,720,976	68.92	10,387,741	64.79
Adjusted FY07 Incurred Claims	14,979	68.08	796,848	42.01	3,591,955	35.34	1,760,554	44.59	6,164,336	38.45
Projected FY2009 Member Months	432		25,356		130,296		51,588		207,672	
Projected FY2009 Premium at FY2008 I	30,997	71.75	1,731,776	68.30	8,115,671	62.29	3,538,431	68.59	13,416,875	64.61
Annual Trend Assumptions										
FY2008	3.2 %		3.2 %		3.2 %		3.2 %		3.2 %	
FY2009	5.0 %		5.0 %		5.0 %		5.0 %		5.0 %	
Provider Fee Increase	12.0 %		12.0 %		12.0 %		12.0 %		12.0 %	
Other Reimbursement Changes	1.0011		1.0011		1.0011		1.0011		1.0011	
Projected Incurred Claims	35,752	82.76	1,294,849	51.07	5,596,552	42.95	2,796,080	54.20	9,723,232	46.82
Capitation Expenses										
Total	2,452	5.68	144,424	5.70	721,473	5.54	277,797	5.38	1,146,146	5.52
Reinsurance Expenses										
Net Reinsurance Cost	383	0.89	22,759	0.90	116,081	0.89	45,645	0.88	184,869	0.89
Administrative Expenses										
Fixed Amount	5,172	11.97	303,575	11.97	1,559,969	11.97	617,637	11.97	2,486,353	11.97
Percentage of Premium	7.50 %	8.37	7.50 %	5.76	7.50 %	5.07	7.50 %	5.99	7.50 %	5.39
Risk Margin	2.00 %	2.23	2.00 %	1.54	2.00 %	1.35	2.00 %	1.60	2.00 %	1.44
Investment Income Adjustment										
		0.9976		0.9976		0.9976		0.9976		0.9976
Projected Total Cost	48,237	111.66	1,946,264	76.76	8,812,032	67.63	4,119,547	79.85	14,926,080	71.87
Experience Rate Increase		55.6 %		12.4 %		8.6 %		16.4 %		11.2 %



FY2009 CHIP Rating  
Exclusive Provider Organization Total

	<1		1-5		6-14		15-18		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 9/1/2006 - 8/31/2007										
Member Months	1,385		138,453		566,733		205,534		912,105	
Premium Revenue	172,987	124.90	12,480,153	90.14	40,153,033	70.85	19,256,480	93.69	72,062,653	79.01
Adjusted Premium	118,445	85.52	12,344,469	89.16	40,731,101	71.87	20,522,570	99.85	73,716,585	80.82
Adjusted FY07 Incurred Claims	130,280	94.06	8,895,110	64.25	24,399,570	43.05	11,539,093	56.14	44,964,053	49.30
Projected FY2009 Member Months	2,604		168,792		663,408		234,360		1,069,164	
Projected FY2009 Premium at FY2008 I	222,694	85.52	15,049,495	89.16	47,679,133	71.87	23,400,846	99.85	86,352,168	80.77
Annual Trend Assumptions										
FY2008	3.2 %		3.2 %		3.2 %		3.2 %		3.2 %	
FY2009	5.0 %		5.0 %		5.0 %		5.0 %		5.0 %	
Provider Fee Increase	12.5 %		12.5 %		12.5 %		12.5 %		12.5 %	
Other Reimbursement Changes	1.0030		1.0030		1.0030		1.0030		1.0030	
Projected Incurred Claims	299,472	115.00	13,258,310	78.55	34,919,795	52.64	16,086,398	68.64	64,563,974	60.39
Capitation Expenses										
Total	9,973	3.83	621,155	3.68	2,421,439	3.65	850,727	3.63	3,903,294	3.65
Reinsurance Expenses										
Net Reinsurance Cost	2,552	0.98	165,416	0.98	650,140	0.98	229,673	0.98	1,047,781	0.98
Administrative Expenses										
Fixed Amount	29,354	11.27	1,902,708	11.27	7,478,267	11.27	2,641,823	11.27	12,052,151	11.27
Percentage of Premium	7.50 %	10.84	7.50 %	7.81	7.50 %	5.67	7.50 %	6.99	7.50 %	6.31
Risk Margin	2.00 %	2.89	2.00 %	2.08	2.00 %	1.51	2.00 %	1.86	2.00 %	1.68
Investment Income Adjustment										
		0.9976		0.9976		0.9976		0.9976		0.9976
Projected Total Cost	376,278	144.50	17,579,352	104.15	50,122,114	75.55	21,835,447	93.17	89,913,192	84.10
Experience Rate Increase		69.0 %		16.8 %		5.1 %		-6.7 %		4.1 %

FY2009 CHIP Rating  
Fort Worth Total

Attachment 3 - Exhibit F

	<1		1-5		6-14		15-18		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 9/1/2006 - 8/31/2007										
Member Months	1,067		61,814		206,224		60,843		329,948	
Premium Revenue	39,148	36.69	5,879,130	95.11	17,995,106	87.26	7,541,490	123.95	31,454,874	95.33
Adjusted Premium	135,850	127.32	6,012,648	97.27	18,454,986	89.49	6,830,235	112.26	31,433,719	95.27
Adjusted FY07 Incurred Claims	60,264	56.48	3,410,025	55.17	8,303,517	40.26	3,987,830	65.54	15,761,636	47.77
Projected FY2009 Member Months	1,860		86,256		263,652		76,284		428,052	
Projected FY2009 Premium at FY2008 I	236,815	127.32	8,390,121	97.27	23,594,217	89.49	8,563,642	112.26	40,784,796	95.28
Annual Trend Assumptions										
FY2008	3.2 %		3.2 %		3.2 %		3.2 %		3.2 %	
FY2009	5.0 %		5.0 %		5.0 %		5.0 %		5.0 %	
Provider Fee Increase	12.1 %		12.1 %		12.1 %		12.1 %		12.1 %	
Other Reimbursement Changes	1.0001		1.0001		1.0001		1.0001		1.0001	
Projected Incurred Claims	127,680	68.65	5,783,291	67.05	12,902,356	48.94	6,076,794	79.66	24,890,121	58.15
Capitation Expenses										
Total	3,605	1.94	170,539	1.98	534,754	2.03	161,798	2.12	870,696	2.03
Reinsurance Expenses										
Net Reinsurance Cost	1,001	0.54	59,978	0.70	196,444	0.75	57,028	0.75	314,450	0.73
Administrative Expenses										
Fixed Amount	21,413	11.51	993,022	11.51	3,035,294	11.51	878,220	11.51	4,927,949	11.51
Percentage of Premium	7.50 %	6.83	7.50 %	6.72	7.50 %	5.23	7.50 %	7.77	7.50 %	5.99
Risk Margin	2.00 %	1.82	2.00 %	1.79	2.00 %	1.39	2.00 %	2.07	2.00 %	1.60
Investment Income Adjustment										
		0.9976		0.9976		0.9976		0.9976		0.9976
Projected Total Cost	169,426	91.09	7,723,773	89.54	18,374,411	69.69	7,907,869	103.66	34,175,478	79.84
Experience Rate Increase		-28.5 %		-7.9 %		-22.1 %		-7.7 %		-16.2 %

FY2009 CHIP Rating  
Houston Total

Attachment 3 - Exhibit G

	<1		1-5		6-14		15-18		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 9/1/2006 - 8/31/2007										
Member Months	2,996		189,134		661,183		213,046		1,066,359	
Premium Revenue	692,230	231.05	19,856,639	104.99	55,828,145	84.44	24,818,999	116.50	101,196,013	94.90
Adjusted Premium	412,879	137.81	19,577,735	103.51	55,930,818	84.59	23,971,994	112.52	99,893,426	93.68
Adjusted FY07 Incurred Claims	601,669	200.82	12,761,545	67.47	33,572,805	50.78	17,136,950	80.44	64,072,970	60.09
Projected FY2009 Member Months	4,788		232,488		796,128		255,180		1,288,584	
Projected FY2009 Premium at FY2008 I	663,945	138.67	24,190,964	104.05	67,488,847	84.77	28,760,296	112.71	121,104,052	93.98
Annual Trend Assumptions										
FY2008	3.2 %		3.2 %		3.2 %		3.2 %		3.2 %	
FY2009	5.0 %		5.0 %		5.0 %		5.0 %		5.0 %	
Provider Fee Increase	13.6 %		13.6 %		13.6 %		13.6 %		13.6 %	
Other Reimbursement Changes	1.0039		1.0039		1.0039		1.0039		1.0039	
Projected Incurred Claims	1,187,842	248.09	19,378,621	83.35	49,938,733	62.73	25,356,858	99.37	95,862,055	74.39
Capitation Expenses										
Total	11,926	2.49	509,816	2.19	1,868,411	2.35	630,459	2.47	3,020,613	2.34
Reinsurance Expenses										
Net Reinsurance Cost	3,835	0.80	180,513	0.78	568,622	0.71	170,008	0.67	922,978	0.72
Administrative Expenses										
Fixed Amount	50,382	10.52	2,446,355	10.52	8,377,257	10.52	2,685,132	10.52	13,559,125	10.52
Percentage of Premium	7.50 %	21.65	7.50 %	8.01	7.50 %	6.31	7.50 %	9.34	7.50 %	7.27
Risk Margin	2.00 %	5.77	2.00 %	2.14	2.00 %	1.68	2.00 %	2.49	2.00 %	1.94
Investment Income Adjustment		0.9976		0.9976		0.9976		0.9976		0.9976
Projected Total Cost	1,382,294	288.70	24,819,081	106.75	66,969,300	84.12	31,793,630	124.59	124,964,304	96.98
Experience Rate Increase		108.2 %		2.6 %		-0.8 %		10.5 %		3.2 %

FY2009 CHIP Rating  
Laredo Total

Attachment 3 - Exhibit H

	<1		1-5		6-14		15-18		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 9/1/2006 - 8/31/2007										
Member Months	103		10,126		42,175		14,800		67,204	
Premium Revenue	7,205	69.95	973,919	96.18	2,755,293	65.33	1,482,220	100.15	5,218,636	77.65
Adjusted Premium	11,429	110.96	924,605	91.31	3,054,314	72.42	1,343,396	90.77	5,333,743	79.37
Adjusted FY07 Incurred Claims	7,199	69.89	712,942	70.41	1,845,650	43.76	931,088	62.91	3,496,878	52.03
Projected FY2009 Member Months	156		12,360		51,408		17,568		81,492	
Projected FY2009 Premium at FY2008 I	17,310	110.96	1,128,592	91.31	3,722,967	72.42	1,594,647	90.77	6,463,516	79.31
Annual Trend Assumptions										
FY2008	3.2 %		3.2 %		3.2 %		3.2 %		3.2 %	
FY2009	5.0 %		5.0 %		5.0 %		5.0 %		5.0 %	
Provider Fee Increase	20.6 %		20.6 %		20.6 %		20.6 %		20.6 %	
Other Reimbursement Changes	1.0016		1.0016		1.0016		1.0016		1.0016	
Projected Incurred Claims	14,271	91.48	1,139,073	92.16	2,944,704	57.28	1,446,665	82.35	5,544,712	68.04
Capitation Expenses										
Total	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Reinsurance Expenses										
Net Reinsurance Cost	37	0.24	2,966	0.24	12,338	0.24	4,216	0.24	19,558	0.24
Administrative Expenses										
Fixed Amount	1,727	11.07	136,856	11.07	569,215	11.07	194,522	11.07	902,320	11.07
Percentage of Premium	7.50 %	8.50	7.50 %	8.55	7.50 %	5.67	7.50 %	7.74	7.50 %	6.56
Risk Margin	2.00 %	2.27	2.00 %	2.28	2.00 %	1.51	2.00 %	2.06	2.00 %	1.75
Investment Income Adjustment		0.9976		0.9976		0.9976		0.9976		0.9976
Projected Total Cost	17,677	113.31	1,409,752	114.06	3,887,065	75.61	1,813,761	103.24	7,128,255	87.47
Experience Rate Increase		2.1 %		24.9 %		4.4 %		13.7 %		10.3 %

FY2009 CHIP Rating  
Lubbock Total

	<1		1-5		6-14		15-18		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 9/1/2006 - 8/31/2007										
Member Months	115		11,894		48,511		17,781		78,301	
Premium Revenue	6,238	54.24	896,864	75.40	3,248,930	66.97	1,677,913	94.37	5,829,946	74.46
Adjusted Premium	9,264	80.56	908,857	76.41	2,971,915	61.26	1,603,109	90.16	5,493,145	70.15
Adjusted FY07 Incurred Claims	5,241	45.57	537,205	45.17	1,522,738	31.39	859,782	48.35	2,924,965	37.36
Projected FY2009 Member Months	204		18,660		66,816		23,076		108,756	
Projected FY2009 Premium at FY2008 I	16,434	80.56	1,426,336	76.44	4,093,958	61.27	2,080,956	90.18	7,617,684	70.04
Annual Trend Assumptions										
FY2008	3.2 %		3.2 %		3.2 %		3.2 %		3.2 %	
FY2009	5.0 %		5.0 %		5.0 %		5.0 %		5.0 %	
Provider Fee Increase	14.4 %		14.4 %		14.4 %		14.4 %		14.4 %	
Other Reimbursement Changes	1.0003		1.0003		1.0003		1.0003		1.0003	
Projected Incurred Claims	11,524	56.49	1,044,722	55.99	2,599,818	38.91	1,383,152	59.94	5,039,217	46.34
Capitation Expenses										
Total	1,100	5.39	117,241	6.28	402,056	6.02	135,867	5.89	656,265	6.03
Reinsurance Expenses										
Net Reinsurance Cost	204	1.00	18,660	1.00	66,816	1.00	23,076	1.00	108,756	1.00
Administrative Expenses										
Fixed Amount	2,440	11.96	223,220	11.96	799,286	11.96	276,047	11.96	1,300,994	11.96
Percentage of Premium	7.50 %	6.19	7.50 %	6.22	7.50 %	4.79	7.50 %	6.51	7.50 %	5.40
Risk Margin	2.00 %	1.65	2.00 %	1.66	2.00 %	1.28	2.00 %	1.74	2.00 %	1.44
Investment Income Adjustment		0.9976		0.9976		0.9976		0.9976		0.9976
Projected Total Cost	16,830	82.50	1,547,486	82.93	4,263,749	63.81	2,004,176	86.85	7,832,241	72.02
Experience Rate Increase		2.4 %		8.5 %		4.1 %		-3.7 %		2.8 %

	<1		1-5		6-14		15-18		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 9/1/2006 - 8/31/2007										
Member Months	468		43,570		189,843		67,416		301,297	
Premium Revenue	54,937	117.39	3,840,790	88.15	13,326,532	70.20	6,358,956	94.32	23,581,214	78.27
Adjusted Premium	50,169	107.20	4,594,966	105.46	13,878,369	73.10	6,339,504	94.04	24,863,007	82.52
Adjusted FY07 Incurred Claims	35,024	74.84	2,830,198	64.96	7,471,411	39.36	3,420,930	50.74	13,757,563	45.66
Projected FY2009 Member Months	900		58,920		241,056		83,964		384,840	
Projected FY2009 Premium at FY2008 I	94,881	105.42	6,186,505	105.00	17,432,363	72.32	7,845,253	93.44	31,559,003	82.01
Annual Trend Assumptions										
FY2008	3.2 %		3.2 %		3.2 %		3.2 %		3.2 %	
FY2009	5.0 %		5.0 %		5.0 %		5.0 %		5.0 %	
Provider Fee Increase	16.6 %		16.6 %		16.6 %		16.6 %		16.6 %	
Other Reimbursement Changes	1.0014		1.0014		1.0014		1.0014		1.0014	
Projected Incurred Claims	85,206	94.67	4,841,696	82.17	12,001,387	49.79	5,389,888	64.19	22,318,178	57.99
Capitation Expenses										
Total	4,973	5.53	392,157	6.66	1,579,848	6.55	527,294	6.28	2,504,272	6.51
Reinsurance Expenses										
Net Reinsurance Cost	658	0.73	43,691	0.74	178,474	0.74	61,275	0.73	284,098	0.74
Administrative Expenses										
Fixed Amount	10,127	11.25	662,997	11.25	2,712,483	11.25	944,805	11.25	4,330,412	11.25
Percentage of Premium	7.50 %	9.27	7.50 %	8.34	7.50 %	5.65	7.50 %	6.82	7.50 %	6.32
Risk Margin	2.00 %	2.47	2.00 %	2.22	2.00 %	1.51	2.00 %	1.82	2.00 %	1.69
Investment Income Adjustment										
		0.9976		0.9976		0.9976		0.9976		0.9976
Projected Total Cost	111,296	123.66	6,548,380	111.14	18,157,633	75.33	7,631,653	90.89	32,448,963	84.32
Experience Rate Increase		17.3 %		5.8 %		4.2 %		-2.7 %		2.8 %

## *Attachment 4*

### Provider Reimbursement Adjustments

This attachment presents information regarding the various provider reimbursement adjustments considered in the rating analysis and how the adjustment factors were developed.

In response to the Frew lawsuit settlement, Texas Medicaid implemented significant changes in provider reimbursement effective September 1, 2007. Professional provider reimbursement increased an average of 26% for children. Although the Frew settlement agreement does not directly impact CHIP, it would likely create significant difficulty for a health plan in maintaining their physician network if they did not increase their CHIP reimbursement rates to be consistent with Medicaid. Therefore, in deriving the FY2009 premium rates, we have assumed that physician reimbursement under CHIP increased at the same rate as that under Medicaid.

In developing the Frew adjustment factors, we used health plan encounter data from FY2007. To this claims experience we applied the proposed FY2009 Medicaid provider reimbursement schedule. The additional cost due to the increased reimbursement rates was then divided by total FY2007 claims (from the encounter data) to yield the overall claims adjustment factor.

It is anticipated that provisions of the Frew settlement will result in increased utilization of certain services under CHIP. We have assumed that there will be a 16.5% increase in the utilization of well-child (EPSDT-type) services and a 5% increase in the utilization of medical (type of service 1) services. The utilization adjustment factors were derived in a similar manner as that described above for the reimbursement increase.

Attached Exhibit A presents a summary of the derivation of the adjustment factors related to the Frew lawsuit settlement.

In addition to those resulting from the Frew settlement, there were several other significant revisions to the Texas Medicaid fee schedule. Reimbursement increases were provided for the following services: ambulance services, State-owned teaching hospitals, physician administered drugs, and therapy services (physical, occupational and speech) provided through home health agencies.

The rating adjustments for these provider reimbursement changes were calculated in a manner similar to those for the Frew settlement, described above. The reimbursement change was applied to actual FY2007 health plan encounter data and the resulting impact determined. Attached Exhibit B presents a summary of the derivation of these adjustment factors.

The 2.5% reduction in reimbursement rates to professional, outpatient facility and certain other providers implemented in FY2004 was restored. Attached Exhibits C and D present the estimated cost impact from this revision. The FY2007 FSRs provided by the health plans along with the health plan encounter data were used in this analysis.

The FY2009 rates were also adjusted for changes in the reimbursement for obstetrical sonograms, ambulatory surgical centers and three DRG hospitals changing to TEFRA-based reimbursement. Attached Exhibits E, F, and G present the estimated cost impact from these changes.

FY2009 CHIP Rating  
 Provider Reimbursement Adjustments  
 Impact of Frew Settlement

	Age Group				Total
	< 1	1-5	6-14	15-18	
Cost Impact of Provider Rate Increase (1)					
Austin	4,479	199,335	421,194	164,777	789,785
Corpus Christi	1,055	96,330	281,363	112,486	491,233
Dallas	9,200	428,187	942,259	261,295	1,640,942
El Paso	1,550	76,926	293,834	112,302	484,612
Fort Worth	10,211	315,209	697,190	196,280	1,218,889
Houston	28,611	1,273,631	2,756,681	892,172	4,951,096
Laredo	612	76,241	232,014	78,603	387,471
Lubbock	839	59,562	155,629	59,260	275,289
San Antonio	5,091	332,012	879,942	314,520	1,531,565
EPO	8,597	736,921	1,971,578	706,457	3,423,553
Total	70,246	3,594,355	8,631,683	2,898,152	15,194,436
Cost Impact of Utilization Increase (2)					
Austin	2,270	65,095	112,087	35,531	214,983
Corpus Christi	427	26,152	67,157	23,840	117,576
Dallas	4,831	150,157	293,951	70,702	519,639
El Paso	669	25,991	80,176	25,945	132,780
Fort Worth	4,187	108,842	212,064	50,417	375,510
Houston	13,736	446,056	853,153	239,106	1,552,051
Laredo	448	21,783	57,550	17,777	97,558
Lubbock	394	16,602	33,840	11,063	61,900
San Antonio	2,217	100,651	237,087	75,658	415,613
EPO	3,708	213,703	485,956	151,519	854,886
Total	32,886	1,175,033	2,433,020	701,558	4,342,497
Total Frew Impact (3)					
Austin	6,749	264,431	533,281	200,308	1,004,768
Corpus Christi	1,481	122,483	348,519	136,326	608,809
Dallas	14,031	578,344	1,236,210	331,997	2,160,581
El Paso	2,219	102,916	374,009	138,248	617,393
Fort Worth	14,398	424,051	909,253	246,697	1,594,399
Houston	42,347	1,719,687	3,609,834	1,131,278	6,503,147
Laredo	1,060	98,025	289,564	96,380	485,029
Lubbock	1,233	76,164	189,470	70,323	337,189
San Antonio	7,308	432,663	1,117,029	390,178	1,947,178
EPO	12,305	950,625	2,457,534	857,976	4,278,439
Total	103,132	4,769,388	11,064,703	3,599,711	19,536,933



FY2009 CHIP Rating  
 Provider Reimbursement Adjustments  
 Impact of Frew Settlement

	Age Group				Total
	< 1	1-5	6-14	15-18	
FY2007 Total Incurred Claims (4)					
Austin	23,415	1,460,665	3,354,773	1,783,192	6,622,045
Corpus Christi	9,899	1,173,321	3,436,643	1,898,198	6,518,061
Dallas	101,628	5,695,240	15,722,666	5,266,471	26,786,005
El Paso	15,236	791,057	3,566,219	1,789,865	6,162,377
Fort Worth	80,868	3,769,281	9,033,675	4,377,317	17,261,141
Houston	264,782	13,081,915	34,313,056	17,594,057	65,253,811
Laredo	6,989	685,808	1,794,798	886,214	3,373,809
Lubbock	12,591	543,301	1,568,390	773,461	2,897,744
San Antonio	38,065	2,940,441	7,955,023	3,622,625	14,556,153
EPO	106,401	8,811,269	24,225,105	11,543,096	44,685,871
Total	659,873	38,952,298	104,970,349	49,534,495	194,117,016
Frew Rate Adjustment Factor (5)					
Austin	28.8 %	18.1 %	15.9 %	11.2 %	15.2 %
Corpus Christi	15.0 %	10.4 %	10.1 %	7.2 %	9.3 %
Dallas	13.8 %	10.2 %	7.9 %	6.3 %	8.1 %
El Paso	14.6 %	13.0 %	10.5 %	7.7 %	10.0 %
Fort Worth	17.8 %	11.3 %	10.1 %	5.6 %	9.2 %
Houston	16.0 %	13.1 %	10.5 %	6.4 %	10.0 %
Laredo	15.2 %	14.3 %	16.1 %	10.9 %	14.4 %
Lubbock	9.8 %	14.0 %	12.1 %	9.1 %	11.6 %
San Antonio	19.2 %	14.7 %	14.0 %	10.8 %	13.4 %
EPO	11.6 %	10.8 %	10.1 %	7.4 %	9.6 %
Total	15.6 %	12.2 %	10.5 %	7.3 %	10.1 %

## Footnotes:

- (1) Equals the additional cost resulting from application of the FY2009 Medicaid fee schedule to the FY2007 health plans claims (from the encounter database).
- (2) The Frew settlement is anticipated to result in increased utilization for certain services. It is assumed that the utilization of well-child (EPSDT) services will increase 16.5% and the utilization of medical (type of service 1) services will increase 5%.
- (3) Equals the impact of reimbursement changes and utilization changes combined.
- (4) Equals FY2007 health plan fee-for-service claims for all services (from the encounter database).
- (5) Equals Total Frew Impact divided by FY2007 Total Incurred Claims.

FY2009 CHIP Rating  
 Provider Reimbursement Adjustments  
 Impact of Other Reimbursement Changes

	Age Group				
	< 1	1-5	6-14	15-18	Total
<b>Ambulance (1)</b>					
Austin	0	16,619	20,553	82,752	119,924
Corpus Christi	0	7,474	41,242	15,875	64,590
Dallas	445	26,380	58,872	38,908	124,604
El Paso	0	1,397	9,346	8,686	19,428
Fort Worth	0	26,384	99,055	66,976	192,415
Houston	973	190,904	298,175	228,421	718,473
Laredo	0	7,255	47,989	27,761	83,005
Lubbock	237	3,085	9,792	11,217	24,331
San Antonio	0	35,970	30,635	27,927	94,531
EPO	2,893	84,089	136,254	86,974	310,210
Total	4,547	399,556	751,912	595,495	1,751,511
<b>State-Owned Teaching Hospitals (1)</b>					
Austin	0	36	64	7,202	7,302
Corpus Christi	0	0	0	0	0
Dallas	0	0	32	0	32
El Paso	0	0	0	0	0
Fort Worth	0	0	0	0	0
Houston	695	74,473	197,140	153,208	425,516
Laredo	0	0	0	0	0
Lubbock	0	0	0	0	0
San Antonio	0	11	0	803	815
EPO	0	9,145	27,232	10,380	46,757
Total	695	83,665	224,468	171,594	480,421
<b>PT/OT/ST (1)</b>					
Austin	0	0	0	0	0
Corpus Christi	0	0	0	0	0
Dallas	0	8,229	9,008	25	17,262
El Paso	0	0	0	0	0
Fort Worth	0	0	0	0	0
Houston	0	34,807	6,535	283	41,625
Laredo	0	0	0	0	0
Lubbock	0	130	162	552	844
San Antonio	0	22,308	5,523	1,773	29,604
EPO	30	4,008	765	0	4,803
Total	30	69,482	21,992	2,633	94,137
<b>Total Cost Impact (2)</b>					
Austin	0	16,655	20,617	89,954	127,226
Corpus Christi	0	7,474	41,242	15,875	64,590
Dallas	445	34,608	67,912	38,933	141,898
El Paso	0	1,397	9,346	8,686	19,428
Fort Worth	0	26,384	99,055	66,976	192,415
Houston	1,668	300,184	501,850	381,912	1,185,613
Laredo	0	7,255	47,989	27,761	83,005
Lubbock	237	3,214	9,954	11,770	25,174
San Antonio	0	58,289	36,158	30,503	124,950
EPO	2,923	97,242	164,250	97,354	361,770
Total	5,272	552,703	998,371	769,723	2,326,069

FY2009 CHIP Rating  
 Provider Reimbursement Adjustments  
 Impact of Other Reimbursement Changes

	Age Group				
	< 1	1-5	6-14	15-18	Total
FY2007 Total Incurred Claims (3)					
Austin	23,415	1,460,665	3,354,773	1,783,192	6,622,045
Corpus Christi	9,899	1,173,321	3,436,643	1,898,198	6,518,061
Dallas	101,628	5,695,240	15,722,666	5,266,471	26,786,005
El Paso	15,236	791,057	3,566,219	1,789,865	6,162,377
Fort Worth	80,868	3,769,281	9,033,675	4,377,317	17,261,141
Houston	264,782	13,081,915	34,313,056	17,594,057	65,253,811
Laredo	6,989	685,808	1,794,798	886,214	3,373,809
Lubbock	12,591	543,301	1,568,390	773,461	2,897,744
San Antonio	38,065	2,940,441	7,955,023	3,622,625	14,556,153
EPO	106,401	8,811,269	24,225,105	11,543,096	44,685,871
Total	659,873	38,952,298	104,970,349	49,534,495	194,117,016
Other Reimbursement Changes Rate Adjustment Factor (4)					
Austin	0.0 %	1.1 %	0.6 %	5.0 %	1.9 %
Corpus Christi	0.0 %	0.6 %	1.2 %	0.8 %	1.0 %
Dallas	0.4 %	0.6 %	0.4 %	0.7 %	0.5 %
El Paso	0.0 %	0.2 %	0.3 %	0.5 %	0.3 %
Fort Worth	0.0 %	0.7 %	1.1 %	1.5 %	1.1 %
Houston	0.6 %	2.3 %	1.5 %	2.2 %	1.8 %
Laredo	0.0 %	1.1 %	2.7 %	3.1 %	2.5 %
Lubbock	1.9 %	0.6 %	0.6 %	1.5 %	0.9 %
San Antonio	0.0 %	2.0 %	0.5 %	0.8 %	0.9 %
EPO	2.7 %	1.1 %	0.7 %	0.8 %	0.8 %
Total	0.8 %	1.4 %	1.0 %	1.6 %	1.2 %

## Footnotes:

- (1) Equals the additional cost resulting from application of the FY2009 Medicaid fee schedule to the FY2007 health plans claims (from the encounter database).
- (2) Equals the impact of reimbursement changes
- (3) Equals FY2007 health plan fee-for-service claims for all services (from the encounter database).
- (4) Equals Total Cost Impact divided by FY2007 Total Incurred Claims.

FY2009 CHIP Rating  
 Provider Reimbursement Adjustments  
 Impact of 2.5% Outpatient Facility Reimbursement Restoration (1)

	Outpatient Facility Claims (2)	Total Claims (3)	OP % of Total	Adjustment Factor (4)
Austin	490,483	11,021,607	4.5 %	0.11 %
Corpus Christi	1,954,525	7,298,012	26.8 %	0.67 %
Dallas	5,499,057	28,502,683	19.3 %	0.48 %
El Paso	1,356,260	6,751,169	20.1 %	0.50 %
Fort Worth	4,458,050	17,708,018	25.2 %	0.63 %
Houston	15,120,085	67,807,033	22.3 %	0.56 %
Laredo	1,395,057	3,458,513	40.3 %	1.01 %
Lubbock	481,289	3,310,405	14.5 %	0.36 %
San Antonio	4,251,362	16,104,894	26.4 %	0.66 %
EPO	8,668,956	49,612,244	17.5 %	0.44 %
Total	43,675,124	211,574,579	20.6 %	0.52 %

## Footnotes:

- (1) The 2.5% reduction in outpatient facility reimbursement implemented in FY2004 was restored effective 9/1/2007.
- (2) Equals the health plan's FY2007 outpatient facility cost as reported in the FY2007 FSR.
- (3) Equals the health plan's FY2007 total fee-for-service medical cost as reported in the FY2007 FSR.
- (4) Equals OP % of Total times 2.5%.

FY2009 CHIP Rating  
 Provider Reimbursement Adjustments  
 Impact of 2.5% Professional Services Reimbursement Restoration (1)

	Age Group				Total
	< 1	1-5	6-14	15-18	
Professional Claims (2)					
Austin	20,961	905,369	2,015,785	958,117	3,900,232
Corpus Christi	4,992	656,078	2,124,064	1,075,208	3,860,342
Dallas	48,287	2,141,979	4,648,444	1,464,772	8,303,483
El Paso	6,252	370,067	1,484,119	636,879	2,497,316
Fort Worth	47,424	1,579,522	3,436,924	1,112,174	6,176,045
Houston	132,926	5,480,975	12,182,113	4,570,881	22,366,894
Laredo	5,034	512,287	1,437,155	577,779	2,532,254
Lubbock	5,190	278,997	732,122	348,671	1,364,979
San Antonio	19,517	1,684,554	4,003,348	1,701,230	7,408,649
EPO	54,974	5,047,579	13,683,538	5,993,216	24,779,308
Total	345,557	18,657,407	45,747,611	18,438,928	83,189,503
FY2007 Total Incurred Claims (3)					
Austin	23,415	1,460,665	3,354,773	1,783,192	6,622,045
Corpus Christi	9,899	1,173,321	3,436,643	1,898,198	6,518,061
Dallas	101,628	5,695,240	15,722,666	5,266,471	26,786,005
El Paso	15,236	791,057	3,566,219	1,789,865	6,162,377
Fort Worth	80,868	3,769,281	9,033,675	4,377,317	17,261,141
Houston	264,782	13,081,915	34,313,056	17,594,057	65,253,811
Laredo	6,989	685,808	1,794,798	886,214	3,373,809
Lubbock	12,591	543,301	1,568,390	773,461	2,897,744
San Antonio	38,065	2,940,441	7,955,023	3,622,625	14,556,153
EPO	106,401	8,811,269	24,225,105	11,543,096	44,685,871
Total	659,873	38,952,298	104,970,349	49,534,495	194,117,016
Adjustment Factor (4)					
Austin	2.2 %	1.5 %	1.5 %	1.3 %	1.5 %
Corpus Christi	1.3 %	1.4 %	1.5 %	1.4 %	1.5 %
Dallas	1.2 %	0.9 %	0.7 %	0.7 %	0.8 %
El Paso	1.0 %	1.2 %	1.0 %	0.9 %	1.0 %
Fort Worth	1.5 %	1.0 %	1.0 %	0.6 %	0.9 %
Houston	1.3 %	1.0 %	0.9 %	0.6 %	0.9 %
Laredo	1.8 %	1.9 %	2.0 %	1.6 %	1.9 %
Lubbock	1.0 %	1.3 %	1.2 %	1.1 %	1.2 %
San Antonio	1.3 %	1.4 %	1.3 %	1.2 %	1.3 %
EPO	1.3 %	1.4 %	1.4 %	1.3 %	1.4 %
Total	1.3 %	1.2 %	1.1 %	0.9 %	1.1 %

## Footnotes:

- (1) The 2.5% reduction in professional services reimbursement implemented in FY2004 was restored effective 9/1/2007.
- (2) Equals the health plan's FY2007 professional cost as reported in the FY2007 encounter data.
- (3) Equals FY2007 health plan fee-for-service claims for all services (from the encounter database).
- (4) Equals Professional Claims times 2.5% divided by FY2007 Total Incurred Claims.

FY2009 CHIP Rating  
 Provider Reimbursement Adjustments  
 Impact of Obstetrical Sonogram Reimbursement Change

	Age Group				Total
	< 1	1-5	6-14	15-18	
Obstetrical Sonograms (1)					
Austin	0	0	112	1,970	2,082
Corpus Christi	0	0	6	1,306	1,312
Dallas	0	0	211	2,088	2,299
El Paso	0	0	5	828	833
Fort Worth	0	0	224	1,260	1,484
Houston	0	0	158	5,250	5,408
Laredo	0	0	0	378	378
Lubbock	0	0	35	230	265
San Antonio	0	0	98	1,969	2,067
EPO	0	0	541	4,977	5,518
Total	0	0	1,391	20,256	21,647
FY2007 Total Incurred Claims (2)					
Austin	23,415	1,460,665	3,354,773	1,783,192	6,622,045
Corpus Christi	9,899	1,173,321	3,436,643	1,898,198	6,518,061
Dallas	101,628	5,695,240	15,722,666	5,266,471	26,786,005
El Paso	15,236	791,057	3,566,219	1,789,865	6,162,377
Fort Worth	80,868	3,769,281	9,033,675	4,377,317	17,261,141
Houston	264,782	13,081,915	34,313,056	17,594,057	65,253,811
Laredo	6,989	685,808	1,794,798	886,214	3,373,809
Lubbock	12,591	543,301	1,568,390	773,461	2,897,744
San Antonio	38,065	2,940,441	7,955,023	3,622,625	14,556,153
EPO	106,401	8,811,269	24,225,105	11,543,096	44,685,871
Total	659,873	38,952,298	104,970,349	49,534,495	194,117,016
Adjustment Factor (3)					
Austin	0.00 %	0.00 %	0.00 %	0.11 %	0.03 %
Corpus Christi	0.00 %	0.00 %	0.00 %	0.07 %	0.02 %
Dallas	0.00 %	0.00 %	0.00 %	0.04 %	0.01 %
El Paso	0.00 %	0.00 %	0.00 %	0.05 %	0.01 %
Fort Worth	0.00 %	0.00 %	0.00 %	0.03 %	0.01 %
Houston	0.00 %	0.00 %	0.00 %	0.03 %	0.01 %
Laredo	0.00 %	0.00 %	0.00 %	0.04 %	0.01 %
Lubbock	0.00 %	0.00 %	0.00 %	0.03 %	0.01 %
San Antonio	0.00 %	0.00 %	0.00 %	0.05 %	0.01 %
EPO	0.00 %	0.00 %	0.00 %	0.04 %	0.01 %
Total	0.00 %	0.00 %	0.00 %	0.04 %	0.01 %

## Footnotes:

- (1) Equals the additional cost resulting from application of the FY2009 Medicaid fee schedule to the FY2007 health plans claims (from the encounter database).
- (2) Equals FY2007 health plan fee-for-service claims for all services (from the encounter database).
- (3) Additional cost divided by FY2007 Total Incurred Claims.

FY2009 CHIP Rating  
 Provider Reimbursement Adjustments  
 Impact of Ambulatory Surgical Center Reimbursement Change

	Age Group				Total
	< 1	1-5	6-14	15-18	
Ambulatory Surgical Center (1)					
Austin	0	0	17	67	84
Corpus Christi	30	1,091	1,642	798	3,562
Dallas	0	390	651	122	1,163
El Paso	0	838	3,648	1,779	6,264
Fort Worth	0	122	51	35	208
Houston	0	276	327	121	723
Laredo	0	980	2,362	1,556	4,897
Lubbock	0	202	200	63	465
San Antonio	28	5,695	8,844	3,937	18,503
EPO	46	10,820	20,233	10,376	41,475
Total	105	20,412	37,973	18,853	77,343
FY2007 Total Incurred Claims (2)					
Austin	23,415	1,460,665	3,354,773	1,783,192	6,622,045
Corpus Christi	9,899	1,173,321	3,436,643	1,898,198	6,518,061
Dallas	101,628	5,695,240	15,722,666	5,266,471	26,786,005
El Paso	15,236	791,057	3,566,219	1,789,865	6,162,377
Fort Worth	80,868	3,769,281	9,033,675	4,377,317	17,261,141
Houston	264,782	13,081,915	34,313,056	17,594,057	65,253,811
Laredo	6,989	685,808	1,794,798	886,214	3,373,809
Lubbock	12,591	543,301	1,568,390	773,461	2,897,744
San Antonio	38,065	2,940,441	7,955,023	3,622,625	14,556,153
EPO	106,401	8,811,269	24,225,105	11,543,096	44,685,871
Total	659,873	38,952,298	104,970,349	49,534,495	194,117,016
Adjustment Factor (3)					
Austin	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
Corpus Christi	0.31 %	0.09 %	0.05 %	0.04 %	0.05 %
Dallas	0.00 %	0.01 %	0.00 %	0.00 %	0.00 %
El Paso	0.00 %	0.11 %	0.10 %	0.10 %	0.10 %
Fort Worth	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
Houston	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
Laredo	0.00 %	0.14 %	0.13 %	0.18 %	0.15 %
Lubbock	0.00 %	0.04 %	0.01 %	0.01 %	0.02 %
San Antonio	0.07 %	0.19 %	0.11 %	0.11 %	0.13 %
EPO	0.04 %	0.12 %	0.08 %	0.09 %	0.09 %
Total	0.02 %	0.05 %	0.04 %	0.04 %	0.04 %

## Footnotes:

- (1) Equals the additional cost resulting from application of the FY2009 Medicaid fee schedule to the FY2007 health plans claims (from the encounter database).
- (2) Equals FY2007 health plan fee-for-service claims for all services (from the encounter database).
- (3) Additional cost divided by FY2007 Total Incurred Claims.

FY2009 CHIP Rating  
 Provider Reimbursement Adjustments  
 Impact of Three DRG Hospitals Moving to TEFRA-based Reimbursement

	Age Group				Total
	< 1	1-5	6-14	15-18	
DRG Hospitals Changing to TEFRA-based Reimbursement (1)					
Austin	0	45	80	8,930	9,055
Corpus Christi	0	0	0	0	0
Dallas	0	0	15	0	15
El Paso	0	0	0	0	0
Fort Worth	0	0	0	0	0
Houston	318	36,865	109,588	100,007	246,778
Laredo	0	0	0	0	0
Lubbock	0	0	0	0	0
San Antonio	0	14	0	368	382
EPO	0	18,431	51,898	20,728	91,057
Total	318	55,356	161,580	130,033	347,288
FY2007 Total Incurred Claims (2)					
Austin	23,415	1,460,665	3,354,773	1,783,192	6,622,045
Corpus Christi	9,899	1,173,321	3,436,643	1,898,198	6,518,061
Dallas	101,628	5,695,240	15,722,666	5,266,471	26,786,005
El Paso	15,236	791,057	3,566,219	1,789,865	6,162,377
Fort Worth	80,868	3,769,281	9,033,675	4,377,317	17,261,141
Houston	264,782	13,081,915	34,313,056	17,594,057	65,253,811
Laredo	6,989	685,808	1,794,798	886,214	3,373,809
Lubbock	12,591	543,301	1,568,390	773,461	2,897,744
San Antonio	38,065	2,940,441	7,955,023	3,622,625	14,556,153
EPO	106,401	8,811,269	24,225,105	11,543,096	44,685,871
Total	659,873	38,952,298	104,970,349	49,534,495	194,117,016
Adjustment Factor (3)					
Austin	0.00 %	0.00 %	0.00 %	0.50 %	0.14 %
Corpus Christi	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
Dallas	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
El Paso	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
Fort Worth	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
Houston	0.12 %	0.28 %	0.32 %	0.57 %	0.38 %
Laredo	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
Lubbock	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
San Antonio	0.00 %	0.00 %	0.00 %	0.01 %	0.00 %
EPO	0.00 %	0.21 %	0.21 %	0.18 %	0.20 %
Total	0.05 %	0.14 %	0.15 %	0.26 %	0.18 %

## Footnotes:

- (1) Equals the additional cost resulting from application of the FY2009 Medicaid fee schedule to the FY2007 health plans claims (from the encounter database).
- (2) Equals FY2007 health plan fee-for-service claims for all services (from the encounter database).
- (3) Additional cost divided by FY2007 Total Incurred Claims.



## *Attachment 5*

### Investment Income Adjustment

An investment income credit was included in the rating process to account for the income expected to be generated between the time the health plan receives the premium from HHSC and the time they pay claims. We have assumed that the value of this timing (or cash flow) difference is 0.24% of premium. The attached exhibit presents our analysis

FY2009 Rating  
Investment Income Assumption

<u>Program</u>	<u>Average Claims Lag (1)</u>	<u>FFS Claims/ Total (2)</u>	<u>Average DSP Lag (3)</u>	<u>DSP/ Total (4)</u>	<u>Interest Rate (5)</u>	<u>Investment Income Factor (6)</u>
STAR	1.65	0.832	2.50	0.113	3.0 %	0.23 %
CHIP	1.30	0.729			3.0 %	0.24 %
CHIP Dental	0.91	0.898			3.0 %	0.20 %

Footnotes:

- (1) The average time (in months) between the beginning of the month of claim incurral and payment date for all plans combined.
- (2) Equals the ratio of projected FY2009 FFS claims to FY2009 premium for all plans combined.
- (3) The average time (in months) between incurral of delivery claims and payment of DSP.
- (4) Equals the ratio of projected FY2009 DSP payments to FY2009 premium for all plans combined.
- (5) Assumed annual interest rate earned by the plan.
- (6) Equals Average Claims Lag divided by 12 times FFS Claims/Total times Interest Rate.

## *Attachment 6*

### Acuity Risk Adjustment

The rate setting methodology incorporates a risk adjustment technique that is designed to adjust the base community rate in each service area to reflect the health status, or acuity, of the population enrolled in each health plan. The purpose of acuity risk adjustment is to recognize the anticipated cost differential between multiple health plans in a service area by analyzing the health status of their respective members. The risk analysis was performed by the University of Florida's Institute for Child Health Policy (ICHP). The methodology used to incorporate the risk adjustment is the Chronic Illness and Disability Payment System (CDPS). The attached exhibits (provided by ICHP) present a summary of the risk adjustment analysis. There is a separate exhibit for each age group.

The column titled Case Mix on the chart is the acuity risk adjustment factor. It is the ratio of the predicted average cost of the individual health plan's membership divided by the predicted average cost of the entire service area's membership. The risk adjustment factor is applied to the community rate for each health plan and age group.

**TEXAS CHIP CDPS SDA/Health Plan Risk**  
**Reporting Period: September 1, 2006 to August 31, 2007**

CHIP						
SDA/Health Plan	Number of Enrollees	Percent Affected	Actual PMPM Expenditures Based on Paid Amounts	Predicted PMPM Payment	Case Mix	Spend Ratio
<b>CDPS</b>						
<b>TEXAS CHIP (Under Age 1)</b>	324	100.00	77.70	77.70	1.000	1.000
<b>Bexar</b>	18	100.00	101.24	74.53	1.000	1.358
Community First	8	44.44	123.18	75.88	1.018	1.623
Superior	6	33.33	42.06	70.69	0.948	0.595
Aetna	4	22.22	158.58	78.43	1.052	2.022
<b>Dallas</b>	64	100.00	97.57	74.75	1.000	1.305
Amerigroup	28	43.75	88.74	66.71	0.892	1.330
Parkland	25	39.06	92.05	87.03	1.164	1.058
Unicare	11	17.19	134.07	64.99	0.869	2.063
<b>El Paso</b>	6	100.00	41.02	87.44	1.000	0.469
El Paso First	5	83.33	42.98	92.29	1.055	0.466
Superior	1	16.67	30.04	60.30	0.690	0.498
<b>Harris</b>	104	100.00	78.40	76.71	1.000	1.022
Amerigroup	10	9.62	39.63	63.10	0.823	0.628
Texas Children's	74	71.15	81.79	80.44	1.049	1.017
UnitedHealthcare	7	6.73	88.68	78.85	1.028	1.125
Community Health Choice	10	9.62	103.69	64.99	0.847	1.595
Molina	3	2.88	7.45	60.30	0.786	0.124
<b>Lubbock</b>	5	100.00	126.32	66.15	1.000	1.910
FirstCare	2	40.00	140.69	60.30	0.912	2.333
Superior	3	60.00	119.75	68.82	1.040	1.740
<b>Nueces</b>	2	100.00	122.25	60.30	1.000	2.027
Amerigroup	0	0.00	0.00	0.00	0.000	
Driscoll	2	100.00	122.25	60.30	1.000	2.027
Superior	0	0.00	0.00	0.00	0.000	
<b>Tarrant</b>	34	100.00	71.09	86.66	1.000	0.820
Amerigroup	10	29.41	33.65	60.30	0.696	0.558
Cook Children's	20	58.82	100.81	104.50	1.206	0.965
Aetna	4	11.76	14.70	60.30	0.696	0.244
<b>Travis</b>	26	100.00	39.88	75.59	1.000	0.528
Seton	17	65.38	51.16	84.07	1.112	0.609
Superior	9	34.62	19.50	60.30	0.798	0.323
<b>Webb</b>	5	100.00	42.24	60.30	1.000	0.700
Mercy	5	100.00	42.24	60.30	1.000	0.700
<b>Other Area</b>	60	100.00	71.67	81.50	1.000	0.879
Superior EPO	60	100.00	71.67	81.50	1.000	0.879

Note: CDPS results are based on information in enrollment and encounter datasets. CDPS results were obtained for those enrollees who had been in the program for at least 3 months (age<1) and for those who had been in the program for at least 6 months (age≥1) (permitting one month lapse in enrollment within the 6 months period).

**TEXAS CHIP CDPS SDA/Health Plan Risk**  
**Reporting Period: September 1, 2006 to August 31, 2007**

CHIP						
SDA/Health Plan	Number of Enrollees	Percent Affected	Actual PMPM Expenditures Based on Paid Amounts	Predicted PMPM Payment	Case Mix	Spend Ratio
<b>CDPS</b>						
<b>TEXAS CHIP (Age 1 to 5)</b>	44,052	100.00	65.68	65.68	1.000	1.000
<b>Bexar</b>	3,219	100.00	69.81	66.46	1.000	1.050
Community First	1,977	61.42	76.92	66.53	1.001	1.156
Superior	1,055	32.77	61.92	67.78	1.020	0.914
Aetna	187	5.81	30.10	57.17	0.860	0.526
<b>Dallas</b>	7,133	100.00	58.50	63.12	1.000	0.927
Amerigroup	3,466	48.59	53.58	63.76	1.010	0.840
Parkland	3,328	46.66	62.42	63.20	1.001	0.988
Unicare	339	4.75	69.94	54.72	0.867	1.278
<b>El Paso</b>	1,368	100.00	43.38	63.05	1.000	0.688
El Paso First	883	64.55	45.20	60.96	0.967	0.741
Superior	485	35.45	39.93	67.00	1.063	0.596
<b>Harris</b>	12,463	100.00	71.28	64.03	1.000	1.113
Amerigroup	2,379	19.09	46.44	58.68	0.916	0.791
Texas Children's	8,375	67.20	81.19	66.73	1.042	1.217
UnitedHealthcare	601	4.82	71.52	53.87	0.841	1.328
Community Health Choice	974	7.82	48.15	59.09	0.923	0.815
Molina	134	1.08	15.75	53.42	0.834	0.295
<b>Lubbock</b>	863	100.00	51.29	61.88	1.000	0.829
FirstCare	369	42.76	42.47	58.58	0.947	0.725
Superior	494	57.24	57.75	64.30	1.039	0.898
<b>Nueces</b>	1,185	100.00	72.05	77.72	1.000	0.927
Amerigroup	16	1.35	147.50	94.71	1.219	1.557
Driscoll	1,113	93.92	72.10	78.27	1.007	0.921
Superior	56	4.73	47.90	59.07	0.760	0.811
<b>Tarrant</b>	4,294	100.00	67.37	65.31	1.000	1.032
Amerigroup	634	14.76	34.77	57.08	0.874	0.609
Cook Children's	3,453	80.41	74.39	67.32	1.031	1.105
Aetna	207	4.82	24.46	49.78	0.762	0.491
<b>Travis</b>	2,704	100.00	50.77	60.86	1.000	0.834
Seton	1,948	72.04	48.29	60.43	0.993	0.799
Superior	756	27.96	58.56	62.21	1.022	0.941
<b>Webb</b>	748	100.00	63.95	64.27	1.000	0.995
Mercy	748	100.00	63.95	64.27	1.000	0.995
<b>Other Area</b>	10,075	100.00	69.49	70.03	1.000	0.992
Superior EPO	10,075	100.00	69.49	70.03	1.000	0.992

Note: CDPS results are based on information in enrollment and encounter datasets. CDPS results were obtained for those enrollees who had been in the program for at least 3 months (age<1) and for those who had been in the program for at least 6 months (age≥1) (permitting one month lapse in enrollment within the 6 months period).

**TEXAS CHIP CDPS SDA/Health Plan Risk**  
**Reporting Period: September 1, 2006 to August 31, 2007**

CHIP						
SDA/Health Plan	Number of Enrollees	Percent Affected	Actual PMPM Expenditures Based on Paid Amounts	Predicted PMPM Payment	Case Mix	Spend Ratio
<b>CDPS</b>						
<b>TEXAS CHIP (Age 6 to 14)</b>	184,943	100.00	47.01	47.01	1.000	1.000
<b>Bexar</b>	15,779	100.00	45.10	46.07	1.000	0.979
Community First	9,938	62.98	51.34	46.92	1.018	1.094
Superior	4,851	30.74	36.35	46.35	1.006	0.784
Aetna	990	6.27	17.28	33.40	0.725	0.517
<b>Dallas</b>	27,696	100.00	47.81	45.23	1.000	1.057
Amerigroup	13,217	47.72	33.49	42.48	0.939	0.788
Parkland	12,686	45.80	64.01	49.16	1.087	1.302
Unicare	1,793	6.47	31.36	34.69	0.767	0.904
<b>El Paso</b>	8,341	100.00	37.60	47.12	1.000	0.798
El Paso First	5,707	68.42	41.49	48.53	1.030	0.855
Superior	2,634	31.58	28.72	43.92	0.932	0.654
<b>Harris</b>	46,065	100.00	53.97	45.10	1.000	1.197
Amerigroup	9,202	19.98	31.73	39.82	0.883	0.797
Texas Children's	29,674	64.42	64.98	48.37	1.073	1.343
UnitedHealthcare	2,554	5.54	43.20	40.70	0.902	1.061
Community Health Choice	3,549	7.70	26.99	35.59	0.789	0.758
Molina	1,086	2.36	21.14	29.04	0.644	0.728
<b>Lubbock</b>	3,907	100.00	33.99	49.08	1.000	0.693
FirstCare	1,647	42.16	42.81	49.25	1.003	0.869
Superior	2,260	57.84	27.42	48.96	0.998	0.560
<b>Nueces</b>	5,955	100.00	52.71	50.37	1.000	1.046
Amerigroup	201	3.38	41.19	33.94	0.674	1.214
Driscoll	5,495	92.28	54.42	51.35	1.019	1.060
Superior	259	4.35	16.21	37.08	0.736	0.437
<b>Tarrant</b>	16,607	100.00	43.66	45.92	1.000	0.951
Amerigroup	1,771	10.66	20.62	35.88	0.781	0.575
Cook Children's	13,938	83.93	47.47	47.67	1.038	0.996
Aetna	898	5.41	13.47	30.92	0.673	0.436
<b>Travis</b>	10,016	100.00	37.09	42.90	1.000	0.865
Seton	7,987	79.74	40.34	44.09	1.028	0.915
Superior	2,029	20.26	21.32	37.13	0.866	0.574
<b>Webb</b>	3,546	100.00	41.96	47.32	1.000	0.887
Mercy	3,546	100.00	41.96	47.32	1.000	0.887
<b>Other Area</b>	47,031	100.00	46.22	50.81	1.000	0.910
Superior EPO	47,031	100.00	46.22	50.81	1.000	0.910

Note: CDPS results are based on information in enrollment and encounter datasets. CDPS results were obtained for those enrollees who had been in the program for at least 3 months (age<1) and for those who had been in the program for at least 6 months (age≥1) (permitting one month lapse in enrollment within the 6 months period).

**TEXAS CHIP CDPS SDA/Health Plan Risk**  
**Reporting Period: September 1, 2006 to August 31, 2007**

CHIP						
SDA/Health Plan	Number of Enrollees	Percent Affected	Actual PMPM Expenditures Based on Paid Amounts	Predicted PMPM Payment	Case Mix	Spend Ratio
<b>CDPS</b>						
<b>TEXAS CHIP (Age 15 to 18)</b>	73,153	100.00	63.75	63.75	1.000	1.000
<b>Bexar</b>	6,673	100.00	52.16	61.15	1.000	0.853
Community First	4,246	63.63	61.54	62.88	1.028	0.979
Superior	2,000	29.97	37.12	59.70	0.976	0.622
Aetna	427	6.40	20.00	47.32	0.774	0.423
<b>Dallas</b>	9,242	100.00	69.80	63.26	1.000	1.103
Amerigroup	4,594	49.71	70.04	63.53	1.004	1.102
Parkland	4,082	44.17	72.55	64.21	1.015	1.130
Unicare	566	6.12	42.12	51.90	0.820	0.812
<b>El Paso</b>	3,963	100.00	48.56	62.99	1.000	0.771
El Paso First	2,917	73.61	52.79	64.40	1.022	0.820
Superior	1,046	26.39	35.98	58.80	0.933	0.612
<b>Harris</b>	17,178	100.00	75.11	63.04	1.000	1.191
Amerigroup	3,602	20.97	36.30	53.76	0.853	0.675
Texas Children's	10,547	61.40	93.60	68.38	1.085	1.369
UnitedHealthcare	1,352	7.87	71.64	56.70	0.899	1.263
Community Health Choice	1,275	7.42	38.29	51.05	0.810	0.750
Molina	402	2.34	21.12	47.98	0.761	0.440
<b>Lubbock</b>	1,782	100.00	53.57	65.87	1.000	0.813
FirstCare	721	40.46	66.88	64.12	0.973	1.043
Superior	1,061	59.54	44.12	67.10	1.019	0.658
<b>Nueces</b>	2,740	100.00	68.13	63.34	1.000	1.076
Amerigroup	110	4.01	52.98	42.79	0.676	1.238
Driscoll	2,498	91.17	70.57	64.81	1.023	1.089
Superior	132	4.82	21.55	44.69	0.706	0.482
<b>Tarrant</b>	5,926	100.00	71.15	62.88	1.000	1.132
Amerigroup	519	8.76	23.29	47.43	0.754	0.491
Cook Children's	5,070	85.56	77.62	65.07	1.035	1.193
Aetna	337	5.69	17.60	43.67	0.694	0.403
<b>Travis</b>	3,634	100.00	62.80	66.74	1.000	0.941
Seton	3,072	84.53	67.34	68.47	1.026	0.983
Superior	562	15.47	32.24	55.05	0.825	0.586
<b>Webb</b>	1,494	100.00	58.04	64.56	1.000	0.899
Mercy	1,494	100.00	58.04	64.56	1.000	0.899
<b>Other Area</b>	20,521	100.00	57.27	65.08	1.000	0.880
Superior EPO	20,521	100.00	57.27	65.08	1.000	0.880

Note: CDPS results are based on information in enrollment and encounter datasets. CDPS results were obtained for those enrollees who had been in the program for at least 3 months (age<1) and for those who had been in the program for at least 6 months (age≥1) (permitting one month lapse in enrollment within the 6 months period).

## *Attachment 7*

### Delivery Supplemental Payment

The rate setting methodology includes a risk adjustment technique designed to provide uniform treatment of the health plans for costs related to maternity services. In order to recognize the potential inequity that might arise between health plans with respect to the proportion of maternity cases, HHSC reimburses each plan \$3,100 for each birth.



## *Attachment 8*

### CHIP Perinatal Rating

For the new CHIP Perinatal program we have developed premium rates for four categories of clients or risk groups: (1) newborns under 185% of the Federal Poverty Level (FPL); (2) newborns between 185% and 200% FPL; (3) expectant mothers under 185% FPL; and (4) expectant mothers between 185% and 200% FPL.

The basis for CHIP Perinatal newborn rates was STAR newborn rates. We began with FY2009 STAR newborn rates by service area. For those CHIP service areas that are not a STAR area (Laredo and the EPO service area) we used the overall average STAR newborn rate. To the STAR rates we made adjustments for: (1) removal of delayed enrollment; (2) benefit differences between STAR and CHIP; (3) an additional 1% risk margin and (4) the impact of carve-out of the initial inpatient facility cost for newborns under 185% FPL. Attached Exhibit A presents a summary of the rate calculation for CHIP Perinatal newborn rates.

The basis for premium rates for expectant mothers was FY2004 and FY2005 fee-for-service (FFS) plan claims experience for selected services for TP 40 clients – pregnant women who are below 185% FPL and eligible only because they are pregnant (provided by HHSC Strategic Decision Support staff). This claims experience was trended forward to FY2009, assuming a 5% annual trend. The expectant mother rate for clients under 185% FPL also includes \$315.33 pmpm (equals \$1,100 plus an additional amount to adjust for the loss of upper payment limit divided by four months expected enrollment) for the professional component of delivery services. Provisions for administrative expenses and risk margin were added to the projected claims, and an investment income credit was taken to produce the FY2009 premium rates for expectant mothers.

The administrative expense provision for the expectant mother rate was set equal to the average administrative fee included in the STAR rates. This revision to our usual administrative fee formula was necessary because even though benefits are limited for expectant mothers, the health plan is still responsible for administering and managing the total cost. The risk margin is 3% which is 1% higher than that used for the regular CHIP program. The use of a higher risk margin was deemed appropriate given that CHIP Perinatal is a new program with no direct experience data to draw from.

An investment income credit was included to account for the income expected to be generated between the time the health plan receives the premium from HHSC and the time they pay claims. We have assumed that the value of this timing (or cash flow) difference is 0.24% of premium. Attachment 5 presents our analysis and estimate of the value of this revision.

In addition to the premium, HHSC pays the health plans a \$3,100 delivery supplemental payment (DSP) per maternity delivery for those CHIP Perinatal clients between 185% and 200% FPL. More information on DSP is included in Attachment 7.

The expectant mother premium rates are the same for all areas. Attached Exhibit B presents a summary of the rate calculation for CHIP Perinatal expectant mother rates. Attached Exhibit C is a summary of the CHIP Perinatal rates for all categories.

FY2009 CHIP Perinatal Rating  
Newborn Cost

	Austin	Corpus Christi	Dallas	El Paso	Fort Worth	Houston	Laredo	Lubbock	San Antonio	EPO	Total
Projected FY2009 CHIP Total Member Months	220,908	127,716	668,652	207,672	428,052	1,288,584	81,492	108,756	384,840	1,069,164	4,585,836
Projected FY2009 STAR Newborn Member Months	80,240	79,194	238,424	89,946	175,715	392,702		47,702	205,247		1,309,170
FY2009 STAR Newborn Premium Rate pmpm	\$ 700.84	\$ 924.46	\$ 670.93	\$ 561.39	\$ 686.90	\$ 794.32	\$ 727.66	\$ 474.49	\$ 767.17	\$ 727.66	\$ 727.66
Adjustment Factors											
Delayed Enrollment (1)	0.948	0.948	0.948	0.948	0.948	0.948	0.948	0.948	0.948	0.948	0.948
Benefit Differences	0.986	0.986	0.986	0.986	0.986	0.986	0.986	0.986	0.986	0.986	0.986
Cost Sharing											
<185% FPL	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
185%+ FPL	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Additional Risk Margin (2)	1.010	1.010	1.010	1.010	1.010	1.010	1.010	1.010	1.010	1.010	1.010
Hospital Carve-out	0.532	0.532	0.532	0.532	0.532	0.532	0.532	0.532	0.532	0.532	0.532
FY2009 CHIP Perinatal Newborn Premium Rate pmpm	\$ 391.88	\$ 516.92	\$ 375.16	\$ 313.90	\$ 384.09	\$ 444.15	\$ 406.88	\$ 265.31	\$ 428.97	\$ 406.88	\$ 407.23
<185% FPL (3)	\$ 736.45	\$ 971.43	\$ 705.02	\$ 589.91	\$ 721.80	\$ 834.67	\$ 764.63	\$ 498.59	\$ 806.15	\$ 764.63	\$ 765.29
185%+ FPL (4)											

Footnotes:

- (1) Equals the expected average cost for managed care members relative to all members.
- (2) The risk margin for the new program has been set at 3%.
- (3) Equals FY2009 STAR Newborn Premium Rate pmpm divided by Delayed Enrollment factor times Benefit Differences factor times Cost Sharing factor times Additional Risk Margin factor.
- (4) Equals FY2009 STAR Newborn Premium Rate pmpm divided by Delayed Enrollment factor times Benefit Differences factor times Cost Sharing factor times Additional Risk Margin factor times Hospital Carve-out factor.

FY2009 CHIP Perinatal Rating  
Pregnant Women's Cost

	<u>&lt;185%</u> <u>FPL</u>	<u>185%+</u> <u>FPL</u>
Experience Period Claims Cost pmpm		
Prenatal and Post-natal Services (1)	\$ 87.72	\$ 87.72
Outpatient Observation (2)	8.70	8.70
Ambulance (2)	\$ 1.58	\$ 1.58
Projected FY2009 Claims Cost pmpm (3)		
Prenatal and Post-natal Services	\$ 111.95	\$ 111.95
Outpatient Observation	10.57	10.57
Ambulance	1.92	1.92
Physician Delivery Cost	315.33	0.00
Total	\$ 439.78	\$ 124.45
Frew Adjustment Factor	1.10	1.10
Projected FY2009 Claims Cost pmpm	\$ 483.75	\$ 136.89
Administrative Expenses pmpm (4)	\$ 39.02	\$ 39.02
Risk Margin	3.00 %	3.00 %
Premium Tax	1.75 %	1.75 %
Maintenance Tax	\$ 0.1025	\$ 0.1025
Investment Income Adjustment	0.9976	0.9976
Monthly Premium Rate	\$ 548.95	\$ 184.79

Footnotes

(1) Based on FY2004 experience.

(2) Based on FY2005 experience.

(3) Assumes 5% annual cost trend.

(4) Equals the average administrative expense provision included in the STAR Pregnant Women rates.

FY2009 CHIP Perinatal Rating  
Monthly Premium Rate

Service Area	Newborns		Expectant Mother		
	<185% FPL	185-200% FPL	<185% FPL	185-200% FPL	DSP*
Austin	\$ 391.88	\$ 736.45	\$ 548.95	\$ 184.79	\$ 3,100.00
Corpus Christi	516.92	971.43	548.95	184.79	3,100.00
Dallas	375.16	705.02	548.95	184.79	3,100.00
El Paso	313.90	589.91	548.95	184.79	3,100.00
Fort Worth	384.09	721.80	548.95	184.79	3,100.00
Houston	444.15	834.67	548.95	184.79	3,100.00
Laredo	406.88	764.63	548.95	184.79	3,100.00
Lubbock	265.31	498.59	548.95	184.79	3,100.00
San Antonio	428.97	806.15	548.95	184.79	3,100.00
EPO Area	406.88	764.63	548.95	184.79	3,100.00

\* Delivery Supplemental Payment. DSP applies to births from mothers between 185% and 200% of the Federal Poverty Level.

## Attachment 9

### CHIP Dental Rating

The model used to derive the FY2009 CHIP Dental premium rates relies primarily on dental plan financial experience. Historical claims experience data for the dental plan was analyzed and estimates for the base period (September, 2006 through August, 2007) were developed. The claims experience was trended forward to FY2009 using an assumed annual trend rate of 5%. Provisions for administrative expenses and risk margin were added to the projected claims and an investment income credit was taken to produce the FY2009 premium rates.

The Texas Medicaid program implemented significant changes in dental provider reimbursement effective September 1, 2007 in response to the Frew lawsuit settlement. Refer to Section VI of this report for a description of the dental reimbursement changes and their impact on CHIP dental rates.

Attached Exhibit A presents a summary of the experience analysis performed for the CHIP dental plan. The top portion of the exhibit shows summary base period (September, 2006 through August, 2007) experience. Following that is projected FY2009 enrollment, premium and incurred claims experience.

The amount allocated for administrative expenses is \$1.0942 pmpm plus 1.75% of gross premium. A risk margin is also included at 2.0% of gross premium.

Near the bottom of the exhibit is a summary of the projected FY2009 cost based on these assumptions and the experience rate increase applied to the three rate tiers.

Exhibit B presents the FY2009 premium rates for the three rate tiers. The FY2009 per-capita rates are determined as the FY2008 rates increased by the experience rate increase by age calculated on Exhibit A, as described above.

CHIP Dental Rating  
 Experienced Based Renewal Rating  
 Projection Period: FY2009

	<1		1-5		6-14		15-18		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience FY2007										
Member Months	16,395		624,106		2,338,803		774,333		3,753,637	
Premium Revenue	31,478	1.92	6,660,402	10.67	41,045,854	17.55	10,901,240	14.08	58,638,975	15.62
Estimated Incurred Claims	2,372	0.14	3,378,390	5.41	22,721,635	9.72	5,905,418	7.63	32,007,815	8.53
Projected FY2008 Member Months	291,984		859,896		3,037,068		995,316		5,184,264	
Annual Trend Assumptions										
FY2008	5.0 %		5.0 %		5.0 %		5.0 %		5.0 %	
FY2009	5.0 %		5.0 %		5.0 %		5.0 %		5.0 %	
Provider Fee Increase	41.1 %		41.1 %		41.1 %		41.1 %		41.1 %	
Utilization Adjustment	10.0 %		10.0 %		10.0 %		10.0 %		10.0 %	
Seasonality Adjustment	1.0000		1.0000		1.0000		1.0000		1.0000	
Projected Incurred Claims	72,301	0.25	7,965,180	9.26	50,489,230	16.62	12,989,193	13.05	71,515,904	13.79
Administrative Expenses										
Fixed Amount	319,479	1.09	940,870	1.09	3,323,060	1.09	1,089,042	1.09	5,672,451	1.09
Percentage of Premium	1.75 %	0.02	1.75 %	0.19	1.75 %	0.32	1.75 %	0.26	1.75 %	0.27
Risk Margin	2.00 %	0.03	2.00 %	0.21	2.00 %	0.37	2.00 %	0.29	2.00 %	0.31
Investment Income Adjustment		0.9980		0.9980		0.9980		0.9980		0.9980
Projected Total Cost	406,231	1.39	9,234,533	10.74	55,797,054	18.37	14,597,484	14.67	80,035,302	15.44
Experience Rate Increase		-27.5%		0.6%		4.7%		4.2%		-1.2%