

**STATE OF TEXAS
CHILDREN'S HEALTH INSURANCE
PROGRAM
CHIP RATE SETTING
STATE FISCAL YEAR 2013**

Prepared for:
Texas Health and Human Services Commission

Prepared by:
Khiem D. Ngo, F.S.A., M.A.A.A
Rudd and Wisdom, Inc.

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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 2013 (FY2013, September 1, 2012 through August 31, 2013) 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 25 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 FY2013 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 2008 and a projection of future enrollment through August 2013.
- Claim lag reports by age group for each health plan for the period September 2008 through February 2012. 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 FY2010, FY2011 and the first six months of FY2012. 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 (FY2012) 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.
- FY2011 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 provided by HHSC regarding FY2011 CHIP health plan claims cost by type of service for certain services. This information was obtained from the encounter database.

- Information from HHSC regarding FY2012 and proposed FY2013 Medicaid provider reimbursement rates.
- Information provided by HHSC regarding DRG rebasing.

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

II. Overview of the Rate Setting Methodology

This report details the development of the medical component of the total premium rate. Information regarding the carve-in of prescription drugs into the CHIP program can be found in the report titled “State of Texas Medicaid Managed Care Rate Setting Pharmacy Carve-in State Fiscal Year 2013”.

The actuarial model used to derive the FY2013 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 (FY2011) were developed. These estimates were then projected forward to FY2013 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 FY2013 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:

- Bexar County Service Area (San Antonio)
- Dallas County Service Area (Dallas)
- El Paso County Service Area (El Paso)
- Harris County Service Area (Houston)
- Lubbock County Service Area (Lubbock)
- Nueces County Service Area (Corpus Christi)
- Tarrant County Service Area (Fort Worth)
- Travis County Service Area (Austin)
- Rural County Service Area

The Rural Service Area (RSA) plan serves 174 mostly rural Texas counties. The FY2013 premium rates for the RSA 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
- Prescription Drugs

Services specifically excluded from the analysis include:

- 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 FY2013 cost for each individual health plan by estimating their base period (FY2011) 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 FY2013 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 FY2013 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 FY2013 number of members enrolled in each health plan by age group. Attachment 3 presents the summary community rating exhibit for each service area along with a description of the analysis.

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

The FY2013 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 and (ii) 92.5% of the rate developed using the individual experience of the plan. Any resulting rate decrease was limited to 10%. The enrollment for children under age one is so small that credible rates could not be set by area. As a result the rate for this risk groups was calculated on a statewide basis.

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

III. Adjustment Factors

This section contains a description of the adjustment factors used in the FY2013 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. A single trend assumption applied to all service areas but varies by projection year (FY2012 and FY2013).

The trend analysis included a review of HMO and RSA claims experience data through February 29, 2012. Based on this information, estimates of monthly incurred claims were made through December 2011. The claims cost and trend experience was reviewed separately by service area. The service area trends were then combined into a statewide average using a weighted average formula with estimated incurred claims as the weights.

The FY2012 trend assumptions were developed from two components: (i) the actual estimated trend for the period September 2011 through December 2011 and (ii) the projected trend for the period January 2012 through August 2012. The experience trends for the period September 2011 through December 2011 were adjusted to remove the impact of the various provider reimbursement reductions effective September 1, 2011 which are discussed further in this report. We have assumed the trend for the period January 2012 through August 2012 and all of FY2013 will be 5%.

This analysis was used to select an annual trend rate assumption of 3.2% for FY2012 and 5.0% for FY2013 for each health plan.

Reimbursement Adjustment

There were several significant revisions to the Texas Medicaid fee schedule which were included in the CHIP rating analysis. Reimbursement changes were recognized for the following services:

- 1% Provider Rate Cuts Effective September 1, 2010 and February 1, 2011
- Legislative Mandated Provider Rate Reductions
- DRG Rebasing
- Outpatient Imaging Services Transitioning to a Fee Schedule
- Non Emergency ER Reduction
- Cost Sharing Change
- Therapy Reimbursement Change
- DME Reimbursement Change
- Limit Related Party Reimbursement to 100% of Medicaid

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. 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 (ICHP). The methodology used to incorporate the acuity risk adjustment is the Chronic Illness and Disability Payment System (CDPS). Additional information regarding risk adjustment is included in Attachment 6.

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

IV. Administrative Fees and Risk Margin

The rating methodology includes an explicit provision for health plan administrative services. The amount allocated for administrative expenses is \$8.00 per member per month (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 an amount for premium tax (1.75% of premium), maintenance tax (\$0.125 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.

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.

We have developed premium rates for three categories of clients: (1) newborns between 185% and 200% FPL; (2) expectant mothers under 185% FPL; and (3) expectant mothers between 185% and 200% FPL.

The CHIP Perinatal FY2013 premium rates were derived using a methodology very similar to that described in Section II above for CHIP. Attachment 8 presents a description of the rating methodology used in developing the FY2013 CHIP Perinatal rates.

VI. CHIP Dental

The actuarial model used to derive the FY2013 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 FY2011 base period were developed. The claims experience was trended forward to FY2013 using assumed trend rates of 4.8% for FY2012 and 5.0% for FY2013.

The base period claims data have been adjusted to reflect reimbursement changes for the i) 1% provider rate cuts effective September 1, 2010 and February 1, 2011 and ii) member cost sharing change.

In addition, the base period claims data have also been adjusted to reflect significant benefit changes effective March 1, 2012. These changes included:

- Elimination of three benefit tiers
- Establishment of a single \$564 maximum
- Exclusion of preventive and diagnostic services from the maximum
- Prior authorization for services in excess of the maximum

Provisions for administrative expenses, taxes and risk margin were added to the projected claims to produce the FY2013 premium rates. Attachment 9 includes additional documentation regarding the rate calculation for CHIP Dental.

VII. Summary

The chart below presents the results of the FY2013 CHIP rating analysis and includes all components of the premium – medical and prescription drug. This report details the development of the medical component of the premium. Further information regarding the prescription drug component of the premium rate can be found in the report titled “State of Texas Medicaid Managed Care Rate Setting Pharmacy Carve-in State Fiscal Year 2013”.

Health Plan	CHIP - Medical & Prescription Drugs				DSP
	Under Age 1	Ages 1-5	Ages 6-14	Ages 15-18	
FY2013 Premium Rates pmpm					
Aetna - Bexar	205.30	99.88	88.34	93.81	3,100.00
Amerigroup - Bexar	205.30	118.71	97.77	109.44	3,100.00
CFHP - Bexar	205.30	121.64	100.97	110.74	3,100.00
Superior - Bexar	205.30	116.03	91.17	110.84	3,100.00
Amerigroup - Dallas	205.30	126.10	97.76	108.16	3,100.00
Molina - Dallas	205.30	127.96	100.13	113.51	3,100.00
Parkland - Dallas	205.30	132.32	103.37	123.31	3,100.00
El Paso First - El Paso	205.30	110.16	85.42	109.04	3,100.00
Superior - El Paso	205.30	109.82	90.08	99.50	3,100.00
Amerigroup - Harris	205.30	131.52	101.64	134.81	3,100.00
CHC - Harris	205.30	120.53	93.71	125.12	3,100.00
Molina - Harris	205.30	110.31	91.72	128.56	3,100.00
TCHP - Harris	205.30	144.46	121.74	155.39	3,100.00
UHC - Harris	205.30	125.16	96.45	127.59	3,100.00
Amerigroup - Jefferson	205.30	124.30	99.29	126.44	3,100.00
CHC - Jefferson	205.30	114.74	92.39	118.01	3,100.00
Molina - Jefferson	205.30	105.85	90.66	121.00	3,100.00
TCHP - Jefferson	205.30	135.56	116.77	144.34	3,100.00
UHC - Jefferson	205.30	118.77	94.77	120.16	3,100.00
Firstcare - Lubbock	205.30	122.31	90.26	117.20	3,100.00
Superior - Lubbock	205.30	94.75	87.54	103.94	3,100.00
Christus - Nueces	205.30	147.74	122.54	153.31	3,100.00
Driscoll - Nueces	205.30	150.32	123.13	158.81	3,100.00
Superior - Nueces	205.30	120.56	110.63	107.09	3,100.00
Aetna - Tarrant	205.30	105.41	99.72	122.72	3,100.00
Amerigroup - Tarrant	205.30	115.31	104.20	123.59	3,100.00
Cook - Tarrant	205.30	137.17	122.53	147.96	3,100.00
BCBS - Travis	205.30	109.94	99.20	128.59	3,100.00
Sendero - Travis	205.30	109.94	99.20	128.59	3,100.00
Seton - Travis	205.30	108.35	98.52	133.92	3,100.00
Superior - Travis	205.30	106.96	96.49	111.97	3,100.00
Molina - RSA	205.30	114.43	93.03	107.03	3,100.00
Superior - RSA	205.30	135.72	107.94	118.28	3,100.00

CHIP Perinatal - Medical & Prescription Drug

Health Plan	Newborns 185-200%	Perinate <185%	Perinate 185-200%	DSP
FY2013 Premium Rates pmpm				
Aetna - Bexar	865.74	402.79	361.35	3,100.00
Amerigroup - Bexar	865.74	402.79	361.35	3,100.00
CFHP - Bexar	865.74	402.79	361.35	3,100.00
Superior - Bexar	865.74	402.79	361.35	3,100.00
Amerigroup - Dallas	865.74	425.64	361.35	3,100.00
Molina - Dallas	865.74	425.64	361.35	3,100.00
Parkland - Dallas	865.74	425.64	361.35	3,100.00
El Paso First - El Paso	865.74	346.55	361.35	3,100.00
Superior - El Paso	865.74	346.55	361.35	3,100.00
Amerigroup - Harris	865.74	628.54	361.35	3,100.00
CHC - Harris	865.74	628.54	361.35	3,100.00
Molina - Harris	865.74	628.54	361.35	3,100.00
TCHP - Harris	865.74	628.54	361.35	3,100.00
UHC - Harris	865.74	628.54	361.35	3,100.00
Amerigroup - Jefferson	865.74	620.34	361.35	3,100.00
CHC - Jefferson	865.74	620.34	361.35	3,100.00
Molina - Jefferson	865.74	620.34	361.35	3,100.00
TCHP - Jefferson	865.74	620.34	361.35	3,100.00
UHC - Jefferson	865.74	620.34	361.35	3,100.00
Firstcare - Lubbock	865.74	347.50	361.35	3,100.00
Superior - Lubbock	865.74	347.50	361.35	3,100.00
Christus - Nueces	865.74	406.93	361.35	3,100.00
Driscoll - Nueces	865.74	406.93	361.35	3,100.00
Superior - Nueces	865.74	406.93	361.35	3,100.00
Aetna - Tarrant	865.74	348.94	361.35	3,100.00
Amerigroup - Tarrant	865.74	348.94	361.35	3,100.00
Cook - Tarrant	865.74	348.94	361.35	3,100.00
BCBS - Travis	865.74	432.27	361.35	3,100.00
Sendero - Travis	865.74	432.27	361.35	3,100.00
Seton - Travis	865.74	432.27	361.35	3,100.00
Superior - Travis	865.74	432.27	361.35	3,100.00
Molina - RSA	865.74	379.50	361.35	3,100.00
Superior - RSA	865.74	379.50	361.35	3,100.00

CHIP Dental

	Under Age 1	Ages 1-5	Ages 6-14	Ages 15-18
FY2013 Premium Rate pmpm	1.57	15.23	23.90	19.93

Attachment 1 presents additional information regarding the CHIP FY2013 rates including a comparison to current (FY2012) rates. Attachments 8 and 9 contain additional information regarding the FY2013 CHIP Perinatal and CHIP Dental plan rates, respectively.

VIII. Actuarial Certification of FY2013 CHIP HMO Premium Rates

I, Khiem D. Ngo, am a principal with the firm of Rudd and Wisdom, Inc., Consulting Actuaries (Rudd and Wisdom). I am a Fellow of the Society of Actuaries and a member of the American Academy of Actuaries. I meet the Academy's qualification standards for rendering this opinion.

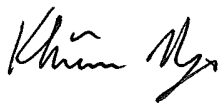
Rudd and Wisdom has been retained by the Texas Health and Human Services Commission (HHSC) to assist in the development of their state fiscal year 2013 (FY2013) managed care rate-setting methodology, assumptions and resulting premium rates and to provide the actuarial certification required under Centers for Medicare and Medicaid Services (CMS) requirements 42 CFR 438.6(c).

I certify that the FY2013 HMO premium rates developed by HHSC and Rudd and Wisdom satisfy the following:

- (a) The premium rates have been developed in accordance with generally accepted actuarial principals and practices;
- (b) The premium rates are appropriate for the populations and services covered under the managed care contract; and
- (c) The premium rates are actuarially sound as defined in the regulations.

We have relied on historical experience data and program information provided to us by HHSC. We have reviewed the data for reasonableness but have not audited the data.

Please note that actual health plan contractor experience will differ from these projections. Rudd and Wisdom has developed these rates on behalf of the State to demonstrate compliance with the CMS requirements under 42 CFR 438.6(c). Any health plan contracting with the State should analyze its own projected premium needs before deciding whether to contract with the State.



Khiem D. Ngo, F.S.A., M.A.A.A.

IX. Attachments

Attachment 1

Summary of FY2013 CHIP Rating Analysis

The attached exhibit presents summary information regarding the FY2013 CHIP health plan rates. Included on the exhibits are current (FY2012) premium, split between medical and prescription drug, and delivery supplemental payment (DSP) rates, FY2013 premium, split between medical and prescription drug, and DSP rates and a comparison of FY2012 and FY2013 premium rates.

FY2013 CHIP Rating Summary

Health Plan	Under Age 1	Ages 1-5	Ages 6-14	Ages 15-18	DSP
Current (3/1/12-8/31/12) Medical Premium Rates pmpm					
Aetna - Bexar	81.30	101.21	54.16	71.53	3,100.00
Amerigroup - Bexar	83.50	103.53	69.67	88.34	3,100.00
CFHP - Bexar	83.91	100.90	72.99	92.52	3,100.00
Superior - Bexar	78.16	103.47	66.19	83.32	3,100.00
Amerigroup - Dallas	215.22	109.54	78.27	105.97	3,100.00
Molina - Dallas	215.22	114.52	80.31	107.45	3,100.00
Parkland - Dallas	215.30	119.76	83.37	110.10	3,100.00
El Paso First - El Paso	126.00	83.16	65.33	78.47	3,100.00
Superior - El Paso	126.00	89.50	66.36	73.37	3,100.00
Amerigroup - Harris	236.27	101.81	74.06	108.30	3,100.00
CHC - Harris	251.52	108.05	70.69	95.71	3,100.00
Molina - Harris	234.03	112.21	69.54	87.11	3,100.00
TCHP - Harris	251.95	124.57	94.68	132.47	3,100.00
UHC - Harris	230.08	113.42	71.59	112.78	3,100.00
Amerigroup - Jefferson	215.01	92.65	67.39	98.55	3,100.00
CHC - Jefferson	228.88	98.33	64.33	87.10	3,100.00
Molina - Jefferson	212.97	102.11	63.28	79.27	3,100.00
TCHP - Jefferson	229.27	113.36	86.16	120.55	3,100.00
UHC - Jefferson	209.37	103.21	65.15	102.63	3,100.00
Firstcare - Lubbock	105.86	97.35	67.49	97.06	3,100.00
Superior - Lubbock	103.11	100.52	58.97	94.35	3,100.00
Christus - Nueces	171.01	122.94	85.03	124.69	3,100.00
Driscoll - Nueces	175.80	124.09	89.47	129.66	3,100.00
Superior - Nueces	161.25	126.77	66.73	90.41	3,100.00
Aetna - Tarrant	127.91	76.15	60.63	84.79	3,100.00
Amerigroup - Tarrant	126.95	103.28	69.49	89.05	3,100.00
Cook - Tarrant	133.78	101.47	85.56	104.47	3,100.00
BCBS - Travis	111.58	93.87	71.25	101.26	3,100.00
Sendero - Travis	111.58	93.87	71.25	101.26	3,100.00
Seton - Travis	118.45	93.83	76.62	109.51	3,100.00
Superior - Travis	107.99	98.55	67.24	93.23	3,100.00
Molina - RSA	145.58	98.57	72.18	85.65	3,100.00
Superior - RSA	145.58	98.57	72.18	85.65	3,100.00

FY2013 CHIP Rating Summary

Health Plan	Under Age 1	Ages 1-5	Ages 6-14	Ages 15-18	DSP
Current (3/1/12-8/31/12) Prescription Drug Premium Rates ppm					
Aetna - Bexar	14.94	17.06	27.89	26.47	
Amerigroup - Bexar	14.94	17.06	27.89	26.47	
CFHP - Bexar	14.94	17.06	27.89	26.47	
Superior - Bexar	14.94	17.06	27.89	26.47	
Amerigroup - Dallas	14.94	17.24	25.37	22.09	
Molina - Dallas	14.94	17.24	25.37	22.09	
Parkland - Dallas	14.94	17.24	25.37	22.09	
El Paso First - El Paso	14.94	21.45	23.89	34.88	
Superior - El Paso	14.94	21.45	23.89	34.88	
Amerigroup - Harris	14.94	17.27	24.38	24.85	
CHC - Harris	14.94	17.27	24.38	24.85	
Molina - Harris	14.94	17.27	24.38	24.85	
TCHP - Harris	14.94	17.27	24.38	24.85	
UHC - Harris	14.94	17.27	24.38	24.85	
Amerigroup - Jefferson	14.94	22.84	31.95	30.58	
CHC - Jefferson	14.94	22.84	31.95	30.58	
Molina - Jefferson	14.94	22.84	31.95	30.58	
TCHP - Jefferson	14.94	22.84	31.95	30.58	
UHC - Jefferson	14.94	22.84	31.95	30.58	
Firstcare - Lubbock	14.94	15.03	25.65	26.46	
Superior - Lubbock	14.94	15.03	25.65	26.46	
Christus - Nueces	14.94	22.67	34.58	27.96	
Driscoll - Nueces	14.94	22.67	34.63	28.58	
Superior - Nueces	14.94	22.67	34.63	28.58	
Aetna - Tarrant	14.94	15.13	27.38	29.12	
Amerigroup - Tarrant	14.94	15.13	27.38	29.12	
Cook - Tarrant	14.94	15.13	27.38	29.12	
BCBS - Travis	14.94	12.01	21.88	28.54	
Sendero - Travis	14.94	12.01	21.88	28.54	
Seton - Travis	14.94	12.01	21.87	28.23	
Superior - Travis	14.94	12.01	21.88	28.54	
Molina - RSA	14.94	23.52	29.16	26.77	
Superior - RSA	14.94	23.52	29.16	26.77	

FY2013 CHIP Rating Summary

Health Plan	Under Age 1	Ages 1-5	Ages 6-14	Ages 15-18	DSP
Current (3/1/12-8/31/12) Total Premium Rates pmpm					
Aetna - Bexar	96.24	118.27	82.05	98.00	3,100.00
Amerigroup - Bexar	98.44	120.59	97.56	114.81	3,100.00
CFHP - Bexar	98.85	117.96	100.88	118.99	3,100.00
Superior - Bexar	93.10	120.53	94.08	109.79	3,100.00
Amerigroup - Dallas	230.16	126.78	103.64	128.06	3,100.00
Molina - Dallas	230.16	131.76	105.68	129.54	3,100.00
Parkland - Dallas	230.24	137.00	108.74	132.19	3,100.00
El Paso First - El Paso	140.94	104.61	89.22	113.35	3,100.00
Superior - El Paso	140.94	110.95	90.25	108.25	3,100.00
Amerigroup - Harris	251.21	119.08	98.44	133.15	3,100.00
CHC - Harris	266.46	125.32	95.07	120.56	3,100.00
Molina - Harris	248.97	129.48	93.92	111.96	3,100.00
TCHP - Harris	266.89	141.84	119.06	157.32	3,100.00
UHC - Harris	245.02	130.69	95.97	137.63	3,100.00
Amerigroup - Jefferson	229.95	115.49	99.34	129.13	3,100.00
CHC - Jefferson	243.82	121.17	96.28	117.68	3,100.00
Molina - Jefferson	227.91	124.95	95.23	109.85	3,100.00
TCHP - Jefferson	244.21	136.20	118.11	151.13	3,100.00
UHC - Jefferson	224.31	126.05	97.10	133.21	3,100.00
Firstcare - Lubbock	120.80	112.38	93.14	123.52	3,100.00
Superior - Lubbock	118.05	115.55	84.62	120.81	3,100.00
Christus - Nueces	185.95	145.61	119.61	152.65	3,100.00
Driscoll - Nueces	190.74	146.76	124.10	158.24	3,100.00
Superior - Nueces	176.19	149.44	101.36	118.99	3,100.00
Aetna - Tarrant	142.85	91.28	88.01	113.91	3,100.00
Amerigroup - Tarrant	141.89	118.41	96.87	118.17	3,100.00
Cook - Tarrant	148.72	116.60	112.94	133.59	3,100.00
BCBS - Travis	126.52	105.88	93.13	129.80	3,100.00
Sendero - Travis	126.52	105.88	93.13	129.80	3,100.00
Seton - Travis	133.39	105.84	98.49	137.74	3,100.00
Superior - Travis	122.93	110.56	89.12	121.77	3,100.00
Molina - RSA	160.52	122.09	101.34	112.42	3,100.00
Superior - RSA	160.52	122.09	101.34	112.42	3,100.00

FY2013 CHIP Rating Summary

Health Plan	Under Age 1	Ages 1-5	Ages 6-14	Ages 15-18	DSP
FY2013 Medical Premium Rates pmpm					
Aetna - Bexar	189.92	82.40	59.75	66.36	3,100.00
Amerigroup - Bexar	189.92	101.23	69.18	81.99	3,100.00
CFHP - Bexar	189.92	104.16	72.38	83.29	3,100.00
Superior - Bexar	189.92	98.55	62.58	83.39	3,100.00
Amerigroup - Dallas	189.92	107.22	71.44	85.23	3,100.00
Molina - Dallas	189.92	109.08	73.81	90.58	3,100.00
Parkland - Dallas	189.92	113.44	77.05	100.38	3,100.00
El Paso First - El Paso	189.92	88.92	62.10	79.42	3,100.00
Superior - El Paso	189.92	88.58	66.76	69.88	3,100.00
Amerigroup - Harris	189.92	113.08	77.10	109.95	3,100.00
CHC - Harris	189.92	102.09	69.17	100.26	3,100.00
Molina - Harris	189.92	91.87	67.18	103.70	3,100.00
TCHP - Harris	189.92	126.02	97.20	130.53	3,100.00
UHC - Harris	189.92	106.72	71.91	102.73	3,100.00
Amerigroup - Jefferson	189.92	98.38	67.08	95.66	3,100.00
CHC - Jefferson	189.92	88.82	60.18	87.23	3,100.00
Molina - Jefferson	189.92	79.93	58.45	90.22	3,100.00
TCHP - Jefferson	189.92	109.64	84.56	113.56	3,100.00
UHC - Jefferson	189.92	92.85	62.56	89.38	3,100.00
Firstcare - Lubbock	189.92	106.16	63.50	89.93	3,100.00
Superior - Lubbock	189.92	78.60	60.78	76.67	3,100.00
Christus - Nueces	189.92	122.74	87.71	123.76	3,100.00
Driscoll - Nueces	189.92	125.32	88.24	128.68	3,100.00
Superior - Nueces	189.92	95.56	75.74	76.96	3,100.00
Aetna - Tarrant	189.92	89.38	71.94	93.92	3,100.00
Amerigroup - Tarrant	189.92	99.28	76.42	94.79	3,100.00
Cook - Tarrant	189.92	121.14	94.75	119.16	3,100.00
BCBS - Travis	189.92	96.96	76.61	100.24	3,100.00
Sendero - Travis	189.92	96.96	76.61	100.24	3,100.00
Seton - Travis	189.92	95.37	75.94	105.88	3,100.00
Superior - Travis	189.92	93.98	73.90	83.62	3,100.00
Molina - RSA	189.92	90.88	62.95	80.68	3,100.00
Superior - RSA	189.92	112.17	77.86	91.93	3,100.00

FY2013 CHIP Rating Summary

Health Plan	Under Age 1	Ages 1-5	Ages 6-14	Ages 15-18	DSP
FY2013 Prescription Drug Premium Rates pmpm (Community Rate)					
Aetna - Bexar	15.38	17.48	28.59	27.45	
Amerigroup - Bexar	15.38	17.48	28.59	27.45	
CFHP - Bexar	15.38	17.48	28.59	27.45	
Superior - Bexar	15.38	17.48	28.59	27.45	
Amerigroup - Dallas	15.38	18.88	26.32	22.93	
Molina - Dallas	15.38	18.88	26.32	22.93	
Parkland - Dallas	15.38	18.88	26.32	22.93	
El Paso First - El Paso	15.38	21.24	23.32	29.62	
Superior - El Paso	15.38	21.24	23.32	29.62	
Amerigroup - Harris	15.38	18.44	24.54	24.86	
CHC - Harris	15.38	18.44	24.54	24.86	
Molina - Harris	15.38	18.44	24.54	24.86	
TCHP - Harris	15.38	18.44	24.54	24.86	
UHC - Harris	15.38	18.44	24.54	24.86	
Amerigroup - Jefferson	15.38	25.92	32.21	30.78	
CHC - Jefferson	15.38	25.92	32.21	30.78	
Molina - Jefferson	15.38	25.92	32.21	30.78	
TCHP - Jefferson	15.38	25.92	32.21	30.78	
UHC - Jefferson	15.38	25.92	32.21	30.78	
Firstcare - Lubbock	15.38	16.15	26.76	27.27	
Superior - Lubbock	15.38	16.15	26.76	27.27	
Christus - Nueces	15.38	25.00	34.83	29.55	
Driscoll - Nueces	15.38	25.00	34.89	30.13	
Superior - Nueces	15.38	25.00	34.89	30.13	
Aetna - Tarrant	15.38	16.03	27.78	28.80	
Amerigroup - Tarrant	15.38	16.03	27.78	28.80	
Cook - Tarrant	15.38	16.03	27.78	28.80	
BCBS - Travis	15.38	12.98	22.59	28.35	
Sendero - Travis	15.38	12.98	22.59	28.35	
Seton - Travis	15.38	12.98	22.58	28.04	
Superior - Travis	15.38	12.98	22.59	28.35	
Molina - RSA	15.38	23.55	30.08	26.35	
Superior - RSA	15.38	23.55	30.08	26.35	

FY2013 CHIP Rating Summary

Health Plan	Under Age 1	Ages 1-5	Ages 6-14	Ages 15-18	DSP
FY2013 Total Premium Rates pmpm					
Aetna - Bexar	205.30	99.88	88.34	93.81	3,100.00
Amerigroup - Bexar	205.30	118.71	97.77	109.44	3,100.00
CFHP - Bexar	205.30	121.64	100.97	110.74	3,100.00
Superior - Bexar	205.30	116.03	91.17	110.84	3,100.00
Amerigroup - Dallas	205.30	126.10	97.76	108.16	3,100.00
Molina - Dallas	205.30	127.96	100.13	113.51	3,100.00
Parkland - Dallas	205.30	132.32	103.37	123.31	3,100.00
El Paso First - El Paso	205.30	110.16	85.42	109.04	3,100.00
Superior - El Paso	205.30	109.82	90.08	99.50	3,100.00
Amerigroup - Harris	205.30	131.52	101.64	134.81	3,100.00
CHC - Harris	205.30	120.53	93.71	125.12	3,100.00
Molina - Harris	205.30	110.31	91.72	128.56	3,100.00
TCHP - Harris	205.30	144.46	121.74	155.39	3,100.00
UHC - Harris	205.30	125.16	96.45	127.59	3,100.00
Amerigroup - Jefferson	205.30	124.30	99.29	126.44	3,100.00
CHC - Jefferson	205.30	114.74	92.39	118.01	3,100.00
Molina - Jefferson	205.30	105.85	90.66	121.00	3,100.00
TCHP - Jefferson	205.30	135.56	116.77	144.34	3,100.00
UHC - Jefferson	205.30	118.77	94.77	120.16	3,100.00
Firstcare - Lubbock	205.30	122.31	90.26	117.20	3,100.00
Superior - Lubbock	205.30	94.75	87.54	103.94	3,100.00
Christus - Nueces	205.30	147.74	122.54	153.31	3,100.00
Driscoll - Nueces	205.30	150.32	123.13	158.81	3,100.00
Superior - Nueces	205.30	120.56	110.63	107.09	3,100.00
Aetna - Tarrant	205.30	105.41	99.72	122.72	3,100.00
Amerigroup - Tarrant	205.30	115.31	104.20	123.59	3,100.00
Cook - Tarrant	205.30	137.17	122.53	147.96	3,100.00
BCBS - Travis	205.30	109.94	99.20	128.59	3,100.00
Sendero - Travis	205.30	109.94	99.20	128.59	3,100.00
Seton - Travis	205.30	108.35	98.52	133.92	3,100.00
Superior - Travis	205.30	106.96	96.49	111.97	3,100.00
Molina - RSA	205.30	114.43	93.03	107.03	3,100.00
Superior - RSA	205.30	135.72	107.94	118.28	3,100.00

FY2013 CHIP Rating Summary

Health Plan	Under Age 1	Ages 1-5	Ages 6-14	Ages 15-18	DSP
FY2013 Medical Premium Rate Change					
Aetna - Bexar	133.6%	-18.6%	10.3%	-7.2%	0.0%
Amerigroup - Bexar	127.4%	-2.2%	-0.7%	-7.2%	0.0%
CFHP - Bexar	126.3%	3.2%	-0.8%	-10.0%	0.0%
Superior - Bexar	143.0%	-4.8%	-5.5%	0.1%	0.0%
Amerigroup - Dallas	-11.8%	-2.1%	-8.7%	-19.6%	0.0%
Molina - Dallas	-11.8%	-4.8%	-8.1%	-15.7%	0.0%
Parkland - Dallas	-11.8%	-5.3%	-7.6%	-8.8%	0.0%
El Paso First - El Paso	50.7%	6.9%	-4.9%	1.2%	0.0%
Superior - El Paso	50.7%	-1.0%	0.6%	-4.8%	0.0%
Amerigroup - Harris	-19.6%	11.1%	4.1%	1.5%	0.0%
CHC - Harris	-24.5%	-5.5%	-2.2%	4.8%	0.0%
Molina - Harris	-18.8%	-18.1%	-3.4%	19.0%	0.0%
TCHP - Harris	-24.6%	1.2%	2.7%	-1.5%	0.0%
UHC - Harris	-17.5%	-5.9%	0.4%	-8.9%	0.0%
Amerigroup - Jefferson	-11.7%	6.2%	-0.5%	-2.9%	0.0%
CHC - Jefferson	-17.0%	-9.7%	-6.5%	0.1%	0.0%
Molina - Jefferson	-10.8%	-21.7%	-7.6%	13.8%	0.0%
TCHP - Jefferson	-17.2%	-3.3%	-1.9%	-5.8%	0.0%
UHC - Jefferson	-9.3%	-10.0%	-4.0%	-12.9%	0.0%
Firstcare - Lubbock	79.4%	9.0%	-5.9%	-7.3%	0.0%
Superior - Lubbock	84.2%	-21.8%	3.1%	-18.7%	0.0%
Christus - Nueces	11.1%	-0.2%	3.2%	-0.7%	0.0%
Driscoll - Nueces	8.0%	1.0%	-1.4%	-0.8%	0.0%
Superior - Nueces	17.8%	-24.6%	13.5%	-14.9%	0.0%
Aetna - Tarrant	48.5%	17.4%	18.7%	10.8%	0.0%
Amerigroup - Tarrant	49.6%	-3.9%	10.0%	6.4%	0.0%
Cook - Tarrant	42.0%	19.4%	10.7%	14.1%	0.0%
BCBS - Travis	70.2%	3.3%	7.5%	-1.0%	0.0%
Sendero - Travis	70.2%	3.3%	7.5%	-1.0%	0.0%
Seton - Travis	60.3%	1.6%	-0.9%	-3.3%	0.0%
Superior - Travis	75.9%	-4.6%	9.9%	-10.3%	0.0%
Molina - RSA	30.5%	-7.8%	-12.8%	-5.8%	0.0%
Superior - RSA	30.5%	13.8%	7.9%	7.3%	0.0%

FY2013 CHIP Rating Summary

Health Plan	Under Age 1	Ages 1-5	Ages 6-14	Ages 15-18	DSP
FY2013 Prescription Drug Premium Rate Change					
Aetna - Bexar	2.9%	2.5%	2.5%	3.7%	
Amerigroup - Bexar	2.9%	2.5%	2.5%	3.7%	
CFHP - Bexar	2.9%	2.5%	2.5%	3.7%	
Superior - Bexar	2.9%	2.5%	2.5%	3.7%	
Amerigroup - Dallas	2.9%	9.5%	3.7%	3.8%	
Molina - Dallas	2.9%	9.5%	3.7%	3.8%	
Parkland - Dallas	2.9%	9.5%	3.7%	3.8%	
El Paso First - El Paso	2.9%	-1.0%	-2.4%	-15.1%	
Superior - El Paso	2.9%	-1.0%	-2.4%	-15.1%	
Amerigroup - Harris	2.9%	6.8%	0.7%	0.0%	
CHC - Harris	2.9%	6.8%	0.7%	0.0%	
Molina - Harris	2.9%	6.8%	0.7%	0.0%	
TCHP - Harris	2.9%	6.8%	0.7%	0.0%	
UHC - Harris	2.9%	6.8%	0.7%	0.0%	
Amerigroup - Jefferson	2.9%	13.5%	0.8%	0.7%	
CHC - Jefferson	2.9%	13.5%	0.8%	0.7%	
Molina - Jefferson	2.9%	13.5%	0.8%	0.7%	
TCHP - Jefferson	2.9%	13.5%	0.8%	0.7%	
UHC - Jefferson	2.9%	13.5%	0.8%	0.7%	
Firstcare - Lubbock	2.9%	7.5%	4.3%	3.1%	
Superior - Lubbock	2.9%	7.5%	4.3%	3.1%	
Christus - Nueces	2.9%	10.3%	0.7%	5.7%	
Driscoll - Nueces	2.9%	10.3%	0.8%	5.4%	
Superior - Nueces	2.9%	10.3%	0.8%	5.4%	
Aetna - Tarrant	2.9%	5.9%	1.5%	-1.1%	
Amerigroup - Tarrant	2.9%	5.9%	1.5%	-1.1%	
Cook - Tarrant	2.9%	5.9%	1.5%	-1.1%	
BCBS - Travis	2.9%	8.1%	3.2%	-0.7%	
Sendero - Travis	2.9%	8.1%	3.2%	-0.7%	
Seton - Travis	2.9%	8.1%	3.2%	-0.7%	
Superior - Travis	2.9%	8.1%	3.2%	-0.7%	
Molina - RSA	2.9%	0.1%	3.2%	-1.6%	
Superior - RSA	2.9%	0.1%	3.2%	-1.6%	

FY2013 CHIP Rating Summary

Health Plan	Under Age 1	Ages 1-5	Ages 6-14	Ages 15-18	DSP
FY2013 Total Premium Rate Change					
Aetna - Bexar	113.3%	-15.5%	7.7%	-4.3%	0.0%
Amerigroup - Bexar	108.6%	-1.6%	0.2%	-4.7%	0.0%
CFHP - Bexar	107.7%	3.1%	0.1%	-6.9%	0.0%
Superior - Bexar	120.5%	-3.7%	-3.1%	1.0%	0.0%
Amerigroup - Dallas	-10.8%	-0.5%	-5.7%	-15.5%	0.0%
Molina - Dallas	-10.8%	-2.9%	-5.3%	-12.4%	0.0%
Parkland - Dallas	-10.8%	-3.4%	-4.9%	-6.7%	0.0%
El Paso First - El Paso	45.7%	5.3%	-4.3%	-3.8%	0.0%
Superior - El Paso	45.7%	-1.0%	-0.2%	-8.1%	0.0%
Amerigroup - Harris	-18.3%	10.4%	3.3%	1.2%	0.0%
CHC - Harris	-23.0%	-3.8%	-1.4%	3.8%	0.0%
Molina - Harris	-17.5%	-14.8%	-2.3%	14.8%	0.0%
TCHP - Harris	-23.1%	1.8%	2.3%	-1.2%	0.0%
UHC - Harris	-16.2%	-4.2%	0.5%	-7.3%	0.0%
Amerigroup - Jefferson	-10.7%	7.6%	-0.1%	-2.1%	0.0%
CHC - Jefferson	-15.8%	-5.3%	-4.0%	0.3%	0.0%
Molina - Jefferson	-9.9%	-15.3%	-4.8%	10.2%	0.0%
TCHP - Jefferson	-15.9%	-0.5%	-1.1%	-4.5%	0.0%
UHC - Jefferson	-8.5%	-5.8%	-2.4%	-9.8%	0.0%
Firstcare - Lubbock	70.0%	8.8%	-3.1%	-5.1%	0.0%
Superior - Lubbock	73.9%	-18.0%	3.5%	-14.0%	0.0%
Christus - Nueces	10.4%	1.5%	2.4%	0.4%	0.0%
Driscoll - Nueces	7.6%	2.4%	-0.8%	0.4%	0.0%
Superior - Nueces	16.5%	-19.3%	9.1%	-10.0%	0.0%
Aetna - Tarrant	43.7%	15.5%	13.3%	7.7%	0.0%
Amerigroup - Tarrant	44.7%	-2.6%	7.6%	4.6%	0.0%
Cook - Tarrant	38.0%	17.6%	8.5%	10.8%	0.0%
BCBS - Travis	62.3%	3.8%	6.5%	-0.9%	0.0%
Sendero - Travis	62.3%	3.8%	6.5%	-0.9%	0.0%
Seton - Travis	53.9%	2.4%	0.0%	-2.8%	0.0%
Superior - Travis	67.0%	-3.3%	8.3%	-8.0%	0.0%
Molina - RSA	27.9%	-6.3%	-8.2%	-4.8%	0.0%
Superior - RSA	27.9%	11.2%	6.5%	5.2%	0.0%

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 2008 through February 2012. 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 2008 through February 2012.

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 February, 2012, (iii) estimated proportion of that month's incurred claims paid through February, 2012 (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 FY2013 cost based on the plan's actual experience. The top of the exhibit shows summary base period (FY2011) enrollment, premium and claims experience. Trend assumptions for FY2012 and FY2013 are used to project the average base period claims cost to FY2013. 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) \$0.75 pmpm.

The rating methodology includes an explicit provision for administrative expenses. The amount allocated for administrative expenses is \$8.00 pmpm plus 5.75% of gross premium. Provisions are also included for risk margin (2.0% of gross premium), premium tax (1.75%) and maintenance tax (\$.125 pmpm).

At the bottom of Exhibit D is a summary of the projected FY2013 cost based on the above assumptions

Month	Number of Members				Total Members	Premium	Premium pmpm	Adjusted Premium	Adj Prem pmpm
	<1	1-5	6-14	15-18					
Sep-08	124	5,188	15,901	5,132	26,345	1,912,339	72.59	2,111,234	80.14
Oct-08	114	4,896	15,278	4,918	25,206	1,827,852	72.52	2,019,166	80.11
Nov-08	104	4,410	14,441	4,721	23,676	1,719,029	72.61	1,896,042	80.08
Dec-08	98	4,151	13,842	4,541	22,632	1,643,508	72.62	1,812,129	80.07
Jan-09	84	3,945	13,248	4,363	21,640	1,569,212	72.51	1,732,324	80.05
Feb-09	80	3,778	12,940	4,286	21,084	1,529,380	72.54	1,687,582	80.04
Mar-09	85	3,602	12,610	4,236	20,533	1,493,965	72.76	1,643,939	80.06
Apr-09	72	3,458	12,326	4,107	19,963	1,448,064	72.54	1,597,192	80.01
May-09	68	3,360	12,063	4,013	19,504	1,413,847	72.49	1,560,178	79.99
Jun-09	57	3,315	11,940	3,987	19,299	1,396,455	72.36	1,543,451	79.98
Jul-09	54	3,298	11,968	4,010	19,330	1,398,322	72.34	1,545,808	79.97
Aug-09	48	3,276	11,957	4,033	19,314	1,396,413	72.30	1,544,452	79.97
Sep-09	52	3,228	11,979	4,045	19,304	1,497,835	77.59	1,543,572	79.96
Oct-09	44	3,134	11,888	3,989	19,055	1,473,875	77.35	1,522,731	79.91
Nov-09	45	3,062	11,636	3,994	18,737	1,453,300	77.56	1,498,267	79.96
Dec-09	46	3,004	11,658	3,966	18,674	1,446,630	77.47	1,492,574	79.93
Jan-10	43	2,927	11,618	3,986	18,574	1,438,250	77.43	1,484,446	79.92
Feb-10	42	2,904	11,562	3,948	18,456	1,428,000	77.37	1,474,747	79.91
Mar-10	45	2,878	11,497	3,941	18,361	1,422,305	77.46	1,467,389	79.92
Apr-10	45	2,910	11,557	3,950	18,463	1,430,030	77.46	1,475,489	79.92
May-10	45	2,927	11,645	3,985	18,603	1,440,864	77.45	1,486,714	79.92
Jun-10	46	2,950	11,747	4,021	18,764	1,453,372	77.46	1,499,565	79.92
Jul-10	46	2,982	11,862	4,058	18,949	1,467,683	77.45	1,514,376	79.92
Aug-10	47	3,013	11,992	4,103	19,155	1,483,648	77.45	1,530,863	79.92
Sep-10	46	3,002	11,971	4,090	19,109	1,449,030	75.83	1,527,060	79.91
Oct-10	45	2,991	11,950	4,077	19,063	1,444,963	75.80	1,523,258	79.90
Nov-10	44	2,980	11,929	4,064	19,017	1,440,896	75.77	1,519,455	79.90
Dec-10	43	2,969	11,908	4,051	18,971	1,436,829	75.74	1,515,652	79.89
Jan-11	42	2,958	11,887	4,038	18,925	1,432,762	75.71	1,511,850	79.88
Feb-11	41	2,947	11,866	4,025	18,879	1,428,695	75.67	1,508,047	79.88
Mar-11	40	2,936	11,845	4,012	18,833	1,424,628	75.64	1,504,244	79.87
Apr-11	44	2,964	11,847	4,040	18,895	1,431,973	75.79	1,509,750	79.90
May-11	44	2,994	11,965	4,080	19,083	1,446,064	75.78	1,524,754	79.90
Jun-11	43	3,024	12,085	4,121	19,273	1,459,960	75.75	1,539,877	79.90
Jul-11	43	3,039	12,145	4,142	19,369	1,467,176	75.75	1,547,544	79.90
Aug-11	47	3,059	12,226	4,170	19,502	1,478,560	75.82	1,558,324	79.91
Sep-11	47	3,065	12,252	4,179	19,543	1,561,595	79.91	1,561,595	79.91
Oct-11	47	3,068	12,264	4,183	19,562	1,563,110	79.91	1,563,110	79.91
Nov-11	47	3,075	12,292	4,193	19,607	1,566,706	79.91	1,566,706	79.91
Dec-11	45	3,078	12,304	4,197	19,624	1,567,980	79.90	1,567,980	79.90
Jan-12	48	3,081	12,316	4,201	19,646	1,569,858	79.91	1,569,858	79.91
Feb-12	46	3,084	12,328	4,205	19,663	1,571,132	79.90	1,571,132	79.90
FY2009	988	46,677	158,514	52,347	258,526	18,748,386	72.52	20,693,498	80.04
FY2010	547	35,920	140,641	47,987	225,095	17,435,792	77.46	17,990,734	79.93
FY2011	520	35,865	143,623	48,913	228,922	17,341,535	75.75	18,289,816	79.90

Sample Health Plan
 CHIP Incurred Claims Summary Lag Report

Month Incurred	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09
6-14															
Sep-08	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-08		86,099	328,120	197,976	18,651	12,689	-1,201	-254	838	990	146	7,384	0	0	1,735
Nov-08			17,351	367,907	68,405	39,292	5,651	3,370	7,579	1,947	657	-57	0	-43	32
Dec-08				79,890	251,389	123,262	19,456	6,304	2,806	2,392	107	-157	-1,160	66	-30
Jan-09					17,198	383,437	95,120	15,460	4,917	5,241	94	3	849	301	371
Feb-09						58,788	330,673	63,094	25,904	8,509	2,334	-1,095	466	0	0
Mar-09							37,050	375,045	87,951	25,614	3,633	1,463	902	-2,288	956
Apr-09								49,356	358,033	79,963	16,664	7,310	348	3,833	720
May-09									50,126	340,480	109,840	31,914	7,497	6,509	1,813
Jun-09										43,481	290,289	255,510	13,292	7,486	1,683
Jul-09											20,983	305,586	130,515	70,186	4,511
Aug-09												32,812	371,147	109,441	16,108
Sep-09													50,488	529,966	240,552
Oct-09														6,091	398,876
Nov-09															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-09	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-09	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-09	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-09	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-10	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-10	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-10	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-10	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-10	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-10	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-10	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-10	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-10	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-10	11,950	598,716	1.000	598,716	50.10	0.820	4,077	150,967	1.000	150,967	37.02	1.082
Nov-10	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-10	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-11	11,887	635,506	1.000	635,506	53.46	0.923	4,038	184,225	1.000	184,225	45.62	1.161
Feb-11	11,866	521,422	1.000	521,422	43.94	0.552	4,025	166,286	1.000	166,286	41.31	0.932
Mar-11	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-11	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-11	11,965	530,716	1.000	530,716	44.36	0.640	4,080	182,148	1.000	182,148	44.64	1.651
Jun-11	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-11	12,145	603,945	1.000	603,945	49.73	0.969	4,142	154,049	1.000	154,049	37.19	0.942
Aug-11	12,226	734,285	1.000	734,285	60.06	1.265	4,170	282,268	0.998	282,833	67.83	1.612
Sep-11	12,252	601,308	1.000	601,308	49.08	0.885	4,179	186,424	0.996	187,173	44.79	1.324
Oct-11	12,264	574,896	0.999	575,471	46.92	0.937	4,183	167,963	0.992	169,318	40.48	1.093
Nov-11	12,292	568,615	0.998	569,754	46.35	0.837	4,193	160,190	0.988	162,135	38.67	1.051
Dec-11	12,304	527,662	0.992	531,917	43.23	0.897	4,197	140,761	0.980	143,634	34.22	0.969
Jan-12	12,316	480,186	0.956	502,287	40.78	0.763	4,201	120,835	0.930	129,930	30.93	0.678
Feb-12	12,328	37,308	0.758	49,220	3.99	0.091	4,205	117,532	0.650	180,819	43.00	1.041
FY2009	158,514			6,528,516	41.19		52,347			1,948,470	37.22	
FY2010	140,641			8,824,296	62.74	1.523	47,987			1,689,551	35.21	0.946
FY2011	143,623			7,559,003	52.63	0.839	48,913			2,128,554	43.52	1.236

Sample Health Plan
 Experienced Based Renewal Rating
 Projection Period: FY2013 (9/1/2012 - 8/31/2013)

	<1		1-5		6-14		15-18		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 9/1/2010 - 8/31/2011										
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	7,559,003	52.63	2,128,554	43.52	11,990,773	52.38
Projected FY2013 Member Months	335		27,561		119,625		44,598		192,119	
Projected FY2013 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										
FY2012	3.2 %		3.2 %		3.2 %		3.2 %			
FY2013	5.0 %		5.0 %		5.0 %		5.0 %			
Provider Reimbursement Changes	0.9581		0.9489		0.9483		0.9481			
Other Reimbursement Changes	0.9798		0.9811		0.9811		0.9806			
Projected Incurred Claims	31,608	94.35	1,748,107	63.43	6,347,071	53.06	1,955,110	43.84	10,081,897	52.48
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		0.50		0.50		0.50		0.50		
Net Reinsurance Cost	251	0.75	20,671	0.75	89,719	0.75	33,449	0.75	144,089	0.75

Sample Health Plan
 Experienced Based Renewal Rating
 Projection Period: FY2013 (9/1/2012 - 8/31/2013)

	<1		1-5		6-14		15-18		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Administrative Expenses										
Fixed Amount	2,680	8.00	220,488	8.00	957,000	8.00	356,784	8.00	1,536,952	8.00
Percentage of Premium	5.75 %	6.81	5.75 %	4.85	5.75 %	4.19	5.75 %	3.60	5.75 %	4.15
Risk Margin	2.00 %	2.37	2.00 %	1.69	2.00 %	1.46	2.00 %	1.25	2.00 %	1.44
Premium Tax	1.75 %	2.07	1.75 %	1.48	1.75 %	1.27	1.75 %	1.10	1.75 %	1.26
Maintenance Tax	42	0.125	3,445	0.125	14,953	0.125	5,575	0.125	24,015	0.125
Projected Total Cost	39,692	118.48	2,323,707	84.31	8,715,186	72.85	2,794,817	62.67	13,873,402	72.21
Experience Rate Increase		-1.9%		-1.1%		-2.8%		-30.3%		-9.7%

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 FY2013 cost for each health plan in the service area. The weights used in this formula are the projected number of FY2013 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 FY2013 CHIP HMO community premium rates for the following service areas:

- Exhibit A – Bexar Area
- Exhibit B – Dallas Area
- Exhibit C – El Paso Area
- Exhibit D – Harris Area
- Exhibit E – Lubbock Area
- Exhibit F – Nueces Area
- Exhibit G – Rural Service Area (RSA)
- Exhibit H – Tarrant Area
- Exhibit I – Travis Area

These exhibits show projected FY2013 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 (FY2011) experience. Following that are projected FY2013 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) \$0.75 pmpm.

The amount allocated for administrative expenses is \$8.00 pmpm plus 5.75% of gross premium. Provisions are also included for risk margin (2.0% of gross premium), premium tax (1.75%) and maintenance tax (\$.125 pmpm).

At the bottom of the exhibit is a summary of the projected FY2013 cost based on these assumptions.

	<1		1-5		6-14		15-18		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 9/1/2010 - 8/31/2011										
Member Months	1,011		80,441		323,683		123,126		528,261	
Premium Revenue	145,729	144.14	8,534,973	106.10	23,788,198	73.49	11,495,999	93.37	43,964,898	83.23
Adjusted Premium	83,119	82.21	8,172,868	101.60	22,200,064	68.59	10,705,030	86.94	41,161,080	77.92
Adjusted FY2011 Incurred Claims	113,056	111.83	6,800,980	84.55	17,702,970	54.69	8,264,403	67.12	32,881,409	62.24
Projected FY2013 Member Months	900		86,820		344,748		132,084		564,552	
FY2013 Premium at Current Rates	73,776	81.97	8,822,268	101.62	23,642,792	68.58	11,447,487	86.67	43,986,323	77.91
Annual Trend Assumptions										
FY2012	3.2 %		3.2 %		3.2 %		3.2 %			
FY2013	5.0 %		5.0 %		5.0 %		5.0 %			
Provider Reimbursement Change	0.9013		0.8938		0.8889		0.8844			
Inpatient Reimbursement Change	0.9971		0.9972		0.9970		0.9969			
Projected Incurred Claims	98,004	108.89	7,089,457	81.66	18,106,342	52.52	8,470,058	64.13	33,763,861	59.81
Capitation Expenses										
Total	343	0.38	133,112	1.53	570,380	1.65	218,073	1.65	921,908	1.63
Reinsurance Expenses										
Net Reinsurance Cost	252	0.28	26,221	0.30	105,817	0.31	39,141	0.30	171,431	0.30
Administrative Expenses										
Fixed Amount	7,200	8.00	694,560	8.00	2,757,984	8.00	1,056,672	8.00	4,516,416	8.00
Percentage of Premium	5.75 %	7.48	5.75 %	5.82	5.75 %	3.98	5.75 %	4.71	5.75 %	4.44
Risk Margin	2.00 %	2.60	2.00 %	2.02	2.00 %	1.38	2.00 %	1.64	2.00 %	1.54
Premium Tax	1.75 %	2.28	1.75 %	1.77	1.75 %	1.21	1.75 %	1.43	1.75 %	1.35
Maintenance Tax	113	0.13	10,853	0.13	43,094	0.13	16,511	0.13	70,569	0.13
Projected Total Cost	117,029	130.03	8,789,174	101.23	23,849,301	69.18	10,829,231	81.99	43,584,734	77.20
Experience Rate Increase		58.6 %		-0.4 %		0.9 %		-5.4 %		-0.9 %

	<1		1-5		6-14		15-18		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 9/1/2010 - 8/31/2011										
Member Months	2,268		157,630		582,028		195,625		937,551	
Premium Revenue	418,032	184.32	16,663,554	105.71	49,801,991	85.57	23,794,109	121.63	90,677,687	96.72
Adjusted Premium	488,217	215.26	18,060,328	114.57	46,734,324	80.30	21,016,370	107.43	86,299,239	92.05
Adjusted FY2011 Incurred Claims	595,837	262.71	13,736,589	87.14	32,411,167	55.69	13,844,208	70.77	60,587,801	64.62
Projected FY2013 Member Months	1,812		167,724		619,920		209,016		998,472	
FY2013 Premium at Current Rates	390,056	215.26	19,212,052	114.55	49,718,524	80.20	22,440,918	107.36	91,761,551	91.90
Annual Trend Assumptions										
FY2012	3.2 %		3.2 %		3.2 %		3.2 %			
FY2013	5.0 %		5.0 %		5.0 %		5.0 %			
Provider Reimbursement Change	0.9417		0.9196		0.9100		0.9152			
Inpatient Reimbursement Change	0.9952		0.9952		0.9953		0.9954			
Projected Incurred Claims	483,413	266.78	14,494,297	86.42	33,879,854	54.65	14,601,506	69.86	63,459,070	63.56
Capitation Expenses										
Total	7,610	4.20	615,265	3.67	2,185,829	3.53	731,912	3.50	3,540,615	3.55
Reinsurance Expenses										
Net Reinsurance Cost	956	0.53	84,896	0.51	309,497	0.50	102,247	0.49	497,596	0.50
Administrative Expenses										
Fixed Amount	14,496	8.00	1,341,792	8.00	4,959,360	8.00	1,672,128	8.00	7,987,776	8.00
Percentage of Premium	5.75 %	17.77	5.75 %	6.27	5.75 %	4.24	5.75 %	5.21	5.75 %	4.81
Risk Margin	2.00 %	6.18	2.00 %	2.18	2.00 %	1.48	2.00 %	1.81	2.00 %	1.67
Premium Tax	1.75 %	5.41	1.75 %	1.91	1.75 %	1.29	1.75 %	1.59	1.75 %	1.46
Maintenance Tax	227	0.13	20,966	0.13	77,490	0.13	26,127	0.13	124,809	0.13
Projected Total Cost	559,891	308.99	18,295,266	109.08	45,759,148	73.81	18,932,509	90.58	83,546,814	83.67
Experience Rate Increase		43.5 %		-4.8 %		-8.0 %		-15.6 %		-9.0 %

	<1		1-5		6-14		15-18		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 9/1/2010 - 8/31/2011										
Member Months	477		37,585		172,413		76,819		287,294	
Premium Revenue	64,444	135.10	3,511,415	93.43	11,533,645	66.90	5,956,290	77.54	21,065,793	73.32
Adjusted Premium	60,102	126.00	3,214,544	85.53	11,326,772	65.70	5,901,374	76.82	20,502,793	71.37
Adjusted FY2011 Incurred Claims	330,003	691.83	2,454,465	65.30	7,274,634	42.19	4,055,861	52.80	14,114,964	49.13
Projected FY2013 Member Months	384		38,340		170,304		76,536		285,564	
FY2013 Premium at Current Rates	48,384	126.00	3,280,259	85.56	11,190,480	65.71	5,871,324	76.71	20,390,446	71.40
Annual Trend Assumptions										
FY2012	3.2 %		3.2 %		3.2 %		3.2 %			
FY2013	5.0 %		5.0 %		5.0 %		5.0 %			
Provider Reimbursement Change	0.9169		0.9394		0.9464		0.9483			
Inpatient Reimbursement Change	0.9910		0.9910		0.9910		0.9910			
Projected Incurred Claims	261,575	681.18	2,525,734	65.88	7,302,699	42.88	4,114,988	53.77	14,204,996	49.74
Capitation Expenses										
Total	2,289	5.96	223,108	5.82	1,056,985	6.21	494,384	6.46	1,776,766	6.22
Reinsurance Expenses										
Net Reinsurance Cost	212	0.55	20,450	0.53	91,749	0.54	42,162	0.55	154,573	0.54
Administrative Expenses										
Fixed Amount	3,072	8.00	306,720	8.00	1,362,432	8.00	612,288	8.00	2,284,512	8.00
Percentage of Premium	5.75 %	44.21	5.75 %	5.11	5.75 %	3.67	5.75 %	4.38	5.75 %	4.11
Risk Margin	2.00 %	15.38	2.00 %	1.78	2.00 %	1.28	2.00 %	1.52	2.00 %	1.43
Premium Tax	1.75 %	13.46	1.75 %	1.55	1.75 %	1.12	1.75 %	1.33	1.75 %	1.25
Maintenance Tax	48	0.13	4,793	0.13	21,288	0.13	9,567	0.13	35,696	0.13
Projected Total Cost	295,243	768.86	3,404,205	88.79	10,867,573	63.81	5,826,949	76.13	20,393,970	71.42
Experience Rate Increase		510.2 %		3.8 %		-2.9 %		-0.8 %		0.0 %

	<1		1-5		6-14		15-18		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 9/1/2010 - 8/31/2011										
Member Months	4,911		319,658		1,093,836		387,998		1,806,403	
Premium Revenue	1,480,360	301.44	34,536,696	108.04	93,311,407	85.31	47,433,042	122.25	176,761,504	97.85
Adjusted Premium	1,222,286	248.89	37,447,085	117.15	92,382,185	84.46	46,111,613	118.84	177,163,169	98.08
Adjusted FY2011 Incurred Claims	666,044	135.62	31,504,953	98.56	77,070,593	70.46	39,013,153	100.55	148,254,742	82.07
Projected FY2013 Member Months	4,164		334,260		1,148,292		407,568		1,894,284	
FY2013 Premium at Current Rates	1,034,697	248.49	39,149,272	117.12	96,879,893	84.37	48,332,127	118.59	185,395,989	97.87
Annual Trend Assumptions										
FY2012	3.2 %		3.2 %		3.2 %		3.2 %			
FY2013	5.0 %		5.0 %		5.0 %		5.0 %			
Provider Reimbursement Change	0.9225		0.9095		0.8979		0.8935			
Inpatient Reimbursement Change	0.9523		0.9479		0.9472		0.9502			
Projected Incurred Claims	537,618	129.11	30,776,880	92.07	74,561,933	64.93	37,700,103	92.50	143,576,534	75.79
Capitation Expenses										
Total	20,743	4.98	1,128,365	3.38	3,581,374	3.12	1,645,095	4.04	6,375,577	3.37
Reinsurance Expenses										
Net Reinsurance Cost	2,678	0.64	215,260	0.64	708,759	0.62	238,235	0.58	1,164,932	0.61
Administrative Expenses										
Fixed Amount	33,312	8.00	2,674,080	8.00	9,186,336	8.00	3,260,544	8.00	15,154,272	8.00
Percentage of Premium	5.75 %	9.08	5.75 %	6.62	5.75 %	4.88	5.75 %	6.69	5.75 %	5.58
Risk Margin	2.00 %	3.16	2.00 %	2.30	2.00 %	1.70	2.00 %	2.33	2.00 %	1.94
Premium Tax	1.75 %	2.76	1.75 %	2.02	1.75 %	1.48	1.75 %	2.04	1.75 %	1.70
Maintenance Tax	521	0.13	41,783	0.13	143,537	0.13	50,946	0.13	236,786	0.13
Projected Total Cost	657,316	157.86	38,493,224	115.16	97,438,606	84.86	47,397,705	116.29	183,986,851	97.13
Experience Rate Increase		-36.5 %		-1.7 %		0.6 %		-1.9 %		-0.8 %

	<1		1-5		6-14		15-18		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 9/1/2010 - 8/31/2011										
Member Months	327		28,167		96,580		32,659		157,733	
Premium Revenue	32,040	97.98	2,280,044	80.95	7,130,205	73.83	3,229,079	98.87	12,671,368	80.33
Adjusted Premium	34,099	104.28	2,792,771	99.15	6,028,582	62.42	3,119,452	95.52	11,974,905	75.92
Adjusted FY2011 Incurred Claims	16,058	49.11	1,944,167	69.02	4,323,630	44.77	2,046,468	62.66	8,330,323	52.81
Projected FY2013 Member Months	336		30,636		103,704		34,224		168,900	
FY2013 Premium at Current Rates	34,876	103.80	3,040,350	99.24	6,466,210	62.35	3,268,611	95.51	12,810,047	75.84
Annual Trend Assumptions										
FY2012	3.2 %		3.2 %		3.2 %		3.2 %			
FY2013	5.0 %		5.0 %		5.0 %		5.0 %			
Provider Reimbursement Change	0.9581		0.9489		0.9483		0.9481			
Inpatient Reimbursement Change	1.0100		1.0100		1.0100		1.0100			
Projected Incurred Claims	17,302	51.49	2,196,018	71.68	4,818,290	46.46	2,225,243	65.02	9,256,852	54.81
Capitation Expenses										
Total	406	1.21	29,424	0.96	100,677	0.97	31,588	0.92	162,095	0.96
Reinsurance Expenses										
Net Reinsurance Cost	116	0.35	13,108	0.43	44,011	0.42	15,073	0.44	72,308	0.43
Administrative Expenses										
Fixed Amount	2,688	8.00	245,088	8.00	829,632	8.00	273,792	8.00	1,351,200	8.00
Percentage of Premium	5.75 %	3.89	5.75 %	5.16	5.75 %	3.56	5.75 %	4.73	5.75 %	4.09
Risk Margin	2.00 %	1.35	2.00 %	1.79	2.00 %	1.24	2.00 %	1.65	2.00 %	1.42
Premium Tax	1.75 %	1.18	1.75 %	1.57	1.75 %	1.08	1.75 %	1.44	1.75 %	1.24
Maintenance Tax	42	0.13	3,830	0.13	12,963	0.13	4,278	0.13	21,113	0.13
Projected Total Cost	22,711	67.59	2,748,583	89.72	6,414,997	61.86	2,817,651	82.33	12,003,942	71.07
Experience Rate Increase		-34.9 %		-9.6 %		-0.8 %		-13.8 %		-6.3 %

	<1		1-5		6-14		15-18		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 9/1/2010 - 8/31/2011										
Member Months	237		25,733		102,673		41,230		169,873	
Premium Revenue	36,198	152.73	3,401,803	132.20	9,377,454	91.33	6,260,068	151.83	19,075,523	112.29
Adjusted Premium	41,004	173.01	3,182,815	123.69	8,847,805	86.17	5,191,982	125.93	17,263,606	101.63
Adjusted FY2011 Incurred Claims	44,352	187.14	2,380,935	92.52	6,265,100	61.02	3,874,435	93.97	12,564,823	73.97
Projected FY2013 Member Months	276		26,664		106,272		42,036		175,248	
FY2013 Premium at Current Rates	47,462	171.97	3,303,248	123.88	9,102,897	85.66	5,268,631	125.34	17,722,238	101.13
Annual Trend Assumptions										
FY2012	3.2 %		3.2 %		3.2 %		3.2 %			
FY2013	5.0 %		5.0 %		5.0 %		5.0 %			
Provider Reimbursement Change	0.9231		0.9029		0.8798		0.8907			
Inpatient Reimbursement Change	1.0024		1.0024		1.0024		1.0024			
Projected Incurred Claims	51,788	187.64	2,419,537	90.74	6,197,045	58.31	3,821,712	90.92	12,490,082	71.27
Capitation Expenses										
Total	3,111	11.27	308,350	11.56	1,303,811	12.27	516,768	12.29	2,132,040	12.17
Reinsurance Expenses										
Net Reinsurance Cost	176	0.64	17,281	0.65	71,071	0.67	28,317	0.67	116,846	0.67
Administrative Expenses										
Fixed Amount	2,208	8.00	213,312	8.00	850,176	8.00	336,288	8.00	1,401,984	8.00
Percentage of Premium	5.75 %	13.19	5.75 %	7.06	5.75 %	5.04	5.75 %	7.12	5.75 %	5.86
Risk Margin	2.00 %	4.59	2.00 %	2.45	2.00 %	1.75	2.00 %	2.48	2.00 %	2.04
Premium Tax	1.75 %	4.02	1.75 %	2.15	1.75 %	1.53	1.75 %	2.17	1.75 %	1.78
Maintenance Tax	35	0.13	3,333	0.13	13,284	0.13	5,255	0.13	21,906	0.13
Projected Total Cost	63,335	229.48	3,272,721	122.74	9,320,869	87.71	5,202,585	123.76	17,859,511	101.91
Experience Rate Increase		33.4 %		-0.9 %		2.4 %		-1.3 %		0.8 %

	<1		1-5		6-14		15-18		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 9/1/2010 - 8/31/2011										
Member Months	3,160		237,461		917,198		349,125		1,506,944	
Premium Revenue	572,946	181.31	25,288,186	106.49	69,684,449	75.98	35,015,843	100.30	130,561,423	86.64
Adjusted Premium	460,033	145.58	23,406,531	98.57	66,203,352	72.18	29,902,556	85.65	119,972,471	79.61
Adjusted FY2011 Incurred Claims	409,977	129.74	19,431,497	81.83	49,848,157	54.35	24,130,276	69.12	93,819,908	62.26
Projected FY2013 Member Months	3,096		258,840		983,652		369,624		1,615,212	
FY2013 Premium at Current Rates	450,716	145.58	25,513,859	98.57	71,000,001	72.18	31,658,296	85.65	128,622,871	79.63
Annual Trend Assumptions										
FY2012	3.2 %		3.2 %		3.2 %		3.2 %			
FY2013	5.0 %		5.0 %		5.0 %		5.0 %			
Provider Reimbursement Change	0.9284		0.9186		0.9136		0.9074			
Inpatient Reimbursement Change	0.9991		0.9991		0.9991		0.9991			
Projected Incurred Claims	403,726	130.40	21,064,433	81.38	52,876,358	53.76	25,096,794	67.90	99,441,310	61.57
Capitation Expenses										
Total	6,479	2.09	412,784	1.59	1,361,711	1.38	574,454	1.55	2,355,428	1.46
Reinsurance Expenses										
Net Reinsurance Cost	1,588	0.51	127,869	0.49	495,130	0.50	186,526	0.50	811,112	0.50
Administrative Expenses										
Fixed Amount	24,768	8.00	2,070,720	8.00	7,869,216	8.00	2,956,992	8.00	12,921,696	8.00
Percentage of Premium	5.75 %	8.97	5.75 %	5.82	5.75 %	4.05	5.75 %	4.96	5.75 %	4.55
Risk Margin	2.00 %	3.12	2.00 %	2.02	2.00 %	1.41	2.00 %	1.73	2.00 %	1.58
Premium Tax	1.75 %	2.73	1.75 %	1.77	1.75 %	1.23	1.75 %	1.51	1.75 %	1.39
Maintenance Tax	387	0.13	32,355	0.13	122,957	0.13	46,203	0.13	201,902	0.13
Projected Total Cost	482,815	155.95	26,196,863	101.21	69,309,802	70.46	31,890,573	86.28	127,880,052	79.17
Experience Rate Increase		7.1 %		2.7 %		-2.4 %		0.7 %		-0.6 %

	<1		1-5		6-14		15-18		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 9/1/2010 - 8/31/2011										
Member Months	1,911		121,703		404,786		129,341		657,741	
Premium Revenue	356,712	186.66	11,288,779	92.76	31,017,874	76.63	14,474,086	111.91	57,137,451	86.87
Adjusted Premium	249,282	130.45	12,093,109	99.37	31,685,444	78.28	12,692,512	98.13	56,720,346	86.24
Adjusted FY2011 Incurred Claims	264,540	138.43	10,582,639	86.95	26,108,948	64.50	10,982,920	84.91	47,939,047	72.88
Projected FY2013 Member Months	1,728		129,132		434,952		138,816		704,628	
FY2013 Premium at Current Rates	226,882	131.30	12,792,297	99.06	33,858,509	77.84	13,576,255	97.80	60,453,943	85.80
Annual Trend Assumptions										
FY2012	3.2 %		3.2 %		3.2 %		3.2 %			
FY2013	5.0 %		5.0 %		5.0 %		5.0 %			
Provider Reimbursement Change	0.9451		0.9276		0.9360		0.9332			
Inpatient Reimbursement Change	1.0003		1.0003		1.0003		1.0003			
Projected Incurred Claims	245,048	141.81	11,289,808	87.43	28,462,978	65.44	11,923,263	85.89	51,921,098	73.69
Capitation Expenses										
Total	9,768	5.65	663,603	5.14	2,247,316	5.17	753,596	5.43	3,674,283	5.21
Reinsurance Expenses										
Net Reinsurance Cost	918	0.53	69,116	0.54	236,357	0.54	75,606	0.54	381,997	0.54
Administrative Expenses										
Fixed Amount	13,824	8.00	1,033,056	8.00	3,479,616	8.00	1,110,528	8.00	5,637,024	8.00
Percentage of Premium	5.75 %	9.92	5.75 %	6.43	5.75 %	5.04	5.75 %	6.35	5.75 %	5.56
Risk Margin	2.00 %	3.45	2.00 %	2.24	2.00 %	1.75	2.00 %	2.21	2.00 %	1.94
Premium Tax	1.75 %	3.02	1.75 %	1.96	1.75 %	1.53	1.75 %	1.93	1.75 %	1.69
Maintenance Tax	216	0.13	16,142	0.13	54,369	0.13	17,352	0.13	88,079	0.13
Projected Total Cost	298,094	172.51	14,443,894	111.85	38,100,150	87.60	15,337,397	110.49	68,179,536	96.76
Experience Rate Increase		31.4 %		12.9 %		12.5 %		13.0 %		12.8 %

	<1		1-5		6-14		15-18		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 9/1/2010 - 8/31/2011										
Member Months	1,224		64,455		211,135		66,991		343,805	
Premium Revenue	229,121	187.19	6,020,512	93.41	15,993,315	75.75	7,669,313	114.48	29,912,260	87.00
Adjusted Premium	140,631	114.89	6,171,628	95.75	15,494,084	73.38	7,031,341	104.96	28,837,685	83.88
Adjusted FY2011 Incurred Claims	80,454	65.73	4,047,966	62.80	9,273,676	43.92	4,282,406	63.93	17,684,502	51.44
Projected FY2013 Member Months	1,068		71,376		233,940		74,676		381,060	
FY2013 Premium at Current Rates	122,990	115.16	6,847,476	95.94	17,074,655	72.99	7,808,148	104.56	31,853,268	83.59
Annual Trend Assumptions										
FY2012	3.2 %		3.2 %		3.2 %		3.2 %			
FY2013	5.0 %		5.0 %		5.0 %		5.0 %			
Provider Reimbursement Change	0.9166		0.9127		0.9047		0.8894			
Inpatient Reimbursement Change	1.0000		1.0000		1.0000		1.0000			
Projected Incurred Claims	69,725	65.29	4,433,324	62.11	10,073,253	43.06	4,600,643	61.61	19,176,945	50.33
Capitation Expenses										
Total	26,968	25.25	1,213,708	17.00	4,117,955	17.60	1,522,996	20.39	6,881,627	18.06
Reinsurance Expenses										
Net Reinsurance Cost	620	0.58	36,341	0.51	126,531	0.54	43,747	0.59	207,238	0.54
Administrative Expenses										
Fixed Amount	8,544	8.00	571,008	8.00	1,871,520	8.00	597,408	8.00	3,048,480	8.00
Percentage of Premium	5.75 %	6.31	5.75 %	5.58	5.75 %	4.40	5.75 %	5.76	5.75 %	4.90
Risk Margin	2.00 %	2.19	2.00 %	1.94	2.00 %	1.53	2.00 %	2.00	2.00 %	1.70
Premium Tax	1.75 %	1.92	1.75 %	1.70	1.75 %	1.34	1.75 %	1.75	1.75 %	1.49
Maintenance Tax	134	0.13	8,922	0.13	29,243	0.13	9,335	0.13	47,633	0.13
Projected Total Cost	117,116	109.66	6,920,776	96.96	17,920,996	76.61	7,485,225	100.24	32,444,113	85.14
Experience Rate Increase		-4.8 %		1.1 %		5.0 %		-4.1 %		1.9 %

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. 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. The attached exhibits present a summary of the derivation of these adjustment factors.

Exhibit A – 1% Provider Rate Cut Effective September 1, 2010 and February 1, 2011

Exhibit B – Legislative Mandated Provider Rate Reduction

Exhibit C – DRG Rebasing

Exhibit D – Outpatient Imaging Services Transitioning to a Fee Schedule

Exhibit E – Related Party Reduction

Exhibit F – Cost Sharing Change

Exhibit G – Non Emergency ER Reduction

Exhibit H – Therapy Reimbursement Change

Exhibit I – DME Reimbursement Change

Effective September 1, 2010 and again on February 1, 2011, Medicaid reduced reimbursement by 1% for most providers and services. Attached Exhibit A presents the estimated cost impact for the reimbursement reduction.

Effective September 1, 2011 legislative mandated provider reimbursement reduction. The legislative rate reductions include the following:

- 8% hospital rate reduction
- 10.5% laboratory rate reduction (excludes DSHS and physician lab)
- Varying durable medical equipment reductions.
- 5% reduction for all other providers excluding ambulance, private duty nursing (children only), home health (children only), dental, orthodontics, physicians (includes psychiatrists, optometrists, radiologists, podiatrists and orthodontists), FQHCs, Rural Health Centers and TEFRA reimbursed hospitals.

Exhibit B presents a summary of the derivation of the legislative rate reduction adjustment factors for services other than inpatient facility. Exhibit C presents a summary of the derivation of the legislative rate reduction adjustment factors for inpatient facility reimbursement and DRG rebasing.

Effective September 1, 2011 outpatient imaging services were transitioned to a fee schedule. Exhibit D presents an estimate of the cost impact resulting from this change.

Effective September 1, 2010, HHSC revised the rating methodology to exclude from the claims experience base any amounts paid by a health plan to a related party in excess of 100% of Medicaid. Attached Exhibit E presents a summary of the derivation of the rating adjustment

factors.

Effective March 1, 2012 HHSC increased the cost share requirements resulting in a corresponding reduction in medical expense. Exhibit F presents an estimate of the cost impact resulting from this change.

Effective September 1, 2011, HHSC implemented a 40% reduction to reimbursement for non-emergent services provided in the emergency room. Attached Exhibit G presents a summary of the derivation of the rating adjustment factors.

Effective March 1, 2012 HHSC made further revisions to the Therapy and Durable Medical Equipment fee schedules. Attached Exhibits H and I presents a summary of the derivation of the rating adjustment factors.

Provider Reimbursement Adjustments

1% Provider Reimbursement Reductions - effective 9/1/2010 and 2/1/2011

	Age Group				Total
	< 1	1-5	6-14	15-18	
Provider Reimbursement Reduction (1)					
Bexar	-414	-25,316	-63,047	-29,067	-117,844
Dallas	-1,058	-50,518	-111,435	-45,853	-208,863
El Paso	-165	-9,360	-28,047	-12,911	-50,482
Harris	-2,548	-109,369	-246,250	-120,138	-478,304
Lubbock	-95	-6,411	-14,634	-6,291	-27,430
Nueces	-180	-9,221	-24,444	-12,929	-46,775
RSA	-1,479	-71,058	-175,808	-79,776	-328,121
Tarrant	-877	-39,998	-79,892	-31,423	-152,191
Travis	-414	-15,904	-34,712	-15,495	-66,525
Total	-7,230	-337,154	-778,269	-353,882	-1,476,535
FY2011 Total Incurred Claims (2)					
Bexar	124,505	6,732,936	16,951,404	7,897,342	31,706,188
Dallas	419,120	13,728,836	32,295,120	13,868,499	60,311,576
El Paso	338,269	2,453,037	7,058,617	3,859,189	13,709,112
Harris	695,888	31,523,929	76,163,348	40,618,744	149,001,909
Lubbock	17,686	1,950,099	4,134,395	1,867,610	7,969,789
Nueces	46,716	2,400,329	6,242,415	3,937,924	12,627,385
RSA	415,141	19,406,099	48,522,792	23,644,944	91,988,975
Tarrant	285,571	10,736,565	24,703,044	10,834,512	46,559,692
Travis	93,599	4,004,703	8,872,560	4,118,817	17,089,678
Total	2,436,496	92,936,532	224,943,695	110,647,580	430,964,304
Adjustment Factor (3)					
Bexar	-0.33 %	-0.38 %	-0.37 %	-0.37 %	-0.37 %
Dallas	-0.25 %	-0.37 %	-0.35 %	-0.33 %	-0.35 %
El Paso	-0.05 %	-0.38 %	-0.40 %	-0.33 %	-0.37 %
Harris	-0.37 %	-0.35 %	-0.32 %	-0.30 %	-0.32 %
Lubbock	-0.53 %	-0.33 %	-0.35 %	-0.34 %	-0.34 %
Nueces	-0.39 %	-0.38 %	-0.39 %	-0.33 %	-0.37 %
RSA	-0.36 %	-0.37 %	-0.36 %	-0.34 %	-0.36 %
Tarrant	-0.31 %	-0.37 %	-0.32 %	-0.29 %	-0.33 %
Travis	-0.44 %	-0.40 %	-0.39 %	-0.38 %	-0.39 %
Total	-0.30 %	-0.36 %	-0.35 %	-0.32 %	-0.34 %

Footnotes:

- (1) Equals the additional cost resulting from application of an additional 1% provider reimbursement reductions 9/1/2010 through 1/31/2011.
- (2) Equals FY2011 health plan fee-for-service claims for all services (ICHP provided encounter data).
- (3) Additional cost divided by FY2011 Total Incurred Claims.

FY2013 CHIP Rating
 Provider Reimbursement Adjustments
 Legislative Provider Reimbursement Reduction - effective 9/1/2011

	Age Group				Total
	< 1	1-5	6-14	15-18	
Provider Reimbursement Reduction (1)					
Bexar	-5,222	-382,323	-876,535	-405,289	-1,669,369
Dallas	-9,718	-598,562	-1,204,315	-501,050	-2,313,646
El Paso	-23,065	-87,316	-211,937	-103,233	-425,551
Harris	-19,964	-1,315,629	-3,039,499	-1,542,808	-5,917,899
Lubbock	-451	-67,405	-146,202	-68,773	-282,831
Nueces	-1,885	-148,705	-377,012	-212,228	-739,830
RSA	-13,442	-874,836	-1,894,000	-852,733	-3,635,012
Tarrant	-10,402	-583,863	-1,116,457	-515,569	-2,226,291
Travis	-5,724	-241,980	-555,870	-279,642	-1,083,216
Total	-89,873	-4,300,620	-9,421,827	-4,481,325	-18,293,645
FY2011 Total Incurred Claims (2)					
Bexar	124,505	6,732,936	16,951,404	7,897,342	31,706,188
Dallas	419,120	13,728,836	32,295,120	13,868,499	60,311,576
El Paso	338,269	2,453,037	7,058,617	3,859,189	13,709,112
Harris	695,888	31,523,929	76,163,348	40,618,744	149,001,909
Lubbock	17,686	1,950,099	4,134,395	1,867,610	7,969,789
Nueces	46,716	2,400,329	6,242,415	3,937,924	12,627,385
RSA	415,141	19,406,099	48,522,792	23,644,944	91,988,975
Tarrant	285,571	10,736,565	24,703,044	10,834,512	46,559,692
Travis	93,599	4,004,703	8,872,560	4,118,817	17,089,678
Total	2,436,496	92,936,532	224,943,695	110,647,580	430,964,304
Adjustment Factor (3)					
Bexar	-4.19 %	-5.68 %	-5.17 %	-5.13 %	-5.27 %
Dallas	-2.32 %	-4.36 %	-3.73 %	-3.61 %	-3.84 %
El Paso	-6.82 %	-3.56 %	-3.00 %	-2.67 %	-3.10 %
Harris	-2.87 %	-4.17 %	-3.99 %	-3.80 %	-3.97 %
Lubbock	-2.55 %	-3.46 %	-3.54 %	-3.68 %	-3.55 %
Nueces	-4.03 %	-6.20 %	-6.04 %	-5.39 %	-5.86 %
RSA	-3.24 %	-4.51 %	-3.90 %	-3.61 %	-3.95 %
Tarrant	-3.64 %	-5.44 %	-4.52 %	-4.76 %	-4.78 %
Travis	-6.11 %	-6.04 %	-6.27 %	-6.79 %	-6.34 %
Total	-3.69 %	-4.63 %	-4.19 %	-4.05 %	-4.24 %

Footnotes:

- (1) Equals the savings resulting from application of the legislative-mandated provider rates reductions to the FY2011 encounter data. Note that this adjustment does not include the 8% inpatient facility reduction. That adjustment is included elsewhere along with the DRG rebasing adjustment.
- (2) Equals FY2011 health plan fee-for-service claims for all services (ICHP provided encounter data).
- (3) Additional cost divided by FY2011 Total Incurred Claims.

FY2013 CHIP Rating
 Provider Reimbursement Adjustments
 DRG Rebasing Adjustments

	Age Group				Total
	< 1	1-5	6-14	15-18	
Provider Reimbursement Reduction (1)					
Bexar	0	-1,758	-2,238	-843	-4,839
Dallas	0	-34,501	-29,088	-30,754	-94,343
El Paso	-2,540	-26,991	-57,785	-36,285	-123,602
Harris	-1,529	-121,381	-190,809	-279,156	-592,874
Lubbock	0	6,298	36,915	36,385	79,598
Nueces	0	9,346	16,657	4,405	30,408
RSA	-2,092	-20,146	-22,229	-36,697	-81,164
Tarrant	-406	-2,925	1,024	17,277	14,969
Travis	0	0	0	202	202
Total	-6,568	-192,059	-247,553	-325,465	-771,645
FY2011 Total Incurred Claims (2)					
Bexar	124,505	6,732,936	16,951,404	7,897,342	31,706,188
Dallas	419,120	13,728,836	32,295,120	13,868,499	60,311,576
El Paso	338,269	2,453,037	7,058,617	3,859,189	13,709,112
Harris	695,888	31,523,929	76,163,348	40,618,744	149,001,909
Lubbock	17,686	1,950,099	4,134,395	1,867,610	7,969,789
Nueces	46,716	2,400,329	6,242,415	3,937,924	12,627,385
RSA	415,141	19,406,099	48,522,792	23,644,944	91,988,975
Tarrant	285,571	10,736,565	24,703,044	10,834,512	46,559,692
Travis	93,599	4,004,703	8,872,560	4,118,817	17,089,678
Total	2,436,496	92,936,532	224,943,695	110,647,580	430,964,304
Adjustment Factor (3)					
Bexar	0.00 %	-0.03 %	-0.01 %	-0.01 %	-0.02 %
Dallas	0.00 %	-0.25 %	-0.09 %	-0.22 %	-0.16 %
El Paso	-0.75 %	-1.10 %	-0.82 %	-0.94 %	-0.90 %
Harris	-0.22 %	-0.39 %	-0.25 %	-0.69 %	-0.40 %
Lubbock	0.00 %	0.32 %	0.89 %	1.95 %	1.00 %
Nueces	0.00 %	0.39 %	0.27 %	0.11 %	0.24 %
RSA	-0.50 %	-0.10 %	-0.05 %	-0.16 %	-0.09 %
Tarrant	-0.14 %	-0.03 %	0.00 %	0.16 %	0.03 %
Travis	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
Total	-0.27 %	-0.21 %	-0.11 %	-0.29 %	-0.18 %

Footnotes:

- (1) Equals the savings resulting from application of the legislative-mandated 8% inpatient facility reduction and DRG rebasing.
- (2) Equals FY2011 health plan fee-for-service claims for all services (ICHP provided encounter data).
- (3) Additional cost divided by FY2011 Total Incurred Claims.

FY2013 CHIP Rating
 Provider Reimbursement Adjustments
 Outpatient Imaging Fee Schedule - effective 9/1/2011

	Age Group				
	< 1	1-5	6-14	15-18	Total
Provider Reimbursement Reduction (1)					
Bexar	-4,118	-165,011	-610,669	-327,305	-1,107,103
Dallas	-9,204	-314,834	-1,293,910	-502,883	-2,120,831
El Paso	-290	-7,572	-26,374	-27,387	-61,624
Harris	-22,310	-991,816	-3,598,723	-2,221,299	-6,834,148
Lubbock	0	-377	-3,802	-996	-5,174
Nueces	-1,068	-54,046	-304,202	-174,359	-533,675
RSA	-10,010	-339,127	-1,582,572	-1,040,604	-2,972,313
Tarrant	-1,427	-29,288	-127,977	-67,782	-226,474
Travis	-505	-39,340	-149,798	-117,202	-306,845
Total	-48,932	-1,941,412	-7,698,027	-4,479,817	-14,168,188
FY2011 Total Incurred Claims (2)					
Bexar	124,505	6,732,936	16,951,404	7,897,342	31,706,188
Dallas	419,120	13,728,836	32,295,120	13,868,499	60,311,576
El Paso	338,269	2,453,037	7,058,617	3,859,189	13,709,112
Harris	695,888	31,523,929	76,163,348	40,618,744	149,001,909
Lubbock	17,686	1,950,099	4,134,395	1,867,610	7,969,789
Nueces	46,716	2,400,329	6,242,415	3,937,924	12,627,385
RSA	415,141	19,406,099	48,522,792	23,644,944	91,988,975
Tarrant	285,571	10,736,565	24,703,044	10,834,512	46,559,692
Travis	93,599	4,004,703	8,872,560	4,118,817	17,089,678
Total	2,436,496	92,936,532	224,943,695	110,647,580	430,964,304
Adjustment Factor (3)					
Bexar	-3.31 %	-2.45 %	-3.60 %	-4.14 %	-3.49 %
Dallas	-2.20 %	-2.29 %	-4.01 %	-3.63 %	-3.52 %
El Paso	-0.09 %	-0.31 %	-0.37 %	-0.71 %	-0.45 %
Harris	-3.21 %	-3.15 %	-4.73 %	-5.47 %	-4.59 %
Lubbock	0.00 %	-0.02 %	-0.09 %	-0.05 %	-0.06 %
Nueces	-2.29 %	-2.25 %	-4.87 %	-4.43 %	-4.23 %
RSA	-2.41 %	-1.75 %	-3.26 %	-4.40 %	-3.23 %
Tarrant	-0.50 %	-0.27 %	-0.52 %	-0.63 %	-0.49 %
Travis	-0.54 %	-0.98 %	-1.69 %	-2.85 %	-1.80 %
Total	-2.01 %	-2.09 %	-3.42 %	-4.05 %	-3.29 %

Footnotes:

- (1) Equals the cost reduction resulting from application of the outpatient imaging fee schedule to FY2011 health plan claims.
- (2) Equals FY2011 health plan fee-for-service claims for all services (ICHP provided encounter data).
- (3) Additional cost divided by FY2011 Total Incurred Claims.

FY2013 CHIP Rating
 Provider Reimbursement Adjustments
 Related Party Adjustments

	Age Group				
	< 1	1-5	6-14	15-18	Total
Provider Reimbursement Reduction (1)					
Seton - Travis	0	0	0	0	0
Superior - Travis	0	0	0	0	0
Driscoll - Nueces	0	0	0	0	0
Superior - Nueces	0	0	0	0	0
Amerigroup - Dallas	0	0	0	0	0
Parkland - Dallas	-1,696	-38,813	-70,870	-82,502	-193,881
El Paso First - El Paso	0	0	0	0	0
Superior - El Paso	0	0	0	0	0
Aetna - Tarrant	0	0	0	0	0
Amerigroup - Tarrant	0	0	0	0	0
Cook - Tarrant	0	0	0	0	0
Amerigroup - Harris	0	0	0	0	0
CHC - Harris	-5	-933	-1,933	-2,505	-5,376
Molina - Harris	0	0	0	0	0
TCHP - Harris	-31,175	-1,447,393	-3,627,298	-2,192,745	-7,298,611
UHC - Harris	0	0	0	0	0
Firstcare - Lubbock	0	0	0	0	0
Superior - Lubbock	0	0	0	0	0
Aetna - Bexar	0	0	0	0	0
CFHP - Bexar	-662	-10,684	-46,044	-31,625	-89,015
Superior - Bexar	0	0	0	0	0
Molina - RSA	0	0	0	0	0
Superior - RSA	0	0	0	0	0
Total	-33,538	-1,497,824	-3,746,145	-2,309,377	-7,586,883
FY2011 Total Incurred Claims (2)					
Seton - Travis	57,274	1,920,681	5,458,249	3,065,865	10,502,069
Superior - Travis	36,325	2,084,021	3,414,311	1,052,952	6,587,609
Driscoll - Nueces	44,949	1,973,185	5,583,281	3,572,470	11,173,885
Superior - Nueces	1,406	270,314	428,285	210,158	910,162
Amerigroup - Dallas	231,649	6,073,853	14,788,214	6,834,270	27,927,985
Parkland - Dallas	177,677	6,882,767	15,566,810	6,310,842	28,938,096
El Paso First - El Paso	327,363	1,459,169	4,605,129	2,591,014	8,982,675
Superior - El Paso	10,906	993,868	2,453,488	1,268,175	4,726,438
Aetna - Tarrant	42,623	723,529	2,303,691	1,033,960	4,103,804
Amerigroup - Tarrant	84,676	2,451,809	6,134,519	2,221,800	10,892,804
Cook - Tarrant	158,272	7,561,227	16,264,834	7,578,752	31,563,085
Amerigroup - Harris	44,319	2,178,924	6,095,215	4,736,289	13,054,747
CHC - Harris	174,069	6,265,028	11,433,931	4,989,699	22,862,727
Molina - Harris	6,571	238,283	857,856	470,848	1,573,557
TCHP - Harris	413,972	20,905,699	51,179,919	26,406,109	98,905,699
UHC - Harris	56,957	1,935,994	6,596,428	4,015,799	12,605,179
Firstcare - Lubbock	7,974	939,490	2,087,107	1,018,508	4,053,079
Superior - Lubbock	9,712	1,010,609	2,047,287	849,102	3,916,711
Aetna - Bexar	9,355	672,704	1,735,883	890,536	3,308,477
CFHP - Bexar	92,982	4,294,936	11,861,046	5,716,667	21,965,631
Superior - Bexar	22,169	1,765,297	3,354,475	1,290,139	6,432,079
Molina - RSA	224,647	8,125,209	20,505,043	10,702,898	39,557,797
Superior - RSA	190,493	11,280,890	28,017,749	12,942,046	52,431,178
Total	2,426,340	92,007,485	222,772,751	109,768,897	426,975,472

FY2013 CHIP Rating
 Provider Reimbursement Adjustments
 Related Party Adjustments

	Age Group				Total
	< 1	1-5	6-14	15-18	
Adjustment Factor (3)					
Seton - Travis	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
Superior - Travis	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
Driscoll - Nueces	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
Superior - Nueces	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
Amerigroup - Dallas	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
Parkland - Dallas	-0.95 %	-0.56 %	-0.46 %	-1.31 %	-0.67 %
El Paso First - El Paso	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
Superior - El Paso	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
Aetna - Tarrant	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
Amerigroup - Tarrant	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
Cook - Tarrant	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
Amerigroup - Harris	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
CHC - Harris	0.00 %	-0.01 %	-0.02 %	-0.05 %	-0.02 %
Molina - Harris	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
TCHP - Harris	-7.53 %	-6.92 %	-7.09 %	-8.30 %	-7.38 %
UHC - Harris	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
Firstcare - Lubbock	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
Superior - Lubbock	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
Aetna - Bexar	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
CFHP - Bexar	-0.71 %	-0.25 %	-0.39 %	-0.55 %	-0.41 %
Superior - Bexar	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
Molina - RSA	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
Superior - RSA	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
Total	-1.38 %	-1.63 %	-1.68 %	-2.10 %	-1.78 %

Footnotes:

- (1) Equals the cost adjustment resulting from disallowing any payments made to a related party in excess of 100% of Medicaid FFS.
- (2) Equals FY2011 health plan fee-for-service claims for all services (ICHP provided encounter data).
- (3) Additional cost divided by FY2011 Total Incurred Claims.

FY2013 CHIP Rating
 Provider Reimbursement Adjustments
 Cost Share Increases

	<u>< 1</u>	<u>1-5</u>	Age Group <u>6-14</u>	<u>15-18</u>	<u>Total</u>
Cost Share Reduction (1)					
Office Visit	-19,157	-705,249	-1,749,035	-839,185	-3,312,625
Non-Emergency ER	-4,356	-160,364	-397,708	-190,820	-753,248
Inpatient Hospital	-802	-29,521	-73,214	-35,128	-138,665
Cost-Sharing Limit	-2,527	-93,041	-230,743	-110,710	-437,022
Total	-26,843	-988,175	-2,450,700	-1,175,843	-4,641,561
FY2011 Total Incurred Claims (2)					
Total	2,527,341	93,040,769	230,743,491	110,710,431	437,022,033
Adjustment Factor (3)					
Office Visit	-0.76 %	-0.76 %	-0.76 %	-0.76 %	-0.76 %
Non-Emergency ER	-0.17 %	-0.17 %	-0.17 %	-0.17 %	-0.17 %
Inpatient Hospital	-0.03 %	-0.03 %	-0.03 %	-0.03 %	-0.03 %
Cost-Sharing Limit	-0.10 %	-0.10 %	-0.10 %	-0.10 %	-0.10 %
Total	-1.06 %	-1.06 %	-1.06 %	-1.06 %	-1.06 %

Footnotes:

- (1) Equals the cost reduction resulting from application of the revised cost sharing provisions to FY2011 health plan claims.
- (2) Equals FY2011 health plan fee-for-service claims for all services (HMO provided data).
- (3) Additional cost divided by FY2011 Total Incurred Claims.

FY2013 CHIP Rating
 Provider Reimbursement Adjustments
 Non Emergent Emergency Room Reimbursement Change Adjustments

	Age Group				Total
	< 1	1-5	6-14	15-18	
Provider Reimbursement Reduction (1)					
Bexar	-1,101	-103,330	-240,525	-78,562	-423,518
Dallas	-151	-17,773	-38,858	-16,771	-73,552
El Paso	-333	-10,720	-29,709	-14,826	-55,588
Harris	-2,590	-160,064	-310,547	-121,046	-594,247
Lubbock	-8	-1,439	-4,323	-2,048	-7,819
Nueces	-95	-2,437	-6,898	-4,057	-13,487
RSA	-245	-16,377	-42,981	-19,070	-78,673
Tarrant	-122	-4,788	-13,532	-5,375	-23,816
Travis	-430	-12,819	-31,330	-16,312	-60,891
Total	-5,075	-329,748	-718,703	-278,066	-1,331,591
FY2011 Total Incurred Claims (2)					
Bexar	124,505	6,732,936	16,951,404	7,897,342	31,706,188
Dallas	419,120	13,728,836	32,295,120	13,868,499	60,311,576
El Paso	338,269	2,453,037	7,058,617	3,859,189	13,709,112
Harris	695,888	31,523,929	76,163,348	40,618,744	149,001,909
Lubbock	17,686	1,950,099	4,134,395	1,867,610	7,969,789
Nueces	46,716	2,400,329	6,242,415	3,937,924	12,627,385
RSA	415,141	19,406,099	48,522,792	23,644,944	91,988,975
Tarrant	285,571	10,736,565	24,703,044	10,834,512	46,559,692
Travis	93,599	4,004,703	8,872,560	4,118,817	17,089,678
Total	2,436,496	92,936,532	224,943,695	110,647,580	430,964,304
Adjustment Factor (3)					
Bexar	-0.88 %	-1.53 %	-1.42 %	-0.99 %	-1.34 %
Dallas	-0.04 %	-0.13 %	-0.12 %	-0.12 %	-0.12 %
El Paso	-0.10 %	-0.44 %	-0.42 %	-0.38 %	-0.41 %
Harris	-0.37 %	-0.51 %	-0.41 %	-0.30 %	-0.40 %
Lubbock	-0.05 %	-0.07 %	-0.10 %	-0.11 %	-0.10 %
Nueces	-0.20 %	-0.10 %	-0.11 %	-0.10 %	-0.11 %
RSA	-0.06 %	-0.08 %	-0.09 %	-0.08 %	-0.09 %
Tarrant	-0.04 %	-0.04 %	-0.05 %	-0.05 %	-0.05 %
Travis	-0.46 %	-0.32 %	-0.35 %	-0.40 %	-0.36 %
Total	-0.21 %	-0.35 %	-0.32 %	-0.25 %	-0.31 %

Footnotes:

- (1) Equals the cost reduction resulting from application of the 40% reduction to non-emergent ER to FY2011 health plan claims.
- (2) Equals FY2011 health plan fee-for-service claims for all services (IHP provided encounter data).
- (3) Additional cost divided by FY2011 Total Incurred Claims.

FY2013 CHIP Rating
 Provider Reimbursement Adjustments
 Therapy Reimbursement Change Adjustments

	Age Group				
	< 1	1-5	6-14	15-18	Total
Provider Reimbursement Reduction (1)					
Bexar	0	-7,169	-5,680	-430	-13,279
Dallas	-6	-14,843	-10,546	-1,040	-26,435
El Paso	-2	-11,661	-15,720	-2,943	-30,326
Harris	-328	-68,698	-68,832	-4,463	-142,321
Lubbock	0	-4,018	-4,178	-376	-8,571
Nueces	0	-3,533	-2,181	-325	-6,038
RSA	-779	-124,780	-124,385	-15,239	-265,183
Tarrant	-23	-21,523	-11,985	-476	-34,007
Travis	0	-4,466	-2,949	-374	-7,789
Total	-1,138	-260,690	-246,456	-25,666	-533,949
FY2011 Total Incurred Claims (2)					
Bexar	124,505	6,732,936	16,951,404	7,897,342	31,706,188
Dallas	419,120	13,728,836	32,295,120	13,868,499	60,311,576
El Paso	338,269	2,453,037	7,058,617	3,859,189	13,709,112
Harris	695,888	31,523,929	76,163,348	40,618,744	149,001,909
Lubbock	17,686	1,950,099	4,134,395	1,867,610	7,969,789
Nueces	46,716	2,400,329	6,242,415	3,937,924	12,627,385
RSA	415,141	19,406,099	48,522,792	23,644,944	91,988,975
Tarrant	285,571	10,736,565	24,703,044	10,834,512	46,559,692
Travis	93,599	4,004,703	8,872,560	4,118,817	17,089,678
Total	2,436,496	92,936,532	224,943,695	110,647,580	430,964,304
Adjustment Factor (3)					
Bexar	0.00 %	-0.11 %	-0.03 %	-0.01 %	-0.04 %
Dallas	0.00 %	-0.11 %	-0.03 %	-0.01 %	-0.04 %
El Paso	0.00 %	-0.48 %	-0.22 %	-0.08 %	-0.22 %
Harris	-0.05 %	-0.22 %	-0.09 %	-0.01 %	-0.10 %
Lubbock	0.00 %	-0.21 %	-0.10 %	-0.02 %	-0.11 %
Nueces	0.00 %	-0.15 %	-0.03 %	-0.01 %	-0.05 %
RSA	-0.19 %	-0.64 %	-0.26 %	-0.06 %	-0.29 %
Tarrant	-0.01 %	-0.20 %	-0.05 %	0.00 %	-0.07 %
Travis	0.00 %	-0.11 %	-0.03 %	-0.01 %	-0.05 %
Total	-0.05 %	-0.28 %	-0.11 %	-0.02 %	-0.12 %

Footnotes:

- (1) Equals the cost reduction resulting from application of the revised therapy fee schedule to FY2011 health plan claims.
- (2) Equals FY2011 health plan fee-for-service claims for all services (IHP provided encounter data).
- (3) Additional cost divided by FY2011 Total Incurred Claims.

FY2013 CHIP Rating
 Provider Reimbursement Adjustments
 DME Reimbursement Change Adjustments

	Age Group				Total
	< 1	1-5	6-14	15-18	
Provider Reimbursement Reduction (1)					
Bexar	0	411	1,978	930	3,319
Dallas	0	8,225	8,466	6,126	22,818
El Paso	0	401	262	56	720
Harris	0	3,539	14,695	5,753	23,986
Lubbock	0	26	110	0	137
Nueces	0	4,011	379	338	4,728
RSA	33	11,739	12,867	5,454	30,093
Tarrant	0	4,577	3,836	454	8,867
Travis	0	885	1,164	756	2,804
Total	33	33,815	43,757	19,866	97,471
FY2011 Total Incurred Claims (2)					
Bexar	124,505	6,732,936	16,951,404	7,897,342	31,706,188
Dallas	419,120	13,728,836	32,295,120	13,868,499	60,311,576
El Paso	338,269	2,453,037	7,058,617	3,859,189	13,709,112
Harris	695,888	31,523,929	76,163,348	40,618,744	149,001,909
Lubbock	17,686	1,950,099	4,134,395	1,867,610	7,969,789
Nueces	46,716	2,400,329	6,242,415	3,937,924	12,627,385
RSA	415,141	19,406,099	48,522,792	23,644,944	91,988,975
Tarrant	285,571	10,736,565	24,703,044	10,834,512	46,559,692
Travis	93,599	4,004,703	8,872,560	4,118,817	17,089,678
Total	2,436,496	92,936,532	224,943,695	110,647,580	430,964,304
Adjustment Factor (3)					
Bexar	0.00 %	0.01 %	0.01 %	0.01 %	0.01 %
Dallas	0.00 %	0.06 %	0.03 %	0.04 %	0.04 %
El Paso	0.00 %	0.02 %	0.00 %	0.00 %	0.01 %
Harris	0.00 %	0.01 %	0.02 %	0.01 %	0.02 %
Lubbock	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
Nueces	0.00 %	0.17 %	0.01 %	0.01 %	0.04 %
RSA	0.01 %	0.06 %	0.03 %	0.02 %	0.03 %
Tarrant	0.00 %	0.04 %	0.02 %	0.00 %	0.02 %
Travis	0.00 %	0.02 %	0.01 %	0.02 %	0.02 %
Total	0.00 %	0.04 %	0.02 %	0.02 %	0.02 %

Footnotes:

- (1) Equals the cost reduction resulting from application of the revised DME fee schedule to FY2011 health plan claims.
- (2) Equals FY2011 health plan fee-for-service claims for all services (ICHP provided encounter data).
- (3) Additional cost divided by FY2011 Total Incurred Claims.

Attachment 5

Jefferson Service Delivery Area

Effective March 1, 2012 the Harris and Jefferson service delivery areas (SDA) will be considered separate SDAs. Previously the two SDAs were combined for rating purposes. The relative cost difference between the two areas was developed based on an analysis of the cost difference between expansion children and federal mandate children in the STAR program. During FY2010 and FY2011 the Jefferson SDA average cost was approximately 87% of the Harris SDA average cost for these risk groups. Attachment 5 presents the development of the rates separately for the Harris and Jefferson SDAs.

FY2013 CHIP Rating
Jefferson SDA Adjustment Factor

Jefferson Adjustment Factor 87%

	Harris SDA				Jefferson SDA				Harris SDA Total (including Jefferson SDA counties)			
	<1	1-5	6-14	15-18	<1	1-5	6-14	15-18	<1	1-5	6-14	15-18
FY2011 Member Months												
Amerigroup - Harris	197	30,922	120,628	47,448	-	-	-	-	197	30,922	120,628	47,448
CHC - Harris	1,523	76,344	213,595	68,618	75	3,818	8,602	2,776	1,598	80,162	222,197	71,394
Molina - Harris	44	3,671	15,448	7,111	-	-	-	-	44	3,671	15,448	7,111
TCHP - Harris	2,421	163,409	556,476	183,361	171	14,638	50,213	18,113	2,592	178,047	606,689	201,474
UHC - Harris	392	19,620	101,435	48,862	87	7,222	27,444	11,707	479	26,842	128,879	60,569

FY2013 Rates	Harris				Jefferson				Total			
Amerigroup - Harris	157.86	113.08	77.10	109.95	137.34	98.38	67.08	95.66	157.86	113.08	77.10	109.95
CHC - Harris	158.83	102.09	69.17	100.26	138.18	88.82	60.18	87.23	157.86	101.46	68.82	99.75
Molina - Harris	157.86	91.87	67.18	103.70	137.34	79.93	58.45	90.22	157.86	91.87	67.18	103.70
TCHP - Harris	159.23	126.02	97.20	130.53	138.53	109.64	84.56	113.56	157.86	124.67	96.15	129.00
UHC - Harris	161.68	106.72	71.91	102.73	140.66	92.85	62.56	89.38	157.86	102.99	69.92	100.15

Attachment 6

Acuity Risk Adjustment

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

The column titled Case Mix on the chart is the acuity risk adjustment factor. It is the ratio of the predicted average cost of the individual health plan's membership divided by the predicted average cost of the entire service area's membership. The risk adjustment factor is applied to the community rate for each health plan and age group. The risk adjustment factors determined by ICHP for the Under Age 1 category were not applied in developing the FY2013 premium rates due to the relative small size of this category and the resulting variation in acuity scores.

Representatives of HHSC and the MCOs formed a workgroup to study the acuity risk adjustment methodology and recommend potential revisions. Based on this analysis, the following changes were implemented for the FY2012 rate setting process and have been continued into the FY2013 rate development:

- The minimum enrollment period for newborns to be eligible for inclusion in the analysis was reduced from three months to one month
- Five new baby weights were added
- The weights for all risk groups are now determined on a concurrent basis. Previously, the weights were developed on a prospective basis.

TEXAS CHIP CDPS SDA/Health Plan Risk
Reporting Period: September 1, 2010 to August 31, 2011

TEXAS CHIP						
SDA/Health Plan	Number of Enrollees	Percent Affected	Actual PMPM Expenditures Based on Paid Amounts	Predicted PMPM Payment	Case Mix	Spend Ratio
CDPS						
TEXAS CHIP(Less than 1 Year)	971	100.00	249.17	249.17	1.00	1.00
BEXAR	65	100.00	173.75	250.51	1.00	0.69
Aetna	12	18.46	50.50	130.70	0.52	0.39
Community First	43	66.15	84.71	262.84	1.05	0.32
Superior	10	15.38	680.54	333.47	1.33	2.04
DALLAS	157	100.00	108.83	206.70	1.00	0.53
AMERIGROUP	64	40.76	83.68	206.15	1.00	0.41
Parkland	79	50.32	118.04	211.61	1.02	0.56
UniCare	14	8.92	199.28	177.43	0.86	1.12
El Paso	30	100.00	2344.62	1499.00	1.00	1.56
El Paso First	22	73.33	3215.57	1983.62	1.32	1.62
Superior	8	26.67	70.48	233.59	0.16	0.30
HARRIS	288	100.00	190.02	169.46	1.00	1.12
AMERIGROUP	16	5.56	697.44	313.05	1.85	2.23
Community Health Choice	68	23.61	37.69	110.36	0.65	0.34
Molina	3	1.04	189.48	301.77	1.78	0.63
Texas Children's	174	60.42	204.63	160.39	0.95	1.28
UnitedHealthcare Texas	27	9.38	184.51	264.21	1.56	0.70
LUBBOCK	10	100.00	128.07	113.65	1.00	1.13
FirstCare	3	30.00	81.87	233.47	2.05	0.35
Superior	7	70.00	136.87	90.82	0.80	1.51
NUECES	14	100.00	109.76	231.58	1.00	0.47
AMERIGROUP	-	.	.	.	1.00	.
Driscoll	14	100.00	109.76	231.58	1.00	0.47
Superior	-	.	.	.	1.00	.
RSA	196	100.00	232.63	207.09	1.00	1.12
Molina RSA	81	41.33	207.09	198.49	0.96	1.04
Superior RSA	115	58.67	248.75	212.51	1.03	1.17
TARRANT	137	100.00	151.05	248.22	1.00	0.61
AMERIGROUP	42	30.66	289.01	251.82	1.01	1.15
Aetna	18	13.14	104.98	155.06	0.62	0.68
Cook Children's	77	56.20	91.79	267.65	1.08	0.34
TRAVIS	74	100.00	81.78	163.19	1.00	0.50
Seton	54	72.97	83.13	178.39	1.09	0.47
Superior	20	27.03	76.48	103.45	0.63	0.74

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 1 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, 2010 to August 31, 2011

SDA/Health Plan	Number of Enrollees	Percent Affected	Actual PMPM Expenditures Based on Paid Amounts	Predicted PMPM Payment	Case Mix	Spend Ratio
CDPS						
TEXAS CHIP (Age 1 to 5)	82,723	100.00	92.31	92.31	1.00	1.00
BEXAR	6,105	100.00	89.75	96.84	1.00	0.93
Aetna	969	15.87	62.64	78.90	0.81	0.79
Community First	3,603	59.02	93.96	99.14	1.02	0.95
Superior	1,533	25.11	96.40	102.39	1.06	0.94
DALLAS	12,091	100.00	92.08	93.73	1.00	0.98
AMERIGROUP	5,863	48.49	81.80	91.50	0.98	0.89
Parkland	5,767	47.70	100.71	97.00	1.03	1.04
UniCare	461	3.81	111.70	81.19	0.87	1.38
El Paso	2,880	100.00	71.48	81.73	1.00	0.87
El Paso First	1,796	62.36	66.96	81.85	1.00	0.82
Superior	1,084	37.64	78.93	81.54	1.00	0.97
HARRIS	24,714	100.00	104.98	91.27	1.00	1.15
AMERIGROUP	2,268	9.18	74.28	89.44	0.98	0.83
Community Health Choice	6,504	26.32	83.74	80.25	0.88	1.04
Molina	270	1.09	74.18	72.67	0.80	1.02
Texas Children's	13,646	55.22	126.37	98.62	1.08	1.28
UnitedHealthcare Texas	2,026	8.20	67.07	81.46	0.89	0.82
LUBBOCK	2,206	100.00	74.87	90.65	1.00	0.83
FirstCare	972	44.06	84.25	105.97	1.17	0.80
Superior	1,234	55.94	67.40	78.46	0.87	0.86
NUECES	2,021	100.00	97.92	111.74	1.00	0.88
AMERIGROUP	119	5.89	104.06	96.42	0.86	1.08
Driscoll	1,660	82.14	98.27	113.94	1.02	0.86
Superior	242	11.97	92.71	104.14	0.93	0.89
RSA	18,256	100.00	87.36	96.95	1.00	0.90
Molina RSA	8,446	46.26	74.71	85.64	0.88	0.87
Superior RSA	9,810	53.74	97.87	106.35	1.10	0.92
TARRANT	9,444	100.00	94.73	85.37	1.00	1.11
AMERIGROUP	3,070	32.51	68.92	78.90	0.92	0.87
Aetna	1,017	10.77	56.34	68.07	0.80	0.83
Cook Children's	5,357	56.72	116.54	92.26	1.08	1.26
TRAVIS	5,006	100.00	63.61	83.86	1.00	0.76
Seton	2,961	59.15	50.90	82.21	0.98	0.62
Superior	2,045	40.85	82.14	86.26	1.03	0.95

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 1 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, 2010 to August 31, 2011

TEXAS CHIP						
SDA/Health Plan	Number of Enrollees	Percent Affected	Actual PMPM Expenditures Based on Paid Amounts	Predicted PMPM Payment	Case Mix	Spend Ratio
CDPS						
TEXAS CHIP (Age 6 to 14)	325,065	100.00	60.60	60.60	1.00	1.00
BEXAR	26,793	100.00	56.04	60.81	1.00	0.92
Aetna	3,865	14.43	42.47	52.50	0.86	0.81
Community First	16,207	60.49	63.00	63.21	1.04	1.00
Superior	6,721	25.08	46.78	59.66	0.98	0.78
DALLAS	48,496	100.00	57.47	58.96	1.00	0.97
AMERIGROUP	24,941	51.43	52.66	56.88	0.96	0.93
Parkland	21,325	43.97	61.32	61.47	1.04	1.00
UniCare	2,230	4.60	73.13	57.88	0.98	1.26
El Paso	14,197	100.00	43.95	63.85	1.00	0.69
El Paso First	9,227	64.99	43.09	62.21	0.97	0.69
Superior	4,970	35.01	45.56	66.89	1.05	0.68
HARRIS	91,389	100.00	74.23	59.39	1.00	1.25
AMERIGROUP	9,718	10.63	54.08	53.82	0.91	1.00
Community Health Choice	18,970	20.76	54.95	48.03	0.81	1.14
Molina	1,315	1.44	60.39	46.89	0.79	1.29
Texas Children's	50,868	55.66	89.92	67.11	1.13	1.34
UnitedHealthcare Texas	10,518	11.51	52.70	48.80	0.82	1.08
LUBBOCK	8,071	100.00	46.48	61.21	1.00	0.76
FirstCare	3,321	41.15	55.78	62.79	1.03	0.89
Superior	4,750	58.85	39.91	60.10	0.98	0.66
NUECES	8,392	100.00	63.39	67.79	1.00	0.94
AMERIGROUP	421	5.02	48.45	56.14	0.83	0.86
Driscoll	7,209	85.90	65.13	68.21	1.01	0.95
Superior	762	9.08	54.96	70.18	1.04	0.78
RSA	75,886	100.00	54.15	63.30	1.00	0.86
Molina RSA	35,041	46.18	47.43	55.87	0.88	0.85
Superior RSA	40,845	53.82	59.77	69.52	1.10	0.86
TARRANT	34,188	100.00	64.54	59.13	1.00	1.09
AMERIGROUP	9,957	29.12	55.51	53.57	0.91	1.04
Aetna	3,687	10.78	47.43	48.33	0.82	0.98
Cook Children's	20,544	60.09	71.79	63.65	1.08	1.13
TRAVIS	17,653	100.00	43.43	56.11	1.00	0.77
Seton	11,521	65.26	39.31	55.42	0.99	0.71
Superior	6,132	34.74	51.29	57.42	1.02	0.89

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 1 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, 2010 to August 31, 2011

TEXAS CHIP						
SDA/Health Plan	Number of Enrollees	Percent Affected	Actual PMPM Expenditures Based on Paid Amounts	Predicted PMPM Payment	Case Mix	Spend Ratio
CDPS						
TEXAS CHIP (Age 15 to 18)	137,016	100.00	79.70	79.70	1.00	1.00
BEXAR	12,025	100.00	66.16	78.88	1.00	0.84
Aetna	1,898	15.78	45.41	63.70	0.81	0.71
Community First	7,161	59.55	77.31	79.47	1.01	0.97
Superior	2,966	24.67	52.17	86.86	1.10	0.60
DALLAS	19,271	100.00	71.36	73.82	1.00	0.97
AMERIGROUP	10,260	53.24	59.42	69.11	0.94	0.86
Parkland	7,986	41.44	86.42	81.57	1.10	1.06
UniCare	1,025	5.32	72.35	60.35	0.82	1.20
El Paso	7,462	100.00	52.41	80.07	1.00	0.65
El Paso First	5,025	67.34	51.79	83.31	1.04	0.62
Superior	2,437	32.66	53.71	73.30	0.92	0.73
HARRIS	38,009	100.00	103.68	79.37	1.00	1.31
AMERIGROUP	4,579	12.05	102.63	74.97	0.94	1.37
Community Health Choice	7,100	18.68	73.09	68.02	0.86	1.07
Molina	686	1.80	109.62	70.71	0.89	1.55
Texas Children's	19,759	51.99	125.24	87.96	1.11	1.42
UnitedHealthcare Texas	5,885	15.48	67.51	68.29	0.86	0.99
LUBBOCK	3,211	100.00	61.90	86.66	1.00	0.71
FirstCare	1,399	43.57	72.03	94.48	1.09	0.76
Superior	1,812	56.43	53.98	80.55	0.93	0.67
NUECES	4,003	100.00	96.99	88.99	1.00	1.09
AMERIGROUP	240	6.00	66.98	76.27	0.86	0.88
Driscoll	3,407	85.11	102.68	92.18	1.04	1.11
Superior	356	8.89	60.80	66.08	0.74	0.92
RSA	33,684	100.00	68.01	81.45	1.00	0.84
Molina RSA	15,421	45.78	62.42	75.41	0.93	0.83
Superior RSA	18,263	54.22	72.64	86.45	1.06	0.84
TARRANT	12,790	100.00	86.92	83.61	1.00	1.04
AMERIGROUP	3,195	24.98	68.99	74.45	0.89	0.93
Aetna	1,605	12.55	56.04	70.70	0.85	0.79
Cook Children's	7,990	62.47	99.93	89.69	1.07	1.11
TRAVIS	6,561	100.00	64.40	74.39	1.00	0.87
Seton	4,763	72.60	63.35	77.72	1.04	0.82
Superior	1,798	27.40	67.26	65.35	0.88	1.03

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 1 months (age<1) and for those who had been in the program for at least 6 months (age• 1) (permitting one month lapse in enrollment within the 6 months period).

Attachment 7

Delivery Supplemental Payment

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

Attachment 8

CHIP Perinatal Rating

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.

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.

We have developed premium rates for three categories of clients: (1) newborns between 185% and 200% FPL; (2) expectant mothers under 185% FPL; and (3) expectant mothers between 185% and 200% FPL.

The CHIP Perinatal FY2013 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 February, 2012.

The chart below presents the assumed annual trend rates for FY2012 and FY2013.

	<u>FY2012</u>	<u>FY2013</u>
Newborns 185-200% FPL	5.0 %	5.0 %
Perinates Under 185% FPL	5.0 %	5.0 %
Perinates 185-200% FPL	5.0 %	5.0 %

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 C 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.

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) \$0.75 pmpm.

The premium rates also include a provision for premium tax (1.75% of premium), maintenance tax (\$0.125 pmpm) and a risk margin (2.0% of premium).

Summary

Exhibit A presents current (FY2012) premium, split between medical and prescription drug, and delivery supplemental payment (DSP) rates, FY2013 premium, split between medical and prescription drug, and DSP rates and a comparison of FY2012 and FY2013 premium rates. Exhibit B presents the summary community rating exhibit for each service area along with a description of the analysis. 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.

FY2013 CHIP Perinatal Rating Summary

Health Plan	NB >185%	Per <185%	Per >185%	DSP
Current (3/1/12-8/31/12) Medical Premium Rates pmpm				
Aetna - Bexar	674.81	391.40	350.39	3,100.00
Amerigroup - Bexar	674.81	391.40	350.39	3,100.00
CFHP - Bexar	674.81	391.40	350.39	3,100.00
Superior - Bexar	674.81	391.40	350.39	3,100.00
Amerigroup - Dallas	674.81	404.33	350.39	3,100.00
Molina - Dallas	674.81	404.33	350.39	3,100.00
Parkland - Dallas	674.81	404.33	350.39	3,100.00
El Paso First - El Paso	674.81	355.67	350.39	3,100.00
Superior - El Paso	674.81	355.67	350.39	3,100.00
Amerigroup - Harris	674.81	633.97	350.39	3,100.00
CHC - Harris	674.81	633.97	350.39	3,100.00
Molina - Harris	674.81	633.97	350.39	3,100.00
TCHP - Harris	674.81	633.97	350.39	3,100.00
UHC - Harris	674.81	633.97	350.39	3,100.00
Amerigroup - Jefferson	674.81	633.97	350.39	3,100.00
CHC - Jefferson	674.81	633.97	350.39	3,100.00
Molina - Jefferson	674.81	633.97	350.39	3,100.00
TCHP - Jefferson	674.81	633.97	350.39	3,100.00
UHC - Jefferson	674.81	633.97	350.39	3,100.00
Firstcare - Lubbock	674.81	358.27	350.39	3,100.00
Superior - Lubbock	674.81	358.27	350.39	3,100.00
Christus - Nueces	674.81	380.28	350.39	3,100.00
Driscoll - Nueces	674.81	380.28	350.39	3,100.00
Superior - Nueces	674.81	380.28	350.39	3,100.00
Aetna - Tarrant	674.81	412.02	350.39	3,100.00
Amerigroup - Tarrant	674.81	412.02	350.39	3,100.00
Cook - Tarrant	674.81	412.02	350.39	3,100.00
BCBS - Travis	674.81	331.52	350.39	3,100.00
Sendero - Travis	674.81	331.52	350.39	3,100.00
Seton - Travis	674.81	331.52	350.39	3,100.00
Superior - Travis	674.81	331.52	350.39	3,100.00
Molina - RSA	674.81	380.81	350.39	3,100.00
Superior - RSA	674.81	380.81	350.39	3,100.00

FY2013 CHIP Perinatal Rating Summary

Health Plan	NB >185%	Per <185%	Per >185%	DSP
Current (3/1/12-8/31/12) Prescription Drug Premium Rates pmpm				
Aetna - Bexar	8.77	11.23	21.56	
Amerigroup - Bexar	8.77	11.23	21.56	
CFHP - Bexar	8.77	11.23	21.56	
Superior - Bexar	8.77	11.23	21.56	
Amerigroup - Dallas	8.77	4.61	21.56	
Molina - Dallas	8.77	4.61	21.56	
Parkland - Dallas	8.77	4.61	21.56	
El Paso First - El Paso	8.77	11.75	21.56	
Superior - El Paso	8.77	11.75	21.56	
Amerigroup - Harris	8.77	21.26	21.56	
CHC - Harris	8.77	21.26	21.56	
Molina - Harris	8.77	21.26	21.56	
TCHP - Harris	8.77	21.26	21.56	
UHC - Harris	8.77	21.26	21.56	
Amerigroup - Jefferson	8.77	13.77	21.56	
CHC - Jefferson	8.77	13.77	21.56	
Molina - Jefferson	8.77	13.77	21.56	
TCHP - Jefferson	8.77	13.77	21.56	
UHC - Jefferson	8.77	13.77	21.56	
Firstcare - Lubbock	8.77	13.92	21.56	
Superior - Lubbock	8.77	13.92	21.56	
Christus - Nueces	8.77	21.48	21.56	
Driscoll - Nueces	8.77	21.48	21.56	
Superior - Nueces	8.77	21.48	21.56	
Aetna - Tarrant	8.77	24.75	21.56	
Amerigroup - Tarrant	8.77	24.75	21.56	
Cook - Tarrant	8.77	24.75	21.56	
BCBS - Travis	8.77	12.38	21.56	
Sendero - Travis	8.77	12.38	21.56	
Seton - Travis	8.77	12.38	21.56	
Superior - Travis	8.77	12.38	21.56	
Molina - RSA	8.77	20.05	21.56	
Superior - RSA	8.77	20.05	21.56	

FY2013 CHIP Perinatal Rating Summary

Health Plan	NB >185%	Per <185%	Per >185%	DSP
Current (3/1/12-8/31/12) Total Premium Rates pmpm				
Aetna - Bexar	683.58	402.63	371.95	3,100.00
Amerigroup - Bexar	683.58	402.63	371.95	3,100.00
CFHP - Bexar	683.58	402.63	371.95	3,100.00
Superior - Bexar	683.58	402.63	371.95	3,100.00
Amerigroup - Dallas	683.58	408.94	371.95	3,100.00
Molina - Dallas	683.58	408.94	371.95	3,100.00
Parkland - Dallas	683.58	408.94	371.95	3,100.00
El Paso First - El Paso	683.58	367.42	371.95	3,100.00
Superior - El Paso	683.58	367.42	371.95	3,100.00
Amerigroup - Harris	683.58	655.23	371.95	3,100.00
CHC - Harris	683.58	655.23	371.95	3,100.00
Molina - Harris	683.58	655.23	371.95	3,100.00
TCHP - Harris	683.58	655.23	371.95	3,100.00
UHC - Harris	683.58	655.23	371.95	3,100.00
Amerigroup - Jefferson	683.58	647.74	371.95	3,100.00
CHC - Jefferson	683.58	647.74	371.95	3,100.00
Molina - Jefferson	683.58	647.74	371.95	3,100.00
TCHP - Jefferson	683.58	647.74	371.95	3,100.00
UHC - Jefferson	683.58	647.74	371.95	3,100.00
Firstcare - Lubbock	683.58	372.19	371.95	3,100.00
Superior - Lubbock	683.58	372.19	371.95	3,100.00
Christus - Nueces	683.58	401.76	371.95	3,100.00
Driscoll - Nueces	683.58	401.76	371.95	3,100.00
Superior - Nueces	683.58	401.76	371.95	3,100.00
Aetna - Tarrant	683.58	436.77	371.95	3,100.00
Amerigroup - Tarrant	683.58	436.77	371.95	3,100.00
Cook - Tarrant	683.58	436.77	371.95	3,100.00
BCBS - Travis	683.58	343.90	371.95	3,100.00
Sendero - Travis	683.58	343.90	371.95	3,100.00
Seton - Travis	683.58	343.90	371.95	3,100.00
Superior - Travis	683.58	343.90	371.95	3,100.00
Molina - RSA	683.58	400.86	371.95	3,100.00
Superior - RSA	683.58	400.86	371.95	3,100.00

FY2013 CHIP Perinatal Rating Summary

Health Plan	NB >185%	Per <185%	Per >185%	DSP
FY2013 Medical Premium Rates pmpm				
Aetna - Bexar	856.60	392.64	342.57	3,100.00
Amerigroup - Bexar	856.60	392.64	342.57	3,100.00
CFHP - Bexar	856.60	392.64	342.57	3,100.00
Superior - Bexar	856.60	392.64	342.57	3,100.00
Amerigroup - Dallas	856.60	421.11	342.57	3,100.00
Molina - Dallas	856.60	421.11	342.57	3,100.00
Parkland - Dallas	856.60	421.11	342.57	3,100.00
El Paso First - El Paso	856.60	335.87	342.57	3,100.00
Superior - El Paso	856.60	335.87	342.57	3,100.00
Amerigroup - Harris	856.60	607.80	342.57	3,100.00
CHC - Harris	856.60	607.80	342.57	3,100.00
Molina - Harris	856.60	607.80	342.57	3,100.00
TCHP - Harris	856.60	607.80	342.57	3,100.00
UHC - Harris	856.60	607.80	342.57	3,100.00
Amerigroup - Jefferson	856.60	607.80	342.57	3,100.00
CHC - Jefferson	856.60	607.80	342.57	3,100.00
Molina - Jefferson	856.60	607.80	342.57	3,100.00
TCHP - Jefferson	856.60	607.80	342.57	3,100.00
UHC - Jefferson	856.60	607.80	342.57	3,100.00
Firstcare - Lubbock	856.60	335.92	342.57	3,100.00
Superior - Lubbock	856.60	335.92	342.57	3,100.00
Christus - Nueces	856.60	386.37	342.57	3,100.00
Driscoll - Nueces	856.60	386.37	342.57	3,100.00
Superior - Nueces	856.60	386.37	342.57	3,100.00
Aetna - Tarrant	856.60	324.40	342.57	3,100.00
Amerigroup - Tarrant	856.60	324.40	342.57	3,100.00
Cook - Tarrant	856.60	324.40	342.57	3,100.00
BCBS - Travis	856.60	420.80	342.57	3,100.00
Sendero - Travis	856.60	420.80	342.57	3,100.00
Seton - Travis	856.60	420.80	342.57	3,100.00
Superior - Travis	856.60	420.80	342.57	3,100.00
Molina - RSA	856.60	360.29	342.57	3,100.00
Superior - RSA	856.60	360.29	342.57	3,100.00

FY2013 CHIP Perinatal Rating Summary

Health Plan	NB >185%	Per <185%	Per >185%	DSP
FY2013 Prescription Drug Premium Rates pmpm (Community Rate)				
Aetna - Bexar	9.14	10.15	18.78	
Amerigroup - Bexar	9.14	10.15	18.78	
CFHP - Bexar	9.14	10.15	18.78	
Superior - Bexar	9.14	10.15	18.78	
Amerigroup - Dallas	9.14	4.53	18.78	
Molina - Dallas	9.14	4.53	18.78	
Parkland - Dallas	9.14	4.53	18.78	
El Paso First - El Paso	9.14	10.68	18.78	
Superior - El Paso	9.14	10.68	18.78	
Amerigroup - Harris	9.14	20.74	18.78	
CHC - Harris	9.14	20.74	18.78	
Molina - Harris	9.14	20.74	18.78	
TCHP - Harris	9.14	20.74	18.78	
UHC - Harris	9.14	20.74	18.78	
Amerigroup - Jefferson	9.14	12.54	18.78	
CHC - Jefferson	9.14	12.54	18.78	
Molina - Jefferson	9.14	12.54	18.78	
TCHP - Jefferson	9.14	12.54	18.78	
UHC - Jefferson	9.14	12.54	18.78	
Firstcare - Lubbock	9.14	11.58	18.78	
Superior - Lubbock	9.14	11.58	18.78	
Christus - Nueces	9.14	20.56	18.78	
Driscoll - Nueces	9.14	20.56	18.78	
Superior - Nueces	9.14	20.56	18.78	
Aetna - Tarrant	9.14	24.54	18.78	
Amerigroup - Tarrant	9.14	24.54	18.78	
Cook - Tarrant	9.14	24.54	18.78	
BCBS - Travis	9.14	11.47	18.78	
Sendero - Travis	9.14	11.47	18.78	
Seton - Travis	9.14	11.47	18.78	
Superior - Travis	9.14	11.47	18.78	
Molina - RSA	9.14	19.21	18.78	
Superior - RSA	9.14	19.21	18.78	

FY2013 CHIP Perinatal Rating Summary

Health Plan	NB >185%	Per <185%	Per >185%	DSP
FY2013 Total Premium Rates pmpm				
Aetna - Bexar	865.74	402.79	361.35	3,100.00
Amerigroup - Bexar	865.74	402.79	361.35	3,100.00
CFHP - Bexar	865.74	402.79	361.35	3,100.00
Superior - Bexar	865.74	402.79	361.35	3,100.00
Amerigroup - Dallas	865.74	425.64	361.35	3,100.00
Molina - Dallas	865.74	425.64	361.35	3,100.00
Parkland - Dallas	865.74	425.64	361.35	3,100.00
El Paso First - El Paso	865.74	346.55	361.35	3,100.00
Superior - El Paso	865.74	346.55	361.35	3,100.00
Amerigroup - Harris	865.74	628.54	361.35	3,100.00
CHC - Harris	865.74	628.54	361.35	3,100.00
Molina - Harris	865.74	628.54	361.35	3,100.00
TCHP - Harris	865.74	628.54	361.35	3,100.00
UHC - Harris	865.74	628.54	361.35	3,100.00
Amerigroup - Jefferson	865.74	620.34	361.35	3,100.00
CHC - Jefferson	865.74	620.34	361.35	3,100.00
Molina - Jefferson	865.74	620.34	361.35	3,100.00
TCHP - Jefferson	865.74	620.34	361.35	3,100.00
UHC - Jefferson	865.74	620.34	361.35	3,100.00
Firstcare - Lubbock	865.74	347.50	361.35	3,100.00
Superior - Lubbock	865.74	347.50	361.35	3,100.00
Christus - Nueces	865.74	406.93	361.35	3,100.00
Driscoll - Nueces	865.74	406.93	361.35	3,100.00
Superior - Nueces	865.74	406.93	361.35	3,100.00
Aetna - Tarrant	865.74	348.94	361.35	3,100.00
Amerigroup - Tarrant	865.74	348.94	361.35	3,100.00
Cook - Tarrant	865.74	348.94	361.35	3,100.00
BCBS - Travis	865.74	432.27	361.35	3,100.00
Sendero - Travis	865.74	432.27	361.35	3,100.00
Seton - Travis	865.74	432.27	361.35	3,100.00
Superior - Travis	865.74	432.27	361.35	3,100.00
Molina - RSA	865.74	379.50	361.35	3,100.00
Superior - RSA	865.74	379.50	361.35	3,100.00

FY2013 CHIP Perinatal Rating Summary

Health Plan	NB >185%	Per <185%	Per >185%	DSP
FY2013 Medical Premium Rate Change				
Aetna - Bexar	26.9%	0.3%	-2.2%	0.0%
Amerigroup - Bexar	26.9%	0.3%	-2.2%	0.0%
CFHP - Bexar	26.9%	0.3%	-2.2%	0.0%
Superior - Bexar	26.9%	0.3%	-2.2%	0.0%
Amerigroup - Dallas	26.9%	4.2%	-2.2%	0.0%
Molina - Dallas	26.9%	4.2%	-2.2%	0.0%
Parkland - Dallas	26.9%	4.2%	-2.2%	0.0%
El Paso First - El Paso	26.9%	-5.6%	-2.2%	0.0%
Superior - El Paso	26.9%	-5.6%	-2.2%	0.0%
Amerigroup - Harris	26.9%	-4.1%	-2.2%	0.0%
CHC - Harris	26.9%	-4.1%	-2.2%	0.0%
Molina - Harris	26.9%	-4.1%	-2.2%	0.0%
TCHP - Harris	26.9%	-4.1%	-2.2%	0.0%
UHC - Harris	26.9%	-4.1%	-2.2%	0.0%
Amerigroup - Jefferson	26.9%	-4.1%	-2.2%	0.0%
CHC - Jefferson	26.9%	-4.1%	-2.2%	0.0%
Molina - Jefferson	26.9%	-4.1%	-2.2%	0.0%
TCHP - Jefferson	26.9%	-4.1%	-2.2%	0.0%
UHC - Jefferson	26.9%	-4.1%	-2.2%	0.0%
Firstcare - Lubbock	26.9%	-6.2%	-2.2%	0.0%
Superior - Lubbock	26.9%	-6.2%	-2.2%	0.0%
Christus - Nueces	26.9%	1.6%	-2.2%	0.0%
Driscoll - Nueces	26.9%	1.6%	-2.2%	0.0%
Superior - Nueces	26.9%	1.6%	-2.2%	0.0%
Aetna - Tarrant	26.9%	-21.3%	-2.2%	0.0%
Amerigroup - Tarrant	26.9%	-21.3%	-2.2%	0.0%
Cook - Tarrant	26.9%	-21.3%	-2.2%	0.0%
BCBS - Travis	26.9%	26.9%	-2.2%	0.0%
Sendero - Travis	26.9%	26.9%	-2.2%	0.0%
Seton - Travis	26.9%	26.9%	-2.2%	0.0%
Superior - Travis	26.9%	26.9%	-2.2%	0.0%
Molina - RSA	26.9%	-5.4%	-2.2%	0.0%
Superior - RSA	26.9%	-5.4%	-2.2%	0.0%

FY2013 CHIP Perinatal Rating Summary

Health Plan	NB >185%	Per <185%	Per >185%	DSP
FY2013 Prescription Drug Premium Rate Change				
Aetna - Bexar	4.2%	-9.6%	-12.9%	
Amerigroup - Bexar	4.2%	-9.6%	-12.9%	
CFHP - Bexar	4.2%	-9.6%	-12.9%	
Superior - Bexar	4.2%	-9.6%	-12.9%	
Amerigroup - Dallas	4.2%	-1.7%	-12.9%	
Molina - Dallas	4.2%	-1.7%	-12.9%	
Parkland - Dallas	4.2%	-1.7%	-12.9%	
El Paso First - El Paso	4.2%	-9.1%	-12.9%	
Superior - El Paso	4.2%	-9.1%	-12.9%	
Amerigroup - Harris	4.2%	-2.4%	-12.9%	
CHC - Harris	4.2%	-2.4%	-12.9%	
Molina - Harris	4.2%	-2.4%	-12.9%	
TCHP - Harris	4.2%	-2.4%	-12.9%	
UHC - Harris	4.2%	-2.4%	-12.9%	
Amerigroup - Jefferson	4.2%	-8.9%	-12.9%	
CHC - Jefferson	4.2%	-8.9%	-12.9%	
Molina - Jefferson	4.2%	-8.9%	-12.9%	
TCHP - Jefferson	4.2%	-8.9%	-12.9%	
UHC - Jefferson	4.2%	-8.9%	-12.9%	
Firstcare - Lubbock	4.2%	-16.8%	-12.9%	
Superior - Lubbock	4.2%	-16.8%	-12.9%	
Christus - Nueces	4.2%	-4.3%	-12.9%	
Driscoll - Nueces	4.2%	-4.3%	-12.9%	
Superior - Nueces	4.2%	-4.3%	-12.9%	
Aetna - Tarrant	4.2%	-0.8%	-12.9%	
Amerigroup - Tarrant	4.2%	-0.8%	-12.9%	
Cook - Tarrant	4.2%	-0.8%	-12.9%	
BCBS - Travis	4.2%	-7.4%	-12.9%	
Sendero - Travis	4.2%	-7.4%	-12.9%	
Seton - Travis	4.2%	-7.4%	-12.9%	
Superior - Travis	4.2%	-7.4%	-12.9%	
Molina - RSA	4.2%	-4.2%	-12.9%	
Superior - RSA	4.2%	-4.2%	-12.9%	

FY2013 CHIP Perinatal Rating Summary

Health Plan	NB >185%	Per <185%	Per >185%	DSP
FY2013 Total Premium Rate Change				
Aetna - Bexar	26.6%	0.0%	-2.8%	0.0%
Amerigroup - Bexar	26.6%	0.0%	-2.8%	0.0%
CFHP - Bexar	26.6%	0.0%	-2.8%	0.0%
Superior - Bexar	26.6%	0.0%	-2.8%	0.0%
Amerigroup - Dallas	26.6%	4.1%	-2.8%	0.0%
Molina - Dallas	26.6%	4.1%	-2.8%	0.0%
Parkland - Dallas	26.6%	4.1%	-2.8%	0.0%
El Paso First - El Paso	26.6%	-5.7%	-2.8%	0.0%
Superior - El Paso	26.6%	-5.7%	-2.8%	0.0%
Amerigroup - Harris	26.6%	-4.1%	-2.8%	0.0%
CHC - Harris	26.6%	-4.1%	-2.8%	0.0%
Molina - Harris	26.6%	-4.1%	-2.8%	0.0%
TCHP - Harris	26.6%	-4.1%	-2.8%	0.0%
UHC - Harris	26.6%	-4.1%	-2.8%	0.0%
Amerigroup - Jefferson	26.6%	-4.2%	-2.8%	0.0%
CHC - Jefferson	26.6%	-4.2%	-2.8%	0.0%
Molina - Jefferson	26.6%	-4.2%	-2.8%	0.0%
TCHP - Jefferson	26.6%	-4.2%	-2.8%	0.0%
UHC - Jefferson	26.6%	-4.2%	-2.8%	0.0%
Firstcare - Lubbock	26.6%	-6.6%	-2.8%	0.0%
Superior - Lubbock	26.6%	-6.6%	-2.8%	0.0%
Christus - Nueces	26.6%	1.3%	-2.8%	0.0%
Driscoll - Nueces	26.6%	1.3%	-2.8%	0.0%
Superior - Nueces	26.6%	1.3%	-2.8%	0.0%
Aetna - Tarrant	26.6%	-20.1%	-2.8%	0.0%
Amerigroup - Tarrant	26.6%	-20.1%	-2.8%	0.0%
Cook - Tarrant	26.6%	-20.1%	-2.8%	0.0%
BCBS - Travis	26.6%	25.7%	-2.8%	0.0%
Sendero - Travis	26.6%	25.7%	-2.8%	0.0%
Seton - Travis	26.6%	25.7%	-2.8%	0.0%
Superior - Travis	26.6%	25.7%	-2.8%	0.0%
Molina - RSA	26.6%	-5.3%	-2.8%	0.0%
Superior - RSA	26.6%	-5.3%	-2.8%	0.0%

	Newborn 185-200%		Perinate <185%		Perinate 185-200%		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 9/1/2010- 8/31/2011								
Member Months	147		19,460		313		19,920	
Premium Revenue	74,620	507.62	8,056,403	414.00	107,643	343.91	8,238,667	413.59
Adjusted Premium	99,197	674.81	7,616,644	391.40	109,672	350.39	7,825,513	392.85
Delivery Payments	0	0.00	0	0.00	55,800	178.27	55,800	2.80
Total Adjusted Premium	99,197	674.81	7,616,644	391.40	165,472	528.66	7,881,313	395.65
Adjusted FY2011 Incurred Claims	137,330	934.22	6,476,906	332.83	124,041	396.30	6,738,277	338.27
Projected FY2013 Member Months	84		14,880		408		15,372	
Projected FY2013 Premium								
Current Rates	56,684	674.81	5,824,032	391.40	142,959	350.39	6,023,675	391.86
Current DSP Rate	0	0.00	0	0.00	70,107	171.83	70,107	4.56
Annual Trend Assumptions								
FY2012	5.00 %		5.00 %		5.00 %			
FY2013	5.00 %		5.00 %		5.00 %			
Provider Reimbursement Change	0.9660		0.9396		0.9396			
Inpatient Reimbursement Changes	0.9484		0.9962		0.9962			
Projected Incurred Claims	79,264	943.62	5,110,882	343.47	166,858	408.97	5,357,004	348.49
Capitation Expenses	-20	-0.24	-12,782	-0.86	-393	-0.96	-13,194	-0.86
Net Reinsurance Cost	13	0.15	1,484	0.10	45	0.11	1,542	0.10
Administrative Expenses								
Fixed Amount	1,050	12.50	186,000	12.50	5,100	12.50	192,150	12.50
Percentage of Premium	5.75 %	60.75	5.75 %	22.58	5.75 %	26.73	5.75 %	22.90
Risk Margin	2.00 %	21.13	2.00 %	7.85	2.00 %	9.30	2.00 %	7.96
Premium Tax	1.75 %	18.49	1.75 %	6.87	1.75 %	8.14	1.75 %	6.97
Maintenance Tax	11	0.13	1,860	0.13	51	0.13	1,922	0.13
Projected Total Cost	88,748	1,056.53	5,842,480	392.64	189,682	464.91	6,120,910	398.19
Adjusted Total Cost	88,748	1,056.53	5,842,480	392.64	119,575	293.07	6,050,803	393.62
Experience Rate Increase		56.6 %		0.3 %		-16.4 %		0.5 %

	Newborn 185-200%		Perinate <185%		Perinate 185-200%		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 9/1/2010- 8/31/2011								
Member Months	525		84,180		895		85,600	
Premium Revenue	266,597	507.80	33,326,269	395.89	307,710	343.81	33,900,577	396.03
Adjusted Premium	354,275	674.81	34,036,499	404.33	313,599	350.39	34,704,374	405.42
Delivery Payments	0	0.00	0	0.00	288,300	322.12	288,300	3.37
Total Adjusted Premium	354,275	674.81	34,036,499	404.33	601,899	672.51	34,992,674	408.79
Adjusted FY2011 Incurred Claims	87,669	166.99	30,379,504	360.89	354,594	396.19	30,821,767	360.07
Projected FY2013 Member Months	276		71,568		996		72,840	
Projected FY2013 Premium								
Current Rates	186,248	674.81	28,937,089	404.33	348,988	350.39	29,472,325	404.62
Current DSP Rate	0	0.00	0	0.00	320,802	322.09	320,802	4.40
Annual Trend Assumptions								
FY2012	5.00 %		5.00 %		5.00 %			
FY2013	5.00 %		5.00 %		5.00 %			
Provider Reimbursement Change	0.9580		0.9289		0.9289			
Inpatient Reimbursement Changes	1.0000		0.9970		0.9970			
Projected Incurred Claims	48,679	176.37	26,371,410	368.48	402,912	404.53	26,823,001	368.25
Capitation Expenses	1,899	6.88	0	0.00	0	0.00	1,899	0.03
Net Reinsurance Cost	0	0.00	0	0.00	0	0.00	0	0.00
Administrative Expenses								
Fixed Amount	3,450	12.50	894,600	12.50	12,450	12.50	910,500	12.50
Percentage of Premium	5.75 %	12.45	5.75 %	24.21	5.75 %	26.50	5.75 %	24.20
Risk Margin	2.00 %	4.33	2.00 %	8.42	2.00 %	9.22	2.00 %	8.42
Premium Tax	1.75 %	3.79	1.75 %	7.37	1.75 %	8.07	1.75 %	7.37
Maintenance Tax	35	0.13	8,946	0.13	125	0.13	9,105	0.13
Projected Total Cost	59,737	216.44	30,138,073	421.11	459,101	460.95	30,656,912	420.88
Adjusted Total Cost	59,737	216.44	30,138,073	421.11	138,300	138.86	30,336,110	416.48
Experience Rate Increase		-67.9 %		4.2 %		-60.4 %		2.9 %

	Newborn 185-200%		Perinate <185%		Perinate 185-200%		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 9/1/2010- 8/31/2011								
Member Months	123		12,498		244		12,865	
Premium Revenue	62,465	507.84	4,872,582	389.87	83,905	343.87	5,018,951	390.12
Adjusted Premium	83,002	674.81	4,445,164	355.67	85,495	350.39	4,613,660	358.62
Delivery Payments	0	0.00	0	0.00	68,200	279.51	68,200	5.30
Total Adjusted Premium	83,002	674.81	4,445,164	355.67	153,695	629.90	4,681,860	363.92
Adjusted FY2011 Incurred Claims	47,973	390.03	3,417,698	273.46	88,620	363.20	3,554,291	276.28
Projected FY2013 Member Months	24		10,440		180		10,644	
Projected FY2013 Premium								
Current Rates	16,195	674.81	3,713,195	355.67	63,070	350.39	3,792,460	356.30
Current DSP Rate	0	0.00	0	0.00	51,816	287.87	51,816	4.87
Annual Trend Assumptions								
FY2012	5.00 %		5.00 %		5.00 %			
FY2013	5.00 %		5.00 %		5.00 %			
Provider Reimbursement Change	0.9720		0.9704		0.9704			
Inpatient Reimbursement Changes	0.9506		0.9943		0.9943			
Projected Incurred Claims	9,536	397.32	3,036,970	290.90	69,544	386.36	3,116,049	292.75
Capitation Expenses	0	-0.02	-890	-0.09	-1	-0.01	-891	-0.08
Net Reinsurance Cost	11	0.47	5,525	0.53	113	0.63	5,649	0.53
Administrative Expenses								
Fixed Amount	300	12.50	130,500	12.50	2,250	12.50	133,050	12.50
Percentage of Premium	5.75 %	26.07	5.75 %	19.31	5.75 %	25.39	5.75 %	19.43
Risk Margin	2.00 %	9.07	2.00 %	6.72	2.00 %	8.83	2.00 %	6.76
Premium Tax	1.75 %	7.94	1.75 %	5.88	1.75 %	7.73	1.75 %	5.91
Maintenance Tax	3	0.13	1,305	0.13	23	0.13	1,331	0.13
Projected Total Cost	10,883	453.48	3,506,530	335.87	79,479	441.55	3,596,892	337.93
Adjusted Total Cost	10,883	453.48	3,506,530	335.87	27,663	153.68	3,545,076	333.06
Experience Rate Increase		-32.8 %		-5.6 %		-56.1 %		-6.5 %

	Newborn 185-200%		Perinate <185%		Perinate 185-200%		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 9/1/2010- 8/31/2011								
Member Months	1,392		135,818		2,053		139,263	
Premium Revenue	706,742	507.72	82,504,490	607.46	705,701	343.74	83,916,932	602.58
Adjusted Premium	939,336	674.81	86,104,537	633.97	719,351	350.39	87,763,224	630.20
Delivery Payments	0	0.00	0	0.00	399,900	194.79	399,900	2.87
Total Adjusted Premium	939,336	674.81	86,104,537	633.97	1,119,251	545.18	88,163,124	633.07
Adjusted FY2011 Incurred Claims	1,889,365	1,357.30	68,744,879	506.15	1,530,934	745.71	72,165,177	518.19
Projected FY2013 Member Months	972		111,780		2,076		114,828	
Projected FY2013 Premium								
Current Rates	655,915	674.81	70,865,167	633.97	727,410	350.39	72,248,492	629.19
Current DSP Rate	0	0.00	0	0.00	404,156	194.68	404,156	3.52
Annual Trend Assumptions								
FY2012	5.00 %		5.00 %		5.00 %			
FY2013	5.00 %		5.00 %		5.00 %			
Provider Reimbursement Change	0.9496		0.9683		0.9683			
Inpatient Reimbursement Changes	0.9833		0.9955		0.9955			
Projected Incurred Claims	1,358,151	1,397.28	60,128,022	537.91	1,645,223	792.50	63,131,396	549.79
Capitation Expenses	10,293	10.59	-53,654	-0.48	-9,591	-4.62	-52,952	-0.46
Net Reinsurance Cost	729	0.75	0	0.00	0	0.00	729	0.01
Administrative Expenses								
Fixed Amount	12,150	12.50	1,397,250	12.50	25,950	12.50	1,435,350	12.50
Percentage of Premium	5.75 %	90.30	5.75 %	34.95	5.75 %	50.86	5.75 %	35.70
Risk Margin	2.00 %	31.41	2.00 %	12.16	2.00 %	17.69	2.00 %	12.42
Premium Tax	1.75 %	27.48	1.75 %	10.64	1.75 %	15.48	1.75 %	10.87
Maintenance Tax	122	0.13	13,973	0.13	260	0.13	14,354	0.13
Projected Total Cost	1,526,459	1,570.43	67,939,879	607.80	1,836,288	884.53	71,302,626	620.95
Adjusted Total Cost	1,526,459	1,570.43	67,939,879	607.80	1,432,133	689.85	70,898,470	617.43
Experience Rate Increase		132.7 %		-4.1 %		96.9 %		-1.9 %

	Newborn 185-200%		Perinate <185%		Perinate 185-200%		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 9/1/2010- 8/31/2011								
Member Months	45		4,761		152		4,958	
Premium Revenue	22,844	507.64	1,725,615	362.45	52,239	343.68	1,800,698	363.19
Adjusted Premium	30,366	674.81	1,705,723	358.27	53,259	350.39	1,789,349	360.90
Delivery Payments	0	0.00	0	0.00	40,300	265.13	40,300	8.13
Total Adjusted Premium	30,366	674.81	1,705,723	358.27	93,559	615.52	1,829,649	369.03
Adjusted FY2011 Incurred Claims	9,084	201.87	1,296,946	272.41	49,851	327.97	1,355,881	273.47
Projected FY2013 Member Months	60		3,720		108		3,888	
Projected FY2013 Premium								
Current Rates	40,489	674.81	1,332,764	358.27	37,842	350.39	1,411,095	362.94
Current DSP Rate	0	0.00	0	0.00	33,324	308.55	33,324	8.57
Annual Trend Assumptions								
FY2012	5.00 %		5.00 %		5.00 %			
FY2013	5.00 %		5.00 %		5.00 %			
Provider Reimbursement Change	0.9633		0.9707		0.9707			
Inpatient Reimbursement Changes	1.0389		0.9973		0.9973			
Projected Incurred Claims	13,364	222.73	1,081,574	290.75	37,805	350.04	1,132,742	291.34
Capitation Expenses	14	0.23	1,035	0.28	14	0.13	1,062	0.27
Net Reinsurance Cost	26	0.43	1,319	0.35	62	0.57	1,406	0.36
Administrative Expenses								
Fixed Amount	750	12.50	46,500	12.50	1,350	12.50	48,600	12.50
Percentage of Premium	5.75 %	15.00	5.75 %	19.32	5.75 %	23.09	5.75 %	19.35
Risk Margin	2.00 %	5.22	2.00 %	6.72	2.00 %	8.03	2.00 %	6.73
Premium Tax	1.75 %	4.56	1.75 %	5.88	1.75 %	7.03	1.75 %	5.89
Maintenance Tax	8	0.13	465	0.13	14	0.13	486	0.13
Projected Total Cost	15,647	260.79	1,249,605	335.92	43,363	401.51	1,308,615	336.58
Adjusted Total Cost	15,647	260.79	1,249,605	335.92	10,039	92.96	1,275,292	328.01
Experience Rate Increase		-61.4 %		-6.2 %		-73.5 %		-9.6 %

	Newborn 185-200%		Perinate <185%		Perinate 185-200%		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 9/1/2010- 8/31/2011								
Member Months	38		3,153		105		3,296	
Premium Revenue	19,286	507.52	1,106,999	351.09	36,044	343.28	1,162,329	352.65
Adjusted Premium	25,643	674.81	1,199,023	380.28	36,791	350.39	1,261,457	382.72
Delivery Payments	0	0.00	0	0.00	27,900	265.71	27,900	8.46
Total Adjusted Premium	25,643	674.81	1,199,023	380.28	64,691	616.10	1,289,357	391.19
Adjusted FY2011 Incurred Claims	8,535	224.59	982,509	311.61	42,103	400.98	1,033,146	313.45
Projected FY2013 Member Months	48		2,604		84		2,736	
Projected FY2013 Premium								
Current Rates	32,391	674.81	990,249	380.28	29,433	350.39	1,052,073	384.53
Current DSP Rate	0	0.00	0	0.00	22,316	265.67	22,316	8.16
Annual Trend Assumptions								
FY2012	5.00 %		5.00 %		5.00 %			
FY2013	5.00 %		5.00 %		5.00 %			
Provider Reimbursement Change	0.9730		0.9840		0.9840			
Inpatient Reimbursement Changes	0.9935		0.9963		0.9963			
Projected Incurred Claims	11,489	239.36	877,036	336.80	36,405	433.40	924,931	338.06
Capitation Expenses	1	0.03	78	0.03	3	0.03	82	0.03
Net Reinsurance Cost	10	0.21	547	0.21	18	0.21	575	0.21
Administrative Expenses								
Fixed Amount	600	12.50	32,550	12.50	1,050	12.50	34,200	12.50
Percentage of Premium	5.75 %	16.03	5.75 %	22.22	5.75 %	28.35	5.75 %	22.30
Risk Margin	2.00 %	5.57	2.00 %	7.73	2.00 %	9.86	2.00 %	7.76
Premium Tax	1.75 %	4.88	1.75 %	6.76	1.75 %	8.63	1.75 %	6.79
Maintenance Tax	6	0.13	326	0.13	11	0.13	342	0.13
Projected Total Cost	13,378	278.70	1,006,117	386.37	41,421	493.11	1,060,916	387.76
Adjusted Total Cost	13,378	278.70	1,006,117	386.37	19,105	227.44	1,038,600	379.61
Experience Rate Increase		-58.7 %		1.6 %		-35.1 %		-1.3 %

	Newborn 185-200%		Perinate <185%		Perinate 185-200%		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 9/1/2010- 8/31/2011								
Member Months	823		104,841		1,516		107,180	
Premium Revenue	417,757	507.60	38,721,304	369.33	520,952	343.64	39,660,013	370.03
Adjusted Premium	555,369	674.81	39,924,501	380.81	531,191	350.39	41,011,061	382.64
Delivery Payments	0	0.00	0	0.00	403,000	265.83	403,000	3.76
Total Adjusted Premium	555,369	674.81	39,924,501	380.81	934,191	616.22	41,414,061	386.40
Adjusted FY2011 Incurred Claims	208,783	253.69	30,975,648	295.45	606,064	399.78	31,790,495	296.61
Projected FY2013 Member Months	420		80,952		1,428		82,800	
Projected FY2013 Premium								
Current Rates	283,420	674.81	30,827,331	380.81	500,357	350.39	31,611,108	381.78
Current DSP Rate	0	0.00	0	0.00	344,877	241.51	344,877	4.17
Annual Trend Assumptions								
FY2012	5.00 %		5.00 %		5.00 %			
FY2013	5.00 %		5.00 %		5.00 %			
Provider Reimbursement Change	0.9663		0.9639		0.9639			
Inpatient Reimbursement Changes	0.9892		0.9972		0.9972			
Projected Incurred Claims	112,284	267.34	25,346,014	313.10	604,979	423.65	26,063,278	314.77
Capitation Expenses	-34	-0.08	-5,297	-0.07	-96	-0.07	-5,426	-0.07
Net Reinsurance Cost	186	0.44	32,935	0.41	588	0.41	33,709	0.41
Administrative Expenses								
Fixed Amount	5,250	12.50	1,011,900	12.50	17,850	12.50	1,035,000	12.50
Percentage of Premium	5.75 %	17.81	5.75 %	20.72	5.75 %	27.74	5.75 %	20.82
Risk Margin	2.00 %	6.20	2.00 %	7.21	2.00 %	9.65	2.00 %	7.24
Premium Tax	1.75 %	5.42	1.75 %	6.31	1.75 %	8.44	1.75 %	6.34
Maintenance Tax	53	0.13	10,119	0.13	179	0.13	10,350	0.13
Projected Total Cost	130,099	309.76	29,166,488	360.29	688,949	482.46	29,985,537	362.14
Adjusted Total Cost	130,099	309.76	29,166,488	360.29	344,072	240.95	29,640,659	357.98
Experience Rate Increase		-54.1 %		-5.4 %		-31.2 %		-6.2 %

	Newborn 185-200%		Perinate <185%		Perinate 185-200%		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 9/1/2010- 8/31/2011								
Member Months	363		43,044		804		44,211	
Premium Revenue	184,278	507.65	18,586,912	431.81	276,278	343.63	19,047,468	430.83
Adjusted Premium	244,956	674.81	17,734,989	412.02	281,714	350.39	18,261,658	413.06
Delivery Payments	0	0.00	0	0.00	238,700	296.89	238,700	5.40
Total Adjusted Premium	244,956	674.81	17,734,989	412.02	520,414	647.28	18,500,358	418.46
Adjusted FY2011 Incurred Claims	83,962	231.30	11,852,071	275.35	244,572	304.19	12,180,604	275.51
Projected FY2013 Member Months	372		36,996		864		38,232	
Projected FY2013 Premium								
Current Rates	251,029	674.81	15,243,092	412.02	302,737	350.39	15,796,858	413.18
Current DSP Rate	0	0.00	0	0.00	256,591	296.98	256,591	6.71
Annual Trend Assumptions								
FY2012	5.00 %		5.00 %		5.00 %			
FY2013	5.00 %		5.00 %		5.00 %			
Provider Reimbursement Change	0.9418		0.9275		0.9275			
Inpatient Reimbursement Changes	0.9980		0.9966		0.9966			
Projected Incurred Claims	89,163	239.69	10,381,253	280.60	267,841	310.00	10,738,257	280.87
Capitation Expenses	476	1.28	0	0.00	0	0.00	476	0.01
Net Reinsurance Cost	130	0.35	12,949	0.35	302	0.35	13,381	0.35
Administrative Expenses								
Fixed Amount	4,650	12.50	462,450	12.50	10,800	12.50	477,900	12.50
Percentage of Premium	5.75 %	16.13	5.75 %	18.65	5.75 %	20.52	5.75 %	18.67
Risk Margin	2.00 %	5.61	2.00 %	6.49	2.00 %	7.14	2.00 %	6.49
Premium Tax	1.75 %	4.91	1.75 %	5.68	1.75 %	6.25	1.75 %	5.68
Maintenance Tax	47	0.13	4,625	0.13	108	0.13	4,779	0.13
Projected Total Cost	104,382	280.60	12,001,410	324.40	308,344	356.88	12,414,137	324.71
Adjusted Total Cost	104,382	280.60	12,001,410	324.40	51,753	59.90	12,157,546	317.99
Experience Rate Increase		-58.4 %		-21.3 %		-82.9 %		-23.0 %

	Newborn 185-200%		Perinate <185%		Perinate 185-200%		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 9/1/2010- 8/31/2011								
Member Months	264		33,045		470		33,779	
Premium Revenue	133,919	507.27	10,245,427	310.04	161,640	343.91	10,540,986	312.06
Adjusted Premium	178,150	674.81	10,955,078	331.52	164,683	350.39	11,297,912	334.47
Delivery Payments	0	0.00	0	0.00	136,400	290.21	136,400	4.04
Total Adjusted Premium	178,150	674.81	10,955,078	331.52	301,083	640.60	11,434,312	338.50
Adjusted FY2011 Incurred Claims	160,542	608.11	11,498,192	347.96	203,842	433.71	11,862,576	351.18
Projected FY2013 Member Months	132		26,460		336		26,928	
Projected FY2013 Premium								
Current Rates	89,075	674.81	8,772,019	331.52	117,731	350.39	8,978,825	333.44
Current DSP Rate	0	0.00	0	0.00	97,494	290.16	97,494	3.62
Annual Trend Assumptions								
FY2012	5.00 %		5.00 %		5.00 %			
FY2013	5.00 %		5.00 %		5.00 %			
Provider Reimbursement Change	0.9612		0.9520		0.9520			
Inpatient Reimbursement Changes	0.9973		0.9963		0.9963			
Projected Incurred Claims	84,835	642.69	9,627,629	363.86	152,384	453.52	9,864,848	366.34
Capitation Expenses	545	4.13	109,280	4.13	1,388	4.13	111,213	4.13
Net Reinsurance Cost	28	0.21	5,557	0.21	71	0.21	5,655	0.21
Administrative Expenses								
Fixed Amount	1,650	12.50	330,750	12.50	4,200	12.50	336,600	12.50
Percentage of Premium	5.75 %	41.91	5.75 %	24.20	5.75 %	29.89	5.75 %	24.35
Risk Margin	2.00 %	14.58	2.00 %	8.42	2.00 %	10.40	2.00 %	8.47
Premium Tax	1.75 %	12.76	1.75 %	7.36	1.75 %	9.10	1.75 %	7.41
Maintenance Tax	17	0.13	3,308	0.13	42	0.13	3,366	0.13
Projected Total Cost	96,215	728.90	11,134,279	420.80	174,679	519.88	11,405,173	423.54
Adjusted Total Cost	96,215	728.90	11,134,279	420.80	77,185	229.72	11,307,680	419.92
Experience Rate Increase		8.0 %		26.9 %		-34.4 %		25.9 %

FY2013 CHIP Perinatal Rating
 Rating Assumptions
 Benefit and Provider Reimbursement Changes

Service Area	2% Provider Rate Cut (1)		Outpatient Imaging (2)		Legislative Reductions (3)		Therapy Reduction (4)	
	Newborn	Perinate	Newborn	Perinate	Newborn	Perinate	Newborn	Perinate
Bexar	0.9942	0.9959	0.9914	0.9806	0.9801	0.9621	1.0000	1.0000
Dallas	0.9935	0.9960	0.9862	0.9780	0.9778	0.9536	1.0000	1.0000
El Paso	0.9935	0.9957	0.9974	0.9987	0.9812	0.9759	0.9997	1.0000
Harris	0.9947	0.9958	0.9896	1.0028	0.9647	0.9697	1.0000	1.0000
Lubbock	0.9933	0.9962	1.0000	0.9996	0.9701	0.9748	0.9997	1.0000
Nueces	0.9927	0.9956	0.9937	1.0101	0.9864	0.9785	1.0000	1.0000
RSA	0.9931	0.9960	0.9944	0.9954	0.9788	0.9722	0.9997	1.0000
Tarrant	0.9940	0.9958	0.9954	0.9999	0.9519	0.9315	1.0000	1.0000
Travis	0.9935	0.9958	0.9944	0.9992	0.9731	0.9568	0.9998	1.0000

Service Area	DRG Rebasing (5)		Cost Sharing Change (6)	
	Newborn	Perinate	Newborn	Perinate
Bexar	0.9484	0.9996	1.0000	0.9966
Dallas	1.0000	1.0004	1.0000	0.9966
El Paso	0.9506	0.9977	1.0000	0.9966
Harris	0.9833	0.9989	1.0000	0.9966
Lubbock	1.0389	1.0007	1.0000	0.9966
Nueces	0.9935	0.9997	1.0000	0.9966
RSA	0.9892	1.0006	1.0000	0.9966
Tarrant	0.9980	1.0000	1.0000	0.9966
Travis	0.9973	0.9997	1.0000	0.9966

- (1) Impact of 1% reduction effective 9/1/2010 and 2/1/2011.
- (2) Outpatient imaging services transition to a fee schedule effective 9/1/2011
- (3) Legislative-mandated provider rates reductions for services other than inpatient facility
- (4) Therapy reduction
- (5) Reduction resulting from application of the legislative-mandated 8% inpatient facility reduction and DRG rebasing.
- (6) Increase in cost sharing

Attachment 9

CHIP Dental Rating

The actuarial model used to derive the FY2013 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 (FY2011, September, 2010 through August, 2011) were developed. The claims experience was trended forward to FY2013 using assumed annual trend rates of 4.8% for FY2012 and 5.0% for FY2013. Provisions for administrative expenses, taxes and risk margin were added to the projected claims to produce the FY2013 premium rates.

The base period claims data have been adjusted to reflect reimbursement changes for the i) 1% provider rate cuts effective September 1, 2010 and February 1, 2011 and ii) member cost sharing change.

In addition, the base period claims data have also been adjusted to reflect significant benefit changes effective March 1, 2012. These changes included:

- Elimination of three benefit tiers
- Establishment of a single \$564 maximum
- Exclusion of preventive and diagnostic services from the maximum
- Prior authorization for services in excess of the maximum

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 (\$.042 pmpm).

The bottom of the exhibit shows a summary of the projected FY2013 cost based on these assumptions and the experience rate increase.

Attached Exhibit A presents a summary of the experience analysis performed for the CHIP dental plan. The top portion of the exhibit shows summary FY2011 base period experience. Following that is projected FY2013 enrollment, premium and incurred claims experience.

Attached Exhibit B presents a summary of historical Dental Plan claims experience.

	<1		1-5		6-14		15-18		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
FY2011 Estimated Experience										
Member Months	98,231		1,072,833		3,904,332		1,402,914		6,478,310	
Estimated Incurred Claims	31,292	0.32	11,433,683	10.66	67,208,966	17.21	19,932,856	14.21	98,606,796	15.22
Projected FY2013 Member Months	16,152		1,143,792		4,145,784		1,484,580		6,790,308	
Projected FY2013 Premium (at Current Rates)	20,513	1.27	19,078,451	16.68	109,738,902	26.47	32,675,606	22.01	161,513,472	23.79
Annual Trend Assumptions										
FY2012	4.8 %		4.8 %		4.8 %		4.8 %			
FY2013	5.0 %		5.0 %		5.0 %		5.0 %			
Provider Reimbursement Changes	0.9962		0.9962		0.9962		0.9962			
Benefit Adjustment	1.1630		1.1630		1.1630		1.1630			
Cost Share Adjustment	0.9980		0.9980		0.9980		0.9980			
Projected Incurred Claims	6,547	0.41	15,509,880	13.56	90,801,812	21.90	26,837,957	18.08	133,156,196	19.61
Administrative Expenses										
Fixed Amount	17,121	1.06	1,212,420	1.06	4,394,531	1.06	1,573,655	1.06	7,197,726	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 %	0.03	2.00 %	0.30	2.00 %	0.48	2.00 %	0.40	2.00 %	0.43
Premium Tax	1.75 %	0.03	1.75 %	0.27	1.75 %	0.42	1.75 %	0.35	1.75 %	0.38
Maintenance Tax	673	0.04	47,658	0.04	172,741	0.04	61,858	0.04	282,930	0.04
Projected Total Cost	25,289	1.57	17,423,332	15.23	99,084,763	23.90	29,582,825	19.93	146,116,210	21.52
Experience Rate Increase		23.3 %		-8.7 %		-9.7 %		-9.5 %		-9.5 %

CHIP Dental Plan
 Estimated Claims Experience

Month	Members	Inc & Pd Claims	Compl Factor	Est. Inc. Claims	Est. Inc. pmpm	Trend Factor
Sep-08	493,477	4,852,933	1.000	4,852,933	9.83	
Oct-08	495,033	5,956,284	1.000	5,956,284	12.03	
Nov-08	488,842	5,304,485	1.000	5,304,485	10.85	
Dec-08	486,865	5,258,264	1.000	5,258,264	10.80	
Jan-09	483,459	6,021,870	1.000	6,021,870	12.46	
Feb-09	480,518	6,032,400	1.000	6,032,400	12.55	
Mar-09	488,225	7,518,925	1.000	7,518,925	15.40	
Apr-09	496,012	6,652,236	1.000	6,652,236	13.41	
May-09	504,366	5,843,416	1.000	5,843,416	11.59	
Jun-09	511,293	7,988,806	1.000	7,988,806	15.62	
Jul-09	518,261	8,804,637	1.000	8,804,637	16.99	
Aug-09	522,843	9,225,493	1.000	9,225,493	17.64	
Sep-09	524,167	6,352,244	1.000	6,352,244	12.12	1.232
Oct-09	523,902	6,921,992	1.000	6,921,992	13.21	1.098
Nov-09	524,567	6,555,359	1.000	6,555,359	12.50	1.152
Dec-09	527,162	6,506,115	1.000	6,506,115	12.34	1.143
Jan-10	532,788	7,069,732	1.000	7,069,732	13.27	1.065
Feb-10	528,112	7,100,834	1.000	7,100,834	13.45	1.071
Mar-10	530,800	9,111,602	1.000	9,111,602	17.17	1.115
Apr-10	534,293	7,102,780	1.000	7,102,780	13.29	0.991
May-10	539,741	6,660,608	1.000	6,660,608	12.34	1.065
Jun-10	542,026	8,686,535	1.000	8,686,535	16.03	1.026
Jul-10	547,792	9,285,094	1.000	9,285,094	16.95	0.998
Aug-10	550,622	10,184,204	1.000	10,184,204	18.50	1.048
Sep-10	546,574	6,956,311	1.000	6,956,311	12.73	1.050
Oct-10	545,068	7,558,371	1.000	7,558,371	13.87	1.050
Nov-10	542,037	7,318,059	1.000	7,318,059	13.50	1.080
Dec-10	537,830	7,536,458	0.999	7,544,772	14.03	1.137
Jan-11	536,580	7,694,288	0.999	7,702,628	14.36	1.082
Feb-11	537,504	6,823,965	0.998	6,837,290	12.72	0.946
Mar-11	536,578	9,920,412	0.998	9,939,977	18.52	1.079
Apr-11	535,738	7,336,381	0.996	7,366,457	13.75	1.034
May-11	535,079	6,932,440	0.992	6,987,492	13.06	1.058
Jun-11	539,693	9,449,934	0.990	9,545,600	17.69	1.104
Jul-11	540,822	9,434,951	0.988	9,548,490	17.66	1.042
Aug-11	544,807	11,156,620	0.987	11,301,350	20.74	1.122
Sep-11	549,977	7,188,116	0.989	7,267,614	13.21	1.038
Oct-11	554,120	7,932,290	0.989	8,021,961	14.48	1.044
Nov-11	567,713	7,692,055	0.984	7,813,388	13.76	1.019
Dec-11	562,979	8,122,474	0.968	8,389,044	14.90	1.062
FY2009	5,969,194			79,459,750	13.31	
FY2010	6,405,972			91,537,100	14.29	1.073
FY2011	6,478,310			98,606,796	15.22	1.065
FY2012	2,234,789			31,492,007	14.09	0.926