

**STATE OF TEXAS
CHILDREN'S HEALTH INSURANCE
PROGRAM
CHIP RATE SETTING
STATE FISCAL YEAR 2012**

Prepared for:
Texas Health and Human Services Commission

Prepared by:
David G. Wilkes, 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 2012 (FY2012, September 1, 2011 through August 31, 2012) 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 FY2012 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 2007 and a projection of future enrollment through August 2012.
- Claim lag reports by age group for each health plan for the period September 2007 through February 2011. 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 FY2009, FY2010 and the first six months of FY2011. 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 (FY2011) 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.
- FY2010 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 FY2010 CHIP health plan claims cost by type of service for certain services. This information was obtained from the encounter database.

- Information from HHSC regarding FY2011 and proposed FY2012 Medicaid provider reimbursement rates.
- Information provided by HHSC regarding the proposed 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

The actuarial model used to derive the FY2012 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 (FY2010) were developed. These estimates were then projected forward to FY2012 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 FY2012 cost under the health plan. These projected total cost rates were determined separately for each health plan. The results of this analysis were then combined for all health plans in a service area in order to develop a set of community rates for each service area.

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

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

The Exclusive Provider Organization (EPO) plan serves 170 mostly rural Texas counties. The FY2012 premium rates for the EPO were developed using the same methodology as that used for all other CHIP health plans.

Premium rates were determined for the following age groups:

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

The services used in the analysis include the following:

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

- Ambulance Services
- Vision Services

Services specifically excluded from the analysis include:

- Prescription Drugs
- Dental and Orthodontia Services

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

We projected the FY2012 cost for each individual health plan by estimating their base period (FY2010) 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 FY2012 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 FY2012 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 FY2012 number of members enrolled in each health plan by age group. Attachment 3 presents the summary community rating exhibit for each service area along with a description of the analysis.

The base community rate in each service area was adjusted to reflect the health status, or acuity, of the population enrolled in each health plan. The purpose of acuity risk adjustment is to recognize the anticipated cost differential between multiple health plans in a service area by analyzing the health status of their respective memberships. Additional information regarding risk adjustment is included in Section III below under Risk Adjustment and in Attachment 5.

The FY2012 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%.

In addition to the premium, HHSC pays the CHIP health plans a \$3,100 delivery supplemental payment (DSP) per maternity delivery. Additional information regarding DSP is included in Attachment 6.

III. Adjustment Factors

This section contains a description of the adjustment factors used in the FY2012 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 (FY2011 and FY2012).

The trend analysis included a review of HMO and EPO claims experience data through February 28, 2011. Based on this information, estimates of monthly incurred claims were made through December 2010. 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.

In general, the cost trends were relatively low during the period September 2010 through December 2010 across all service areas. It is the opinion of HHSC staff and the consulting actuary that the major cause of the lower trends during this time period were the higher than expected cost experience during September 2009 through December 2009 resulting from the H1N1 pandemic. We do not expect this level of trend to be repeated during the remainder of FY2011 or FY2012. Therefore, we have assumed the trend for the period January 2011 through August 2011 and all of FY2012 will be 5%. The trend observed during the period September 2010 through December 2010 has been adjusted to remove the impact of the 1% provider reimbursement reduction effective September 1, 2010.

This analysis was used to select an annual trend rate assumption of 2.4% for FY2011 and 5.0% for FY2012 for each health plan.

Provider Reimbursement Adjustment

There were several significant revisions to the Texas Medicaid fee schedule which were included in the CHIP rating analysis. Reimbursement changes were recognized for the following services: 1% provider rate cuts effective September 1, 2010 and February 1, 2011, DRG rebasing, legislative mandated provider rate reductions and the transition of outpatient imaging services to a fee schedule.

The legislative mandated provider rate reductions included the following:

- 8% hospital rate reduction
- 8% reduction for all other providers excluding Dental, Orthodontics, Physicians (includes psychiatrists, optometrists and radiologists) Federal Qualified Health Centers, Rural Health Centers and Tax Equity and Fiscal Responsibility Act reimbursed hospitals.

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.

Facility Reimbursement Adjustments

For FY2012, HHSC has 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. HHSC staff met with the health plans individually to determine (i) which providers had an owner-relationship to the health plan and (ii) the basis on which the health plan reimbursed the provider. All health plans in the affected service areas were impacted because the related party adjustment lowered the community rate applicable to all of the plans in that area. Exhibit E of Attachment 4 presents a summary of the derivation of these adjustment factors.

DRG Rebasing Adjustments

Effective September 1, 2011, HHSC is rebasing the DRG reimbursement system. This rebasing effort is intended to update the Standard Dollar Amounts and Relative Weights used in the Medicaid DRG payment system. HHSC staff has utilized the FY2010 encounter data to determine the cost impact from DRG Rebasing on each service area and risk group. The final Standard Dollar Amounts are not expected to be made available to the MCOs until around August 1, 2011. As a result, we have assumed, for purposes of these rate calculations, that the revised reimbursement level will not be incorporated into MCO provider contracts until November 1, 2011. Exhibit F of Attachment 4 presents a summary of the resulting 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 5.

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

IV. Administrative Fees and Risk Margin

The rating methodology includes an explicit provision for health plan administrative services. The amount allocated for administrative expenses is \$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 (\$0.105 pmpm) and a risk margin (2.0% of premium).

V. CHIP Perinatal

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

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

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

The CHIP Perinatal FY2012 premium rates were derived using a methodology very similar to that described in Section II above for CHIP. Attachment 7 presents a description of the rating methodology used in developing the FY2012 CHIP Perinatal rates.

All babies born to mothers under 185% FPL in the CHIP Perinatal program on or after September 1, 2010, will be enrolled in Medicaid. CHIP Perinatal babies under 185% FPL born prior to September 1, 2010, will remain in CHIP Perinatal until their eligibility expires.

VI. CHIP Dental

The actuarial model used to derive the FY2012 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 FY2010 base period were developed. The claims experience was trended forward to FY2012 using assumed trend rates of 8.6% for FY2011 and 5.0% for FY2012.

Provider reimbursement was reduced by 1% effective September 1, 2010 and again effective February 1, 2011. The combined impact of the 2% reduction has been applied to the base period claims data.

Provisions for administrative expenses, taxes and risk margin were added to the projected claims to produce the FY2012 premium rates. Attachment 8 includes additional documentation regarding the rate calculation for CHIP Dental.

VII. Summary

The chart below presents results of the FY2012 CHIP rating analysis.

Health Plan	Regular CHIP				DSP
	Under Age 1	Ages 1-5	Ages 6-14	Ages 15-18	
FY2012 Premium Rates pmpm					
Seton – Austin	\$118.48	\$93.86	\$76.60	\$109.54	\$3,100.00
Superior – Austin	108.62	99.13	67.60	93.78	3,100.00
Amerigroup – Corpus	146.81	112.05	65.48	125.81	3,100.00
Driscoll – Corpus	175.91	124.16	89.44	129.70	3,100.00
Superior – Corpus	161.34	126.84	66.70	90.43	3,100.00
Amerigroup – Dallas	216.50	110.20	78.69	106.54	3,100.00
Parkland – Dallas	216.57	120.46	83.80	110.68	3,100.00
Unicare – Dallas	216.50	116.34	74.68	102.32	3,100.00
El Paso First – El Paso	126.64	83.71	65.68	78.85	3,100.00
Superior – El Paso	126.64	90.10	66.72	73.73	3,100.00
Aetna – Fort Worth	128.54	76.57	60.91	85.18	3,100.00
Amerigroup – Fort Worth	127.64	103.89	69.85	89.50	3,100.00
Cook – Fort Worth	134.51	102.06	86.00	105.00	3,100.00
Amerigroup – Houston	237.92	102.58	74.56	109.03	3,100.00
CHC – Houston	252.23	108.42	70.92	96.03	3,100.00
Molina – Houston	235.65	113.05	70.00	87.68	3,100.00
TCHP – Houston	252.23	124.60	94.61	132.29	3,100.00
UHC – Houston	226.71	110.93	70.32	110.97	3,100.00
Firstcare – Lubbock	106.37	97.97	67.83	97.51	3,100.00
Superior – Lubbock	103.58	101.14	59.26	94.78	3,100.00
Aetna – San Antonio	82.01	102.14	54.59	72.15	3,100.00
CFHP – San Antonio	84.74	101.94	73.65	93.42	3,100.00
Superior – San Antonio	78.92	104.52	66.77	84.12	3,100.00
Molina – EPO	146.58	99.38	72.67	86.18	3,100.00
Superior – EPO	146.58	99.38	72.67	86.18	3,100.00

Service Area	CHIP Perinatal				DSP
	Newborns Under 185% FPL	Newborns 185-200% FPL	Perinate Under 185% FPL	Perinate 185-200% FPL	
FY2012 Premium Rates pmpm					
Austin	\$232.46	\$674.81	\$332.09	\$351.53	\$3,100.00
Corpus Christi	321.96	674.81	380.94	351.53	3,100.00
Dallas	327.49	674.81	405.03	351.53	3,100.00
El Paso	213.75	674.81	356.28	351.53	3,100.00
Fort Worth	275.32	674.81	412.74	351.53	3,100.00
Houston	335.03	674.81	635.09	351.53	3,100.00
Lubbock	293.93	674.81	358.89	351.53	3,100.00
San Antonio	180.05	674.81	392.08	351.53	3,100.00
EPO Area	304.18	674.81	381.47	351.53	3,100.00

Tier	CHIP Dental			
	Under Age 1	Ages 1-5	Ages 6-14	Ages 15-18
FY2012 Premium Rates pmpm				
Tier I	\$1.24	\$13.14	\$20.57	\$17.14
Tier II	1.24	13.27	20.78	17.31
Tier III	1.24	13.53	21.24	17.68

Attachment 1 presents additional information regarding the FY2012 CHIP rates including a comparison to current rates. Attachments 7 and 8 contain additional information regarding the CHIP Perinatal and CHIP Dental plan rates, respectively.

VIII. Attachments

Attachment 1

Summary of FY2012 CHIP Rating Analysis

The attached exhibit presents summary information regarding the FY2012 CHIP health plan rates. Included on the exhibit are current (FY2011) premium, projected FY2012 enrollment, FY2012 premium and a comparison of FY2011 and FY2012 rates.

FY2012 CHIP Rating Summary

Health Plan	Age Bracket					Total	Age Bracket					Total
	<1	1-5	6-14	15-18			<1	1-5	6-14	15-18		
Projected FY2012 Member Months												
Seton - Austin	852	38,904	139,020	47,904		226,680						
Superior - Austin	432	26,844	72,936	18,372		118,584						
Amerigroup - Corpus	12	1,536	5,232	2,364		9,144						
Driscoll - Corpus	180	21,192	87,276	34,884		143,532						
Superior - Corpus	24	3,096	9,048	3,540		15,708						
Amerigroup - Dallas	1,008	78,720	303,336	103,968		487,032						
Parkland - Dallas	1,296	74,232	255,996	81,492		413,016						
Unicare - Dallas	24	5,976	25,968	10,212		42,180						
El Paso First - El Paso	300	24,084	113,640	52,524		190,548						
Superior - El Paso	216	14,688	61,584	24,852		101,340						
Aetna - Fort Worth	288	13,236	43,920	16,416		73,860						
Amerigroup - Fort Worth	744	38,712	117,564	32,544		189,564						
Cook - Fort Worth	852	69,816	245,376	80,388		396,432						
Amerigroup - Houston	120	30,456	119,196	46,668		196,440						
CHC - Houston	1,716	79,884	222,552	70,824		374,976						
Molina - Houston	24	3,516	15,864	7,020		26,424						
TCHP - Houston	2,664	178,548	605,292	199,800		986,304						
UHC - Houston	432	27,516	131,244	60,504		219,696						
Firstcare - Lubbock	156	12,672	39,540	14,328		66,696						
Superior - Lubbock	180	16,560	58,428	18,864		94,032						
Aetna - San Antonio	156	12,732	47,292	19,716		79,896						
CFHP - San Antonio	648	47,436	195,876	73,068		317,028						
Superior - San Antonio	204	20,328	81,828	30,348		132,708						
Molina - EPO	1,440	111,540	425,424	159,960		698,364						
Superior - EPO	1,668	127,548	494,880	186,144		810,240						
Total - All Plans	15,636	1,079,772	3,918,312	1,396,704		6,410,424						

FY2012 CHIP Rating Summary

Health Plan	Age Bracket					Age Bracket					
	<1	1-5	6-14	15-18	Total	<1	1-5	6-14	15-18	Total	
FY2011 (Current) Premium Rates pmpm						Projected FY2012 Premium Based on FY2011 Rates					
Seton - Austin	230.21	103.95	83.48	124.98	96.31	196,139	4,044,071	11,605,390	5,987,042	21,832,641	
Superior - Austin	102.82	77.72	60.76	86.77	68.78	44,418	2,086,316	4,431,591	1,594,138	8,156,464	
Amerigroup - Corpus	56.61	99.33	66.95	109.95	83.49	679	152,571	350,282	259,922	763,454	
Driscoll - Corpus	170.97	136.79	94.79	156.43	116.07	30,775	2,898,854	8,272,892	5,456,904	16,659,424	
Superior - Corpus	58.62	114.42	71.04	132.33	93.38	1,407	354,244	642,770	468,448	1,466,869	
Amerigroup - Dallas	130.17	97.39	77.49	113.90	88.59	131,211	7,666,541	23,505,507	11,841,955	43,145,214	
Parkland - Dallas	228.17	113.79	95.08	131.87	106.12	295,708	8,446,859	24,340,100	10,746,350	43,829,017	
Unicare - Dallas	155.21	109.79	83.56	116.53	95.30	3,725	656,105	2,169,886	1,190,004	4,019,721	
El Paso First - El Paso	99.00	92.52	66.49	77.53	72.87	29,700	2,228,252	7,555,924	4,072,186	13,886,061	
Superior - El Paso	207.88	94.43	67.27	77.08	73.91	44,902	1,386,988	4,142,756	1,915,592	7,490,238	
Aetna - Fort Worth	105.82	84.60	65.35	99.95	76.65	30,476	1,119,766	2,870,172	1,640,779	5,661,193	
Amerigroup - Fort Worth	203.09	85.52	65.25	98.21	75.59	151,099	3,310,650	7,671,051	3,196,146	14,328,946	
Cook - Fort Worth	198.79	98.06	83.87	119.53	93.85	169,369	6,846,157	20,579,685	9,608,778	37,203,989	
Amerigroup - Houston	160.04	96.31	71.58	106.07	83.66	19,205	2,933,217	8,532,050	4,950,075	16,434,547	
CHC - Houston	187.01	103.88	75.96	110.08	88.86	320,909	8,298,350	16,905,050	7,796,306	33,320,615	
Molina - Houston	120.04	81.33	63.45	89.80	72.88	2,881	285,956	1,006,571	630,396	1,925,804	
TCHP - Houston	393.03	112.73	92.58	130.66	104.75	1,047,032	20,127,716	56,037,933	26,105,868	103,318,549	
UHC - Houston	257.31	104.43	81.59	123.77	96.41	111,158	2,873,496	10,708,198	7,488,580	21,181,432	
Firstcare - Lubbock	88.81	82.57	78.60	107.40	85.57	13,854	1,046,327	3,107,844	1,538,827	5,706,853	
Superior - Lubbock	104.32	79.45	70.38	92.11	76.40	18,778	1,315,692	4,112,163	1,737,563	7,184,195	
Aetna - San Antonio	126.71	84.84	56.14	70.69	64.44	19,767	1,080,183	2,654,973	1,393,724	5,148,647	
CFHP - San Antonio	167.58	115.03	79.76	102.54	90.47	108,592	5,456,563	15,623,070	7,492,393	28,680,617	
Superior - San Antonio	91.02	97.01	67.75	85.00	76.21	18,568	1,972,019	5,543,847	2,579,580	10,114,014	
Molina - EPO	180.96	106.29	75.84	100.11	86.48	260,582	11,855,587	32,264,156	16,013,596	60,393,921	
Superior - EPO	180.96	106.29	75.84	100.11	86.43	301,841	13,557,077	37,531,699	18,634,876	70,025,493	
Total - All Plans	215.71	103.73	79.67	110.50	90.77	3,372,776	111,999,556	312,165,558	154,340,028	581,877,919	

FY2012 CHIP Rating Summary

Health Plan	Age Bracket					Age Bracket					
	<1	1-5	6-14	15-18	Total	<1	1-5	6-14	15-18	Total	
FY2012 Premium Rates pmpm (Individual Experience Rating)						FY2012 Premium					
Seton - Austin	120.35	99.50	78.43	101.53	87.09	102,541	3,870,989	10,903,075	4,863,826	19,740,432	
Superior - Austin	95.80	86.78	58.42	102.27	71.77	41,385	2,329,532	4,260,582	1,878,879	8,510,379	
Amerigroup - Corpus	99.24	101.40	72.38	86.42	80.92	1,191	155,746	378,672	204,302	739,912	
Driscoll - Corpus	188.21	127.43	89.67	130.95	105.40	33,877	2,700,464	7,826,357	4,567,954	15,128,653	
Superior - Corpus	88.05	109.62	52.96	97.56	74.23	2,113	339,392	479,208	345,364	1,166,077	
Amerigroup - Dallas	134.46	95.56	71.89	104.55	82.82	135,531	7,522,233	21,807,314	10,870,060	40,335,138	
Parkland - Dallas	279.50	136.35	90.86	112.55	103.90	362,232	10,121,266	23,258,578	9,171,809	42,913,885	
Unicare - Dallas	260.65	111.44	84.26	107.39	93.81	6,256	665,987	2,187,969	1,096,667	3,956,879	
El Paso First - El Paso	149.95	84.19	68.37	79.76	73.63	44,986	2,027,690	7,769,075	4,189,242	14,030,994	
Superior - El Paso	94.26	89.31	61.77	71.82	68.29	20,359	1,311,786	3,803,846	1,784,812	6,920,803	
Aetna - Fort Worth	109.78	77.79	56.58	67.75	63.07	31,618	1,029,597	2,484,812	1,112,126	4,658,152	
Amerigroup - Fort Worth	105.96	89.19	67.23	74.37	73.09	78,833	3,452,803	7,903,417	2,420,378	13,855,431	
Cook - Fort Worth	167.79	113.75	90.34	117.45	100.12	142,959	7,941,787	22,166,672	9,441,227	39,692,645	
Amerigroup - Houston	84.54	86.04	69.44	99.93	79.27	10,145	2,620,505	8,276,969	4,663,575	15,571,193	
CHC - Houston	372.00	108.98	78.11	99.95	90.16	638,348	8,706,121	17,383,268	7,079,200	33,806,937	
Molina - Houston	141.67	98.46	64.25	80.75	73.25	3,400	346,202	1,019,186	566,867	1,935,655	
TCHP - Houston	199.35	134.67	97.48	138.77	112.85	531,059	24,045,144	59,002,905	27,726,151	111,305,259	
UHC - Houston	155.34	84.48	62.83	111.05	79.01	67,108	2,324,610	8,246,473	6,719,197	17,357,388	
Firstcare - Lubbock	88.69	107.25	75.45	98.67	86.51	13,836	1,359,107	2,983,373	1,413,745	5,770,061	
Superior - Lubbock	116.49	92.07	52.90	91.96	67.76	20,967	1,524,679	3,091,075	1,734,799	6,371,521	
Aetna - San Antonio	96.70	84.27	52.50	64.07	60.50	15,086	1,072,968	2,482,810	1,263,137	4,834,001	
CFHP - San Antonio	78.21	113.40	78.69	101.53	89.15	50,683	5,379,027	15,413,840	7,418,240	28,261,790	
Superior - San Antonio	94.22	96.72	60.47	75.80	69.58	19,222	1,966,169	4,948,361	2,300,506	9,234,258	
Molina - EPO	150.14	97.25	70.72	81.11	77.50	216,196	10,847,711	30,087,355	12,974,403	54,125,665	
Superior - EPO	143.52	101.23	74.35	90.53	82.44	239,387	12,912,099	36,795,686	16,851,498	66,798,670	
Total - All Plans	180.95	107.96	77.83	102.14	88.45	2,829,319	116,573,613	304,960,878	142,657,967	567,021,776	

FY2012 CHIP Rating Summary

Health Plan	Age Bracket					Total	Age Bracket				
	<1	1-5	6-14	15-18	<1		1-5	6-14	15-18	Total	
FY2012 Premium Rate Change Relative to Current Rates						FY2012 Average Rates (weighted using total program members)					
Seton - Austin	-47.7%	-4.3%	-6.1%	-18.8%	-9.6%	87.11					
Superior - Austin	-6.8%	11.7%	-3.9%	17.9%	4.3%	72.84					
Amerigroup - Corpus	75.3%	2.1%	8.1%	-21.4%	-3.1%	80.39					
Driscoll - Corpus	10.1%	-6.8%	-5.4%	-16.3%	-9.2%	105.27					
Superior - Corpus	50.2%	-4.2%	-25.4%	-26.3%	-20.5%	72.31					
Amerigroup - Dallas	3.3%	-1.9%	-7.2%	-8.2%	-6.5%	83.15					
Parkland - Dallas	22.5%	19.8%	-4.4%	-14.7%	-2.1%	103.70					
Unicare - Dallas	67.9%	1.5%	0.8%	-7.8%	-1.6%	94.31					
El Paso First - El Paso	51.5%	-9.0%	2.8%	2.9%	1.0%	73.71					
Superior - El Paso	-54.7%	-5.4%	-8.2%	-6.8%	-7.6%	68.68					
Aetna - Fort Worth	3.7%	-8.1%	-13.4%	-32.2%	-17.7%	62.71					
Amerigroup - Fort Worth	-47.8%	4.3%	3.0%	-24.3%	-3.3%	72.58					
Cook - Fort Worth	-15.6%	16.0%	7.7%	-1.7%	6.7%	100.38					
Amerigroup - Houston	-47.2%	-10.7%	-3.0%	-5.8%	-5.3%	78.92					
CHC - Houston	98.9%	4.9%	2.8%	-9.2%	1.5%	88.79					
Molina - Houston	18.0%	21.1%	1.3%	-10.1%	0.5%	73.79					
TCHP - Houston	-49.3%	19.5%	5.3%	6.2%	7.7%	112.99					
UHC - Houston	-39.6%	-19.1%	-23.0%	-10.3%	-18.1%	77.21					
Firstcare - Lubbock	-0.1%	29.9%	-4.0%	-8.1%	1.1%	85.90					
Superior - Lubbock	11.7%	15.9%	-24.8%	-0.2%	-11.3%	68.17					
Aetna - San Antonio	-23.7%	-0.7%	-6.5%	-9.4%	-6.1%	60.48					
CFHP - San Antonio	-53.3%	-1.4%	-1.3%	-1.0%	-1.5%	89.51					
Superior - San Antonio	3.5%	-0.3%	-10.7%	-10.8%	-8.7%	70.00					
Molina - EPO	-17.0%	-8.5%	-6.7%	-19.0%	-10.4%	77.65					
Superior - EPO	-20.7%	-4.8%	-2.0%	-9.6%	-4.6%	82.57					
Total - All Plans	-16.1%	4.1%	-2.3%	-7.6%	-2.6%	88.45					

FY2012 CHIP Rating Summary

Health Plan	Age Bracket					Age Bracket					
	<1	1-5	6-14	15-18	Total	<1	1-5	6-14	15-18	Total	
FY2012 Premium Rates pmpm (Community Rating without Risk Adjustment)						FY2012 Premium					
Seton - Austin	112.09	94.31	71.54	101.74	81.98	95,503	3,668,934	9,945,704	4,873,598	18,583,739	
Superior - Austin	112.09	94.31	71.54	101.74	81.52	48,424	2,531,587	5,217,953	1,869,108	9,667,072	
Amerigroup - Corpus	172.14	123.75	85.51	125.47	102.38	2,066	190,073	447,398	296,608	936,145	
Driscoll - Corpus	172.14	123.75	85.51	125.47	100.98	30,985	2,622,413	7,463,129	4,376,853	14,493,380	
Superior - Corpus	172.14	123.75	85.51	125.47	102.18	4,131	383,116	773,711	444,159	1,605,118	
Amerigroup - Dallas	216.50	115.21	80.73	108.03	92.41	218,235	9,069,029	24,489,659	11,231,711	45,008,634	
Parkland - Dallas	216.50	115.21	80.73	108.03	92.74	280,588	8,551,984	20,667,691	8,803,618	38,303,881	
Unicare - Dallas	216.50	115.21	80.73	108.03	92.30	5,196	688,472	2,096,512	1,103,207	3,893,387	
El Paso First - El Paso	126.64	86.13	66.05	77.21	71.76	37,991	2,074,382	7,505,517	4,055,279	13,673,169	
Superior - El Paso	126.64	86.13	66.05	77.21	71.82	27,354	1,265,094	4,067,404	1,918,776	7,278,627	
Aetna - Fort Worth	134.51	102.03	80.01	100.30	88.68	38,738	1,350,535	3,514,259	1,646,541	6,550,072	
Amerigroup - Fort Worth	134.51	102.03	80.01	100.30	88.21	100,073	3,949,978	9,406,883	3,264,195	16,721,128	
Cook - Fort Worth	134.51	102.03	80.01	100.30	88.12	114,599	7,123,674	19,633,759	8,062,996	34,935,028	
Amerigroup - Houston	252.23	118.91	85.85	121.50	99.54	30,268	3,621,608	10,232,562	5,670,143	19,554,581	
CHC - Houston	252.23	118.91	85.85	121.50	100.39	432,830	9,499,230	19,105,315	8,605,088	37,642,462	
Molina - Houston	252.23	118.91	85.85	121.50	99.87	6,054	418,097	1,361,869	852,927	2,638,947	
TCHP - Houston	252.23	118.91	85.85	121.50	99.50	671,945	21,231,642	51,962,213	24,275,620	98,141,420	
UHC - Houston	252.23	118.91	85.85	121.50	100.13	108,964	3,272,004	11,266,841	7,351,212	21,999,021	
Firstcare - Lubbock	103.58	98.65	62.00	94.86	76.12	16,159	1,250,114	2,451,654	1,359,133	5,077,060	
Superior - Lubbock	103.58	98.65	62.00	94.86	75.13	18,645	1,633,672	3,622,793	1,789,411	7,064,522	
Aetna - San Antonio	84.32	104.58	70.29	89.19	80.45	13,153	1,331,496	3,324,306	1,758,428	6,427,384	
CFHP - San Antonio	84.32	104.58	70.29	89.19	79.81	54,637	4,960,794	13,768,752	6,516,780	25,300,963	
Superior - San Antonio	84.32	104.58	70.29	89.19	79.89	17,200	2,125,875	5,751,953	2,706,674	10,601,702	
Molina - EPO	146.58	99.38	72.67	86.18	80.18	211,081	11,084,493	30,917,665	13,784,732	55,997,972	
Superior - EPO	146.58	99.38	72.67	86.18	80.13	244,502	12,675,318	35,965,376	16,041,168	64,926,364	
Total - All Plans	180.95	107.96	77.83	102.14	88.45	2,829,319	116,573,613	304,960,878	142,657,967	567,021,776	

FY2012 CHIP Rating Summary

Health Plan	Age Bracket					Age Bracket					
	<1	1-5	6-14	15-18	Total	<1	1-5	6-14	15-18	Total	
FY2012 Premium Rate Change Relative to Current Rates						FY2012 Average Rates (weighted using total program members)					
Seton - Austin	-51.3%	-9.3%	-14.3%	-18.6%	-14.9%	82.05					
Superior - Austin	9.0%	21.3%	17.7%	17.2%	18.5%	82.05					
Amerigroup - Corpus	204.1%	24.6%	27.7%	14.1%	22.6%	100.87					
Driscoll - Corpus	0.7%	-9.5%	-9.8%	-19.8%	-13.0%	100.87					
Superior - Corpus	193.6%	8.2%	20.4%	-5.2%	9.4%	100.87					
Amerigroup - Dallas	66.3%	18.3%	4.2%	-5.2%	4.3%	92.82					
Parkland - Dallas	-5.1%	1.2%	-15.1%	-18.1%	-12.6%	92.82					
Unicare - Dallas	39.5%	4.9%	-3.4%	-7.3%	-3.1%	92.82					
El Paso First - El Paso	27.9%	-6.9%	-0.7%	-0.4%	-1.5%	72.01					
Superior - El Paso	-39.1%	-8.8%	-1.8%	0.2%	-2.8%	72.01					
Aetna - Fort Worth	27.1%	20.6%	22.4%	0.4%	15.7%	88.28					
Amerigroup - Fort Worth	-33.8%	19.3%	22.6%	2.1%	16.7%	88.28					
Cook - Fort Worth	-32.3%	4.1%	-4.6%	-16.1%	-6.1%	88.28					
Amerigroup - Houston	57.6%	23.5%	19.9%	14.5%	19.0%	99.59					
CHC - Houston	34.9%	14.5%	13.0%	10.4%	13.0%	99.59					
Molina - Houston	110.1%	46.2%	35.3%	35.3%	37.0%	99.59					
TCHP - Houston	-35.8%	5.5%	-7.3%	-7.0%	-5.0%	99.59					
UHC - Houston	-2.0%	13.9%	5.2%	-1.8%	3.9%	99.59					
Firstcare - Lubbock	16.6%	19.5%	-21.1%	-11.7%	-11.0%	75.44					
Superior - Lubbock	-0.7%	24.2%	-11.9%	3.0%	-1.7%	75.44					
Aetna - San Antonio	-33.5%	23.3%	25.2%	26.2%	24.8%	80.22					
CFHP - San Antonio	-49.7%	-9.1%	-11.9%	-13.0%	-11.8%	80.22					
Superior - San Antonio	-7.4%	7.8%	3.8%	4.9%	4.8%	80.22					
Molina - EPO	-19.0%	-6.5%	-4.2%	-13.9%	-7.3%	80.29					
Superior - EPO	-19.0%	-6.5%	-4.2%	-13.9%	-7.3%	80.29					
Total - All Plans	-16.1%	4.1%	-2.3%	-7.6%	-2.6%	88.45					

FY2012 CHIP Rating Summary

Health Plan	Age Bracket					Age Bracket					
	<1	1-5	6-14	15-18	Total	<1	1-5	6-14	15-18	Total	
FY2012 Premium Rates pmpm (Community Rating with Risk Adjustment)						FY2012 Premium					
Seton - Austin	112.09	88.80	72.48	103.64	82.01	95,503	3,454,488	10,075,497	4,964,730	18,590,218	
Superior - Austin	112.09	102.30	69.76	96.78	81.47	48,424	2,746,033	5,088,160	1,777,976	9,660,593	
Amerigroup - Corpus	172.14	131.39	76.78	147.52	104.37	2,066	201,813	401,712	348,741	954,331	
Driscoll - Corpus	172.14	121.50	87.52	126.92	102.22	30,985	2,574,821	7,638,631	4,427,338	14,671,774	
Superior - Corpus	172.14	135.33	71.16	96.48	89.67	4,131	418,969	643,895	341,542	1,408,537	
Amerigroup - Dallas	216.50	110.20	78.69	106.54	90.01	218,235	8,674,775	23,868,015	11,076,623	43,837,648	
Parkland - Dallas	216.50	120.43	83.78	110.65	96.08	280,588	8,939,487	21,446,569	9,017,021	39,683,664	
Unicare - Dallas	216.50	116.34	74.68	102.32	87.35	5,196	695,224	1,939,278	1,044,892	3,684,590	
El Paso First - El Paso	126.64	83.71	65.68	78.85	71.69	37,991	2,016,130	7,464,101	4,141,724	13,659,947	
Superior - El Paso	126.64	90.10	66.72	73.73	71.95	27,354	1,323,345	4,108,820	1,832,330	7,291,849	
Aetna - Fort Worth	134.51	80.12	63.74	89.14	72.60	38,738	1,060,468	2,799,419	1,463,250	5,361,876	
Amerigroup - Fort Worth	134.51	109.48	73.60	94.32	84.73	100,073	4,238,052	8,653,295	3,069,532	16,060,952	
Cook - Fort Worth	134.51	102.06	86.00	105.00	92.79	114,599	7,125,666	21,102,186	8,440,949	36,783,401	
Amerigroup - Houston	252.23	108.75	79.05	115.58	92.44	30,268	3,312,217	9,422,056	5,394,067	18,158,607	
CHC - Houston	252.23	108.42	70.92	96.03	84.48	432,830	8,660,867	15,783,411	6,800,922	31,678,030	
Molina - Houston	252.23	121.01	74.93	93.85	86.25	6,054	425,471	1,188,696	658,851	2,279,071	
TCHP - Houston	252.23	124.60	94.61	132.29	108.10	671,945	22,247,965	57,267,023	26,431,228	106,618,161	
UHC - Houston	252.23	123.42	78.23	123.46	96.69	108,964	3,396,062	10,267,614	7,469,922	21,242,563	
Firstcare - Lubbock	103.58	95.40	66.06	94.96	77.93	16,159	1,208,964	2,611,922	1,360,621	5,197,666	
Superior - Lubbock	103.58	101.14	59.26	94.78	73.85	18,645	1,674,822	3,462,526	1,787,923	6,943,916	
Aetna - San Antonio	84.32	105.01	56.12	74.18	68.42	13,153	1,336,961	2,654,166	1,462,483	5,466,764	
CFHP - San Antonio	84.32	101.43	73.28	92.95	82.05	54,637	4,811,257	14,353,145	6,791,946	26,010,985	
Superior - San Antonio	84.32	111.67	71.34	89.87	81.78	17,200	2,269,947	5,837,700	2,727,453	10,852,300	
Molina - EPO	146.58	99.38	72.67	86.18	80.18	211,081	11,084,493	30,917,665	13,784,732	55,997,972	
Superior - EPO	146.58	99.38	72.67	86.18	80.13	244,502	12,675,318	35,965,376	16,041,168	64,926,364	
Total - All Plans	180.95	107.96	77.83	102.14	88.45	2,829,319	116,573,613	304,960,878	142,657,967	567,021,776	

FY2012 CHIP Rating Summary

Health Plan	Age Bracket					Total	Age Bracket				
	<1	1-5	6-14	15-18	<1		1-5	6-14	15-18	Total	
FY2012 Premium Rate Change Relative to Current Rates						FY2012 Average Rates (weighted using total program members)					
Seton - Austin	-51.3%	-14.6%	-13.2%	-17.1%	-14.9%	82.11					
Superior - Austin	9.0%	31.6%	14.8%	11.5%	18.4%	81.23					
Amerigroup - Corpus	204.1%	32.3%	14.7%	34.2%	25.0%	101.62					
Driscoll - Corpus	0.7%	-11.2%	-7.7%	-18.9%	-11.9%	102.04					
Superior - Corpus	193.6%	18.3%	0.2%	-27.1%	-4.0%	87.73					
Amerigroup - Dallas	66.3%	13.2%	1.5%	-6.5%	1.6%	90.40					
Parkland - Dallas	-5.1%	5.8%	-11.9%	-16.1%	-9.5%	96.13					
Unicare - Dallas	39.5%	6.0%	-10.6%	-12.2%	-8.3%	88.06					
El Paso First - El Paso	27.9%	-9.5%	-1.2%	1.7%	-1.6%	71.74					
Superior - El Paso	-39.1%	-4.6%	-0.8%	-4.3%	-2.6%	72.33					
Aetna - Fort Worth	27.1%	-5.3%	-2.5%	-10.8%	-5.3%	72.20					
Amerigroup - Fort Worth	-33.8%	28.0%	12.8%	-4.0%	12.1%	84.31					
Cook - Fort Worth	-32.3%	4.1%	2.5%	-12.2%	-1.1%	92.96					
Amerigroup - Houston	57.6%	12.9%	10.4%	9.0%	10.5%	92.43					
CHC - Houston	34.9%	4.4%	-6.6%	-12.8%	-4.9%	83.15					
Molina - Houston	110.1%	48.8%	18.1%	4.5%	18.3%	87.25					
TCHP - Houston	-35.8%	10.5%	2.2%	1.2%	3.2%	108.26					
UHC - Houston	-2.0%	18.2%	-4.1%	-0.2%	0.3%	96.12					
Firstcare - Lubbock	16.6%	15.5%	-16.0%	-11.6%	-8.9%	77.39					
Superior - Lubbock	-0.7%	27.3%	-15.8%	2.9%	-3.3%	74.16					
Aetna - San Antonio	-33.5%	23.8%	0.0%	4.9%	6.2%	68.36					
CFHP - San Antonio	-49.7%	-11.8%	-8.1%	-9.3%	-9.3%	82.33					
Superior - San Antonio	-7.4%	15.1%	5.3%	5.7%	7.3%	82.20					
Molina - EPO	-19.0%	-6.5%	-4.2%	-13.9%	-7.3%	80.29					
Superior - EPO	-19.0%	-6.5%	-4.2%	-13.9%	-7.3%	80.29					
Total - All Plans	-16.1%	4.1%	-2.3%	-7.6%	-2.6%	88.45					

FY2012 CHIP Rating Summary

Health Plan	Age Bracket					Age Bracket				
	<1	1-5	6-14	15-18	Total	<1	1-5	6-14	15-18	Total
Minimum of 110% of Individual Experience Rate and Community Rate w/ Risk Adjustment.						FY2012 Premium				
Maximum decrease 10%. Minimum of 92.5% of Individual Rate										
Seton - Austin	118.48	93.86	76.60	109.54	86.68	100,944	3,651,693	10,649,539	5,247,590	19,649,766
Superior - Austin	108.62	99.13	67.60	93.78	78.94	46,924	2,660,992	4,930,586	1,722,914	9,361,416
Amerigroup - Corpus	146.81	112.05	65.48	125.81	89.01	1,762	172,116	342,601	297,424	813,903
Driscoll - Corpus	175.91	124.16	89.44	129.70	104.46	31,664	2,631,279	7,806,123	4,524,416	14,993,482
Superior - Corpus	161.34	126.84	66.70	90.43	84.05	3,872	392,688	603,505	320,118	1,320,182
Amerigroup - Dallas	216.50	110.20	78.69	106.54	90.01	218,235	8,674,775	23,868,015	11,076,623	43,837,648
Parkland - Dallas	216.57	120.46	83.80	110.68	96.11	280,670	8,942,118	21,452,880	9,019,675	39,695,343
Unicare - Dallas	216.50	116.34	74.68	102.32	87.35	5,196	695,224	1,939,278	1,044,892	3,684,590
El Paso First - El Paso	126.64	83.71	65.68	78.85	71.69	37,991	2,016,130	7,464,101	4,141,724	13,659,947
Superior - El Paso	126.64	90.10	66.72	73.73	71.95	27,354	1,323,345	4,108,820	1,832,330	7,291,849
Aetna - Fort Worth	128.54	76.57	60.91	85.18	69.37	37,019	1,013,415	2,675,208	1,398,325	5,123,967
Amerigroup - Fort Worth	127.64	103.89	69.85	89.50	80.40	94,963	4,021,682	8,211,509	2,912,820	15,240,974
Cook - Fort Worth	134.51	102.06	86.00	105.00	92.79	114,599	7,125,666	21,102,186	8,440,949	36,783,401
Amerigroup - Houston	237.92	102.58	74.56	109.03	87.19	28,550	3,124,286	8,887,461	5,088,015	17,128,313
CHC - Houston	252.23	108.42	70.92	96.03	84.48	432,830	8,660,867	15,783,411	6,800,922	31,678,030
Molina - Houston	235.65	113.05	70.00	87.68	80.58	5,656	397,496	1,110,538	615,531	2,129,221
TCHP - Houston	252.23	124.60	94.61	132.29	108.10	671,945	22,247,965	57,267,023	26,431,228	106,618,161
UHC - Houston	226.71	110.93	70.32	110.97	86.91	97,939	3,052,430	9,228,682	6,714,076	19,093,127
Firstcare - Lubbock	106.37	97.97	67.83	97.51	80.02	16,593	1,241,444	2,682,094	1,397,176	5,337,306
Superior - Lubbock	103.58	101.14	59.26	94.78	73.85	18,645	1,674,822	3,462,526	1,787,923	6,943,916
Aetna - San Antonio	82.01	102.14	54.59	72.15	66.55	12,794	1,300,432	2,581,649	1,422,526	5,317,401
CFHP - San Antonio	84.74	101.94	73.65	93.42	82.46	54,912	4,835,520	14,425,527	6,826,197	26,142,156
Superior - San Antonio	78.92	104.52	66.77	84.12	76.54	16,099	2,124,656	5,464,049	2,552,879	10,157,683
Molina - EPO	146.58	99.38	72.67	86.18	80.18	211,081	11,084,493	30,917,665	13,784,732	55,997,972
Superior - EPO	146.58	99.38	72.67	86.18	80.13	244,502	12,675,318	35,965,376	16,041,168	64,926,364
Total - All Plans	179.89	107.19	77.31	101.27	87.81	2,812,740	115,740,851	302,930,353	141,442,174	562,926,119

FY2012 CHIP Rating Summary

Health Plan	Age Bracket					Total	Age Bracket					Total
	<1	1-5	6-14	15-18			<1	1-5	6-14	15-18		
FY2012 Premium Rate Change Relative to Current Rates												
Seton - Austin	-48.5%	-9.7%	-8.2%	-12.4%		-10.0%						
Superior - Austin	5.6%	27.5%	11.3%	8.1%		14.8%						
Amerigroup - Corpus	159.3%	12.8%	-2.2%	14.4%		6.6%						
Driscoll - Corpus	2.9%	-9.2%	-5.6%	-17.1%		-10.0%						
Superior - Corpus	175.2%	10.9%	-6.1%	-31.7%		-10.0%						
Amerigroup - Dallas	66.3%	13.2%	1.5%	-6.5%		1.6%						
Parkland - Dallas	-5.1%	5.9%	-11.9%	-16.1%		-9.4%						
Unicare - Dallas	39.5%	6.0%	-10.6%	-12.2%		-8.3%						
El Paso First - El Paso	27.9%	-9.5%	-1.2%	1.7%		-1.6%						
Superior - El Paso	-39.1%	-4.6%	-0.8%	-4.3%		-2.6%						
Aetna - Fort Worth	21.5%	-9.5%	-6.8%	-14.8%		-9.5%						
Amerigroup - Fort Worth	-37.2%	21.5%	7.0%	-8.9%		6.4%						
Cook - Fort Worth	-32.3%	4.1%	2.5%	-12.2%		-1.1%						
Amerigroup - Houston	48.7%	6.5%	4.2%	2.8%		4.2%						
CHC - Houston	34.9%	4.4%	-6.6%	-12.8%		-4.9%						
Molina - Houston	96.3%	39.0%	10.3%	-2.4%		10.6%						
TCHP - Houston	-35.8%	10.5%	2.2%	1.2%		3.2%						
UHC - Houston	-11.9%	6.2%	-13.8%	-10.3%		-9.9%						
Firstcare - Lubbock	19.8%	18.6%	-13.7%	-9.2%		-6.5%						
Superior - Lubbock	-0.7%	27.3%	-15.8%	2.9%		-3.3%						
Aetna - San Antonio	-35.3%	20.4%	-2.8%	2.1%		3.3%						
CFHP - San Antonio	-49.4%	-11.4%	-7.7%	-8.9%		-8.9%						
Superior - San Antonio	-13.3%	7.7%	-1.4%	-1.0%		0.4%						
Molina - EPO	-19.0%	-6.5%	-4.2%	-13.9%		-7.3%						
Superior - EPO	-19.0%	-6.5%	-4.2%	-13.9%		-7.3%						
Total - All Plans	-16.6%	3.3%	-3.0%	-8.4%		-3.3%						

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 2007 through February 2011. 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 2007 through February 2011.

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, 2011, (iii) estimated proportion of that month's incurred claims paid through February, 2011 (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 FY2012 cost based on the plan's actual experience. The top of the exhibit shows summary base period (FY2010) enrollment, premium and claims experience. Trend assumptions for FY2011 and FY2012 are used to project the average base period claims cost to FY2012. 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 (\$.105 pmpm).

At the bottom of Exhibit D is a summary of the projected FY2012 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-07	124	5,188	15,901	5,132	26,345	1,912,339	72.59	2,111,234	80.14
Oct-07	114	4,896	15,278	4,918	25,206	1,827,852	72.52	2,019,166	80.11
Nov-07	104	4,410	14,441	4,721	23,676	1,719,029	72.61	1,896,042	80.08
Dec-07	98	4,151	13,842	4,541	22,632	1,643,508	72.62	1,812,129	80.07
Jan-08	84	3,945	13,248	4,363	21,640	1,569,212	72.51	1,732,324	80.05
Feb-08	80	3,778	12,940	4,286	21,084	1,529,380	72.54	1,687,582	80.04
Mar-08	85	3,602	12,610	4,236	20,533	1,493,965	72.76	1,643,939	80.06
Apr-08	72	3,458	12,326	4,107	19,963	1,448,064	72.54	1,597,192	80.01
May-08	68	3,360	12,063	4,013	19,504	1,413,847	72.49	1,560,178	79.99
Jun-08	57	3,315	11,940	3,987	19,299	1,396,455	72.36	1,543,451	79.98
Jul-08	54	3,298	11,968	4,010	19,330	1,398,322	72.34	1,545,808	79.97
Aug-08	48	3,276	11,957	4,033	19,314	1,396,413	72.30	1,544,452	79.97
Sep-08	52	3,228	11,979	4,045	19,304	1,497,835	77.59	1,543,572	79.96
Oct-08	44	3,134	11,888	3,989	19,055	1,473,875	77.35	1,522,731	79.91
Nov-08	45	3,062	11,636	3,994	18,737	1,453,300	77.56	1,498,267	79.96
Dec-08	46	3,004	11,658	3,966	18,674	1,446,630	77.47	1,492,574	79.93
Jan-09	43	2,927	11,618	3,986	18,574	1,438,250	77.43	1,484,446	79.92
Feb-09	42	2,904	11,562	3,948	18,456	1,428,000	77.37	1,474,747	79.91
Mar-09	45	2,878	11,497	3,941	18,361	1,422,305	77.46	1,467,389	79.92
Apr-09	45	2,910	11,557	3,950	18,463	1,430,030	77.46	1,475,489	79.92
May-09	45	2,927	11,645	3,985	18,603	1,440,864	77.45	1,486,714	79.92
Jun-09	46	2,950	11,747	4,021	18,764	1,453,372	77.46	1,499,565	79.92
Jul-09	46	2,982	11,862	4,058	18,949	1,467,683	77.45	1,514,376	79.92
Aug-09	47	3,013	11,992	4,103	19,155	1,483,648	77.45	1,530,863	79.92
Sep-09	46	3,002	11,971	4,090	19,109	1,449,030	75.83	1,527,060	79.91
Oct-09	45	2,991	11,950	4,077	19,063	1,444,963	75.80	1,523,258	79.90
Nov-09	44	2,980	11,929	4,064	19,017	1,440,896	75.77	1,519,455	79.90
Dec-09	43	2,969	11,908	4,051	18,971	1,436,829	75.74	1,515,652	79.89
Jan-10	42	2,958	11,887	4,038	18,925	1,432,762	75.71	1,511,850	79.88
Feb-10	41	2,947	11,866	4,025	18,879	1,428,695	75.67	1,508,047	79.88
Mar-10	40	2,936	11,845	4,012	18,833	1,424,628	75.64	1,504,244	79.87
Apr-10	44	2,964	11,847	4,040	18,895	1,431,973	75.79	1,509,750	79.90
May-10	44	2,994	11,965	4,080	19,083	1,446,064	75.78	1,524,754	79.90
Jun-10	43	3,024	12,085	4,121	19,273	1,459,960	75.75	1,539,877	79.90
Jul-10	43	3,039	12,145	4,142	19,369	1,467,176	75.75	1,547,544	79.90
Aug-10	47	3,059	12,226	4,170	19,502	1,478,560	75.82	1,558,324	79.91
Sep-10	47	3,065	12,252	4,179	19,543	1,561,595	79.91	1,561,595	79.91
Oct-10	47	3,068	12,264	4,183	19,562	1,563,110	79.91	1,563,110	79.91
Nov-10	47	3,075	12,292	4,193	19,607	1,566,706	79.91	1,566,706	79.91
Dec-10	45	3,078	12,304	4,197	19,624	1,567,980	79.90	1,567,980	79.90
Jan-11	48	3,081	12,316	4,201	19,646	1,569,858	79.91	1,569,858	79.91
Feb-11	46	3,084	12,328	4,205	19,663	1,571,132	79.90	1,571,132	79.90
FY2008	988	46,677	158,514	52,347	258,526	18,748,386	72.52	20,693,498	80.04
FY2009	547	35,920	140,641	47,987	225,095	17,435,792	77.46	17,990,734	79.93
FY2010	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-07	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08
6-14															
Sep-07	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-07		86,099	328,120	197,976	18,651	12,689	-1,201	-254	838	990	146	7,384	0	0	1,735
Nov-07			17,351	367,907	68,405	39,292	5,651	3,370	7,579	1,947	657	-57	0	-43	32
Dec-07				79,890	251,389	123,262	19,456	6,304	2,806	2,392	107	-157	-1,160	66	-30
Jan-08					17,198	383,437	95,120	15,460	4,917	5,241	94	3	849	301	371
Feb-08						58,788	330,673	63,094	25,904	8,509	2,334	-1,095	466	0	0
Mar-08							37,050	375,045	87,951	25,614	3,633	1,463	902	-2,288	956
Apr-08								49,356	358,033	79,963	16,664	7,310	348	3,833	720
May-08									50,126	340,480	109,840	31,914	7,497	6,509	1,813
Jun-08										43,481	290,289	255,510	13,292	7,486	1,683
Jul-08											20,983	305,586	130,515	70,186	4,511
Aug-08												32,812	371,147	109,441	16,108
Sep-08													50,488	529,966	240,552
Oct-08														6,091	398,876
Nov-08															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-08	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-08	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-08	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-08	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-09	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-09	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-09	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-09	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-09	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-09	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-09	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-09	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-09	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-09	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-09	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-09	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-10	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-10	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-10	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-10	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-10	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-10	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-10	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-10	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-10	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-10	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-10	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-10	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-11	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-11	12,328	37,308	0.758	49,220	3.99	0.091	4,205	117,532	0.650	180,819	43.00	1.041
FY2008	158,514			6,528,516	41.19		52,347			1,948,470	37.22	
FY2009	140,641			8,824,296	62.74	1.523	47,987			1,689,551	35.21	0.946
FY2010	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: FY2012 (9/1/2011 - 8/31/2012)

	<1		1-5		6-14		15-18		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 9/1/2009 - 8/31/2010										
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 FY2012 Member Months	335		27,561		119,625		44,598		192,119	
Projected FY2012 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										
FY2011	2.4 %		2.4 %		2.4 %		2.4 %			
FY2012	5.0 %		5.0 %		5.0 %		5.0 %			
Provider Reimbursement Changes	1.0038		1.0034		1.0041		0.9941			
Other Reimbursement Changes	0.9798		0.9811		0.9811		0.9806			
Projected Incurred Claims	32,859	98.09	1,834,180	66.55	6,668,449	55.74	2,034,077	45.61	10,569,566	55.02
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: FY2012 (9/1/2011 - 8/31/2012)

	<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 %	7.05	5.75 %	5.05	5.75 %	4.36	5.75 %	3.71	5.75 %	4.31
Risk Margin	2.00 %	2.45	2.00 %	1.75	2.00 %	1.52	2.00 %	1.29	2.00 %	1.50
Premium Tax	1.75 %	2.15	1.75 %	1.54	1.75 %	1.33	1.75 %	1.13	1.75 %	1.31
Maintenance Tax	37	0.11	3,032	0.11	13,159	0.11	4,906	0.11	21,133	0.11
Projected Total Cost	41,069	122.59	2,418,359	87.75	9,068,317	75.81	2,881,334	64.61	14,409,079	75.00
Experience Rate Increase		1.5%		2.9%		1.1%		-28.2%		-6.3%

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 FY2012 cost for each health plan in the service area. The weights used in this formula are the projected number of FY2012 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 FY2012 CHIP HMO community premium rates for the following service areas:

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

These exhibits show projected FY2012 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 (FY2010) experience. Following that are projected FY2012 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 (\$.105 pmpm).

At the bottom of the exhibit is a summary of the projected FY2012 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 9/1/2009 - 8/31/2010										
Member Months	1,205		58,738		192,610		63,480		316,033	
Premium Revenue	275,060	228.27	5,419,185	92.26	14,396,856	74.75	8,351,897	131.57	28,442,997	90.00
Adjusted Premium	216,893	179.99	5,468,583	93.10	14,609,099	75.85	7,255,770	114.30	27,550,345	87.18
Adjusted FY2010 Incurred Claims	84,293	69.95	3,567,949	60.74	7,725,871	40.11	4,165,171	65.61	15,543,285	49.18
Projected FY2012 Member Months	1,284		65,748		211,956		66,276		345,264	
FY2012 Premium at FY2011 Rates	240,557	187.35	6,130,386	93.24	16,036,981	75.66	7,581,180	114.39	29,989,105	86.86
Annual Trend Assumptions										
FY2011	2.4 %		2.4 %		2.4 %		2.4 %			
FY2012	5.0 %		5.0 %		5.0 %		5.0 %			
Provider Reimbursement Changes	0.9553		0.9437		0.9433		0.9374			
Other Reimbursement Changes	0.9993		0.9993		0.9993		0.9993			
Projected Incurred Claims	92,193	71.80	4,049,493	61.59	8,616,857	40.65	4,379,876	66.09	17,138,419	49.64
Capitation Expenses										
Total	26,685	20.78	979,451	14.90	3,228,323	15.23	1,135,067	17.13	5,369,526	15.55
Reinsurance Expenses										
Net Reinsurance Cost	963	0.75	49,311	0.75	158,967	0.75	49,707	0.75	258,948	0.75
Administrative Expenses										
Fixed Amount	10,272	8.00	525,984	8.00	1,695,648	8.00	530,208	8.00	2,762,112	8.00
Percentage of Premium	5.75 %	6.45	5.75 %	5.42	5.75 %	4.11	5.75 %	5.85	5.75 %	4.70
Risk Margin	2.00 %	2.24	2.00 %	1.89	2.00 %	1.43	2.00 %	2.03	2.00 %	1.64
Premium Tax	1.75 %	1.96	1.75 %	1.65	1.75 %	1.25	1.75 %	1.78	1.75 %	1.43
Maintenance Tax	141	0.11	7,232	0.11	23,315	0.11	7,290	0.11	37,979	0.11
Projected Total Cost	143,926	112.09	6,200,521	94.31	15,163,657	71.54	6,742,706	101.74	28,250,811	81.82
Experience Rate Increase		-40.2 %		1.1 %		-5.4 %		-11.1 %		-5.8 %

	<1		1-5		6-14		15-18		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 9/1/2009 - 8/31/2010										
Member Months	265		24,424		101,330		39,581		165,600	
Premium Revenue	40,782	153.90	2,746,896	112.47	9,404,368	92.81	5,197,816	131.32	17,389,862	105.01
Adjusted Premium	37,192	140.35	3,216,597	131.70	9,227,927	91.07	5,992,173	151.39	18,473,889	111.56
Adjusted FY2010 Incurred Claims	36,706	138.51	2,338,803	95.76	6,288,567	62.06	3,938,447	99.50	12,602,524	76.10
Projected FY2012 Member Months	216		25,824		101,556		40,788		168,384	
FY2012 Premium at FY2011 Rates	32,861	152.13	3,405,669	131.88	9,265,944	91.24	6,185,274	151.64	18,889,748	112.18
Annual Trend Assumptions										
FY2011	2.4 %		2.4 %		2.4 %		2.4 %			
FY2012	5.0 %		5.0 %		5.0 %		5.0 %			
Provider Reimbursement Changes	0.9600		0.9375		0.9205		0.9154			
Other Reimbursement Changes	0.9966		0.9966		0.9966		0.9966			
Projected Incurred Claims	30,777	142.48	2,484,117	96.19	6,216,464	61.21	3,980,907	97.60	12,712,264	75.50
Capitation Expenses										
Total	965	4.47	179,886	6.97	745,653	7.34	290,364	7.12	1,216,868	7.23
Reinsurance Expenses										
Net Reinsurance Cost	156	0.72	18,585	0.72	73,499	0.72	29,385	0.72	121,625	0.72
Administrative Expenses										
Fixed Amount	1,728	8.00	206,592	8.00	812,448	8.00	326,304	8.00	1,347,072	8.00
Percentage of Premium	5.75 %	9.90	5.75 %	7.12	5.75 %	4.92	5.75 %	7.21	5.75 %	5.82
Risk Margin	2.00 %	3.44	2.00 %	2.47	2.00 %	1.71	2.00 %	2.51	2.00 %	2.02
Premium Tax	1.75 %	3.01	1.75 %	2.17	1.75 %	1.50	1.75 %	2.20	1.75 %	1.77
Maintenance Tax	24	0.11	2,841	0.11	11,171	0.11	4,487	0.11	18,522	0.11
Projected Total Cost	37,182	172.14	3,195,602	123.75	8,684,238	85.51	5,117,621	125.47	17,034,642	101.17
Experience Rate Increase		13.1 %		-6.2 %		-6.3 %		-17.3 %		-9.8 %

	<1		1-5		6-14		15-18		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 9/1/2009 - 8/31/2010										
Member Months	2,629		155,331		552,758		175,836		886,554	
Premium Revenue	323,136	122.91	16,009,834	103.07	46,131,880	83.46	20,551,580	116.88	83,016,430	93.64
Adjusted Premium	483,160	183.78	16,454,313	105.93	47,322,588	85.61	21,345,964	121.40	85,606,025	96.56
Adjusted FY2010 Incurred Claims	463,034	176.13	14,073,469	90.60	33,437,101	60.49	14,920,812	84.86	62,894,416	70.94
Projected FY2012 Member Months	2,328		158,928		585,300		195,672		942,228	
FY2012 Premium at FY2011 Rates	430,645	184.98	16,769,505	105.52	50,015,492	85.45	23,778,310	121.52	90,993,952	96.57
Annual Trend Assumptions										
FY2011	2.4 %		2.4 %		2.4 %		2.4 %			
FY2012	5.0 %		5.0 %		5.0 %		5.0 %			
Provider Reimbursement Changes	0.9768		0.9525		0.9449		0.9471			
Other Reimbursement Changes	0.9910		0.9920		0.9923		0.9927			
Projected Incurred Claims	426,768	183.32	14,628,404	92.04	35,694,958	60.99	16,784,227	85.78	67,534,357	71.68
Capitation Expenses										
Total	9,275	3.98	578,207	3.64	2,058,206	3.52	673,177	3.44	3,318,865	3.52
Reinsurance Expenses										
Net Reinsurance Cost	1,214	0.52	74,567	0.47	264,798	0.45	86,071	0.44	426,650	0.45
Administrative Expenses										
Fixed Amount	18,624	8.00	1,271,424	8.00	4,682,400	8.00	1,565,376	8.00	7,537,824	8.00
Percentage of Premium	5.75 %	12.45	5.75 %	6.62	5.75 %	4.64	5.75 %	6.21	5.75 %	5.32
Risk Margin	2.00 %	4.33	2.00 %	2.30	2.00 %	1.61	2.00 %	2.16	2.00 %	1.85
Premium Tax	1.75 %	3.79	1.75 %	2.02	1.75 %	1.41	1.75 %	1.89	1.75 %	1.62
Maintenance Tax	256	0.11	17,482	0.11	64,383	0.11	21,524	0.11	103,645	0.11
Projected Total Cost	504,019	216.50	18,309,486	115.21	47,253,861	80.73	21,138,536	108.03	87,205,901	92.55
Experience Rate Increase		17.0 %		9.2 %		-5.5 %		-11.1 %		-4.2 %

	<1		1-5		6-14		15-18		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 9/1/2009 - 8/31/2010										
Member Months	401		35,070		162,774		71,880		270,125	
Premium Revenue	43,344	108.09	3,230,807	92.12	11,348,196	69.72	5,287,875	73.57	19,910,223	73.71
Adjusted Premium	55,269	137.83	3,270,587	93.26	10,868,711	66.77	5,562,467	77.39	19,757,034	73.14
Adjusted FY2010 Incurred Claims	41,204	102.75	2,327,797	66.38	7,736,659	47.53	4,162,938	57.92	14,268,598	52.82
Projected FY2012 Member Months	516		38,772		175,224		77,376		291,888	
FY2012 Premium at FY2011 Rates	74,602	144.58	3,615,240	93.24	11,698,679	66.76	5,987,778	77.39	21,376,299	73.23
Annual Trend Assumptions										
FY2011	2.4 %		2.4 %		2.4 %		2.4 %			
FY2012	5.0 %		5.0 %		5.0 %		5.0 %			
Provider Reimbursement Changes	0.9649		0.9463		0.9490		0.9449			
Other Reimbursement Changes	0.9725		0.9725		0.9725		0.9725			
Projected Incurred Claims	53,495	103.67	2,546,490	65.68	8,264,449	47.17	4,427,612	57.22	15,292,046	52.39
Capitation Expenses										
Total	1,071	2.08	132,216	3.41	656,560	3.75	293,355	3.79	1,083,202	3.71
Reinsurance Expenses										
Net Reinsurance Cost	387	0.75	29,079	0.75	131,418	0.75	58,032	0.75	218,916	0.75
Administrative Expenses										
Fixed Amount	4,128	8.00	310,176	8.00	1,401,792	8.00	619,008	8.00	2,335,104	8.00
Percentage of Premium	5.75 %	7.28	5.75 %	4.95	5.75 %	3.80	5.75 %	4.44	5.75 %	4.13
Risk Margin	2.00 %	2.53	2.00 %	1.72	2.00 %	1.32	2.00 %	1.54	2.00 %	1.44
Premium Tax	1.75 %	2.22	1.75 %	1.51	1.75 %	1.16	1.75 %	1.35	1.75 %	1.26
Maintenance Tax	57	0.11	4,265	0.11	19,275	0.11	8,511	0.11	32,108	0.11
Projected Total Cost	65,345	126.64	3,339,476	86.13	11,572,921	66.05	5,974,054	77.21	20,951,796	71.78
Experience Rate Increase		-12.4 %		-7.6 %		-1.1 %		-0.2 %		-2.0 %

	<1		1-5		6-14		15-18		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 9/1/2009 - 8/31/2010										
Member Months	2,950		223,723		872,608		328,813		1,428,094	
Premium Revenue	439,526	148.99	24,223,627	108.28	66,644,711	76.37	30,688,553	93.33	121,996,418	85.43
Adjusted Premium	533,832	180.96	23,779,518	106.29	66,178,591	75.84	32,917,469	100.11	123,409,410	86.42
Adjusted FY2010 Incurred Claims	357,984	121.35	18,045,613	80.66	49,582,846	56.82	22,932,170	69.74	90,918,613	63.66
Projected FY2012 Member Months	3,108		239,088		920,304		346,104		1,508,604	
FY2012 Premium at FY2011 Rates	562,424	180.96	25,412,664	106.29	69,795,855	75.84	34,648,471	100.11	130,419,414	86.45
Annual Trend Assumptions										
FY2011	2.4 %		2.4 %		2.4 %		2.4 %			
FY2012	5.0 %		5.0 %		5.0 %		5.0 %			
Provider Reimbursement Changes	0.9493		0.9339		0.9296		0.9207			
Other Reimbursement Changes	0.9943		0.9943		0.9943		0.9943			
Projected Incurred Claims	382,757	123.15	19,253,781	80.53	51,968,067	56.47	23,758,434	68.65	95,363,039	63.21
Capitation Expenses										
Total	2,024	0.65	131,643	0.55	411,445	0.45	169,124	0.49	714,237	0.47
Reinsurance Expenses										
Net Reinsurance Cost	2,317	0.75	178,201	0.75	685,974	0.75	257,978	0.75	1,124,469	0.75
Administrative Expenses										
Fixed Amount	24,864	8.00	1,912,704	8.00	7,362,432	8.00	2,768,832	8.00	12,068,832	8.00
Percentage of Premium	5.75 %	8.43	5.75 %	5.71	5.75 %	4.18	5.75 %	4.96	5.75 %	4.61
Risk Margin	2.00 %	2.93	2.00 %	1.99	2.00 %	1.45	2.00 %	1.72	2.00 %	1.60
Premium Tax	1.75 %	2.57	1.75 %	1.74	1.75 %	1.27	1.75 %	1.51	1.75 %	1.40
Maintenance Tax	342	0.11	26,300	0.11	101,233	0.11	38,071	0.11	165,946	0.11
Projected Total Cost	455,584	146.58	23,759,811	99.38	66,883,041	72.67	29,825,900	86.18	120,924,335	80.16
Experience Rate Increase		-19.0 %		-6.5 %		-4.2 %		-13.9 %		-7.3 %

	<1		1-5		6-14		15-18		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 9/1/2009 - 8/31/2010										
Member Months	1,896		114,674		370,137		116,419		603,126	
Premium Revenue	215,467	113.64	11,493,119	100.22	30,439,891	82.24	12,435,787	106.82	54,584,264	90.50
Adjusted Premium	360,421	190.10	10,614,072	92.56	28,405,130	76.74	13,042,175	112.03	52,421,797	86.92
Adjusted FY2010 Incurred Claims	203,801	107.49	9,159,695	79.88	22,147,130	59.83	9,090,708	78.09	40,601,334	67.32
Projected FY2012 Member Months	1,884		121,764		406,860		129,348		659,856	
FY2012 Premium at FY2011 Rates	350,944	186.28	11,276,573	92.61	31,120,908	76.49	14,445,703	111.68	57,194,128	86.68
Annual Trend Assumptions										
FY2011	2.4 %		2.4 %		2.4 %		2.4 %			
FY2012	5.0 %		5.0 %		5.0 %		5.0 %			
Provider Reimbursement Changes	0.9564		0.9403		0.9424		0.9409			
Other Reimbursement Changes	0.9948		0.9943		0.9940		0.9936			
Projected Incurred Claims	207,163	109.96	9,776,960	80.29	24,518,621	60.26	10,152,625	78.49	44,655,370	67.67
Capitation Expenses										
Total	6,272	3.33	433,828	3.56	1,488,118	3.66	489,977	3.79	2,418,195	3.66
Reinsurance Expenses										
Net Reinsurance Cost	622	0.33	45,595	0.37	155,811	0.38	49,612	0.38	251,640	0.38
Administrative Expenses										
Fixed Amount	15,072	8.00	974,112	8.00	3,254,880	8.00	1,034,784	8.00	5,278,848	8.00
Percentage of Premium	5.75 %	7.73	5.75 %	5.87	5.75 %	4.60	5.75 %	5.77	5.75 %	5.07
Risk Margin	2.00 %	2.69	2.00 %	2.04	2.00 %	1.60	2.00 %	2.01	2.00 %	1.76
Premium Tax	1.75 %	2.35	1.75 %	1.79	1.75 %	1.40	1.75 %	1.76	1.75 %	1.54
Maintenance Tax	207	0.11	13,394	0.11	44,755	0.11	14,228	0.11	72,584	0.11
Projected Total Cost	253,409	134.51	12,424,187	102.03	32,554,900	80.01	12,973,732	100.30	58,206,228	88.21
Experience Rate Increase		-27.8 %		10.2 %		4.6 %		-10.2 %		1.8 %

	<1		1-5		6-14		15-18		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 9/1/2009 - 8/31/2010										
Member Months	5,448		307,177		1,050,670		365,609		1,728,904	
Premium Revenue	1,341,688	246.27	33,816,323	110.09	88,005,881	83.76	42,537,472	116.35	165,701,365	95.84
Adjusted Premium	1,565,574	287.37	33,115,301	107.81	89,359,738	85.05	44,587,116	121.95	168,627,730	97.53
Adjusted FY2010 Incurred Claims	1,197,798	219.86	30,724,028	100.02	73,214,504	69.68	37,785,566	103.35	142,921,896	82.67
Projected FY2012 Member Months	4,956		319,920		1,094,148		384,816		1,803,840	
FY2012 Premium at FY2011 Rates	1,501,185	302.90	34,518,735	107.90	93,189,802	85.17	46,971,225	122.06	176,180,947	97.67
Annual Trend Assumptions										
FY2011	2.4 %		2.4 %		2.4 %		2.4 %			
FY2012	5.0 %		5.0 %		5.0 %		5.0 %			
Provider Reimbursement Changes	0.9352		0.9327		0.9265		0.9206			
Other Reimbursement Changes	0.9709		0.9595		0.9597		0.9618			
Projected Incurred Claims	1,063,802	214.65	30,788,830	96.24	72,891,236	66.62	37,862,976	98.39	142,606,845	79.06
Capitation Expenses										
Total	23,977	4.84	841,419	2.63	2,579,558	2.36	1,110,069	2.88	4,555,024	2.53
Reinsurance Expenses										
Net Reinsurance Cost	3,332	0.67	203,735	0.64	661,229	0.60	219,363	0.57	1,087,659	0.60
Administrative Expenses										
Fixed Amount	39,648	8.00	2,559,360	8.00	8,753,184	8.00	3,078,528	8.00	14,430,720	8.00
Percentage of Premium	5.75 %	14.50	5.75 %	6.84	5.75 %	4.94	5.75 %	6.99	5.75 %	5.74
Risk Margin	2.00 %	5.04	2.00 %	2.38	2.00 %	1.72	2.00 %	2.43	2.00 %	2.00
Premium Tax	1.75 %	4.41	1.75 %	2.08	1.75 %	1.50	1.75 %	2.13	1.75 %	1.75
Maintenance Tax	545	0.11	35,191	0.11	120,356	0.11	42,330	0.11	198,422	0.11
Projected Total Cost	1,250,060	252.23	38,042,581	118.91	93,928,800	85.85	46,754,990	121.50	179,976,432	99.77
Experience Rate Increase		-16.7 %		10.2 %		0.8 %		-0.5 %		2.2 %

	<1		1-5		6-14		15-18		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 9/1/2009 - 8/31/2010										
Member Months	318		24,493		86,466		29,568		140,845	
Premium Revenue	16,028	50.40	2,113,780	86.30	5,569,178	64.41	2,459,822	83.19	10,158,808	72.13
Adjusted Premium	31,483	99.00	1,978,111	80.76	6,377,057	73.75	2,921,315	98.80	11,307,966	80.29
Adjusted FY2010 Incurred Claims	26,528	83.42	1,928,942	78.75	3,971,797	45.93	2,233,652	75.54	8,160,919	57.94
Projected FY2012 Member Months	336		29,232		97,968		33,192		160,728	
FY2012 Premium at FY2011 Rates	32,632	97.12	2,362,019	80.80	7,220,007	73.70	3,276,390	98.71	12,891,048	80.20
Annual Trend Assumptions										
FY2011	2.4 %		2.4 %		2.4 %		2.4 %			
FY2012	5.0 %		5.0 %		5.0 %		5.0 %			
Provider Reimbursement Changes	0.9461		0.9490		0.9524		0.9469			
Other Reimbursement Changes	0.9960		0.9960		0.9960		0.9960			
Projected Incurred Claims	28,398	84.52	2,339,570	80.03	4,589,648	46.85	2,542,524	76.60	9,500,140	59.11
Capitation Expenses										
Total	122	0.36	11,261	0.39	39,731	0.41	12,828	0.39	63,942	0.40
Reinsurance Expenses										
Net Reinsurance Cost	252	0.75	21,924	0.75	73,476	0.75	24,894	0.75	120,546	0.75
Administrative Expenses										
Fixed Amount	2,688	8.00	233,856	8.00	783,744	8.00	265,536	8.00	1,285,824	8.00
Percentage of Premium	5.75 %	5.96	5.75 %	5.67	5.75 %	3.57	5.75 %	5.45	5.75 %	4.34
Risk Margin	2.00 %	2.07	2.00 %	1.97	2.00 %	1.24	2.00 %	1.90	2.00 %	1.51
Premium Tax	1.75 %	1.81	1.75 %	1.73	1.75 %	1.09	1.75 %	1.66	1.75 %	1.32
Maintenance Tax	37	0.11	3,216	0.11	10,776	0.11	3,651	0.11	17,680	0.11
Projected Total Cost	34,804	103.58	2,883,786	98.65	6,074,448	62.00	3,148,545	94.86	12,141,582	75.54
Experience Rate Increase		6.7 %		22.1 %		-15.9 %		-3.9 %		-5.8 %

	<1		1-5		6-14		15-18		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 9/1/2009 - 8/31/2010										
Member Months	898		76,542		305,905		116,680		500,025	
Premium Revenue	149,520	166.50	7,928,951	103.59	22,562,500	73.76	10,149,345	86.98	40,790,316	81.58
Adjusted Premium	129,524	144.24	8,127,267	106.18	22,459,324	73.42	10,877,749	93.23	41,593,865	83.18
Adjusted FY2010 Incurred Claims	61,335	68.30	6,670,916	87.15	16,905,811	55.26	8,533,294	73.13	32,171,356	64.34
Projected FY2012 Member Months	1,008		80,496		324,996		123,132		529,632	
FY2012 Premium at FY2011 Rates	146,927	145.76	8,508,765	105.70	23,821,890	73.30	11,465,697	93.12	43,943,278	82.97
Annual Trend Assumptions										
FY2011	2.4 %		2.4 %		2.4 %		2.4 %			
FY2012	5.0 %		5.0 %		5.0 %		5.0 %			
Provider Reimbursement Changes	0.9420		0.9278		0.9258		0.9234			
Other Reimbursement Changes	0.9730		0.9726		0.9722		0.9722			
Projected Incurred Claims	67,847	67.31	6,806,498	84.56	17,381,902	53.48	8,692,316	70.59	32,948,563	62.21
Capitation Expenses										
Total	437	0.43	121,577	1.51	503,683	1.55	190,584	1.55	816,281	1.54
Reinsurance Expenses										
Net Reinsurance Cost	458	0.45	37,541	0.47	153,433	0.47	57,103	0.46	248,534	0.47
Administrative Expenses										
Fixed Amount	8,064	8.00	643,968	8.00	2,599,968	8.00	985,056	8.00	4,237,056	8.00
Percentage of Premium	5.75 %	4.85	5.75 %	6.01	5.75 %	4.04	5.75 %	5.13	5.75 %	4.60
Risk Margin	2.00 %	1.69	2.00 %	2.09	2.00 %	1.41	2.00 %	1.78	2.00 %	1.60
Premium Tax	1.75 %	1.48	1.75 %	1.83	1.75 %	1.23	1.75 %	1.56	1.75 %	1.40
Maintenance Tax	111	0.11	8,855	0.11	35,750	0.11	13,545	0.11	58,260	0.11
Projected Total Cost	84,990	84.32	8,418,164	104.58	22,845,011	70.29	10,981,883	89.19	42,330,048	79.92
Experience Rate Increase		-42.2 %		-1.1 %		-4.1 %		-4.2 %		-3.7 %

Attachment 4

Provider Reimbursement Adjustments

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

There were several significant revisions to the Texas Medicaid fee schedule which were included in the CHIP rating analysis. Reimbursement changes were recognized for the following services: 1% provider rate cuts effective September 1, 2010 and February 1, 2011, DRG rebasing, legislative mandated provider rate reductions and the transition of outpatient imaging services to a fee schedule.

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.

Effective September 1, 2010 and again effective February 1, 2011 provider reimbursement was reduced by 1%. Attached Exhibit A presents an estimate of the cost impact resulting from this reduction.

As a result of legislative mandates provider reimbursement will be reduced for a variety of services effective September 1, 2011. The legislative rate reductions include the following:

- 8% hospital rate reduction
- 8% reduction for all other providers excluding Dental, Orthodontics, Physicians (includes psychiatrists, optometrists and radiologists) Federal Qualified Health Centers, Rural Health Centers and Tax Equity and Fiscal Responsibility Act reimbursed hospitals.

Attached Exhibit B presents an estimate of the cost impact resulting from these reductions.

Effective September 1, 2011 outpatient imaging services will transition to a fee schedule. Attached Exhibit C presents an estimate of the cost impact resulting from this change.

For FY2012, HHSC has 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. HHSC staff met with the health plans individually to determine (i) which providers had an owner-relationship to the health plan and (ii) the basis on which the health plan reimbursed the provider. All health plans in the affected service areas were impacted because the related party adjustment lowered the community rate applicable to all of the plans in that area. Attached Exhibit D presents a summary of the derivation of these adjustment factors.

Effective September 1, 2011, HHSC is implementing DRG rebasing. This rebasing effort is intended to update the Standard Dollar Amounts and Relative Weights used in the Medicaid DRG payment system and includes the 8% inpatient hospital legislative rate reduction. In addition, the outlier payment methodology used to reimburse outliers claims has been revised. The final Standard Dollar Amounts are not expected to be made available to the MCOs until around August 1, 2011. As a result, we have assumed, for purposes of these rate calculations, that the revised reimbursement level will not be incorporated into MCO provider contracts until

November 1, 2011.

HHSC staff has utilized the FY2010 encounter data to determine the cost impact from DRG Rebasing on each service area and risk group. Attached Exhibit E presents a summary of the resulting adjustment factors.

FY2012 CHIP Rating
 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)					
Austin	-1,847	-65,700	-138,651	-74,474	-280,672
Corpus Christi	-402	-27,267	-79,110	-45,942	-152,721
Dallas	-5,035	-148,490	-328,205	-144,004	-625,735
El Paso	-911	-46,562	-149,573	-80,707	-277,754
Fort Worth	-2,794	-117,808	-263,536	-116,923	-501,061
Houston	-14,963	-446,396	-1,038,059	-546,331	-2,045,749
Lubbock	-549	-27,020	-57,252	-32,518	-117,339
San Antonio	-1,307	-129,890	-319,139	-158,318	-608,654
EPO	-6,354	-318,819	-817,335	-404,931	-1,547,439
Total	-34,163	-1,327,951	-3,190,863	-1,604,147	-6,157,124
FY2010 Total Incurred Claims (2)					
Austin	93,269	3,550,603	7,418,247	4,049,680	15,111,799
Corpus Christi	31,664	2,392,005	6,193,461	3,920,569	12,537,700
Dallas	484,639	14,261,250	33,397,941	15,128,088	63,271,918
El Paso	45,561	2,328,628	7,499,635	4,039,264	13,913,088
Fort Worth	278,053	8,945,310	21,610,930	8,895,306	39,729,599
Houston	1,180,793	30,210,824	72,057,806	36,805,838	140,255,261
Lubbock	27,534	1,905,377	3,721,051	2,114,499	7,768,462
San Antonio	65,509	6,568,288	16,224,710	8,057,563	30,916,070
EPO	347,361	18,297,829	49,912,502	23,935,544	92,493,236
Total	2,554,384	88,460,113	218,036,282	106,946,353	415,997,132
Adjustment Factor (3)					
Austin	-1.98 %	-1.85 %	-1.87 %	-1.84 %	-1.86 %
Corpus Christi	-1.27 %	-1.14 %	-1.28 %	-1.17 %	-1.22 %
Dallas	-1.04 %	-1.04 %	-0.98 %	-0.95 %	-0.99 %
El Paso	-2.00 %	-2.00 %	-1.99 %	-2.00 %	-2.00 %
Fort Worth	-1.00 %	-1.32 %	-1.22 %	-1.31 %	-1.26 %
Houston	-1.27 %	-1.48 %	-1.44 %	-1.48 %	-1.46 %
Lubbock	-2.00 %	-1.42 %	-1.54 %	-1.54 %	-1.51 %
San Antonio	-2.00 %	-1.98 %	-1.97 %	-1.96 %	-1.97 %
EPO	-1.83 %	-1.74 %	-1.64 %	-1.69 %	-1.67 %
Total	-1.34 %	-1.50 %	-1.46 %	-1.50 %	-1.48 %

Footnotes:

- (1) Equals the additional cost resulting from application of the two FY2011 1% provider reimbursement reductions. The reimbursement reductions were implemented 9/1/2010 and 2/1/2011.
- (2) Equals FY2010 health plan fee-for-service claims for all services (ICHP provided encounter data).
- (3) Additional cost divided by FY2010 Total Incurred Claims.

FY2012 CHIP Rating
 Provider Reimbursement Adjustments
 Legislative Provider Reimbursement Reduction - effective 9/1/2011

	Age Group				
	< 1	1-5	6-14	15-18	Total
Provider Reimbursement Reduction (1)					
Austin	-2,371	-132,597	-264,231	-161,771	-560,970
Corpus Christi	-581	-93,583	-225,363	-142,881	-462,408
Dallas	-7,570	-373,538	-761,344	-321,076	-1,463,528
El Paso	-589	-74,896	-202,323	-120,573	-398,381
Fort Worth	-7,619	-390,731	-903,905	-369,255	-1,671,510
Houston	-48,753	-1,108,866	-2,457,259	-1,302,969	-4,917,847
Lubbock	-867	-70,133	-120,425	-79,002	-270,427
San Antonio	-1,901	-271,510	-584,924	-289,266	-1,147,600
EPO	-7,674	-699,035	-1,537,901	-724,619	-2,969,229
Total	-77,924	-3,214,890	-7,057,676	-3,511,412	-13,861,902
FY2010 Total Incurred Claims (2)					
Austin	93,269	3,550,603	7,418,247	4,049,680	15,111,799
Corpus Christi	31,664	2,392,005	6,193,461	3,920,569	12,537,700
Dallas	484,639	14,261,250	33,397,941	15,128,088	63,271,918
El Paso	45,561	2,328,628	7,499,635	4,039,264	13,913,088
Fort Worth	278,053	8,945,310	21,610,930	8,895,306	39,729,599
Houston	1,180,793	30,210,824	72,057,806	36,805,838	140,255,261
Lubbock	27,534	1,905,377	3,721,051	2,114,499	7,768,462
San Antonio	65,509	6,568,288	16,224,710	8,057,563	30,916,070
EPO	347,361	18,297,829	49,912,502	23,935,544	92,493,236
Total	2,554,384	88,460,113	218,036,282	106,946,353	415,997,132
Adjustment Factor (3)					
Austin	-2.54 %	-3.73 %	-3.56 %	-3.99 %	-3.71 %
Corpus Christi	-1.84 %	-3.91 %	-3.64 %	-3.64 %	-3.69 %
Dallas	-1.56 %	-2.62 %	-2.28 %	-2.12 %	-2.31 %
El Paso	-1.29 %	-3.22 %	-2.70 %	-2.99 %	-2.86 %
Fort Worth	-2.74 %	-4.37 %	-4.18 %	-4.15 %	-4.21 %
Houston	-4.13 %	-3.67 %	-3.41 %	-3.54 %	-3.51 %
Lubbock	-3.15 %	-3.68 %	-3.24 %	-3.74 %	-3.48 %
San Antonio	-2.90 %	-4.13 %	-3.61 %	-3.59 %	-3.71 %
EPO	-2.21 %	-3.82 %	-3.08 %	-3.03 %	-3.21 %
Total	-3.05 %	-3.63 %	-3.24 %	-3.28 %	-3.33 %

Footnotes:

- (1) Equals the cost reduction resulting from application of the legislative mandated provider rate reductions to FY2010 health plan claims. The fee reductions include 8% to OP hospital, and 8% for all other providers excluding ambulance, PDN, home health (for children only), dental, ortho, physicians (includes psychiatrists, optometrists and radiologists), FQHCs, RHCs and TEFRA reimbursed hospitals. 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 FY2010 health plan fee-for-service claims for all services (ICHP provided encounter data).
- (3) Additional cost divided by FY2010 Total Incurred Claims.

FY2012 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)					
Austin	0	-4,212	-24,240	-21,372	-49,824
Corpus Christi	-300	-31,316	-200,645	-151,880	-384,141
Dallas	1,339	-165,466	-782,021	-348,371	-1,294,520
El Paso	-117	-5,482	-36,498	-24,713	-66,810
Fort Worth	-1,848	-32,467	-93,791	-46,610	-174,716
Houston	-14,189	-521,937	-1,927,474	-1,150,431	-3,614,031
Lubbock	-88	-1,111	-1,302	-2,146	-4,647
San Antonio	-663	-82,893	-329,174	-185,825	-598,556
EPO	-3,889	-216,543	-1,239,828	-819,280	-2,279,540
Total	-19,754	-1,061,427	-4,634,973	-2,750,630	-8,466,784
FY2010 Total Incurred Claims (2)					
Austin	93,269	3,550,603	7,418,247	4,049,680	15,111,799
Corpus Christi	31,664	2,392,005	6,193,461	3,920,569	12,537,700
Dallas	484,639	14,261,250	33,397,941	15,128,088	63,271,918
El Paso	45,561	2,328,628	7,499,635	4,039,264	13,913,088
Fort Worth	278,053	8,945,310	21,610,930	8,895,306	39,729,599
Houston	1,180,793	30,210,824	72,057,806	36,805,838	140,255,261
Lubbock	27,534	1,905,377	3,721,051	2,114,499	7,768,462
San Antonio	65,509	6,568,288	16,224,710	8,057,563	30,916,070
EPO	347,361	18,297,829	49,912,502	23,935,544	92,493,236
Total	2,554,384	88,460,113	218,036,282	106,946,353	415,997,132
Adjustment Factor (3)					
Austin	0.00 %	-0.12 %	-0.33 %	-0.53 %	-0.33 %
Corpus Christi	-0.95 %	-1.31 %	-3.24 %	-3.87 %	-3.06 %
Dallas	0.28 %	-1.16 %	-2.34 %	-2.30 %	-2.05 %
El Paso	-0.26 %	-0.24 %	-0.49 %	-0.61 %	-0.48 %
Fort Worth	-0.66 %	-0.36 %	-0.43 %	-0.52 %	-0.44 %
Houston	-1.20 %	-1.73 %	-2.67 %	-3.13 %	-2.58 %
Lubbock	-0.32 %	-0.06 %	-0.04 %	-0.10 %	-0.06 %
San Antonio	-1.01 %	-1.26 %	-2.03 %	-2.31 %	-1.94 %
EPO	-1.12 %	-1.18 %	-2.48 %	-3.42 %	-2.46 %
Total	-0.77 %	-1.20 %	-2.13 %	-2.57 %	-2.04 %

Footnotes:

- (1) Equals the cost reduction resulting from application of the outpatient imaging fee schedule to FY2010 health plan claims.
- (2) Equals FY2010 health plan fee-for-service claims for all services (ICHP provided encounter data).
- (3) Additional cost divided by FY2010 Total Incurred Claims.

FY2012 CHIP Rating
 Provider Reimbursement Adjustments
 Related Party Adjustments

	Age Group				
	< 1	1-5	6-14	15-18	Total
Provider Reimbursement Reduction (1)					
Superior - EPO	0	0	0	0	0
Seton - Austin	0	0	0	0	0
Superior - Austin	0	0	0	0	0
Amerigroup - Corpus	0	0	0	0	0
Driscoll - Corpus	0	0	0	0	0
Superior - Corpus	0	0	0	0	0
Amerigroup - Dallas	0	0	0	0	0
Parkland - Dallas	-1,276	-31,602	-61,281	-70,480	-164,640
Unicare - Dallas	0	0	0	0	0
El Paso First - El Paso	0	0	0	0	0
Superior - El Paso	0	0	0	0	0
Aetna - Fort Worth	0	0	0	0	0
Amerigroup - Fort Worth	0	0	0	0	0
Cook - Fort Worth	-28	-35,443	-110,238	-50,986	-196,696
Amerigroup - Houston	0	0	0	0	0
CHC - Houston	-303	-11,930	-21,310	-16,615	-50,158
Molina - Houston	0	0	0	0	0
TCHP - Houston	-29,252	-1,044,077	-2,793,347	-1,090,563	-4,957,238
United - Houston	0	0	0	0	0
Molina - Laredo	0	0	0	0	0
Firstcare - Lubbock	0	0	0	0	0
Superior - Lubbock	0	0	0	0	0
Aetna - San Antonio	0	0	0	0	0
CFHP - San Antonio	-96	-24,684	-81,031	-73,445	-179,255
Superior - San Antonio	0	0	0	0	0
Total	-30,955	-1,147,737	-3,067,206	-1,302,089	-5,547,988

FY2010 Total Incurred Claims (2)

Superior - EPO	335,370	17,253,926	46,696,996	22,395,999	86,682,291
Seton - Austin	58,729	1,926,790	4,926,292	2,670,887	9,582,698
Superior - Austin	34,540	1,623,813	2,491,955	1,378,793	5,529,101
Amerigroup - Corpus	1,013	127,373	337,592	164,701	630,680
Driscoll - Corpus	26,901	1,988,352	5,522,258	3,476,746	11,014,257
Superior - Corpus	3,750	276,279	333,611	279,123	892,763
Amerigroup - Dallas	123,441	5,394,422	14,542,171	7,208,479	27,268,512
Parkland - Dallas	315,794	7,763,589	15,777,282	6,453,004	30,309,669
Unicare - Dallas	45,404	1,103,239	3,078,488	1,466,605	5,693,736
El Paso First - El Paso	34,894	1,356,397	4,988,318	2,872,042	9,251,650
Superior - El Paso	10,667	972,232	2,511,317	1,167,222	4,661,438
Aetna - Fort Worth	17,383	643,320	1,427,641	718,698	2,807,042
Amerigroup - Fort Worth	72,755	2,670,728	5,236,873	1,585,810	9,566,167
Cook - Fort Worth	187,915	5,631,261	14,946,416	6,590,798	27,356,390
Amerigroup - Houston	35,453	2,372,559	6,884,488	3,643,740	12,936,241
CHC - Houston	533,826	6,123,345	11,639,882	5,481,800	23,778,853
Molina - Houston	8,462	254,620	741,859	444,488	1,449,429
TCHP - Houston	546,597	19,886,190	47,219,722	22,126,045	89,778,553
United - Houston	56,455	1,574,110	5,571,855	5,109,766	12,312,185
Molina - Laredo	11,991	1,043,903	3,215,506	1,539,544	5,810,945
Firstcare - Lubbock	7,780	881,796	2,018,432	1,006,621	3,914,629
Superior - Lubbock	19,755	1,023,581	1,702,619	1,107,879	3,853,833
Aetna - San Antonio	10,343	624,552	1,418,233	744,694	2,797,823
CFHP - San Antonio	41,164	4,302,040	11,445,511	5,580,354	21,369,069
Superior - San Antonio	14,001	1,641,695	3,360,966	1,732,515	6,749,178
Total	2,554,384	88,460,113	218,036,282	106,946,353	415,997,132

FY2012 CHIP Rating
 Provider Reimbursement Adjustments
 Related Party Adjustments

	Age Group				Total
	< 1	1-5	6-14	15-18	
Adjustment Factor (3)					
Superior - EPO	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
Seton - Austin	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
Superior - Austin	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
Amerigroup - Corpus	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
Driscoll - Corpus	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
Superior - Corpus	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
Amerigroup - Dallas	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
Parkland - Dallas	-0.40 %	-0.41 %	-0.39 %	-1.09 %	-0.54 %
Unicare - Dallas	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
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 - Fort Worth	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
Amerigroup - Fort Worth	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
Cook - Fort Worth	-0.01 %	-0.63 %	-0.74 %	-0.77 %	-0.72 %
Amerigroup - Houston	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
CHC - Houston	-0.06 %	-0.19 %	-0.18 %	-0.30 %	-0.21 %
Molina - Houston	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
TCHP - Houston	-5.35 %	-5.25 %	-5.92 %	-4.93 %	-5.52 %
United - Houston	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
Mercy - Laredo	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 - San Antonio	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
CFHP - San Antonio	-0.23 %	-0.57 %	-0.71 %	-1.32 %	-0.84 %
Superior - San Antonio	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
Total	-1.21 %	-1.30 %	-1.41 %	-1.22 %	-1.33 %

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 FY2010 health plan fee-for-service claims for all services (IHP provided encounter data).
- (3) Additional cost divided by FY2010 Total Incurred Claims.

FY2012 CHIP Rating
 Provider Reimbursement Adjustments
 DRG Rebasing Adjustments

	Age Group				Total
	< 1	1-5	6-14	15-18	
Provider Reimbursement Reduction (1)					
Austin	0	-31,654	13,660	5,281	-12,713
Corpus Christi	0	2,856	-16,708	-37,638	-51,490
Dallas	-3,620	-89,472	-169,139	-120,941	-383,173
El Paso	-691	-86,072	-256,669	-115,446	-458,879
Fort Worth	0	-4,737	-2,649	-44,792	-52,177
Houston	-11,287	-87,222	-359,165	-193,652	-651,327
Lubbock	-1,211	-6,464	930	-30,855	-37,600
San Antonio	-2,286	-225,734	-343,111	-249,575	-820,707
EPO	2,386	-93,921	-410,315	-133,298	-635,149
Total	-16,710	-622,421	-1,543,167	-920,917	-3,103,215
FY2010 Total Incurred Claims (2)					
Austin	93,269	3,550,603	7,418,247	4,049,680	15,111,799
Corpus Christi	31,664	2,392,005	6,193,461	3,920,569	12,537,700
Dallas	484,639	14,261,250	33,397,941	15,128,088	63,271,918
El Paso	45,561	2,328,628	7,499,635	4,039,264	13,913,088
Fort Worth	278,053	8,945,310	21,610,930	8,895,306	39,729,599
Houston	1,180,793	30,210,824	72,057,806	36,805,838	140,255,261
Lubbock	27,534	1,905,377	3,721,051	2,114,499	7,768,462
San Antonio	65,509	6,568,288	16,224,710	8,057,563	30,916,070
EPO	347,361	18,297,829	49,912,502	23,935,544	92,493,236
Total	2,554,384	88,460,113	218,036,282	106,946,353	415,997,132
Adjustment Factor (3)					
Austin	0.00 %	-0.74 %	0.15 %	0.11 %	-0.07 %
Corpus Christi	0.00 %	0.10 %	-0.22 %	-0.80 %	-0.34 %
Dallas	-0.62 %	-0.52 %	-0.42 %	-0.67 %	-0.50 %
El Paso	-1.26 %	-3.08 %	-2.85 %	-2.38 %	-2.75 %
Fort Worth	0.00 %	-0.04 %	-0.01 %	-0.42 %	-0.11 %
Houston	-0.80 %	-0.24 %	-0.42 %	-0.44 %	-0.39 %
Lubbock	-3.66 %	-0.28 %	0.02 %	-1.22 %	-0.40 %
San Antonio	-2.91 %	-2.86 %	-1.76 %	-2.58 %	-2.21 %
EPO	0.57 %	-0.43 %	-0.69 %	-0.46 %	-0.57 %
Total	-0.55 %	-0.59 %	-0.59 %	-0.72 %	-0.62 %

Footnotes:

- (1) Equals the savings resulting from application of the legislative-mandated 8% inpatient facility reduction and DRG rebasing.
- (2) Equals FY2010 health plan fee-for-service claims for all services (ICHP provided encounter data).
- (3) Additional cost divided by FY2010 Total Incurred Claims. Assumes two month delay in implementation.

Attachment 5

Acuity Risk Adjustment

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

The column titled Case Mix on the chart is the acuity risk adjustment factor. It is the ratio of the predicted average cost of the individual health plan's membership divided by the predicted average cost of the entire service area's membership. The risk adjustment factor is applied to the community rate for each health plan and age group. The risk adjustment factors determined by ICHP for the Under Age 1 category were not applied in developing the FY2012 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:

- 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, 2009 to August 31, 2010

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 (Under Age 1)	1,284	100.00	125.13	125.13	1.00	1.00
BEXAR	73	100.00	85.23	119.99	1.00	0.71
Aetna	15	20.55	63.86	62.16	0.52	1.03
Community First	37	50.68	87.95	147.95	1.23	0.59
Superior	21	28.77	93.51	112.95	0.94	0.83
DALLAS	202	100.00	116.13	120.90	1.00	0.96
AMERIGROUP	77	38.12	115.89	85.90	0.71	1.35
Parkland	122	60.40	120.23	149.40	1.24	0.80
UniCare	3	1.49	21.99	55.08	0.46	0.40
EPO	249	100.00	133.01	131.33	1.00	1.01
Superior EPO	249	100.00	133.01	131.33	1.00	1.01
El Paso	38	100.00	71.87	61.69	1.00	1.17
El Paso First	30	78.95	78.49	63.41	1.03	1.24
Superior	8	21.05	46.36	55.08	0.89	0.84
HARRIS	435	100.00	155.87	124.07	1.00	1.26
AMERIGROUP	22	5.06	51.12	68.01	0.55	0.75
Community Health Choice	155	35.63	231.23	117.84	0.95	1.96
Molina	7	1.61	189.82	142.89	1.15	1.33
Texas Children's	206	47.36	134.40	130.16	1.05	1.03
UTMB	45	10.34	95.14	129.05	1.04	0.74
LUBBOCK	30	100.00	58.90	81.07	1.00	0.73
FirstCare	12	40.00	89.35	98.35	1.21	0.91
Superior	18	60.00	38.13	69.28	0.85	0.55
NUECES	18	100.00	79.14	55.08	1.00	1.44
AMERIGROUP	1	5.56	225.96	55.08	1.00	4.10
Driscoll	12	66.67	85.45	55.08	1.00	1.55
Superior	5	27.78	34.31	55.08	1.00	0.62
TARRANT	149	100.00	111.29	157.71	1.00	0.71
AMERIGROUP	56	37.58	148.13	177.27	1.12	0.84
Aetna	21	14.09	106.17	163.14	1.03	0.65
Cook Children's	72	48.32	89.08	143.59	0.91	0.62
TRAVIS	83	100.00	78.20	128.92	1.00	0.61
Seton	46	55.42	64.08	104.10	0.81	0.62
Superior	37	44.58	97.90	163.54	1.27	0.60
WEBB	7	100.00	50.56	99.86	1.00	0.51
Molina	7	100.00	50.56	99.86	1.00	0.51

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 SA/Health Plan Risk
Reporting Period: September 1, 2009 to August 31, 2010

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 1 to 5)	77,494	100.00	92.77	92.77	1.00	1.00
BEXAR	5,755	100.00	90.72	96.23	1.00	0.94
Aetna	728	12.65	71.31	96.55	1.00	0.74
Community First	3,472	60.33	97.25	93.26	0.97	1.04
Superior	1,555	27.02	85.12	102.67	1.07	0.83
DALLAS	11,859	100.00	98.15	97.04	1.00	1.01
AMERIGROUP	5,362	45.21	81.56	92.57	0.95	0.88
Parkland	5,570	46.97	114.55	101.16	1.04	1.13
UniCare	927	7.82	94.16	97.72	1.01	0.96
EPO	15,872	100.00	86.85	95.78	1.00	0.91
Superior EPO	15,872	100.00	86.85	95.78	1.00	0.91
El Paso	2,651	100.00	69.53	83.52	1.00	0.83
El Paso First	1,638	61.79	66.21	81.12	0.97	0.82
Superior	1,013	38.21	74.74	87.30	1.05	0.86
HARRIS	23,467	100.00	106.94	89.86	1.00	1.19
AMERIGROUP	2,556	10.89	70.68	82.31	0.92	0.86
Community Health Choice	5,930	25.27	99.49	82.06	0.91	1.21
Molina	210	0.89	100.43	91.59	1.02	1.10
Texas Children's	13,070	55.70	121.55	94.31	1.05	1.29
UTMB	1,701	7.25	75.06	93.41	1.04	0.80
LUBBOCK	1,819	100.00	83.83	90.96	1.00	0.92
FirstCare	760	41.78	98.15	87.91	0.97	1.12
Superior	1,059	58.22	73.37	93.19	1.02	0.79
NUECES	1,836	100.00	99.37	112.82	1.00	0.88
AMERIGROUP	104	5.66	89.48	119.62	1.06	0.75
Driscoll	1,486	80.94	101.55	110.62	0.98	0.92
Superior	246	13.40	90.38	123.20	1.09	0.73
TARRANT	8,753	100.00	82.95	90.67	1.00	0.91
AMERIGROUP	2,936	33.54	75.53	96.93	1.07	0.78
Aetna	864	9.87	56.34	70.94	0.78	0.79
Cook Children's	4,953	56.59	91.92	90.36	1.00	1.02
TRAVIS	4,474	100.00	64.07	84.16	1.00	0.76
Seton	2,565	57.33	60.59	79.07	0.94	0.77
Superior	1,909	42.67	68.81	91.09	1.08	0.76
WEBB	1,008	100.00	79.32	91.53	1.00	0.87
Molina	1,008	100.00	79.32	91.53	1.00	0.87

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 SA/Health Plan Risk
Reporting Period: September 1, 2009 to August 31, 2010

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)	305,961	100.00	61.13	61.13	1.00	1.00
BEXAR	25,127	100.00	55.56	63.49	1.00	0.88
Aetna	3,182	12.66	39.05	50.45	0.79	0.77
Community First	15,280	60.81	62.66	65.86	1.04	0.95
Superior	6,665	26.53	47.05	64.12	1.01	0.73
DALLAS	45,871	100.00	61.24	59.12	1.00	1.04
AMERIGROUP	22,110	48.20	54.33	57.74	0.98	0.94
Parkland	19,869	43.31	68.69	61.48	1.04	1.12
UniCare	3,892	8.48	61.79	54.80	0.93	1.13
EPO	66,875	100.00	59.50	65.92	1.00	0.90
Superior EPO	66,875	100.00	59.50	65.92	1.00	0.90
El Paso	13,105	100.00	49.35	67.35	1.00	0.73
El Paso First	8,395	64.06	50.10	66.97	0.99	0.75
Superior	4,710	35.94	48.03	68.03	1.01	0.71
HARRIS	87,729	100.00	70.37	58.43	1.00	1.20
AMERIGROUP	10,648	12.14	54.35	53.71	0.92	1.01
Community Health Choice	17,382	19.81	60.44	48.19	0.82	1.25
Molina	1,129	1.29	43.57	50.91	0.87	0.86
Texas Children's	48,759	55.58	81.57	64.28	1.10	1.27
UTMB	9,811	11.18	52.59	53.16	0.91	0.99
LUBBOCK	7,073	100.00	46.87	58.52	1.00	0.80
FirstCare	2,922	41.31	59.19	62.25	1.06	0.95
Superior	4,151	58.69	38.03	55.85	0.95	0.68
NUECES	8,354	100.00	63.12	69.96	1.00	0.90
AMERIGROUP	463	5.54	58.02	62.80	0.90	0.92
Driscoll	7,170	85.83	65.46	71.59	1.02	0.91
Superior	721	8.63	42.79	58.21	0.83	0.74
TARRANT	30,940	100.00	62.66	58.55	1.00	1.07
AMERIGROUP	8,801	28.45	52.49	53.64	0.92	0.98
Aetna	3,052	9.86	38.60	46.45	0.79	0.83
Cook Children's	19,087	61.69	71.03	62.67	1.07	1.13
TRAVIS	16,058	100.00	39.79	54.20	1.00	0.73
Seton	10,654	66.35	39.04	54.88	1.01	0.71
Superior	5,404	33.65	41.33	52.82	0.97	0.78
WEBB	4,829	100.00	52.83	62.26	1.00	0.85
Molina	4,829	100.00	52.83	62.26	1.00	0.85

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 SA/Health Plan Risk
Reporting Period: September 1, 2009 to August 31, 2010

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)	126,881	100.00	81.30	81.30	1.00	1.00
BEXAR	11,240	100.00	71.16	79.89	1.00	0.89
Aetna	1,577	14.03	46.52	66.16	0.83	0.70
Community First	6,703	59.64	80.60	82.91	1.04	0.97
Superior	2,960	26.33	62.63	80.16	1.00	0.78
DALLAS	17,186	100.00	80.87	74.40	1.00	1.09
AMERIGROUP	8,594	50.01	76.41	73.53	0.99	1.04
Parkland	6,927	40.31	85.67	76.36	1.03	1.12
UniCare	1,665	9.69	83.61	70.62	0.95	1.18
EPO	29,487	100.00	76.84	86.91	1.00	0.88
Superior EPO	29,487	100.00	76.84	86.91	1.00	0.88
El Paso	6,945	100.00	57.62	82.07	1.00	0.70
El Paso First	4,737	68.21	58.78	83.80	1.02	0.70
Superior	2,208	31.79	55.12	78.35	0.95	0.70
HARRIS	35,455	100.00	98.30	81.63	1.00	1.20
AMERIGROUP	4,671	13.17	70.21	77.44	0.95	0.91
Community Health Choice	6,222	17.55	71.34	64.34	0.79	1.11
Molina	606	1.71	54.04	62.88	0.77	0.86
Texas Children's	18,493	52.16	118.06	88.63	1.09	1.33
UTMB	5,463	15.41	90.46	82.72	1.01	1.09
LUBBOCK	2,858	100.00	77.84	84.85	1.00	0.92
FirstCare	1,275	44.61	79.46	84.95	1.00	0.94
Superior	1,583	55.39	76.54	84.78	1.00	0.90
NUECES	3,809	100.00	101.98	99.78	1.00	1.02
AMERIGROUP	218	5.72	90.19	117.28	1.18	0.77
Driscoll	3,253	85.40	105.18	100.90	1.01	1.04
Superior	338	8.87	78.23	76.70	0.77	1.02
TARRANT	11,368	100.00	72.89	74.21	1.00	0.98
AMERIGROUP	2,656	23.36	58.68	69.59	0.94	0.84
Aetna	1,460	12.84	50.90	65.77	0.89	0.77
Cook Children's	7,252	63.79	82.16	77.47	1.04	1.06
TRAVIS	6,180	100.00	61.79	75.50	1.00	0.82
Seton	4,465	72.25	55.06	76.88	1.02	0.72
Superior	1,715	27.75	79.84	71.79	0.95	1.11
WEBB	2,353	100.00	63.78	76.69	1.00	0.83
Molina	2,353	100.00	63.78	76.69	1.00	0.83

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 6

Delivery Supplemental Payment

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

Attachment 7

CHIP Perinatal Rating

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

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

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

The CHIP Perinatal FY2012 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.

Please note that all babies born to mothers under 185% FPL in the CHIP Perinatal program on or after September 1, 2010, will be enrolled in Medicaid. CHIP Perinatal babies under 185% FPL born prior to September 1, 2010, will remain in CHIP Perinatal until their eligibility expires.

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, 2011.

The chart below presents the assumed annual trend rates for FY2011 and FY2012.

	<u>FY2011</u>	<u>FY2012</u>
Newborns Under 185% FPL	5.0 %	5.0 %
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 (\$0.105 pmpm) and a risk margin (2.0% of premium).

Summary

Exhibit B of Attachment 7 presents the summary community rating exhibit for each service area along with a description of the analysis. Exhibit A of Attachment 7 presents additional information regarding the FY2012 CHIP Perinatal rates including a comparison to FY2011 rates. The enrollment in both the Newborn 185-200% FPL and Perinate 185-200% FPL risk groups are so small that credible rates could not be set by area. Thus the rates for these two risk groups were calculated on a statewide basis. In addition to the premium, HHSC pays the health plans a \$3,100 delivery supplemental payment (DSP) per maternity delivery for those CHIP Perinatal clients between 185% and 200% FPL.

FY2012 CHIP Perinatal Rating Summary

Health Plan	Age Bracket				Total	Age Bracket				Total
	NB <185%	NB >185%	Per <185%	Per >185%		NB <185%	NB >185%	Per <185%	Per >185%	
Projected FY2012 Member Months										
Superior - EPO	0	228	38,712	696	39,636					
Molina - EPO	0	216	41,952	516	42,684					
Superior - Austin	0	216	27,660	468	28,344					
Superior - Corpus	0	36	2,652	48	2,736					
Parkland - Dallas	0	348	72,108	732	73,188					
El Paso First - El Paso	0	96	5,664	96	5,856					
Superior - El Paso	0	12	3,996	84	4,092					
Amerigroup - Fort Worth	0	216	37,128	636	37,980					
CHC - Houston	0	816	116,208	1,836	118,860					
Firstcare - Lubbock	0	12	1,068	48	1,128					
Superior - Lubbock	0	12	2,964	72	3,048					
CFHP - San Antonio	0	48	7,704	60	7,812					
Superior - San Antonio	0	48	7,080	132	7,260					
Total - All Plans	0	2,304	364,896	5,424	372,624					
FY2011 (Current) Premium Rates pmpm						Projected FY2012 Premium Based on FY2011 Rates				
Superior - EPO	304.18	506.58	368.52	342.41	368.86	0	115,500	14,266,146	238,317	14,619,964
Molina - EPO	304.18	506.58	368.52	342.41	368.90	0	109,421	15,460,151	176,684	15,746,256
Superior - Austin	232.46	506.58	309.34	342.41	311.39	0	109,421	8,556,344	160,248	8,826,014
Superior - Corpus	321.96	506.58	350.33	342.41	352.25	0	18,237	929,075	16,436	963,748
Parkland - Dallas	327.49	506.58	394.95	342.41	394.96	0	176,290	28,479,055	250,644	28,905,989
El Paso First - El Paso	213.75	506.58	389.00	342.41	390.16	0	48,632	2,203,296	32,871	2,284,799
Superior - El Paso	213.75	506.58	389.00	342.41	388.39	0	6,079	1,554,444	28,762	1,589,285
Amerigroup - Fort Worth	275.32	506.58	430.83	342.41	429.78	0	109,421	15,995,856	217,773	16,323,050
CHC - Houston	335.03	506.58	606.26	342.41	601.50	0	413,369	70,452,262	628,665	71,494,296
Firstcare - Lubbock	293.93	506.58	361.63	342.41	362.35	0	6,079	386,221	16,436	408,735
Superior - Lubbock	293.93	506.58	361.63	342.41	361.75	0	6,079	1,071,871	24,654	1,102,604
CFHP - San Antonio	180.05	506.58	413.06	342.41	413.09	0	24,316	3,182,214	20,545	3,227,075
Superior - San Antonio	180.05	506.58	413.06	342.41	412.39	0	24,316	2,924,465	45,198	2,993,979
Total - All Plans		506.58	453.45	342.41	452.16	0	1,167,160	165,461,401	1,857,232	168,485,793

FY2012 CHIP Perinatal Rating Summary

Health Plan	Age Bracket				Total	Age Bracket				Total	
	NB <185%	NB >185%	Per <185%	Per >185%		NB <185%	NB >185%	Per <185%	Per >185%		
FY2012 Premium Rates pmpm (Individual Experience Rating)						FY2012 Premium					
Superior - EPO	304.18	946.71	375.13	120.67	373.95	0	215,849	14,521,876	83,983	14,821,708	
Molina - EPO	304.18	420.97	387.33	410.02	387.77	0	90,929	16,249,092	211,569	16,551,590	
Superior - Austin	232.46	807.47	332.09	179.59	333.20	0	174,414	9,185,712	84,048	9,444,173	
Superior - Corpus	321.96	179.21	380.94	140.22	374.06	0	6,452	1,010,244	6,730	1,023,426	
Parkland - Dallas	327.49	357.20	405.03	251.16	403.26	0	124,305	29,205,985	183,847	29,514,138	
El Paso First - El Paso	213.75	152.81	395.12	139.07	386.95	0	14,670	2,237,969	13,351	2,265,989	
Superior - El Paso	213.75	224.93	301.23	90.14	296.67	0	2,699	1,203,704	7,572	1,213,975	
Amerigroup - Fort Worth	275.32	242.48	412.74	92.03	406.40	0	52,375	15,324,225	58,534	15,435,134	
CHC - Houston	335.03	1032.42	635.09	628.22	637.71	0	842,454	73,802,721	1,153,410	75,798,585	
Firstcare - Lubbock	293.93	291.28	398.51	444.22	399.31	0	3,495	425,607	21,322	450,425	
Superior - Lubbock	293.93	81.25	344.62	191.06	339.95	0	975	1,021,447	13,756	1,036,178	
CFHP - San Antonio	180.05	269.72	447.44	741.56	448.61	0	12,946	3,447,102	44,493	3,504,542	
Superior - San Antonio	180.05	274.87	331.84	182.32	328.74	0	13,194	2,349,409	24,067	2,386,669	
Total - All Plans		674.81	465.85	351.53	465.47	0	1,554,757	169,985,093	1,906,682	173,446,532	
FY2012 Premium Rate Change Relative to Current Rates						FY2012 Average Rates (weighted using total program members)					
Superior - EPO	0.0%	86.9%	1.8%	-64.8%	1.4%		374.96				
Molina - EPO	0.0%	-16.9%	5.1%	19.7%	5.1%		387.86				
Superior - Austin	0.0%	59.4%	7.4%	-47.6%	7.0%		332.81				
Superior - Corpus	0.0%	-64.6%	8.7%	-59.1%	6.2%		376.19				
Parkland - Dallas	0.0%	-29.5%	2.6%	-26.7%	2.1%		402.50				
El Paso First - El Paso	0.0%	-69.8%	1.6%	-59.4%	-0.8%		389.90				
Superior - El Paso	0.0%	-55.6%	-22.6%	-73.7%	-23.6%		297.68				
Amerigroup - Fort Worth	0.0%	-52.1%	-4.2%	-73.1%	-5.4%		407.02				
CHC - Houston	0.0%	103.8%	4.8%	83.5%	6.0%		637.45				
Firstcare - Lubbock	0.0%	-42.5%	10.2%	29.7%	10.2%		398.51				
Superior - Lubbock	0.0%	-84.0%	-4.7%	-44.2%	-6.0%		340.75				
CFHP - San Antonio	0.0%	-46.8%	8.3%	116.6%	8.6%		450.63				
Superior - San Antonio	0.0%	-45.7%	-19.7%	-46.8%	-20.3%		329.31				
Total - All Plans		33.2%	2.7%	2.7%	2.9%		465.47				

FY2012 CHIP Perinatal Rating Summary

Health Plan	Age Bracket				Total	Age Bracket				Total	
	NB <185%	NB >185%	Per <185%	Per >185%		NB <185%	NB >185%	Per <185%	Per >185%		
FY2012 Premium Rates pmpm (Community Rating)						FY2012 Premium					
Superior - EPO	304.18	690.94	381.47	243.85	380.83	0	157,534	14,767,501	169,723	15,094,759	
Molina - EPO	304.18	690.94	381.47	243.85	381.37	0	149,243	16,003,467	125,829	16,278,539	
Superior - Austin	232.46	807.47	332.09	179.59	333.20	0	174,414	9,185,712	84,048	9,444,173	
Superior - Corpus	321.96	179.21	380.94	140.22	374.06	0	6,452	1,010,244	6,730	1,023,426	
Parkland - Dallas	327.49	357.20	405.03	251.16	403.26	0	124,305	29,205,985	183,847	29,514,138	
El Paso First - El Paso	213.75	160.82	356.28	116.24	349.14	0	15,439	2,017,975	11,159	2,044,573	
Superior - El Paso	213.75	160.82	356.28	116.24	350.78	0	1,930	1,423,698	9,764	1,435,392	
Amerigroup - Fort Worth	275.32	242.48	412.74	92.03	406.40	0	52,375	15,324,225	58,534	15,435,134	
CHC - Houston	335.03	1032.42	635.09	628.22	637.71	0	842,454	73,802,721	1,153,410	75,798,585	
Firstcare - Lubbock	293.93	186.27	358.89	292.32	354.22	0	2,235	383,297	14,032	399,564	
Superior - Lubbock	293.93	186.27	358.89	292.32	356.64	0	2,235	1,063,756	21,047	1,087,039	
CFHP - San Antonio	180.05	272.30	392.08	357.08	391.08	0	13,070	3,020,584	21,425	3,055,080	
Superior - San Antonio	180.05	272.30	392.08	357.08	390.65	0	13,070	2,775,926	47,135	2,836,132	
Total - All Plans		674.81	465.85	351.53	465.47	0	1,554,757	169,985,093	1,906,682	173,446,532	
FY2012 Premium Rate Change Relative to Current Rates						FY2012 Average Rates (weighted using total program members)					
Superior - EPO	0.0%	36.4%	3.5%	-28.8%	3.2%	381.38					
Molina - EPO	0.0%	36.4%	3.5%	-28.8%	3.4%	381.38					
Superior - Austin	0.0%	59.4%	7.4%	-47.6%	7.0%	332.81					
Superior - Corpus	0.0%	-64.6%	8.7%	-59.1%	6.2%	376.19					
Parkland - Dallas	0.0%	-29.5%	2.6%	-26.7%	2.1%	402.50					
El Paso First - El Paso	0.0%	-68.3%	-8.4%	-66.1%	-10.5%	351.58					
Superior - El Paso	0.0%	-68.3%	-8.4%	-66.1%	-9.7%	351.58					
Amerigroup - Fort Worth	0.0%	-52.1%	-4.2%	-73.1%	-5.4%	407.02					
CHC - Houston	0.0%	103.8%	4.8%	83.5%	6.0%	637.45					
Firstcare - Lubbock	0.0%	-63.2%	-0.8%	-14.6%	-2.2%	356.86					
Superior - Lubbock	0.0%	-63.2%	-0.8%	-14.6%	-1.4%	356.86					
CFHP - San Antonio	0.0%	-46.2%	-5.1%	4.3%	-5.3%	390.83					
Superior - San Antonio	0.0%	-46.2%	-5.1%	4.3%	-5.3%	390.83					
Total - All Plans		33.2%	2.7%	2.7%	2.9%	465.47					

	Newborn <185%		Newborn 185-200%		Perinate <185%		Perinate 185-200%		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 9/1/2009- 8/31/2010										
Member Months	26,116		261		34,785		362		61,524	
Premium Revenue	7,002,483	268.13	106,632	408.55	9,542,569	274.33	112,064	309.57	16,763,748	272.47
Adjusted Premium	6,070,925	232.46	132,217	506.58	10,760,392	309.34	123,952	342.41	17,087,487	277.74
Delivery Payments	0	0.00	0	0.00	0	0.00	120,900	333.98	120,900	1.97
Total Adjusted Premium	6,070,925	232.46	132,217	506.58	10,760,392	309.34	244,852	676.39	17,208,387	279.70
Adjusted FY2010 Incurred Claims	5,210,053	199.50	175,282	671.58	9,611,242	276.30	157,302	434.54	15,153,879	246.31
Projected FY2012 Member Months	1,596		216		27,660		468		29,940	
Projected FY2012 Premium										
Current Rates	371,006	232.46	109,421	506.58	8,556,344	309.34	160,248	342.41	9,197,020	307.18
Current DSP Rate	0	0.00	0	0.00	0	0.00	156,251	333.87	156,251	5.22
Annual Trend Assumptions										
FY2011	5.00 %		5.00 %		5.00 %		5.00 %		5.00 %	
FY2012	5.00 %		5.00 %		5.00 %		5.00 %		5.00 %	
Provider Fee Increase	0.9667		0.9667		0.9405		0.9405		0.9405	
Other Reimbursement Changes	1.0015		1.0015		1.0004		1.0004		1.0004	
Projected Incurred Claims	339,852	212.94	154,836	716.83	7,927,765	286.61	210,951	450.75	8,633,404	288.36
Capitation Expenses	910	0.57	123	0.57	15,766	0.57	267	0.57	17,066	0.57
Net Reinsurance Cost	1,197	0.75	162	0.75	20,745	0.75	351	0.75	22,455	0.75
Administrative Expenses										
Fixed Amount	19,950	12.50	2,700	12.50	345,750	12.50	5,850	12.50	374,250	12.50
Percentage of Premium	5.75 %	14.41	5.75 %	46.43	5.75 %	19.10	5.75 %	29.52	5.75 %	19.21
Risk Margin	2.00 %	5.01	2.00 %	16.15	2.00 %	6.64	2.00 %	10.27	2.00 %	6.68
Premium Tax	1.75 %	4.39	1.75 %	14.13	1.75 %	5.81	1.75 %	8.99	1.75 %	5.85
Maintenance Tax	176	0.11	24	0.11	3,043	0.11	51	0.11	3,293	0.11
Projected Total Cost	400,093	250.68	174,414	807.47	9,185,712	332.09	240,299	513.46	10,000,517	334.02
Adjusted Total Cost	400,093	250.68	174,414	807.47	9,185,712	332.09	84,048	179.59	9,844,266	328.80
Experience Rate Increase		7.8 %		59.4 %		7.4 %		-47.6 %		7.0 %

	Newborn <185%		Newborn 185-200%		Perinate <185%		Perinate 185-200%		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 9/1/2009- 8/31/2010										
Member Months	2,411		80		2,788		93		5,372	
Premium Revenue	580,955	240.96	32,684	408.55	778,549	279.25	28,790	309.57	1,420,978	264.52
Adjusted Premium	776,246	321.96	40,526	506.58	976,720	350.33	31,844	342.41	1,825,336	339.79
Delivery Payments	0	0.00	0	0.00	0	0.00	15,500	166.67	15,500	2.89
Total Adjusted Premium	776,246	321.96	40,526	506.58	976,720	350.33	47,344	509.08	1,840,836	342.67
Adjusted FY2010 Incurred Claims	603,201	250.19	11,269	140.87	882,322	316.47	23,491	252.59	1,520,284	283.00
Projected FY2012 Member Months	108		36		2,652		48		2,844	
Projected FY2012 Premium										
Current Rates	34,772	321.96	18,237	506.58	929,075	350.33	16,436	342.41	998,519	351.10
Current DSP Rate	0	0.00	0	0.00	0	0.00	8,005	166.78	8,005	2.81
Annual Trend Assumptions										
FY2011	5.00 %		5.00 %		5.00 %		5.00 %		5.00 %	
FY2012	5.00 %		5.00 %		5.00 %		5.00 %		5.00 %	
Provider Fee Increase	0.9584		0.9584		0.9518		0.9518		0.9518	
Other Reimbursement Changes	1.0008		1.0008		0.9983		0.9983		0.9983	
Projected Incurred Claims	28,573	264.57	5,363	148.97	879,211	331.53	12,701	264.61	925,849	325.54
Capitation Expenses	-15	-0.14	-5	-0.14	-371	-0.14	-7	-0.14	-398	-0.14
Net Reinsurance Cost	81	0.75	27	0.75	1,989	0.75	36	0.75	2,133	0.75
Administrative Expenses										
Fixed Amount	1,350	12.50	450	12.50	33,150	12.50	600	12.50	35,550	12.50
Percentage of Premium	5.75 %	17.65	5.75 %	10.30	5.75 %	21.90	5.75 %	17.65	5.75 %	21.52
Risk Margin	2.00 %	6.14	2.00 %	3.58	2.00 %	7.62	2.00 %	6.14	2.00 %	7.49
Premium Tax	1.75 %	5.37	1.75 %	3.14	1.75 %	6.67	1.75 %	5.37	1.75 %	6.55
Maintenance Tax	12	0.11	4	0.11	292	0.11	5	0.11	313	0.11
Projected Total Cost	33,150	306.95	6,452	179.21	1,010,244	380.94	14,736	307.00	1,064,582	374.33
Adjusted Total Cost	33,150	306.95	6,452	179.21	1,010,244	380.94	6,730	140.22	1,056,576	371.51
Experience Rate Increase		-4.7 %		-64.6 %		8.7 %		-59.1 %		5.8 %

	Newborn <185%		Newborn 185-200%		Perinate <185%		Perinate 185-200%		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 9/1/2009- 8/31/2010										
Member Months	72,374		515		85,665		701		159,255	
Premium Revenue	18,878,758	260.85	210,403	408.55	34,010,718	397.02	217,009	309.57	53,316,888	334.79
Adjusted Premium	23,701,761	327.49	260,889	506.58	33,833,392	394.95	240,029	342.41	58,036,071	364.42
Delivery Payments	0	0.00	0	0.00	0	0.00	254,200	362.62	254,200	1.60
Total Adjusted Premium	23,701,761	327.49	260,889	506.58	33,833,392	394.95	494,229	705.03	58,290,271	366.02
Adjusted FY2010 Incurred Claims	18,767,619	259.31	150,610	292.45	29,029,835	338.88	364,393	519.82	48,312,457	303.37
Projected FY2012 Member Months	4,404		348		72,108		732		77,592	
Projected FY2012 Premium										
Current Rates	1,442,266	327.49	176,290	506.58	28,479,055	394.95	250,644	342.41	30,348,255	391.13
Current DSP Rate	0	0.00	0	0.00	0	0.00	265,496	362.70	265,496	3.42
Annual Trend Assumptions										
FY2011	5.00 %		5.00 %		5.00 %		5.00 %		5.00 %	
FY2012	5.00 %		5.00 %		5.00 %		5.00 %		5.00 %	
Provider Fee Increase	0.9641		0.9641		0.9466		0.9466		0.9466	
Other Reimbursement Changes	0.9924		0.9924		1.0008		1.0008		1.0008	
Projected Incurred Claims	1,204,651	273.54	107,353	308.48	25,522,135	353.94	397,425	542.93	27,231,564	350.96
Capitation Expenses	9,557	2.17	755	2.17	0	0.00	0	0.00	10,312	0.13
Net Reinsurance Cost	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Administrative Expenses										
Fixed Amount	55,050	12.50	4,350	12.50	901,350	12.50	9,150	12.50	969,900	12.50
Percentage of Premium	5.75 %	18.32	5.75 %	20.54	5.75 %	23.29	5.75 %	35.30	5.75 %	23.11
Risk Margin	2.00 %	6.37	2.00 %	7.14	2.00 %	8.10	2.00 %	12.28	2.00 %	8.04
Premium Tax	1.75 %	5.58	1.75 %	6.25	1.75 %	7.09	1.75 %	10.74	1.75 %	7.03
Maintenance Tax	484	0.11	38	0.11	7,932	0.11	81	0.11	8,535	0.11
Projected Total Cost	1,403,030	318.58	124,305	357.20	29,205,985	405.03	449,344	613.86	31,182,664	401.88
Adjusted Total Cost	1,403,030	318.58	124,305	357.20	29,205,985	405.03	183,847	251.16	30,917,168	398.46
Experience Rate Increase		-2.7 %		-29.5 %		2.6 %		-26.7 %		1.9 %

	Newborn <185%		Newborn 185-200%		Perinate <185%		Perinate 185-200%		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 9/1/2009- 8/31/2010										
Member Months	8,644		107		11,568		159		20,478	
Premium Revenue	2,000,308	231.41	43,715	408.55	4,120,984	356.24	49,222	309.57	6,214,229	303.46
Adjusted Premium	1,847,655	213.75	54,204	506.58	4,499,952	389.00	54,443	342.41	6,456,254	315.28
Delivery Payments	0	0.00	0	0.00	0	0.00	31,000	194.97	31,000	1.51
Total Adjusted Premium	1,847,655	213.75	54,204	506.58	4,499,952	389.00	85,443	537.38	6,487,254	316.79
Adjusted FY2010 Incurred Claims	1,545,989	178.85	13,645	127.53	3,422,692	295.88	38,630	242.96	5,020,957	245.19
Projected FY2012 Member Months	804		108		9,660		180		10,752	
Projected FY2012 Premium										
Current Rates	171,855	213.75	54,711	506.58	3,757,740	389.00	61,634	342.41	4,045,939	376.30
Current DSP Rate	0	0.00	0	0.00	0	0.00	32,260	179.22	32,260	3.00
Annual Trend Assumptions										
FY2011	5.00 %		5.00 %		5.00 %		5.00 %		5.00 %	
FY2012	5.00 %		5.00 %		5.00 %		5.00 %		5.00 %	
Provider Fee Increase	0.9692		0.9692		0.9491		0.9491		0.9491	
Other Reimbursement Changes	0.9700		0.9700		0.9991		0.9991		0.9991	
Projected Incurred Claims	149,043	185.38	14,275	132.18	2,988,039	309.32	45,719	254.00	3,197,076	297.35
Capitation Expenses	-39	-0.05	1	0.01	-2,382	-0.25	6	0.03	-2,415	-0.22
Net Reinsurance Cost	603	0.75	81	0.75	7,245	0.75	135	0.75	8,064	0.75
Administrative Expenses										
Fixed Amount	10,050	12.50	1,350	12.50	120,750	12.50	2,250	12.50	134,400	12.50
Percentage of Premium	5.75 %	12.62	5.75 %	9.25	5.75 %	20.49	5.75 %	16.99	5.75 %	19.73
Risk Margin	2.00 %	4.39	2.00 %	3.22	2.00 %	7.13	2.00 %	5.91	2.00 %	6.86
Premium Tax	1.75 %	3.84	1.75 %	2.81	1.75 %	6.23	1.75 %	5.17	1.75 %	6.00
Maintenance Tax	88	0.11	12	0.11	1,063	0.11	20	0.11	1,183	0.11
Projected Total Cost	176,514	219.54	17,369	160.82	3,441,673	356.28	53,182	295.46	3,688,738	343.07
Adjusted Total Cost	176,514	219.54	17,369	160.82	3,441,673	356.28	20,922	116.24	3,656,478	340.07
Experience Rate Increase		2.7 %		-68.3 %		-8.4 %		-66.1 %		-9.6 %

	Newborn <185%		Newborn 185-200%		Perinate <185%		Perinate 185-200%		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 9/1/2009- 8/31/2010										
Member Months	74,853		970		100,132		1,240		177,195	
Premium Revenue	18,208,233	243.25	396,294	408.55	30,308,548	302.69	383,867	309.57	49,296,941	278.21
Adjusted Premium	22,768,786	304.18	491,383	506.58	36,900,645	368.52	424,588	342.41	60,585,401	341.91
Delivery Payments	0	0.00	0	0.00	0	0.00	396,800	320.00	396,800	2.24
Total Adjusted Premium	22,768,786	304.18	491,383	506.58	36,900,645	368.52	821,388	662.41	60,982,201	344.15
Adjusted FY2010 Incurred Claims	16,682,768	222.87	567,038	584.57	31,595,360	315.54	470,656	379.56	49,315,821	278.31
Projected FY2012 Member Months	5,736		444		80,664		1,212		88,056	
Projected FY2012 Premium										
Current Rates	1,744,776	304.18	224,922	506.58	29,726,297	368.52	415,001	342.41	32,110,996	364.67
Current DSP Rate	0	0.00	0	0.00	0	0.00	256,974	212.02	256,974	2.92
Annual Trend Assumptions										
FY2011	5.00 %		5.00 %		5.00 %		5.00 %		5.00 %	
FY2012	5.00 %		5.00 %		5.00 %		5.00 %		5.00 %	
Provider Fee Increase	0.9657		0.9657		0.9536		0.9536		0.9536	
Other Reimbursement Changes	0.9831		0.9831		1.0002		1.0002		1.0002	
Projected Incurred Claims	1,338,094	233.28	271,670	611.87	26,764,668	331.80	483,744	399.13	28,858,176	327.73
Capitation Expenses	499	0.09	34	0.08	5,807	0.07	104	0.09	6,444	0.07
Net Reinsurance Cost	4,278	0.75	331	0.75	60,078	0.74	904	0.75	65,591	0.74
Administrative Expenses										
Fixed Amount	71,700	12.50	5,550	12.50	1,008,300	12.50	15,150	12.50	1,100,700	12.50
Percentage of Premium	5.75 %	15.68	5.75 %	39.73	5.75 %	21.93	5.75 %	26.21	5.75 %	21.68
Risk Margin	2.00 %	5.45	2.00 %	13.82	2.00 %	7.63	2.00 %	9.12	2.00 %	7.54
Premium Tax	1.75 %	4.77	1.75 %	12.09	1.75 %	6.68	1.75 %	7.98	1.75 %	6.60
Maintenance Tax	631	0.11	49	0.11	8,873	0.11	133	0.11	9,686	0.11
Projected Total Cost	1,563,758	272.62	306,778	690.94	30,770,968	381.47	552,526	455.88	33,194,030	376.96
Adjusted Total Cost	1,563,758	272.62	306,778	690.94	30,770,968	381.47	295,552	243.85	32,937,056	374.05
Experience Rate Increase		-10.4 %		36.4 %		3.5 %		-28.8 %		2.6 %

	Newborn <185%		Newborn 185-200%		Perinate <185%		Perinate 185-200%		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 9/1/2009- 8/31/2010										
Member Months	37,293		426		40,932		478		79,129	
Premium Revenue	8,958,524	240.22	174,042	408.55	16,787,032	410.12	147,974	309.57	26,067,573	329.43
Adjusted Premium	10,267,509	275.32	215,803	506.58	17,634,734	430.83	163,672	342.41	28,281,717	357.41
Delivery Payments	0	0.00	0	0.00	0	0.00	195,300	408.58	195,300	2.47
Total Adjusted Premium	10,267,509	275.32	215,803	506.58	17,634,734	430.83	358,972	750.99	28,477,017	359.88
Adjusted FY2010 Incurred Claims	8,352,763	223.98	82,682	194.09	14,225,592	347.54	202,754	424.17	22,863,792	288.94
Projected FY2012 Member Months	2,172		216		37,128		636		40,152	
Projected FY2012 Premium										
Current Rates	597,995	275.32	109,421	506.58	15,995,856	430.83	217,773	342.41	16,921,045	421.42
Current DSP Rate	0	0.00	0	0.00	0	0.00	259,857	408.58	259,857	6.47
Annual Trend Assumptions										
FY2011	5.00 %		5.00 %		5.00 %		5.00 %		5.00 %	
FY2012	5.00 %		5.00 %		5.00 %		5.00 %		5.00 %	
Provider Fee Increase	0.9565		0.9565		0.9416		0.9416		0.9416	
Other Reimbursement Changes	1.0031		1.0031		0.9997		0.9997		0.9997	
Projected Incurred Claims	514,601	236.92	44,347	205.31	13,391,329	360.68	279,971	440.21	14,230,248	354.41
Capitation Expenses	2,780	1.28	276	1.28	0	0.00	0	0.00	3,057	0.08
Net Reinsurance Cost	521	0.24	52	0.24	8,911	0.24	153	0.24	9,636	0.24
Administrative Expenses										
Fixed Amount	27,150	12.50	2,700	12.50	464,100	12.50	7,950	12.50	501,900	12.50
Percentage of Premium	5.75 %	15.95	5.75 %	13.94	5.75 %	23.73	5.75 %	28.79	5.75 %	23.34
Risk Margin	2.00 %	5.55	2.00 %	4.85	2.00 %	8.25	2.00 %	10.01	2.00 %	8.12
Premium Tax	1.75 %	4.85	1.75 %	4.24	1.75 %	7.22	1.75 %	8.76	1.75 %	7.10
Maintenance Tax	239	0.11	24	0.11	4,084	0.11	70	0.11	4,417	0.11
Projected Total Cost	602,532	277.41	52,375	242.48	15,324,225	412.74	318,391	500.61	16,297,523	405.90
Adjusted Total Cost	602,532	277.41	52,375	242.48	15,324,225	412.74	58,534	92.03	16,037,666	399.42
Experience Rate Increase		0.8 %		-52.1 %		-4.2 %		-73.1 %		-5.2 %

	Newborn <185%		Newborn 185-200%		Perinate <185%		Perinate 185-200%		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 9/1/2009- 8/31/2010										
Member Months	125,533		1,449		134,489		1,764		263,235	
Premium Revenue	38,636,547	307.78	591,989	408.55	78,706,997	585.23	546,081	309.57	118,481,615	450.10
Adjusted Premium	42,057,321	335.03	734,034	506.58	81,535,301	606.26	604,011	342.41	124,930,668	474.60
Delivery Payments	0	0.00	0	0.00	0	0.00	502,200	284.69	502,200	1.91
Total Adjusted Premium	42,057,321	335.03	734,034	506.58	81,535,301	606.26	1,106,211	627.10	125,432,868	476.51
Adjusted FY2010 Incurred Claims	37,687,635	300.22	1,287,149	888.30	72,676,896	540.39	1,390,824	788.45	113,042,504	429.44
Projected FY2012 Member Months	8,196		816		116,208		1,836		127,056	
Projected FY2012 Premium										
Current Rates	2,745,906	335.03	413,369	506.58	70,452,262	606.26	628,665	342.41	74,240,202	584.31
Current DSP Rate	0	0.00	0	0.00	0	0.00	522,489	284.58	522,489	4.11
Annual Trend Assumptions										
FY2011	5.00 %		5.00 %		5.00 %		5.00 %		5.00 %	
FY2012	5.00 %		5.00 %		5.00 %		5.00 %		5.00 %	
Provider Fee Increase	0.9461		0.9461		0.9451		0.9451		0.9451	
Other Reimbursement Changes	0.9911		0.9911		0.9991		0.9991		0.9991	
Projected Incurred Claims	2,543,759	310.37	749,348	918.32	65,374,887	562.57	1,506,994	820.80	70,174,989	552.32
Capitation Expenses	-49,668	-6.06	2,171	2.66	-135,963	-1.17	-14,835	-8.08	-198,295	-1.56
Net Reinsurance Cost	6,147	0.75	612	0.75	87,156	0.75	1,377	0.75	95,292	0.75
Administrative Expenses										
Fixed Amount	102,450	12.50	10,200	12.50	1,452,600	12.50	22,950	12.50	1,588,200	12.50
Percentage of Premium	5.75 %	20.18	5.75 %	59.36	5.75 %	36.52	5.75 %	52.49	5.75 %	35.84
Risk Margin	2.00 %	7.02	2.00 %	20.65	2.00 %	12.70	2.00 %	18.26	2.00 %	12.47
Premium Tax	1.75 %	6.14	1.75 %	18.07	1.75 %	11.11	1.75 %	15.97	1.75 %	10.91
Maintenance Tax	902	0.11	90	0.11	12,783	0.11	202	0.11	13,976	0.11
Projected Total Cost	2,876,895	351.01	842,454	1,032.42	73,802,721	635.09	1,675,899	912.80	79,197,969	623.33
Adjusted Total Cost	2,876,895	351.01	842,454	1,032.42	73,802,721	635.09	1,153,410	628.22	78,675,480	619.22
Experience Rate Increase		4.8 %		103.8 %		4.8 %		83.5 %		6.0 %

	Newborn <185%		Newborn 185-200%		Perinate <185%		Perinate 185-200%		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 9/1/2009- 8/31/2010										
Member Months	3,347		80		4,308		126		7,861	
Premium Revenue	887,357	265.12	32,684	408.55	1,599,560	371.30	39,006	309.57	2,558,607	325.48
Adjusted Premium	983,784	293.93	40,526	506.58	1,557,902	361.63	43,144	342.41	2,625,356	333.97
Delivery Payments	0	0.00	0	0.00	0	0.00	37,200	295.24	37,200	4.73
Total Adjusted Premium	983,784	293.93	40,526	506.58	1,557,902	361.63	80,344	637.65	2,662,556	338.70
Adjusted FY2010 Incurred Claims	777,504	232.30	11,953	149.41	1,269,463	294.68	61,148	485.30	2,120,067	269.69
Projected FY2012 Member Months	252		24		4,032		120		4,428	
Projected FY2012 Premium										
Current Rates	74,070	293.93	12,158	506.58	1,458,092	361.63	41,089	342.41	1,585,410	358.04
Current DSP Rate	0	0.00	0	0.00	0	0.00	34,656	288.80	34,656	7.83
Annual Trend Assumptions										
FY2011	5.00 %		5.00 %		5.00 %		5.00 %		5.00 %	
FY2012	5.00 %		5.00 %		5.00 %		5.00 %		5.00 %	
Provider Fee Increase	0.9527		0.9527		0.9554		0.9554		0.9554	
Other Reimbursement Changes	0.9872		0.9872		1.0020		1.0020		1.0020	
Projected Incurred Claims	60,700	240.87	3,718	154.92	1,253,997	311.01	61,465	512.21	1,379,879	311.63
Capitation Expenses	111	0.44	7	0.29	1,719	0.43	42	0.35	1,879	0.42
Net Reinsurance Cost	189	0.75	18	0.75	3,024	0.75	90	0.75	3,321	0.75
Administrative Expenses										
Fixed Amount	3,150	12.50	300	12.50	50,400	12.50	1,500	12.50	55,350	12.50
Percentage of Premium	5.75 %	16.18	5.75 %	10.71	5.75 %	20.64	5.75 %	33.41	5.75 %	20.68
Risk Margin	2.00 %	5.63	2.00 %	3.73	2.00 %	7.18	2.00 %	11.62	2.00 %	7.19
Premium Tax	1.75 %	4.92	1.75 %	3.26	1.75 %	6.28	1.75 %	10.17	1.75 %	6.29
Maintenance Tax	28	0.11	3	0.11	444	0.11	13	0.11	487	0.11
Projected Total Cost	70,915	281.41	4,470	186.27	1,447,053	358.89	69,734	581.12	1,592,173	359.57
Adjusted Total Cost	70,915	281.41	4,470	186.27	1,447,053	358.89	35,079	292.32	1,557,517	351.74
Experience Rate Increase		-4.3 %		-63.2 %		-0.8 %		-14.6 %		-1.8 %

	Newborn <185%		Newborn 185-200%		Perinate <185%		Perinate 185-200%		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
Estimated Experience 9/1/2009- 8/31/2010										
Member Months	11,989		211		18,758		265		31,223	
Premium Revenue	2,023,024	168.74	86,204	408.55	7,669,396	408.86	82,036	309.57	9,860,660	315.81
Adjusted Premium	2,158,619	180.05	106,888	506.58	7,748,179	413.06	90,739	342.41	10,104,426	323.62
Delivery Payments	0	0.00	0	0.00	0	0.00	46,500	175.47	46,500	1.49
Total Adjusted Premium	2,158,619	180.05	106,888	506.58	7,748,179	413.06	137,239	517.88	10,150,926	325.11
Adjusted FY2010 Incurred Claims	1,876,014	156.48	48,752	231.05	6,206,443	330.87	122,379	461.81	8,253,588	264.34
Projected FY2012 Member Months	948		96		14,784		192		16,020	
Projected FY2012 Premium										
Current Rates	170,687	180.05	48,632	506.58	6,106,679	413.06	65,743	342.41	6,391,741	398.99
Current DSP Rate	0	0.00	0	0.00	0	0.00	35,385	184.30	35,385	2.21
Annual Trend Assumptions										
FY2011	5.00 %		5.00 %		5.00 %		5.00 %		5.00 %	
FY2012	5.00 %		5.00 %		5.00 %		5.00 %		5.00 %	
Provider Fee Increase	0.9523		0.9523		0.9401		0.9401		0.9401	
Other Reimbursement Changes	0.9636		0.9636		0.9993		0.9993		0.9993	
Projected Incurred Claims	150,076	158.31	22,440	233.75	5,066,368	342.69	91,835	478.31	5,330,720	332.75
Capitation Expenses	-589	-0.62	-66	-0.69	-18,040	-1.22	-331	-1.72	-19,026	-1.19
Net Reinsurance Cost	711	0.75	72	0.75	11,088	0.75	144	0.75	12,015	0.75
Administrative Expenses										
Fixed Amount	11,850	12.50	1,200	12.50	184,800	12.50	2,400	12.50	200,250	12.50
Percentage of Premium	5.75 %	10.87	5.75 %	15.66	5.75 %	22.54	5.75 %	31.13	5.75 %	21.92
Risk Margin	2.00 %	3.78	2.00 %	5.45	2.00 %	7.84	2.00 %	10.83	2.00 %	7.62
Premium Tax	1.75 %	3.31	1.75 %	4.77	1.75 %	6.86	1.75 %	9.47	1.75 %	6.67
Maintenance Tax	104	0.11	11	0.11	1,626	0.11	21	0.11	1,762	0.11
Projected Total Cost	179,173	189.00	26,140	272.30	5,796,511	392.08	103,945	541.38	6,105,769	381.13
Adjusted Total Cost	179,173	189.00	26,140	272.30	5,796,511	392.08	68,560	357.08	6,070,384	378.93
Experience Rate Increase		5.0 %		-46.2 %		-5.1 %		4.3 %		-5.0 %

FY2010 CHIP Perinatal Rating
 Rating Assumptions
 Benefit and Provider Reimbursement Changes

<u>Service Area</u>	<u>2% Provider Rate Cut (1)</u>		<u>Outpatient Imaging (2)</u>		<u>Legislative Reductions (3)</u>	
	<u>Newborn</u>	<u>Perinate</u>	<u>Newborn</u>	<u>Perinate</u>	<u>Newborn</u>	<u>Perinate</u>
EPO	0.9816	0.9801	0.9962	0.9948	0.9876	0.9780
Austin	0.9860	0.9796	0.9950	0.9995	0.9854	0.9606
Corpus Christi	0.9858	0.9813	0.9907	0.9987	0.9813	0.9712
Dallas	0.9902	0.9800	0.9848	0.9999	0.9887	0.9660
El Paso	0.9800	0.9799	0.9980	0.9972	0.9910	0.9713
Fort Worth	0.9852	0.9808	0.9991	0.9901	0.9717	0.9696
Houston	0.9849	0.9829	0.9920	0.9881	0.9684	0.9731
Lubbock	0.9817	0.9801	1.0000	0.9995	0.9705	0.9753
San Antonio	0.9803	0.9799	0.9933	0.9863	0.9780	0.9727

	<u>DRG Rebasing (4)</u>	
	<u>Newborn</u>	<u>Perinate</u>
EPO	0.9831	1.0002
Austin	1.0015	1.0004
Corpus Christi	1.0008	0.9983
Dallas	0.9924	1.0008
El Paso	0.9700	0.9991
Fort Worth	1.0031	0.9997
Houston	0.9911	0.9991
Lubbock	0.9872	1.0020
San Antonio	0.9636	0.9993

- (1) The reimbursement reductions of 1% were implemented 9/1/2010 and 2/1/2011.
- (2) Outpatient imaging services transition to a fee schedule effective 9/1/2011
- (3) The fee reductions include 8% to OP hospital, and 8% for all other providers excluding ambulance, PDN, home health (for children only), dental, ortho, physicians (includes psychiatrists, optometrists and radiologists), FQHCs, RHCs and TEFRA reimbursed hospitals.
 Note that this adjustment does not include the 8% inpatient facility reduction.
- (4) Reduction resulting from application of the legislative-mandated 8% inpatient facility reduction and DRG rebasing.
 Assume two month delay in implementation.

Attachment 8

CHIP Dental Rating

The actuarial model used to derive the FY2012 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 (FY2010, September, 2009 through August, 2010) were developed. The claims experience was trended forward to FY2012 using assumed annual trend rates of 8.6% for FY2011 and 5.0% for FY2012. Provisions for administrative expenses, taxes and risk margin were added to the projected claims to produce the FY2012 premium rates.

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

Attached Exhibit A presents a summary of the experience analysis performed for the CHIP dental plan. The top portion of the exhibit shows summary FY2010 base period experience. Following that is projected FY2012 enrollment, premium and incurred claims experience.

The amount allocated for administrative expenses is \$1.06 pmpm. Provision is also included for risk margin (2.0% of gross premium), premium tax (1.75%) and maintenance tax (\$.035 pmpm).

The bottom of the exhibit shows a summary of the projected FY2012 cost based on these assumptions and the experience rate increase applied to the three rate tiers.

Exhibit B presents the FY2012 premium rates for the three rate tiers. The FY2012 per-capita rates are determined as the FY2011 rates increased by the experience rate increase by age calculated on Exhibit A, as described above.

	<1		1-5		6-14		15-18		Total	
	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm	Amount	pmpm
FY2010 Estimated Experience										
Member Months	382,669		1,020,172		3,695,258		1,307,866		6,405,965	
Estimated Incurred Claims	33,696	0.09	10,550,988	10.34	62,306,944	16.86	18,173,108	13.90	91,064,736	14.22
Projected FY2012 Member Months	42,132		1,079,772		3,918,312		1,396,704		6,436,920	
Projected FY2012 Premium (at Current Rates)	50,137	1.19	14,243,073	13.19	82,045,588	20.94	23,490,906	16.82	119,829,704	18.62
Annual Trend Assumptions										
FY2011	8.6 %		8.6 %		8.6 %		8.6 %			
FY2012	5.0 %		5.0 %		5.0 %		5.0 %			
Provider Reimbursement Changes	0.9894		0.9894		0.9894		0.9894			
Projected Incurred Claims	4,186	0.10	12,599,195	11.67	74,538,686	19.02	21,895,828	15.68	109,037,895	16.94
Administrative Expenses										
Fixed Amount	44,660	1.06	1,144,558	1.06	4,153,411	1.06	1,480,506	1.06	6,823,135	1.06
Percentage of Premium	0.00 %	0.00	0.00 %	0.00	0.00 %	0.00	0.00 %	0.00	0.00 %	0.00
Risk Margin	2.00 %	0.02	2.00 %	0.27	2.00 %	0.42	2.00 %	0.35	2.00 %	0.37
Premium Tax	1.75 %	0.02	1.75 %	0.23	1.75 %	0.37	1.75 %	0.30	1.75 %	0.33
Maintenance Tax	1,475	0.04	37,792	0.04	137,141	0.04	48,885	0.04	225,292	0.04
Projected Total Cost	52,281	1.24	14,318,489	13.26	81,900,506	20.90	24,337,890	17.43	120,609,166	18.74
Experience Rate Increase		4.3 %		0.5 %		-0.2 %		3.6 %		0.7 %

FY2012 CHIP Dental Rating Analysis

	<u><1</u>	<u>1-5</u>	<u>6-14</u>	<u>15-18</u>
FY2011 Premium Rates				
Tier I	\$ 1.19	\$ 13.07	\$ 20.61	\$ 16.54
Tier II	1.19	13.20	20.82	16.71
Tier III	1.19	13.46	21.28	17.06
FY2012 Premium Rates				
Tier I	\$ 1.24	\$ 13.14	\$ 20.57	\$ 17.14
Tier II	1.24	13.27	20.78	17.31
Tier III	1.24	13.53	21.24	17.68
FY2011 Rate Increase				
Tier I	4.2 %	0.5 %	-0.2 %	3.6 %
Tier II	4.2 %	0.5 %	-0.2 %	3.6 %
Tier III	4.2 %	0.5 %	-0.2 %	3.6 %

CHIP Dental Plan
 Estimated Claims Experience

<u>Month</u>	<u>Members</u>	<u>Inc & Pd Claims</u>	<u>Compl Factor</u>	<u>Est. Inc. Claims</u>	<u>Est. Inc. pmpm</u>	<u>Trend Factor</u>
Sep-08	493,477	4,829,456	1.000	4,829,456	9.79	1.054
Oct-08	495,033	5,928,459	1.000	5,928,459	11.98	1.004
Nov-08	488,842	5,278,692	1.000	5,278,692	10.80	1.017
Dec-08	486,865	5,232,184	1.000	5,232,184	10.75	1.142
Jan-09	483,459	5,992,065	1.000	5,992,065	12.39	0.977
Feb-09	480,518	6,002,931	1.000	6,002,931	12.49	1.031
Mar-09	488,225	7,480,231	1.000	7,480,231	15.32	1.148
Apr-09	496,012	6,617,964	1.000	6,617,964	13.34	1.103
May-09	504,366	5,813,057	1.000	5,813,057	11.53	1.120
Jun-09	511,293	7,944,790	1.000	7,944,790	15.54	1.254
Jul-09	518,261	8,754,658	1.000	8,754,658	16.89	1.231
Aug-09	522,843	9,171,533	1.000	9,171,533	17.54	1.210
Sep-09	524,166	6,318,745	1.000	6,318,745	12.05	1.232
Oct-09	523,900	6,883,843	1.000	6,883,843	13.14	1.097
Nov-09	524,566	6,520,044	1.000	6,520,044	12.43	1.151
Dec-09	527,161	6,471,380	1.000	6,471,380	12.28	1.142
Jan-10	532,788	7,030,698	1.000	7,030,698	13.20	1.065
Feb-10	528,112	7,064,516	1.000	7,065,859	13.38	1.071
Mar-10	530,799	9,060,103	1.000	9,061,941	17.07	1.114
Apr-10	534,292	7,063,715	0.999	7,069,890	13.23	0.992
May-10	539,740	6,622,903	0.999	6,629,529	12.28	1.066
Jun-10	542,025	8,633,140	0.999	8,643,586	15.95	1.026
Jul-10	547,792	9,221,718	0.999	9,232,947	16.85	0.998
Aug-10	550,624	10,113,857	0.998	10,136,272	18.41	1.049
Sep-10	546,579	6,908,263	0.997	6,931,775	12.68	1.052
Oct-10	545,072	7,498,116	0.994	7,540,891	13.83	1.053
Nov-10	542,042	7,211,157	0.988	7,298,199	13.46	1.083
Dec-10	537,832	7,353,113	0.971	7,576,217	14.09	1.147
Jan-11	536,585	7,101,320	0.914	7,773,672	14.49	1.098
Feb-11	537,445	1,808,652	0.296	6,116,848	11.38	0.851
FY2008	4,977,470			59,749,118	12.00	
FY2009	5,969,194			79,046,021	13.24	1.103
FY2010	6,405,965			91,064,736	14.22	1.073
FY2011	3,245,555			43,237,603	13.32	0.937
9/09-1/10	2,632,581			33,224,711	12.62	
9/10-1/11	2,708,110			37,120,754	13.71	1.086