

**STATE OF TEXAS
CHILDREN'S HEALTH INSURANCE
PROGRAM
CHIP RATE SETTING
STATE FISCAL YEAR 2010**

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 2010 (FY2010, September 1, 2009 through August 31, 2010) 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 FY2010 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 2005 and a projection of future enrollment through August 2010.
- Claim lag reports by age group for each health plan for the period September 2005 through March 2009. 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 FY2007, FY2008 and the first six months of FY2009. 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.
- Reports from the health plans providing information on high volume claimants during the experience period.
- Current (FY2009) premium rates for each health plan.
- Information from both HHSC and the health plans 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.
- FY2008 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 FY2008 CHIP claims cost by health plan by type of service from the encounter database.
- Information from HHSC regarding FY2009 and proposed FY2010 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 FY2010 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 (FY2008) were developed. These estimates were then projected forward to FY2010 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 FY2010 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 FY2010 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 FY2010 cost for each individual health plan by estimating their base period (FY2008) 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 FY2010 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 FY2010 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 FY2010 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 5.

The FY2010 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 full risk adjustment, (ii) community rate

without risk adjustment and (iii) 92.5% of the rate developed using the individual experience of the plan. 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 6.

III. Adjustment Factors

This section contains a description of the adjustment factors used in the FY2010 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, 2009. This analysis was used to select an annual trend rate assumption of 5.15% for FY2009 and 5.0% for FY2010 for each health plan.

Provider Reimbursement Adjustment

There were several significant revisions to the Texas Medicaid fee schedule which were included in the CHIP rating analysis. Reimbursement increases were provided for the following services: rural health clinics, federally qualified health centers, ambulatory surgical centers, sonograms, increase in the number of recommended EPSDT screens and the new developmental and autism screenings. In addition, an adjustment was made to recognize the change in Medicaid reimbursement for three hospitals from DRG to cost basis (TEFRA).

The rating adjustments for these provider reimbursement changes were calculated by applying actual health plan encounter data to the old and new reimbursement basis and the resulting impact determined. As a result of problems with the FY2008 CHIP encounter data, FY2007 data was used in developing some of these estimates. Attachment 4 presents a summary of the derivation of these adjustment factors.

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 (IHP). 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 5.

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 services. The amount allocated for administrative expenses is the greater of (a) \$10.00 per member per month (pmpm) plus 5.75% of gross premium and (b) \$15.00 pmpm. This amount is intended to provide for all administrative-related services performed by the HMO.

The premium rates also include an amount for premium tax (1.75% of premium), maintenance tax (\$0.09 pmpm) and a risk margin (2.0% of 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 under Medicaid. 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.

The CHIP Perinatal FY2010 premium rates were derived using a methodology very similar to that described in Section II above for CHIP. Attachment 7 presents a description of the rating methodology used in developing the FY2010 CHIP Perinatal rates.

VI. CHIP Dental

The actuarial model used to derive the FY2010 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 FY2008 base period were developed. The claims experience was trended forward to FY2010 using assumed trend rates. Provisions for administrative expenses, taxes and risk margin were added to the projected claims to produce the FY2010 premium rates.

Attachment 8 includes additional documentation regarding the rate calculation for CHIP Dental.

VII. Summary

The chart below presents results of the FY2010 CHIP rating analysis.

Health Plan	Regular CHIP				DSP
	Under Age 1	Ages 1-5	Ages 6-14	Ages 15-18	
FY2010 Premium Rates pmpm					
Seton – Austin	\$219.27	\$ 99.49	\$79.59	\$141.16	\$3,100.00
Superior - Austin	242.09	82.01	65.17	106.84	3,100.00
Amerigroup – Corpus	88.75	100.19	81.98	107.81	3,100.00
Driscoll – Corpus	177.85	116.22	95.09	136.08	3,100.00
Superior – Corpus	89.89	94.21	77.79	102.57	3,100.00
Amerigroup – Dallas	108.25	95.71	76.81	109.67	3,100.00
Parkland – Dallas	133.54	111.53	92.07	127.01	3,100.00
Unicare – Dallas	124.78	97.01	77.60	111.96	3,100.00
El Paso First – El Paso	109.83	92.14	71.00	75.03	3,100.00
Superior – El Paso	104.95	92.10	67.45	70.47	3,100.00
Aetna – Fort Worth	128.51	94.08	69.51	86.23	3,100.00
Amerigroup – Fort Worth	108.57	89.95	68.44	87.02	3,100.00
Cook – Fort Worth	114.01	107.27	90.64	118.24	3,100.00
Amerigroup – Houston	292.59	84.69	63.93	87.53	3,100.00
CHC – Houston	215.39	98.79	72.24	103.89	3,100.00
Molina – Houston	237.12	102.38	68.26	95.72	3,100.00
TCHP – Houston	250.96	119.89	92.78	129.01	3,100.00
UHC – Houston	308.91	111.44	83.30	115.53	3,100.00
Mercy – Laredo	149.64	108.04	76.85	88.14	3,100.00
Firstcare – Lubbock	47.51	88.59	68.26	85.65	3,100.00
Superior – Lubbock	51.91	84.64	61.73	81.28	3,100.00
Aetna – San Antonio	151.50	94.62	63.32	75.99	3,100.00
CFHP – San Antonio	170.00	105.91	78.00	91.95	3,100.00
Superior – San Antonio	167.41	102.76	69.41	82.05	3,100.00
Superior – EPO	148.97	108.29	76.34	93.74	3,100.00

Service Area	CHIP Perinatal				DSP
	Newborns Under 185% FPL	Newborns 185-200% FPL	Perinate Under 185% FPL	Perinate 185-200% FPL	
FY2010 Premium Rates pmpm					
Austin	\$268.13	\$408.55	\$274.33	\$309.57	\$3,100.00
Corpus Christi	240.96	408.55	279.25	309.57	3,100.00
Dallas	260.85	408.55	397.02	309.57	3,100.00
El Paso	231.41	408.55	356.24	309.57	3,100.00
Fort Worth	240.22	408.55	410.12	309.57	3,100.00
Houston	307.78	408.55	585.23	309.57	3,100.00
Laredo	279.77	408.55	389.10	309.57	3,100.00
Lubbock	265.12	408.55	371.30	309.57	3,100.00
San Antonio	168.74	408.55	408.86	309.57	3,100.00
EPO Area	238.36	408.55	291.08	309.57	3,100.00

Tier	CHIP Dental			
	Under Age 1	Ages 1-5	Ages 6-14	Ages 15-18
FY2010 Premium Rates pmpm				
Tier I	\$1.16	\$11.16	\$17.70	\$13.85
Tier II	1.16	11.27	17.88	13.99
Tier III	1.16	11.49	18.28	14.29

Attachment 1 presents additional information regarding the FY2010 CHIP rates including a comparison to current rates. Attachments 7 and 8 contain additional information regarding the CHIP Perinatal and CHIP Dental plan rates, respectively.

VIII. Attachments

Attachment 1

Summary of FY2010 CHIP Rating Analysis

The attached exhibit presents summary information regarding the FY2010 CHIP health plan rates. Included on the exhibit are current (FY2009) premium and delivery supplemental payment rates (DSP), projected FY2010 enrollment, FY2010 premium and DSP rates and a comparison of FY2009 and FY2010 rates.

FY2010 CHIP Rating
Summary

Health Plan	Age Bracket					Age Bracket				
	<1	1-5	6-14	15-18	Total	<1	1-5	6-14	15-18	Total
Projected FY2010 Member Months										
Seton - Austin	600	33,660	117,144	39,960	191,364					
Superior - Austin	552	25,248	61,908	15,864	103,572					
Driscoll - Corpus	216	19,404	79,308	29,640	128,568					
Amerigroup - Corpus	12	1,836	7,188	2,724	11,760					
Superior - Corpus	72	3,216	9,096	3,660	16,044					
Amerigroup - Dallas	960	72,492	244,608	75,852	393,912					
Parkland - Dallas	1,404	73,044	225,540	62,964	362,952					
Unicare - Dallas	216	16,680	57,936	19,848	94,680					
Cook - Fort Worth	924	59,856	207,444	65,880	334,104					
Aetna - Fort Worth	204	12,984	39,828	14,412	67,428					
Amerigroup - Fort Worth	768	39,336	96,888	24,288	161,280					
El Paso First - El Paso	168	20,304	98,664	44,484	163,620					
Superior - El Paso	144	13,764	57,936	21,624	93,468					
Amerigroup - Houston	528	37,008	136,872	47,808	222,216					
TCHP - Houston	2,076	161,328	507,996	161,520	832,920					
UHC - Houston	516	26,544	132,924	59,448	219,432					
CHC - Houston	2,160	63,480	169,668	49,620	284,928					
Molina - Houston	84	4,980	22,860	9,228	37,152					
Mercy - Laredo	132	13,176	57,048	21,564	91,920					
Firstcare - Lubbock	132	9,204	33,432	12,696	55,464					
Superior - Lubbock	108	13,944	46,368	14,772	75,192					
CFHP - San Antonio	384	42,816	168,384	61,644	273,228					
Superior - San Antonio	240	24,420	86,988	32,412	144,060					
Aetna - San Antonio	168	9,648	41,412	16,548	67,776					
EPO Plan	2,256	208,860	769,632	282,768	1,263,516					
Total - All Plans	15,024	1,007,232	3,477,072	1,191,228	5,690,556					

Health Plan	Age Bracket					Age Bracket				
	<1	1-5	6-14	15-18	Total	<1	1-5	6-14	15-18	Total
FY2009 (Current) Premium Rates pmpm						Projected FY2010 Premium Based on FY2009 Rates				
Seton - Austin	107.89	94.70	78.17	110.74	87.97	64,734	3,187,602	9,157,146	4,425,170	16,834,653
Superior - Austin	85.36	107.53	72.61	98.21	85.11	47,119	2,714,917	4,495,140	1,558,003	8,815,179
Driscoll - Corpus	111.16	119.94	92.33	120.73	103.08	24,011	2,327,316	7,322,508	3,578,437	13,252,271
Amerigroup - Corpus	140.71	183.71	77.25	100.90	99.41	1,689	337,292	555,273	274,852	1,169,105
Superior - Corpus	125.81	102.44	75.46	94.22	85.37	9,058	329,447	686,384	344,845	1,369,735
Amerigroup - Dallas	91.17	92.52	71.68	90.31	79.15	87,523	6,706,960	17,533,501	6,850,194	31,178,179
Parkland - Dallas	122.61	94.54	85.51	94.09	88.96	172,144	6,905,580	19,285,925	5,924,283	32,287,932
Unicare - Dallas	109.87	98.23	72.41	91.26	81.00	23,732	1,638,476	4,195,146	1,811,328	7,668,683
Cook - Fort Worth	122.97	96.35	76.57	113.94	87.61	113,624	5,767,126	15,883,987	7,506,367	29,271,104
Aetna - Fort Worth	103.15	103.58	72.20	111.16	86.66	21,043	1,344,883	2,875,582	1,602,038	5,843,545
Amerigroup - Fort Worth	89.70	103.28	72.86	104.99	85.20	68,890	4,062,622	7,059,260	2,549,997	13,740,768
El Paso First - El Paso	126.25	73.85	70.01	82.16	73.85	21,210	1,499,450	6,907,467	3,654,805	12,082,932
Superior - El Paso	83.94	82.60	64.48	76.34	69.92	12,087	1,136,906	3,735,713	1,650,776	6,535,483
Amerigroup - Houston	200.61	80.19	61.50	87.79	70.60	105,922	2,967,672	8,417,628	4,197,064	15,688,286
TCHP - Houston	318.86	113.71	93.14	139.24	106.63	661,953	18,344,607	47,314,747	22,490,045	88,811,352
UHC - Houston	339.22	99.62	85.06	125.30	98.32	175,038	2,644,313	11,306,515	7,448,834	21,574,701
CHC - Houston	270.16	105.59	71.87	109.01	87.35	583,546	6,702,853	12,194,039	5,409,076	24,889,514
Molina - Houston	297.66	113.35	69.63	121.66	88.93	25,003	564,483	1,591,742	1,122,678	3,303,907
Mercy - Laredo	113.31	114.06	75.61	103.24	87.66	14,957	1,502,855	4,313,399	2,226,267	8,057,478
Firstcare - Lubbock	79.19	79.61	65.04	85.98	72.28	10,453	732,730	2,174,417	1,091,602	4,009,203
Superior - Lubbock	87.45	84.55	62.56	87.06	71.49	9,445	1,178,965	2,900,782	1,286,050	5,375,242
CFHP - San Antonio	126.09	112.33	78.39	95.49	87.63	48,419	4,809,521	13,199,622	5,886,386	23,943,947
Superior - San Antonio	117.46	114.44	77.43	90.66	86.75	28,190	2,794,625	6,735,481	2,938,472	12,496,768
Aetna - San Antonio	156.66	116.04	67.08	86.38	78.98	26,319	1,119,554	2,777,917	1,429,416	5,353,206
EPO Plan	144.50	104.15	75.55	93.17	84.34	325,992	21,752,769	58,145,698	26,345,495	106,569,953
Total - All Plans	178.52	102.33	77.87	103.76	87.89	2,682,100	103,073,524	270,765,020	123,602,483	500,123,127

Health Plan	Age Bracket					Total	Age Bracket				
	<1	1-5	6-14	15-18	Total		<1	1-5	6-14	15-18	Total
FY2010 Premium Rates pmpm (Individual Experience Rating)						FY2010 Premium					
Seton - Austin	343.64	109.94	83.77	155.64	104.20	206,183	3,700,637	9,813,731	6,219,383	19,939,934	
Superior - Austin	158.06	75.47	61.11	65.19	65.75	87,252	1,905,541	3,782,982	1,034,217	6,809,991	
Driscoll - Corpus	147.69	118.75	95.82	143.59	110.38	31,902	2,304,303	7,599,318	4,255,986	14,191,509	
Amerigroup - Corpus	78.52	81.45	90.85	61.44	82.56	942	149,533	653,055	167,370	970,901	
Superior - Corpus	148.87	100.06	72.78	74.14	78.90	10,719	321,781	661,983	271,346	1,265,829	
Amerigroup - Dallas	66.21	90.49	67.82	103.24	78.81	63,560	6,559,775	16,590,185	7,830,929	31,044,449	
Parkland - Dallas	159.19	113.26	101.49	138.43	110.49	223,506	8,272,866	22,890,731	8,715,886	40,102,989	
Unicare - Dallas	102.35	100.97	68.87	96.05	80.30	22,108	1,684,138	3,990,314	1,906,391	7,602,951	
Cook - Fort Worth	112.42	123.52	96.57	125.56	107.16	103,876	7,393,363	20,033,218	8,272,169	35,802,625	
Aetna - Fort Worth	79.85	59.26	43.25	50.60	48.02	16,289	769,469	1,722,512	729,298	3,237,569	
Amerigroup - Fort Worth	130.69	73.72	54.48	63.02	60.82	100,372	2,899,877	5,278,256	1,530,541	9,809,046	
El Paso First - El Paso	104.34	95.02	72.18	76.25	76.15	17,530	1,929,271	7,121,077	3,391,837	12,459,715	
Superior - El Paso	106.24	84.74	61.45	63.01	65.31	15,298	1,166,296	3,560,251	1,362,442	6,104,288	
Amerigroup - Houston	79.03	77.76	60.88	73.15	66.37	41,728	2,877,572	8,332,212	3,497,194	14,748,706	
TCHP - Houston	304.52	129.80	99.35	141.84	114.00	632,178	20,940,839	50,470,281	22,910,314	94,953,612	
UHC - Houston	170.66	105.36	76.41	106.99	88.42	88,062	2,796,551	10,157,289	6,360,121	19,402,022	
CHC - Houston	282.04	86.39	65.45	95.83	77.05	609,205	5,484,086	11,104,638	4,755,252	21,953,181	
Molina - Houston	60.13	71.27	40.71	63.99	50.63	5,051	354,947	930,643	590,456	1,881,096	
Mercy - Laredo	149.64	108.04	76.85	88.14	84.08	19,753	1,423,566	4,384,281	1,900,602	7,728,202	
Firstcare - Lubbock	20.47	74.53	67.38	105.88	77.27	2,702	686,001	2,252,600	1,344,197	4,285,499	
Superior - Lubbock	90.13	91.36	57.67	60.09	64.44	9,734	1,273,866	2,674,057	887,677	4,845,333	
CFHP - San Antonio	216.10	111.94	83.85	102.28	92.59	82,981	4,792,942	14,118,629	6,304,924	25,299,476	
Superior - San Antonio	113.15	94.21	55.80	65.77	64.65	27,156	2,300,684	4,853,662	2,131,641	9,313,144	
Aetna - San Antonio	109.63	70.70	47.66	47.82	51.13	18,418	682,111	1,973,717	791,300	3,465,546	
EPO Plan	148.97	108.29	76.34	93.74	85.64	336,067	22,616,720	58,754,906	26,505,524	108,213,217	
Total - All Plans	184.54	104.53	78.72	103.81	88.82	2,772,573	105,286,735	273,704,525	123,666,997	505,430,829	

Health Plan	Age Bracket					Total	Age Bracket					
	<1	1-5	6-14	15-18	Total		<1	1-5	6-14	15-18	Total	
FY2010 Premium Rate Change Relative to Current Rates							FY2010 Average Rates (weighted using total program members)					
Seton - Austin	218.5%	16.1%	7.2%	40.5%	18.4%		104.14					
Superior - Austin	85.2%	-29.8%	-15.8%	-33.6%	-22.7%		64.76					
Driscoll - Corpus	32.9%	-1.0%	3.8%	18.9%	7.1%		110.02					
Amerigroup - Corpus	-44.2%	-55.7%	17.6%	-39.1%	-17.0%		83.00					
Superior - Corpus	18.3%	-2.3%	-3.6%	-21.3%	-7.6%		78.09					
Amerigroup - Dallas	-27.4%	-2.2%	-5.4%	14.3%	-0.4%		79.24					
Parkland - Dallas	29.8%	19.8%	18.7%	47.1%	24.2%		111.46					
Unicare - Dallas	-6.8%	2.8%	-4.9%	5.2%	-0.9%		80.33					
Cook - Fort Worth	-8.6%	28.2%	26.1%	10.2%	22.3%		107.45					
Aetna - Fort Worth	-22.6%	-42.8%	-40.1%	-54.5%	-44.6%		47.72					
Amerigroup - Fort Worth	45.7%	-28.6%	-25.2%	-40.0%	-28.6%		59.87					
El Paso First - El Paso	-17.4%	28.7%	3.1%	-7.2%	3.1%		77.16					
Superior - El Paso	26.6%	2.6%	-4.7%	-17.5%	-6.6%		66.02					
Amerigroup - Houston	-60.6%	-3.0%	-1.0%	-16.7%	-6.0%		66.48					
TCHP - Houston	-4.5%	14.2%	6.7%	1.9%	6.9%		114.18					
UHC - Houston	-49.7%	5.8%	-10.2%	-14.6%	-10.1%		88.19					
CHC - Houston	4.4%	-18.2%	-8.9%	-12.1%	-11.8%		76.09					
Molina - Houston	-79.8%	-37.1%	-41.5%	-47.4%	-43.1%		51.04					
Mercy - Laredo	32.1%	-5.3%	1.6%	-14.6%	-4.1%		84.93					
Firstcare - Lubbock	-74.1%	-6.4%	3.6%	23.1%	6.9%		76.58					
Superior - Lubbock	3.1%	8.0%	-7.8%	-31.0%	-9.9%		64.23					
CFHP - San Antonio	71.4%	-0.3%	7.0%	7.1%	5.7%		93.03					
Superior - San Antonio	-3.7%	-17.7%	-27.9%	-27.5%	-25.5%		64.84					
Aetna - San Antonio	-30.0%	-39.1%	-28.9%	-44.6%	-35.3%		51.94					
EPO Plan	3.1%	4.0%	1.0%	0.6%	1.5%		85.83					
Total - All Plans	3.4%	2.1%	1.1%	0.1%	1.1%		88.82					

Health Plan	Age Bracket					Total	Age Bracket				
	<1	1-5	6-14	15-18	Total		<1	1-5	6-14	15-18	Total
FY2010 Premium Rates pmpm (Community Rating without Risk Adjustment)						FY2010 Premium					
Seton - Austin	254.07	94.59	75.47	129.55	90.69	152,443	3,183,919	8,840,990	5,176,972	17,354,324	
Superior - Austin	254.07	94.59	75.47	129.55	89.37	140,248	2,388,223	4,672,267	2,055,242	9,255,980	
Driscoll - Corpus	145.08	113.41	93.19	130.25	104.87	31,337	2,200,545	7,390,321	3,860,580	13,482,782	
Amerigroup - Corpus	145.08	113.41	93.19	130.25	104.98	1,741	208,215	669,814	354,798	1,234,568	
Superior - Corpus	145.08	113.41	93.19	130.25	105.93	10,446	364,716	847,611	476,711	1,699,484	
Amerigroup - Dallas	119.61	101.54	82.03	116.00	92.26	114,822	7,361,157	20,065,721	8,799,050	36,340,751	
Parkland - Dallas	119.61	101.54	82.03	116.00	92.00	167,928	7,417,209	18,501,532	7,304,005	33,390,675	
Unicare - Dallas	119.61	101.54	82.03	116.00	92.68	25,835	1,693,761	4,752,615	2,302,425	8,774,636	
Cook - Fort Worth	115.43	97.81	77.85	100.04	85.91	106,661	5,854,322	16,150,104	6,590,430	28,701,518	
Aetna - Fort Worth	115.43	97.81	77.85	100.04	86.55	23,549	1,269,923	3,100,723	1,441,732	5,835,926	
Amerigroup - Fort Worth	115.43	97.81	77.85	100.04	86.24	88,654	3,847,327	7,543,006	2,429,696	13,908,682	
El Paso First - El Paso	105.16	90.84	68.21	71.95	72.07	17,666	1,844,450	6,729,714	3,200,486	11,792,317	
Superior - El Paso	105.16	90.84	68.21	71.95	72.46	15,143	1,250,345	3,951,722	1,555,780	6,772,990	
Amerigroup - Houston	256.15	110.30	83.12	115.98	95.13	135,247	4,081,838	11,377,357	5,544,860	21,139,302	
TCHP - Houston	256.15	110.30	83.12	115.98	95.19	531,765	17,793,849	42,226,693	18,733,388	79,285,695	
UHC - Houston	256.15	110.30	83.12	115.98	95.72	132,173	2,927,700	11,049,183	6,894,889	21,003,945	
CHC - Houston	256.15	110.30	83.12	115.98	96.21	553,281	7,001,596	14,103,494	5,755,019	27,413,391	
Molina - Houston	256.15	110.30	83.12	115.98	95.32	21,516	549,275	1,900,216	1,070,281	3,541,288	
Mercy - Laredo	149.64	108.04	76.85	88.14	84.08	19,753	1,423,566	4,384,281	1,900,602	7,728,202	
Firstcare - Lubbock	51.91	84.64	61.73	81.28	69.98	6,852	779,011	2,063,641	1,031,905	3,881,409	
Superior - Lubbock	51.91	84.64	61.73	81.28	69.80	5,606	1,180,197	2,862,135	1,200,637	5,248,576	
CFHP - San Antonio	161.96	100.95	70.40	83.23	78.21	62,192	4,322,429	11,853,715	5,130,570	21,368,906	
Superior - San Antonio	161.96	100.95	70.40	83.23	78.62	38,870	2,465,287	6,123,687	2,697,619	11,325,463	
Aetna - San Antonio	161.96	100.95	70.40	83.23	78.11	27,209	974,000	2,915,277	1,377,274	5,293,760	
EPO Plan	148.97	108.29	76.34	93.74	85.64	336,067	22,616,720	58,754,906	26,505,524	108,213,217	
Total - All Plans	184.17	104.25	78.47	103.58	88.57	2,767,003	104,999,579	272,830,728	123,390,475	503,987,786	

Health Plan	Age Bracket					Total	Age Bracket				
	<1	1-5	6-14	15-18	Total		<1	1-5	6-14	15-18	Total
FY2010 Premium Rate Change Relative to Current Rates							FY2010 Average Rates (weighted using total program members)				
Seton - Austin	135.5%	-0.1%	-3.5%	17.0%	3.1%		90.65				
Superior - Austin	197.6%	-12.0%	3.9%	31.9%	5.0%		90.65				
Driscoll - Corpus	30.5%	-5.4%	0.9%	7.9%	1.7%		104.66				
Amerigroup - Corpus	3.1%	-38.3%	20.6%	29.1%	5.6%		104.66				
Superior - Corpus	15.3%	10.7%	23.5%	38.2%	24.1%		104.66				
Amerigroup - Dallas	31.2%	9.8%	14.4%	28.4%	16.6%		92.70				
Parkland - Dallas	-2.4%	7.4%	-4.1%	23.3%	3.4%		92.70				
Unicare - Dallas	8.9%	3.4%	13.3%	27.1%	14.4%		92.70				
Cook - Fort Worth	-6.1%	1.5%	1.7%	-12.2%	-1.9%		86.13				
Aetna - Fort Worth	11.9%	-5.6%	7.8%	-10.0%	-0.1%		86.13				
Amerigroup - Fort Worth	28.7%	-5.3%	6.9%	-4.7%	1.2%		86.13				
El Paso First - El Paso	-16.7%	23.0%	-2.6%	-12.4%	-2.4%		73.09				
Superior - El Paso	25.3%	10.0%	5.8%	-5.8%	3.6%		73.09				
Amerigroup - Houston	27.7%	37.5%	35.2%	32.1%	34.7%		95.27				
TCHP - Houston	-19.7%	-3.0%	-10.8%	-16.7%	-10.7%		95.27				
UHC - Houston	-24.5%	10.7%	-2.3%	-7.4%	-2.6%		95.27				
CHC - Houston	-5.2%	4.5%	15.7%	6.4%	10.1%		95.27				
Molina - Houston	-13.9%	-2.7%	19.4%	-4.7%	7.2%		95.27				
Mercy - Laredo	32.1%	-5.3%	1.6%	-14.6%	-4.1%		84.93				
Firstcare - Lubbock	-34.4%	6.3%	-5.1%	-5.5%	-3.2%		69.85				
Superior - Lubbock	-40.6%	0.1%	-1.3%	-6.6%	-2.4%		69.85				
CFHP - San Antonio	28.4%	-10.1%	-10.2%	-12.8%	-10.8%		78.73				
Superior - San Antonio	37.9%	-11.8%	-9.1%	-8.2%	-9.4%		78.73				
Aetna - San Antonio	3.4%	-13.0%	4.9%	-3.6%	-1.1%		78.73				
EPO Plan	3.1%	4.0%	1.0%	0.6%	1.5%		85.83				
Total - All Plans	3.2%	1.9%	0.8%	-0.2%	0.8%		88.57				

Health Plan	Age Bracket					Total	Age Bracket				
	<1	1-5	6-14	15-18	Total		<1	1-5	6-14	15-18	Total
FY2010 Premium Rates pmpm (Community Rating with Risk Adjustment)						FY2010 Premium					
Seton - Austin	209.58	95.09	76.07	134.92	92.12	125,745	3,200,842	8,910,823	5,391,355	17,628,766	
Superior - Austin	302.44	93.92	74.34	116.04	86.72	166,946	2,371,300	4,602,433	1,840,859	8,981,537	
Driscoll - Corpus	177.85	116.22	95.09	136.08	107.87	38,415	2,255,198	7,541,502	4,033,449	13,868,565	
Amerigroup - Corpus	41.31	97.01	78.99	96.16	85.74	496	178,118	567,775	261,946	1,008,335	
Superior - Corpus	64.06	105.77	87.78	108.39	95.98	4,612	340,160	798,469	396,694	1,539,935	
Amerigroup - Dallas	108.98	100.55	80.16	115.58	90.81	104,622	7,289,307	19,608,532	8,766,982	35,769,443	
Parkland - Dallas	125.38	104.71	86.44	119.24	95.96	176,033	7,648,701	19,495,126	7,507,946	34,827,805	
Unicare - Dallas	129.31	91.97	72.77	107.34	83.53	27,931	1,534,119	4,216,211	2,130,553	7,908,813	
Cook - Fort Worth	106.52	100.21	84.68	110.46	92.60	98,421	5,998,257	17,565,419	7,277,293	30,939,391	
Aetna - Fort Worth	142.10	90.73	61.45	72.78	69.76	28,989	1,178,082	2,447,606	1,048,838	4,703,515	
Amerigroup - Fort Worth	119.08	96.48	69.99	87.93	79.39	91,454	3,795,233	6,780,807	2,135,727	12,803,221	
El Paso First - El Paso	109.83	92.14	71.00	75.03	74.76	18,452	1,870,771	7,004,983	3,337,434	12,231,641	
Superior - El Paso	99.70	88.93	63.46	65.61	67.76	14,357	1,224,024	3,676,453	1,418,831	6,333,666	
Amerigroup - Houston	470.89	100.14	75.73	101.52	86.28	248,629	3,706,128	10,364,888	4,853,375	19,173,019	
TCHP - Houston	243.72	116.43	90.10	125.28	102.41	505,958	18,782,873	45,771,299	20,235,791	85,295,920	
UHC - Houston	308.91	111.44	83.30	115.53	95.97	159,398	2,958,186	11,072,310	6,868,096	21,057,990	
CHC - Houston	203.43	100.48	71.02	105.68	84.62	439,403	6,378,454	12,049,640	5,244,010	24,111,507	
Molina - Houston	245.16	106.15	61.19	86.39	73.89	20,594	528,617	1,398,808	797,166	2,745,184	
Mercy - Laredo	149.64	108.04	76.85	88.14	84.08	19,753	1,423,566	4,384,281	1,900,602	7,728,202	
Firstcare - Lubbock	47.51	88.59	68.26	85.65	75.57	6,272	815,407	2,282,216	1,087,473	4,191,368	
Superior - Lubbock	57.29	82.03	57.01	77.52	65.68	6,187	1,143,801	2,643,561	1,145,069	4,938,618	
CFHP - San Antonio	161.86	100.83	74.26	87.55	81.55	62,154	4,317,351	12,504,629	5,396,916	22,281,050	
Superior - San Antonio	173.74	105.11	68.80	81.30	77.94	41,699	2,566,736	5,984,852	2,635,111	11,228,397	
Aetna - San Antonio	145.34	90.96	58.03	70.91	66.08	24,418	877,628	2,403,200	1,173,436	4,478,682	
EPO Plan	148.97	108.29	76.34	93.74	85.64	336,067	22,616,720	58,754,906	26,505,524	108,213,217	
Total - All Plans	184.17	104.25	78.47	103.58	88.57	2,767,003	104,999,579	272,830,728	123,390,475	503,987,786	

Health Plan	Age Bracket					Total	Age Bracket					
	<1	1-5	6-14	15-18	Total		<1	1-5	6-14	15-18	Total	
FY2010 Premium Rate Change Relative to Current Rates							FY2010 Average Rates (weighted using total program members)					
Seton - Austin	94.2%	0.4%	-2.7%	21.8%	4.7%		92.11					
Superior - Austin	254.3%	-12.7%	2.4%	18.2%	1.9%		87.14					
Driscoll - Corpus	60.0%	-3.1%	3.0%	12.7%	4.7%		107.63					
Amerigroup - Corpus	-70.6%	-47.2%	2.3%	-4.7%	-13.8%		85.68					
Superior - Corpus	-49.1%	3.3%	16.3%	15.0%	12.4%		95.22					
Amerigroup - Dallas	19.5%	8.7%	11.8%	28.0%	14.7%		91.26					
Parkland - Dallas	2.3%	10.8%	1.1%	26.7%	7.9%		96.64					
Unicare - Dallas	17.7%	-6.4%	0.5%	17.6%	3.1%		83.56					
Cook - Fort Worth	-13.4%	4.0%	10.6%	-3.1%	5.7%		92.88					
Aetna - Fort Worth	37.8%	-12.4%	-14.9%	-34.5%	-19.5%		69.22					
Amerigroup - Fort Worth	32.8%	-6.6%	-3.9%	-16.2%	-6.8%		78.56					
El Paso First - El Paso	-13.0%	24.8%	1.4%	-8.7%	1.2%		75.69					
Superior - El Paso	18.8%	7.7%	-1.6%	-14.1%	-3.1%		68.51					
Amerigroup - Houston	134.7%	24.9%	23.1%	15.6%	22.2%		86.49					
TCHP - Houston	-23.6%	2.4%	-3.3%	-10.0%	-4.0%		102.53					
UHC - Houston	-8.9%	11.9%	-2.1%	-7.8%	-2.4%		95.62					
CHC - Houston	-24.7%	-4.8%	-1.2%	-3.1%	-3.1%		83.84					
Molina - Houston	-17.6%	-6.4%	-12.1%	-29.0%	-16.9%		74.91					
Mercy - Laredo	32.1%	-5.3%	1.6%	-14.6%	-4.1%		84.93					
Firstcare - Lubbock	-40.0%	11.3%	5.0%	-0.4%	4.5%		75.45					
Superior - Lubbock	-34.5%	-3.0%	-8.9%	-11.0%	-8.1%		65.73					
CFHP - San Antonio	28.4%	-10.2%	-5.3%	-8.3%	-6.9%		81.98					
Superior - San Antonio	47.9%	-8.2%	-11.1%	-10.3%	-10.1%		78.12					
Aetna - San Antonio	-7.2%	-21.6%	-13.5%	-17.9%	-16.3%		66.79					
EPO Plan	3.1%	4.0%	1.0%	0.6%	1.5%		85.83					
Total - All Plans	3.2%	1.9%	0.8%	-0.2%	0.8%		88.57					

Health Plan	Age Bracket					Age Bracket				
	<1	1-5	6-14	15-18	Total	<1	1-5	6-14	15-18	Total
Minimum of 110% of Individual Experience Rate and Maximum of CR w/ RA, CR w/o RA, and 92.5% of Individual Experience Rate. Maximum decrease 10%.						FY2010 Premium				
Seton - Austin	219.27	99.49	79.59	141.16	96.38	131,562	3,348,833	9,323,491	5,640,754	18,444,640
Superior - Austin	242.09	82.01	65.17	106.84	76.60	133,634	2,070,588	4,034,544	1,694,910	7,933,676
Driscoll - Corpus	177.85	116.22	95.09	136.08	107.87	38,416	2,255,133	7,541,398	4,033,411	13,868,357
Amerigroup - Corpus	88.75	100.19	81.98	107.81	90.82	1,065	183,949	589,272	293,674	1,067,961
Superior - Corpus	89.89	94.21	77.79	102.57	86.79	6,472	302,979	707,578	375,406	1,392,435
Amerigroup - Dallas	108.25	95.71	76.81	109.67	86.69	103,920	6,938,209	18,788,340	8,318,689	34,149,159
Parkland - Dallas	133.54	111.53	92.07	127.01	102.20	187,490	8,146,597	20,765,468	7,997,058	37,096,613
Unicare - Dallas	124.78	97.01	77.60	111.96	88.33	26,952	1,618,127	4,495,834	2,222,182	8,363,095
Cook - Fort Worth	114.01	107.27	90.64	118.24	99.12	105,345	6,420,753	18,802,724	7,789,651	33,118,474
Aetna - Fort Worth	128.51	94.08	69.51	86.23	78.00	26,216	1,221,535	2,768,444	1,242,747	5,258,942
Amerigroup - Fort Worth	108.57	89.95	68.44	87.02	76.68	83,382	3,538,273	6,631,015	2,113,542	12,366,211
El Paso First - El Paso	109.83	92.14	71.00	75.03	74.76	18,451	1,870,811	7,005,144	3,337,635	12,232,041
Superior - El Paso	104.95	92.10	67.45	70.47	71.84	15,113	1,267,664	3,907,783	1,523,843	6,714,404
Amerigroup - Houston	292.59	84.69	63.93	87.53	73.01	154,488	3,134,208	8,750,227	4,184,634	16,223,556
TCHP - Houston	250.96	119.89	92.78	129.01	105.45	520,993	19,341,614	47,131,869	20,837,695	87,832,171
UHC - Houston	308.91	111.44	83.30	115.53	95.97	159,398	2,958,063	11,072,569	6,868,027	21,058,058
CHC - Houston	215.39	98.79	72.24	103.89	84.75	465,242	6,271,189	12,256,816	5,155,022	24,148,270
Molina - Houston	237.12	102.38	68.26	95.72	80.04	19,918	509,852	1,560,424	883,304	2,973,498
Mercy - Laredo	149.64	108.04	76.85	88.14	84.08	19,752	1,423,535	4,384,139	1,900,651	7,728,077
Firstcare - Lubbock	47.51	88.59	68.26	85.65	75.57	6,271	815,382	2,282,068	1,087,412	4,191,134
Superior - Lubbock	51.91	84.64	61.73	81.28	69.80	5,606	1,180,220	2,862,297	1,200,668	5,248,791
CFHP - San Antonio	170.00	105.91	78.00	91.95	85.65	65,280	4,534,643	13,133,952	5,668,166	23,402,040
Superior - San Antonio	167.41	102.76	69.41	82.05	78.07	40,178	2,509,399	6,037,837	2,659,405	11,246,819
Aetna - San Antonio	151.50	94.62	63.32	75.99	71.09	25,452	912,894	2,622,208	1,257,483	4,818,036
EPO Plan	148.97	108.29	76.34	93.74	85.64	336,076	22,617,449	58,753,707	26,506,672	108,213,905
Total - All Plans	179.49	104.64	79.44	104.76	89.46	2,696,674	105,391,901	276,209,148	124,792,641	509,090,364

Health Plan	Age Bracket					Age Bracket				
	<1	1-5	6-14	15-18	Total	<1	1-5	6-14	15-18	Total
FY2010 Premium Rate Change Relative to Current Rates										
Seton - Austin	103.2%	5.1%	1.8%	27.5%	9.6%					
Superior - Austin	183.6%	-23.7%	-10.2%	8.8%	-10.0%					
Driscoll - Corpus	60.0%	-3.1%	3.0%	12.7%	4.7%					
Amerigroup - Corpus	-36.9%	-45.5%	6.1%	6.8%	-8.6%					
Superior - Corpus	-28.6%	-8.0%	3.1%	8.9%	1.7%					
Amerigroup - Dallas	18.7%	3.4%	7.2%	21.4%	9.5%					
Parkland - Dallas	8.9%	18.0%	7.7%	35.0%	14.9%					
Unicare - Dallas	13.6%	-1.2%	7.2%	22.7%	9.1%					
Cook - Fort Worth	-7.3%	11.3%	18.4%	3.8%	13.1%					
Aetna - Fort Worth	24.6%	-9.2%	-3.7%	-22.4%	-10.0%					
Amerigroup - Fort Worth	21.0%	-12.9%	-6.1%	-17.1%	-10.0%					
El Paso First - El Paso	-13.0%	24.8%	1.4%	-8.7%	1.2%					
Superior - El Paso	25.0%	11.5%	4.6%	-7.7%	2.7%					
Amerigroup - Houston	45.9%	5.6%	4.0%	-0.3%	3.4%					
TCHP - Houston	-21.3%	5.4%	-0.4%	-7.3%	-1.1%					
UHC - Houston	-8.9%	11.9%	-2.1%	-7.8%	-2.4%					
CHC - Houston	-20.3%	-6.4%	0.5%	-4.7%	-3.0%					
Molina - Houston	-20.3%	-9.7%	-2.0%	-21.3%	-10.0%					
Mercy - Laredo	32.1%	-5.3%	1.6%	-14.6%	-4.1%					
Firstcare - Lubbock	-40.0%	11.3%	5.0%	-0.4%	4.5%					
Superior - Lubbock	-40.6%	0.1%	-1.3%	-6.6%	-2.4%					
CFHP - San Antonio	34.8%	-5.7%	-0.5%	-3.7%	-2.3%					
Superior - San Antonio	42.5%	-10.2%	-10.4%	-9.5%	-10.0%					
Aetna - San Antonio	-3.3%	-18.5%	-5.6%	-12.0%	-10.0%					
EPO Plan	3.1%	4.0%	1.0%	0.6%	1.5%					
Total - All Plans	0.5%	2.2%	2.0%	1.0%	1.8%					

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 2005 through March 2009. 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 2005 through March 2009.

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, 2009, (iii) estimated proportion of that month's incurred claims paid through March, 2009 (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 FY2010 cost based on the plan's actual experience. The top of the exhibit shows summary base period (FY2008) enrollment, premium and claims experience. Trend assumptions for FY2009 and FY2010 are used to project the average base period claims cost to FY2010. 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) \$10.00 pmpm plus 5.75% of gross premium and (b) \$15.00 pmpm. Provisions are also included for risk margin (2.0% of gross premium), premium tax (1.75%) and maintenance tax (\$.09 pmpm).

At the bottom of Exhibit D is a summary of the projected FY2010 cost based on the above assumptions

Sample Health Plan
Enrollment and Premium Experience

Month	Number of Members				Total Members	Premium	Premium pmpm	Adjusted Premium	Adj Prem pmpm
	<1	1-5	6-14	15-18					
Sep-05	124	5,188	15,901	5,132	26,345	1,912,339	72.59	2,111,234	80.14
Oct-05	114	4,896	15,278	4,918	25,206	1,827,852	72.52	2,019,166	80.11
Nov-05	104	4,410	14,441	4,721	23,676	1,719,029	72.61	1,896,042	80.08
Dec-05	98	4,151	13,842	4,541	22,632	1,643,508	72.62	1,812,129	80.07
Jan-06	84	3,945	13,248	4,363	21,640	1,569,212	72.51	1,732,324	80.05
Feb-06	80	3,778	12,940	4,286	21,084	1,529,380	72.54	1,687,582	80.04
Mar-06	85	3,602	12,610	4,236	20,533	1,493,965	72.76	1,643,939	80.06
Apr-06	72	3,458	12,326	4,107	19,963	1,448,064	72.54	1,597,192	80.01
May-06	68	3,360	12,063	4,013	19,504	1,413,847	72.49	1,560,178	79.99
Jun-06	57	3,315	11,940	3,987	19,299	1,396,455	72.36	1,543,451	79.98
Jul-06	54	3,298	11,968	4,010	19,330	1,398,322	72.34	1,545,808	79.97
Aug-06	48	3,276	11,957	4,033	19,314	1,396,413	72.30	1,544,452	79.97
Sep-06	52	3,228	11,979	4,045	19,304	1,497,835	77.59	1,543,572	79.96
Oct-06	44	3,134	11,888	3,989	19,055	1,473,875	77.35	1,522,731	79.91
Nov-06	45	3,062	11,636	3,994	18,737	1,453,300	77.56	1,498,267	79.96
Dec-06	46	3,004	11,658	3,966	18,674	1,446,630	77.47	1,492,574	79.93
Jan-07	43	2,927	11,618	3,986	18,574	1,438,250	77.43	1,484,446	79.92
Feb-07	42	2,904	11,562	3,948	18,456	1,428,000	77.37	1,474,747	79.91
Mar-07	45	2,878	11,497	3,941	18,361	1,422,305	77.46	1,467,389	79.92
Apr-07	45	2,910	11,557	3,950	18,463	1,430,030	77.46	1,475,489	79.92
May-07	45	2,927	11,645	3,985	18,603	1,440,864	77.45	1,486,714	79.92
Jun-07	46	2,950	11,747	4,021	18,764	1,453,372	77.46	1,499,565	79.92
Jul-07	46	2,982	11,862	4,058	18,949	1,467,683	77.45	1,514,376	79.92
Aug-07	47	3,013	11,992	4,103	19,155	1,483,648	77.45	1,530,863	79.92
Sep-07	46	3,002	11,971	4,090	19,109	1,449,030	75.83	1,527,060	79.91
Oct-07	45	2,991	11,950	4,077	19,063	1,444,963	75.80	1,523,258	79.90
Nov-07	44	2,980	11,929	4,064	19,017	1,440,896	75.77	1,519,455	79.90
Dec-07	43	2,969	11,908	4,051	18,971	1,436,829	75.74	1,515,652	79.89
Jan-08	42	2,958	11,887	4,038	18,925	1,432,762	75.71	1,511,850	79.88
Feb-08	41	2,947	11,866	4,025	18,879	1,428,695	75.67	1,508,047	79.88
Mar-08	40	2,936	11,845	4,012	18,833	1,424,628	75.64	1,504,244	79.87
Apr-08	44	2,964	11,847	4,040	18,895	1,431,973	75.79	1,509,750	79.90
May-08	44	2,994	11,965	4,080	19,083	1,446,064	75.78	1,524,754	79.90
Jun-08	43	3,024	12,085	4,121	19,273	1,459,960	75.75	1,539,877	79.90
Jul-08	43	3,039	12,145	4,142	19,369	1,467,176	75.75	1,547,544	79.90
Aug-08	47	3,059	12,226	4,170	19,502	1,478,560	75.82	1,558,324	79.91
Sep-08	47	3,065	12,252	4,179	19,543	1,561,595	79.91	1,561,595	79.91
Oct-08	47	3,068	12,264	4,183	19,562	1,563,110	79.91	1,563,110	79.91
Nov-08	47	3,075	12,292	4,193	19,607	1,566,706	79.91	1,566,706	79.91
Dec-08	45	3,078	12,304	4,197	19,624	1,567,980	79.90	1,567,980	79.90
Jan-09	48	3,081	12,316	4,201	19,646	1,569,858	79.91	1,569,858	79.91
Feb-09	46	3,084	12,328	4,205	19,663	1,571,132	79.90	1,571,132	79.90
Mar-09	46	3,087	12,340	4,209	19,682	1,572,647	79.90	1,572,647	79.90
FY2006	988	46,677	158,514	52,347	258,526	18,748,386	72.52	20,693,498	80.04
FY2007	547	35,920	140,641	47,987	225,095	17,435,792	77.46	17,990,734	79.93
FY2008	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	Sep-05	Oct-05	Nov-05	Dec-05	Jan-06	Feb-06	Mar-06	Apr-06	May-06	Jun-06	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06
6-14															
Sep-05	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
Oct-05		86,099	328,120	197,976	18,651	12,689	-1,201	-254	838	990	146	7,384	0	0	1,735
Nov-05			17,351	367,907	68,405	39,292	5,651	3,370	7,579	1,947	657	-57	0	-43	32
Dec-05				79,890	251,389	123,262	19,456	6,304	2,806	2,392	107	-157	-1,160	66	-30
Jan-06					17,198	383,437	95,120	15,460	4,917	5,241	94	3	849	301	371
Feb-06						58,788	330,673	63,094	25,904	8,509	2,334	-1,095	466	0	0
Mar-06							37,050	375,045	87,951	25,614	3,633	1,463	902	-2,288	956
Apr-06								49,356	358,033	79,963	16,664	7,310	348	3,833	720
May-06									50,126	340,480	109,840	31,914	7,497	6,509	1,813
Jun-06										43,481	290,289	255,510	13,292	7,486	1,683
Jul-06											20,983	305,586	130,515	70,186	4,511
Aug-06												32,812	371,147	109,441	16,108
Sep-06													50,488	529,966	240,552
Oct-06														6,091	398,876
Nov-06															14,019

Sample Health Plan
 Estimated Claims Experience

Month	Ages 6-14						Ages 15-18					
	Members	Inc & Pd Claims	Compl Factor	Est. Inc. Claims	Est. Inc. pmpm	Trend Factor	Members	Inc & Pd Claims	Compl Factor	Est. Inc. Claims	Est. Inc. pmpm	Trend Factor
Sep-06	11,979	883,569	1.000	883,569	73.76	2.101	4,045	121,542	1.000	121,542	30.05	0.780
Oct-06	11,888	726,038	1.000	726,038	61.07	1.425	3,989	136,479	1.000	136,479	34.21	0.767
Nov-06	11,636	689,010	1.000	689,010	59.21	1.670	3,994	131,288	1.000	131,288	32.87	1.068
Dec-06	11,658	631,106	1.000	631,106	54.14	1.555	3,966	112,702	1.000	112,702	28.42	0.744
Jan-07	11,618	673,253	1.000	673,253	57.95	1.464	3,986	156,610	1.000	156,610	39.29	1.123
Feb-07	11,562	920,872	1.000	920,872	79.65	2.111	3,948	174,974	1.000	174,974	44.32	1.170
Mar-07	11,497	905,576	1.000	905,576	78.77	1.874	3,941	123,638	1.000	123,638	31.37	0.685
Apr-07	11,557	721,089	1.000	721,089	62.40	1.487	3,950	133,668	1.000	133,668	33.84	0.883
May-07	11,645	807,072	1.000	807,072	69.30	1.529	3,985	107,791	1.000	107,791	27.05	0.874
Jun-07	11,747	688,476	1.000	688,476	58.61	1.118	4,021	157,910	1.000	157,910	39.27	1.430
Jul-07	11,862	608,947	1.000	608,947	51.33	1.130	4,058	160,277	1.000	160,277	39.50	0.963
Aug-07	11,992	569,289	1.000	569,289	47.47	1.041	4,103	172,673	1.000	172,673	42.08	1.145
Sep-07	11,971	663,520	1.000	663,520	55.43	0.751	4,090	138,374	1.000	138,374	33.83	1.126
Oct-07	11,950	598,689	1.000	598,689	50.10	0.820	4,077	150,967	1.000	150,967	37.02	1.082
Nov-07	11,929	660,770	1.000	660,770	55.39	0.935	4,064	149,593	1.000	149,593	36.81	1.120
Dec-07	11,908	573,589	1.000	573,589	48.17	0.890	4,051	143,090	1.000	143,090	35.32	1.243
Jan-08	11,887	635,459	1.000	635,459	53.46	0.923	4,038	184,225	1.000	184,225	45.62	1.161
Feb-08	11,866	521,411	1.000	521,411	43.94	0.552	4,025	166,286	1.000	166,286	41.31	0.932
Mar-08	11,845	753,968	1.000	753,968	63.65	0.808	4,012	168,218	1.000	168,218	41.92	1.336
Apr-08	11,847	789,166	1.000	789,166	66.61	1.068	4,040	181,051	1.000	181,051	44.81	1.324
May-08	11,965	530,681	1.000	530,681	44.35	0.640	4,080	182,148	1.000	182,148	44.64	1.651
Jun-08	12,085	493,401	1.000	493,401	40.83	0.697	4,121	227,718	1.000	227,718	55.26	1.407
Jul-08	12,145	604,644	1.000	604,644	49.79	0.970	4,142	154,049	1.000	154,049	37.19	0.942
Aug-08	12,226	734,618	1.000	734,618	60.09	1.266	4,170	282,268	0.998	282,833	67.83	1.612
Sep-08	12,252	602,238	1.000	602,238	49.15	0.887	4,179	186,424	0.996	187,173	44.79	1.324
Oct-08	12,264	575,840	0.999	576,416	47.00	0.938	4,183	167,963	0.992	169,318	40.48	1.093
Nov-08	12,292	579,805	0.998	580,967	47.26	0.853	4,193	160,190	0.988	162,135	38.67	1.051
Dec-08	12,304	540,534	0.992	544,893	44.29	0.919	4,197	140,761	0.980	143,634	34.22	0.969
Jan-09	12,316	628,763	0.956	657,702	53.40	0.999	4,201	120,835	0.930	129,930	30.93	0.678
Feb-09	12,328	450,785	0.758	594,703	48.24	1.098	4,205	117,532	0.650	180,819	43.00	1.041
Mar-09	12,340	38,809	0.075	517,448	41.93	0.659	4,209	19,397	0.085	228,204	54.22	1.293
FY2006	158,514			6,528,516	41.19		52,347			1,948,470	37.22	
FY2007	140,641			8,824,296	62.74	1.523	47,987			1,689,551	35.21	0.946
FY2008	143,623			7,559,915	52.64	0.839	48,913			2,128,554	43.52	1.236
9/07-1/08	59,645			3,132,027	52.51		20,322			766,249	37.70	
9/08-1/09	61,428			2,962,216	48.22	0.918	20,953			792,190	37.81	1.003

Sample Health Plan
 Experienced Based Renewal Rating
 Projection Period: FY2010 (9/1/2009 - 8/31/2010)

	<1		1-5		6-14		15-18		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 9/1/2007 - 8/31/2008										
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 FY2010 Member Months	335		27,561		119,625		44,598		192,119	
Projected FY2010 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										
FY2009	5.2 %		5.2 %		5.2 %		5.2 %			
FY2010	5.0 %		5.0 %		5.0 %		5.0 %			
Provider Fee Increase	1.0060		1.0060		1.0060		1.0060			
Other Reimbursement Changes	1.0039		1.0039		1.0039		1.0039			
Projected Incurred Claims	34,665	103.48	1,933,092	70.14	7,024,365	58.72	2,165,045	48.55	11,157,167	58.07
Capitation Expenses										
Vision		1.00		1.00		1.00		1.00		
Behavioral Health		2.50		2.50		2.50		2.50		
Other		0.50		0.50		0.50		0.50		
Total	1,340	4.00	110,244	4.00	478,500	4.00	178,392	4.00	768,476	4.00
Reinsurance Expenses										
Gross Premium		1.25		1.25		1.25		1.25		
Projected Reinsurance Recoveries		0.25		0.25		0.25		0.25		
Net Reinsurance Cost	335	1.00	27,561	1.00	119,625	1.00	44,598	1.00	192,119	1.00

Administrative Expenses										
Fixed Amount	3,461	10.33	284,705	10.33	1,235,726	10.33	460,697	10.33	1,984,589	10.33
Percentage of Premium	5.75 %	7.55	5.75 %	5.44	5.75 %	4.71	5.75 %	4.06	5.75 %	4.67
Risk Margin	2.00 %	2.63	2.00 %	1.89	2.00 %	1.64	2.00 %	1.41	2.00 %	1.62
Premium Tax	1.75 %	2.30	1.75 %	1.65	1.75 %	1.43	1.75 %	1.24	1.75 %	1.42
Maintenance Tax	30	0.09	2,480	0.09	10,766	0.09	4,014	0.09	17,291	0.09
Projected Total Cost	44,011	131.38	2,605,617	94.54	9,799,981	81.92	3,152,206	70.68	15,601,814	81.21
Experience Rate Increase		8.8%		10.9%		9.3%		-21.4%		1.5%

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 FY2010 cost for each health plan in the service area. The weights used in this formula are the projected number of FY2010 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 FY2010 CHIP HMO community 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 FY2010 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 (FY2008) experience. Following that are projected FY2010 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) \$10.00 pmpm plus 5.75% of gross premium and (b) \$15.00 pmpm. Provisions are also included for risk margin (2.0% of gross premium), premium tax (1.75%) and maintenance tax (\$.09 pmpm).

At the bottom of the exhibit is a summary of the projected FY2010 cost based on these assumptions.

FY2010 CHIP Rating
Austin Total

	<1		1-5		6-14		15-18		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 9/1/2007- 8/31/2008										
Member Months	957		45,169		140,086		42,111		228,323	
Premium Revenue	123,960	129.53	4,487,540	99.35	12,137,051	86.64	4,927,829	117.02	21,676,381	94.94
Adjusted Premium	93,383	97.58	4,504,557	99.73	10,712,393	76.47	4,537,370	107.75	19,847,703	86.93
Adjusted FY2008 Incurred Claims	178,218	186.23	2,724,869	60.33	6,470,899	46.19	3,804,081	90.33	13,178,067	57.72
Projected FY2010 Member Months	1,152		58,908		179,052		55,824		294,936	
Projected FY2010 Premium at FY2009 Rates	111,853	97.09	5,902,519	100.20	13,652,286	76.25	5,983,174	107.18	25,649,832	86.97
Annual Trend Assumptions										
FY2009	5.15 %		5.15 %		5.15 %		5.15 %			
FY2010	5.00 %		5.00 %		5.00 %		5.00 %			
Provider Fee Increase	1.0125		1.0236		1.0222		1.0102			
Other Reimbursement Changes	1.0017		1.0017		1.0017		1.0017			
Projected Incurred Claims	240,228	208.53	4,022,962	68.29	9,350,207	52.22	5,634,026	100.92	19,247,422	65.26
Capitation Expenses										
Total	11,882	10.31	366,537	6.22	893,604	4.99	292,040	5.23	1,564,062	5.30
Reinsurance Expenses										
Net Reinsurance Cost	1,152	1.00	58,908	1.00	179,052	1.00	55,824	1.00	294,936	1.00
Administrative Expenses										
Fixed Amount	11,520	10.00	589,080	10.00	1,790,520	10.00	558,240	10.00	2,949,360	10.00
Percentage of Premium	5.75 %	14.61	5.75 %	5.44	5.75 %	4.34	5.75 %	7.45	5.75 %	5.19
Risk Margin	2.00 %	5.08	2.00 %	1.89	2.00 %	1.51	2.00 %	2.59	2.00 %	1.80
Premium Tax	1.75 %	4.45	1.75 %	1.66	1.75 %	1.32	1.75 %	2.27	1.75 %	1.58
Maintenance Tax	104	0.09	5,302	0.09	16,115	0.09	5,024	0.09	26,544	0.09
Projected Total Cost	292,691	254.07	5,572,142	94.59	13,513,257	75.47	7,232,214	129.55	26,610,303	90.22
Experience Rate Increase		161.7 %		-5.6 %		-1.0 %		20.9 %		3.7 %

FY2010 CHIP Rating
Corpus Christi Total

	<1		1-5		6-14		15-18		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 9/1/2007- 8/31/2008										
Member Months	191		19,460		81,191		30,758		131,600	
Premium Revenue	11,901	62.31	1,895,404	97.40	6,884,185	84.79	3,581,462	116.44	12,372,952	94.02
Adjusted Premium	22,659	118.63	2,371,048	121.84	7,273,610	89.59	3,594,581	116.87	13,261,898	100.77
Adjusted FY2008 Incurred Claims	19,395	101.54	1,473,812	75.74	4,833,819	59.54	2,774,327	90.20	9,101,353	69.16
Projected FY2010 Member Months	300		24,456		95,592		36,024		156,372	
Projected FY2010 Premium at FY2009 Rates	34,757	115.86	2,994,054	122.43	8,564,165	89.59	4,198,134	116.54	15,791,111	100.98
Annual Trend Assumptions										
FY2009	5.15 %		5.15 %		5.15 %		5.15 %			
FY2010	5.00 %		5.00 %		5.00 %		5.00 %			
Provider Fee Increase	1.0139		1.0185		1.0167		1.0085			
Other Reimbursement Changes	1.0007		1.0007		1.0007		1.0007			
Projected Incurred Claims	34,125	113.75	2,084,242	85.22	6,392,921	66.88	3,620,511	100.50	12,131,800	77.58
Capitation Expenses										
Total	1,945	6.48	155,748	6.37	613,218	6.41	228,121	6.33	999,032	6.39
Reinsurance Expenses										
Net Reinsurance Cost	292	0.97	23,244	0.95	90,848	0.95	34,226	0.95	148,610	0.95
Administrative Expenses										
Fixed Amount	3,000	10.00	244,560	10.00	955,920	10.00	360,240	10.00	1,563,720	10.00
Percentage of Premium	5.75 %	8.34	5.75 %	6.52	5.75 %	5.36	5.75 %	7.49	5.75 %	6.04
Risk Margin	2.00 %	2.90	2.00 %	2.27	2.00 %	1.86	2.00 %	2.60	2.00 %	2.10
Premium Tax	1.75 %	2.54	1.75 %	1.98	1.75 %	1.63	1.75 %	2.28	1.75 %	1.84
Maintenance Tax	27	0.09	2,201	0.09	8,603	0.09	3,242	0.09	14,073	0.09
Projected Total Cost	43,523	145.08	2,773,475	113.41	8,907,747	93.19	4,692,090	130.25	16,416,835	104.99
Experience Rate Increase		25.2 %		-7.4 %		4.0 %		11.8 %		4.0 %

FY2010 CHIP Rating
Dallas Total

	<1		1-5		6-14		15-18		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 9/1/2007- 8/31/2008										
Member Months	2,599		129,477		426,429		120,257		678,762	
Premium Revenue	497,863	191.56	12,145,802	93.81	36,984,415	86.73	9,640,708	80.17	59,268,788	87.32
Adjusted Premium	282,718	108.78	12,171,261	94.00	33,018,152	77.43	11,051,696	91.90	56,523,826	83.27
Adjusted FY2008 Incurred Claims	217,779	83.79	8,962,183	69.22	22,878,231	53.65	9,872,716	82.10	41,930,908	61.78
Projected FY2010 Member Months	2,580		162,216		528,084		158,664		851,544	
Projected FY2010 Premium at FY2009 Rates	283,400	109.84	15,251,016	94.02	41,014,573	77.67	14,585,805	91.93	71,134,794	83.54
Annual Trend Assumptions										
FY2009	5.15 %		5.15 %		5.15 %		5.15 %			
FY2010	5.00 %		5.00 %		5.00 %		5.00 %			
Provider Fee Increase	1.0098		1.0155		1.0143		1.0039			
Other Reimbursement Changes	1.0001		1.0001		1.0001		1.0001			
Projected Incurred Claims	241,049	93.43	12,590,321	77.61	31,731,247	60.09	14,439,000	91.00	59,001,618	69.29
Capitation Expenses										
Total	10,458	4.05	582,503	3.59	1,836,160	3.48	528,285	3.33	2,957,406	3.47
Reinsurance Expenses										
Net Reinsurance Cost	1,730	0.67	97,691	0.60	308,707	0.58	88,754	0.56	496,882	0.58
Administrative Expenses										
Fixed Amount	25,800	10.00	1,622,160	10.00	5,280,840	10.00	1,586,640	10.00	8,515,440	10.00
Percentage of Premium	5.75 %	6.88	5.75 %	5.84	5.75 %	4.72	5.75 %	6.67	5.75 %	5.30
Risk Margin	2.00 %	2.39	2.00 %	2.03	2.00 %	1.64	2.00 %	2.32	2.00 %	1.84
Premium Tax	1.75 %	2.09	1.75 %	1.78	1.75 %	1.44	1.75 %	2.03	1.75 %	1.61
Maintenance Tax	232	0.09	14,599	0.09	47,528	0.09	14,280	0.09	76,639	0.09
Projected Total Cost	308,585	119.61	16,472,127	101.54	43,319,869	82.03	18,405,480	116.00	78,506,061	92.19
Experience Rate Increase		8.9 %		8.0 %		5.6 %		26.2 %		10.4 %

FY2010 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 9/1/2007- 8/31/2008										
Member Months	400		25,718		130,811		51,663		208,592	
Premium Revenue	28,679	71.70	1,756,562	68.30	8,146,824	62.28	3,543,987	68.60	13,476,052	64.60
Adjusted Premium	44,704	111.76	1,988,201	77.31	8,898,030	68.02	4,148,067	80.29	15,079,001	72.29
Adjusted FY2008 Incurred Claims	27,463	68.66	1,450,612	56.40	5,033,698	38.48	2,165,087	41.91	8,676,861	41.60
Projected FY2010 Member Months	312		34,068		156,600		66,108		257,088	
Projected FY2010 Premium at FY2009 Rates	33,297	106.72	2,636,357	77.39	10,643,180	67.96	5,305,582	80.26	18,618,416	72.42
Annual Trend Assumptions										
FY2009	5.15 %		5.15 %		5.15 %		5.15 %			
FY2010	5.00 %		5.00 %		5.00 %		5.00 %			
Provider Fee Increase	1.0118		1.0175		1.0164		1.0040			
Other Reimbursement Changes	1.0011		1.0011		1.0011		1.0011			
Projected Incurred Claims	23,956	76.78	2,161,081	63.43	6,769,792	43.23	3,074,395	46.51	12,029,224	46.79
Capitation Expenses										
Total	2,039	6.54	236,388	6.94	1,043,877	6.67	448,259	6.78	1,730,563	6.73
Reinsurance Expenses										
Net Reinsurance Cost	283	0.91	30,616	0.90	139,827	0.89	58,546	0.89	229,273	0.89
Administrative Expenses										
Fixed Amount	3,385	10.85	369,638	10.85	1,699,110	10.85	717,272	10.85	2,789,405	10.85
Percentage of Premium	5.75 %	6.05	5.75 %	5.22	5.75 %	3.92	5.75 %	4.14	5.75 %	4.15
Risk Margin	2.00 %	2.10	2.00 %	1.82	2.00 %	1.36	2.00 %	1.44	2.00 %	1.44
Premium Tax	1.75 %	1.84	1.75 %	1.59	1.75 %	1.19	1.75 %	1.26	1.75 %	1.26
Maintenance Tax	28	0.09	3,066	0.09	14,094	0.09	5,950	0.09	23,138	0.09
Projected Total Cost	32,809	105.16	3,094,796	90.84	10,681,436	68.21	4,756,266	71.95	18,565,306	72.21
Experience Rate Increase		-1.5 %		17.4 %		0.4 %		-10.4 %		-0.3 %

FY2010 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 9/1/2007- 8/31/2008										
Member Months	2,386		171,927		671,200		238,911		1,084,424	
Premium Revenue	204,051	85.52	15,329,011	89.16	48,239,144	71.87	23,855,263	99.85	87,627,469	80.81
Adjusted Premium	344,777	144.50	17,906,197	104.15	50,709,160	75.55	22,259,338	93.17	91,219,472	84.12
Adjusted FY2008 Incurred Claims	259,779	108.88	12,983,880	75.52	33,443,595	49.83	15,402,156	64.47	62,089,410	57.26
Projected FY2010 Member Months	2,256		208,860		769,632		282,768		1,263,516	
Projected FY2010 Premium at FY2009 Rates	325,992	144.50	21,752,769	104.15	58,145,698	75.55	26,345,495	93.17	106,569,953	84.34
Annual Trend Assumptions										
FY2009	5.15 %		5.15 %		5.15 %		5.15 %		5.15 %	
FY2010	5.00 %		5.00 %		5.00 %		5.00 %		5.00 %	
Provider Fee Increase	1.0100		1.0159		1.0158		1.0056		1.0030	
Other Reimbursement Changes	1.0030		1.0030		1.0030		1.0030		1.0030	
Projected Incurred Claims	274,722	121.77	17,744,597	84.96	43,137,189	56.05	20,300,205	71.79	81,456,713	64.47
Capitation Expenses										
Total	6,024	2.67	557,656	2.67	2,054,917	2.67	754,991	2.67	3,373,588	2.67
Reinsurance Expenses										
Net Reinsurance Cost	451	0.20	41,772	0.20	153,926	0.20	56,554	0.20	252,703	0.20
Administrative Expenses										
Fixed Amount	22,740	10.08	2,105,309	10.08	7,757,891	10.08	2,850,301	10.08	12,736,241	10.08
Percentage of Premium	5.75 %	8.57	5.75 %	6.23	5.75 %	4.39	5.75 %	5.39	5.75 %	4.92
Risk Margin	2.00 %	2.98	2.00 %	2.17	2.00 %	1.53	2.00 %	1.87	2.00 %	1.71
Premium Tax	1.75 %	2.61	1.75 %	1.90	1.75 %	1.34	1.75 %	1.64	1.75 %	1.50
Maintenance Tax	203	0.09	18,797	0.09	69,267	0.09	25,449	0.09	113,716	0.09
Projected Total Cost	336,067	148.97	22,616,720	108.29	58,754,906	76.34	26,505,524	93.74	108,213,217	85.64
Experience Rate Increase		3.1 %		4.0 %		1.0 %		0.6 %		1.5 %

FY2010 CHIP Rating
Fort Worth Total

	<1		1-5		6-14		15-18		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 9/1/2007- 8/31/2008										
Member Months	1,662		88,322		269,071		78,594		437,649	
Premium Revenue	211,606	127.32	8,591,081	97.27	24,079,164	89.49	8,822,962	112.26	41,704,813	95.29
Adjusted Premium	176,295	106.07	8,757,426	99.15	20,258,837	75.29	8,803,231	112.01	37,995,788	86.82
Adjusted FY2008 Incurred Claims	136,837	82.33	5,969,262	67.59	13,848,167	51.47	5,501,936	70.00	25,456,202	58.17
Projected FY2010 Member Months	1,896		112,176		344,160		104,580		562,812	
Projected FY2010 Premium at FY2009 Rates	203,556	107.36	11,174,630	99.62	25,818,828	75.02	11,658,402	111.48	48,855,417	86.81
Annual Trend Assumptions										
FY2009	5.15 %		5.15 %		5.15 %		5.15 %			
FY2010	5.00 %		5.00 %		5.00 %		5.00 %			
Provider Fee Increase	1.0092		1.0146		1.0134		1.0033			
Other Reimbursement Changes	1.0001		1.0001		1.0001		1.0001			
Projected Incurred Claims	173,952	91.75	8,493,537	75.72	19,820,230	57.59	8,110,500	77.55	36,598,218	65.03
Capitation Expenses										
Total	3,709	1.96	225,041	2.01	698,020	2.03	222,902	2.13	1,149,673	2.04
Reinsurance Expenses										
Net Reinsurance Cost	1,185	0.63	73,230	0.65	240,386	0.70	74,138	0.71	388,939	0.69
Administrative Expenses										
Fixed Amount	19,055	10.05	1,127,369	10.05	3,458,808	10.05	1,051,029	10.05	5,656,261	10.05
Percentage of Premium	5.75 %	6.64	5.75 %	5.62	5.75 %	4.48	5.75 %	5.75	5.75 %	4.95
Risk Margin	2.00 %	2.31	2.00 %	1.96	2.00 %	1.56	2.00 %	2.00	2.00 %	1.72
Premium Tax	1.75 %	2.02	1.75 %	1.71	1.75 %	1.36	1.75 %	1.75	1.75 %	1.51
Maintenance Tax	171	0.09	10,096	0.09	30,974	0.09	9,412	0.09	50,653	0.09
Projected Total Cost	218,864	115.43	10,971,572	97.81	26,793,832	77.85	10,461,858	100.04	48,446,126	86.08
Experience Rate Increase		7.5 %		-1.8 %		3.8 %		-10.3 %		-0.8 %

FY2010 CHIP Rating

Houston Total

	<1		1-5		6-14		15-18		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 9/1/2007- 8/31/2008										
Member Months	4,935		239,739		815,687		261,897		1,322,258	
Premium Revenue	686,311	139.07	24,957,025	104.10	69,115,957	84.73	29,516,890	112.70	124,276,183	93.99
Adjusted Premium	1,446,126	293.03	25,387,436	105.90	68,073,627	83.46	32,523,019	124.18	127,430,208	96.37
Adjusted FY2008 Incurred Claims	971,904	196.94	18,512,259	77.22	45,098,088	55.29	21,609,996	82.51	86,192,248	65.19
Projected FY2010 Member Months	5,364		293,340		970,320		327,624		1,596,648	
Projected FY2010 Premium at FY2009 Rates	1,551,462	289.24	31,223,928	106.44	80,824,672	83.30	40,667,698	124.13	154,267,760	96.62
Annual Trend Assumptions										
FY2009	5.15 %		5.15 %		5.15 %		5.15 %		5.15 %	
FY2010	5.00 %		5.00 %		5.00 %		5.00 %		5.00 %	
Provider Fee Increase	1.0058		1.0134		1.0128		1.0033		1.0039	
Other Reimbursement Changes	1.0039		1.0039		1.0039		1.0039		1.0039	
Projected Incurred Claims	1,177,676	219.55	25,442,626	86.73	60,222,988	62.07	30,062,128	91.76	116,905,418	73.22
Capitation Expenses										
Total	7,155	1.33	635,806	2.17	2,233,957	2.30	784,109	2.39	3,661,027	2.29
Reinsurance Expenses										
Net Reinsurance Cost	4,500	0.84	242,371	0.83	747,060	0.77	236,623	0.72	1,230,553	0.77
Administrative Expenses										
Fixed Amount	53,640	10.00	2,933,400	10.00	9,703,200	10.00	3,276,240	10.00	15,966,480	10.00
Percentage of Premium	5.75 %	14.73	5.75 %	6.34	5.75 %	4.78	5.75 %	6.67	5.75 %	5.49
Risk Margin	2.00 %	5.12	2.00 %	2.21	2.00 %	1.66	2.00 %	2.32	2.00 %	1.91
Premium Tax	1.75 %	4.48	1.75 %	1.93	1.75 %	1.45	1.75 %	2.03	1.75 %	1.67
Maintenance Tax	483	0.09	26,401	0.09	87,329	0.09	29,486	0.09	143,698	0.09
Projected Total Cost	1,373,982	256.15	32,354,258	110.30	80,656,944	83.12	37,998,438	115.98	152,383,621	95.44
Experience Rate Increase		-11.4 %		3.6 %		-0.2 %		-6.6 %		-1.2 %

FY2010 CHIP Rating											
Laredo Total											
	<1		1-5		6-14		15-18		Total		
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	
Estimated Experience 9/1/2007- 8/31/2008											
Member Months	145		12,065		51,383		17,623		81,216		
Premium Revenue	16,089	110.96	1,101,655	91.31	3,721,157	72.42	1,599,640	90.77	6,438,541	79.28	
Adjusted Premium	16,430	113.31	1,376,134	114.06	3,885,069	75.61	1,819,399	103.24	7,097,031	87.38	
Adjusted FY2008 Incurred Claims	16,226	111.90	937,818	77.73	2,700,653	52.56	1,097,040	62.25	4,751,737	58.51	
Projected FY2010 Member Months	132		13,176		57,048		21,564		91,920		
Projected FY2010 Premium at FY2009 Rates	14,957	113.31	1,502,855	114.06	4,313,399	75.61	2,226,267	103.24	8,057,478	87.66	
Annual Trend Assumptions											
FY2009	5.15 %		5.15 %		5.15 %		5.15 %				
FY2010	5.00 %		5.00 %		5.00 %		5.00 %				
Provider Fee Increase	1.0092		1.0149		1.0153		1.0056				
Other Reimbursement Changes	1.0016		1.0016		1.0016		1.0016				
Projected Incurred Claims	16,485	124.89	1,149,452	87.24	3,366,488	59.01	1,492,760	69.22	6,025,186	65.55	
Capitation Expenses											
Total	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	
Reinsurance Expenses											
Net Reinsurance Cost	37	0.28	3,689	0.28	15,973	0.28	6,038	0.28	25,738	0.28	
Administrative Expenses											
Fixed Amount	1,342	10.17	134,000	10.17	580,178	10.17	219,306	10.17	934,826	10.17	
Percentage of Premium	5.75 %	8.60	5.75 %	6.21	5.75 %	4.42	5.75 %	5.07	5.75 %	4.83	
Risk Margin	2.00 %	2.99	2.00 %	2.16	2.00 %	1.54	2.00 %	1.76	2.00 %	1.68	
Premium Tax	1.75 %	2.62	1.75 %	1.89	1.75 %	1.34	1.75 %	1.54	1.75 %	1.47	
Maintenance Tax	12	0.09	1,186	0.09	5,134	0.09	1,941	0.09	8,273	0.09	
Projected Total Cost	19,753	149.64	1,423,566	108.04	4,384,281	76.85	1,900,602	88.14	7,728,202	84.08	
Experience Rate Increase		32.1 %		-5.3 %		1.6 %		-14.6 %		-4.1 %	

FY2010 CHIP Rating
Lubbock Total

	<1		1-5		6-14		15-18		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 9/1/2007- 8/31/2008										
Member Months	177		18,108		66,097		23,285		107,667	
Premium Revenue	14,259	80.56	1,383,748	76.42	4,049,990	61.27	2,099,801	90.18	7,547,798	70.10
Adjusted Premium	14,801	83.62	1,494,332	82.52	4,203,712	63.60	2,016,106	86.58	7,728,951	71.79
Adjusted FY2008 Incurred Claims	4,764	26.92	927,451	51.22	2,235,818	33.83	1,160,385	49.83	4,328,418	40.20
Projected FY2010 Member Months	240		23,148		79,800		27,468		130,656	
Projected FY2010 Premium at FY2009 Rates	19,898	82.91	1,911,696	82.59	5,075,199	63.60	2,377,652	86.56	9,384,445	71.83
Annual Trend Assumptions										
FY2009	5.15 %		5.15 %		5.15 %		5.15 %			
FY2010	5.00 %		5.00 %		5.00 %		5.00 %			
Provider Fee Increase	1.0651		1.0633		1.0631		1.0474			
Other Reimbursement Changes	1.0003		1.0003		1.0003		1.0003			
Projected Incurred Claims	7,599	31.66	1,392,254	60.15	3,169,279	39.72	1,583,413	57.65	6,152,546	47.09
Capitation Expenses										
Total	779	3.25	101,433	4.38	325,362	4.08	105,499	3.84	533,073	4.08
Reinsurance Expenses										
Net Reinsurance Cost	240	1.00	23,148	1.00	79,800	1.00	27,468	1.00	130,656	1.00
Administrative Expenses										
Fixed Amount	2,635	10.98	254,165	10.98	876,204	10.98	301,599	10.98	1,434,603	10.98
Percentage of Premium	5.75 %	2.98	5.75 %	4.87	5.75 %	3.55	5.75 %	4.67	5.75 %	4.02
Risk Margin	2.00 %	1.04	2.00 %	1.69	2.00 %	1.23	2.00 %	1.63	2.00 %	1.40
Premium Tax	1.75 %	0.91	1.75 %	1.48	1.75 %	1.08	1.75 %	1.42	1.75 %	1.22
Maintenance Tax	22	0.09	2,083	0.09	7,182	0.09	2,472	0.09	11,759	0.09
Projected Total Cost	12,459	51.91	1,959,208	84.64	4,925,776	61.73	2,232,542	81.28	9,129,985	69.88
Experience Rate Increase		-37.4 %		2.5 %		-2.9 %		-6.1 %		-2.7 %

FY2010 CHIP Rating
San Antonio Total

	<1		1-5		6-14		15-18		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 9/1/2007- 8/31/2008										
Member Months	761		60,004		242,285		85,652		388,702	
Premium Revenue	80,090	105.24	6,306,061	105.09	17,552,453	72.45	8,009,176	93.51	31,947,780	82.19
Adjusted Premium	97,493	128.11	6,811,992	113.53	18,573,002	76.66	7,942,102	92.73	33,424,590	85.99
Adjusted FY2008 Incurred Claims	91,249	119.91	4,168,697	69.47	10,870,494	44.87	4,778,664	55.79	19,909,104	51.22
Projected FY2010 Member Months	792		76,884		296,784		110,604		485,064	
Projected FY2010 Premium at FY2009 Rates	102,928	129.96	8,723,700	113.47	22,713,020	76.53	10,254,274	92.71	41,793,921	86.16
Annual Trend Assumptions										
FY2009	5.15 %		5.15 %		5.15 %		5.15 %			
FY2010	5.00 %		5.00 %		5.00 %		5.00 %			
Provider Fee Increase	1.0085		1.0157		1.0159		1.0046			
Other Reimbursement Changes	1.0014		1.0014		1.0014		1.0014			
Projected Incurred Claims	105,889	133.70	5,998,293	78.02	14,956,169	50.39	6,853,922	61.97	27,914,273	57.55
Capitation Expenses										
Total	1,426	1.80	171,596	2.23	659,474	2.22	250,505	2.26	1,083,002	2.23
Reinsurance Expenses										
Net Reinsurance Cost	382	0.48	40,262	0.52	149,290	0.50	55,220	0.50	245,154	0.51
Administrative Expenses										
Fixed Amount	8,316	10.50	807,282	10.50	3,116,232	10.50	1,161,342	10.50	5,093,172	10.50
Percentage of Premium	5.75 %	9.31	5.75 %	5.80	5.75 %	4.05	5.75 %	4.79	5.75 %	4.50
Risk Margin	2.00 %	3.24	2.00 %	2.02	2.00 %	1.41	2.00 %	1.66	2.00 %	1.57
Premium Tax	1.75 %	2.83	1.75 %	1.77	1.75 %	1.23	1.75 %	1.46	1.75 %	1.37
Maintenance Tax	71	0.09	6,920	0.09	26,711	0.09	9,954	0.09	43,656	0.09
Projected Total Cost	128,271	161.96	7,761,715	100.95	20,892,680	70.40	9,205,463	83.23	37,988,129	78.32
Experience Rate Increase		24.6 %		-11.0 %		-8.0 %		-10.2 %		-9.1 %

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.

There were several significant revisions to the Texas Medicaid fee schedule which were included in the CHIP rating analysis. Reimbursement increases were provided for the following services: rural health clinics, federally qualified health centers, ambulatory surgical centers, sonograms, increase in the number of recommended EPSDT screens and new developmental and autism screenings services. In addition, an adjustment was made to recognize the change in Medicaid reimbursement for three hospitals from DRG to cost basis (TEFRA).

The rating adjustments for these provider reimbursement changes were calculated by applying actual health plan encounter data to the old and new reimbursement basis and the resulting impact determined. As a result of problems with the FY2008 CHIP encounter data, FY2007 data was used in developing some of these estimates.

Effective September 1, 2009, CHIP health plans will be required to pay Rural Health Clinics and Federally Qualified Health Centers the full encounter rate for visits. Attached Exhibit A presents an estimate of the cost impact resulting from this requirement. The FY2010 rates were also adjusted for changes in the reimbursement for ambulatory surgical centers, obstetrical sonograms, and three DRG hospitals changing to TEFRA-based reimbursement. Attached Exhibits B, C, and D present the estimated cost impact from these changes. Attachments E and F present the calculation of the estimated cost impact from the increase in the number of recommended EPSDT screens and new developmental and autism screenings services, respectively.

FY2010 CHIP Rating
 Provider Reimbursement Adjustments
 CHIP Prospective Payments to FQHCs and RHCs

Service Area	STAR Adjustment Factor	FY2008 Incurred Claims	Estimated Increase	Adjusted Increase	Adjustment Factor
EPO	0.23 %	62,005,750	144,151	348,393	0.0056
Austin	0.69 %	13,459,878	93,227	137,563	0.0102
Corpus	0.52 %	9,129,633	47,593	77,666	0.0085
Dallas	0.06 %	41,690,931	25,895	163,222	0.0039
El Paso	0.07 %	8,682,391	6,425	35,024	0.0040
Fort Worth	0.00 %	26,554,183	221	87,689	0.0033
Houston	0.00 %	86,107,474	2,121	285,753	0.0033
Laredo	0.23 %	4,744,111	11,029	26,656	0.0056
Lubbock	4.41 %	4,298,730	189,737	203,896	0.0474
San Antonio	0.13 %	19,695,521	26,333	91,208	0.0046
Total		276,368,603	546,733	1,457,070	0.0053

FY2010 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.

FY2010 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.

FY2010 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	18,432	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.

FY2010 CHIP Rating
 Provider Reimbursement Adjustments
 Additional EPSDT Visit Cost Adjustment

	Age Group				Total
	< 1	1-5	6-14	15-18	
EPSDT Increase					
Austin	24	20,569	77,860	0	98,452
Corpus Christi	24	8,032	39,481	0	47,536
Dallas	47	58,694	235,861	0	294,602
El Paso	47	11,121	62,273	0	73,441
Fort Worth	47	39,310	145,747	0	185,104
Houston	282	105,829	428,627	0	534,738
Laredo	0	4,788	25,893	0	30,682
Lubbock	24	7,697	33,482	0	41,203
San Antonio	24	25,975	120,520	0	146,518
EPO	94	75,170	340,153	0	415,417
Total	612	357,184	1,509,897	0	1,867,693

FY2008 Total Incurred Claims (2)					
Austin	180,780	2,765,005	6,572,508	3,941,585	13,459,878
Corpus Christi	18,513	1,482,593	4,826,839	2,801,688	9,129,633
Dallas	209,944	8,923,805	22,711,789	9,845,392	41,690,931
El Paso	27,368	1,449,486	5,038,344	2,167,192	8,682,391
Fort Worth	135,670	6,198,129	14,475,231	5,745,153	26,554,183
Houston	966,641	18,555,844	45,045,867	21,539,122	86,107,474
Laredo	16,222	936,022	2,696,671	1,095,196	4,744,111
Lubbock	5,491	923,910	2,229,756	1,139,573	4,298,730
San Antonio	91,183	4,127,360	10,710,657	4,766,321	19,695,521
EPO	259,286	12,981,487	33,371,535	15,393,441	62,005,750
Total	1,911,099	58,343,643	147,679,198	68,434,664	276,368,603

Adjustment Factor (3)					
Austin	0.01 %	0.74 %	1.18 %	0.00 %	0.73 %
Corpus Christi	0.13 %	0.54 %	0.82 %	0.00 %	0.52 %
Dallas	0.02 %	0.66 %	1.04 %	0.00 %	0.71 %
El Paso	0.17 %	0.77 %	1.24 %	0.00 %	0.85 %
Fort Worth	0.03 %	0.63 %	1.01 %	0.00 %	0.70 %
Houston	0.03 %	0.57 %	0.95 %	0.00 %	0.62 %
Laredo	0.00 %	0.51 %	0.96 %	0.00 %	0.65 %
Lubbock	0.43 %	0.83 %	1.50 %	0.00 %	0.96 %
San Antonio	0.03 %	0.63 %	1.13 %	0.00 %	0.74 %
EPO	0.04 %	0.58 %	1.02 %	0.00 %	0.67 %
Total	0.03 %	0.61 %	1.02 %	0.00 %	0.68 %

Footnotes:

- (1) Equals the additional cost resulting from application of the FY2010 Medicaid fee schedule to the FY2008 health plans claims.
- (2) Equals FY2008 health plan fee-for-service claims for all services.
- (3) Additional cost divided by FY2008 Total Incurred Claims.

FY2010 CHIP Rating
 Provider Reimbursement Adjustments
 Developmental and Autism Screening Cost Adjustment

	Age Group				Total
	< 1	1-5	6-14	15-18	
Developmental and Autism Screening Increase					
Austin	397	15,953	0	0	16,350
Corpus Christi	76	6,696	0	0	6,772
Dallas	1,187	44,343	0	0	45,530
El Paso	166	8,308	0	0	8,473
Fort Worth	752	30,277	0	0	31,029
Houston	2,129	81,327	0	0	83,456
Laredo	59	3,819	0	0	3,878
Lubbock	69	6,296	0	0	6,365
San Antonio	335	19,641	0	0	19,976
EPO	1,052	57,677	0	0	58,729
Total	6,220	274,337	0	0	280,557
FY2008 Total Incurred Claims (2)					
Austin	180,780	2,765,005	6,572,508	3,941,585	13,459,878
Corpus Christi	18,513	1,482,593	4,826,839	2,801,688	9,129,633
Dallas	209,944	8,923,805	22,711,789	9,845,392	41,690,931
El Paso	27,368	1,449,486	5,038,344	2,167,192	8,682,391
Fort Worth	135,670	6,198,129	14,475,231	5,745,153	26,554,183
Houston	966,641	18,555,844	45,045,867	21,539,122	86,107,474
Laredo	16,222	936,022	2,696,671	1,095,196	4,744,111
Lubbock	5,491	923,910	2,229,756	1,139,573	4,298,730
San Antonio	91,183	4,127,360	10,710,657	4,766,321	19,695,521
EPO	259,286	12,981,487	33,371,535	15,393,441	62,005,750
Total	1,911,099	58,343,643	147,679,198	68,434,664	276,368,603
Adjustment Factor (3)					
Austin	0.22 %	0.58 %	0.00 %	0.00 %	0.12 %
Corpus Christi	0.41 %	0.45 %	0.00 %	0.00 %	0.07 %
Dallas	0.57 %	0.50 %	0.00 %	0.00 %	0.11 %
El Paso	0.61 %	0.57 %	0.00 %	0.00 %	0.10 %
Fort Worth	0.55 %	0.49 %	0.00 %	0.00 %	0.12 %
Houston	0.22 %	0.44 %	0.00 %	0.00 %	0.10 %
Laredo	0.36 %	0.41 %	0.00 %	0.00 %	0.08 %
Lubbock	1.26 %	0.68 %	0.00 %	0.00 %	0.15 %
San Antonio	0.37 %	0.48 %	0.00 %	0.00 %	0.10 %
EPO	0.41 %	0.44 %	0.00 %	0.00 %	0.09 %
Total	0.33 %	0.47 %	0.00 %	0.00 %	0.10 %

Footnotes:

- (1) Equals the additional cost resulting from application of the FY2010 Medicaid fee schedule to the FY2008 health plans claims.
- (2) Equals FY2008 health plan fee-for-service claims for all services.
- (3) Additional cost divided by FY2008 Total Incurred Claims.

Attachment 5

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, 2007 to August 31, 2008

SDA/Health Plan	Percent Affected	Actual PMPM Expenditures Based on Paid Amounts	Predicted PMPM Payment	Case Mix	Spend Ratio
CDPS					
TEXAS CHIP (Under Age 1)	100.00	97.32	97.32	1.000	1.000
Bexar	100.00	68.53	81.45	1.000	0.841
Community First	36.84	112.88	79.78	0.979	1.415
Superior	50.00	38.20	85.64	1.051	0.446
Aetna	13.16	41.79	71.64	0.880	0.583
Dallas	100.00	72.54	83.41	1.000	0.870
Parkland	63.28	75.99	86.65	1.039	0.877
AMERIGROUP	31.25	53.54	75.32	0.903	0.711
Uicare	5.47	137.75	89.36	1.071	1.541
El Paso	100.00	74.94	77.20	1.000	0.971
El Paso First	73.68	79.00	78.92	1.022	1.001
Superior	26.32	61.83	71.64	0.928	0.863
Harris	100.00	120.37	104.40	1.000	1.153
Texas Children's	41.72	183.04	103.79	0.994	1.764
UnitedHealthcare-Texas	6.55	125.73	131.55	1.260	0.956
AMERIGROUP	5.86	61.67	200.53	1.921	0.308
Community Health Choice	45.86	69.23	86.63	0.830	0.799
Lubbock	100.00	52.05	83.36	1.000	0.624
FirstCare	20.00	9.42	71.64	0.860	0.131
Superior	80.00	63.06	86.38	1.036	0.730
Nueces	100.00	197.20	282.15	1.000	0.699
Driscoll	55.56	236.78	420.73	1.491	0.563
Superior	33.33	166.99	151.54	0.537	1.102
AMERIGROUP	11.11	125.49	97.74	0.346	1.284
Tarrant	100.00	91.56	88.60	1.000	1.033
Cook Children's	30.30	59.88	81.00	0.914	0.739
AMERIGROUP	65.15	98.03	90.56	1.022	1.083
Aetna	4.55	189.30	108.06	1.220	1.752
Travis	100.00	95.09	110.68	1.000	0.859
Seton	39.13	106.70	86.92	0.785	1.228
Superior	60.87	87.89	125.43	1.133	0.701
Webb	100.00	56.97	82.13	1.000	0.694
Mercy	100.00	56.97	82.13	1.000	0.694
EPO	100.00	87.29	92.53	1.000	0.943
Superior EPO	100.00	87.29	92.53	1.000	0.943

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, 2007 to August 31, 2008

SDA/Health Plan	Percent Affected	Actual PMPM Expenditures Based on Paid Amounts	Predicted PMPM Payment	Case Mix	Spend Ratio
CDPS					
TEXAS CHIP (Age 1 to 5)	100.00	72.38	72.38	1.000	1.000
Bexar	100.00	71.11	72.05	1.000	0.987
Community First	52.45	80.05	71.79	0.996	1.115
Superior	35.71	67.49	74.83	1.039	0.902
Aetna	11.85	41.23	64.76	0.899	0.637
Dallas	100.00	67.31	69.59	1.000	0.967
Parkland	43.19	77.24	71.78	1.032	1.076
AMERIGROUP	46.69	58.90	68.93	0.991	0.855
Unicare	10.12	63.11	63.05	0.906	1.001
El Paso	100.00	56.48	71.24	1.000	0.793
El Paso First	60.91	58.16	72.21	1.014	0.805
Superior	39.09	53.81	69.70	0.978	0.772
Harris	100.00	75.96	71.24	1.000	1.066
Texas Children's	57.00	88.51	74.81	1.050	1.183
UnitedHealthcare-Texas	10.99	73.94	71.61	1.005	1.033
AMERIGROUP	14.43	51.03	64.35	0.903	0.793
Molina	1.66	44.54	68.21	0.957	0.653
Community Health Choice	15.91	57.86	64.56	0.906	0.896
Lubbock	100.00	50.34	68.61	1.000	0.734
FirstCare	40.08	43.11	71.80	1.047	0.600
Superior	59.92	55.17	66.48	0.969	0.830
Nueces	100.00	80.97	78.27	1.000	1.035
Driscoll	82.25	84.20	79.86	1.020	1.054
Superior	11.47	70.77	72.68	0.929	0.974
AMERIGROUP	6.28	55.14	66.66	0.852	0.827
Tarrant	100.00	71.23	71.37	1.000	0.998
Cook Children's	61.55	89.93	72.81	1.020	1.235
AMERIGROUP	28.44	43.39	70.10	0.982	0.619
Aetna	10.01	31.57	65.92	0.924	0.479
Travis	100.00	66.83	67.56	1.000	0.989
Seton	61.37	78.60	67.87	1.005	1.158
Superior	38.63	47.64	67.04	0.992	0.711
Webb	100.00	85.30	71.33	1.000	1.196
Mercy	100.00	85.30	71.33	1.000	1.196
EPO	100.00	76.30	77.58	1.000	0.983
Superior EPO	100.00	76.30	77.58	1.00	0.98

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, 2007 to August 31, 2008

SDA/Health Plan	Percent Affected	Actual PMPM Expenditures Based on Paid Amounts	Predicted PMPM Payment	Case Mix	Spend Ratio
CDPS					
TEXAS CHIP (Age 6 to 14)	100.00	50.94	50.94	1.000	1.000
Bexar	100.00	45.03	52.27	1.000	0.862
Community First	54.48	53.79	54.99	1.052	0.978
Superior	33.88	35.90	50.94	0.975	0.705
Aetna	11.63	29.56	42.97	0.822	0.688
Dallas	100.00	55.00	49.44	1.000	1.112
Parkland	41.72	68.90	52.10	1.054	1.322
AMERIGROUP	47.42	45.00	48.32	0.977	0.931
Unicare	10.87	44.30	43.87	0.887	1.010
El Paso	100.00	40.15	53.58	1.000	0.749
El Paso First	64.99	43.43	55.64	1.038	0.781
Superior	35.01	34.01	49.73	0.928	0.684
Harris	100.00	53.52	49.77	1.000	1.075
Texas Children's	54.33	64.91	53.47	1.074	1.214
UnitedHealthcare-Texas	16.17	48.64	49.43	0.993	0.984
AMERIGROUP	15.45	32.23	44.94	0.903	0.717
Molina	2.60	19.12	36.31	0.730	0.526
Community Health Choice	11.45	42.78	42.14	0.847	1.015
Lubbock	100.00	35.84	50.10	1.000	0.715
FirstCare	41.26	41.88	55.43	1.106	0.756
Superior	58.74	31.52	46.29	0.924	0.681
Nueces	100.00	57.82	56.83	1.000	1.017
Driscoll	84.62	57.63	57.86	1.018	0.996
Superior	8.60	56.40	53.41	0.940	1.056
AMERIGROUP	6.78	62.13	48.06	0.846	1.293
Tarrant	100.00	56.29	49.80	1.000	1.130
Cook Children's	70.31	66.57	52.99	1.064	1.256
AMERIGROUP	19.08	33.86	43.80	0.880	0.773
Aetna	10.61	25.37	38.46	0.772	0.660
Travis	100.00	48.97	46.66	1.000	1.050
Seton	71.09	54.12	46.96	1.006	1.152
Superior	28.91	35.96	45.89	0.984	0.784
Webb	100.00	52.68	54.05	1.000	0.975
Mercy	100.00	52.68	54.05	1.000	0.975
EPO	100.00	48.63	52.58	1.000	0.925
Superior EPO	100.00	48.63	52.58	1.00	0.92

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, 2007 to August 31, 2008

SDA/Health Plan	Percent Affected	Actual PMPM Expenditures Based on Paid Amounts	Predicted PMPM Payment	Case Mix	Spend Ratio
CDPS					
TEXAS CHIP (Age 15 to 18)	100.00	70.56	70.56	1.000	1.000
Bexar	100.00	57.37	71.96	1.000	0.797
Community First	55.88	71.36	75.34	1.047	0.947
Superior	32.10	41.57	69.97	0.972	0.594
Aetna	12.02	32.82	61.02	0.848	0.538
Dallas	100.00	74.67	65.03	1.000	1.148
Parkland	39.47	85.72	66.80	1.027	1.283
AMERIGROUP	48.55	68.52	64.75	0.996	1.058
Unicare	11.98	62.41	60.14	0.925	1.038
El Paso	100.00	43.49	69.15	1.000	0.629
El Paso First	68.62	46.27	71.94	1.040	0.643
Superior	31.38	37.29	62.91	0.910	0.593
Harris	100.00	79.22	70.68	1.000	1.121
Texas Children's	50.56	95.41	75.98	1.075	1.256
UnitedHealthcare-Texas	20.92	71.65	70.06	0.991	1.023
AMERIGROUP	15.74	54.35	61.56	0.871	0.883
Molina	2.49	29.35	52.39	0.741	0.560
Community Health Choice	10.29	64.77	64.09	0.907	1.011
Lubbock	100.00	47.28	71.73	1.000	0.659
FirstCare	43.20	46.68	75.78	1.057	0.616
Superior	56.80	47.75	68.58	0.956	0.696
Nueces	100.00	95.24	77.78	1.000	1.225
Driscoll	84.95	104.78	80.63	1.037	1.300
Superior	8.97	45.38	64.22	0.826	0.707
AMERIGROUP	6.08	32.40	56.97	0.733	0.569
Tarrant	100.00	72.66	69.27	1.000	1.049
Cook Children's	72.44	87.30	74.54	1.076	1.171
AMERIGROUP	15.14	31.33	59.34	0.857	0.528
Aetna	12.41	33.29	49.11	0.709	0.678
Travis	100.00	85.78	72.47	1.000	1.184
Seton	77.35	100.42	74.78	1.032	1.343
Superior	22.65	34.11	64.31	0.887	0.530
Webb	100.00	62.37	64.90	1.000	0.961
Mercy	100.00	62.37	64.90	1.000	0.961
EPO	100.00	66.59	72.29	1.000	0.921
Superior EPO	100.00	66.59	72.29	1.00	0.92

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 6

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 7

CHIP Perinatal Rating

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 under Medicaid. 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.

The CHIP Perinatal FY2010 premium rates were derived using a methodology very similar to that described in Section II above for CHIP. Below is a description of the trend, benefit and provider reimbursement adjustments, risk adjustment and administrative cost provisions included in the CHIP Perinatal rates.

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 Perinatal program. The analysis included a review of claims experience data through March, 2009.

CHIP Perinatal is a relatively new program and it wasn't until FY2008 that the program had accumulated enough membership to perform an appropriate trend analysis. Therefore, the only reasonable trend information available is from comparing the cost in the early months of FY2009 to that for the early months of FY2008. Exhibit C of Attachment 7 presents the program's experience trends for the period September 1, 2008 through January 2009. This analysis was used to select the trend rate assumptions used in the rating analysis. The chart below presents the assumed annual trend rates for FY2009 and FY2010.

	<u>FY2009</u>	<u>FY2010</u>
Newborns Under 185% FPL	7.9 %	7.9 %
Newborns 185-200% FPL	7.9 %	7.9 %
Perinates Under 185% FPL	15.1 %	10.0 %
Perinates 185-200% FPL	15.1 %	10.0 %

Provider Reimbursement Adjustment

The types of adjustments for benefit and provider reimbursement changes, and the methodology for estimating the cost impact of the changes, are the same for CHIP Perinatal as described in Section III above for CHIP. Exhibit D presents a summary of the adjustment factors.

Administrative Fees and Risk Margin

The rating methodology includes an explicit provision for health plan administrative services. The amount allocated for administrative expenses is \$12.50 pmpm plus 5.75% of gross premium. This amount is intended to provide for all administrative-related services performed by the HMO.

The premium rates also include a provision for premium tax (1.75% of premium), maintenance tax (\$0.09 pmpm) and a risk margin (2.0% of premium).

Summary

Exhibit B of Attachment 7 presents the summary community rating exhibit for each service area along with a description of the analysis. Exhibit A of Attachment 7 presents additional information regarding the FY2010 CHIP Perinatal rates including a comparison to FY2009 rates. The enrollment in both the Newborn 185-200% FPL and Perinate 185-200% FPL risk groups are so small that credible rates could not be set by area. Thus the rates for these two risk groups were calculated on a statewide basis. 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.

FY2010 CHIP Perinatal Rating Summary

Health Plan	NB		Age Bracket		Total	NB		Age Bracket		Total
	<185%	>185%	Per <185%	Per >185%		<185%	>185%	Per <185%	Per >185%	
Projected FY2010 Member Months										
Superior - EPO	44,184	624	79,668	1,140	125,616					
Superior - Austin	20,436	216	31,836	372	52,860					
Superior - Corpus	1,776	60	2,892	132	4,860					
Parkland - Dallas	55,728	564	76,104	660	133,056					
El Paso First - El Paso	3,300	24	5,184	60	8,568					
Superior - El Paso	2,172	24	3,516	120	5,832					
Amerigroup - Fort Worth	24,480	348	39,300	480	64,608					
CHC - Houston	91,344	1,296	121,260	1,584	215,484					
Mercy - Laredo	6,420	108	10,308	72	16,908					
Firstcare - Lubbock	612	24	864	12	1,512					
Superior - Lubbock	2,100	60	2,484	60	4,704					
CFHP - San Antonio	4,956	84	8,640	108	13,788					
Superior - San Antonio	3,408	144	7,452	132	11,136					
Total - All Plans	260,916	3,576	389,508	4,932	658,932					
FY2009 (Current) Premium Rates pmpm						Projected FY2010 Premium Based on FY2009 Rates				
Superior - EPO	229.00	539.67	203.70	176.18	214.02	10,118,136	336,754	16,228,372	200,845	26,884,107
Superior - Austin	232.91	539.67	209.13	176.18	219.44	4,759,749	116,569	6,657,863	65,539	11,599,719
Superior - Corpus	249.74	539.67	195.80	176.18	219.22	443,538	32,380	566,254	23,256	1,065,428
Parkland - Dallas	360.36	539.67	209.81	176.18	274.10	20,082,142	304,374	15,967,380	116,279	36,470,175
El Paso First - El Paso	231.62	539.67	285.73	176.18	264.83	764,346	12,952	1,481,224	10,571	2,269,093
Superior - El Paso	231.62	539.67	285.73	176.18	264.37	503,079	12,952	1,004,627	21,142	1,541,799
Amerigroup - Fort Worth	209.05	539.67	299.37	176.18	265.53	5,117,544	187,805	11,765,241	84,566	17,155,157
CHC - Houston	352.35	539.67	514.21	176.18	443.27	32,185,058	699,412	62,353,105	279,069	95,516,644
Mercy - Laredo	260.28	539.67	301.13	176.18	286.61	1,670,998	58,284	3,104,048	12,685	4,846,015
Firstcare - Lubbock	253.23	539.67	276.29	176.18	270.34	154,977	12,952	238,715	2,114	408,758
Superior - Lubbock	253.23	539.67	276.29	176.18	268.08	531,783	32,380	686,304	10,571	1,261,038
CFHP - San Antonio	177.45	539.67	353.83	176.18	290.17	879,442	45,332	3,057,091	19,027	4,000,893
Superior - San Antonio	177.45	539.67	353.83	176.18	300.15	604,750	77,712	2,636,741	23,256	3,342,459
Total - All Plans	298.24	539.67	322.84	176.18	313.18	77,815,541	1,929,860	125,746,964	868,920	206,361,285

Health Plan	Age Bracket					Age Bracket				
	NB <185%	NB >185%	Per <185%	Per >185%	Total	NB <185%	NB >185%	Per <185%	Per >185%	Total
FY2010 Premium Rates pmpm (Individual Experience Rating)						FY2010 Premium				
Superior - EPO	238.36	528.80	291.08	238.62	273.24	10,531,672	329,970	23,189,775	272,030	34,323,447
Superior - Austin	268.13	226.65	274.33	255.65	271.61	5,479,532	48,957	8,733,625	95,102	14,357,217
Superior - Corpus	240.96	442.25	279.25	234.21	266.05	427,944	26,535	807,605	30,916	1,293,000
Parkland - Dallas	260.85	202.58	397.02	194.11	338.16	14,536,676	114,257	30,214,948	128,111	44,993,992
El Paso First - El Paso	218.57	280.20	395.78	136.63	325.39	721,288	6,725	2,051,739	8,198	2,787,949
Superior - El Paso	250.91	1334.26	297.94	197.28	282.62	544,987	32,022	1,047,574	23,674	1,648,257
Amerigroup - Fort Worth	240.22	394.79	410.12	288.84	344.76	5,880,625	137,385	16,117,587	138,643	22,274,240
CHC - Houston	307.78	456.56	585.23	393.83	465.44	28,113,787	591,697	70,965,458	623,823	100,294,765
Mercy - Laredo	279.77	537.28	389.10	619.24	349.51	1,796,136	58,026	4,010,847	44,585	5,909,595
Firstcare - Lubbock	209.67	699.22	348.00	155.23	296.05	128,319	16,781	300,669	1,863	447,633
Superior - Lubbock	281.28	593.42	379.40	215.81	336.24	590,695	35,605	942,435	12,949	1,581,684
CFHP - San Antonio	168.52	153.95	479.30	1049.21	370.08	835,201	12,931	4,141,175	113,315	5,102,622
Superior - San Antonio	169.05	347.98	327.20	254.55	278.21	576,131	50,109	2,438,261	33,601	3,098,102
Total - All Plans	268.91	408.56	423.51	309.57	361.36	70,162,992	1,461,002	164,961,698	1,526,809	238,112,501
FY2010 Premium Rate Change Relative to Current Rates						FY2010 Average Rates (weighted using total program members)				
Superior - EPO	4.1%	-2.0%	42.9%	35.4%	27.7%	271.10				
Superior - Austin	15.1%	-58.0%	31.2%	45.1%	23.8%	271.48				
Superior - Corpus	-3.5%	-18.1%	42.6%	32.9%	21.4%	264.64				
Parkland - Dallas	-27.6%	-62.5%	89.2%	10.2%	23.4%	340.53				
El Paso First - El Paso	-5.6%	-48.1%	38.5%	-22.5%	22.9%	323.05				
Superior - El Paso	8.3%	147.2%	4.3%	12.0%	6.9%	284.19				
Amerigroup - Fort Worth	14.9%	-26.8%	37.0%	63.9%	29.8%	341.85				
CHC - Houston	-12.6%	-15.4%	13.8%	123.5%	5.0%	473.24				
Mercy - Laredo	7.5%	-0.4%	29.2%	251.5%	21.9%	348.34				
Firstcare - Lubbock	-17.2%	29.6%	26.0%	-11.9%	9.5%	293.69				
Superior - Lubbock	11.1%	10.0%	37.3%	22.5%	25.4%	340.49				
CFHP - San Antonio	-5.0%	-71.5%	35.5%	495.5%	27.5%	358.74				
Superior - San Antonio	-4.7%	-35.5%	-7.5%	44.5%	-7.3%	264.14				
Total - All Plans	-9.8%	-24.3%	31.2%	75.7%	15.4%	361.36				

Health Plan	Age Bracket				Total	Age Bracket				
	NB <185%	NB >185%	Per <185%	Per >185%		NB <185%	NB >185%	Per <185%	Per >185%	Total
FY2010 Premium Rates pmpm (Community Rating)						FY2010 Premium				
Superior - EPO	238.36	528.80	291.08	238.62	273.24	10,531,672	329,970	23,189,775	272,030	34,323,447
Superior - Austin	268.13	226.65	274.33	255.65	271.61	5,479,532	48,957	8,733,625	95,102	14,357,217
Superior - Corpus	240.96	442.25	279.25	234.21	266.05	427,944	26,535	807,605	30,916	1,293,000
Parkland - Dallas	260.85	202.58	397.02	194.11	338.16	14,536,676	114,257	30,214,948	128,111	44,993,992
El Paso First - El Paso	231.41	807.23	356.24	177.07	308.17	763,652	19,374	1,846,763	10,624	2,640,413
Superior - El Paso	231.41	807.23	356.24	177.07	307.92	502,622	19,374	1,252,550	21,248	1,795,793
Amerigroup - Fort Worth	240.22	394.79	410.12	288.84	344.76	5,880,625	137,385	16,117,587	138,643	22,274,240
CHC - Houston	307.78	456.56	585.23	393.83	465.44	28,113,787	591,697	70,965,458	623,823	100,294,765
Mercy - Laredo	279.77	537.28	389.10	619.24	349.51	1,796,136	58,026	4,010,847	44,585	5,909,595
Firstcare - Lubbock	265.12	623.65	371.30	205.72	331.01	162,256	14,968	320,801	2,469	500,493
Superior - Lubbock	265.12	623.65	371.30	205.72	325.01	556,759	37,419	922,303	12,343	1,528,824
CFHP - San Antonio	168.74	276.49	408.86	612.15	323.34	836,270	23,225	3,532,583	66,112	4,458,190
Superior - San Antonio	168.74	276.49	408.86	612.15	336.08	575,062	39,815	3,046,853	80,804	3,742,533
Total - All Plans	268.91	408.56	423.51	309.57	361.36	70,162,992	1,461,002	164,961,698	1,526,809	238,112,501
FY2010 Premium Rate Change Relative to Current Rates						FY2010 Average Rates (weighted using total program members)				
Superior - EPO	4.1%	-2.0%	42.9%	35.4%	27.7%	271.10				
Superior - Austin	15.1%	-58.0%	31.2%	45.1%	23.8%	271.48				
Superior - Corpus	-3.5%	-18.1%	42.6%	32.9%	21.4%	264.64				
Parkland - Dallas	-27.6%	-62.5%	89.2%	10.2%	23.4%	340.53				
El Paso First - El Paso	-0.1%	49.6%	24.7%	0.5%	16.4%	307.92				
Superior - El Paso	-0.1%	49.6%	24.7%	0.5%	16.5%	307.92				
Amerigroup - Fort Worth	14.9%	-26.8%	37.0%	63.9%	29.8%	341.85				
CHC - Houston	-12.6%	-15.4%	13.8%	123.5%	5.0%	473.24				
Mercy - Laredo	7.5%	-0.4%	29.2%	251.5%	21.9%	348.34				
Firstcare - Lubbock	4.7%	15.6%	34.4%	16.8%	22.4%	329.39				
Superior - Lubbock	4.7%	15.6%	34.4%	16.8%	21.2%	329.39				
CFHP - San Antonio	-4.9%	-48.8%	15.6%	247.5%	11.4%	314.59				
Superior - San Antonio	-4.9%	-48.8%	15.6%	247.5%	12.0%	314.59				
Total - All Plans	-9.8%	-24.3%	31.2%	75.7%	15.4%	361.36				

FY2010 CHIP Perinatal Rating
Austin Total

	Newborn <185%		Newborn 185-200%		Perinate <185%		Perinate 185-200%		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 9/1/2007- 8/31/2008										
Member Months	26,080		403		33,654		453		60,590	
Premium Revenue	11,324,718	434.23	328,864	816.04	18,145,900	539.19	79,293	175.04	29,878,776	493.13
Adjusted Premium	6,074,293	232.91	217,487	539.67	7,038,061	209.13	79,810	176.18	13,409,650	221.32
Delivery Payments	0	0.00	0	0.00	0	0.00	93,000	205.30	93,000	1.53
Total Adjusted Premium	6,074,293	232.91	217,487	539.67	7,038,061	209.13	172,810	381.48	13,502,650	222.85
Adjusted FY2008 Incurred Claims	4,968,347	190.50	64,107	159.07	6,041,345	179.51	140,578	310.33	11,214,377	185.09
Projected FY2010 Member Months	20,436		216		31,836		372		52,860	
Projected FY2010 Premium										
Current Rates	4,759,749	232.91	116,569	539.67	6,657,863	209.13	65,539	176.18	11,599,719	219.44
Current DSP Rate	0	0.00	0	0.00	0	0.00	76,342	205.22	76,342	1.44
Annual Trend Assumptions										
FY2009	7.92 %		7.92 %		15.12 %		15.12 %			
FY2010	7.92 %		7.92 %		10.00 %		10.00 %			
Provider Fee Increase	1.0102		1.0102		1.0102		1.0102			
Other Reimbursement Changes	1.0097		1.0097		1.0099		1.0099			
Projected Incurred Claims	4,624,916	226.31	40,819	188.97	7,383,200	231.91	149,139	400.91	12,198,074	230.76
Capitation Expenses	46,117	2.26	444	2.06	72,162	2.27	776	2.09	119,499	2.26
Net Reinsurance Cost	30,654	1.50	324	1.50	47,754	1.50	558	1.50	79,290	1.50
Administrative Expenses										
Fixed Amount	255,450	12.50	2,700	12.50	397,950	12.50	4,650	12.50	660,750	12.50
Percentage of Premium	5.75 %	15.42	5.75 %	13.03	5.75 %	15.77	5.75 %	26.50	5.75 %	15.70
Risk Margin	2.00 %	5.36	2.00 %	4.53	2.00 %	5.49	2.00 %	9.22	2.00 %	5.46
Premium Tax	1.75 %	4.69	1.75 %	3.97	1.75 %	4.80	1.75 %	8.07	1.75 %	4.78
Maintenance Tax	1,839	0.09	19	0.09	2,865	0.09	33	0.09	4,757	0.09
Projected Total Cost	5,479,532	268.13	48,957	226.65	8,733,625	274.33	171,444	460.87	14,433,559	273.05
Adjusted Total Cost	5,479,532	268.13	48,957	226.65	8,733,625	274.33	95,102	255.65	14,357,217	271.61
Experience Rate Increase		15.1 %		-58.0 %		31.2 %		45.1 %		23.8 %

FY2010 CHIP Perinatal Rating
Corpus Total

	Newborn <185%		Newborn 185-200%		Perinate <185%		Perinate 185-200%		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 9/1/2007- 8/31/2008										
Member Months	1,364		61		2,208		68		3,701	
Premium Revenue	713,945	523.42	60,003	983.65	1,190,532	539.19	11,903	175.04	1,976,382	534.01
Adjusted Premium	340,645	249.74	32,920	539.67	432,326	195.80	11,980	176.18	817,872	220.99
Delivery Payments	0	0.00	0	0.00	0	0.00	12,400	182.35	12,400	3.35
Total Adjusted Premium	340,645	249.74	32,920	539.67	432,326	195.80	24,380	358.53	830,272	224.34
Adjusted FY2008 Incurred Claims	233,734	171.36	19,845	325.33	406,101	183.92	19,043	280.04	678,723	183.39
Projected FY2010 Member Months	1,776		60		2,892		132		4,860	
Projected FY2010 Premium										
Current Rates	443,538	249.74	32,380	539.67	566,254	195.80	23,256	176.18	1,065,428	219.22
Current DSP Rate	0	0.00	0	0.00	0	0.00	24,061	182.28	24,061	4.95
Annual Trend Assumptions										
FY2009	7.92 %		7.92 %		15.12 %		15.12 %			
FY2010	7.92 %		7.92 %		10.00 %		10.00 %			
Provider Fee Increase	1.0085		1.0085		1.0085		1.0085			
Other Reimbursement Changes	1.0064		1.0064		1.0093		1.0093			
Projected Incurred Claims	359,749	202.56	23,074	384.57	685,603	237.07	47,648	360.97	1,116,075	229.64
Capitation Expenses	2,516	1.42	95	1.58	4,531	1.57	246	1.87	7,388	1.52
Net Reinsurance Cost	2,664	1.50	90	1.50	4,338	1.50	198	1.50	7,290	1.50
Administrative Expenses										
Fixed Amount	22,200	12.50	750	12.50	36,150	12.50	1,650	12.50	60,750	12.50
Percentage of Premium	5.75 %	13.86	5.75 %	25.43	5.75 %	16.06	5.75 %	23.95	5.75 %	15.58
Risk Margin	2.00 %	4.82	2.00 %	8.85	2.00 %	5.59	2.00 %	8.33	2.00 %	5.42
Premium Tax	1.75 %	4.22	1.75 %	7.74	1.75 %	4.89	1.75 %	7.29	1.75 %	4.74
Maintenance Tax	160	0.09	5	0.09	260	0.09	12	0.09	437	0.09
Projected Total Cost	427,944	240.96	26,535	442.25	807,605	279.25	54,977	416.49	1,317,060	271.00
Adjusted Total Cost	427,944	240.96	26,535	442.25	807,605	279.25	30,916	234.21	1,293,000	266.05
Experience Rate Increase		-3.5 %		-18.1 %		42.6 %		32.9 %		21.4 %

FY2010 CHIP Perinatal Rating
Dallas Total

	Newborn <185%		Newborn 185-200%		Perinate <185%		Perinate 185-200%		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 9/1/2007- 8/31/2008										
Member Months	55,331		758		66,259		1,009		123,357	
Premium Revenue	21,356,659	385.98	549,830	725.37	35,726,190	539.19	176,615	175.04	57,809,295	468.63
Adjusted Premium	19,939,079	360.36	409,070	539.67	13,901,801	209.81	177,766	176.18	34,427,715	279.09
Delivery Payments	0	0.00	0	0.00	0	0.00	223,200	221.21	223,200	1.81
Total Adjusted Premium	19,939,079	360.36	409,070	539.67	13,901,801	209.81	400,966	397.39	34,650,915	280.90
Adjusted FY2008 Incurred Claims	10,358,865	187.22	107,982	142.46	17,920,512	270.46	286,021	283.47	28,673,381	232.44
Projected FY2010 Member Months	55,728		564		76,104		660		133,056	
Projected FY2010 Premium										
Current Rates	20,082,142	360.36	304,374	539.67	15,967,380	209.81	116,279	176.18	36,470,175	274.10
Current DSP Rate	0	0.00	0	0.00	0	0.00	146,084	221.34	146,084	1.10
Annual Trend Assumptions										
FY2009	7.92 %		7.92 %		15.12 %		15.12 %			
FY2010	7.92 %		7.92 %		10.00 %		10.00 %			
Provider Fee Increase	1.0039		1.0039		1.0039		1.0039			
Other Reimbursement Changes	1.0076		1.0076		1.0084		1.0084			
Projected Incurred Claims	12,291,351	220.56	94,655	167.83	26,386,378	346.71	239,838	363.39	39,012,222	293.20
Capitation Expenses	162,726	2.92	1,647	2.92	0	0.00	0	0.00	164,373	1.24
Net Reinsurance Cost	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Administrative Expenses										
Fixed Amount	696,600	12.50	7,050	12.50	951,300	12.50	8,250	12.50	1,663,200	12.50
Percentage of Premium	5.75 %	15.00	5.75 %	11.65	5.75 %	22.83	5.75 %	23.89	5.75 %	19.51
Risk Margin	2.00 %	5.22	2.00 %	4.05	2.00 %	7.94	2.00 %	8.31	2.00 %	6.79
Premium Tax	1.75 %	4.56	1.75 %	3.55	1.75 %	6.95	1.75 %	7.27	1.75 %	5.94
Maintenance Tax	5,016	0.09	51	0.09	6,849	0.09	59	0.09	11,975	0.09
Projected Total Cost	14,536,676	260.85	114,257	202.58	30,214,948	397.02	274,196	415.45	45,140,077	339.26
Adjusted Total Cost	14,536,676	260.85	114,257	202.58	30,214,948	397.02	128,111	194.11	44,993,992	338.16
Experience Rate Increase		-27.6 %		-62.5 %		89.2 %		10.2 %		23.4 %

FY2010 CHIP Perinatal Rating
El Paso Total

	Newborn <185%		Newborn 185-200%		Perinate <185%		Perinate 185-200%		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 9/1/2007- 8/31/2008										
Member Months	9,407		103		10,492		148		20,150	
Premium Revenue	3,045,610	323.76	62,667	608.42	5,657,181	539.19	25,906	175.04	8,791,365	436.30
Adjusted Premium	2,178,849	231.62	55,586	539.67	2,997,879	285.73	26,075	176.18	5,258,389	260.96
Delivery Payments	0	0.00	0	0.00	0	0.00	58,900	397.97	58,900	2.92
Total Adjusted Premium	2,178,849	231.62	55,586	539.67	2,997,879	285.73	84,975	574.15	5,317,289	263.89
Adjusted FY2008 Incurred Claims	1,556,636	165.48	62,515	606.94	2,521,633	240.34	59,172	399.81	4,199,956	208.43
Projected FY2010 Member Months	5,472		48		8,700		180		14,400	
Projected FY2010 Premium										
Current Rates	1,267,425	231.62	25,904	539.67	2,485,851	285.73	31,712	176.18	3,810,892	264.65
Current DSP Rate	0	0.00	0	0.00	0	0.00	73,024	405.69	73,024	5.07
Annual Trend Assumptions										
FY2009	7.92 %		7.92 %		15.12 %		15.12 %			
FY2010	7.92 %		7.92 %		10.00 %		10.00 %			
Provider Fee Increase	1.0040		1.0040		1.0040		1.0040			
Other Reimbursement Changes	1.0092		1.0092		1.0087		1.0087			
Projected Incurred Claims	1,068,555	195.28	34,380	716.24	2,681,526	308.22	92,293	512.74	3,876,753	269.22
Capitation Expenses	2,534	0.46	26	0.55	4,243	0.49	141	0.78	6,944	0.48
Net Reinsurance Cost	5,997	1.10	56	1.17	9,577	1.10	230	1.28	15,859	1.10
Administrative Expenses										
Fixed Amount	68,400	12.50	600	12.50	108,750	12.50	2,250	12.50	180,000	12.50
Percentage of Premium	5.75 %	13.31	5.75 %	46.42	5.75 %	20.48	5.75 %	33.51	5.75 %	18.01
Risk Margin	2.00 %	4.63	2.00 %	16.14	2.00 %	7.12	2.00 %	11.66	2.00 %	6.26
Premium Tax	1.75 %	4.05	1.75 %	14.13	1.75 %	6.23	1.75 %	10.20	1.75 %	5.48
Maintenance Tax	492	0.09	4	0.09	783	0.09	16	0.09	1,296	0.09
Projected Total Cost	1,266,275	231.41	38,747	807.23	3,099,313	356.24	104,895	582.75	4,509,230	313.14
Adjusted Total Cost	1,266,275	231.41	38,747	807.23	3,099,313	356.24	31,872	177.07	4,436,206	308.07
Experience Rate Increase		-0.1 %		49.6 %		24.7 %		0.5 %		16.4 %

FY2010 CHIP Perinatal Rating
 Exclusive Provider Organization Total

	Newborn <185%		Newborn 185-200%		Perinate <185%		Perinate 185-200%		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 9/1/2007- 8/31/2008										
Member Months	46,803		897		78,881		1,358		127,939	
Premium Revenue	18,059,874	385.87	650,460	725.15	42,531,846	539.19	237,704	175.04	61,479,884	480.54
Adjusted Premium	10,717,887	229.00	484,084	539.67	16,068,060	203.70	239,252	176.18	27,509,283	215.02
Delivery Payments	0	0.00	0	0.00	0	0.00	176,700	130.12	176,700	1.38
Total Adjusted Premium	10,717,887	229.00	484,084	539.67	16,068,060	203.70	415,952	306.30	27,685,983	216.40
Adjusted FY2008 Incurred Claims	8,028,190	171.53	353,277	393.84	15,365,185	194.79	338,822	249.50	24,085,474	188.26
	0		0		0		0			
Projected FY2010 Member Months	44,184		624		79,668		1,140		125,616	
Projected FY2010 Premium										
Current Rates	10,118,136	229.00	336,754	539.67	16,228,372	203.70	200,845	176.18	26,884,107	214.02
Current DSP Rate	0	0.00	0	0.00	0	0.00	148,428	130.20	148,428	1.18
Annual Trend Assumptions										
FY2009	7.92 %		7.92 %		15.12 %		15.12 %			
FY2010	7.92 %		7.92 %		10.00 %		10.00 %			
Provider Fee Increase	1.0056		1.0056		1.0056		1.0056			
Other Reimbursement Changes	1.0094		1.0094		1.0100		1.0100			
Projected Incurred Claims	8,959,864	202.79	290,536	465.60	19,959,029	250.53	365,819	320.89	29,575,248	235.44
Capitation Expenses	6,186	0.14	106	0.17	8,763	0.11	114	0.10	15,169	0.12
Net Reinsurance Cost	8,837	0.20	125	0.20	15,934	0.20	228	0.20	25,123	0.20
Administrative Expenses										
Fixed Amount	552,300	12.50	7,800	12.50	995,850	12.50	14,250	12.50	1,570,200	12.50
Percentage of Premium	5.75 %	13.71	5.75 %	30.41	5.75 %	16.74	5.75 %	21.21	5.75 %	15.78
Risk Margin	2.00 %	4.77	2.00 %	10.58	2.00 %	5.82	2.00 %	7.38	2.00 %	5.49
Premium Tax	1.75 %	4.17	1.75 %	9.25	1.75 %	5.09	1.75 %	6.45	1.75 %	4.80
Maintenance Tax	3,977	0.09	56	0.09	7,170	0.09	103	0.09	11,305	0.09
Projected Total Cost	10,531,672	238.36	329,970	528.80	23,189,775	291.08	420,458	368.82	34,471,875	274.42
Adjusted Total Cost	10,531,672	238.36	329,970	528.80	23,189,775	291.08	272,030	238.62	34,323,447	273.24
Experience Rate Increase		4.1 %		-2.0 %		42.9 %		35.4 %		27.7 %

FY2010 CHIP Perinatal Rating
Fort Worth Total

	Newborn <185%		Newborn 185-200%		Perinate <185%		Perinate 185-200%		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 9/1/2007- 8/31/2008										
Member Months	35,613		659		40,644		849		77,765	
Premium Revenue	11,959,202	335.81	415,882	631.08	21,914,838	539.19	148,609	175.04	34,438,531	442.85
Adjusted Premium	7,444,898	209.05	355,643	539.67	12,167,594	299.37	149,577	176.18	20,117,711	258.70
Delivery Payments	0	0.00	0	0.00	0	0.00	272,800	321.32	272,800	3.51
Total Adjusted Premium	7,444,898	209.05	355,643	539.67	12,167,594	299.37	422,377	497.50	20,390,511	262.21
Adjusted FY2008 Incurred Claims	6,135,919	172.29	191,733	290.95	11,358,754	279.47	357,269	420.81	18,043,676	232.03
Projected FY2010 Member Months	24,480		348		39,300		480		64,608	
Projected FY2010 Premium										
Current Rates	5,117,544	209.05	187,805	539.67	11,765,241	299.37	84,566	176.18	17,155,157	265.53
Current DSP Rate	0	0.00	0	0.00	0	0.00	154,306	321.47	154,306	2.39
Annual Trend Assumptions										
FY2009	7.92 %		7.92 %		15.12 %		15.12 %			
FY2010	7.92 %		7.92 %		10.00 %		10.00 %			
Provider Fee Increase	1.0033		1.0033		1.0033		1.0033			
Other Reimbursement Changes	1.0089		1.0089		1.0089		1.0089			
Projected Incurred Claims	4,972,391	203.12	119,364	343.00	14,078,267	358.23	258,912	539.40	19,428,934	300.72
Capitation Expenses	33,048	1.35	470	1.35	0	0.00	0	0.00	33,518	0.52
Net Reinsurance Cost	8,323	0.34	118	0.34	13,362	0.34	163	0.34	21,967	0.34
Administrative Expenses										
Fixed Amount	306,000	12.50	4,350	12.50	491,250	12.50	6,000	12.50	807,600	12.50
Percentage of Premium	5.75 %	13.81	5.75 %	22.70	5.75 %	23.58	5.75 %	35.09	5.75 %	19.96
Risk Margin	2.00 %	4.80	2.00 %	7.90	2.00 %	8.20	2.00 %	12.21	2.00 %	6.94
Premium Tax	1.75 %	4.20	1.75 %	6.91	1.75 %	7.18	1.75 %	10.68	1.75 %	6.08
Maintenance Tax	2,203	0.09	31	0.09	3,537	0.09	43	0.09	5,815	0.09
Projected Total Cost	5,880,625	240.22	137,385	394.79	16,117,587	410.12	292,948	610.31	22,428,545	347.15
Adjusted Total Cost	5,880,625	240.22	137,385	394.79	16,117,587	410.12	138,643	288.84	22,274,240	344.76
Experience Rate Increase		14.9 %		-26.8 %		37.0 %		63.9 %		29.8 %

FY2010 CHIP Perinatal Rating
Houston Total

	Newborn <185%		Newborn 185-200%		Perinate <185%		Perinate 185-200%		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 9/1/2007- 8/31/2008										
Member Months	107,129		2,696		112,555		2,438		224,818	
Premium Revenue	42,733,758	398.90	2,021,002	749.63	60,688,530	539.19	426,748	175.04	105,870,039	470.91
Adjusted Premium	37,746,903	352.35	1,454,950	539.67	57,876,907	514.21	429,527	176.18	97,508,287	433.72
Delivery Payments	0	0.00	0	0.00	0	0.00	694,400	284.82	694,400	3.09
Total Adjusted Premium	37,746,903	352.35	1,454,950	539.67	57,876,907	514.21	1,123,927	461.00	98,202,687	436.81
Adjusted FY2008 Incurred Claims	24,184,571	225.75	905,516	335.87	44,967,280	399.51	1,139,551	467.41	71,196,917	316.69
Projected FY2010 Member Months	91,344		1,296		121,260		1,584		215,484	
Projected FY2010 Premium										
Current Rates	32,185,058	352.35	699,412	539.67	62,353,105	514.21	279,069	176.18	95,516,644	443.27
Current DSP Rate	0	0.00	0	0.00	0	0.00	451,266	284.89	451,266	2.09
Annual Trend Assumptions										
FY2009	7.92 %		7.92 %		15.12 %		15.12 %			
FY2010	7.92 %		7.92 %		10.00 %		10.00 %			
Provider Fee Increase	1.0033		1.0033		1.0033		1.0033			
Other Reimbursement Changes	1.0120		1.0120		1.0125		1.0125			
Projected Incurred Claims	24,385,213	266.96	514,750	397.18	62,318,745	513.93	952,411	601.27	88,171,119	409.18
Capitation Expenses	-229,273	-2.51	2,475	1.91	196,441	1.62	-1,774	-1.12	-32,131	-0.15
Net Reinsurance Cost	137,016	1.50	1,944	1.50	181,890	1.50	2,376	1.50	323,226	1.50
Administrative Expenses										
Fixed Amount	1,141,800	12.50	16,200	12.50	1,515,750	12.50	19,800	12.50	2,693,550	12.50
Percentage of Premium	5.75 %	17.70	5.75 %	26.25	5.75 %	33.65	5.75 %	39.03	5.75 %	26.88
Risk Margin	2.00 %	6.16	2.00 %	9.13	2.00 %	11.70	2.00 %	13.57	2.00 %	9.35
Premium Tax	1.75 %	5.39	1.75 %	7.99	1.75 %	10.24	1.75 %	11.88	1.75 %	8.18
Maintenance Tax	8,221	0.09	117	0.09	10,913	0.09	143	0.09	19,394	0.09
Projected Total Cost	28,113,787	307.78	591,697	456.56	70,965,458	585.23	1,075,089	678.72	100,746,031	467.53
Adjusted Total Cost	28,113,787	307.78	591,697	456.56	70,965,458	585.23	623,823	393.83	100,294,765	465.44
Experience Rate Increase		-12.6 %		-15.4 %		13.8 %		123.5 %		5.0 %

FY2010 CHIP Perinatal Rating										
Laredo Total										
	Newborn <185%		Newborn 185-200%		Perinate <185%		Perinate 185-200%		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 9/1/2007- 8/31/2008										
Member Months	8,413		73		11,861		76		20,423	
Premium Revenue	3,246,324	385.87	52,936	725.15	6,395,333	539.19	13,303	175.04	9,707,896	475.34
Adjusted Premium	2,189,736	260.28	39,396	539.67	3,571,703	301.13	13,390	176.18	5,814,224	284.69
Delivery Payments	0	0.00	0	0.00	0	0.00	31,000	407.89	31,000	1.52
Total Adjusted Premium	2,189,736	260.28	39,396	539.67	3,571,703	301.13	44,390	584.07	5,845,224	286.21
Adjusted FY2008 Incurred Claims	1,702,901	202.41	29,167	399.54	3,119,255	262.98	54,111	711.98	4,905,434	240.19
Projected FY2010 Member Months	6,420		108		10,308		72		16,908	
Projected FY2010 Premium										
Current Rates	1,670,998	260.28	58,284	539.67	3,104,048	301.13	12,685	176.18	4,846,015	286.61
Current DSP Rate	0	0.00	0	0.00	0	0.00	29,373	407.96	29,373	1.74
Annual Trend Assumptions										
FY2009	7.92 %		7.92 %		15.12 %		15.12 %			
FY2010	7.92 %		7.92 %		10.00 %		10.00 %			
Provider Fee Increase	1.0056		1.0056		1.0056		1.0056			
Other Reimbursement Changes	1.0094		1.0094		1.0100		1.0100			
Projected Incurred Claims	1,536,265	239.29	51,013	472.34	3,486,536	338.24	65,932	915.72	5,139,745	303.98
Capitation Expenses	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Net Reinsurance Cost	8,410	1.31	141	1.31	13,503	1.31	94	1.31	22,149	1.31
Administrative Expenses										
Fixed Amount	80,250	12.50	1,350	12.50	128,850	12.50	900	12.50	211,350	12.50
Percentage of Premium	5.75 %	16.09	5.75 %	30.89	5.75 %	22.37	5.75 %	59.06	5.75 %	20.20
Risk Margin	2.00 %	5.60	2.00 %	10.75	2.00 %	7.78	2.00 %	20.54	2.00 %	7.03
Premium Tax	1.75 %	4.90	1.75 %	9.40	1.75 %	6.81	1.75 %	17.98	1.75 %	6.15
Maintenance Tax	578	0.09	10	0.09	928	0.09	6	0.09	1,522	0.09
Projected Total Cost	1,796,136	279.77	58,026	537.28	4,010,847	389.10	73,958	1,027.20	5,938,968	351.25
Adjusted Total Cost	1,796,136	279.77	58,026	537.28	4,010,847	389.10	44,585	619.24	5,909,595	349.51
Experience Rate Increase		7.5 %		-0.4 %		29.2 %		251.5 %		21.9 %

FY2010 CHIP Perinatal Rating
Lubbock Total

	Newborn <185%		Newborn 185-200%		Perinate <185%		Perinate 185-200%		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 9/1/2007- 8/31/2008										
Member Months	2,937		85		3,301		211		6,534	
Premium Revenue	717,891	244.43	39,045	459.35	1,779,866	539.19	36,933	175.04	2,573,735	393.90
Adjusted Premium	743,737	253.23	45,872	539.67	912,033	276.29	37,174	176.18	1,738,816	266.12
Delivery Payments	0	0.00	0	0.00	0	0.00	31,000	146.92	31,000	4.74
Total Adjusted Premium	743,737	253.23	45,872	539.67	912,033	276.29	68,174	323.10	1,769,816	270.86
Adjusted FY2008 Incurred Claims	531,053	180.81	37,651	442.96	791,470	239.77	48,263	228.73	1,408,437	215.56
Projected FY2010 Member Months	2,712		84		3,348		72		6,216	
Projected FY2010 Premium										
Current Rates	686,760	253.23	45,332	539.67	925,019	276.29	12,685	176.18	1,669,796	268.63
Current DSP Rate	0	0.00	0	0.00	0	0.00	10,755	149.37	10,755	1.73
Annual Trend Assumptions										
FY2009	7.92 %		7.92 %		15.12 %		15.12 %			
FY2010	7.92 %		7.92 %		10.00 %		10.00 %			
Provider Fee Increase	1.0474		1.0474		1.0474		1.0474			
Other Reimbursement Changes	1.0166		1.0166		1.0097		1.0097			
Projected Incurred Claims	608,121	224.23	46,143	549.32	1,075,035	321.10	22,055	306.32	1,751,355	281.75
Capitation Expenses	4,620	1.70	92	1.10	3,146	0.94	72	1.01	7,931	1.28
Net Reinsurance Cost	3,823	1.41	116	1.39	4,676	1.40	103	1.43	8,719	1.40
Administrative Expenses										
Fixed Amount	33,900	12.50	1,050	12.50	41,850	12.50	900	12.50	77,700	12.50
Percentage of Premium	5.75 %	15.24	5.75 %	35.86	5.75 %	21.35	5.75 %	20.42	5.75 %	18.87
Risk Margin	2.00 %	5.30	2.00 %	12.47	2.00 %	7.43	2.00 %	7.10	2.00 %	6.56
Premium Tax	1.75 %	4.64	1.75 %	10.91	1.75 %	6.50	1.75 %	6.21	1.75 %	5.74
Maintenance Tax	244	0.09	8	0.09	301	0.09	6	0.09	559	0.09
Projected Total Cost	719,015	265.12	52,386	623.65	1,243,104	371.30	25,566	355.08	2,040,071	328.20
Adjusted Total Cost	719,015	265.12	52,386	623.65	1,243,104	371.30	14,812	205.72	2,029,317	326.47
Experience Rate Increase		4.7 %		15.6 %		34.4 %		16.8 %		21.5 %

FY2010 CHIP Perinatal Rating										
San Antonio Total										
	Newborn <185%		Newborn 185-200%		Perinate <185%		Perinate 185-200%		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 9/1/2007- 8/31/2008										
Member Months	17,166		491		19,711		427		37,795	
Premium Revenue	6,770,957	394.44	363,959	741.26	10,627,974	539.19	74,742	175.04	17,837,632	471.96
Adjusted Premium	3,046,107	177.45	264,978	539.67	6,974,343	353.83	75,229	176.18	10,360,657	274.13
Delivery Payments	0	0.00	0	0.00	0	0.00	58,900	137.94	58,900	1.56
Total Adjusted Premium	3,046,107	177.45	264,978	539.67	6,974,343	353.83	134,129	314.12	10,419,557	275.69
Adjusted FY2008 Incurred Claims	2,044,847	119.12	99,528	202.70	5,495,149	278.79	222,948	522.13	7,862,472	208.03
Projected FY2010 Member Months	8,364		228		16,092		240		24,924	
Projected FY2010 Premium										
Current Rates	1,484,192	177.45	123,045	539.67	5,693,832	353.83	42,283	176.18	7,343,352	294.63
Current DSP Rate	0	0.00	0	0.00	0	0.00	34,086	142.03	34,086	1.37
Annual Trend Assumptions										
FY2009	7.92 %		7.92 %		15.12 %		15.12 %			
FY2010	7.92 %		7.92 %		10.00 %		10.00 %			
Provider Fee Increase	1.0046		1.0046		1.0046		1.0046			
Other Reimbursement Changes	1.0072		1.0072		1.0092		1.0092			
Projected Incurred Claims	1,174,137	140.38	54,464	238.88	5,759,632	357.92	160,880	670.33	7,149,112	286.84
Capitation Expenses	-14,135	-1.69	-615	-2.70	-30,942	-1.92	-441	-1.84	-46,134	-1.85
Net Reinsurance Cost	11,951	1.43	332	1.46	23,101	1.44	347	1.45	35,731	1.43
Administrative Expenses										
Fixed Amount	104,550	12.50	2,850	12.50	201,150	12.50	3,000	12.50	311,550	12.50
Percentage of Premium	5.75 %	9.70	5.75 %	15.90	5.75 %	23.51	5.75 %	43.37	5.75 %	19.00
Risk Margin	2.00 %	3.37	2.00 %	5.53	2.00 %	8.18	2.00 %	15.08	2.00 %	6.61
Premium Tax	1.75 %	2.95	1.75 %	4.84	1.75 %	7.16	1.75 %	13.20	1.75 %	5.78
Maintenance Tax	753	0.09	21	0.09	1,448	0.09	22	0.09	2,243	0.09
Projected Total Cost	1,411,332	168.74	63,040	276.49	6,579,436	408.86	181,002	754.17	8,234,810	330.40
Adjusted Total Cost	1,411,332	168.74	63,040	276.49	6,579,436	408.86	146,916	612.15	8,200,724	329.03
Experience Rate Increase		-4.9 %		-48.8 %		15.6 %		247.5 %		11.7 %

FY2010 CHIP Perinatal Rating
Trend Analysis*

Health Plan	Area	Newborns			Perinates		
		<185%	185-200%	Total	<185%	185-200%	Total
Superior	EPO	1.405	1.292	1.386	1.473	1.334	1.468
Superior	Austin	1.052	0.998	1.051	1.366	1.591	1.369
	Corpus						
Superior	Christi	1.552	0.586	1.445	1.075	0.595	1.029
Parkland	Dallas	1.280	1.916	1.286	1.030	1.813	1.039
El Paso							
First	El Paso	0.979	0.413	0.970	1.071	0.849	1.069
Superior	El Paso	0.570	0.049	0.507	1.512	0.835	1.496
	El Paso	0.795	0.101	0.748	1.214	0.931	1.210
Amerigroup	Fort Worth	1.051	0.380	1.014	1.063	1.223	1.063
CHC	Houston	0.934	1.023	0.934	1.078	1.084	1.077
Mercy	Laredo	0.876	1.448	0.880	1.095	0.249	1.081
Firstcare	Lubbock	0.390	0.053	0.406	0.991	3.164	1.094
Superior	Lubbock	1.055	2.064	1.063	1.116	1.342	1.131
	Lubbock	0.912	0.613	0.908	1.084	2.061	1.121
CFHP	San Antonio	1.158	0.556	1.142	1.167	1.051	1.163
Superior	San Antonio	0.647	0.511	0.640	1.033	0.714	1.026
	San Antonio	0.915	0.521	0.900	1.129	0.839	1.121
All Plans		1.087	0.912	1.079	1.152	1.165	1.151

* The average claims cost for the period Sep/08-Jan/09 compared to that for Sep/07-Jan/08.

FY2010 CHIP Perinatal Rating
 Rating Assumptions
 Benefit and Provider Reimbursement Changes

Service Area	RHC/FQHC		TEFRA		ASC	
	Newborn	Perinate	Newborn	Perinate	Newborn	Perinate
EPO	1.0056	1.0056	1.0015	1.0016	1.0001	1.0002
Austin	1.0102	1.0102	1.0001	1.0009	1.0003	1.0002
Corpus Christi	1.0085	1.0085	1.0001	1.0002	1.0001	1.0002
Dallas	1.0039	1.0039	1.0000	1.0000	1.0000	1.0000
El Paso	1.0040	1.0040	1.0000	1.0000	1.0001	1.0002
Fort Worth	1.0033	1.0033	1.0000	1.0000	1.0000	1.0002
Houston	1.0033	1.0033	1.0046	1.0051	1.0001	1.0001
Laredo	1.0056	1.0056	1.0015	1.0016	1.0001	1.0002
Lubbock	1.0474	1.0474	1.0000	1.0000	1.0000	1.0000
San Antonio	1.0046	1.0046	1.0000	1.0000	1.0001	1.0005

Service Area	Sonograms		EPSDT		Autism & Develop	
	Newborn	Perinate	Newborn	Perinate	Newborn	Perinate
EPO	1.0000	1.0083	1.0072	1.0000	1.0006	1.0000
Austin	1.0000	1.0088	1.0086	1.0000	1.0007	1.0000
Corpus Christi	1.0000	1.0090	1.0058	1.0000	1.0005	1.0000
Dallas	1.0000	1.0084	1.0070	1.0000	1.0006	1.0000
El Paso	1.0000	1.0084	1.0084	1.0000	1.0007	1.0000
Fort Worth	1.0000	1.0087	1.0082	1.0000	1.0007	1.0000
Houston	1.0000	1.0072	1.0068	1.0000	1.0005	1.0000
Laredo	1.0000	1.0083	1.0072	1.0000	1.0006	1.0000
Lubbock	1.0000	1.0097	1.0154	1.0000	1.0012	1.0000
San Antonio	1.0000	1.0087	1.0066	1.0000	1.0005	1.0000

Attachment 8

CHIP Dental Rating

The actuarial model used to derive the FY2010 CHIP Dental premium rates relies on recent dental plan financial experience. Historical claims experience data for the dental plan was analyzed and estimates for the base period (September, 2007 through August, 2008) were developed. The claims experience was trended forward to FY2010 using assumed annual trend rates of 6.3% for FY2009 and 5.0% for FY2010. Provisions for administrative expenses, taxes and risk margin were added to the projected claims to produce the FY2010 premium rates.

Attached Exhibit C presents a summary of historical Dental Plan claims experience. Based on this analysis, the trend in incurred claims pmpm was 6.3% for the period September 2008 through April 2009. Thus 6.3% was selected as the assumed trend for FY2009.

Attached Exhibit A presents a summary of the experience analysis performed for the CHIP dental plan. The top portion of the exhibit shows summary FY2008 base period experience. Following that is projected FY2010 enrollment, premium and incurred claims experience.

The amount allocated for administrative expenses is \$1.06 pmpm. Provision is also included for risk margin (2.0% of gross premium), premium tax (1.75%) and maintenance tax (\$.03 pmpm).

The bottom of the exhibit shows a summary of the projected FY2010 cost based on these assumptions and the experience rate increase applied to the three rate tiers.

Exhibit B presents the FY2010 premium rates for the three rate tiers. The FY2010 per-capita rates are determined as the FY2009 rates increased by the experience rate increase by age calculated on Exhibit A, as described above.

FY2010 CHIP Dental Rating Analysis										
	<1		1-5		6-14		15-18		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
FY2008 Estimated Experience										
Member Months	322,490		809,989		2,894,240		950,751		4,977,470	
Estimated Incurred Claims	6,279	0.02	7,073,845	8.73	42,067,331	14.53	10,624,293	11.17	59,771,748	12.01
Projected FY2010 Member Months	270,480		1,017,684		3,525,312		1,213,848		6,027,324	
Projected FY2010 Premium (@ Current Rates)	375,970	1.39	10,931,833	10.74	64,791,344	18.38	17,809,745	14.67	93,908,893	15.58
Annual Trend Assumptions										
FY2009	6.3 %		6.3 %		6.3 %		6.3 %			
FY2010	5.0 %		5.0 %		5.0 %		5.0 %			
Projected Incurred Claims	5,878	0.02	9,920,005	9.75	57,191,376	16.22	15,139,799	12.47	82,257,059	13.65
Administrative Expenses										
Fixed Amount	286,709	1.06	1,078,745	1.06	3,736,831	1.06	1,286,679	1.06	6,388,963	1.06
Percentage of Premium	0.00 %	0.00	0.00 %	0.00	0.00 %	0.00	0.00 %	0.00	0.00 %	0.00
Risk Margin	2.00 %	0.02	2.00 %	0.23	2.00 %	0.36	2.00 %	0.28	2.00 %	0.31
Premium Tax	1.75 %	0.02	1.75 %	0.20	1.75 %	0.31	1.75 %	0.25	1.75 %	0.27
Maintenance Tax	8,114	0.03	30,531	0.03	105,759	0.03	36,415	0.03	180,820	0.00
Projected Total Cost	312,417	1.16	11,458,993	11.26	63,411,913	17.99	17,104,305	14.09	92,287,628	15.31
Experience Rate Increase		-16.9 %		4.8 %		-2.1 %		-4.0 %		-1.7 %